

The Institutional History of the Ottoman Public Debt Administration (1881-1914)

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The intellectual content of this dissertation, which has been written by me and for which I take full responsibility, is my own, original work, and it has not been previously or concurrently submitted elsewhere for any other examination or degree of higher education. The sources of all paraphrased and quoted materials, concepts, and ideas are fully cited, and the admissible contributions and assistance of others with respect to the conception of the work as well as to linguistic expression are explicitly acknowledged herein.



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Abstract

The Institutional History of the Ottoman Public Debt Administration (1881-1914)

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for Modern Turkish History at Boğaziçi University, 2025

Prof. Dr. M. Asım Karaömerlioğlu, Dissertation Advisor

By focusing on the Ottoman Public Debt Administration (OPDA) this dissertation provides an original and comprehensive account of the Ottoman Empire and how it navigated one of its most turbulent and eventually destructive financial periods in the late 19th century. Starting from the pre-OPDA context and navigating the institution's fifty-year-old existence, the dissertation shows the complex and contingent nature of this institution co-constituted by various key actors such as international bondholders, foreign governments, and Ottoman bureaucracy. The dissertation shows this complex and context-bound structure of OPDA in two main ways. First it focuses on the pre-Muharrem context and the developments that lead to the establishment of OPDA. Constituting the first two chapters, this section argues how OPDA was neither a unilinear imposition of foreign powers or financial elites nor a historical inevitability. The dissertation then goes on to detail the semi-autonomous structure and functioning of the institution to show how it was integrated into the Ottoman governmental structure as opposed to being an external institution with complete control by international bondholders. Lastly, the salt monopoly is examined as a key revenue generating institution as part of OPDA's key mission; it is also examined as a flawed and limited institution with implications for the empire and its financial dependency and sovereignty.

61200 words

Özet

Osmanlı Düyun-ı Umumiye İdaresi'nin Kurumsal Tarihi (1881-1914)

Bahar Bilgen Şen, Doktora Adayı, 2025

Boğaziçi Üniversitesi Atatürk İlkeleri ve İnkılap Tarihi Enstitüsü

Prof. Dr. M. Asım Karaömerlioğlu, Tez Danışmanı

Bu tez, Düyun-ı Umumiye İdaresi'ne odaklanarak, Osmanlı İmparatorluğu'nun on dokuzuncu yüzyılın sonlarındaki en çalkantılı ve sonuçta yıkıcı finansal süreçlerde nasıl yol aldığına dair orijinal ve kapsamlı bir çalışma sunmaktadır. Öncelikle, Düyun-ı Umumiye öncesi bağlama odaklanarak, bu kurumun tahvil senedi sahipleri, yabancı devletler, Osmanlı bürokrasisi gibi aktörlerce nasıl kurulduğunu anlatarak kurumun çok katmanlı yapısını gözler önüne sermektedir. Tez, Düyun-ı Umumiye İdaresi'nin bu yapısını iki kısım üzerinden anlatmaktadır. Öncelikle, Muharrem Kararnamesi öncesi döneme odaklanarak kurumun kuruluşuna giden yol anlatılmaktadır. Tezin ilk iki bölümünü oluşturan bu kısımda, Düyun-ı Umumiye İdaresi'nin kuruluşunun dış güçlerin ya da finansal elitlerin tek yönlü bir dayatması şeklinde ya da tarihsel bir kaçınılmazlık sonucu değil çetin müzakereler ve iktidar mücadeleleri sonucunda olduğudur. Tez, daha sonra bu kurumun yapısına ve işleyişine odaklanarak, başlı başına uluslararası tahvil senedi sahiplerince idare edilen bir kurum olmaktan ziyade Osmanlı hükümet sistemi içine nasıl entegre edildiğini göstermektedir. Son olarak idarenin tuz tekeline odaklanarak, yine Düyun-ı Umumiye İdaresi'nin yönetim imkânları ve bunun sınırları tartışılmaktadır.

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To my dear son Ali Bora

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Abbreviations

BIO	Banque Impériale Ottomane, Ottoman Bank
CFB	Council of Foreign Bondholders
Fr	Francs
LT	Livre Turque, Ottoman Lira (LT 1.1 = £1= Fr 22.727)
OPDA	Ottoman Public Debt Administration
Pa	Para (LT 1= Pa 4000)

Ps/Pr Piastres (LT 1= Ps 100): the piastre, currency of account, is the hundredth part of the gold *medjidieh* or Turkish lira, which represents 23 francs.





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Introduction

The indebtedness and the insolvency were not unique to the Ottoman state during the 19th century. On the contrary, there were two general debt crises happened as between late 1820s and early 1840s and from the mid-1870s to the early 1880s in the 19th century.¹ Edwin Borchard describes two periods of state borrowing trends during the nineteenth century as follows: from 1822 to 1825 former colonies of Spain in Latin America (Colombia, Chile, Peru, Buenos Aires, Brazil, Mexico, Guatemala) which were still in a period of state formation succeeded in issuing state securities via mercantile firms.² In the early nineteenth century there was a big demand for sovereign bonds. While in 1853, foreign bonds were 6 percent of the securities on the London Stock Exchange; just before the First World War it was 21 percent.³ The main countries who were in default in the first half of the 19th century were Spain, the United States (state bonds), Mexico and Greater Colombia; and during the debt crises of the 1870s, the Ottoman Empire, Spain,

-
- 1 Christian Suter, *Debt Cycles In The World-Economy: Foreign Loans, Financial Crises, And Debt Settlements, 1820-1990* (New York: Routledge, Taylor & Francis Group, 2018), 2.
 - 2 Edwin Borchard and Justus S. Hotchkiss, *State Insolvency and Foreign Bondholders: General Principles* (Beard Books, 2000), xx.
 - 3 Kim Oosterlinck, "Sovereign Debt Defaults: Insights from History," *Oxford Review of Economic Policy* 29, no. 4 (2013): 699.

and Egypt were the most outstanding defaulting countries.⁴ The main actors of the debt crises of 1890s were Argentina, Portugal, Brazil, Greece and Uruguay.⁵ And the following debtor countries were subject to the establishment of debt administration councils: Tunisia (1869/70, joint debt administration), Egypt (1876, British-French debt administration), the Ottoman Empire (1881, debt administration by Britain, the Netherlands, France, Italy, and Austria-Hungary), Serbia (1895, joint debt administration), Greece (1898, international debt administration by Britain, France, Germany, Italy, Austria-Hungary and Russia), Morocco (1903/04, customs administration by France), the Dominican Republic (1904/08 and 1931, customs administration by the United States), Liberia (1912, debt administration under the direction of the United States with Britain, France and Germany.)⁶ Christian Suter, in his phenomenal study of the world debt crises, indicates four important dimensions of debt settlement: the first dimension is related to the actor structure that is to say, the fiscal interconnections between the creditors and the debtors; the second dimension is the competency for solving the crisis; the third dimension is the creditors' economic and political dominance on the debtor countries; and the fourth dimension is the level of satisfaction provided after the debt resettlement for the part of the creditors. And all the last three dimensions are dependent on the first dimension.

In terms of volume of debt, the leading borrowers of the region were the Ottoman Empire, Egypt and Tunisia. In the Balkans, Romania, Greece, Serbia and Bulgaria contracted a significant number of foreign loans. In the Ottoman Empire, Egypt, Greece and Serbia, the accumulation of debts led to insolvency in 1875, 1876, 1893 and 1895, respectively. Despite the frequency of public defaults in the nineteenth century, international financial administration of a sovereign state was rare.⁷ In these cases, after the declaration of

4 Suter, *Debt Cycles In The World-Economy*, 68.

5 Ibid, 68.

6 Ibid., 108.

7 Daniel A. Stolz, "Impossible to Provide an Accurate Estimate': The Interested Calculation of the Ottoman Public Debt, 1875–1881," *The British Journal for the History of Science* 55, no. 4 (December 2022): 481, <https://doi.org/10.1017/S0007087421000637>.

bankruptcy, the final solution after series of unaccomplished trials for the consolidation of debt, was the establishment of administrations, which were similar and different from each other on some grounds. Nevertheless, their main intention was the total reimbursement of the debt. In this respect, Ali Coşkun Tunçer's thesis fills a gap in the literature as he provided a detailed analysis by comparing the different examples of Ottoman Empire, Egypt, Greece and Serbia in terms of international financial control. His thesis was dealing with the international financial control organizations in Egypt, the Ottoman Empire and Greece during the pre-1914 classical gold period through the question of fiscal autonomy, which in turn requires monetary sovereignty, and the sovereign risk in the international financial markets.⁸ His thesis reached to the conclusion that these international financial control organizations were effective in restoring the credibility of the borrower countries and their integration into the international monetary markets.⁹ In Egypt, the establishment of the Caisse in 1876 was a preparation for the straightforward managing of the state finances in 1882; in the Ottoman Empire, the Ottoman Public Debt Administration, founded in the end of 1881, took the direct control and collection of taxes and introduced administrative and tax reforms via its Council comprised of representatives of bondholders; in Serbia, the Administration founded in 1895, took the control of major state monopolies; and in Greece, the Commission, founded in 1898, introduced measures for monetary discipline. These countries were mainly new nation states or autonomous entities still paying tribute to the Ottoman Empire established in or nearby former Ottoman land and provinces. So, instead of one international financial control organization three different institutions happened to be established in the former Ottoman territories.

The financial crises experienced during the 19th century in the Ottoman Empire, weakened the hegemony of the state substantially and finally on 1881

8 Ali Coşkun Tunçer, "Fiscal Autonomy, Monetary Regime and Sovereign Risk: Foreign Borrowing and International Financial Control in the Ottoman Empire, Greece and Egypt During the Classical Gold Standard Era" (London, London School of Economics, 2011), 12-13.

9 Ibid., 23.

it resulted into the establishment of the Ottoman Public Debt Administration. This institution was not only related to collecting debt but also institutionalization of international financial control. The Ottoman Public Debt Administration emerged as a multifaceted institution that reshaped the empire's fiscal and administrative landscape. In this respect, we can analyze the literature on OPDA as historical economists and financial experts; the academicians who focused on the institutional history of the OPDA; the Turkish leftist scholars of 60s and 70s; critical political economists and the scholars presenting a new historical sociology perspective.

Donald Blaisdell's work was one of the earliest studies about the European financial control in the Ottoman Empire, who perceives the Council of Ottoman Debt Administration as a station of European capitalism. Donald C. Blaisdell, argued that while the OPDA introduced the principles of modern accounting, financial auditing and transparency but at the same time it constituted a permanent economical hegemony of the European capital on the Ottoman Empire.¹⁰ Later on, Jacques Thobie's voluminous study focuses on the French interest and imperialism in the Ottoman Empire covering the period between 1895-1914.

Şevket Pamuk's works evaluate the establishment of the OPDA in the context of integration of the Ottoman Empire into the European capitalistic system. According to Pamuk, OPDA was the structural result of the foreign borrowing cycle of the empire and this cycle turned into a financial dependency.¹¹ Pamuk especially highlights the unproductive borrowing form of the empire and the need for the foreign financial discipline.¹²

¹⁰ Donald C. Blaisdell, *European Financial Control in the Ottoman Empire: A Study of the Establishment, Activities, and Significance of the Administration of the Ottoman Public Debt* (New York: AMS Press, 1966).

¹¹ Şevket Pamuk, *The Ottoman Empire and European Capitalism, 1820–1913* (New York: Cambridge University Press, 1987).

¹² Şevket Pamuk, *A Monetary History of the Ottoman Empire*, Cambridge Studies in Islamic Civilization (New York: Cambridge University Press, 2000).

Christopher Clay's phenomenal study¹³ contributed to the literature from the point of view of the role of the foreign banks and bankers in the Ottoman bankruptcy and their relationship with the Sublime Porte. His meticulous work is a reference book providing invaluable insights about interactions and turning points regarding the Ottoman Empire's process of indebtedness, insolvency and the resettlement of the debt payment process. The role of the Imperial Ottoman Bank during the post-bankruptcy period and the negotiation process of pre-Muharrem context was as crucial and indispensable as before. The impact of the bank on the financial circles and governments of Europe was seen during the time period after the Congress of Berlin, in the course of de Tocqueville negotiations which created the concept of financial democracy from the side of the French bondholders.

Doğan Avcıoğlu, defines OPDA as an "institutional form of economical occupation. According to him, OPDA was a product of a period when the control of the revenues of the empire passed to the foreign powers and when the state hegemony was harmed to a great degree.¹⁴ This perspective was in line with the anti-imperialistic discourse of the 1960s and 1970s of Turkish left. İdris Küçükömer, analyzing the OPDA in the context of center-periphery theory and claims that the OPDA was a result of alienation of the central elites from the general public.¹⁵ These reviews address the OPDA not only as an historical but also as an ideological and class-based symbol. In a similar critical tone, Alexander Helphand (Parvus)¹⁶ was depicting the OPDA as a mechanism of financial imperialism. He emphasizes that the OPDA institutionalized foreign domination over Ottoman revenues, creating a structure where European financial interests were prioritized over national

¹³ Christopher G. A. Clay, *Gold for the Sultan: Western Bankers and Ottoman Finance, 1856-1881: A Contribution to Ottoman and to International Financial History*, International Library of Historical Studies 20 (London; New York: I.B. Tauris, 2000).

¹⁴ Doğan Avcıoğlu, *Türkiye'nin Düzeni: Dün - Bugün - Yarın*, Altıncı basım (Ankara: Bilgi Yayınevi, 1973).

¹⁵ İdris Küçükömer, "Batılma": *Düzenin Yabancılaşması*, Beşinci Basım: Ağustos 2007, Bağlam Yayınları: 81. Bütün Eserleri - 2 (İstanbul: Bağlam Yayıncılık, 2007).

¹⁶ Parvus, *Türkiye'nin Mali Tutsaklığı*, 1. basım, Bilim, Belge, İnceleme ; Büyük Dizi, 73. 5 (İstanbul: May Yayınları, 1977).

economic needs. So, the debt crisis was not accidental, but a deliberate strategy by European finance capital to restructure the Ottoman economy in its own image. Furthermore, he highlights how institutions like the Ottoman Bank and the Régie operated in collusion with OPDA, advancing a model of economic dependency embedded within state structures.

Aybudak, Tunçer, and Eldem document the OPDA's contributions to fiscal modernization. Aybudak¹⁷ reports that by 1912 the OPDA had built an expansive network, 720 representatives and 9,000 employees that facilitated modern recordkeeping and revenue management. Tunçer¹⁸ and Eldem¹⁹ describe its role in consolidating debt and boosting creditworthiness, with tax revenues in some sectors increasing by as much as 400 %.²⁰ In contrast, Birdal²¹ and Conte²² stress that the administrative model, dominated by an international board with only one Ottoman bondholder representative, compromised fiscal sovereignty and contributed to the economic peripheralization of the empire. Murat Birdal's study contributed to the literature for his critical perspective of looking to the OPDA as the direct consequence of the Ottoman underdevelopment rather than being its cause. In this respect, his study analyzes the institutional changes in the Ottoman Empire that fa-

¹⁷ Utku Aybudak, "Kapitalist Jeokültürün Taşıyıcısı Olarak Düyûn-ı Umûmiye," *Akademik Yaklaşımlar Dergisi* 13, no. 2 (December 31, 2022): 668–89.

¹⁸ Ali Coşkun Tunçer, "Leveraging Foreign Control: Reform in the Ottoman Empire," in *A World of Public Debts*, ed. Nicolas Barreyre and Nicolas Delalande, 1st ed., Palgrave Studies in the History of Finance (Palgrave Macmillan, 2020), 135–54.

¹⁹ Edhem Eldem, "Ottoman Financial Integration with Europe: Foreign Loans, the Ottoman Bank and the Ottoman Public Debt," *European Review* 13, no. 3 (July 2005): 431–45.

²⁰ Mehmet Yıldırım, "Düyûn-i Umûmiyye İdaresi'nin Kurulmasından Sonra Osmanlı'da Kozacılığın (İpekböcekçiliğinin) Gelişimine Dair/On The Development of Sericulture Production after the Establishment of Public Debts (Duyun-i Umumiyye) Institution," *Mustafa Kemal Üniversitesi Sosyal Bilimler Enstitüsü Dergisi* 10, no. 22 (2013): 65–83.

²¹ Murat Birdal, *The Political Economy of Ottoman Public Debt: Insolvency and European Financial Control in the Late Nineteenth Century* (London ; New York : New York: Tauris Academic Studies, 2010).

²² Giampaolo Conte and Gaetano Sabatini, "The Ottoman External Debt and Its Features Under European Financial Control (1881-1914)," *The Journal of European Economic History* 3 (2014): 69–96.

cilitated the integration of the Ottoman Empire to the world economy via indebtedness.

Further evidence shows that OPDA procedures, ranging from standardized employment policies²³ to innovations in tax collection²⁴ influenced later public and financial institutions. These accounts collectively indicate a system that both modernized state finance and entrenched international financial control over the Ottoman economy.

Regarding the personnel and management Erçin²⁵ reports that while the OPDA's governance was predominantly international, with representatives from countries such as France, Austria, Germany, Italy, England, and the Netherlands, the operational staff was primarily composed of local Turkish employees. These institutional characteristics of the OPDA played a crucial role in shaping its impact on Ottoman finance and economy, as well as its relationship with both the Ottoman government and international creditors. Dağ²⁶ highlights the significant foreign influence in the OPDA's operations due to this international composition in its governance structure. Tunçer²⁷ describes the decision-making process as characterized by direct administration and authority over certain revenue sources, with a degree of autonomy from political representatives of creditor states.

²³ Mustafa Dağ, "Düyûn-ı Umûmiyye-i Osmaniye Varidat-ı Mahsusa İdaresi Memurin Nizamnamesi'nin Tatbikine Dair Bir İnceleme," *Çağdaş Türkiye Tarihi Araştırmaları Dergisi* 24, no. 49 (2024): 493–559, <https://doi.org/10.18244/ctad.1472556>; Elif Yılmaz Şentürk, "Düyûn-ı Umûmiyye İdaresi Mevzuatı'da Bulunan Belge Yönetimi Konulu Maddelelerin Değerlendirilmesi: Rehber-i Muamelat Zeyli (Mart 1891 – Mart 1895)," *Kütüphane Arşiv ve Müze Araştırmaları Dergisi* 4, no. 2 (July 29, 2023): 132–53, <https://doi.org/10.59116/lamre.1271297>.

