

Introduction

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Asia and Europe were firmly united in 1973 with the completion of the Bosphorus Bridge. The link it has given was but a further, physical affirmation of the long established meeting point of the two continents. This book also arises from an assembly at Istanbul that brought together cultural, economic and social historians from across Europe and further afield. The outcome is a consideration, from a number of perspectives, of the principal forces that further integrated the Ottoman Empire and Western Europe during the first century of industrialisation. The authors of the following chapters review and analyse the commercial, financial and monetary factors, negative as well as positive, that bore upon the region's initial stages of modern transformation. Each also provides a ready introduction to major aspects of a much-to-be-welcomed flowering of scholarly interest in, and writing on, the economy and society of the Ottoman Empire in the nineteenth century.¹

The first two chapters provide context to the further development of Ottoman relations with Western Europe during the second half of the nineteenth century. The opening chapter by Murat Çizakça is a clear and succinct introduction to the evolution of tax farming within the Ottoman Empire from the early sixteenth century to the mid-nineteenth century.² Çizakça points up how its progressive mutation brought

¹ The pioneering study in English – C. Issawi, *The economic history of Turkey, 1800–1914* (Chicago, 1980) – should be read now alongside S. Fariqhi, B. McGown, D. Quataert and Ş. Pamuk, *An economic and social history of the Ottoman Empire, II, 1600–1914* (Cambridge, 1994). More particular aspects are considered in: R. Kasaba, *The Ottoman Empire and the world economy: the nineteenth century* (Albany, 1988); Ş. Pamuk, *The Ottoman Empire and European capitalism, 1820–1913: trade, investment and production* (New York, 1987); D. Quataert, *Ottoman manufacturing in the age of the industrial revolution* (Cambridge, 1993); and D. Quataert (ed.), *Manufacturing in the Ottoman Empire and Turkey, 1500–1950* (Albany, 1994).

The writing of monographs, collected volumes, syntheses and texts in English has been accompanied by the production of scholarly articles. On the issue of economic growth, see O. Osman, 'Economic growth in the Ottoman Empire, 1800–1914', in *Asian and African Studies*, 21, 1, 1987, pp. 87–118; and Ş. Pamuk, 'The Ottoman Empire in the "Great Depression" of 1873–1896', in *Journal of Economic History*, 44, 1, 1984, pp. 107–118. On the early stages of the Empire's integration into the world economy from the mid-sixteenth century, see M. Çizakça, 'Incorporation of the Middle East into the European world economy', in *Review* (Fernand Braudel Center), 8, 3, 1985, pp. 353–77; and R. Kasaba, 'Incorporation of the Ottoman Empire, 1750–1820', in *Review* (Fernand Braudel Center), 10, 5–6, 1987, pp. 805–47. For long-run perspectives, see Ş. Pamuk, 'Institutional change and the longevity of the Ottoman Empire, 1500–1800', in *Journal of Interdisciplinary History*, 35, 2, 2004, pp. 225–47; and idem, 'The evolution of financial institutions in the Ottoman Empire, 1600–1914', in *Financial History Review*, 11, 1, 2004, pp. 7–32.

² See also M. Çizakça, 'Tax-farming and financial decentralization in the Ottoman economy, 1520–1697', in *Journal of European Economic History*, 22, 2, 1993, pp. 219–50;

about the development of private property rights over the course of the eighteenth century. Furthermore, the transformation of practice led to the growing importance of money lenders and, eventually, to the mobilisation of small savings through tax farms coming to have transferable shares.³ Overall, the way was paved for the issue of ‘modern’ state securities, in particular, the treasury bond. As elsewhere in Europe, the main cause of changes in how the state extracted financial resources had been the costs of waging war. The Ottoman authorities were forced to alter the basis of tax farming, firstly, as a result of the disastrous campaigns of 1683–99 and, then again, in the wake of the Russo-Turkish War of 1768–74. Tax farming from 1793 was increasingly state managed, a change extended to provincial farms from 1812, and which involved the use of bearer bonds.

