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European Capitalist Penetration of Tunisia, 1860-1881:  
A Case Study of the Regency's Debt crisis and the  
Establishment of the International Financial  
Commission.

By

Abdel-Jawed Zouari

A dissertation submitted in partial fulfillment of the  
requirements of

Doctor of Philosophy

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1998

Approved  
by \_\_\_\_\_

*Jim Z. Buchsbaum*  
*[Signature]*  
*[Signature]*  
*[Signature]*

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*History Department*

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## Doctoral Dissertation

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Abstract

European Capitalist Penetration of Tunisia, 1860-1881:  
A Case Study of the Regency's Debt Crisis  
and the Establishment of the International Financial Commission.

by Abdel Jawed Zouari

Chairperson of the Supervisory Committee  
Professor Jere Bacharach  
Department of History

This study analyzes the process of socioeconomic and political transformation of the Tunis Regency during the mid-nineteenth century. The main focus is on the origins and consequences of the financial crisis which shook the Regency during the 1860s leading to its bankruptcy and the establishment of the *Commission Financiere Internationale* in 1869.

In addition to drawing from local archives this study challenges European historians' Eurocentric assumptions about the local government and society. European historians described the local forces as apathetic and lacking a sense of social cohesion and political organization. They relied heavily on European official records and ignored the local society's great resilience and imagination in coping with the strong European political influence and economic penetration of the Regency.

Several conclusions are drawn from this study including the existence of a link between European economic expansion into the Regency and the transformation of its political and legal structure. This transformation was favored by the European powers, namely France, England and Italy, whose nationals benefited and furthered their control over the Regency's vital economic sectors. Other major events are also brought to light to explain the relationship between the Regency's debt crisis and Europe's complex capitalist transformation and expansion.

Finally this study draws attention to the need to move away from the prevailing Eurocentric perspective, which denies the local society a role in the shaping of its

history. A more constructive approach needs to be considered by future researchers and should include important local archival material and contemporary eye-witness accounts. Comparisons between the Tunis Regency and other similar cases, such as Egypt and Turkey, also need to be drawn to shed light on the effects of European capitalist expansion on North African and Middle Eastern societies.

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## **NOTE ON THE TRANSLITERATION**

Because of the wide use of French spelling of Tunisian proper names of persons and places in both French and Arabic sources, names such as Kheredine instead of Khayr al-Din and Kairouan instead of Qayrawan are sometimes used when quoting from these sources. Turkish names of persons and administrative terms are used as they appear in the original sources. All other names of persons and places are spelled according to the International Journal of Middle Eastern Studies (IJMES) transliteration system.

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I am grateful to Marge and Hugh Hays for their love and moral support, and my deepest gratitude goes to Pam for her special role in my life. Finally, the credit goes to my parents, my five sisters and six brothers whose love and sacrifices allowed me to fulfill my educational quest.

## **DEDICATION**

To the memory of my grand father, Hajj Bashir who lived most of his life under French colonial rule; to the memory of my grand mother, `arussiyya who lived all her life under French occupation and died before I was born; to the memory of my father, Hajj Amor who made great sacrifices for my education; to my mother, Hajja Shalbiyya and my sisters who were denied the opportunity to attend school; and last but not least to Pam I dedicate this study.

## Introduction

This study examines the complex causes of the Tunis Regency's bankruptcy in 1869, which led to European financial control through the *Commission Financiere Internationale*. The Regency's loss of its economic independence was the culmination of a long process of European economic expansion coupled with a sociopolitical transformation of the country. The challenges produced by these unprecedented changes became too great for the local government to resolve. Ultimately, the European powers (France, Britain, and Italy) decided to intervene directly in the Regency's internal economic and political affairs in an attempt to resolve the financial crisis and protect the interests of their respective nationals. The failure of the International Financial Commission to resolve the regency's financial crisis led, in the Spring of 1881, to a military occupation of Tunisia by France, its main creditor.

Most early European studies of this crucial period in the history of the Regency focused on the role of the great European powers in shaping the future of the Regency. These historians neglected to assess the internal forces, which resisted European attempts of transforming the Regency's

social, political and economic structure. Their limited access to local archives, and sometimes disinterest in local actors led them to assume that all the major decisions concerning the fate of the Regency were made by the great European powers in European capitals. For example, the French military occupation of the Regency in 1881 was almost unanimously interpreted as the direct result of the 1878 European diplomatic arrangement in the Congress of Berlin.<sup>1</sup> In spite of a recent shift toward local archival sources in interpreting the pre-colonial events, the assessment of the financial crisis and its socioeconomic consequences in Tunisia remains sketchy and mostly Eurocentric. To date, there is no systematic study of the significance and role of the International Financial Commission in preparing the way for France's political control.

In order to fill this historical lacunae, this study will focus on the Tunisian financial crisis and its socioeconomic consequences between 1859 and 1881. This period is crucial to the study of the Regency's history,

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<sup>1</sup> Several Western historians have argued that during the Congress of Berlin, Bismarck told the French Foreign Minister Freycinet to take Tunisia to appease France's feeling of revenge. See William Langer, "The European Powers and the French Occupation of Tunis, 1878-1881," American Historical Review, Vol. XXXI, Oct. 1925, part 1, p. 76 and part 2, pp. 256-7. See Also Thomas F. Power Jr., *Jules Ferry and the Renaissance of French Imperialism*. New York: Kings Crown Press, 1944; Jean Ganiage, *Les Origines du Protectorat Francais en Tunisie (1861-1881)*, Paris: Presses Universitaires de France, 1959; *L'Expansion Coloniale de la France sous la Troisieme Republique (1871-1914)*. Paris: Payot, 1968.

because it was during these two decades that Tunisia's government began its race toward bankruptcy leading to the establishment of the International Financial Commission, which stripped the local government of its economic independence. During the same period Muhammad Bey succumbed to European consuls' pressure and enacted a series of legal and political reforms with far reaching consequences on the local subjects and the structure of the Regency.<sup>2</sup> These unprecedented reforms, known as *Le Pacte Fondamental* or *`ahd al-Aman* laid the ground for the promulgation, four years later, (in 1861) of the first constitution in the history of the Muslim world.

But in spite of the favorable European response to these reforms, the financial crisis the Regency was experiencing worsened, leading the Bey's government to take an unprecedented step in 1863 and contract its first external loan. It was made with the French Erlanger Credit House. It was hoped that this external borrowing would facilitate the successful implementation of the reforms. However, this new and easy method of borrowing proved to be ineffective, for within two years, the Bey's

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<sup>2</sup> See the full text of *Le Pacte Fondamental* published in Hachemi Jegham, *La Constitution Tunisienne de 1861*, Tunis, Editions Chems, 1989, pp. 129-134.

government found itself contracting a second loan. Four years later, in 1869, the Regency's external debt grew to an unmanageable size, leading to bankruptcy and subsequent European financial control.

In order to understand the changing political structure of the Tunis Regency, the first part of this study is divided into two sections. Section one starts with an analysis of the political organization of the Regency at the beginning of the reign of Muhammad al-Sadiq Bey (1859). It is followed by an evaluation of the role played by the official representatives of the European powers, and their interaction with the Tunisian government and its impact on the political and economic structure of the Regency. Section two evaluates the circumstances and subsequent effects of the first constitutional reforms of *'Ahd al- Aman* on the local merchants and their European and Jewish counterparts. This is followed by an assessment of the declaration of the 1861 Constitution and the new institutions it created to replace the old government structure. Part two is devoted to the investigation of the Regency's administrative and fiscal structure and the origins of the debt crisis.

The archival data related to this subject are recorded in a large

number of administrative and fiscal registers, which have seldom been consulted by researchers.<sup>3</sup> These registers contain valuable information about the Regency's budget, which began to be recorded in 1860.<sup>4</sup> The main focus of this section is on the evaluation of the Regency's revenues and expenditures, the rapid increase of the budget deficit, and the subsequent contraction of the debt. Part three assesses the financial crisis, the government's repeated failures to improve its deteriorating financial situation, and analyzes the socioeconomic consequences on Tunisian society.

Finally, part four begins by examining the Regency's bankruptcy and the institution of the International Financial Commission, and ends with an evaluation of the link between the Regency's coerced forfeit of its economic independence and the subsequent loss of its political independence as a consequence of its bankruptcy.

My hypothesis is that the Regency's bankruptcy and the establishment of the International Financial Commission was the result of

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<sup>3</sup> Personal interview with Moncef Fakhfakh, Director of the Tunisian National Archives at Dar el-Bey, Tunis, June 1991.

<sup>4</sup> See the Regency's first budget in Archives Tunisiennes, Carton 92, Dossier 82.

endogenous and exogenous factors, which impacted the Regency's economic, social and political structure. The complex interplay of these factors caused unprecedented transformations that altered the traditional relationship between the central government and its subjects, leading to the emergence of serious political, economic and social conflicts. Ultimately, the local elite's inability to manage these conflicts coupled with European meddling in the Regency's internal political and financial affairs led to the Regency's bankruptcy and European direct financial and political control.

The diplomatic thesis, which has held sway in explaining the Regency's loss of its economic and political independence is unsatisfactory, because it neglects to look at internal and external factors together.<sup>5</sup> Internally, the Regency underwent unprecedented administrative, fiscal, and socioeconomic changes. External factors such as the long process of European economic penetration in the Regency resulted in European control of its most vital economic sectors. Further, the Regency's internal and external debts were owned by European bondholders and credit houses, respectively. These bondholders exerted pressure on the Regency's

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<sup>5</sup> William L. Langer, "The European Powers and the French Occupation of Tunis, 1878-1881," Part 1, *American Historical Review*, Vol. XXXI, Oct. 1925; and Part 2, Jan. 1926.

government and their respective consuls to protect their financial interests.

Although France, Britain, and Italy usually shared the responsibilities of the Financial Commission's Control Committee, France's ownership of the entire Tunisian debt led to its control of the Executive Committee. As Ganiage argued, "the presence of a French functionary on this [omnipotent] committee insured France's preeminence in this triumvirate."<sup>6</sup>

Like the Ottoman and Egyptian debt crises of the last quarter of the nineteenth century, the Tunisian crisis involved conflict between the local government and European credit houses and bondholders, external debt leading to the state's bankruptcy, and subsequent European financial control. But, while historians of this period have produced a few works describing and analyzing the Ottoman and Egyptian cases, no unified assessment of the Tunisian crisis has been undertaken.<sup>7</sup> The issue of the Tunis Regency's debt crisis was included only in a few early French studies

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<sup>6</sup> Jean Ganiage, Les Origines du Protectorat Francais en Tunisie (1861-1881), Paris, Presses Universitaires de France, 1959, p. 369.

<sup>7</sup>See Theodore Rothstein, Egypt's Ruin. a Financial and Administrative Record, London, William Brendon and Son Ltd., 1910; Donald C. Blaisdell, European Financial Control in the Ottoman Empire, New York, Columbia University Press, 1929.

on the origins of the French Protectorate of Tunisia.<sup>8</sup>

Without thoroughly investigating the causes of the financial crisis and its consequences for the local society, it is difficult to understand the impact of political reforms like *Le Pacte Fondamental* and the 1861 Constitution, the social upheaval that shook the Regency in 1864, and the Regency's bankruptcy. All these dramatic events are intertwined and played a major role in the process that led to the establishment of the European International Financial Commission.

Despite the extensive local archival data regarding the internal transformation of the Regency, European historians accorded little attention to internal processes. They looked at Tunisian and other North African states and societies through a Eurocentric lens. Local societies were perceived as traditional, passive, and lacking institutionalization. Sociopolitical change was interpreted as the exclusive product of European dynamism, which had produced revolutions that resulted in capitalist

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<sup>8</sup>Jean Ganiage included a chapter on the Tunisian financial crisis in his larger study of the origins of the Protectorate. See Jean Ganiage, *Les Origines du Protectorat Français...*, op. cit.; see also Marcel Emerit, "La Crise des Finances Tunisiennes et les Origines du Protectorat," *Revue Africaine*, Vol. 89, 1949; See also Khalifa Chater, *Dependance et Mutations Precoloniales, la Regence de Tunis de 1815 a 1857*, Tunis: Publication de l'Universite de Tunis, 1984; *Insurrection et Repression dans la Tunisie du XIX<sup>e</sup> Siecle: La Mehalla de Zarrouk au Sahel (1864)*. Tunis: Publication de l'Unversite de Tunis, 1978.

transformation. Another serious deficiency in European Historical literature is the reliance of European and even some Tunisian historians on official European archival material. This material was collected by European state officials who lacked the cultural and linguistic knowledge needed to acquire a serious understanding of and empathy towards the local society and government. Further because the strategies adopted by the local government and society were drawn from their collective historical experience, European historians who lacked an understanding of the Regency's precolonial history and the Muslim culture could not escape their ahistorical and Eurocentric assumptions. Therefore, their analysis was simplistic and relied heavily on the European state model to explain internal processes that were specific to North African societies and the Tunis Regency in particular. My criticism however does not preclude the existence of serious Western historical analysis of non Western societies. But these works remain far too few compared with Eurocentric accounts and assessments of the Regency's nineteenth century history. Because this crucial period of the Regency's history was marked by an unprecedented shift in its political, financial, and administrative structure, it requires a

much deeper historical investigation.<sup>9</sup> The basis for these changes was laid out in 1857 in *Le Pacte Fondamental*, a French-inspired declaration of “the rights of man.”<sup>10</sup> In addition to providing for the political reorganization of the Regency through the promulgation of a constitution, *Le Pacte Fondamental* included an important number of new principles that were of particular benefit to the European powers and their respective subjects in the Regency. The most important clause of the declaration concerning foreigners extended them the right to own property and to practice any profession in the country. Other stipulations included freedom of commerce, religion, and the equal treatment of all before the law.<sup>11</sup>

The legal reforms included in *Le Pacte Fondamental* enabled Europeans living in the Regency to further their domination of important sectors of economic activities (e.g. the export of olive oil, dates, and cereals) at the expense of the local merchants and farmers. By 1860, France, Britain, and Italy controlled 92 percent of Tunisian trade; their ships were in charge of almost all of the external trade and a major part of

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<sup>9</sup> Hachemi Jegham, *La Constitution Tunisienne de 1861*, Tunis: Editions Chems, 1989, pp. 49-54.

<sup>10</sup> *Ibid.*, p. 53. The text of *Le Pacte Fondamental* bears resemblance to the 1856 Ottoman Hatti Humayyun, see the text of this decree in E. Engelhardt, *La Turquie et le Tanzimat*, Paris, 1882, Vol. II, pp. 254-270.

<sup>11</sup> *Ibid.*, pp. 129-134.

the internal transport of goods between the various ports of the Regency.<sup>12</sup> Such an imbalance in the sharing of economic activities led to a violent reaction from the local population during the 1864 Tax Rebellion.<sup>13</sup>

The local population's attempt to assert their economic independence was illustrated in the acts of the Sahil region merchants and farmers. These entrepreneurs suspended all their tax and debt payments. They also challenged European commercial privileges by engaging in unauthorized export of olive oil and grain.<sup>14</sup>

In order to appease the European powers and regain his control over the Sahil, the Bey dispatched General Ahmad Zarrouk and his army to the rebellious region. Zarrouk's military campaign or *M'halla* left a devastating effect on the Sahil population. The war indemnity imposed on the region's families amounted to 14,326,725 piasters.<sup>15</sup> This sum represented about two times the average personal income tax (*majba*) receipts for the entire Regency.<sup>16</sup>

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<sup>12</sup> Jean Ganiage, *Les Origines du Protectorat Francais...*, op. cit., p. 55.

<sup>13</sup> Khalifa Chater, *Insurrection et Repression dans la Tunisie du XIXe Siecle: La Mehalla de Zarrouk au Sahel (1864)*, Tunis, Publication de l'Universite de Tunis, 1978, p. 34-35.

<sup>14</sup> *Ibid.*, p. 11.

<sup>15</sup> *Archives Tunisiennes*, Register No. 2445; see also Pierre Granchamp, *Documents Relatifs a la Revolution de 1864*, Tunis, 1935, Vol. I 1, p. 464; see also K. Chater, *Insurrection et Repression...*, op. cit., pp. 172-173. This figure is confirmed in the fiscal registers at Dar el-Bey.

<sup>16</sup> The *majba* was a new personal income tax that Mohammad Bey had instituted in July 1856. It was

The catastrophic results of the bloody 1864 Revolution, and the re-establishment of European economic dominance in the Regency, contributed to the worsening of the country's financial situation. During the following few years, the Bey's government followed an alarming borrowing trend, and in 1869, the Regency reached bankruptcy.<sup>17</sup>

### Literature Review

The first studies dealing with the French occupation of Tunisia focused on the diplomatic and strategic aspect of European expansion in the country.<sup>18</sup> Their assessment of the socioeconomic factors was simplistic. As was the case with Ottoman historiography, these writers saw the socioeconomic and political system of the Regency as a decaying entity that needed European knowledge and efficiency to correct its "backwardness."

In essence, this view presupposed the superiority of the Western

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imposed yearly on adult males and amounted to 36 piastres per person. For an overview of the Regency's tax system, see Jean Ganiage, *Les Origines du Protectorat...*, op. cit., pp. 99-105.

<sup>17</sup> Jean Ganiage, "La Crise des Finances Tunisiennes et l'Ascension des Juifs de Tunis," *Revue Africaine*, Vol. XCIX, NO. 442-443, 1955, p. 158.

<sup>18</sup> J. L. de Lanessan, a former French Minister of the Navy and former Governor of Indochina, traveled throughout Tunisia and surveyed the Regency's natural resources and strategic merits. He then made suggestions to his government on how France could benefit from developing these resources, see J.-L. de Lanessan, *La Tunisie*, 2nd. ed., Paris, Librairie Felix Alcan, 1917.

societies and tried to cast the European expansion in the anachronistic rhetoric of the "Mission Civilisatrice". Their historical analysis was severely limited because they relied almost exclusively on European diplomatic correspondence. For example, the French high functionary, D'Estounelles de Constant presented his country's Ministry of Foreign Affairs' version of the origins of the protectorate.<sup>19</sup> His British counterpart, Broadley recounted the French conquest of the Regency from the British Foreign Office perspective.<sup>20</sup> Both authors ignored internal factors, focused on the diplomatic aspect of the Tunisian crisis, and were concerned with defending their respective governments' interests in the Regency.

Inter-war historians have argued that the turning point in the Tunisian "affair" began with the 1878 Congress of Berlin.<sup>21</sup> In their view, Bismarck was concerned with maintaining the balance of power in Europe. They argued that by suggesting that Germany would not object to a French annexation of Tunis, Bismarck aimed at minimizing French sentiment of

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<sup>19</sup> D'Estounelles de Constant, *La Politique Francaise en Tunisie: Le Protectorat Francais et ses Origines (1854-1891)*, Paris, Plon, Nourrit et Cie, 1891; see also Marcel Emerit, "Aux Origines de la Colonisation Francaise en Tunisie (l'Affaire de Sidi Thabet)," *Revue Africaine*, Vol. LXXXIX, 1945, p. 201.

<sup>20</sup> A. M. Broadley, *The Last Punic War: Tunis, Past and Present*, London, William Blackwood and Sons, 1882, 2 Vols.

<sup>21</sup> W. Langer, "The European Powers...", *op. cit.*, part 1.

revenge after their loss of Alsace-Lorraine, and prevent a French tilt toward the equally frustrated Russians.<sup>22</sup> This interpretation of European imperialism simplifies the process of European economic expansion to a mere diplomatic entente. It also disregards the importance and complexity of the causes for European financial and subsequent political control, namely the intricate process that led to the Regency's bankruptcy. Finally, European historians have neglected to analyze important socioeconomic factors that involve issues developed over decades of European economic expansion in the Regency.

During the early post-independence period, due to the improvement in accessibility of archival material in Tunisia and other Middle Eastern countries, a few European historians began to incorporate local archival material in their research. More recently, some Tunisian as well as a few Western historians have focused on the local archives to produce interesting studies of the Regency during the nineteenth century.<sup>23</sup>

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<sup>22</sup> Ibid.; See also Jean Ganiage, *Les Origines du Protectorat Francais...*, op. cit., p. 1. It is important to note that later, Bismarck's aims failed due to the formation of the Entente Cordiale between France, Russia, and England, and the subsequent World War I.

<sup>23</sup> See Khalifa Chater, *Dependance et Mutations Precoloniales, la Regence de Tunis de 1815 a 1857*, Tunis, Publication de l'Universite de Tunis, 1984; also of interest the work by Carl L. Brown, *The Tunisia of Ahmed Bey 1837-1855*, Princeton, Princeton University Press, 1974; and M. H. Cherif, "La 'Detuquisation' du Pouvoir en Tunisie: Classes Dirigeantes et Societe Tunisienne de la Fin du XVIe Siecle a 1881" *Cahiers de Tunisie*, Vol. XXIX, NO. 117-118, third and fourth quarter, 1981. Lisa

Although the main theme of these works is not directly related to the Financial crisis, they still represent an important source for this study.

Western historians who had access to local archives differ in their assessment of the political condition of the Tunis Regency. In contrast to most French historical assessments, Carl Brown showed a more serious understanding of the internal structure of the Regency. He wrote that, "For its limitations and weaknesses the government of Husaynid Tunisia belonged to the tradition of administrative hierarchy, bureaucratic control, and centralization of political legitimacy--all in contrast to the major characteristics of feudalism."<sup>24</sup> Many French historians and especially officials chose to credit the Regency with little or no political and administrative organization. For example, the French Vice Consul in Sousse, Pellissier de Reynaud wrote in 1853: "The Prince who carries the title of Bey Pasha exercises pure despotism free of all limitations; no form consecrated by practice, made solemn by the tradition, hampers the

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Anderson's comparative study, *The State and Social Formation in Tunisia and Libya, 1830-1980*, New Jersey: Princeton University Press, 1987, relies on local archives to explain the state formation in North Africa. Despite her focus on the European state model, she shows serious understanding of local history and avoids stereotypical assumptions that are prevalent in French historical assessments. For a critical review of Anderson's and other Western scholars' studies on North Africa, see Ali Ahmida, *The Making of Modern Libya: State Formation, Colonization and Resistance, 1830-1932*. New York: State University of New York Press, 1994, pp. 3-5.

<sup>24</sup> Carl Brown, *The Tunisia of Ahmed Bey*, op. cit., p. 96.

exercise of his sovereign will."<sup>25</sup> Pelissier's assessment of the Regency's political organization was typical of European officials' simplification of "oriental" state affairs. Because, these European representatives were actively involved in pressing local officials to adopt constitutional reforms "a l'europeenne", any aspect of locally inspired administrative structure had to be remodeled along European lines. Unless such a restructuring was achieved, the Regency escaped the Great Powers designs to direct its political and economic future. Hence, the relentless efforts exerted, especially by the French consuls to implement a French-inspired constitution was meant to guarantee a gradual reorganization of the Regency's political institutions to facilitate European access to all areas of economic activities in the country. For example, *Le Pacte Fondamental*, which was initiated by the European consuls, following the execution of a Tunisian Jew, Sfez, resembled closely the French Declaration of the Rights of Man. As one Tunisian legal scholar put it: "One can say of the 1857 text that it is the fundamental pact of the rights of the foreigner in Tunisia."<sup>26</sup>

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<sup>25</sup> Pelissier de Reynaud, Description de la Regence de Tunis, 1853, pp. 1 1-12; see also Ganiage, op. cit., p. 70.

<sup>26</sup> Sadeq Belaid, cours de droits constitutionnel et d'institution politiques, polycop. fac. Droit, Tunis, 1971-72, p.388, in Jegham, op. cit., p. 54.

While the Tunis Regency had displayed sufficient strength to dissuade expansionist ambitions from its neighbors, Algiers to the West and Tripoli to the South, its ability to defend itself against European expansionist drive was dismal. The main European contenders (France, England, and later Italy) were well aware of the Regency's predicament, and the direction and weight of political and economic pressure exerted by each of these powers reflected their respective designs for possible future control of the Regency.

When assessing the origins of France's colonization of Tunisia, French historians gave extensive but often uncritical review of French official records on Tunisia. Correspondence between these officials is cited at length and utilized as historical evidence to support the historians' arguments. However, records kept by Tunisian officials were treated with suspicion. It is rare when a French historian cites a local Tunisian source without referring to the common unreliability of such material. If the author of the document had the reputation of opposing European, and especially French interests, the historian was eager to inform the reader of the negative traits of his character. For example, notice how Ganiage lingers

over the character of the controversial Tunisian prime minister, Mustafa Khaznadar:

"Like most of the *mamluks*, Sidi Mustafa had no education. He hardly knew how to read and write. (...) At times courteous and affable, other times brutal and imperiling, he was capable of the most rapid reversals, and the most prompt decisions. (...) The minister's thoughts were difficult to grasp, his ways of acting crooked, and the European representatives could rightly complain as has done Botmiliau, 'of the innate duplicity of his character.'"<sup>27</sup>

Further, French official records, which were used by French historians without serious critical evaluation, served as an important source for the first writings on Tunisia's colonial period. Therefore, the history of the Regency was interpreted first by French historians from French official records. Even when British records were consulted, their content served to reinforce the French view of events. British differing views were

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<sup>27</sup> All translations are mine. See Ganiage, *Les Origines*, op. cit., pp. 91-2.

interpreted as having been caused by British zeal to advance their own interests in the Regency. Andre Raymond, for example, used the British archives to show British economic predominance in Tunisia between 1856-77.<sup>28</sup> Ganiage, in a lengthy article took it upon himself to defend the Societe Marseillaise in the Affair of the Enfida domains against the accusations of financial fraud made by the British lawyer, Broadley. As will be explained below, the latter represented an Italian businessmen, Levy who had claims over this large agricultural domain owned by Kayr al-Din Pasha. What is more crucial is that the publications of these French historians served as a reliable reference to both later Western as well as some Tunisian historians. It is rare to encounter in most Tunisian historical studies a critical assessment of French works on the crucial period immediately preceding the French colonial rule.

Certainly, I am not suggesting that Tunisian historians should have ignored French historical writings on the Regency, for, indeed parts of these works are of great historical value. But historians concerned with

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<sup>28</sup> Raymond departs somewhat from the traditional French interpretation of the Regency's colonial History, but in this particular article he shows a French nationalist inclination and a prejudicial account of Britain's economic role in the Regency. See Andre Raymond, "Les Tentatives Anglaises de Penetration Economique en Tunisie (1856-1877)." *Revue Historique*, Vol. CCXIV, Jul.-Sept. 1955.

uncovering what happened and why it happened need to employ a critical assessment of the information presented on this important period in both Tunisian and French historical records. In spite of the relevance of the French historical accounts, researchers need to be aware of the French condescending sociocultural assertions because they are often loaded with gratuitous stereotypical interpretations of "oriental" society. Such simplifications of complex societies limit the scope of serious historical investigation.

With regard to primary Tunisian historical works in Arabic, very few of these works focused on the period under study. With the exception of Khayr al-Din's political treatise, *Aqwam al-Masalik fi ma`rifat Ahwal al-Mamalik*, and Ibn Abi Dhiab's sixth volume of his *Ithaf Ahl al-Zaman fi Ma`rifat Muluk Tunis wa `Ahd al-Aman*, almost all other works deal with the history and administrative structure of the Husaynid dynasty prior to its political and economic transformation in the mid-nineteenth century.<sup>29</sup> The

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<sup>29</sup> Some of these works include Ibn Abi Dinar (d. 1681) *Kitab al-Mu`nis fi Akhbar Ifriqiyya wa Tunis*, Tunis, al-Matba`a al-Rasmiyya al-Tunisiyya, 1869; Hasan Lazaghli al-Buni (d. 1900), *Al-Bahja al-Husayniyya fi attawarikh al-Haliyya*, Tunis, al-Matba`a al-Rasmiyya al-Tunisiyya, 1861; Muhammad al-Baji al-Mas`udi (d. 1879), *Al-Khulasa Annaqiyya fi Umara' Ifriqiyya*, Tunis, al-Matba`a al-Rasmiyya al-Tunisiyya, 1866. For a complete list of historical works printed by the Tunisian Official Press during the second half of the nineteenth century, see Muhammad Ibn al-Khuja, *Safahat min Tarikh Tunis*, Beyrut, Dar al-Gharb al-Islami, 1986.

colonial period produced very few works by Tunisian historians, which focused on French colonial policy and the nationalist struggle against French colonialism.<sup>30</sup> After the Tunis Regency's independence, a few Tunisian historians, writing almost exclusively in French, began to look at the events that led to the colonization of the Regency.<sup>31</sup>

This study attempts to reassess both the European and the local Tunisian's historical interpretations of the period under study. In addition to being the first historical study (in English) which focuses on the causes of the Tunisian financial crisis, it departs from the traditional and nationalistic schools. Traditional French historians narrated events without serious analysis of the local forces involved, while Tunisian nationalists wrote an official history that coincided with the new state's ideology and assisted it in the creation of its new myths.<sup>32</sup>

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<sup>30</sup> Some of these works demonised the Husaynid leaders and glorified the deeds of the nationalists. See Muhammad al-Marzuqi, *Ma'arik wa Abtal: Sira' ma'a al-imaya* (Battles and Heroes: Struggle with the Protectorate), Vol. 2, Tunis, The Tunisian General workers' Union Press, 1973; and *Ma'arik wa Abtal: Dima' al al-Hudud* (Blood on the borders), Vol. 3, 1976.

<sup>31</sup> These historians were trained either in Tunisian schools modeled on the fine French educational system or had received their higher education in France. Some of their works in French are also translated into Arabic. They include Khalifa Chater, Muhammad al-Hadi al-Sharif, 'Ali al-Mahjoubi, Mustapha Kraiem, and a few others. It is also important to note that 75% of the Tunisian nationalist elite were French-educated. For a discussion of the Tunisian nationalist elite, see Abdel-Jawed Zouari, "The Effects of Ben Ali's Government on the Islamist Movement in Tunisia," Master's Thesis, Seattle, University of Washington, 1989.

<sup>32</sup> See Al-Bashir Ibn al-hajj 'uthman al-Shari, *Adhwa' 'ala Tarikh Tunis al-Hadith, 1881-1924*, Tunis: Dar Buslama li-al-tiba'a wa al-nashr wa al-tawzi', 1981; Nuqula Ziyada, *Tunis fi 'ahd al-himaya min*

My approach takes into account the internal as well as the external forces and assesses the impact of each on the transformations that occurred in the Regency. Further, this study moves away from the prevailing Eurocentric interpretations and assesses the Regency's financial collapse through local and Western archival and primary sources.

Finally, this study tries to fit the events that transpired in the Tunis Regency into a larger context by comparing the Regency's experience with that of Egypt and Turkey. To date there has not been a comparative study of the Tunis Regency and Egypt, despite the many similarities in their socioeconomic transformations and interaction with the same European powers.

### Sources

For the source material of this study, I relied primarily on two archival sources, the Tunisian National Archives at Dar el-Bey and the French Foreign Affairs Archives at the recently opened diplomatic

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*1881-1934*, Tunis, Cairo, Dar al-Ra'id li al tiba'a, 1963; and Bin Slama. *Thawrat Bin Ghadhahim*, Tunis, al-Dar al-Tunisiyya lil-Nashr, 1967.

Archives in Nantes. The Tunisian National Archives are now easily accessible for researchers and provide a valuable source for further investigation of the Regency's precolonial as well as colonial history. The French Foreign Affairs Archives in Nantes contain important dossiers dealing with French diplomatic correspondence in North Africa, including all the material from the French *Residence Generale* in Tunis. This correspondence includes reports prepared by the French consuls who interacted with their nationals and the local people in the various regions of the Regency. They assessed the economic activities and disputes that emerged between their nationals and the local farmers and merchants. Their reports are important because they include data as well as opinions concerning the Regency's regions and their inhabitants.

Special attention was given to the important primary source composed by the Tunisian chronicler, Ahmad Ibn Abi Dhi'af. In his famous eight-volume chronicles, *Athaf 'Ahl al-Zaman bi-Akhbar Muluk Tunis wa 'Ahd al-Aman*, Ibn Abi Dhi'af meticulously recorded events he witnessed as the special *secretary* or *Bash Katib* to the Bey.<sup>33</sup> His study encompasses

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<sup>33</sup> Ahmad Ibn Abi Dhi'af, *Athaf 'Ahl al-Zaman bi Akhbar Muluk Tunis wa 'Ahd al-Aman*, Tunis, Dar al-Tunisiyya li al-Nashr, 1990, 8 Vols.

the whole history of the Husaynid dynasty from its establishment in the late sixteenth century until its take-over by France in 1881. Ibn Abi Dhiab also devoted one volume to biographies of Husaynid princes, *mamluk* officials, and various Tunisian *'ulema'*. These biographies shed light on the family origin and social links between these political and religious leaders.

I also paid particular attention to the work of the French historian, Jean Ganiage, because it contains valuable data on this period. Despite his obvious Eurocentric interpretations and often condescending attitude toward local officials and society, Ganiage is highly familiar with European archival sources dealing with the Tunis Regency. Further, Ganiage remains one of the leading French historians with the most extensive work on the history of the Tunis Regency and France's colonial Empire. He trained several Tunisian post-colonial historians at the University of Tunis and the Sorbonne.<sup>34</sup> My special treatment of Ganiage's work is done for two reasons: one, he is considered by many Tunisian historians as one of the leading scholars on the Regency's precolonial history; and two, I wanted to

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<sup>34</sup> For example, the Tunisian historian, Khalifa Chater completed his doctoral dissertation, *Insurrection et Repression dans la Tunisie du XIX<sup>e</sup> Siecle: La Mehalla de Zarrouk au Sahel (1864)*. Tunis: Publication de l'Unversite de Tunis, 1978, at the Sorbonne under Ganiage's supervision. In his publications, Chater relies heavily on Ganiage's interpretations and refers to his mentor as his *maitre*.

bring to light his often overlooked biases and Eurocentrism by these historians. Finally, I assessed a significant selection of other primary and secondary sources in Arabic, French and English, which dealt with various periods of the history of the Tunis Regency.

## CHAPTER ONE

### The Political Organization of the Regency

The Tunis Regency was a small country with a small population, which, under normal circumstances, could have been administered efficiently by a small and competent administration. In 1856, three years before the advent of Muhammad al-Sadiq as Bey, a systematic count of adult males was taken for the first time for the purpose of a head tax (*majba*). During the actual reign of Muhammad al-Sadiq Bey, the total number of adult males who were subjected to the payment of the *majba* amounted to 221,664. It is estimated that these taxpayers made up one fourth of a total population of about one million people.<sup>35</sup> While there were several other varying estimates of the Regency's population, they tended to originate mostly from European travelers and lacked a statistical basis. These estimates varied widely from two million to five million.<sup>36</sup>

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<sup>35</sup> Archives Tunisiennes, Carton 92, Dossier 82.

<sup>36</sup> For a discussion of population estimates, see Khelifa Chater, *Dependance et Mutations Precoloniales: La Regence de Tunis de 1815 a 1857*, Tunis: Publication de L'Universite de Tunis, 194, pp. 599-602; see also Ganiage, *Les Origines ...*, op. Cit., pp. 130-1, note 1; and Valensi, *Tunisian Peasants ...*, op. Cit., p. 3-4.

Population density also varied accordingly, but if we take the least questionable population estimate of one million, because it is derived from an actual count of taxpayers, and given that the Tunis Regency had a total area of 155,000 square kilometers, the average population density was below ten inhabitants per square kilometer. In the favorable zones of the earth between 1300 and 1800, the kilometric population density varied between 19 and 47.5.<sup>37</sup> Compared to the world in general, then, Tunisia was under-populated. Compared to the world in general, then, Tunisia was under-populated. Compared to the world in general, then, Tunisia was under-populated. Even when one takes into consideration the country's limited resources, it remains that with the help of an efficient political structure, the small population of the Regency could have easily supported itself.

Because most French as well as a few Tunisian historians, who were trained in France, have attributed the Regency's loss of its independence almost exclusively to the political elite's incompetence and their abusive government policies, it is important to assess the structure of the Regency's

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<sup>37</sup> Valensi, *Tunisian Peasants*, op. Cit., p. 4.

government prior to the European economic and political control. Although I agree with those historians who contend that some members of the Regency's governing elite were corrupt and mismanaged the country's resources, I find their benign treatment of the European role in the plundering of the Regency's financial resources unacceptable. Furthermore, these historians minimized the European officials' role in encouraging the dubious practices of some members of the local elite and overlooked European active participation in these corrupt practices. Efforts of responsible officials such as Khayr al-Din to bring order in the management of local affairs were also de-emphasized. Such a selective approach to historical information, especially by French historians, makes their assessment of the events that transpired in mid-nineteenth century Tunisia inadequate.

Therefore, one of the main contributions of this work is to identify and fill the historical lacunae found in previous works. Furthermore, because almost all the French works that focused on this period are Eurocentric and that the few more recent Tunisian works are strongly influenced by the French school, both analyses tend to follow similar lines.

These historians argue that, the *mamluks* took advantage of the local society because it lacked a strong sense of cohesion and that there was no sentiment of patriotism among both the rulers and the ruled.<sup>38</sup> Most ills that plagued the Regency in the mid-nineteenth century are blamed on the local elite without serious consideration of the larger forces that transformed the Regency's economic and political structure.

The origin of the ruling elite, their power base, and how they administered the country is crucial for understanding the political structure of the Tunis Regency during the rule of Muhammad al-Sadiq Bey (1859-1883). This is important because during this period, internal and external economic, social and political factors converged setting in motion forces which had unprecedented consequences on the political status of the Regency. The ambiguous relations between the Regency's high officials and their European counterparts will also be analyzed in this chapter.

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<sup>38</sup> Several French historians including Ganiage, Emerit, and Julien have argued that during the mid-nineteenth century, the rulers of the Tunis Regency as well as the local population lacked a sense of identity and allegiance to their country. This Eurocentric historical assessment is not convincing because it applies sociopolitical norms drawn from the developments that occurred in European societies during the seventeenth and eighteenth century. Further, what is missing from this type of analysis is the lack of attention to the Regency's internal social development. During the mid-nineteenth century, while the Tunisian population as a whole did not display the same nationalistic attitude as their French or British counterparts, the urban and village population had a clear sense of belonging to a specific cultural and political unit. European historians' emphasis on the notion of lack of patriotism and/or nationalism among the local population can be explained by their concern for justifying European condescending attitude towards the indigenous population.

These relations are important because they were often strained due to the European powers' competing interests, which at times clashed with some of the Regency officials' concern for safeguarding the country's political autonomy. High officials, such as the Premier Mustafa Khaznadar, learned to walk a fine line whenever their political actions failed to satisfy the demands of both the French and the British consuls, a task nearly impossible to accomplish due to the two great powers' economic rivalries and their conflicting position vis-à-vis the political status of the Regency. Britain favored a strengthening of the relaxed Ottoman sovereignty over the Regency, while France adamantly opposed all attempts at a renewal of the historic Ottoman protection of the Bey of Tunis.<sup>39</sup> Finally, the motives behind the European powers' dissatisfaction with the “absolutism” of Muhammad Bey (1854-1859) and their subsequent attempt to limit his power by pushing for legal as well as constitutional reforms will be discussed. My contention here is that the European powers' main goal was to secure their respective nationals' economic interests by wresting political as well as legal concessions from the Bey's government.

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<sup>39</sup> Ibn Abi Dhi'af, *Ithaf Ahl al-Zaman ...*, Vol. VI, op.cit.

Ultimately, Europeans living in the Regency obtained superior rights, compared to local Tunisians, in many areas of economic activities. Consequently, they secured their economic gains by acquiring legal rights such as the right to own property in the Regency. These political and legal reforms will be discussed in details in the second chapter, as well as the circumstances of their initial elaboration, the process of their implementation, and their subsequent effects on the Regency's economy and society. My approach, as outlined in the Introduction, is to uncover the impact of the European-style reforms on the Tunis Regency and the role the reform process played in the Bey's government's decision to increase its income by raising the level of taxation in both the rural and urban areas. The investigation of this process is crucial to the understanding of the dramatic events it set into motion, which led to the instigation of a rural tax rebellion that soon turned into a country-wide revolution in 1864.

### **The Husaynid Dynasty**

The Husaynid dynastic rulers (1705-1956) operated a classic Ottoman political class, keeping a calculated distance from native Tunisian

leadership.<sup>40</sup> This strategy allowed them to keep the power of Tunisian tribal leaders from developing into an unmanageable challenge. Without access to high office, the tribal leaders' local ties only enabled them to exert a limited pressure on the ruler. With few exceptions, native Tunisians were excluded, at the beginning of the dynasty, from holding positions of authority in the army and state bureaucracy. Members of the Husaynid dynasty were strictly discouraged from contracting marriages outside the Mamluk cast in order to keep the line of succession clear of complications, and to maintain the dominant political and social position of the Husaynid ruling family. However, some of these restriction were relaxed during the nineteenth century as the central government tried to attract local notables to improve tax-collection, and modify the social structure of the hinterlands in order to create favorable new political allegiances.

Conversely, members of the *mamluk* political class obtained high positions in government precisely because they lacked local ties. As Brown put it,

A recalcitrant *mamluk* could be deprived of all power and property

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<sup>40</sup> Brown, *op. cit.*, p. 32.

at any time, and following his disgrace the Mamluk could not go back to his tribe and foment revolt. He had no tribe, no local support save that attached to the office he happened to be holding.<sup>41</sup>

However, these political precautions did not eliminate all serious threats to the dynasty's hold on power. But whenever such threats emerged, especially from local chieftains, the rulers' response to stifle the menace was often immediate and brutal.<sup>42</sup> This often tested ruling strategy worked well, and contrary to European historians' assertion that attributes this style of leadership to the intrinsic brutal nature of "oriental despotism,"<sup>43</sup> the Husaynid practice was aimed at self-preservation, which insured the perpetuation of the dynasty for a quarter of a millennium.

### **Coping with European Encroachment: The Bey and his**

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<sup>41</sup> Ibid.