²⁴ Abdülkadir Erçin, "KURULUŞUNDAN II. MEŞRUTİYET'E KASTAMONU VİLAYETİ'NDE DUYUN-I UMUMİYE İDARESİ (1882-1908)," *Karadeniz Araştırmaları* 21, no. 81 (March 27, 2024): 258–79, <https://doi.org/10.56694/karadearas.1411338>.

²⁵ Erçin.

²⁶ Mustafa Dağ, "Osmanlı Taşrasında Yabancı Sermaye Yatırımı: Siverek Düyûn-ı Umûmiyye Müdürlüğü ile Reji Memurluğu (1881-1925)," *Bingöl Araştırmaları Dergisi* 8, no. 2 (June 28, 2022): 59–78, <https://doi.org/10.53440/bad.1077922>.

²⁷ Tunçer, "Leveraging Foreign Control."

Regarding the financial control and economic impact of the OPDA on the Ottoman economy and finance the studies reveal several key aspects of the OPDA's financial control and economic impact. For the debt management strategies Tunçer²⁸ argues that the OPDA played a crucial role in improving the Ottoman Empire's creditworthiness and facilitating access to foreign capital while Eldem²⁹ suggests that the OPDA's establishment restored financial stability to the empire after a period of crisis and default.

From the perspective of international relations and sovereignty, the establishment and operations of the OPDA had significant implications for Ottoman sovereignty and its relations with European powers: Aybudak³⁰ describes the OPDA as representing a form of indirect control by European powers over Ottoman finances. The governance structure, dominated by representatives from major European creditor nations, reflected the power dynamics of the late 19th century. Together with it, Tunçer³¹ suggests that while the OPDA exercised considerable control over specific revenue sources, the Ottoman government maintained nominal sovereignty and control over other aspects of governance. Regarding the diplomatic implications, Ecchia³² argues that the OPDA served as a mechanism for managing international conflicts over Ottoman debt, potentially reducing direct inter-state tensions. Tunçer³³ notes that the OPDA's success in improving Ottoman creditworthiness affected the empire's standing in international financial mar-

²⁸ Tunçer.

²⁹ Eldem, "Ottoman Financial Integration with Europe."

³⁰ Aybudak, "Kapitalist Jeokültürün Taşıyıcısı Olarak Düyûn-ı Umûmiye."

³¹ Ali Coşkun Tunçer, *Sovereign Debt and International Financial Control: The Middle East and the Balkans, 1870-1914*, Palgrave Studies in the History of Finance (Houndmills, Basingstoke Hampshire ; New York, NY: Palgrave Macmillan, 2015).

³² Stefania Ecchia, "La Controversia Tra La Camera Di Commercio Di Roma e Il Consiglio Del Debito Pubblico Ottomano Sulla Conversione Delle Obbligazioni Privilegiate Del 1890," MPRA Paper, January 2016, <https://mpa.ub.uni-muenchen.de/72670/>.

³³ Tunçer, "Leveraging Foreign Control."

kets and, by extension, its diplomatic position. Ergüder³⁴ highlights the OPDA's role in facilitating foreign investment, particularly in strategic sectors like railways, which had geopolitical implications beyond mere economic considerations. The impact of the OPDA on Ottoman sovereignty was complex and evolving. While it represented a significant compromise of fiscal sovereignty, it also provided the Ottoman government with a degree of financial stability and access to international capital that it might not have otherwise achieved. Murat Birdal analyzes the OPDA from the framework of political economy as he describes the role of OPDA as not only a foreign intervention but also as an institution contributing to the restructuring of the social and class balances in the Ottoman Empire. According to Birdal, the institution also serves the strengthening of the local economic elites in the Ottoman Empire together with the securing of the interests of European capital.

The OPDA played a significant role in the modernization and reform processes of the late Ottoman Empire. Aybudak³⁵ argues that the OPDA introduced modern management and administrative practices to the Ottoman bureaucracy. These innovations included: Systematic record-keeping and financial reporting³⁶; standardized employment policies and regulations³⁷; efficient tax collection and revenue management systems.³⁸ Yıldırım³⁹ notes the modernization of agricultural practices, particularly in sectors like seri-

³⁴ Başak Ergüder, "Düyun-u Umumiye İdaresi'nin Borç Yönetiminden Bir Kesit: İkramiyeli Tahviller," *Tarih ve Gelecek Dergisi* 6, no. 2 (June 22, 2020): 470–85, <https://doi.org/10.21551/jhf.740349>.

³⁵ Aybudak, "Kapitalist Jeokültürün Taşıyıcısı Olarak Düyûn-ı Umûmiye."

³⁶ Şentürk, "Düyûn-ı Umûmiyye İdaresi Mevzuatı'da Bulunan Belge Yönetimi Konulu Maddelerin Değerlendirilmesi."

³⁷ Dağ, "Düyûn-ı Umûmiyye-i Osmaniye Varidat-ı Mahsusa İdaresi Memurin Nizamnamesi'nin Tatbikine Dair Bir İnceleme."

³⁸ Erçin, "Kuruluşundan II. Meşrutiyete Kastamonu Vilayeti'ne Duyun-ı Umumiye İdaresi (1882-1908)."

³⁹ Yıldırım, "Düyûn-i Umûmiyye İdaresi'nin Kurulmasından Sonra Osmanlı'da Kozacılığın (İpekböcekçiliğinin) Gelişimine Dair/On The Development of Sericulture Production after the Establishment of Public Debts (Duyun-i Umumiyye) Institution."

culture. Ergüder⁴⁰ mentions the introduction of new technologies in tax collection and financial management. Tunçer⁴¹ highlights improvements in infrastructure related to revenue-generating activities.

From the perspective of institutional legacy, Ergüder⁴² suggests that the OPDA contributed to the development of modern financial institutions in Turkey. Okur⁴³ notes that the OPDA's practices influenced the development of public administration in the late Ottoman and early Republican periods. The modernizing influence of the OPDA was not limited to its direct administrative and economic roles. Its presence as an international institution within the Ottoman Empire exposed Ottoman officials and bureaucrats to European administrative and financial practices, contributing to a broader process of institutional learning and adaptation. Cem Emrence, categorizes OPDA not only as a financial institution but also as an actor that affected the local governance structures and social hierarchies.⁴⁴ OPDA's rights to collect taxes on regional level resulted into the weakening of state authority for some local communities and in some regions that resulted into the formation of the new local-intermediary classes.

As looking to the OPDA from the perspective of economic consequences we can observe positive effects as improved creditworthiness and access to international capital markets⁴⁵; facilitation of foreign investment, particularly in infrastructure projects like railways⁴⁶; introduction of modern financial and administrative practices.⁴⁷ The negative effects of the administration can be counted as contribution to the peripheralization of the Ottoman economy

⁴⁰ Ergüder, "Düyun-u Umumiye İdaresi'nin Borç Yönetiminden Bir Kesit."

⁴¹ Tunçer, "Leveraging Foreign Control."

⁴² Ergüder, "Düyun-u Umumiye İdaresi'nin Borç Yönetiminden Bir Kesit."

⁴³ Mehmet Okur, "M. Okur (2024). Cumhuriyet Öncesi ve Sonrası Mali Durumu Karşılaştırmalı Olarak Değerlendiren Ayrıntılı Bir Rapor," in 10. Uluslararası Atatürk Kongresi Bildiriler, ed. Erdem Ünlen, vol. 2, 597 (Ankara: Atatürk Araştırma Merkezi, 2024).

⁴⁴ Cem Emrence, *Remapping the Ottoman Middle East : Modernity, Imperial Bureaucracy and Islam* (London: I. B. Tauris, 2016).

⁴⁵ Tunçer, "Leveraging Foreign Control."

⁴⁶ Ergüder, "Düyun-u Umumiye İdaresi'nin Borç Yönetiminden Bir Kesit."

⁴⁷ Aybudak, "Kapitalist Jeokültürün Taşıyıcısı Olarak Düyun-ı Umûmiye."

within the global capitalist system⁴⁸; delay of comprehensive fiscal reforms due to reliance on foreign capital;⁴⁹ reduction of Ottoman fiscal sovereignty.⁵⁰ So, the long-term economic consequences of the OPDA's activities are debated among scholars, reflecting the complex and sometimes contradictory nature of its economic impact.

In this respect, analyzing OPDA allows us to better understand not only the late 19th century Ottoman finance system but also allows us to consider the economical orientations of modern Turkey, its dependency relations and also the development policies. The OPDA remains a focal point in Ottoman economic historiography due to its ambivalent legacy. While some scholars emphasize its contributions to financial modernization and creditworthiness, others highlight its role in compromising Ottoman sovereignty and fostering dependency. The perspectives of Turkish leftist intellectuals and contemporary sociologists deepen the analysis by introducing ideological, class-based, and regional dimensions. Understanding the OPDA thus requires more than a fiscal lens; it demands an interdisciplinary approach that considers economic, institutional, political, and social transformations across time and space.

In this context, through analyzing the Ottoman Public Debt Administration on different levels, this thesis would like to ask questions about how far did the European imperialism could establish itself in the Ottoman Empire and what were the limitations and boundaries of it in the Ottoman geography? Apart from the approaches about the bulkiness and the inability of the Ottoman system to adapt reforms, could we trace the 'resistance' of the Ottoman state system through its relations with the Ottoman Public Debt Administration on every level from the local encounters, to courts, from public resistance to smuggling, from investigating and controlling the functioning of the administration to rejection of several demands of the administration? It was not a "parachute" institution that directly uses European personnel,

⁴⁸ Birdal, *The Political Economy of Ottoman Public Debt*.

⁴⁹ Tunçer, "Leveraging Foreign Control."

⁵⁰ Conte and Sabatini, "The Ottoman External Debt and Its Features Under European Financial Control (1881-1914)."

legal codes and regulations. In fact, it is very part of the Ottoman institutional structure. I would like to highlight this very crucial point of existing institutional framework as the different structures led to different financial control organizations in different countries.⁵¹ So, firstly, OPDA as it was instituted in 1881 was not a historical inevitability; on the contrary it was an outcome of intense and multilayered conflicts and negotiations of various international and national interests. Secondly, Ottoman Public Debt Administration was not independent from the Ottoman state, and cannot be imagined without the complex system of existing Ottoman codes, rules and regulations that it inherited and interacted with since it was established. In this respect, apart from its “so-called” mission to modernize the Ottoman state as it was assumed to be, it was a product of the modernization of the Ottoman state. OPDA was unique in its structuring as well as operations. It functioned both as an international and a national institution, a feat that has not been dealt with critically in the literature. Thirdly, after establishing two key points on how contested the establishment of the OPDA was, and how multilayered its legal and institutional structure at the central level were, I then argue that its operational structure across the Empire was also heterogeneous and varied. This heterogeneity was in place not only across geographical regions but also across goods and services it was deemed to regulate and improve. This heterogeneity requires integrated but independent analyses. This is a multilayered organization with multiple products to be taxed spreading across geographies with different existing conditions and priorities. OPDA’s involvement across varied geographies as well as diverse goods and services, therefore, generated a range of reactions and relationships that require integrated yet independent analyses. Fourthly, this administration is functioned as both a local and international institution. Until now, its international character has always been emphasized. This institution has gained the qualification of an Ottoman institution like Ministry of Finance as the most of its personnel is Ottoman and it carries out such an important function of the direct tax collecting. In this respect the main question of the study is how the

51 Tunçer, “Fiscal Autonomy”, 20.

OPDA worked as an Ottoman institution? How this administration joined to Ottoman state mechanisms via tax collecting, product development, making investments in several areas? What are mechanisms that describe this institution as part of the state and differentiate it from the state? Lastly, the OPDA has so far been defined as an executor of the Ottoman modernization project and a carrier of European imperialism. However, there is no in-depth study on the functioning of such an institution within the Ottoman state system, which controlled the production and taxation of very important products of the state in the late Ottoman Empire. This thesis first examines the establishment and structuring of the institution and then how it was structured in terms of power relations with other local and international actors and everyday practices.

Chapter Two aims to show that how different committees of bondholders especially in England, during the first phase of the negotiation period (1876-1878) after the bankruptcy and before the Congress of Berlin, had conflicting interests regarding their different loan conditions, securities, and different viewpoints regarding negotiations with the Sublime Porte. While some of them were not in favor of abandoning their claims on their securities, some, especially the ones who were secured on more general revenues of the Empire, were more eager about the unification and conversion of the debts. Nevertheless, when they couldn't reach a fruitful conclusion with the Ottoman government, both because of their conflict and also because of the political and financial conditions of the Ottoman Empire, they acted together in the Congress of Berlin and with their relentless efforts, their respective governments tenaciously defended their rights and claims during the Congress. In this respect, the 18th protocol of the Treaty of Berlin laid the foundations for the International Commission for the settlement of the Ottoman public debt. The decree of Muharrem was the child of the Congress of Berlin.⁵²

The first part of Chapter Three mainly centered on the Tocqueville Project which originated from the initiatives of French bondholders, through

52 Ottoman Debt. Vol. 2. Memorandum on the question of Belgian representation, Adam Block, Constantinople, 22 March 1904.

which we can observe the conflicting interests of bondholders of France and England; the bondholders in England; the Imperial Ottoman Bank, high banking institutions especially in Paris and the bondholders; the Galata bankers and the bondholders; Italian intervention; Russia's endless warnings and lastly the motivations, shortfalls, maneuvers of the Ottoman government regarding the various different proposals, interests, pressures in a very desperate financial and also political situation of the country. In this respect, during the process of the failure of the de Tocqueville project, that resulted into the *Rüsum-ı Sitte* Administration and later on to the establishment of the Ottoman Public Debt Administration, one key concept is financial democracy. Entrapped between the sturdy bureaucracy between the governments, the pressure and the dominance of the banking institutions, this concept was matured in the circles of French bondholders. In this respect, the difference between the English and French bondholders was highly striking which showed itself finally during the nomination process of the representatives for the negotiations of Decree of *Muharrem*.

Chapter Four delves into the administrative structure of the Ottoman Public Debt Administration to better recognize the continuing process of conflicts and compromises, this time within the Ottoman system with a Council of foreign representatives of the bondholders. This chapter examines the OPDA as a key institution within the broader framework of Ottoman modernization. Established in 1881, the OPDA played a crucial role during the empire's final four decades, operating as a hybrid institution shaped by both Ottoman state mechanisms and European creditor interests. Unlike other Ottoman institutions, it was managed by a council that included high-ranking officials from creditor countries, leading to a complex interplay between imperial governance and foreign financial oversight. By analyzing this unique administrative structure, the chapter explores the OPDA's function as a pivotal actor in the late Ottoman modernization process.

Chapter Five explores the administration of the salt monopoly under the OPDA within the framework of the Decree of *Muharrem*. Among the revenues ceded to the OPDA, salt emerged as one of the most significant due to its extensive geographical reach and high financial returns. Prior to the *Muharrem* Decree, the salt monopoly was managed by the Ottoman state

through the Administration of *Rüsum-ı Sitte*. However, the Salt Directive of 1862 formalized state control over production and trade. The directive, later incorporated into the Decree of Muharrem, established comprehensive regulations governing production, taxation, personnel management, and anti-smuggling measures. Notably, it prohibited salt imports and extended control over autonomous provinces like Egypt. Until 1914, the salt monopoly remained the most profitable revenue source managed by the OPDA, making it a crucial case study in the administration of Ottoman state finances. Together with this singularity, the chapter as taking the salt administration as a case study, aims to show the general issues that the administration dealt with extensively for other revenues like managing revenues, taxing procedures, personnel policies, economization of the resources and measures for preventing smuggling.



Post Bankruptcy Pre-Muharrem Context

This chapter argues that the formation, constitution, and the operation of OPDA was historically unique, yet it was by no means the only international financial control organization imposed on a foreign state by another state or conglomerate of states and/or state like institutions. On the contrary, in the final quarter of the nineteenth century, such institutions or attempts to build and impose such institutions on other governments were rampant globally. Predictably, these initiatives were highly contested with results dissimilar from one another as they led to a wide range of outcomes across different geographies. In other words, there was not a universal form of an international debt requesting/collecting financial control organization.

The road to the formation of OPDA was no exception. In fact, OPDA was by no means the only initiative to ensure the settlement of debt from the Ottoman Empire though it was the final and successful one. To better understand the key contours of OPDA from its inner structure to the interests and priorities of the parties involved, I argue, we need to better understand the failed efforts preceded OPDA. Though they are failed initiatives to ultimately become institutionalized, in fact mainly because they were failed initiatives, they provide us valuable key insights into the parties, their conflicting priorities and interests, and finally their limits or red lines, the violation of which may end with the abandonment of talks and negotiations. This chapter details these contentious initiatives and failed efforts. It illustrates not only the

range and depth of parties' interests and intentions but also shows how dynamic and changing these positions were.

In the following sections of this chapter, I illustrate how OPDA was not a historical necessity but an outcome of rigorous contestation between parties. In this section, to better understand the unique features of the prehistory and constitution of OPDA, pre-OPDA projects which were relatively close to agreement and implementation but could not succeed related to several causes that were indispensable for the establishment of OPDA in the end.

The remainder of the chapter is structured as follows. First, I will discuss the pre-Muharrem decree proposals and the reasons of their failure for the settlement of debts for better understanding of the success of Muharrem Decree. Secondly, I will discuss the effect of the Congress of Berlin on the process of negotiations for the settlement of debts after the recognition of the rights of the bondholders on an international platform.

§ 2.1 Foreign Bondholders

In 1875 the equilibrium of Ottoman finance was disturbed by the rebellion of Bosnia and Herzegovina, and the Sublime Porte, actually Mahmud Nedim Paşa, declared the partial bankruptcy to Europe through newspapers in Istanbul, sanctioned by Imperial Irade of 6 October 1875. He pointed out that “everyone has become aware of the deficit in the budget.