The turn to state-managed tax farming was one aspect of the growing administrative centralisation of the Ottoman Empire and the reform of its governance.⁴ However, the costs of reform ironically contributed to the continuous and burgeoning deficits incurred by the authorities between 1770 and the late 1830s. This major problem was only overcome by resort to a ‘traditional’ financial device – debasement – and forced debasements were a feature of the 1810s and 1820s. They generated inflation, provoking understandable opposition within commercial and mercantile circles. Monetary reform in 1843–4 introduced a bimetallic currency, the development of which until the early 1920s is very effectively traced by Şevket Pamuk in chapter 2.⁵ However, reform proved unsuccessful because of the authorities’ inability, at the outset, to retire existing coinages and the state’s continuing need for resources greater than could be amassed by taxation.

The Ottoman Empire’s structural deficit was met from 1840 by issuing *kaime* – interest-bearing paper money – which came to be accepted by Istanbul’s mercantile community.⁶ The authorities’ use of *kaime* was further developed from the early 1850s with the issue of small denominations that were not interest bearing. These eased the problems of undertaking daily transactions caused by an inadequate supply of secondary copper coinage yet their circulation was also clearly a device for raising significant amounts of funds for the administration. Furthermore, the Empire’s costly involvement in the Crimean War could only be met by issuing increasing volumes of *kaime* which continued until 1861. The arising inflation was finally halted by the

L. T. Darling, *Revenue-raising and legitimacy: tax collection and finance administration in the Ottoman Empire, 1560–1660* (Leiden, 1996); and M. M. Cosgel and T. J. Miceli, ‘Risk, transaction costs and tax assignment: government finance in the Ottoman Empire’, in *Journal of Economic History*, 65, 3, 2005, pp. 806–21.

³ See also R. C. Jennings, ‘Loans and credit in early seventeenth century Ottoman judicial records’, in *Journal of the Economic and Social History of the Orient*, 16, 1973; and A. Salzmänn, ‘An ancien régime revisited: “privatization” and political economy in the eighteenth-century Ottoman Empire’, in *Politics and Society*, 21, 4, 1993, pp. 393–423.

⁴ See H. İnalçık, ‘Centralization and decentralization in Ottoman administration’, in T. Naff and R. Owen (eds), *Studies in eighteenth-century Islamic history* (Carbondale, 1977).

⁵ See also Ş. Pamuk, *A monetary history of the Ottoman Empire* (Cambridge, 2000).

⁶ See R. Davidson, ‘The first Ottoman experiment with paper money’, in O. Okyar and H. İnalçık (eds), *Türkiye’nin Sosyal ve Ekonomik Tarihi (1071–1920)* [Social and economic history of Turkey (1071–1920)] (Ankara, 1980), pp. 243–51.

establishment in 1863 of a ‘national bank of issue’ – the Banque impériale ottomane/ Imperial Ottoman Bank – which had involved a greater turning to external, Western European finance, in particular the London and Paris markets.

The bank’s foundation was a further marker of the authorities’ increasing reliance on foreign funds that had commenced with the issue of a long-term external loan in 1854.⁷ The ensuing two decades were marked by mounting foreign borrowing that ended dramatically in a crisis caused by the Ottoman authorities being forced to impose a moratorium on debt servicing. The resulting financial impasse, heightened by the costs of the Russo-Turkish War, 1877–78 (which were met by a renewed resort to *kaime*), was finally surmounted by the creation in 1881 of the Conseil de la Dette publique ottomane [Ottoman Public Debt Administration]. This surrender to foreign control of a part of state finance established, to a considerable degree, the basis for the Ottoman authorities recommencing external borrowing from the late 1880s and at a lower cost to that incurred during the 1860s and early 1870s.

The Empire’s renewed dependency upon foreign funds shaped its currency policy. The secular fall in the gold price of silver from the mid-1870s led to the authorities’ adoption of a ‘limping’ gold standard. As Pamuk argues, this was a compromise, forced by the Ottoman external debt being denominated in gold, the need to sustain capital inflows and maintaining economic relationships with the rest of Europe. Silver’s continuing monetary role lay in facilitating domestic transactions, while the Imperial Ottoman Bank managed the exchanges from 1880 to give the external monetary stability required to ensure continued trade growth.