<sup>42</sup> Several examples of these Husaynid practices can be cited. These include Muhammad Bey's execution of a tribal holy man who claimed to be the *Mahdi* or the awaited one as soon as he appeared. The best known example was that of 'Ali Bin Ghadhahim, the prominent leader of the 1864 Rebellion. Even after Muhammad al-Sadiq Bey had promised to pardon him if he surrendered, Bin Ghadhahim was first publicly ridiculed and tortured, then executed by the Bey without a trial. Members of Bin Ghadhahim's family also suffered severe reprisals. See Ibn Abi Dhiaf, *op. Cit.*, Vol. VI, p. 77-9.

<sup>43</sup> Several European and sometimes Tunisian historians have used this orientalist and simplistic depiction to explain the political strategies of the Husaynid dynastic rulers. In contrast, some of the same European historians tend to present European despotic rulers such as Napoleon III in a much more positive light and without passing judgment on the entire French culture. For examples of French historians' derogatory assessment of the Husaynid dynastic rule, see Ganiage, *Les Origines ...*, *op. Cit.*; Grandchamps, *L'Insurrection de 1864*, *op. Cit.*; D'Estournelle de Constant, *op. Cit.*

## Administration

Muhammad al-Sadiq Bey, inherited the throne following the death of his brother Muhammad Bey.<sup>44</sup> The latter had left behind a series of unfinished reforms that had been encouraged by the British and French consuls and supported by a few Tunisian reformers like the Mamluk Khayr al-Din Pasha, minister of the navy, and the native Tunisian, *Bash Katib* (the Bey's special secretary) and chronicler Ahmad Ibn Abi Dhiaf. These reforms known as *`Ahd al-Aman* or Security Pact, which will be assessed in more detail below, can be characterized as a set of legal changes aimed at furthering the economic interests of the European merchants who either resided in the Regency or had business relations through trade with the Bey's government.<sup>45</sup> These new laws provided Europeans with the legal tools to secure their established business advantages and acquire new privileges through property rights and the establishment of mixed courts to mediate legal cases between themselves and the local population.

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<sup>44</sup> Muhammad al-Sadiq Bey was born in 1814 and became the twelfth Husaynid Bey of the Regency in 1859. For a complete biography and detailed analysis of his tenure in power, see Ibn Abi Dhiaf, Vol. IV, op. cit.

<sup>45</sup> For a description of the enactment of *Le Pacte Fondamental* or Security Pact, see Ibn Abi Dhiaf, Vol. V, op. cit. This volume also contains the full text in Arabic. The French version of the Pacte Fondamental can be found in Hachemi Jegham, *La Constitution de 1861*, Tunis: Editions Chems, 1989.

Although Muhammad Bey had resisted these European demands for reform because they infringed on what he considered as his exclusive legal domain, the international political conjuncture was unfavorable to the assertion of his royal authority. Even his traditional Ottoman protector was favoring the implementation of these European-inspired reforms. During this period, which followed the Crimean War in 1856, the victorious European powers, England and France, convinced their war ally, the Ottoman Sultan, of the need for legal reforms in the Empire. This circumstantial and ephemeral entente between the two European powers led to the proclamation of the legal reforms or *Tanzimat (Hatti Humayyun)* in the Ottoman capital on 18 February 1839.<sup>46</sup> Consequently, other areas linked to the Ottoman Empire came under European pressure to follow the Sultan's example and enact similar reforms. While Muhammad Bey ultimately but reluctantly accepted the enactment of the Security Pact, he died in 1859 leaving most of the serious repercussions of this pact to his successor, Muhammad al-Sadiq Bey. Accordingly, the first act of Muhammad al-Sadiq Bey on the day of his inauguration, on 23 September

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<sup>46</sup> Jegham, *La Constitution de 1861*, op. cit., p. 51.

1859 was to swear his allegiance to the Security Pact, in the presence of European consuls, and to commit himself to the continuation of the ongoing reforms.

Earlier, in 1857 the French Foreign Minister, Count Walewski, played an instrumental role in pushing for constitutional reforms in the Regency. Now, through his consul, Leon Roches,<sup>47</sup> Walewski urged Muhammad Bey, to grant his non-Muslim subjects rights similar to the ones accorded to them by the Sublime Porte in the February 1856 *Hatti Humayyun*. Interpreting the reforms as a European attempt to limit his power, Muhammad Bey opposed the implementation of the *Hatti Humayyun*.<sup>48</sup>

European officials had failed once before to convince Muhammad Bey's predecessor, Ahmad Bey to implement Ottoman reforms. However, unlike the more politically astute and modernizer, Ahmad Bey, Muhammad Bey was a more devout Muslim who tried to apply the *Shari`a* law as he

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<sup>47</sup> Leon Roches was one of the most experienced French diplomats in North Africa. Before his appointment as Consul General to the Tunis Regency in 1855, he had lived in Algeria for twenty years, spoke fluent Arabic and became Abd al-Qadir's brother-in-law and secretary. See Ganiages, *Les Origines...*, *op. cit.*, p.21.

<sup>48</sup>The charter of the *Hatti Humayyun* was promulgated by Sultan `Abd al-Majid on 18 February 1856. For a commentary on the *Hatti Humayyun*, see *Annuaire des Deux Mondes*, 1855-1856, Paris, 1856, pp. 689-699.

understood it. But due to his limited knowledge of Islamic Law, he often pronounced judgments that were in contradiction with the Shari`a. Because some of his questionable judicial rulings affected only Muslim Tunisians, he managed to continue his exercise of royal justice with little opposition. All this changed when one of his extreme rulings affected a non-Muslim Tunisian, a Jewish subject named Batto Sfez.

A street accident involving this Tunisian Jew, gave the Europeans the needed incident to force Muhammad Bey to accept their demand to reform the Regency's political and legal system. What became known as the Sfez Affair began when this Jewish-Tunisian subject, while drunk, ran over a young Muslim boy with his cart. Harassed by Tunisian-Muslim bystanders, Sfez responded by blaspheming Islam and insulting the name of the Bey. His subsequent trial and death sentence by the Shari`a Tribunal (19 June 1857) led to an energetic protest by the French and British consuls, Leon Roches and Richard Wood. In spite of their intervention, the Bey upheld the sentence and Sfez was decapitated. Although the sentence was pronounced by the tribunal according to the *Shari`a* Law, the hasty

execution of Sfez provoked serious concerns among Tunisian Jews.<sup>49</sup>

Europeans living especially in the Regency's capital were also concerned.<sup>50</sup> The two European consuls saw this unusual episode as an opportunity to renew their demand for establishing mixed secular courts, as had been done in Istanbul. While it is true that had Sfez been tried before a mixed secular court, he would have suffered a lesser sentence for his crime. However, this fact alone does not fully explain the Europeans outcry and condemnation of the Bey's action. European officials were less interested in making the Regency's legal system more equitable and efficient than in making it better suited for the furthering of their own legal rights and protection of their economic gains. This attitude became apparent, especially when European powers began to use gunboat diplomacy almost every time they perceived the Bey's policy as an obstacle to what they were trying to accomplish.

For example, when Muhammad Bey promised the elaboration of

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<sup>49</sup> Ibn Abi Dhi'af, *Ithaf ahl al-Zaman ...*, Vol. VI, op. cit.

<sup>50</sup> While the Jewish-Tunisians' concerns about Muhammad Bey's extreme action against Sfez were understandable, the European reaction to the execution was less sincere. European consuls and their protected colonies perceived this incident as an opportunity to push for their own legal rights and were less concerned with the rights of Tunisian Jews and Muslims. Furthermore, the European consuls' moral outrage was hypocritical because the Jews living in France, for example, were subjected to various acts of discrimination. The well-known Dreyfus Affair is an example of the type of persecution French Jews were subjected to in France towards the end of the nineteenth century.

secular commercial codes in 1857 to be followed by Muslim tribunals, but did not abolish the Shari`a courts' role in commercial matters, the French consul obtained a show of force from his government, to convince the reluctant Bey. The British supported this particular French interference in the Regency's internal affairs. On 31 August 1857, a French squadron anchored in the port of La Goulette. In the end gunboat diplomacy prevailed and the Bey was successfully coerced into accepting all the demands of the two European consuls. Faced with this unusual combined political pressure from both European powers, the Bey had little choice but to obey their thinly disguised threats. To insure the implementation of the European demands for legal reforms, the French consul presented a written list of demands which they expected to be incorporated into the official reform document which the Bey's secretary, Bin Dhi'af wrote hurriedly overnight. This document, which became known as *'Ahd al-Aman* (Pacte Fondamental or security pact), was discussed and slightly amended by the Bey's Council and approved by the European consuls.

As will be described in more details in the next chapter, the Security Pact secured European interests in an official eleven- article document which

was solemnly proclaimed on 10 September 1857.<sup>51</sup> As one Tunisian Legal specialist put it, "the Security pact was a pact of the rights of the Europeans."<sup>52</sup>

### **The *Mamluks***

Before the abolishment of the slave trade in the Regency by Ahmad Bey in 1846, the *beylic's* (government of the Bey) practice was to buy young Christian children on the Istanbul market and raise them in the court according to Muslim tradition. Tunisian-religious teachers (*shaykhs*) were charged with the training of these slaves (Mamluks) who provided a fairly reliable pool of faithful civil and military servants for the state.

The shaykhs of the Bardo *madrasa* (school) taught their privileged pupils how to read and write Arabic as well as the main tenants of Islam. Because the emphasis was put on military training, it was not important for a *shaykh* to be highly qualified for his academic position as long as he showed strong support for the Husaynid dynasty. If the Bey and the princes

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<sup>51</sup> The text of the Security Pact was translated by the French consul and distributed to the other European consuls. See Ibn Abi Dhiaf, op. cit., Vol. IV, pp. 266-72.

<sup>52</sup> Hachemi Jegham, *La Constitution de 1861*, op. cit., p. 53.

liked a particular shaykh, his limited skills weighed little in terms of job requirements. "The important training" as Brown described, "was not academic but military[.]"<sup>53</sup>

Therefore, the academic training of the *mamluks* was minimal. They received the equivalent of a secondary school education. Most *mamluks* acquired only a rudimentary knowledge of Arabic. In some cases the Bey even discouraged his *mamluks* from speaking the local Tunisian dialect in order to isolate them from native Tunisians. Hammuda Bey (1782-1814), for example, addressed his *mamluks* in Turkish.<sup>54</sup>

Learning how to handle state matters was a hands-on job for the Mamluks. Small groups were usually assigned to serve a particular prince and learn the internal mechanisms of running the state dynasty. Many Mamluks underwent this character-building "internship", including the famed Mustafa Khaznadar, who was attached to Ahmad Bey.<sup>55</sup>

Although, he was forty-three years of age at the beginning of the

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<sup>53</sup> Brown, op. cit., p. 45.

<sup>54</sup> This practice ended in the nineteenth century when native Tunisians were allowed to hold government positions and staffed most of the bureaucracy. From then on even official correspondence with the Porte was written in Arabic. The few Mamluks who commanded both the Arabic and Ottoman Languages were often chosen to represent the Regency in Istanbul. See Brown, op. cit., pp. 111, 140 and 151.

<sup>55</sup> Ibn Abi Dhiaf, Biographies, in Ithaf Ahl al-Zaman, Vol. VII.

reign of Muhammad al-Sadiq Bey in 1859, Mustafa Khaznadar (a *Mamluk* from Greece) eventually served for twenty-four years as treasurer under three beys (Ahmad Bey, and his two cousins, Muhammad and Muhammad al-Sadiq).<sup>56</sup> Khaznadar gained prominence in 1837 with the inauguration of his original master, Ahmad Bey. Both Khaznadar and Ahmad Bey played a direct role in the violent disappearance of the leading figure in the Bey's administration, Shakir Sahib al-Taba'.<sup>57</sup> The latter's position as the "guardian of the royal seal," or chancellor, made him a prime target for the young and ambitious Khaznadar. Although the position of premier did not officially exist, European consuls had treated Shakir Sahib al-Tabi' as if he were the Bey's Prime Minister. Determined not to let any higher government official stand in his way to the leading position in the Bey's administration, Khaznadar, and his accomplice, the then Prince Ahmad Bey, had Shakir strangled in the Bardo palace. After Shakir's removal from the political scene, the position of chancellor became honorary. Without any official administrative changes, Khaznadar positioned himself at the

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<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

forefront of the Bey's administration.<sup>58</sup> He would then remain "Prime Minister" for almost forty years, until the French consul, De Beauval successfully exerted pressure on the Bey to replace him in 1873 with the reformist figure, Khayr al-Din Pasha.<sup>59</sup>

Although Khaznadar also held reformist ideas, he was neither respected nor trusted by the European consuls. Both the French and the British consuls yearned for his enlistment on their side, but Khaznadar often played them off against one another. For example, the French consul praised him when he opposed British meddling in the Regency's affairs and shrouded his reputation with criticism when he opposed French intrusions.<sup>60</sup> His British counterpart followed suit. But because Khaznadar occupied the highest seat in the Bey's administration, both consuls needed his cooperation to further their respective country's interests. Unless the Premier accepted their political advances, neither consul could achieve his goal. For example, in the early phases of the constitutional reforms, the implementation of the French-inspired 1861 Constitution was successful

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<sup>58</sup> Ibid.

<sup>59</sup> Khayr al-Din was appointed president of the International Financial Commission by the Bey. In 1873, Khayr al-Din replaced his father-in-law Khaznadar and became the second prime minister of the Regency.

<sup>60</sup> Letter from Villet, Tunis, 24 October 1871, *Archives des Affaires Etrangères (A.E.)*, Tunis, Vol. 36.

mainly because it benefited from the Premier's support.<sup>61</sup> During that period, the Europeans were in a strong position to dictate legislative changes to the Bey, but as will be explained below, without the full cooperation of figures like Khaznadar, the constitutional project would have easily been undermined. Khaznadar's powerful position created a dilemma for the French and British consuls. Their mixed feelings about the resourceful Premier were due to his ability to frustrate their political and economic efforts without resorting to the dangerous use of direct confrontation. While both consuls were eager to gain his favors, neither succeeded in securing his complete cooperation to advance their respective agendas in the Regency.

In order to maintain a balance between the two competing European powers, Khaznadar practiced an elaborate political game. Aware of their rivalry stemming from their conflicting interests, he solicited the advice of one to counter the challenges of the other. Similarly, his foreign political allegiances shifted according to the appropriate political climate.<sup>62</sup> Consequently, European officials, whose aim was to subordinate their

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<sup>61</sup> Jegham, *op. cit.*

<sup>62</sup> Ganiage, *op. cit.*, p. 92.

Tunisian counterparts, did not always appreciate the Premier's cunning political style. For example, Khaznadar's political strategy resulted in the complaint of the French official, Bautmiliau who wrote about the "innate duplicity of his [Khaznadar's] character."<sup>63</sup> At times, however, he was perceived as a proponent of European enlightenment. For example, Roches credited him with a liberal and enlightened mind. This favorable opinion was due to Khaznadar's support for political reform in the 1840s and 1850s, especially his encouragement of Ahmad Bey's efforts to transform the Regency's political and administrative structure along the French model.<sup>64</sup> Under the following Bey, Muhammad, Khaznadar continued his reformist efforts and pushed for the constitutional reforms that were implemented later under Muhammad al-Sadiq Bey in 1860 and 1861.<sup>65</sup>

Interestingly, French as well as Tunisian historians portrayed the Premier as an opportunist who lacked a basic education and one who could barely read or write.<sup>66</sup> His liberalism and "grand" constitutional principles wrote Ganiage, "were nothing else than a pretty facade."<sup>67</sup> The most

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<sup>63</sup> Letter from Villet, Tunis, 24 October 1871, *Archives des Affaires Etrangères (A.E.)*, Tunis, Vol. 36.

<sup>64</sup> Ganiage, p. 93.

<sup>65</sup> Ibid.

<sup>66</sup> Chater, op. cit.

<sup>67</sup> Ganiage, p. 93.

intriguing opinion came from the influential French inspector of finance, Villet who wrote in 1871, "Sidi Mustafa [Khaznadar] has never had and will never have another political system than to pillage and ruin to his profit the country he is governing."<sup>68</sup> Originating from a French official, who was at the time the president of the debt council that terminated what remained of the Regency's economic independence, this statement shows the following concerns: that French officials perceived Khaznadar as the principal power in the Regency's government whose personal agenda represented a serious threat to their own scheme and, hence, only his removal from office would enable them to penetrate the local administration and solidify their predominance in the Regency.<sup>69</sup> As will be shown in the following chapters, Khaznadar dominated the Bey's administration through his influence over the regional *qa'ids* or governors. His control of the new institutions such as *Le Grand Conseil*, which was meant to make the decision making process more transparent and based on the constitutional reforms also furthered his political power. Finally, Khaznadar controlled the Regency's income as the Bey's treasurer, and

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<sup>68</sup> Letter from Villet, Tunis, 24 October 1871, *A.E.*, Tunis, Vo 36.

<sup>69</sup> Ibn Abi Dhi'af, Vol. V.

with the cooperation of his financial agents, he diverted large sums of state funds.

### **The Qa'ids**

The Tunis Regency's regions (qiyadas) varied in importance. Under Muhammad al-Sadiq Bey, more than half the Regency's population was settled in the few cities and the ubiquitous villages that surrounded them. With the exception of the capital city of Tunis, the size of the cities was comparable to that of villages. About 600,000 people lived in these district qiyadas. On average, the population of each qiyada totaled a few tens of thousands. While the capital enjoyed a special administrative status, including a fifteen-member municipal council and a mayor, the qiyadas of its suburbs were small, each limited to a few thousand residents. Their capitals were chosen according to their status as sites for the Beys' palaces. For example, `Ibdilliyya, Marsa, La Goulette, Hammam lif, and M'hammadia, all housed Beys' palaces and therefore were designated as capitals of the qiyadas that bore their respective names. West of the capital and its suburbs, there were eight qiyadas. The region south of Tunis

encompassed the qiyada of the Cap Bon (*al-Watan al-Qibli*) with its capital in Sliman; the three qiyadas of the Sahil included Susa, Munastir, and Mahdiyya. Further south, Sfax was the largest of a group of six qiyadas stretching from Qayrawan to Djerba.

This demographic distribution was reflected administratively by Muhammad al-Sadiq Bey's division of the country's sixty-two qiyadas into two categories, one urban and the other rural. The urban districts included 22 qiyadas and the rural tribes forty qiyadas. This distinction was made clear by the names of main cities given to the first category and the use of a tribal name for the second.<sup>70</sup> Each qiyada was headed by a governor (qa'id) who was assisted by lieutenants (khlifas). These khlifas were in turn assisted by local "mayors" (shaykhs). In the urban areas, the qiyadas were subdivided into villages headed by khlifas, and the villages were in turn subdivided into quarters headed by shaykhs. A shaykh could also head a village but his authority remained subordinate to the khlifa. In the rural areas, the tribal qiyadas were composed of settlements (*douars*) and a shaykh could head one *douar* or a group of douars. The shaykhs of the

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<sup>70</sup> H. Von Maltzan, *Reise in den Regens Chaften Tunis und Tripolis*, Leipzig, 1870, Vol. II, pp. 413-426.

douars varied in status depending on the size of their respective (*bedouin*) settlement. In deprived rural areas, for example, the tribal shaykhs were equal to their administered subjects and participated in all nomadic activities, including migration.<sup>71</sup> As a result of the move toward government centralization, the prerogative of appointing all these local officials was acquired by the Bey.

Although the position of qa'id was non-remunerative, his function as keeper of order and especially as tax collector for the Bey's administration gave him tremendous power in his administered region. It is also not surprising that most qa'ids and their subordinates engaged in illegal embezzlement of tax moneys and routinely took bribes from the local farmers (*fellahin*). The *khlifas* and shaykhs also enjoyed a great leeway in estimating harvests on which a fixed tax proportion was levied each season.

Prior to Ahmad Bey's reign, prospective qa'ids paid a tribute to the Bey. The amount varied according to the economic importance of the district and/or the tribe. Although, Ahmad Bey abolished this practice, a

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<sup>71</sup> Ganiage, op. cit, p. 133 and 138.

similar practice emerged in the form of informal payments in gifts to high officials of the *beylic*. The size of the candidate's contribution was reflected in the qiyada's importance and the longevity of the qa'id in office. Not surprisingly, Premier Khaznadar used his influence to extract financial favors from potential candidates.<sup>72</sup>

The central government changed the number of qiyadas according to its need for tax moneys and the prevailing political climate in the various regions of the country. For example, it was common practice for one qa'id to administer two qiyadas, even those located remotely from one another, or for two qiyadas to be merged into one under the authority of one qa'id, or even for one qa'id to combine both his function and the function of khlifa. In contrast, sometimes one qa'id headed one third of a tribe; at other times, two different qa'ids administered one half of two different tribes each. These government practices were aimed at accomplishing two goals: officials sought to maximize government income in economically strong qiyadas by merging them together, and, following the Machiavellian maxim of "divide and rule," the central government maintained its authority over

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<sup>72</sup> *Memoires et Documents*, Vol. 12, A. E.

rebellious tribes by dividing their tribal qiyadas and submitting them to the authority of an outsider, which weakened their cohesion and, hence, their strength.<sup>73</sup>

Under Muhammad al-Sadiq Bey, most of these practices ceased and it was usual to encounter examples of qa'ids who remained in office for long periods of time. This change was due to the appointment of high state officials to the position of qa'ids, and the recruitment of a few local Tunisian qa'ids to high positions in the government. Often the Bey bestowed favors on some of these native-Tunisians by assigning them a region to administer. Some of these notable cases include the Jellouli family who administered the region of Mahdiyya for generations and the Premier's cousin, Muhammad Khaznadar, who kept his position as qa'id from 1839 under Ahmad Bey to 1881 under Muhammad al-Sadiq and the advent of the French protectorate.<sup>74</sup>

Because of the government's increased attempts at strengthening the centralization of power, during the last decade of Muhammad al-Sadiq's

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<sup>73</sup> In practice tribal qa'ids were chosen from the tribe itself, while distric qa'ids were usually bureaucrats from the Bardo. See Archives Tunisiennes (A. T.), Carton 52, Decree of Nomination of qa'ids from 1237-1290 AH.

<sup>74</sup> Ibid.

reign, most of the Regency's qiyadas were administered from the Bardo. Almost none of the qa'ids resided in their respective provinces, leaving local matters to the khlifas. This practice was mainly due to the fact that the heads of important qiyadas usually combined two government functions. For example, several qa'ids were also government ministers, as in the case of Khayr al-Din who combined the function of Minister of the Navy and qa'id of Halq al-Wad or La Goulette, and the qa'id of the Djerid, Mustafa also served as minister of War.

The shift from local notables toward the appointment of Mamluks to head provincial qiyadas began under Ahmad Bey.<sup>75</sup> As Anderson pointed out, "[b]y 1863, at least half the sixty-five qiyadas were governed by Mamluks, including all the richer territorial districts."<sup>76</sup> Because of the central government's preoccupation with the extraction of agricultural taxes from the villages, fees for commerce licenses from the cities, and the control of the hinterlands, the Mamluks were given control over the capital and its suburbs, most of the qiyadas in the north, the Sahil, Sfax, the island

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<sup>75</sup> For a discussion of Tunisia's precolonial administration, see Brown, *Ahmad Bey*, OP. Cit. See also Mustapha Kraiem, *La Tunisie Precoloniale: Etat, Gouvernement, Administration*, Vol. I, Tunis: Societe Tunisienne de Diffusion, 1973.

<sup>76</sup> Lisa Anderson, *The ssState and Social Formation in Tunisia and Libya, 1830-1980*, New Jersey: Princeton University Press, 1987.

of Djerba, and a large number of tribal areas. By following this strategy, the Bey's government hoped to increase its revenue believing that the Mamluks would be more efficient than the local notables in the collection of taxes and other fees from the regions. In practice, most Mamluks remained in Tunis and used their local agents to extract taxes, and once the funds reached the capital, corrupt Mamluks such as the Premier Khaznadar kept a sizable share for themselves before making the required deposits in the state coffers.<sup>77</sup>

### **The Urban Population**

Although most of the Regency's population was settled in a few cities and the many villages, the size of the population of the Regency's cities, excluding the capital, was modest. Tunis accounted for almost ten percent of the total population, with about 60,000 Muslims, 15,000 Jews, and 10,000 Christians.<sup>78</sup> With the exception of the holy city of Qayrawan, all

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<sup>77</sup> See Ibn Abi Dhiaf's portrayal of the premier Khaznadar's policies and practices in *Ithaf Ahl al-Zaman*, op. cit., Vol. VI. See also Muhammad Bayram V, *Safwat al-I'tibar bi-Mustawda' al-Amsar wa-l-'Aqtar* (Remarkable Aspects of the Cities and Nations of the World), Tunis: Bait al-Hikma, 1989.

<sup>78</sup> Estimates of the population of the capital varied between a minimum of 70,000 and a maximum of 1,225,000 inhabitants. See Valensi, op. cit., pp. 3-4; Chater, *Dependance et Mutation...*, op. cit., pp. 599-602.

others were port-cities. The combined population of Bizerta, Susa, Munastir, Mahdiyya, and Sfax amounted to approximately one third of the population of the city of Tunis. Because some of the main villages surrounding the major cities housed as many people as the cities themselves, their administration varied little from that of the cities. What distinguished the city dwellers from their village counterparts was the exemption of the former from the payment of taxes like the *`ashur* for the cultivation of grain, and *qanun* for olive trees, which constituted a particular burden on villagers. The urban population was exempt from these taxes for two reasons: most urbanites did not own land for cultivation, and those who owned large agricultural lands, especially around the capital were either high state officials or Husaynid princes. The latter paid no taxes because of their political and social status. However, other indirect taxes in the form of tax on rent, market dues, business patents, and manufacturing taxes were extracted from city dwellers.

Although the urban population escaped the often abusive tax collectors who harassed the villagers for the payment of tithes, the urban merchants' economic well-being was seriously threatened by European

commercial incursions in most aspects of activities in the local market.<sup>79</sup> Local artisans were challenged by experienced European entrepreneurs who benefited from the competitive edge provided them by their industrial machinery and an unmatched transport infrastructure. Local craftsmen with their hand-made products could not keep pace with the production of mass-produced manufactured goods from Lyons, Marseilles, Manchester, or Birmingham. By 1860, most of the local merchants were seriously affected by the quantity, variety and low price of European manufactured products.<sup>80</sup>

Even specialized products like Tunisian *shashiyas* (fez) were threatened by competition from France and Austria-Hungary who began to make the fez and soon controlled the Algerian *shashiya* market. Prior to European competition, the Regency's export of *shashiyas* amounted from 1861 to 1863 to an average yearly revenue of three million francs. During the following two years, 1864-1865, it decreased by one half, and continued to decline, reaching a low of 850,000 francs. By 1875, only 250,000 francs, or less than ten percent of the export value of 1861, could

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<sup>79</sup> Chater, op. cit.

<sup>80</sup> A.E. Tunis, Commerce, Vol. 57-62.

be achieved by the *shashiya* craft. These economic losses caused serious social problems, especially in the capital. The artisans who depended on export markets for their product suffered a major decline in their living standards. Consequently, unemployment among young apprentices increased, adding to the already deprived conditions in the cities.<sup>81</sup>

In addition to the intensive European commercial competition, local artisans faced an unusual government policy which subjected the country's exports to higher taxes than its imports. This government practice was termed by Ganiage as the "Bey's extravagant customs system," which was meant to discourage Tunisian artisans from engaging in export activities.<sup>82</sup> In fact, the Bey's economic policies were as such because he faced serious European pressure which insured his observance of the terms of the capitulations. Finally, European historians, such as Ganiage, who attributed European commercial success in the Regency to their entrepreneurial skills, on the one hand, and the decadence of the traditional industries, on the other, were oversimplifying the magnitude of the unfair European commercial expansion in the Regency. For example, due to their consuls'

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<sup>81</sup> Ibid.

<sup>82</sup> Ganiage, *Les Origines...*, op. cit, p. 150.

political leverage and enforcement of the advantages provided to their respective nations by the capitulations, European merchants paid only a low three percent import fee on goods they sold in the Regency, while their Tunisian counterparts paid an eight percent export fee on merchandise they exported.

In spite of such advantages, Ganiage argued that Muslim merchants were not displaced by their European counterparts, but they had simply abandoned the big commerce of export of agricultural products and import of manufactured goods to the Europeans.<sup>83</sup> European historians were also separating this European economic expansion from its larger context, in which the Regency played only a minuscule part. As will be shown throughout this study, my assessment of the European economic expansion in the Regency differs from the French historians' Eurocentric analysis. Instead of blaming the Tunisian merchants for their inability to compete with their European counterparts, I look at the external and internal forces together to explain the changes that effected the Regency during the mid-nineteenth century. Without situating the transformation of the Regency's

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<sup>83</sup> Ibid.

economy in a larger context, and analyzing both the internal and external forces together, it is easy to condemn the local elite and put the responsibility of the collapse of the Regency's economy on local Tunisian merchants for their lack of business initiative.

In contrast to French biased historiography, more recent economic and historical analyses portrayed a more complex transformation in the world economy which affected small countries such as the Tunis Regency during the process of their incorporation in the European economic system. As the economic historian Sevket Pamuk wrote, "the transformation of Britain's economy during the first quarter of the nineteenth century followed by a similar transformation of Western Europe's economy resulted in the mass production of inexpensive manufactures".<sup>84</sup> In order to secure the expansion of their economies, the Western powers sought to achieve two goals during the second quarter of the century. One was to establish markets for their mass-produced manufactured goods, and the second was to secure cheap and abundant sources of foodstuffs and raw materials. These two European goals could not be achieved without

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<sup>84</sup> Sivket Pamuk, *The Ottoman Empire and European Capitalism, 1820-1930: Trade, Investment and Production*, Cambridge University Press, 1987.

causing major changes in Third World economies. One of the changes was an unprecedented expansion in the volume of trade and a shift in its composition. This shift was later accelerated by the technological revolution in overseas transportation.<sup>85</sup> Consequently, the economic transformation occurring in the Tunisian economy during the 1860s, with all its social and political aftermath, was part of these European expansionist economic forces. European powers adjusted their political policies vis-à-vis countries like the Tunis Regency to accommodate their expansionist economic policies.

### **The Role of the European Powers**

In addition to its internal difficulties in raising revenue due to its officials' corrupt practices as well as natural conditions that will be assessed later, the government of Muhammad al-Sadiq Bey had to contend with extreme European political and financial pressures. As mentioned, France used its economic predominance in the Regency to obtain political and judicial concessions for its subjects. The other European powers also

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<sup>85</sup> Ibid.

followed France's example. In spite of the collective action taken by European officials to further their countries' interests, the European powers were often divided into two camps which closed ranks whenever their interests converged. For example, during the Sfez affair, all European powers spoke in a single voice to reprimand Muhammad al-Sadiq's predecessor, Muhammad Bey for his expeditious action and to prevent any similar occurrences from threatening the interests of Europeans living in the Regency. However, this consensus dissipated when the two main powers (France and Britain) clashed over a particular issue and began competing for predominance in the Regency.

One of the sources of this competition was France's view that the Regency constituted an integral part of the French sphere of political influence that already included its colony, Algeria. In order to assert this claim, French diplomats worked feverishly to discourage any reference, formal or informal, local or foreign, to the historic link between the Regency and the Ottoman Empire. Britain, on the other hand, took every opportunity to stress the Regency's vassal status vis-à-vis the Sublime Porte. Consequently, Muhammad al-Sadiq Bey was often caught in a

European power struggle that threatened to sweep him from power no matter which side he chose. Seldom did the Bey profit from the two powers' rivalry, but when he did as was the case after he enacted the 1861 Constitution, his gains were limited to an ephemeral respite. For example, when the new Tunisian Constitution was seen as an obstacle to European interests because it caused serious objections among the rural population, the French consul urged the Bey to suspend it, which he did.

While Britain encouraged Muhammad al-Sadiq Bey to strengthen his allegiance to the Porte and to take a stand against French encroachment, under pressure, the British consul, Wood offered no more than a promise of assistance from the Porte, not from Britain. This non-committed diplomatic position made it clear that Great Britain envisaged no major political changes in the Regency. Her main concern was to maintain the status quo by opposing France's expansion in the Regency, and prevent a major shift in the balance of power in the Mediterranean.<sup>86</sup> But Britain's antagonism toward France excluded the possibility of entering into open conflict with her competitor because it had no colonial ambitions in the

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<sup>86</sup> Andre Raymond, "Les Tentatives Anglaise de Penetration Economique en Tunisie (1856-1877)," *Revue Historique*, Vol. CCXIV, July-September 1955.

Regency. Instead, the Foreign Office hoped for a strengthening of the ties between the Regency and the Porte to weaken France's stronger influence and use the Regency as a bargaining chip for other colonial concessions from France in future European negotiations. The Porte's position was based on its hope of regaining some influence in the Regency rather than on a realistic appraisal of the Regency's predicament.

### **Predominance of the French Consuls**

After its annexation of the Algerian Regency in 1830, France became interested in the internal affairs of the neighboring Tunis Regency. French consuls required privileged access to the Bardo Palace and gave their counsel to the Bey whenever they felt it was necessary to steer his attention toward a particular policy. Because the Bey's cooperation was not always easily secured, the French consul did not hesitate to make use of the celebrated coercive method of the time, namely "*la diplomatie de la canonniere*" or gunboat diplomacy. This practice often proved to be effective, for the local leadership found itself helpless in the face of superior European naval forces. However, a few Tunisian high officials,

such as the Premier Mustafa Khaznadar, developed keen diplomatic skills in dealing with these European threats. In order to avoid the anger of any of the powerful European consuls, Khaznadar played a dangerous but skillful political game. Sometimes, he would make concessions to the French consul at the expense of his British counterpart and vice-versa, while at other times, the Premier would try to accommodate both consuls' conflicting demands. Consequently, as mentioned above, it is not surprising to find contradicting assessments by European high functionaries of the Premier's abilities as a statesman.

Although European high officials assigned to the Regency differed in style when dealing with the local authority, their overall policy was one of the unrelenting assertion of their respective governments' and nationals' rights and interests. Whenever the Bey appeared to act in his own interest, which often clashed with theirs, he was immediately reminded of the wisdom of prior consultation. For example, when Muhammad al-Sadiq sent an envoy to Istanbul to request a *firman* from the Sultan for his inauguration, he was reprimanded by the French consul because his action was perceived as an attempt to lay claim to the protection of the Porte. In

other words, the European consuls made it clear that any important political decision made in the Bardo Palace could only be implemented with the acquiescence of at least one of the great powers, and, hence, the indirect opposition of the others. This limitation put the Bey in the intricate position of endangering his position whether he acted independently or with the advice of the combined European consuls. In the first case, he risked the wrath of at least one European consul. In the second, he faced the diplomatic consequences of European meddling in the affairs of a sovereign monarchy. Finally, if he remained inactive when faced with an endogenous or an exogenous threat, either one of these forces could act to weaken his power.

To illustrate the Bey's predicament during these difficult years of recurrent internal unrest and European policy of interference, Ibn Abi-Dhiyf relates a typical encounter between the Tunisian authorities and the French consul, which ended with the French consul, De Beauval, threatening to use force against the Bey's emissary to Istanbul. This episode followed on the heels of the bloody suppression of the 1864 general rebellion. Because the Sublime Porte refrained from intervening in

the Regency's internal affairs during this rebellion, in spite of the rebels' appeal to the Sultan, Muhammad al-Sadiq Bey decided to send his minister, Khayr al-Din, to Istanbul to communicate the Bey's gratitude. When De Beauval learned of this mission, he met with Muhammad al-Sadiq Bey and pressed him to postpone his envoy's mission until calm was reestablished in the provinces. Although the rebels' grievances were directly related to the Mamluks' fiscal and political abuses, and that their movement assumed a "nationalistic" posture, some provincial leaders called for assistance from the Porte to address their demands.

Because the Sultan sent an emissary (haydar Effendi) to assess the situation in the Regency, the French consul interpreted this official visit as an Ottoman attempt to set a precedent for future interference in the Regency's internal affairs. In spite of the Bey's insistence that it was precisely because the Sultan's envoy to the Regency did not heed the call of the rebels that Khayr al-Din's visit to thank the Sultan should not be postponed. De Beauval persisted in his opposition, claiming that he was speaking in the name of the Emperor, from whom the Bey must request a permission to send his emissary to Istanbul. It is important to note the

arrogance of the French consul's position. Although his opposition to Khayr al-Din's visit to Istanbul was meant to stress the Regency's independent status vis-à-vis the Porte; concomitantly, he was proclaiming the Regency's subordination to France, almost two decades before the actual imposition of the French Protectorate on the country. Conceivably, the Bey felt no imminent threat of a French invasion at the time, but whether this is so or not, he still refused to observe the consul's orders. De Beauval continued in his verbal protest against Khayr al-Din's mission. Finally the Bey requested that De Beauval provide him with an official letter of opposition from the French government and promised to take it into consideration.<sup>87</sup> De Beauval persisted in his verbal protest, while the Bey ordered Khayr al-Din to pursue his voyage. When Khayr al-Din's boat left the harbor of La Goulette, the captain of a French frigate pursued the Tunisian boat and ordered its captain to return to port. Khayr al-Din refused to heed the orders of the French captain. Despite the firing of warning shots over the bow of the Tunisian boat to intimidate Khayr al-Din, the Bey's envoy continued his voyage safely to Istanbul.

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<sup>87</sup> Ibn Abi Dhi'af, *op. cit.*, Vol. VI, p. 11.

French intimidation was employed frequently toward the Bey and his officials whenever France felt it needed to assert its political views in the Regency. In this instance, because the French captain's orders were to simply intimidate Khayr al-Din, hoping he would not carry out his mission, the Bey's envoy was able to continue his voyage to Istanbul.<sup>88</sup>

### **Role of the European Colonies and the Jewish population in the Local Economy**

The persistent increase in the number of Europeans residing in the Regency's port cities played a decisive role in the enactment of the reforms of the Security Pact. In addition to the privileges allowed to them in the Capitulations, the new reforms gave Europeans something they yearned for to complete their economic control--the right to own property. European eagerness to acquire equal property rights prior to the implementation of the reforms is demonstrated by the fact that European merchants took advantage of the lack of official local control and routinely bought houses under fictitious names; some merchants owned olive orchards in the Sahil

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<sup>88</sup> Ibid.

as well.<sup>89</sup>

In the Sahil, Chater argues, the "local bourgeoisie" were affected by the growing influence and wealth of the small group of European entrepreneurs and Jewish-Livournais businessmen. These European subjects benefited from the newly implemented legal reforms and consular protection. After realizing large profits from their control of the oil commerce, these entrepreneurs invested their profits in the industrial sector and in acquiring large properties.<sup>90</sup> This move created a feeling of insecurity among the local notables, who increased their political involvement in an attempt to protect their landed interests.<sup>91</sup> Not surprisingly, the strongest resistance to the reforms came from the Regency's richest and most industrious region, the Sahil. This region contained the largest olive forest in the country, with an official count of 4,300,000 olive trees, and produced 48,000,000 liters of oil a year.<sup>92</sup> The highly valued olive oil was the main product that European merchants were determined to control. With the acquiescence of the Bey, who considered

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<sup>89</sup> For a discussion of the Jewish and Muslim-Tunisian bourgeoisie, see Jegham, *op. cit.*, p. 38.

<sup>90</sup> Chater, *Insurrection et Repression dans la Tunisie du XIXe Siecle: La Mehalla de Zarrouk au Sahel (1864)*, Tunis: Publication de l'Unversity de Tunis, 1978, p. 34-5.

<sup>91</sup> *Ibid.*

<sup>92</sup> A.T. Dossier 101, Carton 93.

the selling of olive crops for oil export an invaluable source of much-needed cash, the European merchants became the dominant brokers in this market. Grain was also important to the Sahil economy. On average, 60,000 hectares were planted with wheat in the three Sahil qiyadas. Every year, the Bey's government received a sizable sum from direct taxes, which amounted to one sixth of the government's total revenue.<sup>93</sup> This was an abusive and counterproductive practice, because it seriously weakened the farmer's economic situation during a bad harvest. The Bey's government continued to extract the same amount of taxes even during bad harvest years leading some farmers to burn their crops to escape tax payments.<sup>94</sup> In addition, the large sums collected did not improve the Regency's financial situation due mostly to official corruption and overspending of scarce funds on prestige projects like the building of the Zaghuan water aqueduct as well as palaces. Further, the Bey's government was emboldened by the consistent cooperation of the Sahil population and became increasingly exigent. This is when a third tax, the majba was added to the already heavy

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<sup>93</sup> See the 1861 Budget in A.T. Dossier 82, Carton 92.

<sup>94</sup> Bayram V, op. cit.

tax on olives (qanun), and the grain tax (ushr). In order to meet their large tax payments, farmers turned to borrowing. Conveniently, the Jewish money-lenders removed some of the tension from the Bardo Palace by serving as intermediaries between the Bey and his burdened subjects. The money-lenders provided the necessary cash to the farmers to meet their tax obligations, at 20 and 30 percent interest per year. The French historian, Jean Ganiage wrote:

"The Bey's agents [Bardo officials] encouraged this abusive type of financial transaction: To obtain fresh money, they forced the farmers to pledge their future harvests as a pawn; they favored the constitution of syndicates in charge of tax payment in cash and gave the usurers they had chosen the [indebted] farmers' land titles."<sup>95</sup>

In contrast to the deterioration of the economic conditions of the small Tunisian merchants, farmers and the general public, the European economic expansion in the Regency permitted the rise of a local

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<sup>95</sup> All translations are mine. See Ganiage, *Les Origines...*, op. cit. p. 145.

*bourgeoisie d'affaires* or business class. This class included Jewish and Muslim *negociants*. Due to their link to European entrepreneurs, these financial speculators were attuned to European commercial activities and, hence, favorable to a wider relaxation of government controls. The Jewish members of this class and a few Muslims cultivated their ties with the wealthy European entrepreneurs in order to insure their protection by European consuls and guarantee the safety of their fortunes.<sup>96</sup>

The European entrepreneurs were mostly from Marseilles and Genoa; they handled all the big commerce of the Regency.<sup>97</sup> The Sahil olive oil, grain, and other export commodities found their way to Marseilles and Italian ports through the commercial houses of these European business magnates. In order to insure their continued control over the Regency's export sector, they often advanced to the Bey large loans guaranteed by future harvests.