Of revenues and expenditures of the Ottoman Empire published in 1875, a deficit which has exceeded the figure of five million pounds. In the presence of this situation, the habit of appealing to a new loan with the Imperial Ottoman Bank for the timely payment of the coupon and thus contracting a debt to repay another, tends literally to increase the deficit constantly as well as to disturb eventually the trust of the shareholders. From then on, for five years the stipulated interest and sinking fund on the debt external and internal, requiring for its service about £T.14,000,000 per annum, would only be paid as to one-half in cash. The other moiety was to be paid in bonds bear-

ing 5 percent, interest, which came to be known as “Ramazan” Bonds¹ by showing as guarantee the general revenues of customs duty, salt, tobacco, the tribute of Egypt and, in case of insufficiency the tax on sheep.² The day after, the two directors of the Imperial Ottoman Bank Foster and Deveaux sent a protestation letter, indicating that assigning certain revenues indiscriminately which were under certain contracts assigned for certain loans, violates the commitments of the Ottoman government vis-à-vis its bondholders. They protested in their name as a state bank and in the name of the holders of Ottoman loans as a contractor.³

On the 9 October 1875 an official decree was published with a more elaborate and detailed explanation for the default. On the 14 October 1875, Minister of Foreign Affairs of the Ottoman Empire Savfet Paşa conveyed to the ambassadors of the Empire that the Imperial Ottoman Bank, together with its committees in Paris and London, was to cooperate with the contractors of the various loans for selecting representatives to collect the revenues authorized for the debt⁴ and to whom will be deposited the revenues allocated to the service of the first half of the interest and amortization payable in full in cash, and to the payment also in cash of 50 percent attached to the securities representing the second half.⁵ Additionally, this decree was accompanied with a memorandum explaining the reasons of this partial default and the measures to be taken for not experiencing the same situation again via ending the system of periodic borrowing to cover budgetary deficits and previous loans by the development of the country's resources, by the reforms to be introduced in the various branches of the administration with

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- 1 “I. The Ottoman Public Debt and Its Administration, 1854-1914 [London]: Printed for the Use of HM Treasury, 1916” (48pp, 1916), 6, IOR/L/PS/20/C141/4, British Library: Asian and African Studies.
 - 2 A. Du Velay, *Essai Sur l'histoire Financière de La Turquie Depuis Le Règne Du Sultan Mahmoud II Jusqu'à Nos Jours* (Paris: A. Rousseau, 1903), 326.
 - 3 Ibid., 327.
 - 4 Donald C. Blaisdell, *European Financial Control in the Ottoman Empire: A Study of the Establishment, Activities, and Significance of the Administration of the Ottoman Public Debt* (New York: AMS Press, 1966), 80.
 - 5 Du Velay, *Essai Sur l'histoire Financière de La Turquie Depuis*, 329.

a view especially to the progress of agriculture, by the transformation of certain contributions, by the constant increase of the state's revenues, so the increase in the well-being of the agricultural populations, finally by a more attentive and more effective control of the financial administration.⁶

On 13 March 1879, just after the failure of the Comte de Tocqueville project, Jean Paul Mazaroz, who is the owner of a mill manufacturing artistic furniture named *Mazaroz Ribalier* in France, sent a *memoire*⁷ to the attention of the Minister of Foreign Affairs of France. In that *memoire* he stated that for 30 years they had been specialized in the manufacturing of palace furniture, and Egypt and Turkey being their major customers. Towards the end of 1869, Agop Bey [Balyan], one of the architects of the Çırağan Palace together with his brother Sarkis, asked him to design and provide samples of the fabrics to furnish the first floor of the immense palace on the banks of Istanbul's Bosphorus, occupying almost a kilometer long space scattered over a number of buildings and gardens. Sultan Abdülaziz chose the watercolor designs for all furniture and samples of gold or silver brocades from the collection of the samples presented to him by Mazaroz. *La Maison Mazaroz* set to work for Sultan's orders right away. One day, when Sultan Abdülaziz visited the palace, he slipped on one of the splendid mosaics of marble, which might have been anointed just before his visit. He fell on his knees briefly according to the accounts, and that night, Sultan Abdülaziz dreamt Prophet Mohammed telling him that Allah cursed the Çırağan Palace and he should no longer inhabit there. This incidence allegedly delayed the official sanction of the order made by the architect of the Sultan to the *Maison Mazaroz*. Per-

6 Du Velay, *Essai Sur l'histoire Financière de La Turquie Depuis*, 330

7 MAE, 75ADP/19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, *Mémoire adressé à Monsieur le Ministre des affaires étrangères de France*, 13 March 1879. As I traced the name of Mazaroz in the Ottoman archives I found out that the same *memoire* was sent to the Sultan as well and translated by the chamber of translation: BOA, YPRK.HR, 21, "Mazaro(z) imzasıyla Fransa Hariciye Nazırına virilüb bir sureti huzur-u Hümayun-ı mülükaneye takdim olunmak üzere Mabeyn-i Hümayun Baş Kitabet-i celilesine gönderilen tahriratın tercümesidir." Additionally, there are some drafts from the chamber of translation of the ministry of foreign affairs: 18 April 1879, BOA, HR.TO, 465/32.

haps affirming this curse, Sultan Abdülaziz was found dead at the Çırağan Palace with his wrists slashed six days after his dethronement.⁸

Mazaroz continues his account by stating that since that time, the wars of 1870 (Franco-Prussian War) further disturbed the financial affairs of governments across Europe. Turkey's finances were hit particularly hard as it suffered from the crisis severely and was forced to suspend the payments of the coupons of her debt on 6 October 1875. The *Maison Mazaroz* kept waiting for the confirmation of the official order, however, with no resolution. The director of the *Maison* at that time reflects on the process and makes the following statement in a rather daring fashion: "in order to furnish the Çırağan Palace, the Turkish government should have had money and to have money, it should regain his credit by unifying her debts."⁹ His point about unification of debts was very crucial as there were a bunch of debt agreements under different conditions, interest rates, repayment provisions and guarantees which will be attained after several failed projects and negotiations with the Sublime Porte.

Mazaroz, who was an established manufacturer, is a specific example of the bondholders of France in the 1880s dealing with financial and political issues regarding the Ottoman Empire. As Herbert Feis points out, the French bankers and even the ordinary French investors were dealers in "Affaires."¹⁰ During the 1850s a countryman bondholder was not common, and it was a rarity to see a person who invest on a foreign state loan was regarded as unreasonable but starting with the 1870s it was a usual phenomenon to see the ordinary people made investment on foreign securities.¹¹ As Kindleberger

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- 8 Bernard Lewis, *The Emergence of Modern Turkey*, 2nd ed, (London, New York [etc.]: issued under the auspices of the Royal Institute of International Affairs [by] Oxford University Press 1968), 162.
 - 9 MAE, 75ADP/19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Mémoire adressé à Monsieur le Ministre des affaires étrangères de France, 13 March 1879.
 - 10 Herbert Feis, *Europe, the World's Banker, 1870-1914; an Account of European Foreign Investment and the Connection of World Finance with Diplomacy before the War* (New York: A.M. Kelley, 1961), xi.
 - 11 Charles Poor Kindleberger, *A Financial History of Western Europe* (London ; Boston: Allen & Unwin, 1984), 187.

claims, foreign bonds were considered as regular bonds then and so they were considered safe as opposed to foreign and risky.¹² Foreign debt involves more than just financial transactions; it serves as a tool for cultivating alliances, asserting influence, and promoting specific standards and practices.¹³ Mazaroş may be one of the many French bondholders of the Ottoman bonds, however as his memoir shows, he is one of the established investors, who could afford to appoint a financial broker for marketing and advertisement with whom they prepared a project of unification, conversion and consolidation of all the Turkish debts.

2.1.1 *The Corporation of Foreign Bondholders*

The establishment of the Corporation of Foreign Bondholders (CFB) in England on 1868 was an important turning point for the collective bargaining of the bondholders. Nevertheless, it had its own shortcomings as well in the world of bondholders, as the variety of bonds and variety of their securities complicate the process as certain bonds had their own, very solid guarantees from the start. This corporation was representing the Ottoman Loans of 1858 and 1862 by a joint commission.¹⁴ The Ottoman Government entered into conventions, by which the rights of hypothecation of the holders of each loan were recognized, a monthly installment is paid to the Imperial Ottoman Bank, and a monthly return is published by that establishment on behalf of the Government. Two general meetings of the bondholders were held: The 1858 meeting was held on the 24 February 1873, and the 1862 meeting on the 17 February 1873.¹⁵ The CFB appointed three commissioners to oversee the operations on behalf of the 1862 holders, and two on behalf of the 1858 hold-

12 Kindleberger, *A Financial History of Western Europe*, 182.

13 Edited by Pierre Penet and Juan Flores Zendejas, eds., *Sovereign Debt Diplomacies: Rethinking Sovereign Debt from Colonial Empires to Hegemony* (Oxford, New York: Oxford University Press, 2021), 2.

14 “First Annual Report of the Council of the Corporation of Foreign Bondholders” (London, 1873), 18.

15 Ibid., 19.

ers.¹⁶ The bondholders of the 1869, and other loans, had occasionally been in contact with the Council for the better enforcement of their securities.¹⁷

Following the call of the Sublime Porte to choose representatives on 14 October 1875, bondholders started to come together depending upon the security of their respective loans in order to exert pressure on the Porte through their governments.¹⁸ The Council of Foreign Bondholders, took action by several parties most largely interested, assembled, on the 19 October 1875, a general meeting¹⁹ of Turkish Bondholders,²⁰ which was presided over by Hugh Childers, M.P.²¹ The chairman was asking for unity and reasonableness for the old partner, that is to say the Ottoman Empire.²² The tension was high during the meeting and Charles-Fréd. Hamond whose project was later selected to be submitted to the Ottoman government for the regulation of debts, called for the British government to uphold the bondholders and he forewarned the Porte should it misapply the Egyptian tribute as he says, “Woe be to his suzerain if he tried to stop the Khedive from performing an honorable duty, for the first thing he would do would be to declare his inde-

16 Ibid.

17 “First Annual Report”, 20.

18 Birdal, *The Political Economy of Ottoman Public Debt*, 40.

19 This meeting was held at the City Terminus Hotel in London to formulate a policy. See, Paul Frank Meszaros, “The Corporation of Foreign Bondholders and British Diplomacy in Egypt 1876 to 1882, the Efforts of an Interest Group in Policy-Making” (Chicago: Loyola University, 1973), 148.

20 “Third Annual General Report of the Council of the Corporation of Foreign Bondholders” (London, February 1876), 12.

21 Hugh Culling Eardley Childers (born June 25, 1827, London—died Jan. 29, 1896, London) was a politician in Australia and later in Great Britain. He was a prominent member of the British Liberal Party and a fervent supporter of William Ewart Gladstone, in whose first three ministries he held high offices. Elected a Liberal member of Parliament in 1860, he became financial secretary to the Treasury (1865–66), where his ability impressed Gladstone. In Gladstone’s first ministry Childers was first lord of the Admiralty (1868–71) and chancellor of the duchy of Lancaster (1872–73). He returned to office with Gladstone in 1880, serving as secretary for war (to 1882) and then as chancellor of the Exchequer. His budgets were well received until 1885, when proposals for increased taxation contributed to the fall of a divided and unpopular government.

22 Meszaros, “The Corporation of Foreign Bondholders”, 149.

pendence of the Porte.”²³ At this meeting the following decision was adopted unanimously: “It is desirable that the Council of Foreign Bondholders should take such steps as may be deemed advisable for the protection of the bondholders, in cooperation with any persons appointed for that purpose as the representatives of the several classes of Bondholders, and that the Council be requested to take action accordingly, but that no agreement should be made with the Ottoman Government, except upon the basis of each class of bondholders retaining the full advantage now secured to them under their special guarantees.”²⁴ That is to say, the idea of unification of debts was out of the agenda during that period for the Council and every loan would retain their own guarantees. The Council assembled separate meetings of the bondholders of the corresponding Turkish loans, with the exception of those of 1854, 1858, and 1871, as these had been for the time being amassed by Messrs. Dent, Palmer and Co., the contractors for those loans.²⁵

From 26 October to 1 November 1875, the CFB was very active as holders of the several Turkish issues met to elect committees which would then send representatives to a general institution which would act for all. Four loans were not included the 1855 guaranteed, which had not been involved by the Sultan; the 1858 and two others, the 1854 and 1871, both of which were guaranteed by the Egyptian tribute.²⁶ Committees for every loan were forthwith constituted under the rules and regulations of the Council, which Committees appointed delegates from their number to represent them in a Joint General Committee, representing all Turkish Loans, with the exception of 1854 and 1871, the loan of 1858 being represented by the Commissioners of 1858, appointed under the Convention of February 1873.²⁷

On 21 October 1875, Dent, Palmer and Company organized a meeting where a committee was initiated and where Philip Rose from the Corporation of Foreign Bondholders also took a seat and later on, a mission was sent

23 Meszaros, “The Corporation of Foreign Bondholders”, 149.

24 “Third Annual General Report,” 13.

25 Ibid.

26 Meszaros, “The Corporation of Foreign Bondholders”, 150.

27 “Third Annual General Report” 13.

to İstanbul to check out the general picture.²⁸ At the meeting of contractors' group held on 6 December 1875, E. H. Palmer advised giving up individual securities and asserted that his committee now spoke for all of the holders. Nevertheless, during the time period leaving the distinctive securities and acting together was not an option for different committees even in Britain.²⁹

On the 7 December 1875 another general meeting of Turkish bondholders of all loans was held at the Cannon Street Hotel, London, with the aim of designating a special committee³⁰ to negotiate and agree to an equitable arrangement with the Imperial Ottoman Government with Edward Howley Palmer and Francis Bennoch as chairmen.³¹ At this meeting, the following resolutions were adopted: 1. That the scheme submitted by Mr. Hamond be adopted by this meeting, to be submitted to the Porte for the settlement of the Turkish Debt, except that part of it having reference to the Treasury Bonds, should these not be included in the terms of the decree. 2. That the meeting approves of the general suggestions which have been read to the meeting as the basis of a scheme for the re-arrangement of the Turkish Debt, which includes Mr. Hamond's scheme. According to these resolutions, the general suggestions of this meeting was as follows:

1. No new Stock or Bonds to be created
2. The existing Bonds and Coupons to remain unaltered (thus saving great trouble, loss of time, and expense.)
3. All the existing hypothecations to be preserved.

28 Meszaros, "The Corporation of Foreign Bondholders", 150.

29 Ibid., 150–51.

30 This special committee was consisted of: Edward H. Palmer, Esq., Deputy Governor of the Bank of England, Francis Bennoch, Esq., Acting Chairman of the Council of Foreign Bondholders, Arthur Otway, Esq., Sir Philip Rose, Bart., Admiral Sir Charles Eden, K.C.B., John Staniforth, Esq., R. H. Galloway, Esq., Roger Eykyn, Esq., C. F. Hamond, Esq., M.P.; Philip Rose, "Turkish Debt: Report of Sir P. Rose & Mr. J. Staniforth ... on the Result of Their Mission to Constantinople. With the Documents Signed by Them as Representatives of the Bondholders." (1876), 3.

31 Ibid.

4. The revenues, except the Egyptian Tribute, to be paid over to a joint Commission representing the Bondholders of England, France, Italy, and the Porte, and by this Commission to be remitted monthly to England, through the Imperial Ottoman Bank, on account of, and in trust for, the Bondholders, to be paid over by the Bank, as received, to the credit of the agents of the various loans.
5. The Egyptian Tribute to be remitted direct, and the account to be continued by the Bank of England as heretofore, subject to the details of the general scheme for reduced interest and Sinking Fund.
6. The rates of interest to be paid to be the existing rates on the various Bonds, excepting the Treasury Bonds reduced to six per cent, calculated upon the issue price of the Bonds, plus ten percent, additional to such issue price, as suggested by Mr. Hamond, unless the amount upon which such rates are to be paid shall be increased at the end of five years by the voluntary action of the Porte.
7. Coupons to be absolutely surrendered on the reduced payment being made on them by the agents, in accordance with Clause VI.
8. The balance of the sum which Turkey proposed to pay annually for the loans to be applied to the purpose of the several sinking funds, by drawings for payment at ten percent, beyond the issue price of the bonds.³²

2.1.2 *Disaccord between the CFB and the Special Committee of All Turkish Loans*

The effect of this formula would, on Hamond's calculations, have brought the amount owed by the Porte from LS 197.2/LT 216.8 million to LS 118.9/LT

32 Rose, "Turkish Debt: Report of Sir P. Rose & Mr. J. Staniforth", 4.

130.8 million, a reduction of some 40 per cent.³³ Nevertheless, as it was obvious to the Committee of Turkish Bondholders of All Loans, proposal based upon a general conversion of all the existing loans into one uniform debt, comprising also the floating debt, seemed as the most advantageous.

This created a disagreement between the CFB and Special Committee of All Turkish Loans. Indeed, when once it was admitted that the arrangement of the floating debt was an indispensable condition, not only as regarded by the Ottoman government, but in the interests of the bondholders, a conversion of the existing loans became, not a matter of option, but of absolute necessity. As much important as the unification of debts, any conversion or rearrangement, however, that did not repose upon solid and material guarantees, would not have found favor with the bondholders, and could not properly have been recommended to them.³⁴

Soon afterwards, Mr. Hamond and Mr. Bennoch refused to serve on the Committee so delegated, and chose to run with a separate organization with the support of the Council of Bondholders. Mr. Hamond endeavored a mission to Constantinople to submit his scheme to the Porte. He seemed to arrive to Constantinople on the 24 January 1876 and after his arrival he arranged the journal "Levant Herald" to re-publish the resolutions of the 7 December last meeting of the bondholders with the condition of printing and advertisement was compensated by Mr. Hamond himself. By this act, he was trying to convince the general public that he came to Constantinople with full power of representing the Turkish bondholders of all loans.³⁵ It is understood from the correspondences between Bourée³⁶ and Mr. Hamond

33 Christopher G. A. Clay, *Gold for the Sultan: Western Bankers and Ottoman Finance, 1856-1881: A Contribution to Ottoman and to International Financial History*, International Library of Historical Studies 20 (London; New York: I.B. Tauris, 2000), 317.