The pressures of the Crimean War are frequently regarded as being responsible for causing the full opening up of the Ottoman Empire to the penetration of Western European interests. However, interaction had long been underway and further developed from the late seventeenth century. It led, for instance, to French baroque and rococo styles influencing the design of religious and secular buildings in Istanbul while, similarly, ‘Oriental’ design elements came to feature in Western Europe.⁸ Trade was one major transmission channel.⁹ Its basis radically changed following the

⁷ See O. Anderson, ‘Great Britain and the beginnings of the Ottoman public debt, 1854–55’, in *The Historical Journal*, 7, 1964, pp. 47–63.

⁸ See A. U. Peker, ‘Western influences on the Ottoman Empire and occidentalism in the architecture of Istanbul’, in *Eighteenth-Century Life*, 26, 3, 2002, pp. 139–63; and also L. Hilaire-Perez, ‘Cultures techniques et pratiques de l’échange entre Lyon et le Levant: inventions et réseaux au XVIIIe siècle’, in *Revue d’histoire moderne et contemporaine*, 49, 1, 2002, pp. 89–114.

⁹ For considerations of the development of foreign trade, see E. Eldem, *French trade in Istanbul in the eighteenth century* (Leiden, 1999); E. Frangakis-Syrett, ‘The Ottoman port of Izmir in the eighteenth and early nineteenth centuries, 1695–1820’, in *Revue de l’occident musulman et de la Méditerranée*, 39, 1985, pp. 149–62; idem, ‘Trade between the Ottoman Empire and Western Europe: the case of Izmir in the eighteenth century’, in *New Perspectives on Turkey*, 2, 1, 1988, pp. 1–18; idem, ‘Commerce in the Eastern Mediterranean from the eighteenth to the early twentieth centuries: the city-port of Izmir and its hinterland’, in *International Journal of Maritime History*, 10, 2, 1998, pp. 125–54; D. Panzac, ‘Négociants ottomans et activité maritime à la fin du XVIIIe siècle’, in *Revue d’histoire maghrébine*, 14, 47–8, 1987, pp. 187–99; and idem, ‘International and domestic maritime trade in the Ottoman

Empire's signing of commercial treaties, beginning in 1838 with that with Britain, which also played a significant role in accelerating internal reform.¹⁰

Furthermore, the way that trade was undertaken was very significantly altered over the ensuing decade by the increasing presence of the steamship in the Mediterranean. As David Williams points out in chapter 3, the steamship enabled the provision of regular liner services between Western and Eastern Europe from the 1840s, some 40 years before Istanbul was directly connected to the continent's railway network. Initial routes were pioneered by British owners but their vessels were joined over the next two decades by other liner fleets flying various national flags. These products of technological modernity – steam-powered, screw-propelled and built of iron – further developed already established commerce while providing the basis for the inception of new trading networks.

The steam liner overcame the uncertainty and unpredictability of sail shipping through being able to ply routes on published schedules involving calls at a series of intermediate ports. Berthing did not necessarily require the assistance of tugs although, importantly, the liners' service patterns called for the establishment of supporting agency networks around the Mediterranean. Initially, the steam liner carried general cargoes and passengers while, in some respects, most critically, provided a new, faster medium for transferring mail and so accelerated the interchange of commercial information.¹¹ From the 1860s, steamships in the Mediterranean also became increasingly important for the movement of bulk cargoes, challenging in particular Greek-owned sailing vessels. However, there was a transfer from sail to steam propulsion within the Greek fleet during the nineteenth century's closing decades.¹²

Empire during the eighteenth century', in *International Journal of Middle East Studies*, 24, 2, 1992, pp. 189–206; The greater opening up of Russian archives has led to developments in the literature; see T. C. Prousis, 'Disputes in the Dardanelles: a report on Russo-Ottoman relations, in *East European Quarterly*, 36, 2, 2002, pp. 155–70; idem, 'Russian trade prospects in Smyrna: an 1812 consular report', in *Balkanistica*, 16, 2003, pp. 127–38; idem, 'Archival gleanings on Russian trade and consulates in the Near East', *Balkanistica*, 17, 2004, pp. 67–78; and idem, 'Risky business: Russian trade in the Ottoman Empire in the early nineteenth century', in *Mediterranean Historical Review*, 20, 2, 2005, pp. 201–226.