Although there were some Jews among the French entrepreneurs, the European Jews of the Regency served mainly as intermediaries

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<sup>96</sup> Jegham, p. 37; see also Demeerseman, "Categories Sociales en Tunisie au XIXe Siecle d'Apres la Chronique de Bin Dhiyf," *IBLA*, Vol. II, p. 241.

<sup>97</sup> *IBLA*, p. 157.

between European big businessmen and the local farmers and merchants. These Jews, mostly from Livourne (known as Grana) were far more successful than the indigenous Jews at improving their economic and social status. The latter were of Andalusian origin. While they lived in miserable conditions in the Hara (Jewish Quarter), the Livournais rose to prominent social positions and were even accepted in the Bey's entourage. For example, qa'id Nessim Semama served as Director of Finance, and his nephew, Shloumou, as Treasurer in Khaznadar's cabinets. Both embezzled enormous sums of government money and escaped to Europe, where they asked for European protection.<sup>98</sup> While a minority of Livournais Jews worked as interpreters, doctors and pharmacists, about 70 percent of them were involved in financial activities either as brokers, exchangers, merchants, or courtiers. This majority of Livournais Jews also controlled the money trade.<sup>99</sup> They loaned funds to the local farmers and small businesses at high interest rates that varied from 20 to 30 percent. This

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<sup>98</sup> Nessim Semama became director of finance in 1853, monopolized the Regency's tax farming sector, later embezzling 20 million piastres or 12.4 million francs from the state's treasury during Muhammad Bey's reign. Nasim's nephew Shloumou also embezzled ten million piastres between 1863 and 1873. After Chloumou's death, the Tunisian government recovered some of its funds by confiscating his possessions evaluated at 6.7 million piastres. See A.T. Carton 104, Dossier 231 & 245.

<sup>99</sup> The brokers, money exchangers, merchants, and courtiers represented 70 percent of the active Livournais-Jewish population, 12 percent were interpreters, 10 percent doctors and pharmacists, and

practice made them an easy target for some French historians' prejudicial comments.<sup>100</sup>

Many European speculators and a few Arab Tunisian merchants also provided high interest loans to local farmers. While neither the Jewish nor the Arab Tunisian money-lenders benefited from the local government's guarantee against default, Europeans enjoyed the support and protection of their consuls. On the one hand, European consuls pushed for legal reforms to expand their nationals' economic advantages, but on the other hand, they refused to accept the Bey's judicial reforms. The Bey had hoped to enact these reforms, which would submit Tunisians and foreigners alike to the local government's jurisdiction, in exchange for property rights to European subjects. This attempt was met with a clear refusal from the European consuls and their respective governments.<sup>101</sup>

Two concerns were part of the European consuls' agenda: one, that they work to assure their nationals' equal civic rights; two, that they adamantly oppose any local government attempt to convince them to

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only 8 percent laborers. See Ganiage, *La Crise de Finances*, op. Cit., p. 156.

<sup>100</sup> Ganiage, for example, linked the Regency's financial collapse to what he called, "unconscionable Jewish dishonesty and abuse," see Ganiage, *La Crise de Finances*, op. Cit., p. 173.

<sup>101</sup> *Ibid.*, p. 52.

surrender their judicial prerogative over their subjects. For example, the establishment of a Tunisian commission charged with ruling over disputes involving European merchants and the *beylic* was rejected by the European consuls.<sup>102</sup> Even the creation of mixed tribunals, which included Tunisians and foreigners, a move the consuls admitted was necessary, remained unresolved after long and futile negotiations. Obtaining the maximum number of concessions from the Bey without reciprocating was a common practice among European consuls and their subjects. Acquiring civic rights in the Regency was of paramount concern for Europeans, but performing the duties that went along with those rights was not. For example, many Europeans living in the port cities refused to pay their municipal taxes.

Intensive European commercial activities in the Regency and European success in controlling the local economy was made possible due to the following factors: European consuls consistently favored policies that chipped away at the Bey's authority and his ability to enact laws favorable to his population; European merchants benefited from their consuls' unwavering support for European local enterprises; and the lack of

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<sup>102</sup> Ibid.

the local government's support for the local merchant class hampered the Tunisian merchants' ability to compete with well organized European counterparts who acted as colonial masters. As one French historian put it, "The protection of the European colonies, already numerous, was undoubtedly one of the prime cares of the great powers in their Tunisian policy."<sup>103</sup>

Having achieved a predominant position in the local economy, the Europeans set out, with the assistance of their respective consuls, to secure their legal rights in the Regency. In a well orchestrated effort, European consuls began to extract political concessions from the Bey in order to transform the Regency's legal system as well as its economic structure. These European efforts would culminate in the elaboration of the Regency's and the Muslim world's first constitution. As will be shown in the following chapter, these unprecedented changes created new opportunities for the European powers to further their respective political and economic influence in the Regency, while weakening the local government's political and financial autonomy.

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<sup>103</sup> Ibid., p. 54.

## **Chapter Two**

### **Constitutional Reforms**

The Tunis Regency has been credited with the enacting of the first constitution in the Islamic world. While this accomplishment may appear to the uninformed observer as a reflection of the political advancement of the Regency during the mid-nineteenth century, a close examination of the actual circumstances of the promulgation of the constitutional reforms reveals a different historical picture. In the following pages, I will show that the constitutional reforms, which began in 1857, two years after the death of Ahmad Bey, were enacted as a result of unprecedented European political pressure on Ahmad's successor, his cousin Muhammad Bey. But before discussing the European demands for the reforming of the political and administrative structure of the Regency, I will first discuss the events that led the Great Powers to shift their attention from an almost purely diplomatic rivalry during the rulership of Ahmad Bey to a more aggressive

policy of political interventionism under both Muhammad and his successor Muhammad al-Sadiq Bey. The death of Ahmad Bey in 1855 marked a turning point in the attitude of the Great Powers vis-à-vis the Tunis Regency. Prior to this date, France, Britain, and the Sublime Porte engaged in a diplomatic struggle to define the political status of the Tunis Regency. This diplomatic struggle began with France's military occupation of Algiers in 1830, which was followed a few years later by the reestablishment of Ottoman sovereignty over Tripoli in 1837. As was mentioned earlier, France feared a renewal of Ottoman claims over the Tunis Regency and was pushing for the reinforcement of the already de facto autonomy of the Regency in the hope of extending its own imperial claims in North Africa. In spite of the French over-zealous concerns, Ibn Abi Dhiab suggests that there was no indication that the Porte showed more interest in the affairs of the Regency beyond its traditional links (i.e., its claim to spiritual leadership, sanctioning of the Bey's accession to the throne by giving him its symbolic *firman*, the rare call on the small Tunisian army to fight in Ottoman wars, and the occasional gifts sent by the Bey to the Sultan as a show of gratitude to a higher Muslim authority).

However, Ganiage asserts that during Ahmad Bey's reign, Istanbūl continued to transmit messages to the Bey through its agents and Tunisian merchants, living in the Ottoman capital, to enforce Ottoman suzerainty over the Regency. According to the French historian, these messages included suggestions to abolish the Tunisian flag, the reestablishment of a yearly tribute to the Porte, and the inauguration of the Bey in Istanbul instead of Tunis.<sup>104</sup>

Notwithstanding Ganiage's assertions, it is clear that Ahmad Bey was extremely suspicious of the Porte's ambitions whether they were real or imagined. He also maintained a calculated distance from his self-proclaimed protectors. At times, he ignored Istanbul's occasional assertions of its authority over his rule; for example, he successfully resisted the implementation of the 1939 Ottoman reforms as well as the extension of the 1847 Ottoman judicial reforms to the Regency. Other times he manipulated the Porte's resolve of subordinating him by denouncing to Paris the Ottoman navy maneuvers in the Mediterranean, hence strengthening his political ties with France.<sup>105</sup> The Quai d'Orsay

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<sup>104</sup> Ganiage, *Les Origines ...*, op. cit.

<sup>105</sup> Ibn Abi Dhiaf, *Athaf ...*, Vol. VI, op. cit.

encouraged Ahmad Bey's resistance to Ottoman ambitions in the Regency, because after the reestablishment of direct Ottoman rule in Tripoli in 1835, the French foreign ministry needed to strengthen their ties with the Bey of Tunis to keep Ottoman expansionist ambitions in check. As Ganiage put it, France responded eagerly to Ahmad Bey's gestures of rapprochement "to maintain between Algeria and Tripoli a rubber stamp state, where French influence must always remain preponderant."<sup>106</sup>

Unlike France's active policy, Britain's policy vis-à-vis the Regency can be characterized more by its negative attitude toward the expansion of France's influence in the Regency than by its positive action. The Foreign Office favored the status quo by working against any French attempt to relax the Turko-Tunisian political relationship. Although, Britain would have preferred a strengthening of the ties between Tunis and Istanbul, the British government was not willing to support such policy goals to the point of risking an open confrontation with France.

As a result of this tripartite lack of consensus on the definite status of the Regency, and Ahmad Bey's assiduous efforts to assert his

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<sup>106</sup> Ganiage, *Les Origines du Protectorat Français ...* op. cit., p. 22.

autonomy, the Regency consolidated its de facto independence. Ironically, Ahmad Bey's attempts to solidify the Regency's emancipation from the Great Powers' encroachment on its sovereignty became a determinant factor in the subsequent shift from a diplomatic rivalry between the three great powers toward a political and more interventionist policy in the affairs of the Regency. Ahmad Bey was known for his efforts to modernize the Regency's administration and the army. Like Muhammad Ali of Egypt, and the Ottoman Sultan Abdulmejid, he wanted to advance Tunisia's political, military, and economic position. Ahmad Bey's bureaucratic reforms and military expenditures, which were used to modernize the Tunisian army and navy, were disproportionate to the country's resources. These expenditures were so burdensome to the country's treasury that some historians like Chater and Ganiage blamed the Regency's final financial collapse in the late 1860s on his extravagant military spending and the building of palaces. Even Ibn Abi Dhiab considered Ahmad Bey's fiscal policies as extreme and harmful to the country's future economic stability. The Tunisian chronicler, however, stopped short of putting the responsibility of the Regency's bankruptcy on Ahmad Bey. In his view,

Ahmad emptied the Regency's coffers but left no debt burden on the state. Ibn Abi Dhiaf saw Ahmad Bey's reluctance to contract external loans as a wise decision, for, in his view, it was the latent weight of the state's indebtedness to European creditors that led to the country's financial ruin.<sup>107</sup>

Toward the close of Ahmad Bey's reign, the Regency's treasury was in such serious financial difficulties, that the French and British consuls suggested to the Bey to consider the contraction of an external loan to remedy the internal financial crisis. On two occasions, in 1850 and 1853, Ahmad Bey seriously contemplated the idea of negotiating a loan from European lenders. However, these efforts fell through. Subsequent events moved the direction of the Regency's political and social priorities away from Ahmad's ambitious work projects, and lessened the need for foreign credit.

The accession of Ahmad Bey's cousin, Muhammad to the throne in 1855 shifted the Regency's political tilt away from Europeanization and toward a more locally based sociopolitical and fiscal policies. The newly

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<sup>107</sup> Ibn Abi Dhiaf, Athaf ..., Vol. VI, op. cit.

inaugurated Bey favored a return to religious values, and felt compelled by his moral beliefs that he should try to alleviate the burden of his subjects. Muhammad Bey's personal religious convictions influenced his actions. He believed that he was capable to administer his kingdom in a just and fair manner. Therefore, he saw no need to restructure the political character of the Regency along European lines. In fact, like his predecessor, he adamantly opposed the implementation of the European-inspired Ottoman legal reforms of 1839 in the Regency. But one unfortunate event, mentioned above, the execution of Batto Sfez, the Jewish-Tunisian gave France and Britain the opportunity to impose the enacting of the reforms of Le Pacte Fondamental or *'Ahd al-'Aman* in 1857. Events occurring elsewhere in the Ottoman Empire, as will be described below, also played a crucial role in the reforming drive that occurred during and after Muhammad Bey's tenure.

Muhammad Bey's resolve to oppose the reformist movement was weakened following the success of the European powers in convincing the Ottoman Sultan to promulgate the reforms of the Hatti Humayyun in February 1856, which confirmed the earlier resolutions of the Hatti Sherif

of Gulhaneh of 1839.<sup>108</sup> The main cause for this European political achievement was the successful prosecution of the Crimean War in 1856 by the Ottoman Empire, Britain and France. Their military victory over Russia inaugurated a period of cooperation, between Britain and France, who set aside their traditional rivalry in order to guarantee the progressive extension of the reforms in the whole Ottoman Empire.<sup>109</sup> Accordingly, the Foreign Office and the Quai d'Orsay released memoranda in February 1856 recommending cooperation between their respective agents to insure the success of the reforms.

### **The Fundamental Pact (*'Ahd al-'Aman*)**

The Fundamental Pact was the first political document of its kind to be elaborated by French diplomats and implemented by the Bey in the Regency in order to increase European political and especially economic stability by providing security for all, security of their being and

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<sup>108</sup> while the Hatti Sherif of Gulhaneh defined the rights of Ottoman subjects to security and justice in the matter of imposition of military service ..., the Hatti Humayyun secured the rights of equality to the Ottoman non-Muslim subjects, including freedom of worship, equal civil rights, economic freedom..., see Engelhardt, *La Turquie et le Tanzimat*, Vol. 1, p. 257.

<sup>109</sup> Andre Raymond, *Les Tentatives Anglaises de Penetration economique en Tunisie (1856-1877)*, *Revue Historique*, Vol. CCXIV, July-Sept. 1955, p. 50.

their possessions. The expeditious enacting of *'Ahd al-'Aman* on 9 September 1857 can be attributed to the following factors: (1) Muhammad Bey's naive assessment of the country's international situation shown in his hasty execution of a Jewish Tunisian subject; (2) European powers wanted to supplant local laws and practices with their own political principles and commercial codes to protect their economic gains; and (3) the French consul, Roches and his British counterpart, Wood sought to extract a written political contract from the Bey that will insure the rights of their respective nationals and protégés.

Under Muhammad Bey, the Regency's political organization required certain structural changes to reflect the prevailing political transformations operating in the Ottoman Empire, especially in the judicial and administrative areas. The Bey's uncompromising ruling style and unwillingness to consider the counsel of members of his court led him to underestimate the effect of some of his unconstrained decisions on European official opinion. Expectedly, he made the mistake of overestimating his own power, which led to an external imposition of a set of stringent political and economic rules on the beylic. Thinking that he

could impose his arbitrary rule on all his subjects, the Bey ultimately overstepped the boundaries of his authority. The decapitation of Sfez was an indication of his detachment from international affairs. Even his premier Khaznadar attempted to dissuade him from what he perceived as a dangerous act, for the shrewd premier knew of the limits of power, even under absolute rule, especially when it conflicted with the interests of the great powers. "The current conditions," Khaznadar advised, "require that your majesty pronounce the verdict in this trial with what you chose as punishment, except death, and precautions in this kind of trial is what the times require of politics, as was practiced by your predecessors." To this well thought out political assessment, the Bey exclaimed rhetorically, "yesterday we executed a Muslim soldier for killing a Jew."<sup>110</sup>

The response of the French and British consuls to the execution of Sfez was immediate and forceful. The French consul, Leon Roches visited Muhammad Bey to reiterate what Khaznadar had tried to convey to his master before the fateful trial. Roches presented the Bey with a prepared list of political, judicial, and commercial reforms to be implemented in the

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<sup>110</sup> Ibn Abi Dhiaf, *Ithaf*, Vol. VI, p. 259. Note also that the use of the word "yesterday" in this sentence refers in Arabic to a past date.

shortest time possible.<sup>111</sup>

Knowing that the Bey would object to new legal rules and especially to their immediate implementation, the French consul had arranged for a French naval show of force to dissipate any thought of recalcitrance from the mind of the Bey. The French fleet that anchored at la Goulette included nine warships equipped with seven hundred cannons. The commander of the French fleet, Treouar met with the Bey to explain the reason for his mission in the customary French diplomatic language. While the show of naval force was clearly aimed at coercing the Bey to adopt the French list of demands, the French naval commander told the Bey: "I came by order of the Emperor, with this show of force to help you against those who will refuse to heed your orders of granting freedom to your subjects and to insure their well being, possessions, reputation, and religions."<sup>112</sup> Even though, the French commander did not mention the rights of the foreign subjects, it was clear that he did not bring his fleet to defend the economic

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<sup>111</sup> The European swift reaction to the execution of Sfez enabled them to exploit the affair while it was still fresh in the minds of people. To illustrate the speed at which the reforms were adopted, one can point out the short time between the date of the execution and the adoption of the European set of reforms in the regency. The Sfez execution occurred on 24 July 1857, and the *Pacte Fondamental* was proclaimed only one month and half later on 9 September 1857.

<sup>112</sup> Ibn Abi Dhiaf, Vol. V, p. 261.

and religious rights of the Muslim subjects, but the rights of those who were either French or under French protection, especially the Livournais Jews.

The British reacted to the French diplomatic and military maneuvering by delivering to the Bey a set of their own demands and threats. consul Richard Wood met with the Bey and handed him a statement from her Majesty's Government, reiterating the French commander's veiled threats. Wood also demanded that the Bey give priority to the immediate implementation of the reforms in order to avoid complications that would lead the British government to call on their fleet in Malta to join the French naval forces in La Goulette, and it is likely that the Ottoman fleet will [also] come," added Wood. The British consul also warned the Bey against allowing the situation to become complicated for the Regency, "for, you cannot oppose three great powers whose demand is the same he told the Bey.<sup>113</sup>

In addition to formidable pressure from the two consuls and the French naval commander, the Bey received a letter from the French

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<sup>113</sup> Ibid., p. 262.

Foreign Minister, Count Waleski, containing the most blunt reprimand and a list of specific demands aimed at changing the way the Regency's affairs were conducted by the Bey. In his letter, Waleski stated that, these changes "must take place in the Regency."<sup>114</sup> Included in the legal and political reforms that Count Waleski outlined were the following two changes: One, the institution of tribunals; and two, the establishment of a beylical council composed of all the Bey's ministers and representatives of the 'ulema'. The tribunals responsibilities included commercial matters, because this area was crucial for the protection of French commercial interests in the Regency. The other tribunals would be in charge of matters concerning all types of judicial and criminal cases other than commercial. Although, tribunals dealing with various types of cases already existed in the Regency, the innovation put forward by Count Waleski concerned the leadership of these tribunals, who were to be chosen in order to reflect the representation of all religious groups. This new legal element meant that European merchants would no longer be subjected to the exclusive ruling of the shari`a courts, and would now have access to the intercession of

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<sup>114</sup> for the content of Count Waleski's letter to the Bey, see Ibn Abi Dhi'af, Vol. IV, p. 263-5.

their own legal representatives. The second element of the reforms concerning the beylical council was meant to implement a system of consultation between the Bey and his ministers and religious leaders. By forcing the Bey to take into consideration the views of the new council, Count Waleski hoped to diffuse the power of the Bey and move the Regency's political to a European style constitutional monarchy.

By changing the Regency along these lines, Waleski argued the benefits would be the following: first, no other tragic affair like the execution of Sfez would reoccur in the future, second, the Bey would earn the greatest right of rulership, that is clemency for his followers; third, all inhabitants of the Regency would have equal access to the tribunals and their testimony would be accepted on an equal footings regardless of their religion; fourth, all crafts would be open to all the people without any distinction to religion; and fifth, the Europeans would be allowed to accede to the same property rights as their Muslim counterparts.<sup>115</sup> In spite of the obvious infringement of the French demands on the sovereignty of the Regency, the Bey had little choice but to accept these foreign demands.<sup>116</sup>

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<sup>115</sup> *Ibid.*, Vol. IV, p. 265.

<sup>116</sup> Jegham, *op. cit.*, p. 61.

## The Constitution of 1861

The Regency's constitution was bound to fail because it was elaborated by French officials without serious understanding of local social and political conditions. Most of its articles were meant to curtail the power of the Bey and assign more specific roles to the old as well as the newly created branches of government. The main concern of the French Consul was to establish a constitutional document that will make the Bey more accountable of his acts and take away some of his legal prerogatives.

However, in spite of its European-inspired text, the 1861 Constitution fell short of establishing a system of separation of powers in the tradition Montesquieu's *l'Esprit des Lois*. Some aspects of these adopted European laws were meant to stress an equilibrium between the few new political institutions. For example, while the Bey retained most of his powers, some of the executive prerogatives now fell under the authority of the newly created corps of ministers. The Prime Minister, whose new function was head of the government sat on the newly created super ministry (*al-Wazara al-Kubra* or Grand Vizirat). The latter controlled all

other ministries, giving the Prime Minister a role of competitor to the Bey and creating a two-headed executive.<sup>117</sup>

The division of power into three branches, i.e., executive, legislative, and judicial was not clear because some of the duties of each of these branches was duplicated in the others. Further, the Constitution did not include a separate chapter for the judicial branch. The organization of the tribunals was included in chapter three of the constitution along with the organization of the ministries and the Supreme Council. The only innovation in the judicial area encompassed the organization of a hierarchy and the specialization of jurisdictions. Accordingly, a distinction between the types of justices was introduced, and the type of litigation now determined the competence of each tribunal. Also a civil and criminal code (Code Civil et Criminel) was promulgated at the same time as the Constitution. In all, seven constitutional articles dealt with the responsibilities of the judicial tribunals. Two tribunals are of crucial importance; the first was the Tribunal of Commerce charged with all

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<sup>117</sup> Archives Tunisiennes, Carton 55, Dossier 588; see M. Kraiem, *La Tunisie precoloniale*, Tunis: S.T.D., 1973, V. 2, p.412, for the French translation of the text of the decree of 27 February 1860 regarding the creation of al-Wazara al-Kubra.

commercial affairs (article 25); the second was the Tribunal of Appeals (article 24), which was charged with appeals made against the ruling of all other tribunals including the Civil and Criminal Tribunal (article 23), the Tribunal of Commerce, the Correctional Tribunal (article 22), and the Military Tribunal (article 26). Article 28 of the Constitution states that the judgments rendered by these various tribunals must be in accordance with their respectively established codes. Finally the same article insures the non-removable status of the magistrates of the Civil and Criminal Tribunals and the Tribunal of Appeals. It is interesting to note that both the military and commercial magistrates were excluded from this important legal protection. The only exception where a tribunal can remove magistrates is when the magistrate has committed a crime.<sup>118</sup>

The shari`a law was not abolished, but was given a lesser status by being relegated to dealing with litigation of a religious nature. This dramatic shift from the predominant role of the Islamic law to confiding it to an almost inconsequential status had direct repercussions on the Bey's role as Grand Justice of the Regency. The Bey who had appropriated this

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<sup>118</sup> See the text of the 1861 Constitution in Jegham, *op. cit.*, p. 138.

important role was accustomed to rendering judgments over all types of legal matters.<sup>119</sup> His sentences had been executed without delay, a practice that led to the unfortunate decapitation of the Tunisian Jew and to the European drive to force on him a written constitution.

The idea of a written constitution emerged at the end of the eighteenth century translating the European people/s will to organize government along rational concepts. The aim of this movement was to curtail the power of arbitrary monarchical rule. Generally, the constitution of a particular country represented all its institutions. In the formal sense, however, the constitution is a special text formulated through a solemn and containing the essential rules regulating the political institutions of the country.<sup>120</sup> The separation of the religious and the secular powers, according to Montesquieu's doctrine, is not completely alien to Christian society. But for Muslim reformers the questions they faced were: (1) can a constitutional regime, where the laws are subordinate to the constitution, be established in a Muslim society? (2) How can it be justified? and (3)

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<sup>119</sup> R. Brunschwig, "Justice Religieuse et Justice Laique dans la Tunisie de Deys et des Beys Jusqu'au milieu du XIXe siecle," *Studia Islamica*, 1965, p. 27.

<sup>120</sup> A. Hauriou, *Droit Constitutionnel et Institutions Politiques*, ?: Editions Monchresten, 5th ed. 1972, p. 282.

what are the chances of its adoption? Before assessing how these questions were dealt with by the Tunisian reformers, it is important to give a brief review of Islamic law. According to Islamic Jurists, Islam incorporates the celestial law as well as the non-celestial laws. Islamic law is applied by the `ulema based primarily on the *Qur'an*, and complemented by *Hadith*. Because the first Muslim community (*Umma*), founded by the Prophet in Madina, was based on the submission to the one God, sovereignty as interpreted by the secularized West is beyond the realm of Muslim governments. In Islam God is the unique sovereign. Accordingly the leader's role is limited to providing order and justice to the Muslim community.<sup>121</sup>

According to Islamic law, the election of the political leader is left to the learned members of the society. While the Qur'an does not specify the nature of an institutionalized political regime, it none the less contains general principles that lend themselves to this interpretation and allow the organization of a political power. In Tunisia, these principles were

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<sup>121</sup> Some of these Islamic jurists include Al-Mawardi (991-1037), author of *al-Ahkam al-Sultaniyyah* (government statutes); Al-Ghazali (1054-1111), author of *The Book of Moderation in Religious Beliefs*; Al-Razi (1149-1209); and Ibn Taymiyyah (d. 1328), author of *the treatise on The religious Politics for the reforming of the rulers and the Ruled*.

employed by the Tunisian reformers as a basis for the acceptance of the idea of an Islamic constitutional law. The reformers also incorporated elements from European parliamentary democracy.<sup>122</sup> As will be shown below, reformers such as Khayr al-Din Pasha, who had studied French political institutions while living in France, believed that some European constitutional practices were compatible with practices and institutions in Muslim societies.

### **Reformers versus Traditionalists**

The period under Muhammad al-Sadiq Bey's reign has great significance in the overall history of the transformation of the Regency. The Bey faced serious economic difficulties, and the challenging endogenous as well as exogenous pressures exerted on the state marked a time of unprecedented sociopolitical changes. From the day of his inauguration, European powers were engaged in a determined effort to transform the Regency into a European-modeled constitutional monarchy. By doing so, Europeans wanted to achieve a level of political transparency

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<sup>122</sup> B. Tlili, "Note sur la Notion d'Etat dans la Pensee de A. Ben Dhiab, *Revue Occident Musulman et Mediterranee*, 1970, p. 150.

and accountability, which would facilitate their penetration and ultimately their control of the direction of the state's decision making process.

Three political groups played an important role in the process of implementation (or lack of it) of the reform program. The first was favorable to the outward tendencies in reshaping the local political landscape, it included powerful *mamluks* like the Khaznadar, who controlled a network of officials and sought to control the direction of the reforms as well as extend his hold on the decision making process. The second group included a small number of statesmen like Khayr al-Din Pasha and Ahmad Ibn Abi Dhiyf who worked toward applying the new reforms to provide a more equitable constitutional arrangement. Finally, the third group gathered the "traditionalists" ('ulema') who opposed the reforms in the hope of safeguarding their jobs and their prestigious social position as the official keepers of the integrity of the Islamic faith. The outcome of the clash between these three groups was telling, for it determined the future direction of the Regency's political and economic policies. Reformers like Khayr al-Din saw the new system of government accountability as a means to challenge the established order, expand their

own influence within the state, and share some of the ruler's extensive powers. Khaznadar and his allies were concerned with the expansion of their personal power and acted to secure their entrenched interests. The traditionalists favored the status quo. The latter's attitude is understandable, because they perceived the reforms as a tool used by the reformers to marginalize their role as counselors to the Bey and keepers of the religious integrity of the state.

Although, all three groups attempted to safeguard their respective position in the system and tried to reduce the rapid pace of European encroachment, their methods differed greatly. The Reformers accepted the European model as a source from which to draw certain institutional guidelines, which at the same time would appease European demands for reform and give the Regency some breathing space. Khaznadar's allies supported European-inspired reforms as long as the implementation of such reforms did not threaten their personal interests. The traditionalists pushed for the preservation of the shari'a law as the sole legitimate source of legislation, because it justified their base of power and legitimacy. European concepts applied to a Muslim state and dictating the terms of

how it should govern its society, not only clashed with their religious convictions, but threatened to undermine the source of their authority.

Faced with their opponents' struggle for survival, the reformers aimed at using the reforms to achieve a more acceptable level of political stability and economic prosperity. This goal was not readily attainable because the European push for reforms was meant to weaken the state's control not only over political institutions but also in the economic field. For example the government monopoly over the olive oil sector was one of the European's prime targets. The control of the lucrative olive oil commerce, in which the Sahil class of merchant-farmers held a comparative advantage, was decisively shifting toward European merchants from Marseilles.<sup>123</sup> This trend, where European entrepreneurs used their commercial networks and shipping capabilities to penetrate and dominate the import/export sector in the Regency continued throughout the reign of Muhammad al-Sadiq Bey. Consequently, the Tunisian reformers were caught between aggressive European capitalist expansionists and

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<sup>123</sup> Chater, Khalifa. *Dependance et Mutations Precoloniales, la Regence de Tunis de 1815 a 1857*. Tunis: Publication de l'Universite de Tunis, 1984.

angry local merchants and farmers. The traditionalists who opposed the constitutional reforms from the beginning stood to gain from the reformists' failure. Aware of this predicament, Khayr al-Din decided to implement a clear set of reforms that he believed would reestablish political and economic stability to the troubled Regency.

### **Concerns of the Reformer Khayr al-Din Pasha**

Khayr al-Din Pasha al-Tunisi was one of the few active Muslim statesman who, attempted to wrestle with problems facing his society at a trying time. Unlike most of his colleagues, he left a written record, *Aqwam al-Masalik fi Ma`rifat Ahwal al-Mamalik* (The Surest Path to knowledge Concerning the Conditions of Countries), which was published in 1867. Khayr al-Din's political treatise was written at a time when parts of the Muslim world faced the unprecedented threat of European political and ideological hegemony. The Muslim world had overcome many outside military threats in its long history, but unlike any other, the European ideological threat of the nineteenth century bore enormous consequences

because it challenged the fundamental principles of Islamic society.<sup>124</sup> A more worrisome factor to Muslim leaders was that the European ideological challenge coincided with the period when the Ottoman Empire, the last defender of Muslim ideological and territorial integrity became perceived by the European powers as "the sick man of Europe".<sup>125</sup>

The significance of Khayr al Din's treatise is that he attempted to address these European threats by elaborating a set of policies that would salvage the integrity of his adoptive country as well as that of the Ottoman Empire as a whole. His ideas were based on his political experiences at home and abroad, particularly from his stay in France. His treatise included philosophical reflections and a program of action. Although, his career as statesman was at a low point during the mid-1860s, Khayr al Din had remained active and expected to return to public affairs. He was still in his early forties with impressive political and administrative credentials.<sup>126</sup> Other important factors that compelled Khayr al-Din to focus his attention

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<sup>124</sup> Khayr al-Din al-Tunisi, *Aqwam al-Masalik fi Ma'rifat Ahwal al-Mamalik*. See also Carl Brown, the Surest Path, p.4.

<sup>125</sup> Ibid.

<sup>126</sup> there are several estimates of Khayr al-Din's age. According to some historians, he was born between 1825-1830, see for example, Ganiage, *Les Origines...*, op. cit., p. 81.

on finding solutions to his heavily burdened society include, (1) the disastrous effects of the 1864 Tax Rebellion on the government and the areas which had rebelled; (2) the continuing financial debacle in spite of the contracting of an external loan in 1863 and the enormous amounts of moneys extracted by General Zarruq from the Sahil; and (3) the suspension of the European-styled constitution, which marked the victory of the "traditionalists" who rejected these constitutional reforms by arguing that they were incompatible with Muslim precepts.

As will be shown below, these three issues along with the European involvement in the internal affairs of the Tunisian government left a lasting mark on the political and economic condition of the Regency.

To counter the "traditionalists", Khayr al-Din based his argument for reform on the premise that Europe's progress was not exclusively linked to a Christian heritage and thus could be accomplished in Muslim lands. Furthermore, he argued that the reforms he proposed contained nothing counter to Islam. On the contrary, he contended that "institutions and ideas equivalent to those which now cause Europe's advance can be found in Islamic history, and form the most canonically acceptable sources such

as the Prophet himself and many of his companions."<sup>127</sup>

Although, Khayr al-Din focused his attention on internal solutions to reform the Regency's administrative structure, he was also aware of the diplomatic dimension of Tunisia's external problems. As Brown put it, "being a realist, he saw that forces beyond the control of Tunis, or for that matter the Ottoman Empire, could easily wreck even the best conceived and most effectively executed plans, but there is no suggestion in the Surest Path that salvation could be found through some diplomatic alignment. Rather, Khayr al-Din believed that the change must come from within."<sup>128</sup>

Khayr al-Din emphasized two guiding principles for the success of his reforming ideas (*Tanzimat*): The first principle stressed that the implementation of *Tanzimat* must be performed by a group of honest officials who support such reforms. For, in his view, "*Tanzimat* in the hands of officials who opposed such reforms would be useless."<sup>129</sup> This important concern was directed at two groups, the traditional class who

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<sup>127</sup> See Brown, op. cit., p. 16, note 11.

<sup>128</sup> Brown, op. cit., p. 17.

<sup>129</sup> Khayr al-Din, op. Cit. See also Brown, op. Cit., p. 26.

opposed any European-inspired reforms, and the corrupt Mamluk officials, led by the premier Mustafa Khaznadar. The Premier's hostile position toward administrative changes also stems from his well known mixing of state responsibilities with personal business interests. This dubious posture enabled the Khaznadar to embezzle perceptible amounts of state funds. The second principle emphasized that the changes must emanate from local officials, whose integrity and concern for the well being of the people of the Regency is unquestionable, in order to draw firm support for the reforms and insure their success. This principle was reflected in Khayr al-Din's policies as well as in his emphasis on official accountability during his premiership.

Khayr al-Din's two guiding principles were derived from his witnessing of the failure of a panoply of reforms. Examples of these include the 1857 Fundamental Pact, the Municipal Council of the capital city of Tunis, and most importantly the much celebrated 1861 Constitution. Their failure to materialize was due precisely to their being imposed by Western powers; and, as Khayr al Din apprehended, could gather support neither from the officials in charge of their implementation,

nor from the Tunisian people who perceived them as an alien set of rules designed to further European advantageous position in the Regency.

In contrast to the European-inspired reforms which focused more on representation than on government officials' integrity and efficiency, Khayr al-Din emphasized the idea of responsible government, but avoided the issue of representative government. This attitude was due to his strong attachment to the tradition of medieval Islamic political thought, which advocated the separation of the rulers (*Ra'i*) and the ruled (*ra'iyya*). In his view the Regency's social and financial distress were due primarily to a mischievous administration. To remedy the ills of the Regency, he argued that good government must be reestablished and a new administration system created based on justice and equity. Although, these two criteria can be interpreted as being more inclusive and permitting the equalization of opportunity for all to accede to government positions, Khayr al-Din shrunk from the idea of including native Tunisians in high government positions. In essence, Khayr al-Din envisaged no structural changes, and his vision of reforms amounted to a few, but badly needed administrative modifications.

Accordingly, Khayr al-Din's proposal to reestablish the social and economic stability of the country included the following administrative measures: (1) canceling of back taxes; (2) granting of a twenty-year tax relief for new plantation of olive and date trees, which normally take 15 to 20 years from planting until they bear fruit; (3) controlling the exact amount of personal tax (capitation) in order to end the prevarication of Qa'ids; (4) partially canceling the system whereby the *shaykh* (police) were paid according to the fines collected; (5) reorganizing the customs with a 5% increase on import duties; (6) establishing a regular system to control the *habus* (*waqf* or Muslim endowment) funds; (7) reorganizing studies at *al-Zaytuna University*; (8) reorganizing the library; (9) paving the streets of Tunis; (10) creating *al-Sadiqi College*, modeled on the French lycee; and (11) stopping the excessive system of collecting taxes from the nomads through *mhallas* (military expeditions).<sup>130</sup>

Khayr al-Din was convinced that if the government were reorganized along the more just and reliable policies he proposed, the burden people were enduring under an abusive taxation system and a

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<sup>130</sup> Khayr al-Din. "A mes Enfants, Memoires de ma vie privee et politique," *Revue Tunisienne*, 1934.

counterproductive trade policies would dissipate. Consequently, the Bey's administration would regain public confidence, rebuild its strength to enforce its will, and reestablish public security and economic stability in the Regency.

As will be described below, most of Khayr al-Din's reforming ideas remained frustrated. Before he could fully assess the impact of the implementation of his policies, the traditionalists' opposition and a combination of domestic intrigue and pressure from the Great Powers forced him to leave power and the Regency in 1877.

### **Premier Khaznadar prevails**

Khaznadar's ambition to control the direction of the reforms and further his personal agenda conflicted with Khayr al-Din's concern for reestablishing the rule of law based on the principles of justice and equity. Khaznadar and his clique devised a plan to discourage honest members of the government from implementing the constitutional directives. Continuous haggling over the correct interpretation of certain clauses of

the Constitution mired the efforts of members like Khayr al-Din who soon became disillusioned. Ultimately the Bey ceded to the influence of Khaznadar and his group and decided to increase state revenues through the doubling of the majba tax. As will be discussed later, this policy set the Bardo on a collision course with the already over taxed population. Khayr al-Din who opposed the increase in taxation as well as foreign borrowing to remedy the financial situation of the Regency decided to resign from the presidency of the Supreme Council. His departure cleared the way for Khaznadar, who filled the position adding one more title to his long list of responsibilities. Consequently, the new constitutional rules fell into disuse. The premier's unilateral decisions as president of the Supreme Council reflected a return to the old habits of dubious dealings. More crucial in the change of the control of the Supreme Council was the reality of Khaznadar's unopposed decisions. It was during this difficult juncture that the first external loan was contracted in May 1863.

Although, the Bey made the final decision with the agreement of most members of his special *Majlis*, Khaznadar's hand was seen behind the contraction of the loan. It was difficult to prove the premier's involvement

in the loan transaction because only his closed circle had knowledge of it, but Ibn Abi Dhiyf reported that the Tunis merchants spoke of large commissions to the Khaznadar and his entourage paid by the French Erlanger Bank which purchased the loan.<sup>131</sup> As will be described in more detail in chapter four, this loan of over thirty nine million francs converted the entire internal debt, which equaled the amount of the loan, into an external debt owed to a single French bank, *La Banque Erlanger*. Further, notwithstanding the one million given to the Bey by the new creditor as a gift, almost six million francs were withheld for the payment of commissions and other loan insurance fees.<sup>132</sup> In fact at the end, the Beylic received only 5,640,914 francs of the nominal value of the loan.<sup>133</sup> Given the large amounts of money deducted from the original loan for commissions, one would suspect that the most powerful high official of the Regency, namely the premier, would not have agreed to the French financier's loan offer without receiving in return some form of financial

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<sup>131</sup> *Ibid.*, p. 111.

<sup>132</sup> It is worth noting that the Bey felt the need to justify his acceptance of the one million gift by explaining that such a practice was part of the procedure of the contraction of this type of loan. He was certainly confident that almost no one in his entourage could contradict him, for it was indeed the first time that the Bey's government conducted a transaction of this type.

<sup>133</sup> Ibn Abi Dhiyf, Vol. V, p. 97.

benefit.<sup>134</sup> These dubious financial transactions on the part of both the local officials and the French financier inaugurated a trend that continued to undermine the efforts of honest officials trying to stop the financial hemorrhage of the country.

Khayr al-Din who feared the furthering of the Regency's internal financial crisis through external involvement, adamantly opposed Khaznadar's push for external borrowing. Attempts to cure the internal ills of the country by external indebtedness represented, in his view, the most serious threat to the financial and political future of the government and the country as a whole.<sup>135</sup> However, his concerns were no longer heard, now that he resigned from the presidency of the Supreme Council. Predictably his vacating of this crucial post cleared the way for the Khaznadar whose counterproductive policies were no longer encumbered by Khayr al-Din's (his Son-in-law) concerns for the Regency's financial salvation.

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<sup>134</sup> Ganiage, for example, reported that for his instrumental role in the 1863 loan, the premier received a commission of 1.5 million francs from the French Erlanger Bank, see J. Ganiage, *La Crise des Finances Tunisiennes*, op. cit., p. 16~; for more details on the 1863 loan, see also Ibn Abi Dhiyf, op. cit., Vol. V; p. 97; Marcel Emerit, *Les Crises des Finances Tunisiennes*, p. 161.

<sup>135</sup> Mzali Mohamed-Saleh and Pignon, Jean. *Khereddine, Homme d'Etat, Documents Historiques Annotes*, 2 Vols. Tunis: Maison Tunisienne de l'Édition, 1971.

## CHAPTER THREE

### Origins of the Financial Crisis

The financial crisis which plagued the Tunis Regency caused major shifts in the economic and political balance of the country. In their attempt to trace the origin of the Tunisian crisis, some French historians (e.g., Ganiage, Emerit, De Constant) focused on the presumably destructive role of the *mamluk* elite, which they argued was due to their lack of patriotism and corrupt practices.<sup>136</sup> Further arguments suggest that France's rivals, namely Britain and Italy were responsible for exploiting the Regency's weakened position to further their political and economic benefits. On the other hand, Tunisian historians who have written on this period focus on documenting as many events as possible, which occurred during this crucial period.<sup>137</sup> They offered a seemingly different historical

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<sup>136</sup> Emerit, "Aux Origines de la Colonisation Francaise en Tunisie (l'Affaire de Sidi Thabet)." *Revue Africaine*, Vol. LXXXIX, 1945; "La Crise des Finances Tunisiennes et les Origines du Protectorat." *Revue Africaine*, Vol. LXXXIX, 1949; Ganiage, *Les Origines*, op. cit.

<sup>137</sup> Chater, Chater, Khalifa. *Dependance et Mutations Precoloniales, la Regence de Tunis de 1815 a 1857*. Tunis: Publication de l'Universite de Tunis, 1984; *Insurrection et Repression dans la Tunisie du XIX<sup>e</sup> Siecle: La Mehalla de Zarrouk au Sahel (1864)*. Tunis: Publication de l'Unversite de Tunis, 1978.

interpretation by emphasizing some events more than others, but in some cases, they reiterated many of the French ideas, especially with regard to the prejudicial portrayal of the mamluk oligarchy. Both Tunisian and French historians presented a description of a large set of events without offering a clear explanation as to what particular event or set of events lead to the collapse of the financial structure of a Regency that had sustained itself for more than three centuries.