34 Rose, "Turkish Debt: Report of Sir P. Rose & Mr. J. Staniforth", 7.

35 Ibid., xxii-xxiv. These information are extracted from the letter sent by George H. Clifton (solicitor of 15 years at that time in Constantinople and mainly serving to Mr. Hanson, who was a well-known English banker of Constantinople, added to the appendix of the Rose & Staniforth report)

36 Group of French banks most directly involved had formed a *Comité pour la defence des interests des creanciers français de la Turquie*, and enlisted Bourée, the former ambassador at

that while Mr. Hamond made a special visit to Mr. Bourée about the details of his project and to gain the support of the French Committee, he already submitted his project around 20 December 1875 officially via the agent of the CFB, Mr. Stab to the Grand Vizier. They regretted that without taking the full support and consent of French bondholders, they had to inform the Grand Vizier that his project didn't have their approval.³⁷ As a response to the letter of Mr. Bourée, Mr. Hamond wrote a letter promptly indicating that Mr. Stab delivered his project to the Porte with his own instructions, as chairman of the general committee representing the committees of the several loans, except those of 1854 and 1871. On December 7, Mr. Palmer and Mr. Bennoch called a meeting which unanimously confirmed the report and adopted my project. Mr. Palmer himself supported it. The general committee met again on December 9, appointing me chairman and commissioner in their name at the Porte for the execution of the project.”³⁸

2.1.2.1 Mission of Rose & Staniforth

Special Committee of Turkish Loans of all classes sent a mission of Sir P. Rose & Mr. J. Staniforth to Constantinople on the 22 February 1876, for negotiating the plan which they decided to support by 15 February 1876³⁹ proposed by Mr. Etienne Scouloudi⁴⁰ who conceived the idea of uniting two operations: the conversion of the existing loans into one uniform debt, with a farming society for giving practical effect to the necessary guarantees,⁴¹ which was to be the final option in the Muharrem Decree. The mission ar-

Constantinople, to be its chairman. This committee was more of a bankers' pressure group, however, there was a substantial group of bondholders who thought that this committee does not take their interests into consideration. Clay, 314.

37 Du Velay, *Essai Sur l'histoire Financière de La Turquie Depuis Le Règne Du Sultan Mahmoud II Jusqu'à Nos Jours*, 350–51.

38 Ibid., 352.

39 Clay, *Gold for the Sultan*, 323.

40 As Clay describes, Scouloudi was a major figure in the financial world of Galata who had been one of the founders of the Banque de Constantinople and as its resident *administrateur* in Paris. Ibid., 321.

41 Rose, “Turkish Debt,” 8.

rived to Constantinople at 2 March 1876 and immediately the day after, they had an appointment with the Grand Vizier.⁴² The striking difference between Hamond and Scouloudi was his farsighted act to first take the approval of the French committee and his flexibility to make amendments to his project.⁴³

The Vicomte Du Manoir had been appointed by the French Committee as their representative, but he could arrive a week later. During their first meeting, Grand Vizier Mahmud Nedim pronounced two indispensable conditions for the Ottoman government to seriously consider any plan: 1. the limits prescribed by the Irade of 6 October, as to the amount available for the service of the Public Debt must not be exceeded. 2. Within those limits, provision must be made for the complete and entire liquidation of the floating debt and the other charges which were pressing upon the Imperial Treasury, in consequence of unforeseen events in Bosnia and Hercegovina.⁴⁴

Meanwhile, Messrs. Dent, Palmer, and Co. consequently called a meeting of the Bondholders of the Loans of 1854, 1858, and 1871 on 10 January 1876, where they established the Egyptian Tribute Bondholders League, which resulted in their sending out Mr. Greville Palmer (this was about a month before the mission of the Special Committee), a member of the firm, as special representative of those loans.⁴⁵ Their aim was to achieve the release of the funds at the Bank of England which required the signature of the Ottoman ambassador in London; nevertheless, the ambassador approved the remittance of half of the funds, in accordance with the Sultan's decree of October 1875.⁴⁶

Additionally, Mr. Rose and Staniforth expressed their support for the cause of Mr. Greville Palmer for the exceptional condition of the loans of 1854 and 1871 guaranteed by the tribute of Egypt. His Highness replied that:

We very naturally viewed this question from an English point of view, but he had to consider it also from the point of view of his own coun-

42 Ibid., 10.

43 Clay, *Gold for the Sultan*, 323.

44 Rose, "Turkish Debt," 11.

45 Ibid., 6.

46 Meszaros, "The Corporation of Foreign Bondholders", 153.

try, and the complaints that would be made if he were to except one or two particular loans from the terms of the İrade, when the Government had been counseled to apply the principle of reduction equally to all; that he did not see any way of dealing with those Loans separately; but he added that if, in any general re-arrangement of the Debt, it should be found practicable, without doing injustice to the holders in other Loans, to favour those Loans in particular, he should have pleasure in giving effect to our wishes.⁴⁷

The London papers reached Constantinople, containing the report of a meeting of Turkish Bondholders held in London on the 24 February 1876, receiving a report of Mr. Hamond's mission, at which very specific statements were made as to arrangements or understandings said to have been entered into between the Grand Vizier and himself.⁴⁸ As the report of Mr. Philip Rose and Mr. Staniforth indicated: "Mr. Hamond had already offered, by a stroke of the pen, to wipe off and make a present to the Government of £78,000,000 of the Public Debt, and this he did without demanding any guarantees in return, being satisfied with the voluntary offer by the Government to appoint a Syndicate of the Bondholders, at whose disposal a sufficient amount of the revenue should be placed for the service of the Debt; but his scheme took no account of, and made no provision for the discharge of the Floating Debt, and was, therefore, as impossible of acceptance by the Government as it would have proved illusory to the Bondholders."⁴⁹

Nevertheless, in the meantime the Grand Vizier Mahmud Nedim sent a letter by the demand of the Rose & Staniforth mission on 14 March 1876 that: "In answer to the letter which you have just addressed to me, I hasten to inform you that three days ago the Imperial Embassy in London was directed by telegraph formally to deny the truth of the statement of any understanding or agreement having been arrived at between the Imperial Government and Mr. Hamond, during the visit of that gentleman to Constantinople. Re-

47 Rose, "Turkish Debt," 11.

48 Rose, "Turkish Debt," 13.

49 Ibid., 10–11.

ceive, Gentlemen, the assurance my distinguished consideration.”⁵⁰ After the arrival of the representative of the French bondholders, Vicomte Du Manoir, they had a second meeting with Mahmud Nedim where, the Grand Vizier frankly indicated that they needed an immediate settlement with as little delay as possible and “to treat *ad referendum*, he positively declined. To do so would, he said, render it necessary that, while we were consulting our constituents, he should remain equally free, and would entail delay, speculation, hostility, and intrigue, ending, in all probability, in failure and discredit.”⁵¹ He asked them to inform him shortly about their resolution. So, after apprehensive consideration both the English and the French bondholder committees agreed to sign an ultimate accord which would constitute a basis for the rearrangement of the public debt. At the same meeting the grand vizier enunciated the fundamental foundation for the negotiations: This basis limited the amount to be apportioned for the service of the new converted Debt to £T8,000,000 =£7,200,000, in which he stipulated should be comprised the interest upon the amount required for liquidating the Floating Debt, and also a certain specified sum, to be hereafter determined upon, for a sinking fund, subsequently fixed at £250,000 per annum.⁵² He demanded a Memorandum which incorporated the points that were discussed among them as a foundation for submission to his colleagues and the grand vizier via one of his trustworthy friends and advisers dispatched a message that the plan for farming particular revenues would create antagonism among his colleagues which would be seen as an infringement to the prestige of the state. So, he proposed to develop an alternative scheme which would eventually open the way for “a wide and extensive system of farming of the revenues to be gradually introduced.”⁵³ Nevertheless, after successive deliberations together with the committees in England and in France and with the Imperial Ottoman Bank, they concluded that the negotiations would start only on the basis of the formation of a farming institution. Together with reminding the possible

50 Ibid., 15.

51 Ibid., 16.

52 Rose, “Turkish Debt,” 16.

53 Ibid., 17.

hazards, he managed to obtain an İrade from the Sultan authorizing him to negotiate and conclude an agreement on that foundation.⁵⁴

As the tension increases for the payment of the April coupons, the grand vizier asked to the Special Committee of All Turkish Loans (Rose, Staniforth, Du Manoir and, Palmer) to support the government for the payment and, there was another initiative from the part of the Austro-Hungary, as Baron de Hirsch sending Mr. Schenck the president of the Bank Verein in Vienna, which soon appeared that Mr. Schenck's main objective was the completion of the *reseau* of the Roumelian Railways, and that his scheme included an International Commission for the collection of revenues, and a large surrender of territory, neither of which proposals the Ottoman government were prepared to entertain; and Mr. Schenck, after an interview with the Grand Vizier, and remaining for a few days at Constantinople, returned to Vienna.⁵⁵

On the 19 March 1876 they prepared a memorandum that the Grand Vizier asked for to start the negotiations and a commission was established. It consisted of the Grand Vizier, who usually presided; H. E. Yusuf Paşa, then Minister of Finance; H. E. Galib Paşa, then the Minister of Finance, Galib Bey, a member of the Council of Ministers, but without portfolio; H. E. Artin Efendi, Under Secretary for Foreign Affairs; and the Under Secretary of the Maliye (Ministry of Finance.)⁵⁶

In the course of the daylong negotiations, some ministers voiced their opposition about the sum that was relinquished to the bondholders and also the privileged position of the Egyptian tribute loans. Mahmud Nedim deposed three ministers in the middle of negotiation process one of which was Yusuf Paşa who was succeeded by Galib Bey.⁵⁷

After long discussions about the reduction on different loans, the representatives of the bondholders who were initially proposing to keep the issue price for each loan, they agreed on the rule-of-three principle, that is to say, reducing the nominal amount of each loan about 6 per cent, below its issue

54 Ibid., 18.

55 Rose, "Turkish Debt," 19.

56 Ibid.

57 Ibid., 20.

price. Exceptions were on the 1854, 1871 loans, that a fractional preference was accorded to the 5 per cent general debt, a concession fully justified by its being so largely held in the Ottoman Dominions, and the public support thus secured in favor of the conversion. The Loan of 1855, guaranteed by England and France, was, by desire of the Government, not included in the Tableau, and the Roumelian Lottery Loan (*lots turcs*), after some negotiation was also excluded, that it might be dealt with upon equitable terms by a separate law.⁵⁸ For the details of the farming institution, Mr. Edwards from the Imperial Ottoman Bank assisted them who worked for several years in the Customs Department. Additionally, Mr. Greville Palmer was included to the negotiations subsequently as a representative of the Egyptian Tribute Loans which took up time and labor during discussions.

The Imperial Ottoman Bank was an indispensable part of the project always carrying a secondary or behind-the-scene role throughout the negotiations and had their director Edwards Bey for consultation of the formation of the farming company. Nevertheless, while reaching a final conclusion, Grand Vizier emphasized that it should have taken its place in the new institution. And after considerations with the London and Paris Committees, Mr. Foster, the Director-General of the Bank at Constantinople, informed Mahmud Nedim that the Bank would join in the capital with a significant amount, under the condition of appointing two directors, and at a meeting held in Galata of all the leading bankers and financial establishments, the support reached a point which guaranteed a subscription of upwards of £3,000,000 out of the £3,600,000 required. A demand for the Concession was thereupon drawn up to the Grand Vizier, and was signed by the following: *Le Credit Lyonnais*, *La Banque de Constantinople*, *La Société Générale de l'Empire Ottoman*, *Le Credit General Ottoman*, *La Société des Changes et Valeurs*, George Zarifi, E. Stephanovitch, A. P. Mavrogordato, Henry C. Hanson, Simon Mahsoud, Dent, Palmer, and Co., London. Nevertheless, the signing of the official documentation for the demand of concession was prolonged between the dates 15 April and 6 May.⁵⁹ They were racing against the clock.

58 Ibid., 21.

59 Rose, "Turkish Debt," 24.

While waiting the official approval from the part of the Imperial Ottoman Bank, the disorder in Bosnia and Herzegovina and upheavals in Bulgaria has reached to an incredible extent. At the meeting held on 27 April 1876, Grand Vizier asked for a reduction of previously agreed 6 percent interest to 5 percent for five years and on 29 April the Special Committee accepted this proposal because of the pressing political conditions of the country. And the murder of French and German Consuls in Salonika also added to the political disturbances in the country. On the 8 May 1876, the representatives of the bondholders signed the final agreement as the Grand Vizier was insisting on moving without delay with the consideration that he expressed to the representatives of the bondholders that during the conference of emperors taking place in Berlin at the same time, he wanted to demonstrate to Europe that regardless of the pressing political situation in the country, he was decisive to reach an agreement with the bondholders.⁶⁰ So, on 8 May 1876, a telegram was dispatched by the Ottoman government to its ambassador at Berlin the same evening, instructing him officially to inform Prince Bismarck that the agreement with the Bondholders had been finally completed. As a conventional procedure to add Turkish text side by side with the French and the signature of the Grand Vizier and of the Minister of Finance should have been affixed at the same time, there had not been sufficient time to complete until the 11 May and as the representatives of the bondholders were ready to sign the tableau, they were informed that the Grand Vizier had been dismissed from the office moments before.⁶¹

By a letter written to the new Grand Vizier, Mehmed Rüşdi Paşa, the representatives of the bondholders of all Turkish loans, written on the 16 May 1876, they asked for “placing them in the position to be able to return to Europe with the least possible delay, so as to be able to report on the accomplishment of their mission, the results of which, impatiently awaited by the holders of Ottoman funds, it is to be hoped will put an end to a state of things as disastrous to the Imperial Government as to its creditors.”⁶² On 23

60 Rose, “Turkish Debt,” 27.

61 Ibid., 28.

62 Ibid., 36.

May 1876, they had an appointment with the Grand Vizier and they were informed that the Council, that came together on 21-22 May to consider the arrangements to be made for the unification of debt and the establishment of the farming company, agreed unanimously not to put into force them. The Grand Vizier Mehmed Rüşdi, enunciated that “question before the government was not as to the relative advantages of any particular plan or operation, but as to the possibility, under existing circumstances, of providing for the execution of any measure whatsoever. When the country is pacified, the government will immediately consider the best manner in which relief can be given to their creditors.”⁶³ In addition to the official letter of Grand Vizier that the Sublime Porte was not in a position “to attain the objectives in view, both as regards the Ottoman Bondholders and the Imperial Government, that its realization would, in fact, meet with grave difficulties, and would even present obstacles prejudicial to all interests,” he also sent personal letters to each of the representative “offering a honorary distinction, and at the same time the reimbursement of their personal expenses,” which they kindly declined.⁶⁴ As soon as Midhat Paşa came to power at end of the year 1876, he cancelled the Irade of 6 October and this created satisfaction from the side of the Ottoman foreign bondholders.⁶⁵

2.1.3 18 September 1877: Resolution of the Tribute Loans

Although hopes for a comprehensive debt settlement had faded, progress was made on the issue of Tribute Loans. At the request of the Egyptian Tribute Bondholders’ League, the Council of Foreign Bondholders assembled a meeting on 9 April 1877 to discuss the 1854 Loan. During this meeting, bondholders passed a resolution affirming their trust in Messrs. Dent, Palmer, and Co. while urging the Council to assist in securing their rightful claims from funds sent to the Bank of England by Egypt. The Council was also asked to collaborate with Messrs. Dent, Palmer, and Co. and to pursue

⁶³ Ibid., 37.

⁶⁴ Rose, “Turkish Debt,” 38–39.

⁶⁵ Du Velay, *Essai Sur l’histoire Financière de La Turquie*, 369.

any necessary legal actions. Following this, a similar meeting for bondholders of the 1871 Loan was held on 24 May 1877, where an equivalent resolution was adopted. In an effort to resolve the claims of the Tribute Bondholders, the Ottoman government appointed two Financial Commissioners, H. E. Zühdi Efendi and M. B. Foster, Esq., C.B. These officials engaged in negotiations with Mr. Bouverie and Mr. E. H. Palmer, who represented the bondholders, regarding the release of funds held by the Bank of England. Subsequently, bondholder meetings were held on 24 July 1877, where the proposed terms were reviewed, slightly modified, and formally documented on 17 September 1877. The official notice of fund distribution for half-paid coupons and drawn bonds was issued on 24 September 1877.⁶⁶ However, the tribute account remained unresolved until 1885, during which time England covered the outstanding interest on the guaranteed loan.⁶⁷

The political events that unfolded over a short period can be summarized as follows. The unrest that began in Herzegovina and Bosnia escalated into an uprising in Bulgaria on 4 May 1876. Shortly after, on 6 May, the French and German Consuls were assassinated in Salonika. On 10 May, a demonstration by the *Softas* in Constantinople led to the dismissal of Mahmud Paşa. Later that month, on 29 May, Sultan Abdülaziz was overthrown and replaced by Murad, the eldest member of the Ottoman dynasty. Just four days later, Abdülaziz died under sudden and suspicious circumstances. The turmoil continued when, on 15 June, two ministers, Hüseyin Avni and Reşid Paşa, were assassinated during a Council meeting. Meanwhile, Serbia and Montenegro declared war against the Ottoman Empire. Amidst this instability, Sultan Abdülhamid II ascended to the throne on 31 August 1876. The war with Serbia persisted, and in the following year, the Ottoman Empire entered

66 Corporation of Foreign Bondholders, "Fifth Annual General Report of the Council of the Corporation of Foreign Bondholders for the Year 1877" (London, 1878), 39–40.

67 Sydney Armitage-Smith, "The Turkish Guaranteed Loan, 1855" (October 12, 1916), 9, T 208/13A, The National Archives, Kew.

into conflict with Russia. The war concluded with the signing of the Treaty of San Stefano on 3 March 1878 between Russia and Turkey.⁶⁸

During this turbulent period, representatives of the Great Powers summoned in Berlin in June 1878 to revise the Treaty of San Stefano and align its terms with European public law, as outlined in the Treaty of Paris. Since the Congress of Berlin marked a significant turning point in the history of the Ottoman debt, it is important to examine its proceedings in relation to Ottoman financial affairs.⁶⁹

The President of the Committee for the French bondholders of the Ottoman Public Debt, Mr. Boisney sent a petition to the Ministry of the Foreign Affairs of France on 24 January 1878, six months before the beginning of the peace talks for the Congress of Berlin, for indicating that the representatives of the French government would not lose the position to protect the rights of the French bondholders. They indicated that the “prosperity of the civilized nations” should be in solidarity up to a certain limit.⁷⁰ This petition was evaluated by the 3rd Commission of Ministry of Foreign Affairs of France deserving to be taken into consideration by the Ministry, as their claims are righteous on the ground that they are disappointed and they feel regretful for their decision to out their savings onto an insecure ground, as they would be safe on French funds.⁷¹

Additionally, a committee of twenty members representing the holders of the Floating Debt of the Ottoman Empire, presented a memorandum to the Congress of Berlin.⁷² Soon after, Turkey’s commitment to repay on its debts became an international phenomenon.⁷³

68 Charles Morawitz, “The Public Debt of Turkey,” *The North American Review* 175, no. 549 (1902): 278.

69 “I. The Ottoman Public Debt and Its Administration, 1854-1914 [London],” 6.