¹⁰ See O. Okyar, 'The role of the state in the economic life of the nineteenth-century Ottoman Empire', in *Asian and African Studies*, 14, 20, 1980, pp. 143–64; E. Frangakis-Syrett, 'Implementation of the 1838 Anglo-Turkish convention on Izmir's trade: European and minority merchants', in *New Perspectives on Turkey*, 7, 1992, pp. 91–112; R. Kasaba, 'Open-door treaties: China and the Ottoman Empire compared', in *New Perspectives on Turkey*, 7, 1992, pp. 71–89; R. Owen, 'The 1838 Anglo-Turkish convention: an overview', in *New Perspectives on Turkey*, 7, 1992, pp. 7–14; and Z. Toprak, 'Modernization and commercialization in the Tanzimat period: 1838–1875', in *New Perspectives on Turkey*, 7, 1992, pp. 57–70.

¹¹ It has also been put forward that the steamship, together with the increasing presence of European women, led to changes in the attire of females within the Empire; see N. Micklewright, 'London, Paris, Istanbul and Cairo: fashion and international trade in the nineteenth century', in *New Perspectives on Turkey*, 7, 1992, pp. 125–36.

¹² For the initial stages of the development of Greek commercial enterprise, see E. Frangakis-Syrett, 'Greek mercantile activities in the eastern Mediterranean, 1780–1820', in *Balkan Studies*, 28, 1, 1987, pp. 73–86.

The growth of international trade eventually led, during the late nineteenth century, to the emergence within the Ottoman Empire's geographical core of a numerically small and ethnically distinct middle class. The context to, and nature of, this restricted social-economic change, limited to a few port cities, is carefully analysed by Çağlar Keyder in chapter 4. Expanding foreign trade from the early nineteenth century had taken place through Armenians and Greeks acting as local agents for foreign merchants; in particular, they gave access to the Empire's numerous peasant producers.¹³ Thereafter, the Empire's Christian and other middlemen became enabled to gain increasing personal independence – through obtaining foreign passports as a consequence of the Capitulations; by transforming themselves from being agents to principals in commercial transactions; and, from the 1860s, by coming to control the local government of the port cities in which they resided.¹⁴ Subsequently, they developed export-orientated rural handicraft industries, such as carpet weaving and silk production, followed by establishing urban-based small-scale manufacturing.¹⁵ This middle class adopted the lifestyles of other sections of the European bourgeoisie, and their home cities similarly took on the built form and structures of other European urban centres.¹⁶

The financial roles played by the Empire's non-Muslim middlemen form part of the consideration in chapter 5, which surveys the overall development of banking and flows of external funds over the 60 years before 1914. This outline review of Western Europe's financial involvement with the Ottoman Empire sets out the temporal phases of that engagement, thereby acting as an introduction to the more detailed analyses of the ensuing further five chapters.¹⁷

¹³ How the role of non-Muslim intermediaries should be perceived has led to debate, for which see R. Kasaba, 'Was there a comprador bourgeoisie in mid-nineteenth-century western Anatolia?', in *Review* (Fernand Braudel Center), 11, 2, 1988, pp. 215–28.

¹⁴ For the question of 'nationality', see B. Masters, 'Trading diasporas and "nations": the genesis of national identities in Ottoman Aleppo', in *International History Review*, 9, 3, 1987, pp. 345–67.