Instead of simply chronicling the events that effected the Regency's economic situation, I will analyze, in this chapter, the Regency's financial structure to determine what I believe to be the origins of its financial crisis. First, I will assess the Bey's government's revenues and expenditures through the evaluation of the tax system and the state's domains which provided the central government with its main source of income; second, I will evaluate the government's major expenditures, namely the army, navy, the Bey's personal needs, and the Bey's court.

By looking at the Regency's economic situation during the 1850s and 1860s, I am hoping to uncover the link between the internal financial crisis and the process of external borrowing, which began in 1863 and

ended within five years with the Regency's complete financial collapse. My argument is that the international forces operating in North Africa and the detrimental political and socioeconomic mutations that took place in the Tunis Regency from 1850s onward were at the root of the country's financial difficulties. Although some government officials were corrupt and lacked concern for the well-being of the native Tunisian population, the Regency's socioeconomic changes were not, as European historians claim, just the result of a simple case of a corrupt *mamluk* elite who squandered the country's resources on futile projects and the building of palaces. As Khayr al-Din argued in his ground breaking political treatise, *Aqwam al-Masalik fi Ma`rifat Ahwal al-Mamalik*, what was taking place in Tunis was part of a larger process of European capitalist expansion in the Middle East and North Africa.<sup>138</sup> In this context, Tunisia represented a microcosm of the Ottoman Empire's ongoing transformation.

During the eighteenth century, the Tunis Regency was considered as one of Europe's granaries. In addition to exporting grain, its primary commodity, to France and Italy, the Regency's exports included leather,

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<sup>138</sup> Khar al-Din, *Aqwam al-Masalik*, op . cit.

wax, and raw and processed wool.<sup>139</sup> More than half of the Regency's grain export landed in Marseilles. By the end of the eighteenth century, Italy took the lead with a varied cargo of commodities from the Regency. Italian cargo included grain (80 percent) as well as leather and wool.<sup>140</sup> During the nineteenth the Regency's Mediterranean trade activities changed dramatically due to the disruption caused by the Napoleonic wars. A shift toward Black Sea trade coincided with a cycle of bad harvests in the Regency. Also persistent bad weather from 1815 to 1820 halted the Regency's export of grain to Europe. With the exception of two good harvests between 1824 and 1826, the Tunis Regency's fortune as one of Europe's granaries was turned and the country became a net importer of wheat and other basic foods. In 1820, widespread famine threatened the survival of the local population. Therefore, "during the first half of the nineteenth century, Tunisia's legendary fertility became an occasional occurrence."<sup>141</sup> The unfavorable natural calamities preceded by a shift to Black Sea grain imports concluded the Regency's past prominence in grain

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<sup>139</sup> Valensi, *Tunisian Peasants*, op.cit., p. 220.

<sup>140</sup> *Ibid.*

<sup>141</sup> *Ibid.*, p. 223.

trade.

While the Tunis Regency was the first to feel the direct negative effects of European economic power, other areas such as Egypt and Turkey soon experienced similar effects. To illustrate this phenomenon and put the European capitalist expansion in a broader comparative context, in the next chapter I will draw parallels between the case of the Tunis Regency and that of Egypt under Khedive Isma`il.

### **Revenues and Expenditures**

During the two decades covering both Ahmad and Muhammad Bey's rule, Tunisia's financial structure was certainly weak, but the government managed to balance its modest yet steady income with its necessary expenditures. In fact, the Tunisian official records show a budget surplus of five million piastres for this entire period, with an average yearly revenue and spending of 10.55 million and 10.3 million piastres, respectively.<sup>142</sup>

In the fifteen years of Ahmad Bey's reign, which ended in 1855, the Regency's total revenues for this whole period amounted to about 153.11

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<sup>142</sup> Archives Tunisiennes, Carton 92, Dossier 82 and 83.

million piastres. For the following period of four and a half years under Ahmad's successor, Muhammad Bey, total revenues amounted to 54.43 million piastres. Expenditures during the same two periods amounted to 148.8 million and 58.12 million piastres respectively.<sup>143</sup> Financial difficulties arose periodically because the Regency's revenues fluctuated widely almost yearly from simple to double depending on an intertwined set of natural and human factors.

The natural factors which affected both the people and their land included recurrent droughts causing famine. When combined with an epidemic like cholera, these forces left a lasting mark on the entire country for many years. For example, a series of epidemics hit the Regency during three times within a period of less than forty years (1784, 1805, and 1818) decimated about half the population.<sup>144</sup> Even later during the mid-1860s, following the political and economic disaster of the 1864 Revolution, droughts, famine, and cholera continued to negatively effect the population. In 1866 and 1867, Ibn Abi Dhiyf reported that as many as two thirds of the Regency's total population were decimated by famine and cholera

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<sup>143</sup> Ibid.

<sup>144</sup> Bin Dhiyf, *Athaf* ..., op. cit.

epidemic.<sup>145</sup>

The human factors, which exacerbated the already severe condition of the population and contributed to the Regency's economic problems revolved around three problems: first, the destructive effect of an abusive fiscal system and the dishonesty of some key high government officials; second, the menace of nomads to which farmers responded by cultivating no more land than they could effectively protect; and third, the European commercial competition, which left the urban artisans in a very disadvantageous position causing displacement of most crafts and worsening urban unemployment especially among the young apprentices.

Due to its abusive nature, the direct collection of taxes from the rural population depended on the cooperation of the tribes and their assessment of the central government's strength. In turn, the power of the central government fluctuated with its yearly revenue and was reflected in the changing size and equipment of the *m'halla* or military expedition. This tax expedition was led by the heir to the throne, known as the Bey of the Camp, twice a year in the early spring and late summer. The *m'halla* often

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<sup>145</sup> Ibid.

encountered resistance from the strong tribes of the steppes or lower lands of the Regency's interior which tested its strength first through an initial show of armed resistance. After assessing the possible outcome, an agreement was usually reached with the Bey of the Camp on the amount and type of payment. Tribes living in the mountainous *Tell* of the northwest remained protected behind their natural barriers from outside military incursions, hence immune from government taxation. Such was their de facto tax free status that they were not even listed in the government registers. Weaker tribes living in the south near the Sahara desert used a more traditional method of evading government fiscal demands by taking advantage of the weakness of the neighboring Tripoli government and their traditional kinship moving easily across the porous southern border before the arrival of the *m'halla*. Although the southern tribes were listed as tax payers, they succeeded in evading their fiscal burden as often as three times out of four expeditions or once every two years.<sup>146</sup>

Not only was the direct taxation system unfair due to the varying amounts paid by each specific tribe according to the fluid situation

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<sup>146</sup> Ibid.

described above and the extortionist attitude of the qa'ids, but some of the rich and well connected notables often used their powerful positions to escape payment. Thus most of the tax revenue came from the sedentary population of the Sahil, the *Jrid*, and the North of the Regency. these were the most productive areas of the Regency and most reliable source of tax revenue for the central government.

Under normal circumstances, a responsible government would have recognized the negative effects of its fiscal policies on both the tax payers and the government treasury and try to remedy the situation. During the 1850s and 1860s, however, circumstances were not normal in the Regency. Natural and human caused disasters were common, internal as well as external pressures were at work against those who needed help the most, the native Tunisian population. Further, The Regency's government was under pressure from its European creditors to raise funds for the servicing of the growing external debt. Consequently, in 1864, instead of reducing the people's fiscal charges to alleviate their already bad financial condition, the Bey decided to double the *majba* tax, a decision that led to a country-wide rebellion.

One of the most publicized affairs of government fund embezzlement is that involving the influential tax farmer General Mahmud bin `Ayad. His association with the premier Khaznadar enabled Bin `Ayad to control almost all government contracts. These included the making of sheets for the army, the monopoly of the tax farming for the leather market, tobacco, salt, fish, as well as the farming of the Tithe (`Ushr) on grain. He also controlled the supply to the government of construction material (i.e., bricks, white wash, and plaster). With his monopoly of the tax farming on about 70 products, Bin `Ayad was the universal tax farmer par excellence in the Regency. He also obtained government permission, in spite of his influential father's opposition, to establish the first Tunisian bank in 1847. The government, which provided the necessary funds, charged the bank with the emission of notes payable to the holders. However, when the government later began to solicit funds from the bank, Bin `Ayad left the country for France in June 1852 to escape government prosecution for his role in the first Tunisian bank scandal. In May 1853, suspicious government officials decided to inspect the bank and found its coffers empty. In France Bin `Ayad acquired French citizenship and his new

position as a wealthy Parisian enabled him to forge influential contacts in the French capital. In spite of Khayr al-Din's mission to France to negotiate with the French government the restitution of the funds embezzled by Bin `Ayad, the affair remained in litigation until 1876. Because neither Bin `Ayad nor the Tunisian government could provide sufficient proper documentation for their claims, Khayr al-Din's three-year efforts to recover the 80 million piasters from Bin `Ayad ended in failure. Although, Khayr al-Din had finally obtained from Napoleon III the constitution of a Commission d'Arbitrage, the commission considered only claims supported by written proof. The Tunisian government obtained some of Bin `Ayad's financial files from his Jewish comptroller, Nessim Semama who turned against his employer to cover his own financial misdeeds, but Khayr al-Din still failed to produce sufficient evidence to support the government claims and meet French standards.<sup>147</sup>

Ironically, Bin `Ayad also claimed that the Tunisian government owed him 80 million piasters when it confiscated his assets in Tunisia. The

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<sup>147</sup> For an account of the Bin `Ayad affair, see Khayr al-Din. *"A mes Enfants, Memoires de ma vie privee et politique,"* op. cit.

commission of arbitrage rendered its decision in November 1856 by according over 26.5 million pilasters to General Bin `Ayad and ordered him to pay back less than 21 million pilasters to the Tunisian government. The Tunisian government was unsuccessful in prosecuting Bin `Ayad in France not just because Bin `Ayad enjoyed official support in the French capital but because his former Tunisian allies' refused to cooperate with Tunisian investigators. For example, Bin `Ayad's embezzlement of 27 million pilasters from the cereal returns could not be proven because Khaznadar who had the needed legal documents of the cereal transactions kept silent. Khaznadar was motivated by self preservation, for he was Bin `Ayad's associate at the time. Therefore, he could not indict Bin `Ayad without compromising himself and jeopardizing his position in the government. Interestingly, the commission of arbitrage was aware of Khaznadar's collusion with Bin `Ayad because the latter had put a request for naturalization on behalf of Khaznadar with the French authorities. Khaznadar had planned to join Bin `Ayad in France, but because of the possible political fallout, after an initial acceptance of Khaznadar's request, the French government withdrew the imperial decree of naturalization.

## The Four Types of Taxes

The Regency's tax system included the imposition of both direct and indirect taxes. The direct taxes which were collected by the regional qa'ids were divided into three categories that included the `ushr (10% of the harvest) imposed on grain; the qanun, a more elaborate tax imposed on olive and palm trees; and the personal income tax known as the *majba* which was established by Muhammad Bey in 1856. The *majba* was unpopular not only because of it conflicted with the Shari`a law and local customs, but also because of its discriminatory administration. Only rural dwellers were subjected to this high yearly tax of 36 pilasters. Government officials extracted the *majba* every year regardless of the fluctuation in the economic condition of the contributors. The indirect taxes were divided by Muhammad al-Sadiq Bey in 1860 into two categories known as the *lazma* and the *mahsulat*. The *lazma* included revenue from customs' duties and farmed government monopolies; while the *mahsulat* comprised local taxes, tax-farming dues, market taxes, and rent taxes known as *kharruba*.

Prior to Ahmad Bey's reign, the practice of extracting the *qanun* tax

especially from the Sahil (the traditional home of the olive tree), was economically counterproductive. During this early nineteenth century period, the *qanun* was levied yearly at a fixed rate per tree regardless of the age or the varying yield of the olive trees. The olive orchards depended on the irregular rainfall for irrigation and the fellahin assiduous care which depended on the yearly harvest returns. Because it was common for the Sahil region to experience droughts sometimes lasting for two or more consecutive years, the payment of a fixed yearly tax based on the number of olive trees rather than the quantity of the actual product of the tree ( i.e., olive oil), most *fellahin* experienced serious hardships. In order to cope with these hardships and avoid paying taxes altogether during bad harvests, the Sahil fellahin engaged in the hoarding of large quantities of olive oil. This practice attracted the attention of government agents who then began to punish the fellahin through various campaigns of intimidation and other coercive measures.

During his tenure in power, Ahmad Bey attempted to end his predecessors' abusive and counterproductive tax practices by reorganizing the *qanun* into three types of taxes to be collected twice a year. In order to

apply these three taxes properly, olive trees were divided by *amins* or agricultural experts into three categories: 1) producing mature trees which were further subdivided into three types: a) Superior trees paid 1/4 rial and 11 nasiris per tree, b) average trees paid 1/4 rial and 5 nasiris, and c) inferior trees paid 12 nasiris; 2) Young trees with fruit paid 12 nasiris and once they matured they were taxed according to the first three types of mature trees ; 3) non-producing young trees were exempt until the time when they bore fruit, thus falling under the second category and later the third.

Consequently, Ahmad Bey's reorganization of the tax system reduced the farmers' distrust of the central government and enabled the Bardo to improve its income from tax collection. Having a reliable tax system also contributed to the maintenance of a balanced budget during Ahmad Bey's reign.

### **The State Domains**

Because most large properties in the Regency were owned by the *beylic*, the Bardo's high officials and the members of the ruling Husaynid

dynasty succeeded in amassing sizable land based fortunes. For example, almost all the land and olive orchards of the plains of Tunis were controlled by this small but powerful group. A handful of government ministers and Husaynid princes owned most of the rich agricultural domains of the northwestern region. The well-known domain of Djedeida, which covered 7,000 hectares was owned by the controversial general Mahmud Bin `Ayad. Another controversial figure and assistant of Bin `Ayad, the Jewish Qa'id Nessim Semama owned several prime real estate parcels that included 400 hectares near Ahmad Bey's palace in Mhammediyya, and a collection of parcels in La Marsa, Sidi Bou sa'id, and Ariana. Prince Lamine Bey owned 13,000 hectares in the Krib domain, and *henshir* (ranch) Ga`four which covered 48,000 hectares was owned by Khaznadar. The latter had received this ranch as a gift from his master Ahmad Bey in 1847. This practice of rewarding state high officials with large state domains was part of the Husaynid rulers' concern about ensuring their ministers' allegiance, and encouraging them to support the dynasty's hold on power. It follows that the bigger the service rendered by a government official to his Husaynid master, the more substantial the reward bestowed

on the servant. When Khayr al-Din succeeded in obtaining the firman from the Porte which sealed Muhammad al-Sadiq Bey's ascension to the throne in 1859, the latter rewarded Khayr al-Din with the largest agricultural domain in the Regency, the Enfida domain. This domain covered 100,000 hectares and stretched across the two provinces of Tunis and Sousse.<sup>148</sup>

### **The Military Expenditures**

At the time of the French occupation of Algiers in 1830, the Tunis Regency was ill equipped militarily to defend its territorial integrity against a possible French expansion eastward. The Tunisian regular army was very modest both in size and capability. It numbered about five thousand *zouaoua* troops and *spahis* and a few contingents from the *makhzen* tribes. The French occupation of Algiers was a cause for alarm for the Bey who began to look for ways to turn France's military presence in Algiers to his advantage. One strategy was to seek an entente with the French government, which was facing early difficulties in pacifying of the rest of Algeria. The Bey hoped to install Husaynid princes in Oran and

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<sup>148</sup> Bin Dhiyf, *Athaf* ..., Vol. VI, op. cit.

Constantine. This plan could have worked had the French not been successful in expanding their military authority in this region. Initially, the French military commander in Algeria, Marechal Clausel was perceptive to the Bey's plan, so much so that he signed a preliminary agreement with him and French instructors even began their training mission of a Tunisian army contingent. In the end, however, French interests prevailed when the French army conquered Constantine in 1837, and subsequently sealed off Algeria's eastern borders depriving the Tunis Regency from its traditional trade with Algiers. With the failure of the Oran and Constantine agreement, the Bey's hope for benefiting from his neighbor's predicament evaporated, and the economic and political future of his own country now depended on his new powerful neighbor's good will.

During the late 1830s, France confirmed Ahmad Bey's apprehensions about its intentions for future expansion beyond the Algerian northeastern border. The French Army intensified its border patrols and became more aggressive in pursuing Tunisian tribes who crossed the border without permission to trade with their traditional Algerian partners. Furthering France's influence east of the Algerian border made political and

military sense to the French commanders, who began to consider this area as a natural extension of the Algerian corridor or what became known as "le Boulevard de l'Algerie."

The advent of Ahmad Bey in 1837 coincided with France's expansion into Algeria's eastern part. Therefore, the Regency was already experiencing profound changes, especially with regard to its relations with its traditional trade partner Algeria, when Ahmad Bey decided to embark on his celebrated project of "defensive modernization." This modernizing effort involved the reorganization of the Tunisian army in different regiments, which included seven infantry, two artillery, and one cavalry regiment, with a total number of 25,000 men. In 1838, Ahmad Bey also created the Bardo War College (l'Ecole de Guerre), and following the example of his contemporary Egyptian counterpart, the Viceroy Muhammad `Ali, Ahmad began to lay the foundation for a modern industrial infrastructure for Tunisia. Several factories were started including the cloth factory in Tebourba for the manufacture of military uniforms, cloth-sheets, and tents. Furthermore, a smelter as well as a gunpowder factory began making cannons and ammunition for the army.

Ahmad Bey also strengthened his navy by purchasing six new ships from Europe.<sup>149</sup>

By 1840, Ahmad Bey's military spending accounted for two thirds of the Regency's budget. But in spite of his industrializing efforts, the project failed to provide the Regency with a lasting industrial edifice and a viable military defense structure to protect the country's borders against possible French expansion. Furthermore, the high cost of Ahmad's ambitious projects put serious pressure on the country's modest resources, and jeopardized its financial future. Some European as well as Tunisian historians have argued that the origin of the Regency's latent financial collapse, under Muhammad al-Sadiq Bey in the 1860s, was partly due to Ahmad Bey's extravagant military and industrial infrastructure expenditures.<sup>150</sup>

Under Muhammad al-Sadiq Bey, the Tunisian army was in serious need of reorganization. After the death of Ahmad Bey in 1855, his successor, Muhammad Bey showed little interest in the Regency's military

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<sup>149</sup> See Brown, *The Tunisia of Ahmad Bey*, Op. Cit.

<sup>150</sup> Ganiage, *Les Origines ...*, op. cit.; see also Chater, *Dependence et Mutations Precoloniales ...*, op. cit.

structure. He dissolved the expeditionary corps on their return from their disastrous experience in 1855 while serving in the camps of the Black Sea during the Crimean War (1854-56). The Tunisian contingent was sent by Ahmad Bey at the end of his reign as a symbolic gesture of Islamic solidarity and support for the Sultan. Although the Tunisian troops never participated in the actual fighting, they suffered heavy losses due the harsh living conditions, inadequate equipment, shortage of food, as well as disease. Muhammad Bey also abandoned his predecessor's project of maintaining a regular army, and closed the French military mission. The *Bardo Ecole Militaire* was the only military institution preserved in the Regency, and a French commander, de Taverne was charged by Muhammad to reorganize it on a more modest basis.

De Taverne was still in charge of the Bardo military school when Muhammad al-Sadiq Bey acceded to power in 1859. In spite of serious financial constraints, the new Bey attempted to reestablish the status of his modern army to the level and structure it had embodied under its founder, Ahmad Bey. Once again the Tunisian army acquired a regular status, and its supporting institutions were revitalized. Efforts were undertaken to

restart some of Ahmad Bey's industrial projects such as the Tebourba manufacturing plant and the Qasba powder factory. The new 22,000 men army was reorganized into six infantry regiments, one artillery regiment, and one cavalry squadron. In addition to the main garrison in Bardo, Muhammad al-Sadiq established three additional garrisons, with one regiment each, in the country's most important cities, (i.e., Susa, Munastir, and Qayrawan).<sup>151</sup>

The restructuring of the Tunisian military was occurring in the larger context of the unprecedented Western-inspired political and judicial reforms. The military reforms were based on the French military model. For example, innovations such as the Tunisian Recruitment Law were taken directly from the French recruitment laws of 1832 and 1855, which were translated into Arabic. The French director of the Bardo military school, Commandant de Taverne was then asked to extract the dispositions applicable to the Tunis Regency, and his report was used by a ten-member commission as the basis for the writing of the Tunisian version of the French recruitment law. All Tunisians now became equal regarding military

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<sup>151</sup> Bin Dhiaf, *Athaf* ... , Vol VI, op. Cit.

service, and conscription became based on a lottery drawing system. Rules for exemptions and replacement, as well as for voluntary enrollment were also established. The duration of the military service was reduced from an indefinite period to eight years. These new military rules marked a clear departure from Ahmad Bey's loose recruitment and discipline practices. In 1863, a military code was drawn from the French code of 1858 setting the standards for military conduct and justice.

Similarly, the Tunisian navy was mostly bought from France and maintained by French and Italian technicians. It followed the same evolution and fate as the army. It was built under Ahmad Bey, neglected later by Muhammad Bey, and then rescued by Muhammad al-Sadiq, only to be neglected again due to fiscal austerity. Due to the lack of a viable navy, the Regency could neither protect its shores from contraband nor seriously engage in maritime commerce, leaving this lucrative economic sector to the Europeans with their modern ships.

### **European Control of the Export Sector**

The protection of European nationals' commercial interests by their

respective governments dates back to the sixteenth century. Under Henry III, France established a consulate in Tunis in 1577 to protect its merchants who came from Marseilles to settle in Tunis. France defended vigorously the regime of capitulations, which it enforced not only in Tunis but across the Ottoman Empire.

During the nineteenth century, a transformation of the traditional commercial exchange coupled with deep European economic penetration of the of the Regency occurred. The major factors which permitted the European economic expansion to new areas include first, the reestablishment of peace in Europe which allowed for the improvement of local infrastructure and investment in the domestic industrial and manufacturing sector; second, the end of piracy in the Mediterranean which provided the necessary security for shipping activities; and third, the rapid industrial development in Europe which provided European powers with the essential tools for the expansion of economic activities beyond their borders. New manufactured goods were now produced *en masse* in European factories, transported by European steamships, and sold in foreign markets at low cost.

In Tunisia, in addition to the capitulations, various treaties with the Great Powers opened the doors of the Regency to various types of new European products. These products included English cotton, French wool and silk which replaced local material in the cities as well as in the interior. Other imports like construction material, and arms affected the local producers. Another imported product, European jewelry, contributed to the demise of Tunisian artisans of precious metals.<sup>152</sup>

European ships that anchored at the Regency's leading port of La Goulette, bringing with them cheap manufactured goods, returned back to their home ports in Europe loaded with raw materials and food stuffs. For example, between 1846-48 and 1860-62, the volume of exchange taking place from La Goulette alone passed from 12 million francs on the average to 24 million francs respectively.<sup>153</sup> The ease with which European products made their way into the Tunisian market in the 1860s can be explained in part by the European powers' imposition on the Bey of a maximum tariff of three percent ad valorem on all imported European

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<sup>152</sup> Bi Dhiab, *Athaf ...* , Vol VI, op. cit.; See also Chater, *Dependence et Mutations Precoloniales*, Op. Cit.

<sup>153</sup> A. T., Carton 94, Dossier 120 and 121.

products. While the European products entered the Regency almost duty free, Tunisian exporters had to pay sometimes an exorbitant customs fee. The export fee varied widely from one year to the other from a low of eight percent to a high of 25 percent.<sup>154</sup> Such an absurd custom system shows how powerless the Bey was in the face of European trade exigencies.

However, the Bey's economic activities were not effected by his tax on exports. His monopoly of the olive oil sector allowed him to buy olive oil from the local farmer's at half the market price and selling it to French exporters who enjoyed an export tax exemption. Furthermore, the Bey engaged in speculative commerce by selling the oil of future harvests at lower than market prices due to the fact that the quality of oil varied with each yearly harvest. This practice carried the risk of having to refund French merchants' advance deposits during bad harvests or in times of drought.

The Bey's self-interested commercial transactions and his failure to protect the local market from unfair European trade practices have led the

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<sup>154</sup> The central government's imposition of this unusual tax on local export led Tunisian merchants as well as Maltese exporters to engage in counterband. For a discussion of these practices, see Ganiage, *Les Origines ...*, Op. Cit., p. 55; See also the report by Stevens, the British vice-consul in Sousse, in A.T., Carton 94, Dossier 117. Stevens investigated Maltese counterband activities in 1858 at the behest of his government.

chronicler, Bin Dhiyf as well as Tunisian historians to underline his lack of concern for the well being of the local farmers and merchants. Such criticism is justified because the high export tax imposed by the government on the local exporters undermined their competitive position vis-a-vis their European counterparts.

By 1861, the Regency's commerce was almost completely controlled by Europeans. This situation can be easily detected by the incredible imbalance between the size and activities of the European merchant marine and its Tunisian counterpart. For example, while the entire Tunisian commercial fleet numbered about 60 small boats with a total cargo capacity of 2,000 tonneaux or barrels, the French-flagged fleet numbered 95 ships with a total average of 30,000 tonneaux of cargo space, or fifteen times more cargo than its Tunisian counterpart.<sup>155</sup> Although, Italy commanded more commercial ships than France, the latter held the leading rank in the volume of shipping. The French lead was due to the lack of large ships among the Italian fleet, which was composed mostly of small boats with just a few crewmen navigating without instruments. In contrast,

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<sup>155</sup> Archives des Affaires Etrangères (A. E.), French Consular Correspondence, 1861-1866.

both the French and British fleets were steam-powered and their respective ships were of medium size. The British also extended their protection to the small Maltese boats navigating under the British flag, and engaging in both legal commerce as well as countermand on the Tunisian meridian coast. In spite of Britain's superior ships, Italy remained second to France in volume of shipping in the Regency. The Italian fleet carried a yearly quantity of 28,000 tonneaux, while Britain was a distant third with 50 ships carrying only 12,000 tonneaux a year.

Most of the trade was centered in the Regency's leading port of La Goulette with the total anchoring of 600 European ships a year. The other ports in the Regency lacked the necessary infrastructure to accommodate steamships. In these few ports, (e.g., Sfax and Sousse), the Italians insured half the total trade going through them. For example, between 1860 and 1864, in the port of Sousse alone, the Italians controlled 105 ships and carried 6,300 tonneaux out of a total of 14,600 tonneaux. The French and the British fleets, whose cargo went mostly through La Goulette, carried an equal quantity of 2,800 tonneaux each from Sousse with 27 and 44 ships respectively.

Although, most of European trade passed through La Goulette, (90 percent of the Regency's imports and 44 percent of its exports), the Regency's leading port lacked a deep channel to allow large ships to unload their cargo on its docks. Because the French and British steamships anchored far from the coast, small Italian, Maltese and Tunisian boats competed for the business of loading and unloading of cargo.<sup>156</sup>

Because of the importance of oil export, the three ports of the Sahil, (i.e., Susa, Munastir and Mahdiyya) engaged almost exclusively in olive oil export to Europe. During exceptionally good years, exports from Sousse alone surpassed exports from La Goulette. On average, however, the Sahil three ports accounted for nearly half the Regency's export traffic, and only five percent of the total volume of imports. Sfax, the other home of the olive tree, was also a center for olive oil export. Although official statistics show a low of three percent share in the Regency's total imports, the coast of Sfax was a fertile ground for Maltese contraband. The Maltese colony engaged in the illegal export of oil and grain, and the import of cotton, arms, and English gunpowder destined for the tribes of the Tunisian and

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<sup>156</sup> A. T., Carton 94, Dossier 120 and 121.

Algerian South. When the contraband factor is taken into consideration, it can be argued that the total volume of imports reaching the shores of Sfax towards the end of the 1850s was at least double if not triple that of the official figures.

While the balance of trade of the Sahil and Sfax was positive by a large margin, the Regency's maritime traffic through La Goulette was negative. Exports from La Goulette covered only half the amount of imports. Between 1863 and 1865, imports that passed through La Goulette amounted to 17.63 million francs as against a total of 9.38 million francs in exports. Nevertheless, overall the Regency's balance of trade remained positive due to the export oriented activities in the Sahil and Sfax.

France occupied a privileged position in the commercial exchange between the Regency and Europe. French merchants from Marseilles were the most active in the Regency and their special treatment was jealously guarded by the French consul. Their local agents were sent out to collect olive oil from the Sahil farmers and merchants, dates from the Jrid, as well as wool and animal skins. They also engaged in giving out loans to the Sahil farmers payable in olive oil from future harvests. Predictably, the

Regency accumulated a large trade deficit with France. France alone accounted for half the Regency's total imports and received only about one third of its exports. The average yearly amount of imports from France was 10 million francs, compared to seven million francs worth of exports from the Regency. The House of Rothschild in Paris was one of the main suppliers of various products, ranging from government furnishings and all types of material to the acquisition of naval ships and minting of the Bey's currency.<sup>157</sup>

During the second half of the nineteenth century, the conversion of endogenous and unprecedented exogenous pressures transformed the political and economic structure of the Tunis Regency. The decrease in government revenue, due to natural factors and unabated official fiscal abuse of the most productive sections of the local population, coupled with European commercial domination and haphazard government reforms seriously compromised the financial stability of the country. Although, thus far, the Tunisian government has managed to restrict itself to internal borrowing from the local merchants and farmers, the growing magnitude of

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<sup>157</sup> A. T., Carton 113, Dossier 319, Correspondence of the Rothschild Brothers with the Regency's government, 1846-1860.

the financial crisis and the availability of European funds began to make the contraction of an external loan from European banks increasingly attractive. Thus, it was in this atmosphere of European commercial hegemony and local financial disarray that the premier Khaznadar was able to finally convince the Bey to put aside his apprehensions and embrace the easy way out, that is taking the path of external borrowing. In the next chapter, I will discuss this new trend in government deficit financing and its severe consequences on the economic and political future of the Regency.

## Chapter four

### The Debt Crisis

This chapter is devoted to the analysis of the factors involved in the debt crisis that dominated the Tunis Regency's internal and external policies throughout the second half of the nineteenth century. In a climate of local financial disarray coupled with European financial expansion between 1860 and 1869, two forces steadily worked to move the Bey's government towards a new path filled with promises of foreign financial assistance. These two forces included a small group of *mamluks* under the aegis of premier Khaznadar, and the European consuls and their respective nations' bankers. Working separately at times and in concert in others, they effectively lobbied the Bey to accept the contracting of an unprecedented large foreign loans. More than any other factor, this unusual recourse to foreign funds to remedy the government's recurrent financial shortages carried with it enormous economic, social, and political risks.

The Regency's weakened economic status and the loosening of its

political ties with its traditional protector, the Ottoman Sūltan, emboldened the great European powers who vied for the most influential position in the Regency. France, Britain, and Italy competed, each with its particular methods, to advance their interests in the hope of adding the Regency to their respective sphere of influence. Financial assistance to the Regency's needy government became the main conduit for solidifying European economic and political influence.

While all these three European powers engaged in this financial competition, France held the leading position due to its determined strategy of linking its political interests to the extension of loans.<sup>158</sup> Also the fact that France had already established a foothold in the region after the conquest of Algiers gave it a unique advantage over its rivals. The three European powers also competed in most other areas of the financially troubled world. Therefore, what transpired in Tunis during the 1860s was only part of a larger process of European financial and political hegemony in North Africa and other parts of the Ottoman Empire.<sup>159</sup> During the

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<sup>158</sup> Herbert Feis, *Europe the World's Banker, 1870-1914*, New Haven: Yale University Press, 1931. pp. 133-4.

<sup>159</sup> *Ibid.*

nineteenth century, countries facing serious financial crises turned to external borrowing at an unprecedented rate. Only a few of these countries were successful in balancing their national income with the servicing of their respective debts, while most other countries showed little or no moderation in borrowing. In addition to the lack of moderation, the Tunisian and Egyptian rulers, for example, also failed to insure the integrity of their high officials and the European financiers in the administration of the often costly loans. This serious oversight created more financial hardships for these leaders' governments.

Part of the indebted states' ensuing difficulties were due to a combination of factors: One, the widespread corruption in the ranks of the lending bankers and state high officials from both sides of the Mediterranean. Both the lenders and the borrowers gained large commissions from the loan transactions as was the case in the external Tunisian loans. For example, Muhammad al-Sadiq Bey accepted a gift of one million francs from the French financier, Erlanger in 1863. Two, the availability of European funds for investment in high interest foreign debt-bonds made it easy for the financially troubled countries to borrow large

sums of money from European bankers; three, some European officials, eager to expand their respective government's interests in a particular country or region, encouraged local rulers to use the easy option of borrowing to solve their financial problems. Interestingly, these European officials were aware of the risks involved for their banks and private investors, for they knew about the debtor nations' weak financial status. Expectedly, European high officials who played a direct role in advising the rulers of the debtor nations of the benefits of foreign loans were later quick to blame these same rulers and their administrations for the subsequent financial debacle.

The second half of the nineteenth century was marked by an international financial breakdown.<sup>160</sup> While some countries found temporary financial relief by increasing taxation, others faced serious popular resistance to higher taxes and were ultimately forced to declare bankruptcy. In the Middle East and North Africa, countries who officially declared bankruptcy during this period included Tunisia

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<sup>160</sup> Roger Owen, *The Middle East the World Economy, 1800-1914*, New York: Methuen & Co., 1981.

(1869), Egypt (1876), and Turkey (1875).<sup>161</sup> These bankruptcies also reached some southern European countries such as Spain, Portugal, and Greece. In Latin America, Mexico, Argentina, and Venezuela followed suit.

This financial fiasco affecting both the debtor nations and their European creditors who were mostly private investors (i.e., bankers and members of the middle class), left the great powers facing a serious international dilemma. The question of the day became whether the great powers had the obligation to intervene on behalf of their nationals, whose assets have been compromised by the financial collapse of these countries. The great powers who justified their action of violating the defaulting countries' sovereignty by controlling their finances argued that these countries threatened their economic interests, therefore their financial intrusions were necessary. However, when France and Britain, especially, decided to protect their private investors financial interests in countries such as Tunisia, Egypt, and Turkey, their argument lost its credibility, because they failed to apply the same criteria to all indebted countries.

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<sup>161</sup>Owen, *The Middle East the World Economy, op. cit.*, p. 122.

While indebted Southern European countries (e.g., Spain, Portugal, Greece) remained financially autonomous, European financial control was strictly enforced in Tunisia, Egypt, and Turkey.<sup>162</sup> My contention here is that the European powers' decision to impose their selective financial control revealed a link between the countries selected for this control and those which subsequently fell under European colonialism—they were the same ones. With regard to this crucial issue of linkage, which will be further analyzed in the last chapter, between European financial control of a particular state and its subsequent colonization, the case of the Tunis Regency provides an ideal example through which other similar cases (i.e. Egypt and Turkey) can be better understood. For Tunis was the first Ottoman-protected state to fall to European financial control. Although Turkey proper was not colonized because of the Ottoman Empire's ability to defend its core territory, outlying Ottoman areas such as Egypt, and the Tunis Regency, ultimately fell under European colonial rule.

Egypt and Tunisia represented strikingly similar cases before their colonization. They contracted expensive European loans, were ill

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<sup>162</sup> See Laurent Dupuis, *Le Contrôle Financier de la Dette Publique Ottomane*. Paris: Imprimerie Bonvalot-Jouve, 1908.

prepared to repay them, presented a strategic interest to England and France, respectively, and were incapable of defending themselves against a European military invasion. Further, due to their ambiguous relationship with the Ottoman Empire coupled with unfavorable European posture vis-à-vis the Porte, Egypt and Tunisia received little assistance from the Sultan.<sup>163</sup>

### **The Regency's Floating Debt in 1860**

In 1860 the Tunisian financial situation began to take a turn for the worst reaching a crisis level within a few years. The conversion of several internal and external factors set in motion new financial practices marked by a recourse to a number of temporary expedients to solve the Regency's financial problems. These factors include, (1) European control of the Regency's external trade sector which undermined the position of local entrepreneurs. (2) dwindling tax revenue coupled with State disproportionate spending on ill-conceived infrastructure and military projects. Such projects benefited mostly

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<sup>163</sup> Owen, *The Middle East in the World Economy, 1800-1914*, op. cit., p. 122.

European technicians, contractors and a small number of local officials. 3) increasing local debt leading to the issuing of short-term bonds, (4) availability of a great source of funds in the European markets, and (5) high officials' mismanagement and embezzlement of state and external loan funds. Foreign loans, which were meant to provide for economic recovery, became ultimate tools for further official financial mismanagement undermining the state's already difficult task of maintaining its financial solvency.

Although the preceding twenty-year period under Ahmad Bey and his cousin Muhammad Bey was marked by similar financial problems, prior to this shift towards external borrowing, the Regency's floating debt was limited to 19 million piasters (11.4 million francs) in 1862. This sum was covered by the Regency's treasury funds.<sup>164</sup>

In order to understand the Regency's dramatic transformation in terms of borrowing, I will assess the local and international conjuncture which led to the contraction of its first external loan in 1863. By

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<sup>164</sup> Muhammad Bayram V, *Safwat al-l'tibar bi-Mustawda' al-'Amsar wa-l-'Aqtar* (Remarkable Aspect of the Cities and Nations of the World), Tunis: Bait al-Hikma, 1989, p. 194-5.

analyzing the political motives and financial methods used by both European lenders and Tunisian borrowers, I will explain why the Regency suddenly embarked on a risky path of external borrowing leading to a complete financial collapse. Further, I will attempt to answer two crucial questions: (1) why did the contraction of the first external loan at seemingly favorable terms fail to remedy the financial crisis? (2) why did the external debt keep increasing and within two years exceeded the Regency's total income, reaching 46.7 million piasters (28 million francs) in 1865.<sup>165</sup>

The period between 1860 and 1865 is one filled with momentous transformation in the international financial structure. Western Europe, led by Britain, dominated the world financial scene. In France, Paris was also emerging as a leading financial center, and within a few years became as important as London in providing loans to countries facing financial difficulties. The French middle class strong savings habits provided the impetus for their country's international financial expansion.<sup>166</sup>

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<sup>165</sup> See Bin Dhiab, *op. cit.*, Vol. V.

<sup>166</sup> see Feis, *op. cit.*; Marcel Emerit, "La Crise des Finances Tunisiennes," *op. cit.*, and Ganiage, *Les*

Accordingly, the capital that financed the purchase of the Tunisian debt by the Parisian Erlanger House in 1863 was to be raised mostly in the French capital. The French middle class who had the highest propensity for savings in Europe was attracted to foreign bonds, which offered a much higher yield than the local bonds. At times, small French private investors could achieve a return on their investment in foreign paper double the value of their holdings in their national institutions.<sup>167</sup>

In 1860, the Parisian stock market was not as prominent as its London counterpart. Britain was at the forefront of international finance with an unmatched outlet for its surplus capital-its Indian Empire. France, on the other hand, controlled only a few insignificant colonies across the Atlantic. Its most prized possession, Algeria offered some promise for French investments, but France's only North African colony could not provide the sizable market that India represented for Britain. France's financial expansion into the Tunis Regency was, therefore, a logical solution to provide a larger and more lucrative market for its investors and help bridge the international investment gap between the two

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*Origines*, op. cit., p. 195.

<sup>167</sup> Feis, op. cit.

European powers.

The French government encouraged its citizens to invest in foreign bonds, which it promoted as secure assets. The Parisian stock market was at its golden age and financial news were becoming a customary staple included in most newspapers and financial magazines. Because investing in the Bourse de Paris was en vogue at the time, between 1860 and 1865, stocks rose by leaps and bounds. Most of the foreign paper traded on the Bourse de Paris was for the purchasing of foreign debts. Until 1860, French loans were extended only to less affluent neighboring states (i.e., Italy and Spain). But from 1860 on, French investors began to follow their government's assurances and embarked on a new path in foreign investments. Promises of high returns from remote areas like the United States, Mexico, and Peru were believed by eager French investors. Also during this hectic period of financial speculation, the Ottoman Empire entered the Parisian financial scene hoping to find a remedy to their financial crises. Debt bonds from Loans destined for Turkey, Egypt, and the Tunis Regency made their appearance in the Bourse de Paris as well as in the London Stock Market. Instead of

the usual four or five percent, French investors were offered 6 or 7% interest on the Turkish, Egyptian and Tunisian loans, which were frivolously labeled "*valeurs a turbans*."<sup>168</sup>

While the Tunisian government sent out its financial agents to Paris and London during this period of financial difficulty, European financiers flocked to the Bey's court to take advantage of his need for financial assistance. Those who offered financial council to the Bey were mainly French and British banking houses who had one common link, they were owned by German Jews who moved to the two European financial centers from cities such as Frankfurt, Cologne or Mayence.<sup>169</sup> Often the same financial houses offered their services in Istanbul, Cairo, and Tunis either separately or when a loan deal was too large they formed a syndicate to spread the risks as well as share in the huge profits to be made from such speculative transactions.

A typical loan scenario would begin with contacts between European bankers and local officials. The European bankers would use

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<sup>168</sup> the Ottomans borrowed a total of 750 million francs on both the London and the Paris stock markets. Between 1854 and 1863, several countries traded their debts on the French market. These include the Ottoman Empire's loans of 1854, 1855, 1858, 1860, 1862 and 1863; Peru, 1862; Egypt, 1863; and the Tunis Regency, 1863. See *Archives des Affaires Etrangere*, Vol. 364.

<sup>169</sup> Ganiage, *Les Origines*, op. cit., p. 210.

their network of European and local high officials to advise the ruler on the merits of a foreign loan. While the officials of the prospective borrower nation begin their lobbying efforts with their ruler, the European bankers started their own lobbying through publicity campaigns in Paris and London to induce middle class investors into buying foreign debt bonds.