70 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, 8 December 1878

71 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, 8 December 1878

72 “Ottoman Debt. Vol. 2.” (1905 1903), FO 78/5444, The National Archives, Kew. “Memorandum on the question of Belgian representation, Adam Block, Constantinople, 22 March 1904.”

73 MAE, 75ADP/19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Mémoire adressé à Monsieur le Ministre des affaires étrangères de France, 13 March 1879.

§ 2.2 The Zeitgeist of the Congress of Berlin

What shaped the circumstances in the Congress of Berlin lies on the Constantinople Conference (Tersane Conference) which was opened at the beginning of December 1876, and on January 15, 1877, formulated a series of reorganizations for the Ottoman Empire. Sultan Abdülhamid, who was new to the throne, still relied on the anti-Russian policy of England and the poor condition of the Russian army, refused at the time of the Conference, and in the aftermath on April 9, to carry out any program of reforms unless he were allowed to do so on his own leadership.⁷⁴

During the sitting held on 20 January 1877 where the Russian Ambassador to the Ottoman Empire, General Ignatiev, declared in front of the signatory powers of the Paris Treaty that “a universal interest of a different kind seems to me also demanding the prompt care/concern of the Sublime Porte. The confidence of the financial world of Europe had been placed for the Ottoman loans. The recent orders of the Ottoman government show his intention to recognize all of his obligations with regard to his creditors but the situation of them by no means has been improved. It would be urgent and advantageous for the Sublime Porte without delay to find a solution to satisfy the Turkish bondholders.”⁷⁵ This was an interesting and a practicable move from the side of Russia who generally wouldn’t take into account the interests of the creditors of the Ottoman Empire which will be obvious during the negotiations of the Congress of Berlin.

The first meeting of the Congress of Berlin took place on the 13 June 1878 and the two Ottoman representatives couldn’t attend to the meeting due to the bad weather conditions in the Black Sea, as they couldn’t arrive to Berlin on time.⁷⁶ Count Andrassy, Minister for Foreign Affairs of the Imperial

74 E. L. Woodward, *The Congress of Berlin, 1878*. (London: H.M. Stationery Office, 1920), 3.

75 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, 25 January 1878, Sent by the president of the Committee of the French bondholders, M. Boisney to the Chamber of Deputies of the French Parliament.

76 “Correspondence Relating to the Congress of Berlin, with the Protocols of the Congress,” 1878, 4. (from The Marquis of Salisbury to Her Majesty’s Principal Secretary of State, 13 June 1878)

Household of Austria-Hungary proposed that the Presidency should be endowed to Prince Bismarck, the Chancellor of the German Empire. Prince Bismarck accepted the presidency of the Congress.⁷⁷

There were present for Germany- Prince Bismarck, Chancellor of the German Empire; M. de Bülow, Secretary of State for Foreign Affairs; Prince Hohenlohe-Schillingsfürst, German Ambassador at Paris. For Austria-Hungary- Count Andrassy, Minister for Foreign Affairs and of the Imperial Household; Count Karolyi, Ambassador of Austria-Hungary at Berlin; the Baron de Haymerle, Ambassador of Austria-Hungary at Rome. For France- M. Waddington, Minister for Foreign Affairs; the Comte de Saint-Vallier, Ambassador of France at Berlin; M. Desprez, Minister Plenipotentiary of the First Class, entrusted with the superintendence of political matters at the Foreign Office. For Great Britain- the Earl of Beaconsfield, First Lord of the Treasury and Prime Minister of Britain; the Marquis of Salisbury, Minister for Foreign Affairs of Britain; Lord Odo Russell, Ambassador of England at Berlin. For Italy- the Comte Corti, Minister for Foreign Affairs; the Comte de Launay, Ambassador of Italy at Berlin. For Russia- Prince Gortohacow, Chàncellor of the Russian Empire, the Comte Schouvaloff, Russian Ambassador in London, M. d'Oubril Russian Ambassador at Berlin. For Turkey- Sadullah Bey, Turkish Ambassador at Berlin.⁷⁸ The two representatives of the Ottoman Empire were present at the second meeting held on 17 June 1878, Alexandre Karatodori Paşa and Mehmed Ali Paşa.⁷⁹

2.2.1 *The Indemnity of War*

On 2 July 1878, the discussions regarding the indemnity of war started by reading the Article XIX of the Treaty of San Stephano as, "As to the remainder of the indemnity, exclusive of the 10,000,000 roubles owing to the Russian interests and institutions in Turkey, altogether 300,000,000 roubles, the manner of payment of this sum, and the guarantee to be applied thereunto,

77 "Ibid., 12.

78 "Correspondence Relating to the Congress of Berlin, with the Protocols of the Congress," 11.

79 Ibid., 16.

will be regulated by an arrangement between the Imperial Government of Russia and that of His Majesty the Sultan.” Regarding this article, Foreign Secretary of England Lord Salisbury indicated his concerns about the guarantee not to be in any case a territorial acquisition and he expressed the formal opposition of Great Britain to such a solution. Prince Gortchacow assured him that guarantee do not have any indication of territorial indemnity. In this respect, Karatodori Paşa described the Ottoman Empire’s condition as historically unprecedented in its misery. Regarding the issue of war indemnity, he noted that Russia had already secured significant territorial gains in Europe, including Dobruca and Bessarabia. These acquisitions were considered as a substantial deduction from the total indemnity. A similar approach was expected to be applied to the Asian territories of the Empire, where land might be ceded in place of a significant portion of the remaining war indemnity. He also deliberately mentioned about leaving the Empires’ creditors totally without compensation.⁸⁰ He urged the Congress to reconsider the war indemnity entirely. However, Congress President Prince Bismarck emphasized that Turkey had no current obligation, as the commitment had already been made at San Stefano.⁸¹

Despite the numerous efforts of Karatodori Paşa to bring up the topic of monetary indemnity to the agenda of the Congress, he didn’t find a satisfactory support from any of the plenipotentiaries of the congress. Nevertheless, they found it expedient to discuss the priority of the rights of the foreign bondholders of the Ottoman Empire vis-à-vis the war indemnity. Lord Salisbury, speaking on behalf of the British government, stated that Russia, as a creditor under the Treaty of San Stefano, could not be given priority over Turkey’s pre-war creditors, whose claims predated the conflict.⁸² Count Corti emphasized that if the 300,000,000 rouble indemnity was approved, it

80 Ibid., 169–70.

81 Ibid., 171.

82 Gallica, Turkey. No. 39 {1878}. Correspondence relating to the Congress of Berlin, with the protocols of the Congress, Presented to both Houses of Parliament by Command of Her Majesty 1878, No. 21, The Marquis of Salisbury to Her Majesty’s Principal Secretary of State.- (Received July 6.), Berlin, July 2, 1878, p. 171.

should not take precedence over loans guaranteed by France and England, nor over other outstanding Ottoman debts. Count Schouvaloff responded that while he had not examined the issue in depth, Russia intended to respect all prior financial commitments, assuring that Russia was only safeguarding its collateral rights and would treat the indemnity like a private debt, without regard to the nationality of Turkey's creditors. Prince Gortchakov further reaffirmed that the war indemnity would not harm the interests of the Sublime Porte's creditors.⁸³ This provision remained unchanged in the Treaty of Berlin, as it was not considered a matter of Europe's collective political interest.⁸⁴ The imposition of a war indemnity was not a new feature of Russian policy in Asia. The uniqueness of the indemnity enforced upon the Ottoman Empire in 1878 is its size and the circumstances under which it was imposed.⁸⁵

After all, the "Convention between Russia and Turkey Respecting the Mode of Payment of the War Indemnity due by Turkey to Russia" signed in between Russia and Turkey on 2/14 May 1882 at Constantinople, with signatories Mr. Eugene Novicoff, the Ambassador Extraordinary and Plenipotentiary and Théodore de Thoerner, Member of the Council of Ministry of Finance and Director of the Department of Treasury from Russia and; Mehmed Asım Paşa Müşir of the Sultan and Mahmud Server Paşa, Müşir of the Sultan. The indemnity was fixed at £T.34,900,00 and Russia agreed to accept, in place of the capital sum, annuities of £T.350,000 running for a century, no interest being payable on the capital outstanding with regard to the Article 1 of the Convention.⁸⁶ According to the Article 2 the annuity is secured on certain specified taxes and tithes of *vilayets* of Alep, Konya, Kastamonu, Adana and Sivas with regard to Article 10 and which (under a further Convention of 17/29 December of the same year) the Imperial Ottoman Bank is responsible for receiving and paying to Russia.

83 Ibid.

84 "I. The Ottoman Public Debt and Its Administration, 1854-1914 [London]," 13.

85 Michael R. Milgrim, "An Overlooked Problem in Turkish-Russian Relations: The 1878 War Indemnity," *International Journal of Middle East Studies* 9, no. 4 (1978): 521-22.

86 "Ottoman Debt. Vol. 2."

Between 1882 and 1898, annuities were paid irregularly. M. de Nelidoff, Russian Ambassador at Constantinople, in his note of 1896, referred to Protocol No. 18 of the Congress of Berlin as the origin of the Administration and during the discussions about the Russian War Indemnity, he warned the Ottoman government that if it wouldn't fulfill its obligations regarding the indemnity, Russia would have no choice but to ask in the same manner to be part of the Administration.⁸⁷ In 1898, after Turkey secured a £T 4,000,000 war indemnity from Greece and showed growing German influence, Russia, which had previously tolerated delays, began pressing its claims. The following year, an agreement was reached for the Imperial Ottoman Bank to pay the arrears and handle future installments on behalf of the Porte.⁸⁸ Between 1909 and 1919, two agreements settled Turkey's claims on Bulgaria and recognized Bulgarian independence. In the first agreement, Russia and Turkey agreed that Russia would forgo 40 annuities of the Turkish War Indemnity, while Turkey renounced its claims under the Treaty of Berlin to tribute, debt contributions, and arrears from Bulgaria. In the second agreement, Bulgaria acknowledged a debt of 82 million francs to Russia, payable in 65 annuities from 1 October 1901 or as a lump sum. As a result, after 10 years, Russia retained a £T 350,000 annuity claim on Turkey for 34 years, while Bondholders lost any chance of obtaining a "contributive part" from Bulgaria. Although claims for tribute and Eastern Rumelian arrears were settled, Turkey's renunciation of these rights, previously assigned to bondholders under the Decree of Muharrem, was seen as a breach of agreement, prompting a formal protest from the Council of the Debt.⁸⁹

2.2.2 *The Tributes of Bulgaria, Serbia, and Montenegro*

Beyond the financial arrangements between Russia, Turkey, and Bulgaria regarding the war indemnity, another key issue debated during the peace negotiations was the distribution of the Ottoman public debt among the

87 Ibid.; "Memorandum on the question of Belgian representation, Adam Block, Constantinople, 22 March 1904."

88 "I. The Ottoman Public Debt", 13.

89 "I. The Ottoman Public Debt", 13–14.

newly established Balkan states. As these states gained autonomy or independence, questions arose regarding their financial responsibilities, particularly their obligations toward the Ottoman debt.

On 24 June 1878, Karatodori Paşa presented a financial proposal on Bulgaria's obligations, referencing Article IX of the Treaty of San Stefano, which stated that Bulgaria would assume a share of the Ottoman Empire's debt proportional to its revenues, separate from its tribute payments.⁹⁰ During discussions on 26 June 1878, Karatodori Paşa emphasized that while Bulgaria was not a sovereign state, its financial autonomy justified its responsibility for part of the Ottoman public debt. He clarified that debt repayment affirmed creditors' rights, whereas tribute reflected the Principality's affiliation with the Empire.⁹¹ According to Article IX of the Treaty of Berlin, Bulgaria's annual tribute to the Ottoman Empire would be set by agreement among the Signatory Powers after the first year of its new administration. This tribute would be based on average revenue, while Bulgaria's debt obligation would be determined fairly and proportionally.⁹²

Similarly, during the peace talks on 28 June 1878, Karatodori Paşa proposed that Serbia's tribute be capitalized and paid to the Ottoman Treasury and that Serbia assume a portion of the Ottoman debt proportional to the revenues of annexed districts. However, since Serbia was now independent, the Congress President noted that tribute was no longer relevant under the treaty. Count Schouvaloff agreed, stating that independence automatically ended tribute obligations. Lord Salisbury countered that tribute was Ottoman property, used to service imperial debt, while Prince Gortchakov dismissed concerns about Ottoman bondholders, calling the debt a speculative matter in which Russia had refused to assist its own citizens. M. Waddington strongly disagreed, arguing that Turkish loans were held by legitimate creditors who deserved protection. The President suggested that Serbia's share of the Ottoman debt should match the value of its former tribute, and Karatodori Paşa's proposal was referred to the Committee for Frontier De-

90 "Correspondence Relating to the Congress of Berlin, with the Protocols of the Congress," 64.

91 Ibid., 90–91.

92 Benoit Brunswik, *Le Traité de Berlin* (Paris: E. Plon, 1878), 298.

marcation. Ultimately, Article 42 of the Treaty of Berlin established that Serbia would assume a fair portion of the Ottoman debt for its newly annexed territories, with the Representatives in Constantinople determining the exact amount in agreement with the Sublime Porte.”⁹³

Karatodori Paşa proposed that, following Montenegro’s independence, it should assume a portion of the Ottoman public debt proportional to the revenues of its annexed territories. This proposal faced no opposition.⁹⁴ According to Article 33 of the Treaty of Berlin, the Representatives of the Powers in Constantinople, in agreement with the Sublime Porte, would determine Montenegro’s fair share of the debt.⁹⁵

On 1 July 1878, Karatodori Paşa proposed that Romania’s tribute be capitalized and paid into the Ottoman Treasury and that Romania assume a proportional share of the Ottoman debt for its newly annexed territories.⁹⁶ However, the Congress President stated that these were bilateral issues to be resolved between Turkey and Romania, rather than matters for Congress discussion.⁹⁷

During the 11 July 1878 session, the Committee presented a draft proposal stating that the tributes of Serbia and Romania should be capitalized, with the Representatives of the Powers in Constantinople determining the rate in agreement with the Sublime Porte. Lord Salisbury emphasized two key points: first, that since Russia, not Serbia or Romania, had defeated the Ottoman Empire, there was no reason for Turkey to forfeit the tribute. Second, the tribute served as collateral for Ottoman creditors, and removing it would harm their interests. Ultimately, with Russia’s consent, it was agreed that a

93 Brunswik, *Le Traité de Berlin*, 311.

94 “Correspondence Relating to the Congress of Berlin, with the Protocols of the Congress,” 157.

95 Brunswik, *Le Traité de Berlin*, 308.

96 “Correspondence Relating to the Congress of Berlin, with the Protocols of the Congress,” 155.

97 *Ibid.*, 156.

portion of the Ottoman debt would be assigned to the newly annexed territories.⁹⁸

On 10 July 1878, Karatodori Paşa proposed that Russia assume a portion of the Ottoman public debt for the territories annexed in Asia. Count Schouvaloff rejected this, arguing that as the victorious power, Russia owed nothing for the acquired lands. Prince Gortchakov strongly opposed the request, expressing astonishment at the proposal. Given Russia's firm refusal, the Congress President acknowledged that the Ottoman request could not be implemented.⁹⁹

Although the Treaty of Berlin affirmed the principle that the Balkan states should share responsibility for the Ottoman public debt, it ultimately failed in practice. Despite decades of diplomatic negotiations and repeated protests by the Council of the Debt, none of the Balkan states made any payments toward the Ottoman debt between 1878 and 1916. Efforts to enforce these financial obligations began in 1883, when the Council of Foreign Bondholders urged Britain's Foreign Office to address the issue through a conference of ambassadors in Constantinople. In response, Lord Granville issued a diplomatic dispatch, warning that it was unfair for the Great Powers to enforce only the treaty's terms that burdened Turkey while ignoring those that offered it compensation. However, these appeals were largely ignored. Germany saw little benefit in enforcing Ottoman loan repayments, while Russia prioritized its influence over Bulgaria. Furthermore, the interests of Ottoman bondholders conflicted with those of the creditors of the Balkan states, which were already deeply indebted to Western powers. As a result, the financial provisions of the Treaty of Berlin remained unenforced.¹⁰⁰

2.2.3 *Financial Commission*

During the discussions of the 18th Protocol on 11 July 1878, The First Plenipotentiary of Italy, in the name of his colleagues of France, Great Britain, and

98 "Correspondence Relating to the Congress of Berlin, with the Protocols of the Congress," 267–68.

99 "Ibid., 253.

100 "I. The Ottoman Public Debt and Its Administration, 1854-1914 [London]," 10–11.

Italy, presents the following declaration to the Congress for insertion in the Protocol:

The Powers represented at the Congress desire to recommend to the Sublime Porte the establishment of a Financial Commission at Constantinople, composed of specialists, named by their respective governments, which shall be charged to examine the complaints of the bondholders of the Ottoman debt, and to propose the most efficacious means for satisfying them as far as is compatible with the financial situation of the Porte.¹⁰¹

Karatodori Paşa affirmed that the Ottoman government was committed to addressing financial issues and improving its situation. The proposals on tribute and debt-sharing presented at the Congress demonstrated its concern for creditors' interests. However, he rejected the declaration made by France, Britain, and Italy in its current form. While unable to specify exact terms or timing, he emphasized that the Ottoman government would work toward an agreement with creditors within the limits of its financial resources.¹⁰² Nevertheless, this protocol was inserted to the Treaty of Berlin as a recommendation.