¹⁵ The expansion of trade during the late nineteenth century raises questions of whether European imports led to the decline of local handicraft production, which are explored in D. Quataert, 'Ottoman handicrafts and industry in the age of European industrial hegemony, 1800–1914', in *Review* (Fernand Braudel Center), 11, 2, 1988, pp. 169–78. Some inland centres of production retained their importance, for which see S. D. Shields, 'Regional trade and nineteenth-century Mosul: revising the role of Europe in the Middle East economy', in *International Journal of Middle East Studies*, 23, 1, 1991, pp. 19–37. See also C. Clay, 'Labour migration and economic conditions in nineteenth-century Anatolia', in *Middle Eastern Studies*, 34, 4, 1998, pp. 1–32.

¹⁶ See R. Kasaba, C. Keyder and F. Tabak, 'Eastern Mediterranean port cities and their bourgeoisies: merchants, political projects, and nation-states', in *Review* (Fernand Braudel Center), 10, 1, 1986, pp. 121–35; E. Eldem, 'Istanbul 1903–1918: a quantitative analysis of a bourgeoisie', in *Istanbul past and present*, special issue of *Boğaziçi Journal, Review of Social, Economic and Administrative Studies*, 11, 1–2, 1997, pp. 53–98; and E. Eldem, D. Goffman and B. Masters, *The Ottoman city between east and west: Aleppo, Izmir, and Istanbul* (New York, 1999).

¹⁷ See also N. T. Gross, 'Die Deutsche Palästina-Bank 1897–1914. Ein Forschungsfragment', in *Zeitschrift für Unternehmensgeschichte*, 33, 3, 1988, pp. 149–75;

The Banque impériale ottomane/Imperial Ottoman Bank was the principal institutional actor from the mid-nineteenth century and has been introduced in both Pamuk's consideration of Ottoman monetary history and chapter 5's survey of financial developments.¹⁸ André Autheman gives a rounded view of the bank's changing pattern of business in chapter 6.¹⁹ The bank was one product of the reform movement launched in 1839 whereas its configuration in 1863 as a multinational institution arose out of the diplomacy of the Crimean War. Its tri-national character was unique but, nonetheless, the wide range of functions that its management and staff came to discharge was not untypical of what were generally termed at the time 'imperial' or 'international' or 'overseas' banks.

The severe financial and monetary problems that the Ottoman Empire had experienced from the mid-1850s inevitably meant that the bank would be from its creation both the banker to the government and a note-issuing institution. As a contractor for external state loans, the bank came to ride what proved to be the 'roller coaster' of the Empire's new and growing dependency on external finance, a gyrating experience amplified by many competitors and the shocks of war and internal revolt. Developing a note circulation had to overcome opposition to paper money caused by the inflation that had resulted from mounting issues of *kaime*.²⁰ Consequently, the bank's notes only gained a wide acceptance from the 1880s by when its staff were also managing the foreign exchanges.²¹

From the outset, the bank had a stake in commercial, branch-banking business, bequeathed by its progenitor, the Ottoman Bank, established by British interests in 1856.²² This area of its activities was immediately further developed, encouraged by the distorted business climate generated by the short-lived 'Cotton Famine' of

M. Raccagni, 'The French economic interests in the Ottoman Empire', in *International Journal of Middle East Studies*, 11, 3, 1980, pp. 339–76; C. Clay, 'Western banking and the Ottoman economy before 1890: a story of disappointed expectations', in *Journal of European Economic History*, 28, 3, 1999, pp. 473–509; and H. Bonin, 'Un outre-mer bancaire en orient Méditerranéen: Des banques françaises marraines de la banque Le Salonique (de 1907 à la seconde guerre mondiale)', in *Revue historique*, 305, 3, 2003, pp. 567–602.

¹⁸ See also E. Eldem, *Banque impériale ottomane. Inventaire commenté des archives* (Istanbul: IEFA – Osmanli Bankasi, Collection Varia Turcica XXV, 1994); idem, *A 135-year-old treasure. Glimpses from the past in the Ottoman Bank archives* (Istanbul: Osmanli Bankasi, 1998); idem, *A history of the Ottoman Bank* (Istanbul: Ottoman Bank Historical Center, 1999); idem, 'The Imperial Ottoman Bank: actor or instrument of Ottoman modernisation?', in K. Kostas (ed.), *Modern banking in the Balkans and West-European capital in the nineteenth and twentieth centuries* (Aldershot, 1999); and idem, 'The (Imperial) Ottoman Bank, Istanbul', in *Financial History Review*, 6, 1, 1999, pp. 85–95.