In Tunisia and Egypt, the contraction of a foreign debt was initiated in order to repay an internal debt that carried a high interest rate, further the two countries' industrial infrastructure, and encourage agriculture.<sup>170</sup> A larger liquid loan from Europe at lower interest rates than offered by the local market, would presumably provide the Tunisian Bey and the Egyptian Khedive with the necessary tools to remedy their respective countries' financial crises. In practice, however, the foreign loans proved to be onerous for both Egypt and Tunisia. While the Khedive of Egypt spent the borrowed money on encouraging agricultural projects, in particular the cultivation of cotton, the Bey of Tunis spent his funds on costly and futile military purchases. Most of these purchases of Italian and French equipment involved dishonest arms dealers. They often

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<sup>170</sup> Owen, *op. cit.*

defrauded the Regency's government by providing second grade or faulty canons at an unusually high price.<sup>171</sup> In Egypt, the entire delta was converted into an export sector devoted to the production, processing and exporting of two to three cotton crops a year by the late 1870s.<sup>172</sup> In Tunisia, there were a few attempts at encouraging agricultural projects, but for the most part they ended in failure. In fact Tunisian agriculture suffered serious setbacks during the 1860s due to a series of human and natural calamities. These impediments included recurrent droughts and lack of government assistance. Two years before the devastation caused by the 1864 rebellion, the cultivated area had shrunk from one million hectares at the beginning of Ahmad Bey's reign in the early 1840s to only 150,000 hectares.<sup>173</sup> After a short period of agricultural development under Ahmad's successor, Muhammad Bey, where planting of olive trees especially increased, the cultivated area was further reduced from 150,000 hectares to less than 60,000 hectares by 1869.<sup>174</sup> This dramatic decline

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<sup>171</sup> For an assessment of some of these questionable arms deals, see Ibn Abi Dhiaf, *Jhaf...*, op. cit., Vol. VI.

<sup>172</sup> Owen, *The Middle East in the World Economy*, op. cit.

<sup>173</sup> Ibn Abi Dhiaf, *Jhaf*, Voi. V, 146; see also, Khayr al-Din al-Tunsi, *Aqwam al-Masalik*, op. cit., p. 35.

<sup>174</sup> In the area of Mornag, a suburb of Tunis, farmers planted 60,000 olive trees within a short period, see Muhammad Bayram V, *Safwat al-l'tibar bi-Mustawda' al-'Amsar wa-l-'Aqtar*, op. cit., p. 140; Khayr al-Din al-Tunsi, *Aqwam al-Masalik*, op. cit., p. 35.

followed the government's bloody suppression of the Sahil rebellion and the subsequent financial and social crisis that gripped the Regency and increased its indebtedness to European bankers and bond holders.

The European bankers who purchased the internal loans of the two troubled countries at bargain prices, sold their Egyptian *serghis* and Tunisian *tiskeres* on the Paris and London financial markets. The sale was usually preceded by a publicity campaign through local newspapers, which carried articles promoting the large profits to be made from Tunisian, Egyptian, and Turkish debt bonds. Real and fictitious projects of public works were advertised, including the building of roads, railroads, canals, and cotton plantations in order to entice the reluctant European investors.

Because the money for the foreign loans was raised in European capitals by selling debt bonds, bankers, like Erlanger and Oppenheim engaged no personal funds in the loan transaction. Whether the borrower nation possessed the ability to repay the loan or spent the loan money on actual development projects was of no serious concern to the lending

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bankers. For example, in Tunisia in spite of the Regency's severe financial problems, a substantial portion of the loans was either used by a few corrupt local officials to purchase arms and other expensive European materiel, or retained by the European lenders in the form of commissions and loan insurance.

Because no serious attempt was undertaken to improve the local financial situation and that most of the money was wasted on futile European initiated projects like the reorganization of the Bey's army and the reopening of failing factories, within three to five years more funds were needed to face new and more severe financial problems. A second loan was presented as the best option by the same local officials and their European lenders, soon after the contraction of the second loan, a third loan was again needed and the cycle was repeated until the European investors began to suspect the high frequency of the loans. At this stage, the investors confidence began to erode and it became difficult for the bankers to liquidate the debt bonds. Subsequently, the debtor countries were deprived of another loan to keep their economies solvent, and turned to their hinterlands for financial relief. Soon after, the European stock

market fell and the debt bondholders were left with depreciated paper. Faced with the possible loss of their entire investments, the bondholders dumped their paper at very low prices, bringing the stock market even lower. The same bankers who were mostly responsible for the financial debacle entered the market to sweep the discounted debt coupons. With their contacts in the high offices of European governments, the bankers then began pressuring European governments to protect the investments of their respective nationals. In the case of the French government, usually the possible loss of the investments of its nationals lead it to threaten a debtor nation such as the Regency with the use of force.

The European governments' obvious determination to defend their nationals' financial interests overseas gives a positive signal to traders in foreign bonds and the market resumes its ascent. The bankers who had, earlier, bought the devalued paper at very low prices, begin to resell the same debt obligations at very advantageous prices making large additional profits. It was by engaging in such lucrative financial speculations that small unknown bankers such as Emile Erlanger amassed huge fortunes

within four to five years.<sup>175</sup>

The ability of these bankers to manipulate the market to their advantage with relative ease can be explained by the methods used to influence the official decision making process both in the debtor and creditor nations. Interestingly, while European historians have emphasized the corrupt practices of the so-called "oriental" elite in Istanbul, Cairo, and Tunis during this period, they rarely mentioned the briberies that took place in Paris and London. Bankers engaged in providing loans for countries facing serious financial difficulties could not have been able to introduce the many dubious transactions to the Paris and London stock markets without the tacit consent of French and British high officials. Also these bankers used their links to some news papers to finance press campaigns of misinformation to induce investors into buying debt bonds.<sup>176</sup> Finally, this cycle of financial speculation reaches its conclusion, when unable to face the onerous obligations of their loan owners, the debtor nations default on the servicing of their debt and are subsequently forced to declare

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<sup>175</sup> Chirac, *L'Agiotage de 1870 a 1884*, 1st part, Paris, 1887, p. 74.

<sup>176</sup> several Parisian news papers engaged in providing erroneous information about the real financial status of indebted countries, see ganiage, *Les origines*, op. cit., p. 200.

bankruptcy.

In the case of the Tunis Regency, Egypt, and Turkey, declaring bankruptcy did not lead to European forgiveness of their debts or even temporary suspension of debt payments. On the contrary, it increased European interference in their internal financial affairs through the setting of European debt commissions, which extracted their payments directly from the debtor nations' local sources of income.

The French bankers and high officials who engaged in the lucrative financial speculations with their Tunisian counterparts risked the loss of some of their nationals' investments. However in the worst case scenario, the bankers could declare bankruptcy to protect their assets and put the blame on the so-called "irresponsible oriental elite." In addition to being blamed for the ruin of their states, the high officials of debtor states not only stood to lose the control of their respective economic resources to the Europeans, but also the political control of their countries became problematic as a result of the European financial control.

It was clear that experienced high officials like Khaznadar were aware of the serious consequences of external borrowing, especially when

such heavy borrowing was unmitigated by any hope for improvement of the local economy. Nevertheless, Khaznadar was more concerned about maintaining his own financial status than that of the state he was serving. Having played an important role in political and financial decisions leading to the crisis, it was in his interest to resolve it. But his draconian solutions did not benefit the country. They simply enabled him to maximize his personal profits. Such behavior on the part of Khaznadar led French officials and historians to declare that the concept of furthering the interests of the country before his own interests was not part of his thinking as a *mamluk*, even though he held the second highest seat in the Regency's government. While Khaznadar could be criticized for his unusual policies, other *mamluks* like General Khayr al-Din and General Husayn were both responsible high officials. They also showed a deep understanding of the need to protect the country and oppose policies that could jeopardize its independence. But in general many *mamluks* could not see beyond the interests of their exclusive inner circle. They were obsessed with immediate self-gratification. Therefore, in the case of the most powerful *Mamluk* in the Regency (Khaznadar), the prospect for gaining large profits

from an external loan outweighed any other concern for the long-term benefit of the country.

### **The contraction of the first foreign loan in 1863**

The Bey's recourse to external borrowing at the behest of his premier Khaznadar left a lasting mark on the economic well being of the country, compromising its future survival as a sovereign Regency. The dubious financial transactions between Khaznadar's group and the European money lenders mixed with inherent political intrigue unleashed a series of dreadful political and financial decisions. These decisions set in motion forces, local and foreign, the Regency's government was ill prepared to tackle. Because of the large amounts of funds involved, and that those who incurred the highest risks as well as those whose condition the loans were intended to improve made up a large section of society, the squandering of the loan moneys created a crisis on both sides of the Mediterranean. As will be described below, middle class Europeans found themselves facing the loss of their investments instead of the high return they hoped their investments would achieve. Consequently, they and the

bankers began to apply pressure on their governments to act.

The ensuing suspension of more foreign funds for the debtor nations led the ruling elite to turn once again to their already overtaxed hinterlands for financial help. The local population who did not share in any of the fruits of the foreign loans refused to respond to the government's solicitations, and when the government decided to enforce its demands, small rebellions began to take shape. The early successes of the rebellious groups then developed into full blown country-wide tax revolts as happened in Tunisia in 1864. The foreign debt, which was intended to solve the government's chronic financial problems became a double-edged sword. On the one hand, the foreign debt bondholders began to make their angry voices heard through their influential government officials, on the other hand, the people in whose name the debt was contracted made preparations to voice their grievances in a well organized and militant general rebellion.

During the earlier period when the entire debt was locally owned, the Regency's government could ignore the demands of its creditors without facing the threat of naval intervention from foreign

governments. However, in the new situation, where private Europeans' savings were jeopardized, the officials of the creditor nations held the officials of the debtor nations responsible for all the losses incurred by European investors. Whether private European investors were aware of the risks involved before investing their savings in foreign debt bonds, and therefore should have assumed the consequences of their acts, was of little importance to the great powers. What was most important was the furthering of their influence in areas of future European colonial expansion. This European concern dictated that all the tools of power must be employed to that end. Forceful action that European powers did not consider in order to extract debt payments from other small European nations (e.g., Spain, Portugal, and Greece), were enforced by the same European powers on other governments in the Middle East and North Africa. The fact that many European high officials played an important role in inducing their nationals to invest in foreign loans, and that they received substantial commissions and bribes in exchange, did not sway the great powers in their decision to impose their financial control on the Tunisian Regency and Egypt.

While there is little evidence to suggest that European officials systematically engaged in furthering the financial ruin of countries like Tunisia, Egypt and Turkey, there is ample evidence showing that these high officials actively supported their bankers' dubious lending practices. Furthermore, European officials and historians who argued that European financial experts' intervention was intended to improve the financial situation of the troubled country was a myth. Once these experts were in place, their only concern was to insure the best way of extracting funds from the debtor nation and repay the European bondholders. My argument here is that by imposing their financial control on small countries like Tunisia and Egypt, France and Britain weakened the local rulers' resolve and authority. In Tunisia, this situation set the stage for further European infringement on the governments' internal political and economic sovereignty. The direct interference in the Regency's internal economic affairs weakened the Bey's authority and set the stage for further European infringements on the government's political sovereignty, on the one hand, and fomented local rebellions, on the other.

### **Prelude to France's Financial Predominance**

When Khaznadar finally convinced the Bey in 1862 of the need for swapping the internal debt for a presumably low interest Foreign loan, he already had a particular French financier in mind who fulfilled his personal interests. By choosing the French financier, Emile Erlanger, Khaznadar answered the French consul's hopes for expanding France's financial and political influence in the Regency. For a high official who was considered by French consuls as an obstacle to French interests in the Regency, Khaznadar's unprecedented foreign borrowing practices proved that more than any other high official, he played the key role in instigating French financial encroachment on the Regency.

The 1863 foreign loan was intended to repay the Regency's internal debt which had increased more than twofold, from 19 million pilasters (11.875 million francs) in 1860 to 44.8 million pilasters (28 million francs) in 1862 at a 12% yearly interest.<sup>177</sup> The main reason for this dramatic

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<sup>177</sup> Note de Villet sur les Causes du Desordre Financier, op. cit.; see also Muhammad Bayram V, *Safwat al-I 'tibar bi-Mustawda' al-'Amsar wa-l 'Aqtar* op. cit., p. 194.

increase of the local debt was due to a well orchestrated financial scheme by Khaznadar and his close aide, the Jewish qa'id and government treasurer, Nessim Semama. Already in 1860, when the Regency found itself in financial difficulty, Khaznadar tried to contract a foreign loan. But having failed in his attempt, due to strong local opposition, he obtained a loan from qa'id Nessim at 12% interest in exchange for government treasury bonds (*tiskeres*).

Although this new internal loan was originally intended for the repayment of the internal debt, most of the money was spent on other government needs or embezzled by Khaznadar and his associates including Nessim, Elias Mussalli, Hay Sabbagh and others.<sup>178</sup> Because the internal debt remained at its previous level of 19 million pilasters, when Nessim's bonds were due and he submitted them to the government for payment, Khaznadar simply renewed them adding the accumulated 12%

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<sup>178</sup> Elias Mussalli was a Greek Christian from Syria. He was born in Cairo in 1829 and died in Tunisia in 1882. He served under several Beys as a translator. In 1860 he became assistant director at the Ministry of Foreign Affairs, and worked there until his removal from office in 1872 by the *Commission Internationale Financiere* because of his embezzlement of one third of the funds assigned for the building of a French hospital in Tunis. Hay Sabbagh is actually Mayeir Hay son of Eli Sabbagh, he was from Sfax and worked as a broker and merchant until 1860 when he filed bankruptcy. With the help of qa'id Nessim, he paid his debts in 1863, but after the Tax Rebellion of 1864, he again faced bankruptcy twice, in 1864 and 1869. Between 1870 and 1873, he served as Khaznadar's personal broker. When Khaznadar was removed from office in 1873, Hay emigrated to Europe where he died in October 1879, See Muhammad Bayram V, *Safwat al-I'tibar*, op. cit., p. 200, note 223.

yearly interest. In addition to these dubious practices on the part of the Bey's premier, the government also continued to borrow from local and foreign brokers at an average rate of 12 percent yearly interest. When the local debt exceed 28 million francs in 1862, and the government could not maintain its periodic reimbursements, Khaznadar took advantage of the situation by preparing for the contraction of a substantial foreign loan. The European prospective lenders offered various amounts at similar interest rates and reimbursement arrangements.

Ordinarily, in a foreign loan transaction, the best offer would be chosen and the deal would be agreeable to both the loan seeking government as well as that of the lending institutions. In practice, however, the "reigning diplomacy of the day was the diplomacy of bargaining," played by both the Tunisian minister of finance and his brokers on the one hand, and the French foreign minister and his country's financial institutions and overseas consuls, on the other.<sup>179</sup>

Because most of the money raised for foreign loans came from the saving French middle class, the issue of lending to foreign countries

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<sup>179</sup> Herbert Feis, *Europe the world Banker, 1870-1914*, New Haven University Press, 1931, p. 133-4.

became one of financial nationalism. The French government insured that its loans went only to countries where French political and economic interests were well protected. Official listing of foreign debt bonds were admitted to the Bourse only when the borrower has accepted prior conditions of securing French political advantages, the establishment of a certain political order, and the pledging of compensations in the case of unpredictable political events.<sup>180</sup> French financial institutions were expressly discouraged by the French government from extending loans to countries whose alliances were interpreted inimical to French interests. Brazil, for example, where France had a negligible influence and no secure way of recovering its funds in case of default, was denied access to the French stock exchange to raise funds for its provincial loans.<sup>181</sup>

With regard to the Tunis Regency, all the French criteria for the extension of the 1863 loan were met by the Bey's government. The fact that the Regency's financial status was uncertain was secondary to political considerations. After all, France was the most influential European

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<sup>180</sup> Ibid.

<sup>181</sup> Ibid.

power in the Regency, and even in case of a Tunisian default, France would have recourse to various ways and means of compensation. As a result, the French high officials' determination to make the Regency more financially indebted to French financiers, hence politically subservient to France, outweighed most other concerns.

More than any other European power, France has traditionally enjoyed a status of most favorite trading nation with the Bey. France's control of Algiers and subsequent expansion eastward after its conquest of Oran and Constantine in 1837, increased the resolve of its officials operating in Tunis to influence their Tunisian counterparts. French official demands were almost always taken seriously by the Bey, and whenever the latter attempted to resist a French request, the resident officials' veiled threats were often followed by a show of intimidating naval forces or a border intrusion by the French army stationed on the Regency's northwestern border.

Because of this predominant political and economic position in the Regency during the 1850s and 1860s, and the loosening of the ties between the Bey and the Porte, France felt that it was in its national interest not

only to encourage its national banks to lend large amounts of money to the needy government of the Bey, but French officials played an instrumental role in ensuring that France's financiers, not Britain's or Italy's, won the loan contract. So sure were the French officials of their preponderant position that some French historians spoke of the Regency's de facto status as a French protectorate as early as 1860.<sup>182</sup>

### **Negotiations of the 1863 loan**

Although the Grand Conseil had given Khaznadar the authorization to publicize the Regency's readiness to negotiate with both London and Paris the contraction of a loan of 25 million francs, the absence of clear competitive rules, left the door open for political intrigue and dubious financial bargaining. The financial institutions involved in the loan negotiations with Tunisian officials included the two British credit houses based in London, Cavan, Lubbock, and Mackenzie, and the Bank of Baron

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<sup>182</sup> Ganiage, *Les Origines*, op. cit., and Raymond, *La Tunisie*, op. cit., Archives Tunisiennes, Carton 113, Dossier 334.

James de Rothschild. The latter was still the Bey's main supplier of materiel. The British consul, Richard Wood, supported both houses. The French side was represented by Le Credit Mobilier de Paris and a relatively unknown Jewish banker, Emile Erlanger, who just moved from Frankfurt and established his new credit house in Paris.<sup>183</sup>

Rothschild offered a loan of 25 million francs at eight percent without loan emission fees.<sup>184</sup> This loan was almost double the amount needed to repay the internal debt and four percent lower in interest. However, in spite of this reasonable offer and the fact that the Bey had close business relations with Rothschild, the deal fell through. The other British credit house also withdrew from the loan negotiations leaving the way clear to Erlanger's group. The French inspector of finance Villet, who later headed the *Commission Internationale*, revealed that the British financiers were discouraged by Khaznadar's entourage's demands for high commissions.<sup>185</sup> Villet also disclosed information confirming Emile Erlanger's attempt to bribe the British consul, Wood, by offering him a half

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<sup>183</sup> A.T. Carton 113, Dossier 334.

<sup>184</sup> Ibid.

<sup>185</sup> Note de Villet sur les Causes du Desordre Financier, op. cit.

a million francs in exchange for the latter's support.<sup>186</sup>

The British credit houses were at a serious disadvantage because the French lenders were actively supported by their resident consul who at the same time warned the Bey against borrowing from non-French financial institutions. Even when French Financiers were involved in a loan deal to the Bey but their personal interests excluded France's political agenda, the French consul made sure that their efforts were blocked. For example, in March 1862, the French financiers, Baron de Bonnemains, his brother-in-law Staub, the administrator of the Algerian railroads, and the British engineer, Wallace who represented the owner of the railroad concession, the British financier Morton Peto, offered the Bey British capital to finance the Regency's public works.<sup>187</sup> The group convinced the British consul, Wood to provide twenty million francs at twelve percent interest. This amount included ten million francs for the repayment of the government's high interest debt owed to its own treasurer general, the Jewish banker and qa'id, Nessim Semama. The other ten million francs were to be allocated to several ongoing and new projects, including the

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<sup>186</sup> Ibid.

<sup>187</sup> Archives Tunisiennes, Carton 113, Dossier 334.

distribution of water from Zaghouan, the canalization of the Medjerda River, the building of the railroad from Bardo and Tunis to La Goulette, and the road between Tunis and Baja.<sup>188</sup> Finally the loan period was extended over thirty years.

At first, the deal appeared agreeable to most parties. For on the one hand, the Regency could repay half of its internal debt and spend the other half of the loan on the improvement of its infrastructure, on the other hand, the lenders were French citizens with British connections. This seemingly cooperative arrangement failed to materialize because the French consul, Leon Roches, in spite of his foreign minister's orders to remain neutral in the loan deal, indirectly opposed de Bonnemains and Staub's involvement.

In his confidential correspondence, Roches voiced his concern about the two French financiers English ties. His objection was that "Bonnemains and Staub are speculators associated with powerful English houses, and who worry little about political questions raised by their propositions. Therefore, the railroad will be built by Englishmen."<sup>189</sup>

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<sup>188</sup> Archives des Affaires Etrangères, Tunis, 22 March 1862.

<sup>189</sup> Ibid.

It is also interesting to note that even though Khaznadar had convinced the Bey to accept the de Bonnemains offer, he faced strong opposition from other Tunisian officials. The first Tunisian official to be outraged by the loan deal was understandably the Jewish treasurer, qa'id Nessim. He hurriedly assembled the local lenders and offered a loan of 10 million francs at 12 percent to the Bey. Khayr al-Din and general Husayn supported him for *raison d'etat*. They both believed that the contraction of an external loan, whether it be French or British, would lead to further foreign meddling in the Regency's internal affairs. Khayr al-Din argued that the maintenance of the country's independence was worth paying a high price for local capital, instead of acquiring advantageous foreign loans with all the unpredictable diplomatic and political consequences.<sup>190</sup> Although Khaznadar had lost this battle, and at this stage it seemed that he would accept the local arrangement, in the end he prevailed over all his local and foreign opponents.

Considering that Nessim remained under the premier's influence and that together they could repeat the same scenario of the 1860 internal loan,

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<sup>190</sup> Khayr al-Din, *Aqwam al-Masalik* ..., op. cit.

one would think that Khaznadar would be agreeable to the internal loan from Nessim. However, this time Khaznadar had a more lucrative financial contract in mind, one that would exceed all previous financial transactions. Instead of 10 million francs provided by Nessim or a 20 million francs from Bonnemains and Staub, Khaznadar wanted to secure a foreign loan larger than these two combined.

In spite of the strong resistance from Khayr al-Din, General Husayn, and Mustafa Bash Agha, Khaznadar was able to convince the Bey of the wisdom of contracting a large foreign loan. In December 1862, a mini palace coup put Khaznadar in the most favorable position to dictate his agenda. All three opponents either resigned from their positions or were forced out. Khayr al-Din, for example, left the ministry of the navy and the presidency of the Grand Conseil. He spent the following nine years traveling to many European countries including Italy, England, Germany, and France. During his extended sojourn in France, he studied French institutions and collected the data for his political treatise, *Aqwam al-Masalik*.<sup>191</sup> Following the departure of the Tunisian officials opposed to the

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<sup>191</sup> Khayr al-Din Pasha, "A mes Enfants, Memoires de ma vie privee et politique," *Revue Tunisienne*, 1934.

contraction of a risky external loan, Khaznadar obtained the permission from the Grand Conseil to contract a twenty five million franc-loan on the European financial market. While, the French consul, Leon Roches, kept the pressure on the Bey to exclude the British financiers, Khaznadar dispatched his newly hired agent, Roshaid Dahdah to Paris to find a suitable lender.<sup>192</sup>

In Paris, Dahdah entered in contact with Erlanger, a small Jewish banker with no experience in international finance. Although the Tunisian loan offered a golden opportunity for Erlanger to enter the exclusive club of Parisian financial magnets, his financial resources were too limited to provide a substantial loan without the assistance from other institutions.

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<sup>192</sup> Roshaid-Joseph Dahdah was a newcomer to the Regency. The real origin of this controversial figure is unclear. While Ibn Abi Dhiaf described him as Copt, and Khayr al-Din considered him Maronite, in the French Archives he was described as a Jew. However, according to Ganiage who gave the best and most complete portrait of Joseph Dahdah, he was born in Lebanon in 1814. His family was maronite and his ancestors were feudal lords of the Mountain of Lebanon who distinguished themselves alongside the Franks during the Crusades. His family was forced to emigrate to France following a peasant rebellion against their *shaykhs* in 1858. In 1859, he collaborated in Paris with the French abbe Bourgade in editing an Arabic newspaper, *ByrgysBarys* (the Paris Eagle). l'abbe Bourgade was a former clergy in Carthage and founder in Tunis of le College Saint Louis and the Franco-Muslim circle, l'Association Saint Louis. Dahdah obtained French nationality by imperial decree in August 1863. He moved to Tunis during the same year and became the Regency's international financial agent. Once noticed by Khaznadar, the latter charged him with important financial missions including the preliminary negotiations of the 1863 loan in Paris. He played an important role in the Regency's financial debacle between 1863 and 1869. Having amassed a huge fortune of 8 million francs within 5 years, he left the Regency in 1869 to work with Erlanger and the Comptoire d'Escompte and acquired the title of Count. In addition to his many publications in Arabic, he wrote an article titled: "Les Colonies Francaises en Algerie et Tunisie," *Revue Africaine*, 1886, Vol IV. See Mzali and Pignon, "Lettre de Villet a Kheredine," *Revue Tunisienne*, 1940, p. 80; Muhammad Bayram V, *Safwat al-l'tibar*, op. cit.; Ganiage, *Les Origines ...* op. cit., p. 205-6, note 81.

Two other German Jews, Herman Oppenheim and Rodolphe Sulzbach, agreed to form a syndicate with Erlanger.<sup>193</sup> Oppenheim was already a well established financier and statesman with an extensive international experience. While serving as the Prussian consul in Alexandria, Oppenheim participated in the extension of a foreign loan to Egypt in 1862.<sup>194</sup> Erlanger had met Oppenheim during his visit to Egypt in 1854. At that time, Erlanger was interested in exploring the idea of the Suez canal and was traveling with the French Financier, Ferdinand de Lesseps. With the help of Oppenheim and Suzbach, Erlanger informed the Tunisian envoy, Dahdah of his agreement to provide the Bey's government with the loan.

The French consul, Roches actively supported the selection of Erlanger for the loan, an act which surprised his English counterpart,

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<sup>193</sup> Frederic Emile Erlanger (Baron) was a Jewish banker who moved from Frankfurt to Paris in 1858. Augusta Chirac describes him as a "10th class banker" known for his lack of scruples and financial dishonesty. He amassed a sizable fortune within five to six years as a result of his involvement in a dozen financial schemes including the 75 million franc loan to the Confederate States of America. See Auguste Chirac, *Les Rois de la Republique*, Paris: ? 1883, Vol. II, pp. 272-282.

Herman Oppenheim was also a Jewish banker of German origin. He established his bank, Herman Oppenheim, Nephew and Co. in Alexandria which had a branch in Paris. He also had close ties with the Oppenheim Bank of Cologne which was led by his uncle's Simon, the Oppenheim Bank of London, led by his cousin Henry, and his parents bank, Alberti et Cie in Paris. After serving as Prussia's consul to Alexandria, he moved to Paris in 1866 and became a French citizen by imperial decree in May 1867. See Ganiage, *Les Origines...* op. cit., p. 209-10, note 91.

<sup>194</sup> See Jenkins, *The Migration of British Capital to 1875*, p. 313.

Wood. The British consul was puzzled by the fact that Roches supported a triumvirate of German-Jewish bankers, when just a few months earlier he had vehemently opposed French financiers because they had financial ties in England. Interestingly, Oppenheim also had close ties in England through his cousin's bank in London.

The French consul's support for the loan deal was based both on his quest for personal gains as well as France's political concerns. Both the consul's and France's interests were being served by the lucrative and politically motivated loan deal to the Regency. Another high official, Drouyn de Lhuys, the French foreign minister, played an instrumental role in convincing his colleague, the French finance minister to admit the Tunisian debt bonds in the Bourse de Paris.<sup>195</sup>

As will be assessed in more details in the following section, the various financial clauses of the actual loan contract were intentionally left ambiguous because of the involvement of an intertwined web of interested Tunisian and French high officials, intermediaries, and financiers. While the Tunisian high officials were split over the issue of

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<sup>195</sup> Archives des Affaires Etrangeres, Vol. 21, Ministre des Finances a Ministre des Affaires Etrangeres, 27 March 1863; Ministre des Affaires Etrangeres a Ministre des Finances, 2 April 1863.

the loan conditions, their French counterparts were supportive of the transaction. The generous amounts included in the loan for commissions and cost made both the financiers and the intermediaries eager to conclude the deal.

Because of serious objections to the terms of the loan and their distrust of Erlanger and Khaznadar, a few members of the Grand Conseil negotiating committee vehemently opposed the loan deal. Therefore, the Bey who sided with Khaznadar found it necessary to temporarily suspend from the loan negotiations all those who objected to the conditions set by Erlanger.<sup>196</sup> To further stifle dissent within the Grand Conseil, Khaznadar assumed the presidency of the Conseil and recruited three native-Tunisians, known for their integrity, as vice-presidents of the Conseil.<sup>197</sup> This shrewd political move enabled Khaznadar not only to protect the corrupt mamluk members of the Grand Conseil, but also to compromise

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<sup>196</sup> Because they were opposed to the foreign loan from Erlanger, Khayr al-Din and General Husayn, were excluded from the loan negotiations for 48 hours. When they returned to the Grand Conseil, they were shown a copy of the loan signed by the Bey. See Muhammad Bayram V, *Safwat al-I'tibar*, op. cit., p. 194, note 213.

<sup>197</sup> It is interesting to note that after the resignation of Khayr al-Din from his post as president of the Grand Conseil, Khaznadar appointed himself to the position and chose the *Bash Katib* Bin Dhiyf, the newly appointed Mufti, Muhammad al-Tahir bin 'Achour, and Hassan al-Sharif to be members of the Grand Conseil. These three dignitaries were the first native Tunisians ever to be admitted to this consultative body, see Bin Dhiyf, Vol. V, p. 110.

those few who have so far managed to maintain a strong sense of integrity and concern for the political and financial future of the Regency.

Having aligned the members of the Grand Conseil for the support of his position, after three weeks of negotiations, the contract for a 35 million francs loan was signed on 7 May 1863 by the Bey and Erlanger's representative, the Italian financier Cernuschi.<sup>198</sup>

### **The Onerous Loan Terms**

The opaque atmosphere that surrounded the negotiations and subsequent contraction of the 1863 foreign loan led to speculation by some observers and officials alike about the regularity of the financial transaction. Some of these officials accused Khaznadar and his entourage of damaging the integrity of the government by taking large bribes from Erlanger, and

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<sup>198</sup> Cernuschi was an Italian national who had served as a representative in the Italian Assembly in 1849 under the Roman Republic. He moved to Paris and worked for the Credit Mobilier from 1852 to 1858. During the 1860s he was charged by a Parisian financial group to represent them in England then in Tunis. His role in the Tunisian 1863 loan earned him an estimated amount of 600,000 francs. In 1869, Cernuschi founded the Banque de Paris with two other Parisian financiers, Delahante and Imbert. He died at the age of 75 in 1896. See Ganiage, *Les Origines ....* op. cit., p. 210, note 92. Also for a discussion of the loan transaction, see Bin Dhiyf, op. cit., Vol. V, p. 97 & 111. See also the 1863 loan contract in *Les Archives Tunisiennes*, Carton 110, Dossier 280.

furthering French political and economic predominance in the Regency.<sup>199</sup>

The 1863 loan was intended for the repayment of most of the internal loans, reduce the rate of interest the government was incurring on its total debt, and provide money for projects of infrastructure and help improve the country's agricultural potential. The revenue from the Majba tax, which was estimated at five million francs was to be set aside for the yearly debt reimbursement of 4,200,000 francs. The actual payments were to be made on a semester basis. The loan period was extended over fifteen and half years at the end of which the entire balance of the debt principal and the interest must be paid.

At first, the loan deal seemed reasonably fair to both sides. The Bey's government obtained a 35 million franc-loan at a relatively low interest rate of 7.65 percent compared to the 12 to 13% yearly interest paid on a floating debt that stood at a level between 25 to 30 million francs. Accordingly, the Tunisian government assigned the majba revenue for the biyearly payments of 2.1 million francs each. Erlanger agreed to disburse the total loan amount in six installments within two years from 18 June

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<sup>199</sup> Ibn Dhiaf, *op. cit.*, Vol. V, p.111, and Bayram V, *Safawat al- I'tibar*, *op. cit.*

1863 to 29 May 1865.<sup>200</sup>

If the plan were implemented as planned, the Tunisian government would have reimbursed all of its internal debt within two years, and used the remaining funds for its state projects, for the revenue of the majba sufficed for the servicing of the debt. Further, a portion of the loan was committed to a program of industrial and agricultural development encouraged by French officials. The loan deal appeared so reasonable that the French consul congratulated the Bey on his wise decision.<sup>201</sup>

However, when put to closer scrutiny, the various clauses of the loan contract revealed a different picture. In addition to the substantial commissions received by both Erlanger and his agents, and the Tunisian government and its agents, Erlanger and Khaznadar engaged in various financial irregularities. Erlanger withheld a substantial commission of over five (5.075) million francs or 14.5% of the total loan amount leaving nearly thirty million francs for the Tunisian treasury.<sup>202</sup> This extravagant sum was

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<sup>200</sup> Rapport aux obligataires, Paris, 1868, Document no.1.

<sup>201</sup> Archives des Affaires Etrangères, Vol. 21, Roches a Drouyn de Lhuys, Tunis, 9 May 1863.

<sup>202</sup> Bin Dhiyf, op. cit., Vol. V, p. 111, and Bayram V, *Safawatal- l'tibar*, op. cit., p. 195.

distributed by Erlanger amongst all those who played an instrumental role in helping him win the loan contract.

According to Villet, the French inspector of finance, Khaznadar received one and a half million francs and his agent Dahdah five hundred thousand francs. Erlanger also rewarded 'Aziz Bu'attur, the Bey's minister of finance, Elias Mussali, Tayeb and others for their cooperation. Cernuschi, Erlanger's agent, kept one million francs.<sup>203</sup> Finally, a clause in the loan contract provided one million piasters (628,124 francs) to the Regency's treasury for the signing of the contract. Although this sum should have been recorded in the Regency's treasury books and added to the total amount of the loan, it was not included in the Regency's loan account. Instead, Erlanger deducted this amount from his loan obligations to the Regency, without disbursing it to the Tunisian treasury.<sup>204</sup> A few years later, when General Husayn was representing the Regency in the investigation of the Semama affair, he established that qa'id Nessim had embezzled the missing one million piasters, with the knowledge of

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<sup>203</sup> Bayram V, *Safawat al- I'tibar*, op. cit.

<sup>204</sup> See note de Villet sur les Causes du Desordre financier, op. cit.; see also Muhammad Bayram V, *Safwat al- I'tibar*, op. cit.

Erlanger, from the 1863 loan.<sup>205</sup> Other clauses of the loan demonstrate that this financial contract was a well orchestrated scheme devised by Erlanger with the tacit agreement of Khaznadar, and aimed at defrauding the Tunisian government of funds so large the Tunisian finances did not recover from their devastating effect.

The most flagrant fraud involved the emission of the loan obligations. According to the loan contract, the 35 million franc-loan included all loan expenses. However, the 78,692 loan obligations which had a 500 franc value each, were emitted at 480 francs and carried a 35 franc yearly interest each to be reimbursed in pairs by lottery.

Therefore, instead of the actual loan amount of 37,772,160 francs, the 1863 loan reached a nominal value of 39,346,000 francs. Furthermore, the Bey agreed to repay the loan within fifteen and a half years at the rate of 4,200,000 francs a year, spread over two payments (i.e. 2.1 million francs every six months). In effect, the total amount the Bey agreed to repay to La Maison d'Erlanger amounted to 65,100, 000 francs for an

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<sup>205</sup> archives Tunisiennes, Carton 100-bis, Dossier 228, Rapport General du General Husayn, Ministre Conseiller d'Etat.

actual loan of 37,772,160 francs.<sup>206</sup>

Erlanger sold 40,000 debt obligations on the Tunis market and the remaining 38, 692 were to be offered to the French investors at the Bourse de Paris. However, Erlanger placed only a few thousand obligations at the Bourse de Paris and kept 28, 926 obligations in his possession, in violation of the contract. In order to raise the necessary funds for the periodic loan disbursements to the Bey, Erlanger relied on loans from *Le Comptoir d'Escompte* in exchange for the loan obligations he was supposed to place at the Bourse de Paris. Meanwhile in Tunis, because almost half the foreign loan (15 million francs) was destined for the repayment of the Regency's internal debt, Erlanger's agent began buying back the internal debt obligations from local holders. At the same time, the Bey's agent Gutierrez opened an office a few blocks from Erlanger's agent's office and began selling new government *tiskeres* (bonds) emitted at a 91 percent rate to those who just endorsed their old *tiskeres*. This financial scheme added 15 million francs to the

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<sup>206</sup> Rapport aux obligataires, Paris, 1868, Document no.1; see also Bayram's discussion of the Regency's total debt during the establishment of the *Commission Financiere Internationale* in 1869; Bayram V, *Safawatal-I'tibar*, op. cit., pp. 208-214.

government's total debt.<sup>207</sup> According to the French inspector of finance, Villet, the funds of the 1863 loan were never recorded in the Tunisian government's general accounting books. Instead, they were disbursed in a special account and there was no indication that any portion of the loan was actually spent on public works or any other government project.<sup>208</sup>

Most of the funds were either never released by Erlanger or embezzled by the premier Khaznadar, the Jewish treasurer, qa'id Nesssim as well as a few other courtiers. For example, General Husayn's investigation in the Semama affair discovered that with the cooperation of Erlanger, Nesssim Semama embezzled more than three million francs of loan moneys.<sup>209</sup>

These financial schemes, although lucrative especially for Erlanger and Khaznadar, were disastrous for the Regency's economic future.<sup>210</sup>

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<sup>207</sup> Note de Villet sur les Causes du Desordre financier, op. cit.; see also Bin Dhiyf, op. cit., Vol.V; Ganiage, *Les Origines*, op. cit., p. 213; and Muhammad Bayram V, *Safwat al-t'tibar*, op. cit., p. 194, note 213.

<sup>208</sup> Note de Villet sur les Causes du Desordre financier, op. cit.

<sup>209</sup> According to General Husayn who reviewed Nesssim's accounts found in his papers in Livourne, Nesssim Semama appropriated 3,158,885 francs in three different loan related transactions. He received from Erlanger's agent Cernuschi 1,000,000 francs as a guarantee for the execution of the contract; 1,630,000 francs during the disbursement of the first loan increment; and 528,885 francs from another Erlanger agent. See *Archives Tunisiennes*, Carton 100-bis, Dossier 228, Rapport General du General Husayn, Ministre Consiller d'Etat.

<sup>210</sup> When Khayr al-Din assumed the presidency of the Commission Financiere, he accused Khaznadar of squandering as much as three hundred million francs between 1862 and 1869, see Khayr al-Din, *Aqwam al-Maslik* op. cit. p. 37.

Within less than a year, three quarters of the 1863 external loan had vanished. Neither the repayment of the internal debt nor the planned public works and agricultural projects were addressed and a panoply of financial schemes continued to cripple the government's efforts to remain solvent. Some of the loan funds that did reach the government were spent on the purchase of obsolete European-made warships and defective cannons at inflated prices. These costly transactions permitted Khaznadar to extract large commissions from European suppliers. For example, the seven-ship fleet that Khaznadar purchased for the Tunisian navy at the cost of fifteen million francs were lost four years later in yet another financial scheme.<sup>211</sup> The purchase of one hundred faulty cannons for one million francs earned Khaznadar alone one half million francs, while his agent kept two hundred thousand francs. Later, when these cannons were inspected by a French officer, he estimated their cost, if they were in working condition, at less than two hundred thousand francs. He also advised the Bey against their usage, due to the risk of explosion.<sup>212</sup> With the dramatic increase in both the internal and external debt, the Tunisian government found itself

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<sup>211</sup> See Bin Dhiab, Vol.V, op. cit.; and Muhammad Bayram V, *Safwatal-l'tibar*, op. cit.

<sup>212</sup> Bayram V, *Safwat al-l'tibar*, op. cit., p. 195.

again in serious financial difficulty. For the time being new loans were not possible due to the loss of confidence among potential local and foreign investors. Of the three possibilities available to the Regency's government to raise income, namely, internal and external borrowing, reduction of government expenditures, and taxation, only the last option was contemplated by Khaznadar and his entourage. After several debates in the Grand Conseil, which will be discussed in the following chapter, the Bey opted once again to turn to the country's hinterlands for fiscal relief.

But due to the twofold increase of the debt within a year, the government needed larger sums to honor its debt service obligations. The estimated five million-franc yearly revenue the government drew from the majba tax were no longer sufficient.

In spite of some officials' objections, the Bey followed the advice of his treasurer, qa'id Nessim, by deciding to double the majba tax, and making it a countrywide obligation instead of its former rural restriction.<sup>213</sup>

In December 1863, the Grand Conseil voted the doubling of the majba tax, from 36 to 72 pilasters.<sup>214</sup>

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<sup>213</sup> Ibn Dhi'af, Vol. V, op. cit., p. 130-2.

<sup>214</sup> Ibid.

It is important to note that the Bey and almost all of his government officials knew of the likely serious consequences of such a severe fiscal measure. Some officials opposed to the tax increase reminded the Bey that when his predecessor, Muhammad Bey implemented this tax, it was accepted because he convinced the rural population of its temporary nature. The Bey was unmoved and decided to press ahead with his decision.

Despite real threats from the government against those reluctant to abide by the new fiscal rules, the rural population refused to cooperate with the *mamluks*. Their economic condition was already weak and they faced serious difficulties even in paying the old rate of 36 pilasters. Furthermore, they felt no obligation in assisting the government to improve its financial crisis, because they did not benefit from the 1863 foreign loan funds.

Originally, part of the loan was supposed to be spent on improving the country's agricultural potential. While the government officials prepared for the use of force to coerce the population into complying with the new tax measure, the rural Tunisian population began to lay the ground for an unprecedented rebellion against their

*mamluk* rulers. This historic clash and its devastating social, economic, and political consequences, on both the ruled and the rulers of the Regency, will be analyzed in the following chapter.

## **Chapter Five**

### **Prelude to European Powers' Control of the Regency's Finances**

This chapter deals with the effects of the Bey's government's attempt to solve its financial crisis. In the first part, I will discuss the political process which took place leading to the Bey's decision to turn to the hinterlands for more financial support. Then the opposing views of the reformer Khayr al-Din and the upholder of the status quo, Khaznadar will be analyzed to show the type of political debate which was permitted in the Bey's *majlis* during this crucial period. In the second part, I will analyze the origins, dynamics and consequences of the 1864 rural rebellion on the social, economic, and political future of the Regency.