§ 2.3 Conclusion

The eighteenth protocol was taken very seriously by the committees of the bondholders, as their case now became an international phenomenon with the long-sought support from their respective governments and with the strong affirmation from the part of the Ottoman government to take care of the issue of public debt seriously with regard to its financial abilities and limitations.

101 Gallica, Turkey. No. 39 {1878}. Correspondence relating to the Congress of Berlin, with the protocols of the Congress, Presented to both Houses of Parliament by Command of Her Majesty 1878, No. 21, The Marquis of Salisbury to Her Majesty's Principal Secretary of State. -(Received July 6.), Berlin, July 2, 1878, p. 268.

102 Ibid., p. 268-69.

The Tocqueville Project: Financial Democracy

In this chapter, I would like to describe the deficiencies of the de Tocqueville scheme that was put forward and supported by the joint committee of French-English bondholders. These deficiencies were mainly indicated by the directors of the Imperial Ottoman Bank. Nevertheless, the bondholders, especially in France were so eager to reach a conclusion with the Sublime Porte as soon as possible and both the governments of England and France and the group of Imperial Ottoman Bank were more hesitant about the realization of the project on concrete grounds. This resulted into a conceptualization of the term “financial democracy” from the side of the bondholders in France.

§ 3.1 *Irades* of 30 January 1879

The convention of the unification and consolidation of the Ottoman debt signed between the Sublime Porte and M. de Tocqueville as representative of the English-French Committee of the Turkish bondholders confirmed by the Imperial Irade of the Sultan on 30 January 1879 after two months long nego-

tiations with the Sublime Porte.¹ The convention granted by the Porte received the unanimous approval in a meeting held in London on 26 February, by the delegates of the ten Committees.

The convention was based on three grounds: 1. The unification and consolidation of all ottoman loans into one new 5 % fund with the exception of except those of 1854, 1855, 1871 and 1877 which were under the guarantee of the Egyptian Tribute or governments of England and France which were arranged by a previous convention. 2. The realization of a new loan of 6 % of 200 million francs. 3. The establishment of an international commission which was to be in charge of collecting the taxes, tributes, fees assigned as a guarantee both for the new loan and the consolidated debt.

The decree starts with the explanation of the disastrous internal financial conditions of the Ottoman Empire which should have been regulated definitively by the urgent need of money together with the current needs of the Treasury and obligations of the consolidated public debt. So, the government decided to borrow a new loan of 200 million francs based on concrete guarantees and revenues and also assigning the remaining part to the service of the floating debt. The loans would be dealt in two categories: 1. 1858, 1860, 1862, 1863, 1865, 1869 and 1874 loans of 6 % which would be unified and consolidated to 5 %. 2. The general loans of 1865, 1873, 1874, Treasury bonds, 1872 emission, the obligations of the Railways known as “*Lots Turcs*”, to be unified and consolidated to 4 %.

The revenues designated as guarantees for the new loan and the consolidated debt included customs duties and indirect taxes within the Empire, such as levies on tobacco, salt, stamps, and spirits. Additionally, a patent tax was to be introduced, along with surplus revenues from the *Temetu* tax. Other sources of revenue comprised the tribute from Bulgaria, the portion of the Empire's debt attributed to this principality, as well as the share of the debt assigned to Serbia and Montenegro. Furthermore, revenues from Rumelia, authorized under the Treaty of Berlin, and payments from England for Cy-

1 Comte de Tocqueville left for Constantinople on 8 November. MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, Note from *Comité Française des Porteurs de la Dette Turque* to the Minister of Foreign Affairs of France, Paris, [date imprecise, 1880?]

prus, as stipulated in the convention of 4 June 1878, were also allocated as financial guarantees.² However, the designated contributions from Bulgaria, Serbia, Montenegro, and Rumelia would later be recognized as not solid guarantees as it was counted on.

The administrative commission was to be composed of six members, with two appointed by the Ottoman government, one of whom would serve as the president, alongside two representatives from the French government and two from the British government. Except in cases where the expertise of specialists was deemed essential, the administrative personnel were required to be Ottoman subjects. An agreement was reached with the Imperial Ottoman government to implement essential measures aimed at preventing fraud, ensuring the systematic collection of revenues and taxes, increasing customs tariffs on both imports and exports, and ultimately strengthening fiscal capacity.³

3.1.1 *Conflict of Interests or Protestations from Several Involving Parties*

Nevertheless, there were several protestations from the part of different committees of bondholders as well as from the Italian government. The Italian Minister of Foreign Affairs, M. Corti, wrote a note to Karatodori Paşa expressing concerns about the establishment of an International Commission that excluded the Italian representative. In his protest, he emphasized that, until the Commission outlined in the 18th protocol of the Congress of Berlin had been convened and had issued its conclusions, they could not, by order of the King and in the interest of Italian holders of Ottoman debt securities, accept either a reduction in the agreed-upon values or any reallocation of revenues designated as specific guarantees for these securities.⁴ As a response to these concerns, Karatodori Paşa wrote a note addressing the concerns pointed out by Mr. Corti that at the request of Mr. de Tocqueville, it

2 “Unification et Consolidation de La Dette Turque” (Comité Anglo-Français des Porteurs de Fonds Turcs, 1879), 13–14, France, Archives du Ministère des Affaires étrangères.

3 Ibid., 16.

4 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Note from the Minister of Foreign Affairs of Italy to Karateodori Paşa, 21 February 1879.

was agreed that the French and English governments, which had been involved in contracting and issuing various Ottoman loans, would be asked to appoint delegates in a manner that would provide all stakeholders, regardless of nationality or status, with the strongest assurances of a well-considered selection. The Sublime Porte's approach to the French and English governments was to be purely administrative, fulfilling a prior commitment to security holders rather than carrying any political implications. This action did not have the intention to undermine the interests of Italian bondholders, whose concerns align with those of creditors across Europe. Appointing foreign administrators by other means would neither improve creditor guarantees nor alter their situation but would unnecessarily politicize the matter, an outcome the Imperial Government has consistently sought to avoid in financial affairs. Furthermore, the International Commission, endorsed by the Congress of Berlin, was intended to facilitate an agreement between the Imperial Government and its creditors. Since such an agreement can still be reached under balanced conditions, there is no current need to invoke the provisions of Protocol No. 18 from the Congress.⁵

Comte de Tocqueville set his argument to persuade the bondholders on the financial predicament of the Ottoman Empire that necessitated the restructuring of its debt to improve the position of its creditors. This was certainly a pressing condition in the Empire as *kaime* lost its value considerably, estimated 50 or 60 percent. Nevertheless, this obligation required a loan of 200 million francs (£8 million), with a portion allocated to settling previously pledged revenues and the remainder designated for the withdrawal of paper currency, *kaime* from circulation.⁶ On this ground, he pointed out that the most viable means of securing this funding was through those with a vested financial interest in Turkey's stability namely, its bondholders. If the

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- 5 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Letter sent to the Minister of Foreign Affairs of Italy, Mr. Corti to Karateodori Paşa, 23 February 1879.
 - 6 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité Anglo-Français des Porteurs de Fonds Turcs, Unification et consolidation de la dette turque emprunt privilégié 6 % 200 Millions de Francs, Nomination d'une commission financiere internationale, Reprise du paiement des Intérêts, p. 4.

creditors sought to restore the value of their investments and ensure the receipt of consistent returns instead of enduring continued financial losses, their participation in the borrowing initiative was deemed essential for the implementation of a feasible financial agreement.⁷ Both the English and French committees in Paris and London endorsed this arrangement during a general assembly of ten bondholder committees, assembled at Adolphe Terrace on 26 February 1879. Following this unanimous resolution, negotiations were initiated with financial institutions in Paris to facilitate the conversion of Turkey's debt and provide financial advances to the Ottoman government, in accordance with the stipulations outlined in the two Imperial Irades issued on 30 January 1879.⁸

Similarly, Italian government wrote a verbal note indicating their concerns given the significant Italian interests involved in Turkish funds (estimated at approximately 700 million). The Italian government insisted on having a role in managing revenues to ensure fairness and transparency in the debt servicing process.⁹ Members of the General Committee of Anglo-French bondholders wrote a response to a memorandum presented by a group of Italian bondholders of Ottoman securities addressing the President of the Council of Ministers of Italy. They assured that this convention was not meant to divert revenues from prior commitments but rather to ensure debt service through an international commission, fulfilling the request made at the Berlin Congress.¹⁰

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- 7 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité Anglo-Français Des Porteurs de Fonds Turcs, Unification et consolidation de la dette turque emprunt privilégié 6 % 200 Millions de Francs, Nomination d'une commission financière internationale, Reprise du paiement des Intérêts, p. 5.
 - 8 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Memorandum of M. de Tocqueville to Minister of Foreign Affairs of France, 9 March 1879, p. 3.
 - 9 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Verbal Note, 28 February 1879 (The authorship and intended recipient of this letter remain unknown)
 - 10 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Telegram undersigned by Boisney, Président du Comité français ; Landon, Président du Comité anglais les porteurs de 6 %; Guedalla, Président du Comité anglais des porteurs de 5 % sent to M. Depretis, President of the Council of Ministers of Kingdom of Italy, 1 March 1879.

It is clearly seen that the English bondholders didn't come together as it happened in France. The secretary of the Council of Foreign Bondholders, Hyde Clarke wrote a letter to the Minister of Foreign Affairs of France, M. Waddington, in the name of the Members of the Joint Commissions for the Ottoman Loans of 1858 and 1862 to indicate that neither the Commissions nor the bondholders whom they represent consented to any alienation of the Customs of Constantinople, which are hypothecated to the 1858 Bondholders nor the Excise revenues hypothecated to the 1862 Bondholders. The Commission formally objected to the reallocation of designated revenues from their intended loan obligations to newly established or future loans. Additionally, it opposed the appointment of officials to oversee these revenues for such purposes and their diversion to uses not originally stipulated by legal and contractual commitments.¹¹ The same committee of bondholders wrote two memoranda to the Minister of Foreign Affairs of Britain, Lord Salisbury with the same concerns by describing the situation as dispossession. They asked to the Minister to take action via their ambassador in Istanbul. Regarding these memoranda, Lord Salisbury wrote that Her Majesty's government could not take action to make the Sublime Porte to pay all its debts. While approving their just claims, he stated that for the moment, he couldn't give a more categorical or a sufficient response.¹²

As expected, Russian ambassador in London Prince Lobanov sent a note on 28 February 1879 to the Minister of Foreign Affairs of France concerning the Tocqueville Convention. The Minister sent his response to the Ottoman Ambassador in Paris.¹³

In his response, the Minister asserted that:

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- 11 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Letter sent from the secretary of Hyde Clarke to the Minister of Foreign Affairs of France, M. Waddington, 3 March 1878.
 - 12 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Réponse de Lord Salisbury au Comité Anglais de Porteurs de la Dette Ottomane, Annexe No. 10, Les Emprunts Ottomans & le Gouvernement Britannique [No date].
 - 13 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Note sent from Ministry of Foreign Affairs of France to the Ottoman Ambassador in Paris, 4 March 1879.

- 1 Respect for Ottoman Financial Obligations: The Ottoman government has acted in full compliance with the Treaty of Constantinople as well as the provisions of the Berlin Congress protocols
- 2 Legitimacy of the Tocqueville Agreement: The financial measures taken, including debt consolidation, reduction of local and foreign obligations, and the elimination of paper money, intended to serve to stabilize the empire's finances and restore creditworthiness. These actions benefit all creditors and should not be contested by those without prior claims on specific revenues.
- 3 The Bulgarian Tribute and Debt Allocation: While Russia argued that the Bulgarian tribute should not have been pledged to the new consolidated debt, the Minister refuted this by emphasizing that Berlin Protocol No. 9 already designated general Ottoman revenues, including the Bulgarian tribute, as guarantees for debt obligations.
- 4 Foreign Financial Control: The appointment of British and French administrators over indirect contributions is framed as a technical measure aimed at ensuring debt service rather than a political interference. The proposed international financial commission is deemed unnecessary, as the agreement between the Ottoman government and bondholder committees has already achieved its intended purpose of reconciling state finances with creditor interests

§ 3.2 The Intervention of the Ottoman Bank

The Imperial Ottoman Bank and its group made concrete interventions regarding the de Tocqueville project around the beginning of February 1879 just after the declaration of *Irades* of 30 January 1879.

The directors of the Imperial Ottoman Bank and *Comptoir d'Escompte de Paris* indicated that the de Tocqueville Convention put very well necessity to establish an International Commission. Nevertheless, they put two problematic of the convention: 1. What was the quantum that could be extracted from the Empire's budget of administrative expenditures to be allocated to creditors? Tocqueville contract demonstrated in detail that how the reduction of the debt would support the Turkish debt, however it didn't prove in any respect, if the resources of the Empire would be adequate for the new

commitments. It would be impossible to use the totality of the appointed revenues to the debt, if the surplus of the general revenues of the state would not permit to assure its administrative services, at a risk of a new failure. 2. Another defect of the Tocqueville contract was that it left outside the creditors who were as outstanding as the consolidated obligations and the lots' shareholders. They indicated the floating debts that they were intermediaries as they depict those who helped lately, to the payment of the coupons, of which precisely the shareholders of 5 % and the obligations benefited and also as the foreign market was out of reach for the Empire, they provided the money to the Ottoman Empire during the war. This was a considerable gap and any project that was to be successful should have embraced universality of its legitimate creditors. Additionally, ending the system of temporary loans contracted under onerous conditions for treasury was indispensable.

Regarding these shortcomings, they suggested conducting a thorough examination of Turkey's financial situation before proposing a stable conversion plan to the relevant parties, a process that would take a few months while the Sublime Porte faces urgent financial needs. A potential solution could be to assure the Ottoman government that a syndicate to be prepared to uphold the Tocqueville Contract, provided that the Sublime Porte consulted with the French and English governments to establish the Commission outlined in the contract. This Commission would then receive the funds from the syndicate to address the government's immediate financial requirements. Once the Commission published its report detailing the overall revenues and state expenditures, it would become feasible to devise a structured conversion plan and simultaneously determine the conditions for a 200-million-franc loan, essential for Turkey to withdraw the *caïmes* and relieve the Customs.¹⁴ So, the Imperial Ottoman Bank and *le Comptoir*

14 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Projet de la Note à remettre à M. Waddington, au nom de Messieurs Mallet, Président du Conseil d'administration de la Banque Ottomane et G. Girod, Directeur du Comptoir d'Escompte de Paris. [date unknown]

d'Escompte de Paris were willing to form a group¹⁵, which provided the International Commission the necessary amount for the partial or total withdrawal of *kaime*. As soon as the administrative commission published its report on the resources of the Ottoman government, the same group would continue its support, being in charge of operations of the conversion and the consolidation of the debt on the basis of the January Irade.¹⁶ Additionally, they indicated with another letter that the dismissal or change of the commissioners of the commission should be with the consent of the French and English governments.¹⁷ After their approval, the Imperial Decrees were turned into enforceable and the Turkish journals received and published the official communication issued from the Minister of Finance of the Sublime Porte on 16 February 1879. Soon after, the Ottoman government appointed two commissioners and asked from the cabinets of France and England to nominate their commissioners as soon as possible. Grand Vizier Hayreddin urged the ambassador of the Ottoman Empire in Paris, Savfet Paşa indicating that after the approval of the de Tocqueville project he didn't hear neither from him nor de Tocqueville and he asks to inform him about the progress and the possible date of him receiving the funds.¹⁸ At the same time a telegram from Savfet Paşa to the Porte was heard in Paris and London as indicating that M. Waddington declared to Savfet Paşa that he would support the Convention of 30 January only on two conditions: cooperation of the Ottoman Bank and consent of the French & English governments for the dismissal

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- 15 This group was comprised of *la Banque Impériale Ottomane, Crédit Lyonnais, Société Générale pour Favoriser le Développement du Commerce et de l'Industrie en France* and *le Comptoir d'Escompte de Paris*. MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, a note from the above-mentioned group to the Minister of Foreign Affairs of France, 19 February 1879.
 - 16 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Letter sent from Banque Impériale Ottomane, Agence de Paris [recipient unknown], 14 February 1879.
 - 17 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Letter sent from the above-mentioned group to the Minister of Foreign Affairs of France, 24 February 1879.
 - 18 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, dépêche télégraphique from Grand Vizier Hayreddin to the ambassador of the Ottoman Empire in Paris, 18 February 1879.

sal or change of the commissioners.¹⁹ Similarly, M. Mallet, the administrator of the Ottoman Bank affirmed at the previous grand meeting of the bankers to which M. de Tocqueville attended, that Minister of the Foreign Affairs of France had declared that neither necessity nor support of the Convention of 30 January and nor the nomination of the Commissioners would be accepted if the Ottoman Bank would not receive any satisfaction with regard to its advances.²⁰ As the Minister of Foreign Affairs of France indicated that if a financial group would support this convention, he would support the convention unconditionally. So, Tocqueville took the support of *le Crédit industriel, la Société des dépôts et comptes courants, l'Union générale, Société financière*, etc. Nevertheless, they pulled back their support after the intervention of the Imperial Ottoman Bank.²¹ In the financial market, both in Paris and in Constantinople, the representative of the bondholders found himself opposed by the Ottoman Bank and a consortium of major institutions, which, in any Turkish affair, took their instructions from the Bank's directors. A single assertion imposed itself on many people who tended to detach their financial adherence from de Tocqueville.²²

Regarding the conditions proposed by the Imperial Ottoman Bank and its consortium, M. de Tocqueville sent a memorandum to the French Foreign Minister, protesting their demand, which was presented first during a meeting convened at the invitation of the Administrative Council of the Ottoman Bank, to be granted equal treatment with bondholders.²³ M. de Tocqueville commented that the inclusion of the floating debt to the conven-

19 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Memorandum of M. de Tocqueville to Minister of Foreign Affairs of France, 9 March 1879, p. 5.

20 MAE, 75ADP_19 1814-1896, 9 March 1879.

21 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, p.8.

22 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, Note from *Comité Française des Porteurs de la Dette Turque* to the Minister of Foreign Affairs of France, Paris, [date imprecise, 1880 ?]