¹⁹ See also A. Autheman, *La Banque impériale ottomane* (Paris, 1996).

²⁰ See C. Clay, 'The bank notes of the Imperial Ottoman Bank 1863–1867', in *New Perspectives on Turkey*, 9, 1993, pp. 101–18.

²¹ See E. Eldem, *Banknotes of the Imperial Ottoman Bank (1863–1914). Based on the Ottoman Bank Archives and the Tahsin İshiroğlu Collection* (Istanbul, 1999).

²² For the foundation of the Ottoman Bank, see P. L. Cottrell, 'The coalescence of a cluster of corporate international banks, 1855–75', in G. Jones (ed.), *Banks and money: international and comparative finance in history*, special issue, *Business History*, 23, 3, 1991, pp. 31–52.

the mid-1860s.²³ Inevitably, it was a mistaken initiative and the Imperial Ottoman Bank's management only turned to reviving commercial business from the late 1880s when returns from servicing the state's financial needs were markedly declining. Thereafter, a network of 80 agencies was developed and, by 1907, commercial banking was generating some two-thirds of the institution's profits.²⁴ The marked shift from state banking to commercial banking over the 30 years before the First World War was accompanied by the Imperial Ottoman also becoming a 'mixed' bank through the development of a parallel growing interest in investments, primarily in infrastructure.

Although the founders of the Imperial Ottoman Bank presumed that they had obtained the privilege of undertaking external Ottoman finance and their institution immediately after its foundation floated a major loan, the bank encountered fierce and successful competition over the first cycle of Ottoman foreign borrowing. This is the theme of Christopher Clay's examination in chapter 7 of the bank's experience as a state financier during the 1860s and 1870s.²⁵ The state's traditional financial supporters, the Galata bankers, had themselves looked to Western European co-operation from the 1840s. Consequently, the authorities' attempts to establish a 'national' bank from the mid-1850s to the early 1860s generated approaches from numerous competing syndicates that each linked Istanbul with London and Paris.²⁶ These syndicates' business logic was maintained for a further decade by the importance that the Ottoman Empire gained as a result of the 'Cotton Famine' and major financial markets' continuing receptiveness to lending to foreign governments. As result in 1873 the Imperial Ottoman Bank confronted six rival institutions, all but one of which had connections with London and/or Paris and/or Vienna. They were successful, so much so, that the Imperial Ottoman Bank only issued one major external Ottoman loan out of the seven floated between 1866 and 1872.

The Ottoman authorities benefited from the competition for their business through obtaining more favourable terms from loan contractors than otherwise would have been available. The Imperial Ottoman Bank lost out in part because its management took a commercial attitude to financing the Empire, a stance which further encouraged the authorities to turn to more amenable suppliers of long-term finance. Yet, in Clay's analysis this proved to be the Empire's financial undoing and, in his view, it had begun to tread the road to inevitable bankruptcy in 1865 with the terms accepted for the 'Laing' loan to consolidate the internal debt. The Imperial Ottoman Bank only began to regain a prime position in state finance in 1873 and

²³ See D. S. Landes, *Bankers and pashas. International finance and economic imperialism in Egypt* (London, 1958).

²⁴ See C. Clay, 'The origins of modern banking in the Levant: the branch network of the Imperial Ottoman Bank 1890–1914', in *International Journal of Middle East Studies*, 26, 4, 1994, pp. 589–614; and E. Eldem, 'Culture et signature: quelques remarques sur les signatures de clients de la Banque impériale ottomane au début du XXe siècle', in *Revue du Monde musulman et de la Méditerranée. Oral et écrit dans le monde turco-ottoman*, 75–6, 1995, pp. 181–95.

²⁵ See also C. Clay, *Gold for the sultan: Western bankers and Ottoman finance 1856–1881* (New York, 2001).