#### **Officials' Fiscal Abuse and Social uprising**

In 1864, the Regency's government faced an unprecedented financial crisis. For the first time in the history of the Husaynid dynasty, Muhammad al-Sadiq Bey assembled a special *majlis* to discuss the issue of external

debt payments. For reasons mentioned earlier, the funds from the onerous 1863 external loan deal, while it benefited a few powerful local officials and European bankers, failed to provide relief to the country's catastrophic fiscal situation. While the annual amount due on the debt service had increased, revenue from the majba tax remained constant. Therefore, the Bey came under serious pressure from some of his close advisers as well as the French creditors who urged him to find an additional source of income to meet his external debt obligations.

One of the reasons why Khaznadar and his allies were eager to double the income tax was due to the increase in the amount needed for the servicing of the debt. Three obvious options were available to Muhammad al-Sadiq to increase state revenue. These include, 1) reducing government expenditures by cutting spending on some public and especially the superfluous private projects; 2) implementation of a tax increase; and/or 3) further internal and/or external borrowing.

Because the burden of extensive taxation was already heavy and that the Bey's most influential advisers were leaning toward increasing taxation, officials such as Khayr al-Din, General Farhat and General Husayn tried to

sound the alarm by informing the Council members and the Bey of the widespread depravation of the rural population. Unmoved by the appeal of their colleagues, Khaznadar's allies in the Bey's private council agreed with another influential member's assessment of the situation. Nessim Semama argued that the native Bedouin Arab tribes were capable of meeting the obligations set by the new tax rate. In these officials' view, the rural people paid fewer taxes than their urban compatriots. Further, these proponents of the new tax rate described the *bedouins* as a dangerous social group that needed to be reined in, and that reducing their income through increased taxation would help the government to keep them under control. This official rationale is not only simplistic, but it subsumes a condescending attitude of the ruling elite towards the poor segment of the native population (i.e., the *bedouins*). Semama, for example asserted that, "when the *bedouins* accumulate too much wealth, they become unruly." Khaznadar agreed with Semama, and submitted to the Council members that the doubling of the *majba* tax would make the *bedouins* more malleable, hence easier to administer.<sup>215</sup>

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<sup>215</sup> The doubling of the *majba* tax from 36 to 72 piastres was enacted in November 1863 (Jumada Ist. 1280). See Bice Slama, *L'Insurrection de 1864 en Tunisie*, Tunis: Maison Tunisienne de l'Édition,

All three options required a set of pre-conditions, and carried serious social and political risks. Different members of the Bey's special *majlis* favored different options depending on each member's or group's economic interests, local and foreign political and social ties, and political agenda. The first option was sensible because there was room for cutting government expenditures, especially in the area of high officials' conspicuous consumption and wasteful projects such as the building of palaces. Predictably, state officials who benefited from these practices opposed the implementation of this option. The second option was pregnant with sociopolitical perils due to the fact that the population was already disgruntled with the existing taxes and could rebel against the central government's authority. The third option constituted a religious affront to conservative members of the *majlis* who argued that Islam prohibited *riba* or interest payment to service the external debt. They had already lost some of their influence by failing to prevent the contraction of the 1853 external loan and were attempting to reestablish their tarnished credibility. Therefore the reduction of government expenditures clearly

stood as the least controversial and most constructive option. On the one hand it faced little social or ideological opposition, and on the other hand, had it been selected by the Bey, it would have shown to all parties concerned that his government was seriously attempting to find a long-term solution to the financial crisis by making his officials more careful about wasting scarce government resources. This in turn would have reestablished the Tunisian people's trust in their central government leading to better popular cooperation with the central government. Further, if the Bey's government had attempted to improve the Regency's financial situation by adopting fiscal policies that would neither make the debt unmanageable nor alienate the population, it would have improved its credit rating in Europe as well as at home. The second and third options predictably faced, respectively, strong popular and religious opposition.

In spite of the risks involved in implementing the second and/or third option, neither the Bey nor his closest aides seriously considered implementing the first. Hence, the question that arises in this situation is the following: If the Bey was aware of the strong opposition to any amount of increase in taxation, let alone the doubling of the existing rate, and that

the implementation of such a measure would require the use of such force as to make it a losing transaction; then, why did he and some of his influential aides choose this dangerous path of taxation-rebellion-repression? The answer to this question lies in the process, which led to the Regency's financial crisis in the first place.

In order to understand the factors involved in the Bey's decision of choosing taxation over conservation, let us analyze the three mentioned options and their potential effect on the various forces involved in the decision making process.

First, the reduction in government spending and elimination of wasteful practices would have required the reforming of the political and administrative structure. But without empowering those who favored such fundamental changes, and curtailing the influence of those who have benefited in the past from state spending, it was futile to attempt to reduce government expenditures. For officials who opposed a reduction in government expenditures, the prospect of losing this great source of additional income meant undermining their own power base. Of course, Khaznadar and his allies were aware of the ramification of fiscal

responsibility on their economic and political future. They were also determined to use their influence to thwart any serious attempt of reform while seeking ways to improve their position through new gains or at least maintaining the status quo. Therefore, they worked to convince the Bey to increase taxation first, and if that failed, external borrowing would become once again a necessary evil.

Officials who favored fiscal responsibility were outnumbered by Khaznadar and his allies. Khayr al-Din who led the reform movement in the Bey's special majlis, was convinced that any increase in taxation, no matter how small, would lead to popular discontent and, hence, would require the use of force.<sup>216</sup> Therefore, in the long run, any financial gains from higher taxes would be offset by the cost of assembling and maintaining a military force to extract taxes. In Khayr al-Din's view, fundamental political and economic reforms were essential to reorganize the Regency, regain the confidence of the population, and reduce the central government's dependence on foreign loans.<sup>217</sup>

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<sup>216</sup> Khayr al-Din al-Tunsi, "Memoires", *Revue Tunisienne*, 1934.

<sup>217</sup> *Ibid.*

### **The Debate over the Doubling of the *majba* tax**

Officials who argued for fiscal conservatism were aware of the social consequences of a tax increase and the political risks of continued borrowing. These officials included, Khayr al-Din Pasha and `Abdallah Husayn, the president of the capital's municipal council.<sup>218</sup> However, because their policies required careful assessment of the socioeconomic and political situation of the Regency and long-term planning, and that the Bey was faced with an immediate problem of insolvency, Khayr al-Din and his small group's argument against a tax increase did not sway the Bey. On the other hand, influential members of the majlis such as Khaznadar, who had played an active role in causing the financial crisis, focused on the option of a tax increase. By pushing for this alternative, Khaznadar and his supporters were trying to make the financial crisis as painless as possible to the government and themselves and to gain the Bey's favor by at least giving him the impression that the financial crisis could be solved in a short time without resorting to drastic measures such as a budget reduction. Although Khaznadar's allies supported the option of a tax increase, some

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<sup>218</sup> Ibn Abi Dhiaf, *Ithaf*, Vol. V, p. 128-30.

argued for larger increases than others. While one of the Bey's advisors argued for the doubling of the *majba*, another went further by suggesting that it not only be doubled but that this tax should be implemented countrywide without exception and regardless of the condition of particular taxpayers.<sup>219</sup> It is interesting to note that this idea came from Khaznadar's most important ally, qa'id Semama, who had embezzled about 20 million francs from the government's loan moneys.<sup>220</sup>

Muhammad al-Sadiq's favorable response to the members of the *majlis*' suggestion to double the *majba* tax suggests that he either was little informed of his subjects' economic condition or that he had little concern for their well-being as many historians have suggested.<sup>221</sup> The main reason, however, was that the Bey needed additional funds to maintain his government afloat. In the Bey's view, subjecting the local population to further fiscal hardship constituted a more expediting alternative than the introduction of government fiscal responsibility, which would have involved tedious work to cut excess spending. Such cuts would have

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<sup>219</sup> Prior to the tax increase, the *majba* tax was levied only in the rural areas.

<sup>220</sup> Ibn Abi Dhiaf, *Ithaf*, Vol. V, p. 129.

<sup>221</sup> See Ibn Abi Dhiaf, *Ithaf*, Vol. V; see also Raymond, *La Tunisie*; Chater, *Insurrection...*, op. cit.

included the salaries provided for the new positions created in the Bey's special majlis, the Grand majlis and other posts. Interestingly, most of these positions were occupied by mamluks who were already being paid for their other administrative functions. For example, in 1864 Khaznadar held five high offices. These included the omnipotent Premiership, the lucrative post of Minister of Finance, the Ministry of the Interior, and the sensitive Ministry of External Affairs.

In terms of government expenditures for its officials' yearly salaries, the beylic spent 5.7 million pilasters or 3,420,000 francs. These officials included the Bey, his family and his ministers as well as the presidents of the *majalis*, secretaries, state functionaries, and military officers. While Muhammad al-Sadiq Bey alone received 1.2 million pilasters or 21% of all government salaries, other members of the Husaynid family received a total of one million pilasters.<sup>222</sup> In other words more than one third (36.84%) of all government salaries went to members of the Husaynid dynasty.

One of the institutions which was set up by the Pacte Fundamental to study state-related matters was the Supreme Council (al-Majlis al-A'la).

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<sup>222</sup> Ibn Abi Dhiaf, *Ithaf*, Vol. V, p. 127.

In this new consultative body, Muhammad al-Sadiq allowed some discussion of important issues related to state expenditures, foreign borrowing, and taxation. With regard to the latter issue, the majlis voted against the doubling of the majba tax and pushed for the adoption of a more conservative fiscal policy.<sup>223</sup> However, reducing state expenditures required the challenge of some of the powerful high officials who benefited from state spending. Further, moving state policy toward a more conservative fiscal policy entailed a fundamental change in the political motives of influential political figures and their local and foreign clients. More accountability would have been required in the handling of state projects, which would decrease the level of corruption and waste. But due to the fact that powerful government and private interests were opposed to any alteration in the status quo, little could be expected to change in spite of the worsening financial crisis. This alarming state of affairs led a small number of active members of the central government to warn against the danger of excessive taxation. Although officials such as Khayr al-Din, General Husayn, and a few others attempted to convince the Bey of the

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<sup>223</sup> Ibid.

political, social and financial cost of a sudden high tax increase, none held sufficient political clout to challenge the persuasive power the special interest group headed by Khaznadar held over the Bey. After all Muhammad al-Sadiq himself was a direct beneficiary of state projects as well as from Khaznadar's speculative financial deals. also the Bey had to consider the reaction of European investors whose interests would be negatively effected by a reduction in state funded projects.

For a brief period in 1864, the central government began to try other options before implementing the dreadful tax increase. For example, the selling of licenses for future olive oil export to European merchants provided some extra revenue for the state. However, the funds generated were too limited and failed to solve the financial problems of the Regency. Pressed by the immediate needs of his creditors, the Bey decided to look once again toward the hinterlands to solve his financial worries.

Doubling the majba tax was considered by the Bey and the influential members of his special majlis as the most viable option despite the tremendous social and economic risks involved. Neither the members of the Grand Conseil nor the tribal notables, who clearly opposed the tax

increase, succeeded in preventing the Bey's fateful decision. The tribal notables agreed with Khayr al-Din and General Husayn that the implementation of the 72 pilasters tax rate would face formidable resistance from the rural taxpayers. In the end despite ominous signs of an impending large rebellion in the hinterlands and beyond, Muhammad al-Sadiq Bey officially decreed the doubling of the majba tax in December 1863.<sup>224</sup> In April 1864, the rebellion exploded when the rural qa'ids attempted to return to their qiyadas and collect the majba directly.

### **The 1864 Rebellion**

Before analyzing the dynamics of the 1864 rebellion, it is important to note that many historians who wrote about the rebellion generally failed to identify the fundamental causes of this unprecedented popular resistance movement. Most of these historians have limited their focus to the doubling of the majba tax as the main cause for the rebellion.<sup>225</sup> Although the link between the tax increase and the outbreak of the rebellion is obvious, for

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<sup>224</sup> Bin Slama, *Thawrat 'Ali Bin Ghadhahim*, op. cit.

<sup>225</sup> See Ganiage, *Les Origines...*, op. cit.; Granchamp, *Documents Relatifs a la Revolution de 1864 en Tunisie*, Tunis: ?, 1935; Ibn Abi Dhiaf, *Ithaf*, Vol. V. op. cit.

historians to argue that a resistance movement of the magnitude and organization of the 1864 rebellion, was due almost exclusively to a high increase in taxation is not convincing. If their argument were plausible, then why were the many other tax rebellions in the Regency so limited in both time and space? In fact the central government was in almost constant conflict with the rural tribes over payment of taxes. Some of these conflicts have led to armed struggle between the various rebellious tribes and the government's M'halla. For decades, these face to face challenges took place without causing a general rebellion. Almost always, the Bey of the camp or the ruler himself reached an agreement with the particular tribes through a combination of threats and coercion as much as through negotiations and compromise.

In contrast to earlier limited rebellions in the Regency, the 1864 rebellion developed into a movement of national character almost as soon as it broke out. Also, unlike other rebellious instances, the organization of the 1864 popular revolt was not set up simply to evade tax collectors, but to formulate a set of grievances that went beyond the roll back of the tax increase. Further, the call for the cessation of tax payment also took on a

national character and drew support from almost all regions and segments of society. Large scale organization took place to widen the scope and efficacy of the movement. For example, one of the first acts of the rebels was to insure that a pact was signed between as many tribes as possible and to punish any individual or group who refused to abide by the no-payment agreement. Other tribal activities included preparation to resist government intervention. All the border tribes became involved in a defensive strategy to prevent any early failure of their struggle. The rebels prevented government officials from returning to their posts, those who were in place could not receive any messages, for not only the telegraph lines were severed by the rebels, but government messengers were prevented from crossing the rebels' defensive lines. Commercial activities were disrupted and all but caravans carrying guns and gunpowder to the rebels were allowed passage. All these activities constituted a readiness of the tribes to face the superior power of the central government.

Certainly the first stage of the rebellion showed that people in the rural areas were frustrated and determined to correct their situation by refusing to consent to government demands for more funds. However, what

made the rebellious movement constitute a real threat to the stability of the rural areas and the Regency as a whole was not just this general willingness to stand against government excessive fiscal policies, but the fact that the rebellion was well organized and armed. All the participating tribes shared a common cause, identified a common enemy, formulated a set of common demands, and most of all agreed on a common leader, `Ali Bin Ghadhahim, a prominent member of the *Majir* tribe.

In spite of these achievements, the lack of political experience on the part of the tribal chiefs hampered their ability to lead such a large scale movement and created serious problems. As the rebellion began to spread across the country, disagreements between tribal leaders, who were at the rebellion's center, began to emerge. Rather than acting in a coordinated manner, some tribes reacted individually to events as they unfolded. Initially, there was a common drive to defend against government attempts to regain control of the hot spots in the Regency. But as the rebellion widened and more areas came into the rebellious fold, it became nearly impossible to establish a central command which could orchestrate a well defined battle plan. Aware of these difficulties, Bin Ghadhahim attempted

to solidify his leadership and widen his authority.<sup>226</sup> He organized meetings between his tribe, the *Majir* and their southern neighbors, the *Frashish*. He also invited the *Ounifa* and the powerful *Jlass* to join the movement in order to protect his western and eastern flanks, respectively. The *Ounifa* border tribes cut the telegraphic lines between Algeria and Kef and human traffic was curtailed from all directions. The people of Kef were incited to resist official demands for tax payments, and the tribes of Qayrawan were called on to defend against possible government forces' incursions from the coastal region.

The first test of the tribes' resolve to defend against government attempts to regain control in the rural areas occurred when Muhammad al-Sadiq Bey ordered Agha Farhat, a powerful mamluk and qa'id of Kef and the *Ounifa* tribes, to rejoin his qiyada and reestablish order in the area. The ensuing skirmish between the rebels and the agha Farhat's forces resulted in his death.<sup>227</sup> This episode not only emboldened the rebels, but it also convinced the central government of the determination of the rebellious

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<sup>226</sup> A.T., Carton 185, Dossier 1049, Letter from 'Ali Bin Ghadhahim to the tribal chiefs inviting them for a meeting to discuss the agreement.

<sup>227</sup> Bice Slama, op. cit., p. 24.

tribes.

As expected in any popular rebellion, disagreements among the tribal leaders as well as miscommunication between the center and the periphery of the rebellion became unavoidable once the rebellion's scope and intensity increased. The apparent atmosphere of rebel disorganization lead French historians such as Granchamps to describe the 1864 rebellion as chaotic.<sup>228</sup> Like many of his compatriots, who wrote about the rebellion, Granchamps focused on the traditional tribal rivalries and early organizational difficulties. The agitation of the rebels gave the impression of great bedouin chaos to the untrained and partial European observers. Although some bedouin groups did take advantage of the early confusion in the rebellious area and committed various acts of thievery, overall, the leaders of the rebellion were able to set aside their differences, at least momentarily and engaged in consensus building. They also tried to bring back in line all those who posed potential threats to the functioning and unity of the movement. For example, some subjects who feared for their families' security from governmental reprisal, were provided protection and

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<sup>228</sup> Granchamp, op. cit.; see also Emerit, "La Revolution de 1864 et le Secret de 'Empereur," *Revue Tunisienne*, 1933, p. 227.

encouraged to continue resisting governmental orders. A great number of tribes joined the movement and accepted verbal as well as written agreements including, organized daily meetings and group meals and signed mutual defense pacts.<sup>229</sup>

Facing such a serious challenge in the rural areas and aware of the potential spread of the rebellion to the rest of the country, the Bey sought to reestablish government authority through the tribal qa'ids. He ordered all qa'ids, who normally administered their respective rural qiyadas from Tunis, to return to their appointed regions and collect taxes directly.<sup>230</sup> The disastrous results of this move on government officials set the stage for the second phase of the rebellion--a bloody armed conflict. While the central government was attempting to reestablish its authority over the rural areas, the tribal leadership envisaged to widen the scope of their movement in an unprecedented attempt to challenge not only the government's fiscal policies but the established political order as a whole. This daring move on the part of the rebels constituted the first serious political threat the Husaynid dynasty ever faced from the Arab-Tunisian population. In

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<sup>229</sup> Bin Slama, *op. cit.*, p. 77.

<sup>230</sup> Granchamp, *op. cit.*

addition to challenging the policies of the mamluk ruling elite, the Arab-Tunisians created an alternative center of authority by choosing their own Arab leadership making `Ali Bin Ghadhahim "the Bey of the Arabs".<sup>231</sup>

This historic transformation in the attitude of Arab-Tunisians towards their mamluk masters suggested that the causes of the 1864 rebellion transcended a mere knee-jerk reaction to oppose a customary government tax increase. Like most significant popular rebellions, the 1864 revolution, which has been brewing for several decades needed only a catalyst to release its accumulated energy. That catalyst was provided by the Bey when he ignored all the signs of serious discontent among his subjects as well as the counsel of the more responsible members of his entourage and doubled the majba tax.

Some of the early French historians who mistook the catalyst of the revolution for its real causes were misled by the instantaneous popular explosion which followed the enactment of the tax increase. Later Tunisian historians like Chater simply echoed the French historical assessment without a deeper analysis of the dynamics of the uprising.

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<sup>231</sup> Ibn Abi Dhiaf, *Ithaf*, Vol. V.

The causes of the 1864 rebellion are recognizable when one assesses the political, economic and social conditions that prevailed in the Regency during the reign of Muhammad Bey and his successor Muhammad al-Sadiq Bey. Towards the end of the reign of the former, European interference in the Regency's internal affairs took on an urgent character following the mentioned incident involving the execution of a Jewish subject. The subsequent promulgation of the Fundamental Pact (20 Muharram 1274 - 10 September 1857) was hailed all over Europe as a major positive step towards a more liberal structure of the Regency's government. However, with the death of Muhammad Bey in 1859 and the accession to the throne of Muhammad al-Sadiq Bey, the Pact's promising directives fell into disuse. Bin Dhiyf, who had worked under both Beys, showed less appreciation for Muhammad al-Sadiq than his predecessors. The Bash-Katib criticized his master for failing to work toward the improvement of his subjects' condition. He described Muhammad al-Sadiq as a despotic monarch, even though his predecessors were just as despotic. But it seems that Bin Dhiyf tolerated despots when they balanced their autocratic governing style with fair economic and social policies. In Bin Dhiyf's view,

Muhammad al-Sadiq Bey was a despotic and incompetent ruler who "showed more humanitarianism toward his domestic animals than his subjects."<sup>232</sup>

The Tunisian Chronicler's opinion of Muhammad al-Sadiq was based on this ruler's lack of initiative. Under Muhammad al-Sadiq Bey, in spite of the enacting of legal and constitutional reforms, the Tunis Regency remained an autocratic feudal state. The Bey ruled with the help of a feudal mamluk cast and continued to exclude the native Tunisians from holding high offices.<sup>233</sup> Certainly, the lower ranks of the administration in the countryside were recruited among the notables of the local tribes. But this policy was intended to expand the central government's penetration of the hinterlands for tax collection purposes without expanding the local people's legal rights.<sup>234</sup>

The constitutional reforms of 1860, which promised to resurrect the legal barriers to despotism set in the Fundamental Pact, failed to materialize. The prospects for liberty, security, equality before the laws,

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<sup>232</sup> Ibn Abi Dhi'af, *Ithaf*, Vol. V, p. 84.

<sup>233</sup> In 1864 Khaznadar served simultaneously as prime minister, minister of finance, foreign affairs, the interior, and president of the supreme council known as *al-majlis al-A'la*.

<sup>234</sup> Anderson, *op. cit.*

and all the duties and rights that came with a more accountable and representative government were dashed only a short time after the enactment of the constitutional reforms. Similarly, institutions set up to administer matters concerning justice, legislation, taxes, the army and other areas lost their power almost as soon as they were instituted.<sup>235</sup> Even the Supreme Council which was set up to oversee the implementation of the new constitutional laws and defend against any transgression of these laws, fell under the control of Khaznadar who forced the reformer Khayr al-Din to resign and assumed himself the presidency of the Council.<sup>236</sup>

### **The Regency's Social and Economic Transformation**

Most of the political economic and social factors that created a sense of deprivation and frustration among the Tunisian population, especially in the rural areas, have been analyzed in the previous chapters. However, it is important to reiterate some of the most important elements of the Regency's government policies, which exacerbated the already difficult conditions of the population. Two types of changes were at play during the

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<sup>235</sup> Prior to the 1860 constitutional reforms, these institutions were all monopolized by the Bey.

<sup>236</sup> Khayr al-Din al-Tunsi, "Memoires," *Revue Tunisienne*, 1934, p. 194.

decade preceding the 1864 rebellion. One was socioeconomic, the other political. Economically, the Regency was going through a period of growing dependency on European goods and services. The trade imbalance was extremely favorable to European merchants and the imported inexpensive products disrupted the local crafts contributing to the increase in urban unemployment. Politically, the European consuls, especially France's and Britain's applied serious pressure first on Muhammad Bey and later on his successor Muhammad al-Sadiq Bey to obtain legal rights for their already privileged subjects. This significant gain for Europeans was matched by a loss for the Arab-Tunisian subjects who now had to wait for long periods of time in order to present their legal cases to the newly established courts.<sup>237</sup>

Other factors included the following: (1) the fiscal burden on the native Tunisians was already unbearable given the deprived economic and social condition of the country in 1864; (2) The squandering of loan moneys by both the European lenders and the local officials including the Bey; (3) local officials' unpopular concessions to European subjects; (4)

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<sup>237</sup> Bice Slama, *op. cit.*, p. 18.

discontent in the army due to low pay, which was often several months late, and (5) the qa'ids mistreatment of taxpayers; all contributed to the build up of frustrations which culminated in the general rebellion of 1864. Undoubtedly, the most telling example of a deep seated discontent that went beyond a reaction to a tax increase was the fact that the rebels continued to press for political and economic changes even after the Bey had rolled back the tax increase to its earlier rate of 36 pilasters.<sup>238</sup>

Further, what exacerbated the local population's distrust of the central government was the fact that the *majba* was instituted by Muhammad Bey in 1857, he considered it a temporary aid to his government in times of fiscal difficulty. Even then the 36 pilasters (21.6 francs) rate was higher than what European subjects paid in their home countries. For example, French taxpayers who contributed one of the highest rates in Europe, only paid 4.5 francs or less than one fourth of what was imposed by the Muhammad Bey on his native Tunisian subjects.<sup>239</sup>

In addition to the *majba*, the *beylic* continued to levy various kinds of other taxes. These taxes were in fact supposed to be discontinued after

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<sup>238</sup> Ibn Abi Dhiaf, *Ithaf*, Vol. V.

<sup>239</sup> Bice Slama, *op. cit.*, p. 8.

the implementation of the majba. Under Khaznadar's directives, taxes were imposed on consumer products such as salt and candles, industrial products such as leather, farm animals such as cattle and sheep, and work animal such as horses and camels. There were also taxes imposed on singers and even prostitutes had to pay the tax collector to exercise their supposedly prohibited profession.<sup>240</sup> Sales' tax (*maks*) was also extracted from merchants and farmers; these taxes covered all sales transactions including those taking place outside a market place. Farmers were the most effected by the government officials' abusive tax practices. For example, the customary 10% rate of the 'Ushr tax on cereals often reached as much as 20% and sometimes 30% of the total harvest.<sup>241</sup>

Several government officials tormented the Tunisian farmer: the 'amin or inspector who assessed the farmer's cultivated parcel of land often overestimated its actual size, the shaykh followed suit in overestimating the harvest, and finally the tax collector often increased the already inflated amount of taxes the farmer had to pay immediately.<sup>242</sup> The pilasters which

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<sup>240</sup> "Documents du Dossier des Revendications des Tribus," A.T. Carton 184, Dossier 1029.

<sup>241</sup> Khayr al-Din al-Tunsi, "Memoires," *Revue Tunisienne*, op. cit., p. 193.

<sup>242</sup> Ibn Abi Dhi'af, *Ithaf*, Vol. IV, p. 224.

was used as the main method for tax payments was also a cause for concern to the taxpayers. The government's decision to emit copper coins as a way for financial speculation lowered the value of the piastre from 1.10 francs in 1851 to 0.60 francs in 1860.<sup>243</sup> According to bin Dhiyf, gold coins became extremely rare in the Regency after 1860, because the government exported most of its reserves in gold coins to Europe in order to pay for its imports of European goods.<sup>244</sup>

The combination of these factors put a heavy burden on the local population. On the one hand, the rural people were expected to comply with the central government's bureaucratic intrusions in their private lives and its increasing fiscal intransigence, on the other hand, they gained no governmental welfare protection during recurrent difficult economic periods.<sup>245</sup> Expectedly, these counterproductive governmental policies have led to repeated tribal challenges to the central government's demands and authority in the hinterlands. But most of these past challenges ended in a compromise without serious disruption of the balance of power between

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<sup>243</sup> *Archives Diplomatiques*, Commerce, Tunis, 4 September 1851-4, August 1858.

<sup>244</sup> Ibn Abi Dhiyf, *Ithaf*, Vol. V.

<sup>245</sup> Anderson, *op. cit.*

the government and the tribes. In 1864, the predictability of the outcome of such duels between rulers and ruled was drastically altered.

The limited nature of earlier clashes between government forces and recalcitrant tax evaders was different from the events that occurred in 1864. What set the 1864 rebellion apart from past tax revolts in the rural areas was its rapid spread to the urban areas. This new phenomenon gave the uprising a “national” character. Although the government's excessive tax policies and repressive response to tax evasion were not new, especially in the rural areas, the subsequent involvement of the urban populations of the Sahil in this rebellion constituted a shift in the traditional relationship between the central government and the countryside.<sup>246</sup>

While the rebellion was initiated by the rural tribes in the hinterlands, its rapid expansion to most cities and coastal villages of the Sahil caused the central government to retreat from its decision to increase the *majba*. And when this embarrassing official concession failed to appease the rebels, the government responded with unprecedented force in an attempt to restore its authority over the Regency and regain its

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<sup>246</sup> Bin Slama, *op. cit.*, p. 5.

credibility with foreign powers. As will be analyzed in the next chapter, the government's repression against the Sahil villages was of unprecedented magnitude. So brutal was the repressive measures that even after the rebels were either defeated or, as in some cases, chose to discontinue their challenge, government troops persisted in administering excessive punishment to the rebels and their families.

### **European Powers' Reaction to the Regency's political Instability**

The government's determination to crush the rebellion and uproot even the smallest pocket of resistance showed that the Bey and his close advisers had decided on avoiding any future challenges to their authority. But the effect of this official show of force failed to impress European officials. The intensity of the official repression confirmed the foreign consuls' assessment of the weaknesses of the central government. Such weakness was clearly demonstrated on two momentous occasions. First, the decision to implement an excessive tax policy, in spite of the clear signs of deprivation and resistance of the population, exposed the shortsightedness and incompetence of the Bey and his administration.

Second, the excessive repression against the rural population and the villagers of the Sahil meant that the government had lost its ability to rule the Regency without the use of excessive coercion.

In spite of the ultimate defeat of the rebellion, the rebels accomplished a few significant successes in the early phases of their movement. One such success was the historic accomplishment of the rebel leaders by setting aside their tribal differences and acting in their common interest. The emergence of charismatic local leaders such as 'Ali Bin Ghadhahim gave unprecedented confidence to the native population. This confidence would reemerge at the turn of the century during the nationalist period. Also the unprecedented move of identifying and agreeing on their grievances, and presenting the government with a clear set of specific demands superseding the tax grievance, illustrated the rebels' union and uncovered the government's appearance of equanimity.

The government's political leadership was further undermined by the involvement of the Sahil region in the rebellion. This worrisome situation led to the interference of European powers in the Regency's internal affairs to protect their interests and insure the safety of their nationals in spite of

the rebels' respect for foreigners and their interests.<sup>247</sup> European powers' ships, which anchored at the ports of Sousse and Sfax to evacuate their subjects were watched closely by the rebels who feared that France might attempt to land a force in either city. However, this time no European military landing took place, and in the end, what saved the Regency from a European power's occupation was the European concern for a balance of power in the Mediterranean region. On the one hand, Britain and Italy were not yet willing to allow a French occupation of the Regency, and on the other hand, France and Britain opposed an Italian naval presence on both sides of the southeast Mediterranean straits.<sup>248</sup> At this stage, the European powers were mostly concerned with immediate tasks such as protecting their nationals' property and insuring their physical safety.

In the following chapter, I will assess the deterioration of the Regency's financial position as a consequence of the official repression against the rebels and the war damage caused to the Sahil, the most

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<sup>247</sup> Because Bin Ghadhahim was politically astute, he showed concern for the safety of the European subjects. He was aware of the Regency's tenuous diplomatic position as well as the ramifications of his challenge to the Regency's central government. He continuously extolled his followers to respect foreign subjects and their property to avoid giving any pretext to the European powers to intervene militarily in the Regency. See Bice Slama, *op. cit.*

<sup>248</sup> Powel, *Jules Ferry*, *op. cit.*

productive of the country. I will also analyze the Regency's bankruptcy, and the increase of European powers' involvement and subsequent control of the Regency's financial affairs. These two developments lead to the establishment of *the Commission Financiere Internationale*.

## **CHAPTER SIX**

### **Financial disarray and European Control**

This chapter deals with the crucial phase preceding France's military invasion and the establishment of France's protectorate over the Tunis Regency in the Spring of 1881. This period in Tunisia's pre-colonial history was marked by an unprecedented countrywide popular uprising, coupled with the deterioration of the central government's ability to manage the Regency's growing financial, social and political problems. Concomitantly, European powers' competing interests, disagreement over the diplomatic status of the Regency and the threat of bankruptcy complicated the Bey's government's efforts to regain its political credibility and solve the pressing issue of its financial independence.

First, I will analyze the dynamics and the effects of the Sahil rebellion on the Regency's financial dilemma. The Sahil population's response to the central government's inability to mitigate popular dissatisfaction with the Bey's ill-conceived fiscal policy and his officials'

abuse of power will also be assessed. The Sahil region's unprecedented challenge to the political authority of the central government marked a shift in the social history of the Regency. The prevailing system of benign clientelism began to be replaced by a more centralized and intrusive bureaucracy. During the second half of the nineteenth century, the convergence of negative endogenous and exogenous factors resulted in the formation of popular resistance to the central government's growing demands for more revenue through increased taxation. This incessant intrusive bureaucratic and fiscal policy finally led to an armed clash between the central government and the concerned rural as well as urban regions. The central government's mishandling of this serious popular uprising was a clear indication of government officials' ineptitude, which paved the way for far more serious events leading to the loss of the Regency's financial independence.

Second, I will evaluate the process of the increase of the Regency's external debt to a level where the amount of its servicing finally exceeded the Regency's income, and show how the Regency's bankruptcy led to the establishment of the Commission Financiere Internationale in 1869. The

period following the 1864 rebellion was marked by a series of adverse events. The central government's excessive reprisals against the Sahil population left the whole region vulnerable to European economic domination. Further, large portions of the sums of money extracted from the Sahil by the Bardo officials was diverted before reaching the treasury coffers. The atmosphere of civil war that prevailed during and immediately after the rebellion aided some influential officials in their efforts to divert government revenue to their personal accounts.<sup>249</sup> Therefore, instead of serving to improve the Regency's financial position, the large revenue collected from the Sahil was wasted, damaging not only the economic prospects of the most productive area in the Regency but the economic future of the entire country. It is tempting to ask what would have happened had the Regency's political leaders been more responsible in managing the Regency's financial affairs. Would the central government have been able to preserve the Regency's economic stability and avoid European financial control, or were there other factors present, which

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<sup>249</sup>See Bin Dhiyf's detailed account of the diversion of government convoys carrying tax money by high government officials and Husaynid princes at the gate of the Bardo. Bin Dhiyf, Athaf ..., op. cit., Vol. VI.

operated in such a way that would have caused the Regency's financial collapse anyway? Such questions are useful not because they allow us to speculate on what could have happened then if some different action had been taken, but simply because they help us explain the actions of later generations of leaders and subjects. For example, the 1864 rebellion is important because it served as a historical reference for twentieth century Tunisian nationalists, who built on their predecessors' experience in their later challenge to French colonial rule.

### **The Sahil Rebellion**

Unlike the rural rebellion, the revolt of the Sahil region against the central government required unprecedented use of force and caused lasting shifts in the region's economic and social structure. During the Summer of 1864, the defection of two of the most important tribes (i.e., *Zlass* and *Hmama*) from the rebellious fold reinforced the government's resolve to crush the remaining rural pockets of unrest. Khaznadar's tenacious attempt to create divisions within the tribes was successful partially because of his keen sense of identifying sources of conflict that existed among the rebels.

He was able to recognize and exploit the existing rivalries between the tribes, which resulted in serious clashes between the most powerful actors. With the encouragement of the central government, the Zlass tribe crushed *awled Sa`id*. Consequently, the allies of the defeated *awled Sa`id*, which included the *Mthalith*, *Souassi* and *Bani Zid* attacked Zlass in a show of solidarity to their humiliated ally. These frictions created a permanent fissure in the ranks of the rebellious tribes. Zlass joined the government fold and was later joined by the Hmama. In spite of these important defections, the central government forces remained weak. Khaznadar limited success in bringing a sufficient number of rebellious tribes into the government fold led him to try another strategy. This time, the premier attempted to entice the other tribes who, continued to be suspicious of government intentions, by proposing a few compromises. Following a series of negotiations between government officials and the local chiefs in the region of Qayrawan, Khaznadar announced the central government's willingness to respond to the rebels grievances. This move was aimed at enticing the undecided and weary factions of the rebellion. The premier skillfully selected a number of rebel demands and convinced the Bey to

make a few concessions, which he argued would weaken the already shaky rebels' resolve.

The government's concessions to the rural rebels included the following: 1) giving unconditional amnesty to all the rebels, 2) reducing the 'ashur tax by one half, 3) replacing the Mamluk qa'ids by local qa'ids in the rural qiyadas, and 4) abolishing the 1860 constitution and eliminating the mixed tribunals. All these concessions were part of the rebels' list of demands, which they submitted to the government at the beginning of the rebellion. It is important to note that the government's sincerity about its commitment to honor the concessions it made to the rebels was highly questionable. One of the reasons the government's seemingly benevolent act of national conciliation was in doubt was due to the fact that the government's efforts to assemble its troops and prepare its mhallas continued unabated.

The serious difficulties faced by government officials in assembling sizable military forces were compounded by the Sahil region's involvement in the rebellion. Many recruits from the Sahil, which traditionally constituted the best government troops joined their villages taking their

weapons along with them. This unprecedented defection of a large number of the Sahil recruits from their regiments deprived the central government of some of its best and most experienced regular troops. By the end of July 1864, this important military reinforcement added to the confidence of the Sahil rebels. Consequently, the center of the rebellion shifted from its starting point in the rural areas to the most vital region in the Regency. The Sahil was by far the most populated region, had consistently provided the central government with a sizable share of its revenue, and supplied it with its regular troops. Facing such a drastic shift in the dynamic of the rebellion, the central government began to prepare for a decisive show of force to bring the Sahil region to heel.

Compared to the well organized challenge that awaited government forces in the Sahil, the rural rebellion proved to be an easy task for an experienced high official such as Khaznadar. At the same time, the fact that Khaznadar was well aware of the strength and determination of the Sahil rebels made him all the more determined to crush the rebels. After all this time, the central government was fighting for its very survival. Concessions made by the government to the rural rebels could not be repeated in the

Sahil, for most of the government's revenue was derived from the Sahil's agricultural and commercial activities. Also unlike the rural areas, the central government could not accept to surrender its direct control of the Sahil qiyadas to the local notables without being discredited. For example, it was relatively easy to undermine the credibility of the leader of the rural rebellion, `Ali bin Ghadhahim once he accepted the central government's offer for amnesty and a large domain known as *henshir rohiyya*. His brother, Abd al-Nabi also received a substantial reward by becoming the qa`id of his Majir tribe. Many of Bin Ghadhahim's followers also obtained posts of shaykhs in neighboring tribes. Further fourteen tribes of the Northwestern region offered their submission to the government in exchange for a reduction of the *majba* tax to ten pilasters.

Once the central government had achieved its goal of restoring a relative calm in the rural area through a skillful tactic of threat, appeasement and financial incentives, it turned its attention to the Sahil region. The difficult task of bringing the Sahil rebels to stop their disruptive activities was delegated by Khaznadar to one of his creatures, General Ahmad Sear. Due to the mentioned defections of a large number of recruits

from the Sahil, Zarruq assembled a force of 2,600 men who were drawn mostly from the poor quarters of the capital Tunis. These new troops whose nom de guerre was Zouaoua were known for their infamous acts of terror when ever the central government resorted to their services. They were notorious for their acts of violence against civilians. By resorting to the enlisting of the zouaoua, Zarruq intended to instill fear among the rebels and their families. Instead, the news of the approach of Zarruq's m'halla created an opposite effect on the rebels who intensified their military preparations.

Unlike the rural rebellion, the Sahil rebellion was a serious concern for government military forces. Despite the advantages provided them by the difficult rural terrain, their great horse riding skills, and their excellent use of small guns, the rural rebels were not, in the end, a serious match for the government's regular troops and artillery. The Sahil rebels, on the other hand benefited from several advanced installations. Cities such as Sousse, Munastir, and Qayrawan were all protected with high ramparts and possessed artillery pieces provided by the central government. Some of the Sahil troops who deserted their government regiments also brought with

them their light weapons as well as a few cannons. Another supply of arms was provided by the Maltese colony who engaged in contraband of the Sahil coast. Also a few officers were among the deserters; these career military men were highly useful in helping the rebels in terms of military tactic, organization, and discipline. These factors made it all the more crucial for the central government to use all its power, military and political, to end this unprecedented challenge to its authority. For the central government, the possibility of Losing the challenge to the Sahil rebels carried heavy consequences, not only for its credibility but its very *raison d'être*.

In spite of their military advantages, the Sahil rebels failed to form a united front. They were divided along a historic political cleavage with some of the villages and cities supporting the central government or the Husaynid party, and the others the *Bashist* party. The *Bashists* were sympathizers of `Ali Pasha, the historic challenger to Husayn bin `Ali's claim to his dynastic rule over the Regency.<sup>250</sup> The villagers of Msaken took the lead in the Bashist party and attempted to rally the neighboring

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<sup>250</sup> Ibid.

villages to defend against Zarruq's approaching m'halla. Msaken's first goal was to bring the most important city, Sousse to join the rebellion. They rightly assumed that if they could achieve their goal of bringing Sousse to rebellious fold, other cities and villages would follow suit. However, the inhabitant of Sousse remained behind the walls of their fortified city and strongly resisted the Msaken rebels' attempt to force them into an alliance. After two weeks of inconclusive fighting between the two sides, the Msaken rebels turned their attention to their neighboring village, Kalaa kebira (al-qal'a al-Kabira), another Husaynid stronghold. Kalaa's refusal to join forces with their neighboring and traditional rival against Zarruq's m'halla, led to serious clashes between these two important villages. Soon two powerful tribes joined the fight; while the horsemen of the Zlass tribe came to the aid of their Kalaa allies, their *mthalith* counterparts joined the Msaken rebels.

The rebels' infighting created a golden opportunity for Zarruq and his troops who were camped a few miles Northeast of the warring villages. On October 5, 1864, Zarruq decided to move toward the fighting zone to protect Kalaa Kebira, his first contact with the rebels occurred when his

troops encountered resistance from the inhabitants of Kalaa Sghira, Msaken's ally and Kalaa Kebira's rival and Southeastern neighbor. While Zarruq's troops were reinforced by the Zlass horsemen, the Msaken rebels failed to aid their outnumbered and inadequately armed allies of Kalaa Sghira. Zarruq had little difficulty in crushing Kalaa Sghira and continue his initial march toward the other Kalaa to assist it against Msaken. Concerned with the protection of their own village, the five thousand strong Msaken rebels retreated further South. This tactical mistake coupled with Zarruq's systematic destruction of the resistance movement in Kalaa Sghira instilled fear among Msaken's population and demoralized the rest of the rebels. Msaken surrendered the following day putting an abrupt end of the Sahil rebellion. Most of the Sahil villages and cities were effected by destruction caused during the rebellion. The towns which refused to join the rebellion were ransacked by the rebels and the rebellious towns were, in turn, heavily punished and looted by Zarruq's zouaoua troops and Zlass tribesmen. It is ironic that Kalaa Kebira, which tried to take a neutral stand during the rebellion was the one which suffered the most devastation, from both the rebels' early attacks and Zarruq's subsequent fiscal abuse.