23 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Memorandum of M. de Tocqueville to Minister of Foreign Affairs of France, 9 March 1879, p. 3-4.

tion was an 'excessive' demand. Additionally, he protested the changing declaration of the banking group while at their first letter they fully supported the convention, later on their letter dated as 24 February, they put some conditions to be part of the project by providing the necessary loan. At the end of his memorandum, M. de Tocqueville pointed out that if this convention would fail, it would create a very grave responsibility for the authors of this national disaster. He begged to appoint the French Commissioners without engaging the French government with any responsibility to finalize all of the financial competitions and give the bondholders the faculty to administer their own business themselves.²⁴

Tocqueville also tried to persuade the Minister of Foreign Affairs that certain Powers were in sorrow, to see the success obtained by the Ambassador of France, at the time when influence of France in the Orient had remarkably diminished by indicating that the Foreign Office of Great Britain hesitated to nominate its commissioners and the general public of Britain, influenced by the malevolent interpretations of a certain clique, find fault with the *Irades*.²⁵ Lord Salisbury had committed himself to this end, as he did through his statements at the Congress and in the dispatch he sent to his government after the conclusion of the Treaty of Berlin. Nevertheless, it seemed as if the English Cabinet contradicted with itself and abandon the cause of the bondholders, solely to please Sir Henry Layard, Mr. Hamond, and the speculators of the Stock Exchange engaged in the fall of Turkish funds.²⁶

In fact, Lord Salisbury put forward a very certain statement for the situation of Turkey in his letter to the English Committee of the Bondholders of Ottoman Debt (1858-1862) that is to say the Corporation of Foreign Bondholders as:

24 MAE, 75ADP_19 1814-1896, 9 March 1879, 9.

25 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Memorandum of M. de Tocqueville to Minister of Foreign Affairs of France, 9 March 1879, 7.

26 Ibid., 7-8.

If I had the mission to give advice to the Sublime Porte, I would have said: Don't pay, for the present, any interest to anybody. Do not pay neither to the bondholders nor to the Galata Bankers. The first usage of the revenue should be employing it for the administration and for the government. Restore order in your country. Restore your finances. Assure the peace and the order, without which the prosperity would not return. After all, when you ensure the means for treating in a well-established way your creditors, respect their rights and the priority of interests.

Nevertheless, in the present case, it seems, the government would not have proceeded in this way, the operation which has just been concluded would be the following: A first security having been given on certain revenue, then a second security on these same revenues, the second registration would have been paid not only on the same basis as the first registration but what is more, it would have acquired priority over the latter... If this were the case, it would be a strange way of proceeding, I can assure you that I will pay the greatest attention to elucidating this matter.²⁷

The due date for the necessary loan and appointing the commissioners from the side of France and Britain was fixed as 14 March 1879²⁸ but it wasn't announced officially previously. So, it was understandable that Comte de

27 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Réponse de Lord Salisbury au Comité Anglais de Porteurs de la Dette Ottomane, Annexe No. 10, Les Emprunts Ottomans & le Gouvernement Britannique [No date].

28 On 13 March, there was a communication by Basri Bey, indicating "in the absence of the contract execution for the loan of two hundred million until the 14th of this month, the contract will be considered null and void." MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Communication from Basri Bey, 13 March 1879. Similarly, ambassador of the Ottoman Empire in Paris, Savfet Paşa, sent a letter to Comte de Tocqueville that "in accordance with the orders that he received from his government, he had the honor to declare formally that in the absence of the contract execution for the loan of the 'two hundred million francs' until the 14th of this month, the contract will be considered as null and void." Letter sent by the ambassador of the Ottoman Empire in Paris, Savfet Paşa to Comte de Tocqueville, MAE, 75ADP_19 1814-1896 Turquie,

Tocqueville wrote with astonishment to Safvet Paşa asking for the grounds of this due date and he wrote that the first 50 million payment could not be made until the designated commission was appointed and began functioning. The letter concludes with a protest against the recent note, reaffirming that the January 30 Irades remained in effect and fully valid.²⁹

The conflicting conditions resulted into the failure of the project altogether as both finding the 200 million francs and appointing commissioners were not smooth moves. Still on 13 March 1879, there was a communication from Safvet Paşa to Waddington about the condition of the Commissioners that with the order of the Sublime Porte, the change or dismissal of the aforementioned Commissioners could be made only by a common accord with three governments.³⁰

On 12 March 1879, there was a note from *Direction Generale* of the Imperial Ottoman Bank in Constantinople that the realization of the de Tocqueville project seemed impracticable; regardless of this condition, the Ottoman Bank and the institutions associated with it remained committed to the intentions expressed in their declaration of 24 February to the Minister of Foreign Affairs of France and were eager to reach an agreement with the Sublime Porte. They sought to take measures, in line with the principles and those established by the Irade that would enable an immediate and effective loan to the Treasury without delay.³¹

In the meanwhile, the Ottoman government made a crucial maneuver regarding the release of the remittances of 40,600 sterling made to the Bank of England on account of overdue installments of Egyptian Tribute applicable to the Turkish loan of 1855 which was most probably to gain the confi-

29 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Letter from M. de Tocqueville to Safvet Paşa, Ambassador of Turkey in Paris, 15 March 1879.

30 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, From Safvet Bey to Monsieur Waddington Président du Conseil Ministre des affaires Etrangères de France, Paris, le 13 Mars 1879.

31 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, From Charles Mallet, Direction Générale Banque Impériale Constantinople [recipient unknown] 12 March 1879.

dence of two governments for the issue of new loan as showing its commitment to the cause of the bondholders.³²

3.2.1 *The New Proposition of the Imperial Ottoman Bank*

The focus of the discussions immediately turned toward the new proposal of the Imperial Ottoman Bank.

While negotiations continued regarding the new loan to be provided by the Imperial Ottoman Bank, and establishing the absolute administration of the Customs and the Indirect Taxes such as Salt, Tobacco etc. which were included under the general term of “Customs Administration” the British ambassador in Paris wrote to Waddington outlining the prerequisites. These included that the Commissioners would receive proceeds from indirect taxes and customs; that, concerning customs, they would have the authority to introduce administrative reforms and, for this purpose, had the power to appoint and dismiss employees, measurably practical that the *employés* and clerks shall be Turkish subjects; but that the commissioners are not restricted from employing foreigners in any capacity or to any extent they deem necessary for effective administration; that they would be irremovable without the consent of the British government; and that Her Majesty’s government would require prior consent from the bondholders of the loans of 1858, 1860, 1862, and 1863, or from their representatives. They sought Monsieur Waddington’s opinion before responding to the Ottoman Bank.³³ Britain took a rapid action regarding this new loan and declared that they were ready to nominate delegates as soon as France was ready to do so.

The Minister of Foreign Affairs of the Sublime Porte informed their embassy in Paris that the Imperial Ottoman Bank proposed them a financial operation of 21 million pounds with the prerequisite of nominating repre-

32 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, From Lord Lyons, the ambassador of Britain in Paris to M. Waddington, Minister of Foreign Affairs of France, 16 April 1879.

33 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, From Lord Lyons, the ambassador of Britain in Paris to M. Waddington, Minister of Foreign Affairs of France, 9 April 1879; Proposed Turkish Loan [Sender and recipient unknown]

sentatives from the side of the French and British governments. It was indicated from the Bank that English government was ready to appoint their delegates if the French government would give their consent. So, the Sublime Porte was waiting for their urgent reply.³⁴

Nevertheless, France was not as eager as Britain regarding this new proposition of the Imperial Ottoman Bank. The detailed communication between the Ministry of Finance and Ministry of Foreign Affairs of France reveals their position. The Minister of Finance regarded the issue as the proposed operation for their adherence appeared to be aimed more at securing funds for the Ottoman government and encouraging fellow citizens to provide it with capital once again, rather than improving the situation of the holders of the old loans. Additionally, as this proposal encompassed the four loans issued between 1858 and 1863, it excluded other loans, so the operation planned by the Ottoman Bank did not therefore have this character of general interest, which solely could justify the intervention of France. More significantly, the Imperial Ottoman Bank would have obtained with these contracts very extensive administrative rights, it seemed at least useless to call forth the intervention of the two Governments of France and England to institute such an administration.³⁵

Meanwhile, the *Comité Anglo-Français des Porteurs de la Dette Turque*, on 10 May 1879, was still pursuing the realization of the de Tocqueville Project soliciting the Minister of Foreign Affairs of France for appointing the commissioners.³⁶

At the same time, the Imperial Ottoman Bank was pressing hard on both governments and on 20 May 1879, a report titled as the “Report of the Euro-

34 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Copy of a telegram from the Minister of Foreign Affairs of the Sublime Porte to its ambassador in Paris, 28 April 1879.

35 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Ministère des Finances, Direction Politique, *Direction du Mouvement général des Fonds, Projet de nouvel Emprunt Ottoman*, Letter from Minister of Finance to Minister of Foreign Affairs of France, 5 May 1879.

36 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, from *Comité Anglo-Français des Porteurs de la Dette Turque* to the Minister of Foreign Affairs of France, 10 May 1879.

pean Members to be Introduced in the Tax Administration” in the Ottoman Empire which was signed by A. Tricou as vice-president, *Rapporteur*, Foster, *Directeur Général de la Banque Impériale Ottoman* and E. Mercet, *Directeur du Crédit Lyonnais*, was published.³⁷ Following this report, the rapporteur Tricou wrote to the Minister of Foreign Affairs of France a detailed presentation with regard to their proposal for the consolidated and floating debts of the Ottoman Empire.³⁸

The Imperial Ottoman Bank and its groups’ proposal of 305 million francs effective with % 88 fixed rate, was based on three principles: 1. Unification and consolidation of the debts by conversion and reduction. 2. Giving over certain revenues of the Ottoman Empire, specifically assigned for the new consolidated debt, to a European Commission representing the general interest. 3. The advance of funds necessary to free the revenues currently held as securities for loans granted to the Ottoman Government since 1876, as well as to address the Porte’s urgent financial needs, namely, the withdrawal of the kaime, which has significantly devalued the Ottoman Treasury, the disbanding of the army, and the establishment of the Gendarmerie. 180,000,000 francs was to be provided by the mass of holders of Ottoman securities in proportion to the annuities they possessed, approximately 3% of the total value of these securities, in exchange for which they would receive a corresponding amount of the new privileged annuity; 125, 000, 000 francs by the secured creditors who would take, in compensation for their claim, a corresponding quantity of the annuity. To facilitate this combination, a financial syndicate in agreement with the Sublime Porte, could have taken the full responsibility of this operation. They also suggested taking the support of them to grant a special privilege to the holders of the four loans from 1858, 1860, 1862, and 1863, which were specifically secured by revenues from customs and indirect taxes. Under the current arrangement, these loans were

37 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Rapport des membres Européens sur les reformes à introduire dans l’administration fiscale, French Embassy to the Ottoman Porte, Commission financière, Constantinople, 20 May 1879.

38 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Monsieur Tricou au Ministre des affaires Etrangères, Constantinople, 28 May 1879.

grouped with the rest. To provide them with a distinct advantage, an annual amortization of 1% to 1.5% could have been allocated to them before any general distribution. This would amount to approximately 3 to 5 million annually, set aside exclusively for this category of debt.³⁹

This proposal resulted into many protests from the side of the bondholders and they sent several petitions and protestations to the Ministry of Foreign Affairs of France as indicating that the newspapers publishing about project which would consist of contracting an Ottoman loan of 20 million sterling to pay the creditors of the floating debt and to compensate the four Ottoman loans which have the guarantee of the customs and indirect contributions of the Ottoman Empire. Such a project, if it ever came to be realized, would only tend to despoil the holders of the entire public debt which is composed of the loans of 1868, 1869, 1873, the Treasury bonds, the 5%, for the benefit of a few creditors alone.⁴⁰ Even one of the bondholders sent a petition indicating that

France, as the strongest creditor, should demand a tangible guarantee, such as a portion of Turkish territory, rather than accepting an unnecessary ransom. No one could dispute this right, as it would be claimed against an insolvent and untrustworthy debtor in the name of justice and the vital interests of its citizens. Political matters can wait; Greece can survive without Epirus, but creditors cannot survive without their money.”⁴¹

39 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Dette Ottoman Exposé, [date unknown]

40 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, signatories were Eugene Léve and E. Hanon, 20 May 1879. Several similar petitions were sent to the Ministry of Foreign Affairs of France as, from M. de Bonnemort, 25 July 1879.

41 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, petition sent from Cte. Wielogłowski to Ministry of Foreign Affairs of France, 6 July 1879.

§ 3.3 Financial Democracy

Just after the declaration of the Decrees as null and void, the Committee of the French Bondholders of the Ottoman debt held a general assembly on the 16 March 1879 at the Cirque des Champs-Élysées. There were more than five thousand people assembled. M. de Kératry was assigned as the new president of the Committee of the French and English bondholders of the Turkish Debt following M. de Boisney.⁴² Kératry started his speech by indicating that it is about the defense of their fortune. He pointed out that there were 41,000 petitions supporting the cause of their committee, and because of the power they created together, the Sublime Power negotiated with them. Nevertheless, with the intervention of the Imperial Ottoman Bank, it was indicated that the convention could be put into execution, but this time, not to the profit of the bondholders on the contrary to the unique profit of the financial powers.⁴³

One of the bondholders of the Turkish debt, Mr. A. Marteau, took the parole and indicated that Lord Beaconsfield (Benjamin Disraeli who was the prime minister of Great Britain) during their return from the Congress of Berlin and during his reporting to the Parliament in front of the House of Lords said that “France had the interest of a sentimental nature in the Orient; in contrast, England has the interest of more substantial nature. Nevertheless, Marteau indicated that 2,5 billion Turkish securities disseminated through the French territory in the hands of more than 100,000 bondholders... This is something different compared to sentimental values. It is certain that for three years, our bonds have passed to the ‘ideal value’, so that we didn’t even touch to a penny. We are here to search by those means our inter-

42 M. de Boisney described himself in this assembly as a former banker, former member of the municipal council, former judge of the commercial court.

43 MAE, 75ADP/19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l’assemblée générale tenue le 16 Mars 1879, p. 9

ests can turn into something substantial, by those means we will arrive to have something other than an ideal interest.⁴⁴

General assembly of the bondholders of the Turkish debt voted in principle, for the pure and simple acceptation of the combination of the conversion presented by the Committee and the convention of 30 January at all of its purposes. They consider it remaining valid and demand for its integral maintenance energetically.

This proposition was adopted unanimously.⁴⁵

Tocqueville blamed the Galata bankers and their correspondents in France and England that is to say the first-class credit establishments and bankers. He said that Turkey is also guilty of this situation of indebtedness, as she profited nothing. She possessed neither ways, nor canals and public utilities.⁴⁶ Turkey has a financial regulator that is a state bank administered by the Europeans, Anglo-French administration bestowed with the most considerable privileges, responsible of the general treasury of the Empire. Did this tutelary, governmental administration work against this much prejudicial order of things? Did it take its client away from this fatal slope where she is sliding? It put itself on the head of the Galata Bankers and supported the financial flood of Turkey.⁴⁷

M. Carré who described himself as a simple advocate at the Court of Appeals describes the Ottoman Bank as ‘their destructive genius.’ It is the time

44 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, p. 15

45 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, 19-20.

46 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, p. 21

47 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, p. 21

to the justice for this gruesome institution and we are victims of these jiggery-pokery finances.⁴⁸ M. Carré made a long comment about his perceptions on the Ottoman Bank as

The Ottoman Bank, since it should be referred to by its proper name, presented itself as a state bank, earning our trust and confidence. We all believed in it. This same Ottoman Bank, which readily issued the Ottoman loans now reduced to worthless securities in our hands, has now asserted its privilege over these very securities that we expected to receive. Today, the bank positions itself as the owner of these assets and the securities we relied upon, attempting to prioritize its claims over our legitimate and rightful debt with a fabricated obligation it cannot substantiate. And yet, we should consider ourselves fortunate just to be allowed a seat at the table.⁴⁹

M. Carré wanted to speak about Maurice de Hirsch who is a concessionaire, banker, exploiter, and we can say exploiter of the Ottoman railways. As M. de Hirsch has the talent to pay before withdraw, we should ask the account from the one who gained while everybody lost money.⁵⁰ We should raise an outcry for stigmatize these braggarts... to make them pay to everybody these Turcarets⁵¹ and Gobsecks...⁵²

48 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, p. 25

49 Ibid., p. 26

50 Ibid., p. 28

51 Turcaret (or Le Financier) is a comedy by Alain-René Lesage, first produced on 14 February 1709 at the Comédie-Française in Paris. It is considered one of Lesage's most important works. The play shows clear signs of having been written by an admirer of Molière, and has much in common with his 1664 comedy Tartuffe. Turcaret is a ruthless, dishonest and dissolute financier. Gobseck is an 1830 novella by French author Honoré de Balzac. Jean-Esther van Gobseck is a usurer in the novella.

52 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Comité des Porteurs Français de la Dette Turque-Compte Rendu de l'assemblée générale tenue le 16 Mars 1879, p. 29

Finally, they decided to vote for: “The general assembly considering that these financial establishments as issuers of the Turkish loans have engaged their responsibility to the bondholders; considering that Baron de Hirsch personified as concessionaire, banker, constructor-exploiter and issuer of Turkish shares, for the *Société impériale des Chemins de fer ottomans*; the general assembly gives all its authority to the Committee to take action at best of the interests of the bondholders and in case of need, to exercise all judicial or other actions against the above indicated [person, institution, establishment] in the limits of the most utile to the cause of bondholders.”⁵³ The president asked for the voting with the reservation that “that the Committee will leave this pursuit, if at some point, these establishments ceased their combat against the bondholders.” The proposition is adopted in unanimity with the proposed reservation.⁵⁴ They also voted for: “the general assembly decides that the Board of the Committee of the bondholders will go before the Minister of Foreign Affairs [of France] to demand of him, as soon as possible, the nomination of French representatives.”⁵⁵ And this is also adopted in unanimity.