²⁶ See E. Eldem, 'The ethnic structure of Galata', in *Biannual Istanbul*, 1, 1993, pp. 28–33.

in the worst of contexts – when the Empire’s accounts were overwhelmed by debt servicing and Western capital markets were reeling from the shocks of financial crises in New York and Vienna. The bank and the imperial authorities finally realigned themselves in mutually supportive self preservation during the searing experience of the Russo-Turkish War of 1877–8.²⁷

The roles played by Western financial interests and, in particular, that of the Imperial Ottoman Bank during the period following the establishment of the *Conseil de la Dette publique ottomane* in 1881 are meticulously considered by Jacques Thobie in chapter 8. He provides a summary of his pioneering research that established the extent of French and other foreign investment in the Ottoman Empire from the 1880s until 1914.²⁸ French savers, especially those who Thobie calls ‘coupon clippers’, became the principal investors in Ottoman securities. This resulted in France absorbing about two-thirds of Ottoman state debt issued between 1881 and 1914, when also French interests undertook about half of direct foreign investment in the Empire, principally in banking and the development of urban infrastructure.²⁹ At the same time, the British share in foreign financial involvement declined, especially from the 1890s, while that of Germans, individuals and institutions, increased.³⁰

Thobie’s consideration of these developments also pays attention to how the Imperial Ottoman Bank became increasingly an organ of French finance. Its capacity to issue Ottoman securities was related to Paris-based syndicates involving other major French banks, the operations of which consolidated outstanding short- and medium-advances previously extended to the Ottoman authorities. Furthermore, Thobie develops Autheman’s point in chapter 6 concerned with the bank’s increasing involvement with business investments from the late nineteenth century.³¹

The various themes explored from different stances in the previous chapters are reconsidered from a domestic perspective by Zafer Toprak in chapter 9.³² He places

²⁷ See also I. P. Minoglou, ‘Minority groups in international banking: Greek Diaspora bankers of Constantinople and Ottoman state finances, c.1840–81’, in *Financial History Review*, 9, 2, 2002, pp. 125–46; and E. Eldem, ‘Ottoman financial integration with Europe: foreign loans, the Ottoman Bank and the Ottoman public debt’, in *Economic Review*, 13, 2005, pp. 431–45.

²⁸ J. Thobie, *Les intérêts économiques, financiers et politiques français dans la partie asiatique de L’empire ottoman de 1895 à 1914*, two vols (Lille, 1973). See also idem, *Intérêts et impérialisme français dans l’Empire ottoman (1895–1914)* (Paris, 1977).

²⁹ French investment was not necessarily accompanied by an expansion of French trade; see D. Busa, ‘France and her trading relations with countries in southeastern Europe (1900–1914)’, in *Revue romaine d’histoire*, 36, 1–2, 1997, pp. 77–95.

³⁰ There is a need to distinguish between British financial withdrawal at a macro level and continued engagement at a micro level, for which see E. Frangakis-Syrett, ‘British economic activities in Izmir in the second half of the nineteenth and early twentieth centuries’, in *New Perspectives on Turkey*, 5–6, 1991, pp. 191–227.

³¹ For an assessment of the impact of foreign trade and investment upon the economy, see Ş. Pamuk, ‘Anatolia and Egypt during the nineteenth century: a comparison of foreign trade and foreign investment’, in *New Perspectives on Turkey*, 7, 1992, pp. 37–55.

³² See also Z. Toprak, *From imperial debt to global offerings: the rise of the Istanbul Stock Exchange* (Istanbul, 1995).

the emergence of the Istanbul Stock Exchange during the mid-nineteenth century within the context of, on the one hand, the Ottoman Empire's increasing engagement with the European and, then, world economy and, on the other, the Empire's widening internal reform that cumulatively led to a 'swing to secularisation'. A stock market was established in Istanbul between 1853 and 1866 as a consequence of the financial demands of the Crimean War. These had led to the Galata bankers and others trading in currencies and Ottoman treasury bonds. The modernisation of the institutions of the Ottoman finance was taken further by the inflow of foreign capital from the mid-century and the reformed commercial code of 1861 which set out the legal framework for founding joint-stock companies. Both Europeans and Ottomans traded treasury bonds on the Exchange's market, the depth and width of which secularly increased as joint-stock companies, particularly railway concerns, increasingly turned to it for making bond issues. Furthermore, Ottomans as well as Europeans had become involved in the creation of new joint-stock companies by the end of the nineteenth century. From 1880s the telegraph linked the Istanbul market with other financial centres while its development was not stymied by either the Ottoman debt moratorium of the mid-1870s or the implosion of a local speculative bubble two decades later.