Zarruq's surprisingly swift victory over the Sahil rebellion gave the central government a renewed sense of confidence and authority. However, the government's failed to take advantage of its military victory and reestablish order by assisting the population in regaining their sense of security. Instead of instructing Zarruq to normalize relations between the central government and the Sahil people, he was given a free hand in administering a punitive lesson to all. This short-sighted government strategy resulted in the most devastating campaign of violence and fiscal abuse in the history of the Sahil region.

While the immediate consequences of Zarruq's m'halla in the Sahil region created important additional revenue for the central government, the sheer level of destruction caused to this important area created a new set of challenges for both the local population and the Regency as a whole.

### **Zarruq's violent suppression of the Sahil Rebellion**

General Zarruq's brief but devastating passage through the Sahil left a strong impression on the local inhabitants of this vital region of the Regency. His brutal suppression of the rebellious villages made a character

of mythical proportions. So extreme were Zarruq's military and financial exacting policies, that they remained engraved in the memory of the Sahil people for generations. Zarruq's oppressive military measures have led some French historians to ignore some of the significant aspects of the 1864 rebellion and indulge in linking Zarruq's coercive measures to some intrinsic "oriental" inclination for violence.<sup>251</sup> Although these studies contain some relevant information about social rebellion in the Regency, they're tainted by prejudicial assessments of certain leaders' actions and events.<sup>252</sup>

The importance of Zarruq's campaign in the Sahil goes beyond his coercive method in pacifying the Sahil population. Undoubtedly, the most important aspect of Zarruq's legacy is that the process he helped set in

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<sup>251</sup> M.P. Granchamp, *Document Relatifs a la Revolution de 1864 en Tunisie*, Tunis: Alocchio, 1935, pp. IX-XLII.

<sup>252</sup> In spite of its shortcomings and the condescending overtones of his remarks about local leaders, Granchamp's study of the 1864 rebellion has been and continues to be presented by European historians as an important source. In the words of one French historian, Granchamp's work is important because of "the reliability of its information and the finesse of its analysis." For example, here's how Granchamp describes the action of 'Ali bin Ghadhahim, leader of the rural rebels, when the latter delivered to the confidential letters sent to him by the French consul, "... treason toward the consul general of France ... not at all. Just a normal gesture of a bedouin for whom the words treason, fidelity, political party, established government, never had any meaning." See Granchamp, *op. Cit.*, pp. 168-69. Further the same author takes it upon himself to denigrate bin Ghadhahim claiming that, "Like every bedouin, having nothing of what we call dignity and moral resort, Ali bin Ghadhahim once imprisoned thought of nothing but to obtain the Bey's pity, by way of flattery and denunciations." *Ibid.*

motion in 1864 not only precipitated the Regency's bankruptcy but effected a major region on which the government depended for its long-term economic survival. Therefore, the assessment of Zarruq's policies is crucial because his military and fiscal actions in the Sahil resulted in unprecedented socioeconomic shifts, which affected the course of the Regency's history.<sup>253</sup> Some of these transformations included, 1) the impoverishment of the Sahil farmers and merchants due to heavy taxation and confiscation of their property; 2) the Sahil population's increasing indebtedness toward European and Jewish-Tunisian money lenders; 3) the erosion of the economic base of the Sahil bourgeoisie due to excessive payments of war indemnity and back taxes to the central government; and 4) popular loss of faith in the central government's ability to mitigate its officials' abuse of power.

Further, the confrontation between the Sahil population and the central government brought to the forefront the issue of popular resistance to unchecked bureaucratic intrusion. Although the Sahil rebellion resulted

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<sup>253</sup> For a discussion of general Zarruq's military campaign in the Sahil, see Khalifa Chater, *Insurrection et Repression dans la Tunisie du XIX<sup>ème</sup> siècle: La Mehalla de Zarruq au Sahel (1864)*, Tunis: Publication de l'Université de Tunis, 1978.

in a failure, it proved that popular resistance can play a convincing role in challenging the authority of the central government, especially when such authority becomes abusive. Even as they endured the severe consequences of their failure, the people of the Sahil acquired a valuable experience from their clash with government forces. They realized that if they had been better united and more experienced, they could have succeeded in their attempt to alter their uneven balance of power with the central government. Had they achieved this step, they would have satisfied at least part of their economic and political grievances. Finally, the fact that the government's victory over the rebels was achieved mainly through a combination of political manipulation and brute force, after feigning reconciliation with the rebels, indicated that potential future popular challenges could be successful.<sup>254</sup>

The historic importance of the Sahil rebellion is furthered by the complex dynamics that governed the relationship between the Sahil region and the central government. Prior to this period, the interactions between

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<sup>254</sup> The Tunisia nationalist leaders who later played a decisive role in the struggle for independence from France were predominantly from the same Sahil cities and villages that participated in the 1864 rebellion against the Husaynid government. In 1957, Bourguiba and his neodestour party put an end to Husaynid rule by forcing Lamine Bey to step down.

the people of this crucial region and the central government were fairly peaceable and predictable. But in 1864, an element of serious instability emerged disturbing a region that had been known so far for its economic reliability, social stability and political cooperation. What led to the change of attitude and why did the Sahil population decide to participate in the 1864 rebellion? One could argue that even if the central government's demands for more tax revenue were unacceptable, the Sahil notables could have tried to negotiate a less detrimental fiscal arrangement with their rulers. The answer to this question requires an understanding of the political and economic transformation that took place in the Regency as a whole and its consequences on important areas like the Sahil. Another related issue that needs to be addressed is the government's unprecedented forceful response to the Sahil rebellion; A response so disproportionate militarily and disruptive economically that it begs the following question: Why did the central government engage in an almost systematic destruction of the most economically viable region in the Regency, and ultimately deprive itself of a reliable source of needed revenue?

This crucial question can be answered first through an analysis of

the dynamics of the relationship between the Sahil and the central government; and second by looking at the process of economic, social, and political transformation of the Regency and its effects on the Sahil region, and assessing the role of endogenous as well as exogenous factors involved.

Historically the Sahil region constituted unquestionably the most important source of revenue for the Regency's central government. With only 100,000 inhabitants or less than ten percent of the Regency's population, this entrepreneurial region provided one sixth of the government's total revenue including during periods of bad harvests. The Sahil also contained the most politically stable *qiyadas* in the country, and the volume and variety of its economic activities were unequaled by other *qiyadas*. The people of the Sahil paid their taxes regularly and timely. Further, unlike many rural *qiyadas*, which remained almost immune to government taxation and military draft, the Sahil youth provided the Bey's regular army with a reliable supply of recruits.

With regard to agrarian activities in the Sahil, in 1864 the cultivated area was estimated by Zarruq at about 6,084 *mechias* or 60,000

hectares.<sup>255</sup> Compared to other qiyadas, such extensive cultivation of the land made the Sahil the only self-reliant region in terms of agricultural production. More importantly, the unmatched extensive cultivation of the olive tree provided the Sahil with a highly demanded export product, olive oil. This single product and its derivatives was so lucrative that from early on the Husaynid Beys extended their monopoly over its exportation to Europe. The Sahil raised the largest number of olive trees in the Regency. Munastir, the second largest qiyada in the Sahil after Sousse, contained 1,376,749 olive trees, including 878,100 young trees.<sup>256</sup> The qiyada of Sousse surpassed Munastir by far in the number of olive trees and contained about half of the olive oil factories in the whole Sahil region, with about 350 factories. In addition to farming the Sahil cultivators raised both work animals as well as livestock. They provided the neighboring rural qiyadas with horses, mules, and camels. Sheep and to a lesser extent cattle were raised to supplement the Sahil farmers' revenue from the cultivation of their land. For example, the qiyada of Sousse alone

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<sup>255</sup> Zarruq overestimated the size of the cultivated areas in the Sahil in 1864 for taxation purposes. The more accurate figure of cultivated land is between 30,000 and 50,000 hectares depending on the yearly rains and other factors. See Chater, *Insurrection et Repression*, op. Cit., p. 24; see also Granchamp, *La Revolution de 1864*, Vol. 2, pp. 148-167.

<sup>256</sup> A.T., Dossier Fiscal No. 2435.

accounted for 44,445 sheep, 6,938 bovines, 6,388 donkeys, 3,957 camels, 1,681 goats, 670 horses, and 206 mules.<sup>257</sup>

The high level of economic activities in the Sahil made it a natural target for government fiscal solicitations. As long as the Sahil population was prosperous and the government fiscal burden bearable, merchants and farmers operating in the Sahil complied with the officials' increasing need for additional revenue. However, the dramatic economic changes that followed the Regency's integration in the world market had a direct effect on the Sahil region. Fluctuations in prices of olive oil and wheat on the world market made the region vulnerable to external forces. Concomitantly, the local artifacts suffered long-term damage due to serious competition from cheap European manufactured products. For example, Sousse, the economic capital of central Tunisia, was well known during the eighteenth century for its high quality cloth manufacture; it saw its share of the local market disappear due to European imports. The whole region's textile and leather sectors experienced great difficulties keeping up with European competition. As a consequence of the Sahil's inability to compete

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<sup>257</sup> Archives de Vincennes, Carton 36H49, Dossier No. 12, in Chater, *Insurrection et Repression*, p.24.

with European increasing control of the local market, and the unabated central government's demands for fiscal revenue, local merchants engaged in borrowing practices to compensate for their losses. Therefore, European economic penetration in the Sahil and government fiscal demands went hand in hand with the local merchants' and farmers' increasing indebtedness.

Due to their reputation as rich and compliant, the Sahil's merchants and farmers were constantly solicited to comply with the Bey's increasing fiscal demands. The Sahil region's indebtedness was augmented by the high interest rates as well as the central government's disregard for years of bad harvests. For example during periods of drought and especially if the bad condition persisted for more than a year, the land and other material possessions, farmers and merchants had engaged as collateral to insure their debts, were either confiscated or sold by the lenders with little respect for the legal procedure.<sup>258</sup> Consequently, the conversion of these endogenous and exogenous factors operating in the Sahil resulted in

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<sup>258</sup> Due to the high level of abuse of power by lenders, the qa'id of Sousse began to require that public auctions be held whenever the property of an indebted person was confiscated by the lenders. See A.T., Carton 36, Dossier 427, 2-4 October, 1860.

serious social and economic transformations. In 1864, the tense atmosphere, which had been building in the Sahil for more than a decade, finally reached its apex leading to the general rebellion.

The central government was constantly exposed to serious pressure from its European lenders. The European creditors demands on the central government to honor its debt servicing obligations were passed down by the Bey's officials to the local subjects. Consequently, the Sahil population was the first to feel the effects of this ripple effect.

The government's disastrous external loan deals led some high officials to make some hasty and unpopular decisions. The doubling of the *majba* tax was the catalyst that finally triggered a general anger around the country. Although the Sahil had joined the 1864 rebellion while it was nearing its conclusion in the rural areas, the central government's strong response to the Sahil rebels set in motion a series of events that furthered the alienation of the population. The Sahil was already experiencing serious stress from powerful external pressures, and in 1864 the additional fiscal stress from the local government pushed the population to rebellion. The population reached the point where they realized that they had little to

lose by challenging the central government's authority. Their failure was not due to their lack of determination, but it was almost inevitable because of their political and military inexperience and their underestimation of government officials' level of desperation and political shortsightedness.

The political upheaval that shook the Regency in 1864 created serious anxiety among the Regency's political elite. In an attempt to prevent further erosion of the Husaynid dynastic claim to power in the Regency, Muhammad al-Sadiq Bey dispatched his special envoy, general Khayr al-Din and entrusted him with a delicate diplomatic mission to Istanbul. The Bey hoped to obtain support from the Porte for his status as the undisputed ruler of the Regency and to reaffirm the strong ties that link the Regency to the Ottoman Empire. This political move on the part of the Bey of Tunis was needed for security reasons, especially to keep France's growing political ambitions, with regard to the Regency, in check. France's official position on the issue of the political status of the Regency has traditionally been in favor of an autonomous Regency. Therefore, any diplomatic rapprochement between the Regency and the Porte was perceived by French policy makers in charge of Tunisian affairs as a

"dangerous" alteration in the status quo.<sup>259</sup>

Khayr al-Din's mission's relative success alarmed the French officials. He was able to reach an agreement with the Porte on a few specific issues concerning the Regency's political autonomy. Some the clauses of the agreement which were of great concern to French officials included the following: Article five reaffirmed the Bey's right over the signing of general treaties such as commercial and navigation agreements, but it emphasized that no treaty, convention or pact, which effected the security of the Ottoman Empire could take effect without being ratified by the Ottoman Sultan. The areas that required the Sultan's agreement included offensive as defensive treaties, ceding of territory, and border demarcation. It is interesting to note that the Bey's requests from the Porte appear to be contradictory. On the one hand, he wanted recognition from the Porte for his family's exclusive right to rule the Regency, and on the other hand, he wanted to reaffirm the Ottoman Empire's diplomatic authority in Tunis. This ambiguous diplomatic position made Khayr al-Din's mission to Istanbul somewhat complicated, because he was charged with

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<sup>259</sup> Archives des Affaires Etrangères, Turkey, Vol. 363, Moustier to Drouyn de Lhys, 30 Nov. 1864.

the task to obtain from the Porte the recognition of the Regency's autonomy within the context of the Ottoman Empire.

Because France's interpretation of the status quo was based on the concept of an independent Tunis Regency from Ottoman political influence, French officials voiced their opposition to the agreement. Their main concern was that any renewed Ottoman political claims in the Regency will increase Ottoman threat to their Algerian colony. As the French leading diplomat on the Regency, Le marquis de Moustiers put it: "France's policy towards Tunisia is very simple, we do not want to have the Porte as a neighbor."<sup>260</sup> The other European powers supported France's interpretation of the status quo. Italy which has traditionally nurtured its own political ambitions in the Regency, perceived a potential rapprochement between the Regency and the Porte as detrimental to its plans. Britain's position was at first ambiguous because Wood, the British consul in Tunis was supportive of Khayr al-Din's mission to Istanbul. However, in spite of this initial diplomatic support, Britain agreed with the French position.

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<sup>260</sup> Archives des Affaires Etrangères, Turkey, Vol. 363, Moustier to Drouyn de Lhyus, 7 December, 1864.

This drastic change in the European powers' diplomatic alignment led the Ottoman Sultan to withhold the imperial firman and Khayr al-Din returned to Tunis with a simple letter from the Ottoman Grand Vizier, Haider Effendi, which confirmed the regency's old privileges, namely those defined by France. Effendi's letter became the first Ottoman diplomatic recognition of the special status of the Regency. Therefore, Khayr al-Din's attempt to keep the Regency under nominal Ottoman protection failed. Predictably, his mission's failure was immediately interpreted as a French diplomatic victory.

### **Consequences of Zarruq's Harsh Measures**

General Zarruq's victory over the Sahil rebellion inaugurated a period of unprecedented official exaction. In addition to the subjugation of the Sahil population to severe physical and moral punishment, Zarruq imposed a heavy load of fines, sanctions, and various methods of arbitrary extraction of old and new taxes. The three Sahil qiyadas (Sousse, Munastir, and Mahdiyya) were severely affected by Zarruq's harsh fiscal measures. All three paid a total of 13.5 million pilasters under the guise of war

reparation, with Sousse and Munastir taking the incredible burden of paying 6.5 million pilasters each.<sup>261</sup> Msaken, which was purposefully selected for its instigation of the rebellion was effected the most by Zarruq's post-war measures. Almost half the fines imposed on the qiyada of Sousse or 2,875,000 pilasters were paid by the people of Msaken.<sup>262</sup>

Unsatisfied with the war reparation payments, Zarruq also engaged in selective punishment. This measure was suggested by premier Khaznadar, supposedly to increase the amount of government revenue. Khaznadar drew a list of notables names, who were suspected of being wealthy. The issue of whether these notables had participated in the rebellion or not was unimportant to the premier. What was of concern for the premier was that they had the ability to pay. As to the accusations leveled at these notables, they varied from refusal to submit to government orders and financing of the rebels to violation of export laws.<sup>263</sup> The total amount paid by the Sahil notables equaled 1,220,217 pilasters.<sup>264</sup> An equally large amount of 1,788,806 pilasters was extracted from the tax

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<sup>261</sup> A.T. Register No. 2449 and 2446; See also Chater, *Insurrection et Repression*, p. 172 for an extensive discussion of Zarruq's M'halla in the Sahil.

<sup>262</sup> Ibid.

<sup>263</sup> Some Sahil merchants engaged in the export of olive oil without a license during the rebellion.

<sup>264</sup> A.T., Register No. 2449.

payers of the three Sahil qiyadas under the guise of back taxes. These so called back taxes included the majba tax, the qanun on olive trees, market fees, customs dues, and a panoply of other fines leveled at those suspected of having played an active role in the rebellion.

During the short period between the 15 October 1865 and 29 January 1865, which followed the submission of the Sahil rebels, Zarruq extracted a substantive sum of more than 17 million piasters from the Sahil region (see table 2). This exorbitant amount exceeded the total revenue of the entire Regency.<sup>265</sup> In 1860, the Regency's total revenue was about 18 million piasters. It is important to note that had this extraordinary amount of revenue been applied wisely to addressing the debt payment issue, the Regency would have been able to improve its financial position with its European creditors. In turn, the political predicament of the Regency might have been improved at least in the short term. Instead, some influential government officials took advantage of the tense and uncertain situation that prevailed in the Regency and resumed their dubious financial

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<sup>265</sup> Granchamp estimated the amount of money extracted by Zarruq at 23,470,885 piastres, see Granchamp, *La Revolution de 1864*, op. Cit., p. 464. The amount recorded in the Tunisian archives is much lower. Between early October 1864 and early September 1865, Zarruq extracted 17,246,045 piastres, see A.T., Register No. 2449.

practices. Large sums were siphoned by premier Khaznadar and his agents.<sup>266</sup>

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**Table 1**

Receipts of Zarruq's M'halla in the Sahil

in piastres (1 piastre = 0.60 francs)

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payments for the <i>m'halla's</i> expenses	13,486,000
finances imposed on Sahil notables	1,220,217
regular taxes	1,788,806
back taxes	749,566
other	1,456
total	17,246,045

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Source: A.T., Register No. 2449.

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<sup>266</sup> Chater, *Insurrection et Repression*, p. 178.

While the Regency's debt remained unsolved, the Sahil people were burdened with a new debt owed mostly to a number of usurers, who had provided them with the needed cash to satisfy the central government's incessant fiscal demands. Those who were unable to fulfill their payment obligations to their creditors faced the prospect of losing their possessions. This downward process, while making a few families rich, gradually led to the ruin of the most productive region in the Regency.<sup>267</sup>

The effect of the Sahil rebellion on the European subjects was negative but temporary. Once Zarruq had reestablished, at least for the short term, the authority of the central government European merchants returned to their homes and businesses. European entrepreneurs, who had either left the Sahil region or were evacuated by their respective governments' boats for security reasons, finally obtained assurances from the Tunisian authorities and their consular representatives about the safety and protection of their possessions. They subsequently returned to their

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<sup>267</sup> The lenders who extended high interest loans to the distressed people of the Sahil region amassed large fortunes in a brief period of time. These lenders included the naturalized British subject, Joseph Levy from Sousse; Moses Santillana, also a British subject from Tunis; Isaac Younes, a French protégé and brother-in-law of Joseph Levy; Hajj Mabrouk, a Tunisian Subject from Boumerdes; Giacomo Pistorelli from Monastir, Paolo Gallia from Zeramdine and others. Contrary to most French historians' claims, which emphasized the role of Jewish money lenders in exacerbating the financial difficulties of the Sahil population, many money lenders were of Italian origin and some were Arab Tunisians.

homes in Sousse, Munastir and other towns and resumed their business activities. More than 400 Europeans who had felt threatened by the rebels due to their role as money lenders demanded immediate payment of their loans from their borrowers. With the firm support of their respective consuls, they succeeded in forcing General Zarruq to comply with their demands. Zarruq ordered his agents in the Sahil qiyadas to cooperate with the European colonies and expedite the procedure of resolving their debt reimbursement claims. The central government's concern for European sensitivities was aimed at ending European complaints to their consuls and reducing the threat of a possible European powers' military intervention in the Sahil.<sup>268</sup>

The Sahil inhabitants perceived the entente between the central government's officials and the European colonies as a betrayal to their grievances and a complete disregard of their economic well-being. Understandably, the Sahil people's grievances were exacerbated leading to a paroxysm of distrust and rage against their central government and its

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<sup>268</sup> As indicated in General Zarruq's correspondence, the Regency's central government was concerned about a French naval intervention to protect French nationals. Such an intervention would have precipitated a competition between the European powers endangering the political integrity of the country. See A.T., Zarruq's Correspondence, non classified dossier, 227 March 1865.

officials.

### **Zarruq's Era**

The period that followed the suppression of the Sahil rebellion was marked by a shift in government policies towards popular and official dissent. Hard-liners such as Khaznadar and the ascending new political figure, General Zarruq grew intransigent and pursued a policy of exclusion of other high officials whose views diverted from theirs. From 1864 until the official bankruptcy of the Regency in 1869, those who supported a more authoritarian approach to dealing with popular dissatisfaction with government fiscal and social policies gained exclusive access to the Bey. As a result, Muhammad al-Sadiq Bey grew more isolated from the moderate members of his government. During this crucial period, the expansion of the power of the hard-liners went hand in hand with the complete marginalization of the moderates.

While General Zarruq was promoted to the powerful position of war minister, reformers such as General Khayr al-Din and Bin Dhiyf were pushed out of public service. Further, the hard-liners obtained the Bey's

acquiescence to eliminate, through various means, any high official opposition or even reservation towards General Zarruq's repressive methods. For example, two influential generals, namely Muhammad al-Rashid and Isma`il al-Sunni, were dismissed by the Bey for objecting to Zarruq's hard measures. In 1867, both generals were accused of participating in a palace revolt led by prince `Adil, and were executed without a trial. Although aimed at intimidating those who held opposing views to the hard liners, drastic measures such as the violent physical removal of high officials from the political scene, actually uncovered the high level of desperation of the Bey's government. By silencing all sources of opposition, the central government tried to project a false sense of confidence. This precarious political situation furthered the government officials' fiscal and other types of abuse in the Sahil region. Even the inhabitants of villages like Kalaa Kebira, which had been ransacked by the Msaken rebels for their lack of commitment to the rebellion, suffered severe consequences from Zarruq's agents' fiscal prevarication. Zarruq's agents were more concerned with collecting tax payments than in Kalaa Kebira's position during the rebellion. The already devastated village

inhabitants were forced to pay 1.2 million pilasters in the second phase of tax collection.<sup>269</sup>

In addition to Zarruq's unusual fiscal punishment of the Sahil, after the rebellion, the region suffered heavily from recurrent bad harvests and the breakout of deadly fever and cholera epidemics in 1867-8. These natural catastrophes increased the distress of the Sahil population. So drastic were the social and economic conditions in the Sahil, that European consuls and entrepreneurs began to show concern for the effects of these multiple negative human and natural factors on the future survival of this important region. For example, this is how some British commercial *negociants* and entrepreneurs described the socioeconomic mood that prevailed in the Sahil during the aftermath of the rebellion:

The harvest was very poor in 1867. The products of the olive harvest were used to buy cereals which completely lacked during this year. (...) Very few Sahil people paid their bills.(...) The 1868 year was one of the hardest years... . The lack of olive oil and its price increase from 25 to

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<sup>269</sup> A.T., Fiscal Register No. 2446.

55 and even 60 pilasters a *mtar* [16 kg], stopped all payments to bill collectors, who deferred these debts making a small profit (sic) and even consenting to extend new loans to their customers. (...) The products of the 1869 harvest were used essentially to pay the ordinary back taxes.<sup>270</sup>

In 1868, the Regency faced the prospect of bankruptcy. The large funds collected by Zarruq from the Sahil region failed to rescue the Bey's government from its financial insolvency. Further the destruction of the Sahil, the most important source of revenue for the government, deprived the Bey of any last resort for financial relief. This fateful irony resulted in the end of the Regency's financial independence. With the destruction of local sources of revenue, the Bey faced the difficult choice of turning to the European powers for financial assistance. But because he had already exhausted his credit line, his European lenders refused to extend further loans to the Regency. Consequently, the Bey could no longer service his government's debt. European bondholders' call for action from their respective governments led France, Italy and Britain to initiate the process of final takeover of the Regency's financial affairs.

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<sup>270</sup> Reports by British subjects to their consul in Sousse, March 1870, NC Dossier

## CHAPTER SEVEN

### The International Financial Commission (1868-70)

In this chapter, I will examine the role played by the European bondholders in the international financial commission and explain how they influenced the decision-making process related to the reevaluation of the debt amount and the reimbursement procedure. Also I will shed light on the murky atmosphere of political intrigue that enveloped this Regency culminating in the dismissal of the most powerful figure in the Bey's government, Mustapha Khaznadar in 1873.<sup>271</sup> His replacement by the reformer, Khayr al-Din gave some hope that the Regency's financial affairs might be remedied. Contrary to what some historians have suggested, later events showed that Khaznadar's mismanagement of the Regency's financial affairs played a secondary role in the decision of his dismissal. In fact, because he was perceived as an obstacle to French interests in the Regency, French officials worked relentlessly to prove that he was the

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<sup>271</sup> For a discussion of French control of the Regency's administration, see `Ali Mahjoubi, - L'Etablissement du Protectorat Francais en Tunisie, Publication de l'Universite de Tunis, 1977.

main cause of the Regency's financial disarray and pressured the Bey to replace him by a more cooperative and Francophile official, Khayr al-Din Pasha. The director of the international financial commission, Victor Villet amassed an impressive dossier documenting the premier's dubious financial transactions in an attempt to prove the premier's guilt for embezzling 20 million francs of government moneys.<sup>272</sup> The Bey's acquiescence to French official's demands to remove Khaznadar was due to the political power yielded by France in the Regency at this stage. Finally, I will discuss why and how France emerged as the dominant contender for the control of the Regency, and trace the process that resulted in France's final decision to occupy Tunisia, making it its second colonial possession in North Africa.

The establishment of the International Financial Commission marked the beginning of the Tunis Regency's loss of its financial independence. The three European powers (i.e., France, Britain, and Italy) command of the Regency's financial future meant that the interests of this triumvirate now superseded that of the Bey's government. Although there was no clear consensus among the European powers on how the Regency's financial

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<sup>272</sup> Ibid.

difficulties were going to be addressed, the one goal that united the French, British, and Italian representatives was to protect their respective nationals' interests. The issue of whether, the Regency was going to benefit from the establishment of the international commission or suffer further financial hardship was of little concern to the European creditors.

The European holders of the Tunisian debt bonds were concerned with the returns they hoped to make on their debt bonds as well as the actual repayment of the principle. This aspect of the debt was extremely controversial due to the fact that the process of acquiring Tunisian debt bonds was complicated by various irregularities. Such a murky financial situation created serious doubts about the actual size of the Regency's debt.<sup>273</sup> Estimates of the Debt depended on who was making them and how many debt bonds the assessor's compatriots had in their possession. For example, the French consul, de Bautmiliau whose compatriots held most of the Regency's debt bonds, estimated the Regency's debt at 170 million francs in November 1878.<sup>274</sup> His British counterpart, Wood, who had

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<sup>273</sup> A. E., Tunis, Vol 34, 1870; see also the British and Italian estimates documented in the British and Italian diplomatic correspondence archives and quoted in Ganiage, *Les Origines ...*, op. cit., p. 382.

<sup>274</sup> A.E., Tunis, Vol. 31, 23 November 1868.

almost consistently supported both local and Ottoman opposition to France's influence in the Regency, argued that the debt was about 100 million francs. This two third difference in the amount of the Regency's debt indicates that an accurate count of the amount of the debt was nearly impossible. Further, the Italian came up with yet another figure, which reflected their own view of the Regency's financial debacle. In May 1869, The Italian consul, Pinna estimated the Regency's debt at 155 million francs.<sup>275</sup>

The French inspector of finance, Victor Villet who was appointed by the Bey to assess the Regency's financial obligations and propose a plan for the repayment of the debt faced serious opposition from the European bond holders. His attempt to separate legal bonds from fictitious claims angered many European speculators who had grown accustomed to the previous atmosphere of irregular financial practices. In February 1870, Villet's first count of the debt bonds showed a total of 160 million francs, a figure close to the average of the two estimates presented by the French and Italian consuls.<sup>276</sup> The debt service was estimated at 19 million francs

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<sup>275</sup> Archives des Affaires Etrangères, Tunis, Vol. 31, 23 December 1868.

<sup>276</sup> Villet estimated the debt at 160,176,800 francs. See Foreign Office Dossiers 102/114, Consul

per year based on an interest rate that varied from 7 to 12 percent depending on the type of debt bonds. This sum alone exceeded the Regency's total yearly revenue. In other words, the Regency had reached the precarious status of a bankrupt state.

Villet was aware of the fictitious nature of some of the financial claims laid by European speculators.<sup>277</sup> He also knew that if he considered all the bond holders' claims, the amount of the debt would be inflated. Therefore, he tried to convince the bond holders of his proposal to reduce the amount of the debt principal. His plan took into account both the issue of the Regency's solvency and the bond holders interests. On the one hand, reducing the principal of the debt would make its servicing more manageable for the Regency's government, on the other hand it would ensure the European bond holders from losing their investments altogether if the country's yearly revenue were less than the amount required for the servicing of the debt. Therefore, keeping the Regency's finances afloat was paramount to the repayment of the bonds.

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Woods deposition, Tunis, 2 August 1870.

<sup>277</sup> See the list of the debt bonds rejected by the International Financial Commission in A.T., Register No. 575, 1870.

Villet's plan included the following steps. One, he proposed to unify the Regency's debt; two, a reduction of the interest rate was necessary to make the debt service more manageable and affordable; three, the controversial fraudulent bonds needed to be subtracted in order to arrive at a more accurate estimate of the total amount of the debt, and finally, Villet proposed an even more controversial act, which entailed a unilateral decision to reduce the size of the debt to about one third of the actual estimate. The final figure presented by Villet was about 56 million francs, a sum that could be easily serviced by the Regency's revenues.<sup>278</sup>

In order to avoid any transgression of international treaties on the discussion of the origin and validity of the debt bonds, Villet chose a simple formula. His evaluation of the value of the bonds was based on the average value of the bonds from the period of their original emission to their current market value. This method was effective due to the fact that little or no documentation existed to verify the daily fluctuations in the Tunisian bond market at the *Place de la Marine*. The French inspector relied also on his country's financial press as an alternative source to

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<sup>278</sup> Mzali and Pignon, *Khayr al-Din Homme d'Etat*, op. cit.

calculate the average value of the Tunisian debt obligations. As a gesture to accommodate some of the influential debt bond holders, he included additional, but less reliable, financial information he collected from Livournais courtiers. These speculators operated regularly on the Tunis market and held large numbers of Tunisian bonds.

The interest rate for the reduced debt was set at 8.9% across the board for the first year, increasing gradually in the following three years reaching 11.6% starting the fourth year. The total amount of the debt service stood at five million francs for the first year with one half million franc annual increase for the first three years. the maximum increase was set at six and a half million francs for the entire repayment period of the debt.

In order to guarantee the cooperation of the creditors, Villet tried to extract some commitments from the Regency's government. These commitments included the following two administrative and financial concessions: 1) a commitment by the Regency's government toward the governments of France, England and Italy to reform the Regency's administration, and 2) the Regency's government agreed to set aside all

revenues exceeding the expenditures set in the Regency's annual budget for the repayment of the debt. The political and economic implications of these concessions were obvious, they entailed the subordination of the Regency's government to outside forces. For the first time in the history of the Tunis Regency, a large portion of the country's revenue came under the control of an international financial commission.

In accordance with the new agreement, Villet presented a list of 38 sources of revenue for the servicing of the unified debt. These revenues included 3 million pilasters from the export duties imposed on olive oil, grain, wool, soap and dates; 1,476,476 pilasters from the qanun tax imposed on the Sahil and Cap-Bon olive trees; one million pilasters from the *mahsulat* tax imposed on coastal cities; and 800,000 pilasters from the import duties. An additional long list of revenue from tax farming on items such as tobacco and leather plus a variety of products sold on the vegetable market.<sup>279</sup>

In spite of Villet's concern for balancing the interests of the Regency's government with that of the bond holders, neither side was

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<sup>279</sup> A. E. Vol. 33, Tunis 1869.

agreeable to the French financial inspector's well thought out arrangement. The Regency's government was apprehensive about conceding too many sources of its yearly revenue to fulfill the payment of its debt obligations.<sup>280</sup> Government officials estimated the yearly revenue from the 38 sources that were marked for debt repayment at more than 6.5 million francs or about 10.5 million pilasters.<sup>281</sup> They wanted to reduce the number of sources of revenue listed for the debt payment. The Regency's government argued that the debt service for the first four years required much less than 6.5 million francs, a maximum figure not to be exceeded for the entire debt repayment period.

Villet's project faced serious opposition from powerful Livournais courtiers such as Guttierrez, Santillana and Levy. The debt bond holders' concerns differed completely from that presented by the Regency's government. While the Regency's government was trying to reduce the amount of its debt service, the bond holders refused to accept a two fifth reduction in their capital due to the reduction in the principal of the debt.

Some of the holders of large numbers of debt bonds were influential

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<sup>280</sup> Mzali and Pignon, *Khayr al-Din Homme d'Etat*, op. cit.

<sup>281</sup> *Ibid.*

due to their position as debt controllers in the international financial commission. They insisted on converting their holdings of debt bonds at the highly inflated rate of 500 francs per bond. For example, Pinard, the director of the Paris based bank, Le Comptoir d'Escompte rejected Villet's proposal of a 290 franc per bond conversion. Although Pinard had acquired the Tunisian debt bonds at a 150 to 175 francs per bond, he demanded a 500 franc per bond for his holdings.<sup>282</sup> Other powerful courtiers such as Gutierrez, Santillana and Levy reiterated Pinard's demands. As appointed debt controllers, this group closed ranks to secure their interests in the Regency's financial future. They insisted on acquiring further guarantees from the Bey's government. In January 1870, they released a joint declaration which included the following demands: 1) the extraction and administration of the revenues, allocated to the servicing of the debt, by a six member control committee chosen from the ranks of the creditors of the Regency's government; 2) the imposition of a 5% interest on the 1863-65 debt bonds as well as all the conversion titles; and 3) the guarantee of a minimum revenue of 6.5 million francs from the revenues conceded by the

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<sup>282</sup> A. T. Dossier 300, Carton 112.

Bey.<sup>283</sup> The debt control group's demands for direct control of the perception of revenues was meant to further their role from passive creditors to active administrators of the Regency's financial matters. The unanimous agreement among the creditors forced Villet to renounce his earlier project of debt reduction and accept the debt controller's proposal. The Bey's financial autonomy was therefore seriously curtailed.

Villet's new project, which now took into account the debt control group's demands went into effect one month and a half after its preparation. On 23 March 1870, after the new debt project was accepted by the debt control group the Bey announced its promulgation, which established the concordat of the bankruptcy of the Tunis Regency. Not surprisingly, this new arrangement was very favorable to the Regency's creditors who now could exchange their old debt bonds for unified ones at a nominal value of 500 francs, yielding 25 francs (5%) of annual interest. The new debt bonds were negotiable not only in Tunis but in Paris, London and Florence.<sup>284</sup> Although the new list of sources of revenue conceded by the Bey was reduced from the earlier 38 to only 26 areas, they were expected to

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<sup>283</sup> Mzali and Pignon, *Khayr al-Din Homme d'Etat*, op. cit.

<sup>284</sup> A.E., Tunis, 2 February 1870.

generate 6,505,000 francs. Oil export duties were evaluated at 2,640,000 francs; the *qanun* imposed on the Sahil and Cap-Bon olive trees was estimated at one million francs; while the *mahsulat* from the major cities of Sousse, Munastir, Mahdiyya, Sfax, La Goulette, Bizerta and the Cap Bon were assessed at 697,000 francs; another 500,000 francs from the Tunis import duties, 350,000 francs from licensing fees, 300,000 francs from stamp fees, 220,000 francs from the tobacco tax farming, and a number of other secondary tax farming revenues.<sup>285</sup>

In spite of his competence in financial matters and his deliberate attempt to steer clear of political issues, Villet's task proved to be daunting. He was a French high official, and although he was technically at the Bey's service, he remained a French partisan in the eyes of the nationals of the other two European powers and some of the Tunisian high officials who together opposed French predominance in the Regency. The Bey's premier, Khaznadar was the main leader of this opposition because Villet's financial investigation was becoming too intrusive and threatened to uncover his

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<sup>285</sup>Some secondary sources of revenue included tax farming of fish, squid, coral, sponges, salt, plaster, wine, custom duties from port cities, grain markets, etc. Also for details of the International Financial Commission's directives concerning the Bey's duties, see A.T., Register No. 574. This register also contains information about the state budget for 1867-69.

unorthodox accounting procedures as well as his potential mishandling of state funds.

### **Motives of French military Intervention**

One of the major reasons for France's military occupation of the Tunis Regency in 1881 was to insure unequivocally that French individual investors and large investment companies such as the Societe Marseillaise, which have acquired substantial agricultural domains, kept possession of their holdings in the Regency.<sup>286</sup> France had already put on a feigned military attempt to intervene in 1878-79 and protect the interests of a French dubious investor, de Sancy in the controversial land affair of Sidi Thabit.<sup>287</sup> Another more famous land transaction between Khayr al-Din and the Societe Marseillaise de Credit had raised serious concerns among French officials both in Tunis and Paris in 1880.<sup>288</sup> Following a successful

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<sup>286</sup> For a French account of the Enfida Affair, see Albert Rey, *Memoire sur l'affaire de l'Enfida, Paris, 1881* and Gaston Loth, *La Grande Colonisation Francaise en Tunisie: l'Enfida et Sidi Thabet, Tunis, 1910*. Rey was the President of the Societe Franco-Africaine, a subsidiary of the Societe Marseillaise in charge of managing domains acquired in Tunisia. For the British version, see Broadley, *The last Punic War, op. cit.*

<sup>287</sup> See the details of de Sancy's financial affair in Emerit, "L'affaire de Sidi Thabit, op. cit"

<sup>288</sup> See Mzali et Pignon, Kayr al-Din, op. cit.; See also Ganiage's account of the Enfida Affair in Ganiage, "Une Affaire Tunisienne, L'Affaire de L'Enfida (1880-1882). *Revue Africaine*, Nos. 444-445, 3rd and 4th quarter, 1955.

mission in Istanbul, Khayr al-Din had received the one hundred thousand hectare Enfida domain as a reward from the Bey in 1874. After his resignation from the premiership and departure to Istanbul in 1877, he tried to sell this large domain, but no interested Tunisian buyer came forward. The Bey was also under pressure from his new Premier Mustapha bin Sma`il to reclaim the Enfida domain from Khayr al-Din. Finally, in July 1880 Khayr al-Din signed an agreement with the Societe Marseillaise for the sale of all his possessions in the Regency including the Enfida domain. The Societe which had extended a 500,000 franc secured loan to Khayr al-Din agreed to pay him a total of 2,555,000 francs for his land and real-estate possessions.

Khayr al-Din's sale of the Enfida domain to the Societe Marseillaise led to a series of legal disputes between the Regency's government and the French company. Also the involvement of Levy, a British subject who owned property adjacent to the Enfida domain drew the British government into the affair. Levy claimed the right to *shfa`a*, which according to the *maliki* interpretation of Muslim law gives him priority over the purchase of Khayr al-Din's domain. Despite Khayr al-Din's attempt to circumvent the

*shfa`a* clause by subtracting one meter from the perimeter of his domain, the legal battle continued between Levy and his British lawyer, Broadley and the Societe Marseillaise. The Regency's government had its own claim by arguing that the Bey had given the domain to Khayr al-Din to exploit during his life time, after which the Regency's government exercised the right to reclaim its gift. Consequently, the Enfida affair remained unresolved until the French military conquest of the Regency in 1881.

When the Societe Marseillaise acquired the Sidi Thabit domain in addition to its Enfida property, the French government felt that in order to end any disputes between the Regency's government and the French investors, France needed this time a military presence in Tunis. The 1881 intervention accomplished this long awaited goal.<sup>289</sup>

Unlike the Italian colonization of Tripoli in 1911, which was driven mainly by concerns of settling excess population in search for cultivable land,<sup>290</sup> French annexation of the Tunis Regency was motivated by the

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<sup>289</sup> Clemenceau and other French opposition parliamentary figures denounced the Enfida Affair as one of the financial reasons for the French military expedition in the Regency in 1881, A. E. Tunis, Vol. 49-63. For a French historical interpretation of the motives of the French military intervention in the Tunis Regency in 1881, see also Emerit, *Aux Origines de la Colonization Francaise en Tunisie*, Revue Africaine, 1945; and *Les Crises des Finances Tunisiennes...*, op. Cit.

<sup>290</sup> Lisa Anderson, *The State and Social Formation in Tunisia and Libya, 1830-1980* New Jersey: Princeton University Press, 1987; See also Ali Abdullatif Ahmida, *The Making of Modern Libya: State Formation, Colonization and Resistance, 1830-1932*, New York: State University of New York Press,

concern the protection of large French capitalistic interests. French large investors and high officials cooperated to advance what they claimed to be France's colonial interests and protect France's prestige among its European competitors.<sup>291</sup>

### **Financial Motives of the French Invasion**

Finding a pretext to invade the Regency was an easy task for French governmental officials. However, convincing the French parliamentary opposition of the government's "honorable" intentions in the Regency required serious efforts on the part of the French council president, Jules Ferry and his Republican supporters. The main argument presented by the Republican Majority in parliament was weak. They tried to convince those who were skeptical about Ferry's intentions in Tunisia by taking the high ground of patriotism. In their view, the government had to invade the Regency to protect France's national honor. Supposedly a group of uncontrollable tribal men from the Khamir tribe were threatening France's national interests in their Algerian colony. This questionable pretext was

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<sup>291</sup> A.E., Jules Ferry, Discours a la Chambre du 28 Juillet 1885.

challenged by both the political opposition and non-politicians.<sup>292</sup>

The most controversial questioning of the government's intentions in the Regency came from Rochefort, a publicist who worked for the radical publication, *l'Intransigeant*. On the 27 September 1881, Rochefort wrote a polemical article titled, "*Secret de l'Affaire Tunisienne*," in which he claimed that Gambetta and Ferry acted aggressively in Tunisia to protect their own interests as well as those of their friends.<sup>293</sup> The invasion was initiated to boost the value of the bonds of the unified Tunisian debt and help some speculators to make a fortune, argued Rochefort.<sup>294</sup> Also the extreme left opposition group along with the Monarchist began their own press campaign against the Republican majority accusing both Gambetta and Ferry of financial opportunism. During the November 1881 parliamentary debate, Clemenceau led the extreme left in their attacks on the Republican majority. The latter tried to control the damage through various means. For example, Roustan, the French consul in Tunis who was cited by name in Rochefort's article sued *L'Intransigeant* for libel. In the

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<sup>292</sup> Emerit, *Aux Origines de la Colonization...*, op. cit.

<sup>293</sup> *Le Secret de L'Affaire Tunisienne*, *L'Intransigeant*, 27 September 1881.

<sup>294</sup> See *Justice*, April-December, 1881 and *Petit Parisien*, 14-29 September, 1881.

end neither side was able to either prove or disapprove the real reasons for the invasion of the Regency by French troops in the Spring of 1881. Rochefort's accusations of government financial collusion in the Regency's affair were difficult to prove in court and the government's explanations of its motives in the expedition against the Bey were unconvincing. The only evidence that could have linked the Republican government to any financial scheme was the fact that most of those who benefited financially from the invasion of the Tunis Regency were well-known financial groups with strong ties to the leadership of the ruling majority in the French parliament. This was hardly sufficient to prove that there was a conspiracy on the part of the French government. However, it was not unusual for those connected with government officials to be informed about government financial policies, which enable them to make profitable financial decisions.

In 1882, the French minister of finance, Leon Say wrote that "the French Expedition was preceded, accompanied and followed by speculations which left in the hands of well-known syndicates, Tunisian

bonds brought at 50, 40, and 30 percent below their original values.”<sup>295</sup> Similarly, the British Pall Mall Gazette reported that a group of French speculators, who were familiar with the Regency’s financial situation and France’s colonial intentions, began to spread negative rumors to push the value of Tunisian debt bonds downward. This group, which included financiers as well as Bonapartists and Republican politicians, intended to buy the depreciated bonds then wait for the news of a French military intervention to become public and push the value of the debt bonds upward. Other external and internal conditions also pushed the value of the Tunisian debt bonds downward. Finally, the free fall of the Turkish debt bonds during the financial debacle of 1876-7 coupled with the Tunis Regency’s bad harvest and the government’s partial inability to service its debt pushed the Tunisian bonds to their lowest level ever.

In 1876 the exchange rate of the 500 franc bonds, which were previously exchanged at 280 to 285 francs, fell to 220 francs.<sup>296</sup> The speculators who began buying the depreciated Tunisian bonds had close

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<sup>295</sup> A.E. Tunis, *Memoires et Documents*, Vol.12, 5 June 1882.

<sup>296</sup> *Reformes Financiere*, 15 October 1876.

ties with French parliamentarians as well as with cabinet members of the French government with direct knowledge of French and British Foreign policy. Some speculators were informed by these French government officials of the significance of the favorable declaration to French ambitions in the Tunis Regency made by the British premier, Salisbury.<sup>297</sup> One well known financial speculator in particular, Baron Emile Erlanger played a role in these financial schemes. This role was not new to Erlanger because he had been involved in all financial transactions regarding the Regency's debt. This time Erlanger operated in association with a few influential French politicians and financiers including his brother-in-law, Rafael-Louis Bishffsheim. The latter was a parliament deputy from Nice who was stripped of his parliamentary victory in 1889 for electoral irregularities. Other figures involved in the speculation episode included the French capitalist and administrator of the Vendee railroad who also controlled two publications, *Le Petit Journal* and *La France*. Also a well known banker, Levy Cremier who was in charge of *La Banque Franco-Egyptienne* took part in the Regency's debt bond-related financial dealings.

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<sup>297</sup> Ibid.

In 1880, Cremier was negotiating with Erlanger the merger of the Banque Franco-Egyptienne and the Credit Mobilier, their respective banks.<sup>298</sup>

As the Pall Mall Gazette reported at the time, “Political men of various shades were drawn into the affair. Bonapartists and Republicans met at the dinner table. (...) They steadily ‘beared’ (sic) Tunisians until they could scarcely fall lower, and then brought them up. The political struggles which marked the close of the Mac-Mahonnate prevented them for a time from taking further action. But the opportunity watched them for arose in 1878, when the congress of Berlin met at Berlin. M. Waddington was no party to the intrigue, but some deputies in M. Dufaure’s entourage were.”<sup>299</sup>

The prospect for a French annexation of the Tunis Regency was understandably interpreted by French speculators as conducive to a potentially dramatic increase in the value of the Tunisian debt bonds. This perception was based on the idea that if France were to annex the Regency, it would take over its financial affairs including the debt payment

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<sup>298</sup> Les Tripotages Tunisiens, *Le Clairon*, 28 September 1881.

<sup>299</sup> The Real Origin of the War in Tunis, *Pall Mall Gazette*, 29 September 1881.

obligations. Indeed once the French government had acted on its plan to invade the Regency, the confidence of European speculators was restored and the value of the Regency's debt bonds began its dramatic move upward. Further, in order to secure its complete control of the Regency's internal affairs, the French government moved to exclude its European rivals (Britain and especially Italy) from positions they previously held in the International Financial Commission. Within three years of its military intervention in the Regency, France abolished the International Financial Commission altogether. This decision ended both British and Italian claims to share in the decision making process in the Regency. Those who had hoped to exchange their debt bonds at face value were not disappointed. In fact speculators who had bought Tunisian bonds, mostly at 220 francs and in some cases at an even lower rate of 165 francs during the Ottoman bankruptcy period, were able to make a profit of 100 to 200 percent.

This type of highly profitable and suspect financial speculation did not go unnoticed by the European media. Articles about various financial schemes filled even the French press. Some reports were well founded, while others were based on rumors or were politically motivated to

discredit the Republicans. For example, in September 1881 four French news papers (i.e., *Le Clairon*, *La Gazette du Midi*, *La Gazette de Marseilles*, and *Le Mot d'Ordre*) all relayed a story they took from the British Daily Telegraph, which reported that a French syndicate of speculators had spent 35 million francs to acquire a large number of Tunisian debt bonds at 220 francs per bond. Following the Bardo treaty, which made the Regency an official protectorate of France, this syndicate resold its debt bonds at 485 francs each. The profit this syndicate made in this transaction alone exceeded the Regency's 1863 external loan. Rochefort of *L'Intransigeant* also reported that Gambetta and the French consul in Tunis, Roustan participated in these financial speculations totaling a profit of 100 million francs.<sup>300</sup>

Although the French deputies, government officials and private financiers, who were involved in the lucrative debt bond speculation, had shown support for the French government's involvement in the Regency's internal to further their personal gains, there is no hard evidence that shows that they had played a decisive role in the actual French official decision to

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<sup>300</sup> Le Secret de L'Affaire Tunisienne, *L'Intransigeant*, 27 September 1881.

invade the Tunis Regency. As the *Pall Mall Gazette* reported:

“‘The ring’ of deputies who secretly precipitated the government into the adventure did not want precisely to conquer Tunis. But it was necessary to the success of their plan that the “*beylicat*” Should become a dependency of France. Unless it did, there would not be a sufficient pretext for asking the Minister of Finance to bring a bill which would enable him to guarantee the debts contracted, previous to the occupation, by the Bey.”<sup>301</sup>

The best documented case of financial speculation in debt bonds, which earned its author a substantial profit for a small initial investment, was that of the resourceful banker, Baron Emile Erlanger. Erlanger was arguably the best informed European banker in the Regency’s internal financial affairs. He was familiar with all the litigious financial cases that involved the Regency’s government. One of these cases that remained unresolved was the famous inheritance dispute between the Bey’s government and the Semama family. After the death of the Bey’s treasurer, Qa’id Nessim Semama who had embezzled 20 million francs from the

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<sup>301</sup> The Real Origins of the War in Tunis, *Pall mall Gazette*, 29 September 1881.

Regency's coffers, general Husayn, the Bey's representative failed to recover the government funds from Semama's successors in Livourne. In spite of his failure, the Bey's general was able to block the inheritance procedure. In 1879, Erlanger took advantage of the fall in the value of the Tunisian debt bonds and secretly offered Semama's successors to buy all of Qa'id Nessim's debt bonds and government coupons. Nessim's inheritance was estimated at more than 27 million francs, a third of which were in Tunisian debt bonds.<sup>302</sup> For the entire Semama debt bond holdings, Erlanger offered the four Semama successors an advance of one million francs plus 2.5 million francs to be paid only after the liquidation of the bonds.<sup>303</sup> Two years later, when the Bardo treaty was signed, Erlanger reached an agreement with the Regency's government over the rest of the Semama inheritance. With the money he acquired from the sale of the Semama debt bonds he paid both the Tunisian government and the Semama successors eight million francs each. Consequently, with an initial investment of one million francs, Erlanger was able to earn 20

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<sup>302</sup> A.T., Carton 102, Dossier 239.

<sup>303</sup> Ibid., Dossier 244.

million francs in profit within the short period of two years.

During the period between 1870 and 1877, the Regency's finances began to improve. With the return of Khayr al-Din to public service as both the president of the International Financial Commission and as acting minister (*wazir mubashir*), Khaznadar's influence began to decrease.<sup>304</sup> This latter position gave Khayr al-Din a parallel authority to that of the premier. And with the assistance of his vice-president of the commission, the French inspector of finance Villet, he attempted a few reforms to alleviate the Regency's financial burden.

Khayr al-Din's financial reforms included a complete reassessment of the payment of back taxes, which was nearly impossible to collect and the reinforcement of the collection of the *tithe* (10% of the harvest). Taking into account local conditions, Khayr al-Din divided the Regency's territory into two areas: One where the tithe was paid in cash, the other in kind. The tax collectors were chosen for their honesty but were none the less subjected to a systematic control. The qa'ids fiscal abuse was also curtailed through the reinstatement of the personal yearly tax contribution

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<sup>304</sup> Mohamed Saleh Mzali et Jean Pignon, *Khereddine Homme d'Etat*, Memoires, Tunis: Maison Tunisienne de l'Edition, Vol.1, 1971, p. 24.

of 36 pilasters per capita.<sup>305</sup>

In order to stimulate agricultural activities, Khayr al-Din enacted a twenty-year fiscal amnesty to all new planting of olive and date trees. Guidelines governing relations between landowners, farmers and their daily workers were also promulgated. In addition, Khayr al-Din reorganized the customs' system, reducing the rate imposed by the Bey on exports and increasing taxes on imports by five percent. One of the most innovative reforms enacted by Khayr al-Din concerned the *Hbous* or *waqf* properties. For a long time the Regency's officials abused the often unclear rules of managing the waqf properties. Local *qadis* administered and sometimes sold these properties according to arbitrary rules. Under Khayr al-Din's administration a set of laws were enacted which systemized the administration of the Waqf.<sup>306</sup> The revenue derived from the waqf properties was used to pay fixed salaries of the '*ulema*' and Mosque professors. Even contributions to the holy cities of Islam were deducted from the waqf revenue.<sup>307</sup>

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<sup>305</sup> Ibid.

<sup>306</sup> Ibid.

<sup>307</sup> Khayr al-Din also enacted a series of decrees in favor of education. The *Zaytuna* University was reorganized, a national public library was founded with 1,100 manuscripts donated by Khayr al-Din and the founding of the *Sadiqi* College, modeled on the European *Lycees* system, was meant to train a

Despite these and other reforms, Khayr al-Din faced serious opposition from the Bey and his new protégé, Mustapha Bin Sma'il. Khayr al-Din was accused of being too favorable to France's interests, and at the same time was perceived as an Ottomanist who was pushing the Regency into the Ottoman fold. These arguments were part of the political intrigue that went on during the end of the 1870's. But one of the main reasons of Khayr al-Din's final dismissal by the Bey was that his integrity and intrusive reforms deprived the Bey of a free hand in the managing of the Regency's finances. Having reestablished a good level of economic and social stability to the Regency, Khayr al-Din's services were no longer needed by the Bey.

Predictably, his departure to Istanbul opened the door to a renewal of political and diplomatic intrigue. Ultimately, France took advantage of this renewed government disorder in running the Regency's financial and political affairs by invading the Regency, and putting an end to a three century-long Husaynid reign over Tunisia.

## Conclusion

In this study I examined the origins of the financial crisis of the Tunis Regency as well as its political, social, and economic consequences in 1859-1881. As happened in other areas in North Africa, this period was marked by European economic expansion, structural changes in the local administration, local rebellions, epidemics, state bankruptcy, and European colonial conquest. While the effects of some of these serious events could have been better managed by a more efficient local administration, forces linked to a global capitalist transformation during the mid-nineteenth century were too powerful to be controlled by the local government and society.

I also analyzed specific political, social and economic events, and explained the strategies developed by the local officials, merchants, and tribesmen in their attempt to cope with these unprecedented endogenous and exogenous pressures.

Several conclusions are drawn from this study: one, the long process of European economic expansion into the Regency was coupled with

political and legal transformations, which furthered European economic interests and weakened the position of local officials and merchants; two, contrary to European Eurocentric assumptions about the apathy of the local society, both the local government and the society at large displayed great resilience and imagination in resisting and sometimes cooperating with the strong European political influence and economic penetration; three, the corrupt practices of some local officials such as Khaznadar were not an “oriental” characteristic, as some French historians have argued, but part of a complex dynamic between self-interested local government officials and European bankers and bondholders; Four, the highly organized 1864 local rebellion against the local government’s intrusive fiscal policies dispels European historians’ claim about the “submissive” nature of the local subjects. Finally, the successful attempt by reformers such as Khayr al-Din to redress the Regency’s catastrophic financial and administrative situation, following its bankruptcy, shows that some local high officials were dynamic and genuine in their efforts to restore responsible government and resist European domination.

The issue of the Tunis Regency’s bankruptcy cannot be explained by

focusing solely on the presumed incompetence and corruption of the local elite. European historians who emphasized these factors failed to uncover the complexity of the process that transformed the Regency's economic and political structure. Further, simplifying the Regency's loss of its economic and political independence to a mere entente between European powers, not only exaggerates the abilities of such powers, but dismisses the indigenous government and society as passive spectators of their own history.

European historians focused on the weaknesses of the indigenous government and what they described as the absence of local civil society because they lacked understanding of non-European systems. They failed to comprehend alternative state formation because of their narrow focus on the European nation-state model.

Unlike the Eurocentric approach which relies on European diplomatic sources and deprives the local government and society of its dynamism and ability to participate in the shaping of its history, my approach relies on local sources to analyze the forces that transformed the Regency. In order to overcome the short-comings of the Eurocentric

perspective, the focus needs to be shifted away from the official European sources towards local material such as local archives and contemporary eye-witness accounts such as Abi Dhiyf's chronicles and Khayr al-Din's political treaties and memoirs. Historians also need to analyze crucial events such as the Regency's bankruptcy in 1869 by tracing their origin, which are linked to other complex transformations that occurred over a long period of time. Comparisons with other similar cases such as Egypt's bankruptcy could further historians' understanding of these events by fitting them into a larger regional picture.

For example, during the nineteenth century, the transformation of the Regency's economic and political structure occurred over a period of several decades spanning across the reign of several Beys. The first drastic changes began to take shape with the advent of the French conquest of Algiers in 1830, seven years before Ahmad Bey's accession to power. When Ahmad Bey came to power, his inauguration coincided with France's conquest of Constantine and French control of Algeria's eastern part. This French expansion toward the Regency's western borders accelerated the transformation of the structure of the Regency as Ahmad

Bey attempted to cope with the new political and economic climate.

Ahmad's first industrializing efforts were motivated by France's occupation of Constantine in 1837 and the closing of the Tuniso-Algerian border. This French move precipitated a downward economic trend in the Tunis Regency. Prior to this new situation, eastern Algeria provided the Tunis Regency with a consistent and symbiotic economic relationship.<sup>308</sup> In addition to the Regency's loss of its beneficial traditional economic trade with its western neighbor, the European economic penetration in the Mediterranean furthered the Regency's economic degradation.<sup>309</sup>

During the mid-nineteenth century, the process of European economic expansion was complex and multifaceted. It also went hand in hand with a political and social transformation of the Regency. At times, the ongoing economic competition and political friction between the European powers, namely France, England and Italy, enabled the Regency's governing elite to draw some ephemeral political advantage. Officials such as premier Khaznadar were well versed in this game of political intrigue, and gained a reputation for playing the European powers

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<sup>308</sup> Andre Raymond, *La Tunisie*, op. cit., p. 22.

<sup>309</sup> *Ibid.*

off each other for personal gains.

Although some French historians including Ganiage, Emerit and others have given importance to the role of political intrigue in effecting the Regency's political future, in reality the impact of such practices were limited. Similarly, the competition between the three European powers for the control of the Regency was not an end to itself. The European powers were instead using the Regency as a testing ground for larger imperialistic ambitions. France was intent on securing its Algerian colonial possession from incursions by the Regency's border tribes and at the same time was nurturing the idea of future expansion eastward into the Regency.

While furthering its own influence, France worked consistently against Italy's and England's influence in the Regency. Italy was France's main rival because of the presence of a large Italian colony in the Regency. However, Italy lacked the military power and diplomatic clout that France possessed to secure its long-term colonial interests in the Regency. England on the other hand favored the status quo whereby neither France nor Italy would acquire the Regency, leaving it as a nominal vassal of the Ottoman empire with limited local autonomy.

The effects of European economic expansion in the Regency were detrimental to the financial as well as political structure of the Regency. The political changes initiated by the local government at the behest of European consuls resulted in widespread dissatisfaction among the local population, especially with regard to the furthering of the European colonies' legal rights. For example, the mixed tribunals were aimed at enabling European nationals to defend and protect their legal and economic gains by being represented by their own legal experts in the Regency's courts. In contrast, the local people's grievances continued to be addressed by the *Shari`a* courts, which remained unreformed and controlled by the *mamluks*. With regard to the economic changes, European merchants' increased domination of the local economy was coupled with the local officials' inability to protect the local Tunisian merchants from these exogenous forces. As a result of this dilemma, the Regency experienced unprecedented socioeconomic transformations. Later attempts to match the socioeconomic transformations of the Regency with some political reforms failed to materialize due to entrenched interests at the top level of the Regency's administration. For example, the implementation of the 1857

fundamental pact failed because it was not intended for the Regency's political emancipation, but to further the rights of European subjects living in the Regency. Even the widening of Tunisian elite participation in the political decision making process, through the establishment of the Grand Conseil (al-Majlis al-A`la), did not accomplish the intended goal. The political rules laid down in the fundamental pact were largely ignored by the Regency's influential officials.

The 1860 constitution, although hailed as the first innovation of its kind in the Muslim world, followed the same fate as the fundamental pact. This constitutional experiment was inspired by the French consul and highly encouraged by the European powers. The failure of the constitution was due to the fact that those in charge of the implementation of its directives were the same high officials whose power these directives were meant to curtail. Except for the constitutional clauses pertaining to the rights of European subjects, which were implemented due to strong European diplomatic pressure on the Bey, the enacting of the constitution did not alter the conduct of the Regency's political affairs by the Bey and most members of his administration.

The political and economic stages through which European economic expansion evolved were intertwined. Although the economic aspect was predominant in most stages, European political will was applied to push their economic interests forward. France held the lead position in this process of economic expansion through political and military pressure. In some instances, French official attitude towards the affairs of the Regency's differed from the views held by French nationals living in the Regency.

French foreign policy regarding the Tunis Regency was one that supported the overall economic interests of French companies and nationals. The protection of the speculative investments of French bondholders played a major role in the establishment and control of the International Financial Commission, which stripped the Regency of its economic independence. Later, disputes between the Regency's government and powerful French financial companies such as the Societe Marseillaise, over the purchase of the large agricultural domains of Enfida and Sidi Thabit, led to forceful action by the French government.

In the end the convergence of internal rebellion, bankruptcy, and

French overwhelming military superiority disabled the Regency's ability to ward off France's military occupation of the country. Consequently, France succeeded in forcing Muhammad al-Sadiq Bey to submit to a protectorate treaty in 1881.

### **The Tunis regency and Egypt Compared**

During the nineteenth century, both Egypt's and the Tunis Regency's economic and political evolution were complex and involved actions taken by the Khedives and the Beys as well as developments occurring on the other side of the Mediterranean.<sup>310</sup> During the second half of the nineteenth century, both Egypt and the Tunis Regency witnessed a change in their relationship with Europe due to a shift in the terms of trade. The two states played similar roles in the world economic order: they became providers of raw materials to Europe and markets for Europe's manufactured goods. Concomitantly, Europe's increasing political influence put serious limits on the Egyptian Viceroys and the Tunisian Beys' control over their respective European residents. European consular influence played a predominant role

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<sup>310</sup> For a discussion of the evolution of the Egyptian state structure during the nineteenth century, see Robert Hunter, *Egypt under the Khedives, 1805-1879*, Pittsburgh: University of Pittsburgh Press, 1984.

in both states using a mixed approach of voluntary cooperation and coercion. European consular threats to obtain compliance an unreasonable concessions from the local rulers often resulted in gunboat diplomacy.

With regard to their political status, both states were under nominal Ottoman suzerainty, however, Muhammad Ali of Egypt and Ahmad Bey of Tunis were adamant about ruling their respective states with minimum Ottoman influence.<sup>311</sup> In the Tunis Regency, during difficult periods, the successors of Ahmad Bey solicited Ottoman political support in order to fend off European diplomatic offensives and maintain the Regency's political integrity. The most notable rapprochement between the Regency and the Porte occurred during the 1864 popular rebellion, which threatened to undermine the authority of the central government both internally and with regard to European powers. This attempt at strengthening the bonds between the Empire and its vassal state failed because of French diplomatic opposition.

Certainly, the most striking similarity between Egypt and the Tunis Regency was their public debts, which were contracted in similar

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<sup>311</sup>Ibid.

circumstances and at approximately the same time. While the specific reasons for the contraction of large external loans differed, the sources of these loans were the same. In both cases, "European merchants and bankers became a source of easy credit by providing short-term loans and by purchasing government bonds."<sup>312</sup> In some cases, the same European bankers were involved in providing loans to the two states approximately at the same time. For example, Oppenheim was one of the lenders involved in the Regency's disastrous external loan transaction in 1863. One year later, the same banker extended a loan to Isma`il, Sa`id's successor in Egypt, to finance his agricultural projects.<sup>313</sup>

Although the two states shared obvious similarities during their respective financial debacles, differences between the two cases were also clear. For example, during the reign of Khedive Isma`il, to make up for the state's serious loss of revenue to Europeans, the Egyptian Viceroy attempted to revive many of Muhammad `Ali's development programs.<sup>314</sup>

"To produce trained men for government services, Isma`il opened new

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<sup>312</sup>Ibid., p. 38.

<sup>313</sup> Ibid., p. 39.

<sup>314</sup> Ibid., p. 40.

civil schools in Cairo, established national primary schools in the provinces, founded a teachers' training college, and sent many more young men to study in Europe...[.]”<sup>315</sup>

In contrast to Isma`il's Egypt, under Muhammad al-Sadiq, the Tunis Regency's central government showed little concern for developing the educational system. Unlike the Khedive, the Bey continued to rely almost exclusively on the Mamluk class to run the affairs of the state. Isma`il, on the other hand promoted native Egyptians, especially the provincial notables to government offices. This constructive policy facilitated contact between the central government and the countryside, and established important connections with influential local families. These families possessed first hand knowledge of the financial resources of their regions.

In Tunis, Muhammad al-Sadiq relied on information provided by mostly a self-interested Mamluk elite. For example, the fateful fiscal decision to double the *majba* tax in 1864, despite the instability that prevailed in the rural areas and the people's inability to pay higher taxes, was based on the ruling elite's immediate assessment of the financial

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<sup>315</sup> Heyworth-Dunne, *History of Education*, in Hunter, *Egypt Under the Khedives*, op. cit., p. 40.

resources of the countryside. Further, the Bey's attempts to provide some industrial base for the Regency ended in failure draining the treasury of needed capital. European contractors still benefited from the Regency's wasteful projects and showed their gratitude by distributing commissions to local high officials such as the premier, Khaznadar and his close allies.

In Egypt, Isma'il was successful in revitalizing his country's industrial sector. "While only three or four government factories existed in 1856, [during his reign,] Isma'il created an extensive industrial establishment that included railway workshops, a paper factory, two weaving mills, and seventeen new sugar factories."<sup>316</sup> Other projects included large investments in the construction of railways and canals. Egypt's first railway linking Alexandria to the Suez was completed and the network was expanded to 1200 miles of tracks.

While the Bey's investments in public works actually decreased the state revenue, Isma'il's expenditures led to a doubling of Egypt's state revenue between 1863 and mid-1870s.<sup>317</sup> While Muhammad al-Sadiq added little to Ahmad Bey's industrializing efforts and in some cases

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<sup>316</sup> Owen, *Cotton and the Egyptian Economy*, op. cit., pp. 153-55.

<sup>317</sup> Owen, *The Middle East in the World's Economy*, op. cit., pp. 123, 128-29.

abandoned some of the factories built by his predecessor, Isma`il not only revived many of Muhammad `Ali's development schemes, but was able to expand on his predecessor's projects. In Tunis, the state system either stagnated or regressed compared to Ahmad Bey's period, while in Egypt, the state stimulated some changes that eclipsed Muhammad `Ali's reforms, especially in the Bureaucracy.<sup>318</sup>

To find some serious efforts at providing the Regency with an industrial base we have to go back to Ahmad Bey's reign (1837-55). Ahmad's first industrializing efforts were motivated by France's occupation of Constantine in 1837 and the closing of the Tuniso-Algerian border. This French move precipitated a downward economic trend in the Tunis Regency. Prior to this new situation, eastern Algeria provided the Tunis Regency with a consistent and symbiotic economic relationship.<sup>319</sup> In addition to the Regency's loss of its beneficial traditional economic trade with its western neighbor, the European economic penetration in the Mediterranean furthered the Regency's economic degradation.<sup>320</sup>

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<sup>318</sup> Hunter, *Egypt Under the Khedives*, op. cit., p. 41.

<sup>319</sup> Andre Raymond, *La Tunisie*, op. cit., p. 22.

<sup>320</sup> Ibid.

Ahmad Bey's first efforts to cope with the new economic and political conditions was to try to modernize his army. He was concerned that unless he developed a deterrent to France's expansionist ambitions eastward, the fate of his throne would become precarious. Therefore, he immediately embarked on an ambitious plan of building the Regency's military infrastructure. Modernizing his army involved the formation of seven infantry regiments, two artillery, and one cavalry. Following in Muhammad `Ali's footsteps, Ahmad Bey founded the Regency's first war college in 1838, only one year after his accession to the throne. He also imitated Muhammad `Ali's industrial projects in order to support the needs of his newly modernized army. Accordingly, he erected linen, powder and smelting factories, and implemented bureaucratic reforms.<sup>321</sup> Later, Ahmad Bey's successor's not only departed from his vision, but were less successful in facing the intensified diplomatic and economic challenges from the European powers.

In Egypt, some of Muhammad `Ali's successors such as Khedive Isma`il continued his modernizing efforts. However, towards the last

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<sup>321</sup> See Ibn Abi Dhiaf, Vol. VI; Raymond, *La Tunisie*, op. cit., p. 24.

quarter of the nineteenth century, Egypt faced economic challenges similar to the ones experienced by the Tunis Regency. In order to cope with these challenges, like the Bey of Tunis, the Khedive of Egypt implemented harsh tax collection measures aimed at fulfilling Egypt's debt service payments. During the Spring of 1877, upper Egypt began to experience rural uprising similar to the 1864 rebellion in the Regency. Finally, Egypt's bankruptcy in 1876 led to a "joint British-French scheme for consolidating the Egyptian debts at a relatively high rate of interest,"<sup>322</sup> a policy these two power had imposed on the Tunis Regency seven years earlier.

As I have shown above, during the nineteenth century, the Tunisian and Egyptian precolonial experiences lend themselves to serious comparisons. These comparisons are very useful for researchers to explore in order to improve their understanding of the effects of European economic and colonial expansion on North African societies.

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<sup>322</sup> Juan Cole, *Colonialism and Revolution in the Middle East: Social and Cultural Origins of Egypt's 'Urabi Movement*, Princeton, N.J.: Princeton University Press, 1993.

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The Arabic primary sources include the eight-volume chronicle of the Bey's *Bash Katib*, Ahmad Ibn Abi-Dhiaf, Khayr al-Din's Memoirs, Bayram V works as well as other works by their contemporaries. Ibn Abi Dhiaf's meticulous recording of the events he witnessed as the Beys' special secretary contains an invaluable first-hand account of the history of the Tunis Regency. This extensive work has been and continues to be the subject of scholarly articles as well as an important and reliable primary source of historical information. It is also important to note that most of the secondary works by local Tunisian historians, which focus on this period, are written in French.

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## Appendix A

**Table 2**

Debt reduction proposal presented by Victor Villet  
to the debt control committee on 16 December 1870  
(in French francs)

	emission capital	reduced capital
1863-65 debt obligations average value: 290 francs		
58% of emission capital	61,940,500	35,925,490
first conversion (59% after deduction of reimbursements	11,700,000	6,903,000
second conversion (39%)	10,000,000	3,900,000
third conversion & floating debt		
first category (40%)	8,000,000	3,200,000
second category (15%)	22,000,000	3,300,000
fourth conversion (35%)	8,000,000	2,800,000
<b>Total</b>	<b>121,640,500</b>	<b>56,028,490</b>

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Source: Compiled from Mzali,  
Khayr al-Din Homme d'Etat and  
Ganiage, les origines, p. 383.

## Appendix B

### Administration of the Tunis Regency as Organized by Ahmad Bey (1837-1855)

1. *sahib al-tabi`*: Keeper of the ruler's seals; seals his correspondence. Deals with government functionaries when the ruler does not, and is in general the intermediary between the ruler and functionaries.
2. *bash katib*: Head of the clerks; in charge of reviewing the governors' records. His view is sought on all matters.
3. *khaznadar* : (Treasurer) Keeper of the wealth of the government in the ruler's palace.
4. *bash agha*: Chief commander of the cavalry.
5. *Kahiya*: May replace the ruler if needed in executive affairs in the province under his administration.
6. *amin al-tarsikhana*: In charge of everything connected with the navy, including recruitment and appropriation of materiel.
7. *bash hanaba*: The intermediary between the ruler and those with grievances. Also, chief of the hanaba or the ruler's special cavalry guard. This post is actually divided into two:
  - a. Turkish bash Hanaba
  - b. Arab bash Hanaba (subordinate to the Turkish bash hanaba).
8. *bash Mamluk*: Head of administration of the ruler's palace.
9. *Dey*: May judge crimes up to but not including those requiring the death penalty. In charge of security and order in the capital.
10. *shaykh al-madina*: Responsible for the capital at night. Has jurisdiction in all *`urf* ("customary legal law" matters) as well as disputes of foreigners in the *divan*. Assisted in his duties by the two shaykhs of the capital's suburbs.
11. *agha al-qasba*: In charge of the Janissaries (the Turkish infantry) Minor cases are under his jurisdiction if they fall inside his geographical area.
12. *ra'is majlis al-tijara*: Presides over the council composed of ten merchants called "the Big Ten." The Big Ten meet only on important commercial matters. There is also an amin (standard comptroller) for every craft or trade.
13. *kahia dar al-pasha*: Settles small cases in the area around the capital.

## Curriculum Vitae

Jawed Zouari, International Educator  
Seattle Central College  
Humanities/Social Sciences, 2BE4128  
1701 Broadway  
Seattle, WA 98122  
Office:(206)587-6985  
Fax:(206)344-4390  
e.mail: azouar@sccd.ctc.edu

**EDUCATION** University of Washington, Ph.D., 8/98. Major: History.  
Areas examined for Ph.D.: Modern Middle East, France, British Empire, and Classical and Late Ottoman Empire.  
University of Washington, Jackson School of International Studies, M.A., 12/89. Major: International Studies (Middle East).  
Portland State University, Oregon, B.A., 8/87 Major: Political Science & Foreign Languages (French).

Universite de Paris Sud, Medical School, 1979-80), Universite de Paris-Val de Marne, Premedical School (1977-79).

**M.A. THESIS** "The Effects of Ben Ali's Democratic Reforms on the Islamist Movement in Tunisia" The Jackson School of International Studies, University of Washington, 1989.

**DISSERTATION TOPIC** "European Capitalist Penetration of Tunisia, 1860-1881: A Case Study of the Regency's Debt crisis and the Establishment of the International Financial Commission."

**TEACHING EXPERIENCE** Tenured Faculty, Humanities/Social Sciences Division, Seattle Central Community College. As the International Educator for Seattle Central College I've been teaching a variety of interdisciplinary courses since 1993. These courses include, *International Relations, Intercultural Communication, Governments and Politics of the Middle East, World Civilizations, United States History, and American Government*. I've also taught in two Coordinated Studies Programs (CSP).

Lecturer, Department of History, University of Washington. Taught *Modern Middle East, 1789 to present*, Fall 1996 and *Expansion of Islam*, Summer 1993; Department of Near Eastern

Languages & Civilization, *Islam*, Winter 1993; Jackson School of International Studies, *State-Society Relations in the Third World*, Fall 1992.

Adjunct Faculty, Liberal Arts Program, Antioch University Seattle. Taught the courses *The Arab-Israeli Conflict: Prospects for Peace in the Middle East* and *Middle East History and Politics*, 1991-1992.

Adjunct Faculty, Department of Social Sciences, North Seattle College. Taught *World Civilization: since 1815*, Fall 1990.

Instructor/Translator, French and Arabic, Berlitz Language Centers, Seattle, WA, 1990-1993, and Rochester, NY, 1988.

Interpreter, French, Arabic and English, United States Immigration Court, Seattle, 1992.

Research Assistant, field research project investigating effects of social change on Tunisian women. Tunisia, Summer 1985.

## AWARDS

Fulbright scholar, China, Summer 1998.

Faculty Development Grant, Seattle Central College, 1994-95 and 1993-94.

President's Fund, 1994-95 and 1993-94.

Schwartz Fellowship, Middle East Center, Jackson School of International Studies University of Washington, 1992-93.

David C. Fowler Travel Fellowship, The Graduate School, University of Washington, 1992.

Certificat de Stage, awarded for the completion of an internship at La Banque Centrale de Tunisie, Tunis, Tunisia, Summer 1990.

## HONORS

Member, President's Advisory Committee (PAC), Seattle Central College, Fall 1996 to present.

Member, Board of Directors, United Nations Association, Seattle Metropolitan Chapter, 1996-1998.

Member, The District AA Degree Revision Committee, Seattle Community College District (SCCD), 1994-96.

Senator, The SCCC Faculty Senate, 1994-95 and 1995-96.

Member, The Chancellor's Planning Advisory Committee, (CPAC), SCCD, Winter 1996.

Advisor, International Studies Club, Seattle Central College, 1995-present.

Advisor, Islamic Student Mashura, Seattle Central College, 1994-present.

Coordinator, The National Committee on Cultural Competence Knowledge of Francophone North Africa, 1992-94, American Association of Teachers of French.

Secretary General, Pacific Northwest Model Arab League, 1989-90.

**OVERSEAS EXPERIENCE** I was born and grew up in Tunisia, attended the University of Paris for three consecutive years, then moved to the United States where I have lived since 1980. I have traveled extensively in North Africa, Western Europe, Scandinavia, Canada, and the United States, and conducted archival research in France and Tunisia.

**CONFERENCES** "A Global Approach to Teaching and Learning," 1997 Higher Education Assessment Conference, Spokane, WA, 7-9 May 1997.

"A Quantitative Approach to Geography and Culture," PEW Summer Institute, The Evergreen State College, Olympia, August-September, 1995.

"Challenges to Tunisia's Incremental Democratic Reforms," 28th Annual Meeting of the Middle East Studies Association of North America (MESA), Washington, D.C., 12 /95.

"Challenges to Tunisia's Privatization Policies," 27th Annual Meeting of the Middle East Studies Association of North America (MESA), North Carolina, 1 1/93.

"The 1994 General Elections in Tunisia," Pacific Northwest Regional Middle East Seminar, Portland State University, 3/95.

"U.S. Foreign Policy in the Middle East after Desert Storm," The Foreign Policy Association Great Decision Group, Microsoft Co., Seattle, WA, 3/92.

"The Islamist Challenge in Algeria and Tunisia," Pacific Northwest Regional Middle East Seminar, University of Washington, Seattle, WA, 3/92.

"Consequences of the Gulf Crisis on the Palestinian Intifada," Arab American Anti-Discrimination Committee Conference, University of Washington, 4/91.

"Social Change, Stress and Mental Health among Tunisian Women," Third International Conference on Social Stress Research, Regents College, London, U.K., 6/90.

**PUBLICATIONS** Zouari, Jawed. "Global Approach to Teaching and Learning," Inside Outcomes, 3/98.

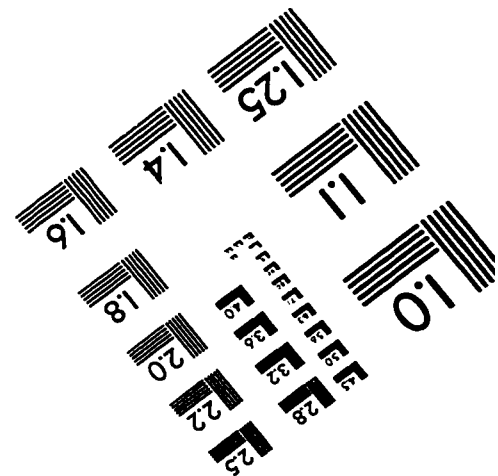
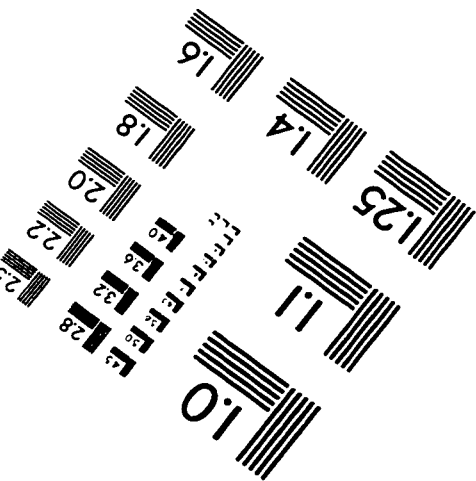
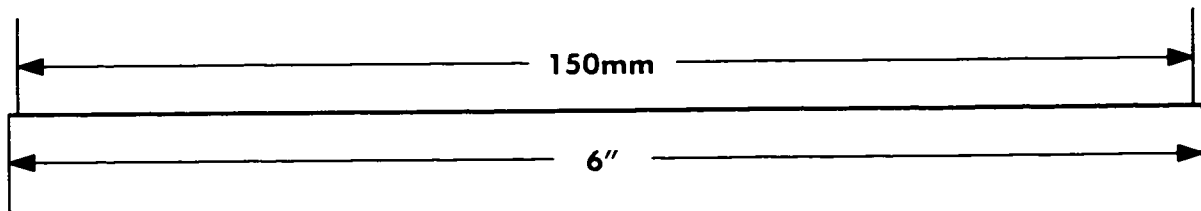
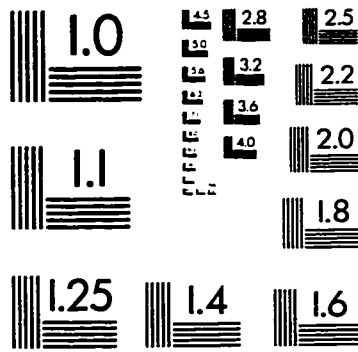
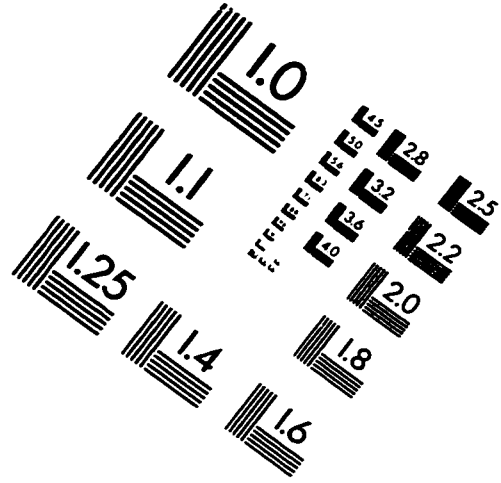
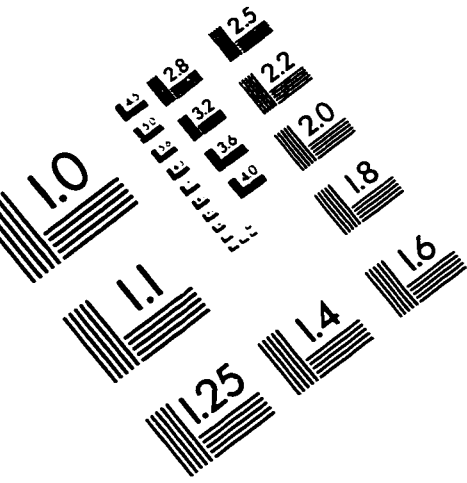
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Hays, P.A., & Zouari, Jawed. "Social Change, Stress, and Mental Health among Tunisian Women," *The International Journal of Psychology*, 1995, 30.

**LANGUAGES** Native language proficiency in Arabic, English, and French.

**MEMBERSHIPS** Middle East Studies Association (MESA).  
American Institute of Maghribi Studies (AIMS).  
Centre d'Etudes Maghrebines de Tunis (CEMAT).

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