In a nuanced contribution, Boris Barth provides in chapter 10 an account of the rise from the late 1880s of German financial interests in Ottoman affairs. The initial basis lay in the inception of German capital exports and the turn of the Ottoman authorities to German suppliers for the re-equipment of the Ottoman army. However, following the Deutsche Bank's takeover of the Eastern Railway in 1890, encouraged by the Ottoman authorities seeking a counterweight to French finance, the prime focus of German investment interests in the Empire was railway building. In Barth's appreciation, Deutsche Bank undertook the construction of the Anatolian Railway initially to Ankara and then on to Konya as a commercial project, its Berlin directors being motivated by the line's profitability rather than foreign policy aims. Furthermore, he points out that the financing of construction was not solely German but rather amassed through European-wide bank networks.

The initiation of the Southeastern extension of the Anatolian Railway – the Baghdad Railway – during the late 1890s was a somewhat different matter. In its case, Deutsche Bank was subjected to the pressures of both German diplomacy and German public opinion. Nonetheless, the line was taken up once more as a commercial project and with Deutsche Bank seeking again the co-operation of other European banks. Despite the French government's opposition, Deutsche Bank was able through its syndicates to tap the savings of French investors to a very considerable extent.³³ As the railway's economics were uncertain, it was built in stages with the first section, completed in 1904, regarded as a viability test. When construction recommenced in 1908, it involved riding out the financial turbulence caused by the Young Turk revolt with, once more, the cooperation of French banks.

³³ For the failure to gain the London market's support, see P. L. Cottrell, 'Financing the Baghdadbahn: Barings, the City and the Foreign Office, 1902–3', in A. K. B. Evans and J. V. Gough (eds), *The impact of the railway on society in Britain. Essays in honour of Jack Simmons* (Aldershot, 2003), pp. 77–98.

The European financial alliances established by Deutsche Bank were only finally disrupted by Great Power politics during the first half of 1914 through agreements delineating respective spheres of influence. These were to play some part in the further dismemberment of the Ottoman Empire at the end of the First World War.

The chapters that fill this book are revisions of papers presented to a colloquium held in the Imperial Mint, Istanbul, during mid-October, 1999. The invitation to convene this meeting had been warmly extended by Aclan Acar, General Director of the Ottoman Bank.³⁴ He and his bank generously hosted the event as part of their institution's commitment to conserving its history through the Ottoman Bank Archives and Research Centre, established in 1997 in collaboration with the History Foundation [Tarih Vakfı]. That commitment to economic history in general and finance and banking in particular has been continued by the Garanti Bank which merged with the Ottoman Bank on 16 December 2001. The Ottoman Bank Archives and Research Centre has further developed over the opening years of the twenty-first century through a widened vision and an extended range of projects, some undertaken in collaboration with Bogaziçi University.³⁵

³⁴ A very abrupt and permanent change in personal circumstances prevented me from attending the colloquium and also thereafter led to the very long delay in the editing of this book for publication. I would like to take this opportunity to thank, albeit very belatedly, Aclan Acar for his very warm hospitality during the preparatory meeting in Istanbul as well as for the wholehearted welcome given by his bank to the colloquium's participants. I must also apologise to the participants for the considerable time that has elapsed between the preparation and revision of their papers and their publication. Publication was very substantially made only possible by, first, Gillian Austen's assistance and, then, the detailed editorial work of Monika Pohle Fraser and Iain L. Fraser, to all of whom I am extremely grateful.

³⁵ See Ottoman Bank Archives and Research Centre: <http://www.obarsiv.com/english/welcome.html>