In the very end of the assembly M. Vrignault took the parole and resembled their situation to ‘financial democracy’

The work you make here will not be infertile. This is an innovation in France, and I don’t know any other example in our country of an assembly of interested parties crowded as this one and also wise and modest as this one, composed of bondholders came from the capital and other provinces to defend their interests and became successful without any trouble or uproar. You are the real power, real financial democracy! Until this day, your interests were in the hands of financial feudality; similar to this other feudality that was fell down in 1789. Gentlemen, your power is much stronger than all the financial powers! Don’t you know who you are? 5 billion of ransom that France

53 MAE, 75ADP_19 1814-1896, 16 Mars 1879, p. 29

54 Ibid., p. 30

55 Ibid., p. 31

has paid, that is you, that is everybody! This is small savings, the penny locked in the moneybox, and crown locked in the drawer! From now on you will be the representatives of the financial democracy with which a Minister of Foreign Affairs will be obliged to take account of.⁵⁶

Conclusively, with the proposal of M. Vrignault, they voted for "the general assembly protests energetically against all alienation of securities previously attributed to diverse loans and declare that they formally oppose to any scheme based on any similar alienation of these securities."⁵⁷

On 1 November 1879, in a journal, *Le Journal des finances*, a short article emerged informing the readers that negotiations continued for the settlement of the Turkish finances by the Imperial Ottoman Bank in the name of financial powers in Paris. As they didn't know the details of the project, they indicated that the interests of the bondholders of the Ottoman debt were not forgotten or neglected. Concerning the possible engagement of the Ottoman government with the Galata bankers, after the protestation of the French ambassador in Constantinople, they said, this protestation would make vanish the projects of the Galata bankers.⁵⁸

We saw from various examples of sovereign insolvency; the bondholders had a vital role during the process of debt settlement. Before World War II these creditors were a large group of small bondholders who had relatively limited power on the borrower country as it was the case as it is observed from several examples until now. They were trying to negotiate via committees of bondholders with the borrower state. So, after WWII we observe the trend of institutionalization in international financial relations.⁵⁹ So, the lack of institutionalization was a very important part for understanding of actors' negotiation practices for the debt settlement.⁶⁰

56 MAE, 75ADP_19 1814-1896, 16 Mars 1879, p. 31-32

57 MAE, 75ADP_19 1814-1896, 16 Mars 1879, p. 35

58 "Les Finances Turques," *Le Journal Des Finances*, November 1, 1879.

59 Suter, *Debt Cycles in The World-Economy*, 40.

60 Ibid., 41.

§ 3.4 Realization of *Rüsum-ı Sitte* Administration (*Administration des Contributions Indirectes*)

Finally, as the Imperial Ottoman Bank and its group couldn't find any support from the side of the French and British governments, their proposal was turned into the establishment of the *Rüsum-ı Sitte* Administration through the proposition of Georges Zarifi on June 1879. So, on 10/22 November 1879, the Imperial Ottoman government signed the convention⁶¹ for the leasing of the revenues to a farming society, comprised of stamp tax (*varaka-i sahiha*), as well as the *miriye* and *ruhsatiye* taxes on spirits across the Empire's vilayets, excluding customs duties on spirits. Additionally, it granted control over the fishing tax in Constantinople and its suburbs, along with the silk tithe from the suburbs of Constantinople, Edirne, Bursa, and Samsun, excluding customs duties on silk. Additionally, the monopoly of salt and tobacco was left to the contracting parties except the tithe of tobacco.

In the scope of this convention, the local bankers, known as Galata Bankers, offered to the Sublime Porte a new advance of 6,000,000 Turkish Liras with the guarantee of all the revenues of the administration of indirect contributions. The lenders set an annual interest rate of 11% for this advance, as they did for previous loans. Both advances would be repaid from the designated revenue serving as their security, which would remain exclusively assigned to the lenders until they are fully compensated, including principal, interest, and additional charges. Once these obligations were to be settled, the remaining revenue would be allocated to other purposes. The Ottoman Bank would then distribute half to the Treasury and reserve the rest for holders of Public Debt obligations. In the meantime, government employees

61 The Ottoman Government was represented by grand vizier Said Paşa and Finance Minister, Edib Efendi; on behalf of the Imperial Ottoman Bank and its group (*Banque de Constantinople, Société Générale de l'Empire Ottoman, Société ottomane de change et de valeurs*) M. H. Poster, Emile Deveaux et J. von Haas; and Messieurs Georges Zarifi, Salomon Fernandez, Bernard Tubini, Eustache Eugénidi, Théodore Mavrogordato, A. Vlasto, A. Barker, Z. Stéfanovich, Léonidas Zarifi, Georges Goronio, Ulysse Négroponle, et Paul Sléfanovich- Schilizzi known as Galata Bankers.

would continue managing indirect taxes, but under the oversight of a Supervisory Commission. This commission would consist of six foreign representatives from the six great powers, a delegate from the Ottoman Bank, and, if necessary, a delegate appointed by the Debt Holders' Committees. The commissioners would serve a ten-year term and could not be removed. Additionally, the State's supervision of the farmers' administration would be carried out through controllers appointed by the Sublime Porte. These controllers would have the authority to review financial records but will not be permitted to intervene in the administration of the farmers. The State would oversee this administration through inspectors appointed by the government and assigned to the administrators or other relevant locations as needed. The service of supervision and policing would be provided by the personnel of the government. Nevertheless, the contracting parties reserve the right to have at their service secret supervisors responsible for reporting to them any frauds they may discover concerning either the leased taxes or the monopoly on salt and tobacco. The contracting parties retain the right to either establish a company for managing the farm of the four taxes or transfer their lease to third parties. However, in both cases, they will remain directly accountable to the Imperial Government.

The contractors of the second part would deduct a sum of 275,000 Turkish liras from the revenues of each quarter, which they would allocate to the repayment, both in principal and interest, of the following debts:

- Approximately 690,000 Turkish liras: Debt owed to Mr. G. Zarifi, guaranteed by customs, including interest as of January 1/13, 1880.
- Approximately 1,800,000 Turkish liras: Debt owed to Messrs. Salomon Fernandez, Alfred Barker, and their co-contractors, arising from drafts issued on customs, including interest as of January 1/13, 1880.
- Approximately 860,000 Turkish liras: Debt owed to Ottoman Imperial Bank, secured by indirect contributions and forming part of the bank's advance of 1,080,000 Turkish pounds, including interest as of January 1/13, 1880.
- Approximately 1,750,000 Turkish liras: Surplus of the statutory current account of the Ottoman Imperial Bank, including interest as of January 1/13, 1880.

- Approximately 3,625,000 Turkish liras: Debt owed to the Ottoman Imperial Bank, arising from the Unified Large Advances, including interest as of January 1/13, 1880.
- L. T. 8,725,000. — Total.

After the quarterly debit of 275,000 Turkish pounds has been deducted, the remaining surplus would be allocated to the bondholders of both the internal and external public debt. The contractors of the second part would transfer this surplus, via the Imperial Ottoman Bank, to the representatives of the bondholders appointed by the Imperial Government. This payment would include revenues from Cyprus and Eastern Rumelia and would continue until it reached an annual total of 1,350,000 Turkish liras, the amount designated for servicing the public debt as stipulated in the Imperial Government's Decree issued on the same day as the Convention signed. The Sublime Porte had preserved the right to terminate the stipulations of the convention on two conditions:

- 1 The debts enlisted above would be fully reimbursed in capital and in interest,
- 2 A more advantageous new regulation would emerge for the bondholders of the Ottoman public debt.

Regarding these conditions, there were serious concerns from the side of French government. They were curious about several points about the proposed agreement such as the possible financial mismanagement and habitual disregard for fiscal discipline about the effective allocation of the resources; the possibility of selecting the commissioners in consultation with Zarifi from among their usual financial backers, who would turn into the representatives of Galata's financial circles; so, limiting their primary role to just requesting financial statements; bondholders would start to share the revenues from the indirect tax administration only after the end of 1882 and, with their portion estimated at approximately 50 million francs, equivalent to an annuity of merely one percent; highly probable widespread opposition particularly from English bondholders, whose loans were secured by customs

revenues; high possibility of alienating the majority of the creditors of the Ottoman government and so exposing itself to financial and political risks.⁶²

On the other hand, from the point of view of the Ottoman government, in the current condition of economic crisis and urgent need of fresh money, as Turkey had spent the past five months seeking financial assistance from various sources, only to face repeated rejections. England opposed France's proposed comprehensive financial solutions, while France, in turn, obstructed England's more limited interventions. Against this backdrop, Galata's bankers, have seized the opportunity to advance their own interests. Their priority was to retain control over the financial securities they held. To this end, they devised a plan that is neither distinctly French nor English, thereby avoiding accusations of favoring certain categories of public debt over others. By delaying financial resolutions indefinitely, they effectively divided bondholders and the governments that support them, ensuring that only small-scale lenders continue to profit from a crisis that threatened to persist indefinitely. The authority granted to the Syndicate, both for managing leased revenues and for overseeing administratively controlled funds, were extensive and effectively constituted a true relinquishment of these revenues by the State.⁶³

There were immediate protestations from different parts of the parties involved. The Committee of the French-British Bondholders considered that to the bondholders of the floating debt of approximately eight million Turkish pounds, the government granted full repayment of both principal and interest. Additionally, as security for this repayment, the convention assigned them the management and collection of certain revenues from indirect contributions. For the bondholders of the consolidated external debt, which amounted to 229 million Turkish liras, the government allocated, for now, and only after servicing the floating debt, an annuity of 1,350,000 Turkish

62 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, [Exposé sur] *Proposition présentée par M. Géo. Zarifi au nom des Banquiers de Galata*, Constantinople, 23 June 1879.

63 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Note sur la Convention du 22 Novembre 1879, undersigned Berger from the Imperial Ottoman Bank, Paris, [no date].

pounds, representing approximately nine-sixteenths of this debt. While it pledged to increase this allocation in the future, it simultaneously withdrew all existing guarantees owed to these creditors, offering them no tangible security in return.⁶⁴ This note ended with a very direct warning as by taking this course of action, the government risks alienating the bondholders, who could unite to block all financial support and mobilize European public opinion against it through the extensive influence of the press. As a result, three major powers would inevitably push for the convening of the International Financial Commission, as stipulated by the Treaty of Berlin. In doing so, the Sublime Porte would, almost needlessly and recklessly, expose itself to direct foreign intervention, one that is not only intrusive and administrative in nature but also deeply humiliating for the Sultan's government.

The minister of foreign affairs of France wrote to their ambassador in Constantinople M. Fournier, about the pressing public reaction to the convention of 10 November 1879. He mentioned about the petitions written from Marseille to whom he replied that he had always followed with great attention the attempts made in Constantinople, for the settlement of the Ottoman debt, either by the representatives of the English and French creditors of the Porte, or by large banking houses. He instructed to him to take action, in the event that Sir Henry Layard⁶⁵, ambassador of Britain in Constantinople, protested against the combination which rightly alarmed the creditors of the Porte, that he could in this case take advantage of the first opportunity to

64 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Note relative à la Convention du 10 Novembre intervenue entre le Gouvernement de S.M.S. Le Sultan et les Banquiers de Galata, remise par le délégué du Comité anglo-Français à l'appui d'une lettre de protestation, [no date]

65 There was a skepticism regarding Sir Henry Layard from the side of the Committee of the French Bondholders of Ottoman Debt, as if he played a key role as the true promoter and hidden instigator of the bankers' coalition. They assumed as he was not acting under the orders of his government but following his own personal inclinations. They overtly accused him as a former financier, likely maintained connections with the Ottoman Bank, which he had chaired in London for many years. MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, Note from *Comité Française des Porteurs de la Dette Turque* to the Minister of Foreign Affairs of France, Paris, [date imprecise, 1880?]

remind to Sava Paşa, Minister of Foreign affairs of the Ottoman Empire, the declaration of the 18th protocol, the safeguarding of which is to place the interests of the holders of securities of the Ottoman debt.⁶⁶

Again, the journal, *Le Journal des finances*, which seems to support the Imperial Ottoman Bank exclusively, published an article regarding this last convention signed between the Ottoman government and the Galata Bankers on 29 November 1879 indicating that it was not a mystery for anybody that the Imperial Ottoman Bank was at the head of the financial institutions who were dealing with the interests of Turkish bondholders. The bank continuously sought to find the most suitable ways for guaranteeing the bondholders compensations that the current situation of the Empire enabled. Certainly the last convention was not what the bondholders expected for the full settlement of their rights; nevertheless, it was only the beginning of the road for their legitimate contentment. The critical point was the reorganization of the finances of the Empire, which will be the basis for the future arrangements. The Imperial Ottoman Bank with the general control of the empire's revenues, negotiating for future financial operations, for treasury services, or supporting public works and industrial projects in the Empire's provinces, was asked to step in in a way that maximized both its utility and profitability.⁶⁷ For the new arrangements, the same journal indicated that a new era was opening for the Bank, which from that time forth, would take its place among the main European banks.⁶⁸ Similarly, in the journal *l'Indépendance Belge*, they commented as "the bondholders choosing a Bank on which they will have confidence," again they commented, "so, the Ottoman Bank was chosen by the bondholders."⁶⁹

66 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1879, Letter from the Minister of Foreign Affairs of France to the Ambassador of France in Constantinople, 22 December 1879.

67 "Les Finances de La Turquie et La Banque Ottomane," *Le Journal Des Finances*, November 29, 1879.

68 "Banque Ottomane," *Le Journal Des Finances*, December 27, 1879.

69 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, Comité des Porteurs Français de la Dette Turque, Compte Rendu de L'Assemblée Générale Tenue le 31 Octobre 1880, Paris, Imprimerie Générale A. Lahure, 13.

On 25 January 1880, 3000 French bondholders of the Ottoman debt assembled for an extraordinary general meeting at the *Cirque Champs-Élysées*, as a result of this meeting, they wrote telegram to the Ministry of Foreign Affairs of France again desperately, for their support by indicating they could find salvation only through the support of their government, and consequently, through the assistance that its ambassador in Constantinople who could without delay, support Monsieur de Tocqueville's efforts. If this wouldn't be the case, they asked for the appointment of the International Commission in accordance with the 18th Protocol of the Berlin Congress.⁷⁰

From the part of the English government a very serious stance was taken around mid-1880. The British Government, in execution of Article 3 of the Annex to the Anglo-Turkish Convention of 4 June 1878, deposited to the Ottoman Bank, the sum of 110,000 pounds sterling, the surplus revenue of the island of Cyprus for the financial year 1878-1879. Considering that this sum, like all funds constituting the general revenues of the Ottoman Empire, had been and remained specifically assigned to the holders of bonds from various external and internal loans of the Consolidated Debt and, therefore, belonged by privilege to aforementioned bondholders, to be employed for the unpaid coupons of their annuities; considering also that this revenue was explicitly and subsidiarily allocated to the holders of the Consolidated Debt under Article 8, §2 of the Convention of 22 November 1879; considering finally that the French Government, as the joint guarantor of the British Government for the 1854 and 1855 loans, had been and remained obligated, until further notice, to cover from its own funds the required annual payments for the interest and amortization of said loans; they notified the Ottoman Bank that, for the benefit of both the French bondholders, represented by their duly constituted committees, and the French Government, itself a creditor of the Ottoman Government, a seizure order was to be placed on the sum of 110,000 pounds sterling, so that the amount might be distributed to the rightful beneficiaries. This protective measure, together with the recent

70 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, *Ministère des Finances Postes et Télégraphes*, From Le Président du Comité anglo-Français, Boisney and Le Vice-Président, Comte de Montigny, 25 January 1880.

formal protest addressed to the Porte, was taken to achieve the following results: To prevent the misappropriation of funds that rightfully belong to the legitimate delegates, namely, the holders of Ottoman securities. To enforce the Ottoman Government to finally consider the rightful claims of its foreign creditors and to leave the practices of misappropriation and fraudulent dispossession that it had continuously pursued since the suspension of debt payments.⁷¹

As seen, the establishment and the functioning of the *Rüsum-ı Sitte* Administration drew many resentful protests both from inside and outside of the Ottoman Empire. Comte de Tocqueville and the Committee of French and English bondholders continued to press on both of their respective governments and to the Sublime Porte by sending continuous letters, protestations, notes to reach a resolution throughout 1879 and 1880. Comte de Tocqueville also made visits to the Ottoman court and he was communicating relentlessly with his acquaintances there.

At the third general meeting of the bondholders of the Ottoman debt held on 31 October 1880, they indicated that it had passed five months since the first due date arrived for the payments indicated in the November 1879 Convention. They never received any notice of payment neither from the Ottoman Bank nor from the Ministry of Finance.⁷²

§ 3.5 The Decree of *Muharrem*: The Division of “Power”

After the Tocqueville project failed to succeed The Ottoman Porte made the convention of 10/20 November 1879 with the Imperial Ottoman Bank and the Galata Bankers. As the committees of bondholders protested this convention and made pressure on their respective governments in England and France, British and French ambassadors sent note to the Sublime Porte and

71 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, [the authorship and intended recipient of this letter remain unknown], [date unknown]

72 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, Comité des Porteurs Français de la Dette Turque, Compte Rendu de L'Assemblée Générale Tenue le 31 Octobre 1880, Paris, Imprimerie Générale A. Lahure, 14.

ultimately, on the 3 October 1880, sent a directive to its ambassadors, containing a circular, ordering them to inform the six cabinets, that is to say, those which were represented in the Congress of Berlin that the Sublime Porte invited delegates of the Turkish bondholders to Constantinople to reach an agreement for the service of the debt.

During the same general meeting of bondholders on 31 October 1880, they highlighted that even though they didn't have any belief on the Sublime Porte for guaranteeing their interests and rights; they chose to remain faithful to the Eighteenth Protocol of the Treaty of Berlin and chose to send a representative to Constantinople in agreement with the Committee of Marseille and the foreign Committees. By doing that, they would not give the Sublime Porte any opportunity to say "You didn't reply to my call, so I had to do it without your assistance." So, the President put forward their proposal to be voted as:

"The General Assembly of the bondholders of the Ottoman Debt expresses, once again, all its confidence in the committee, approves all the measures taken, maintains all its previous resolutions and gives full powers to the Committee and its delegate, Mr. Count de Tocqueville, to continue, both in Paris and in Constantinople, the work, according to what is deemed more advantageous in the interests of the bondholders. They further affirm that they will not concede to any delegate of the financial institutions or syndicates, the right to speak for the interests of the French bondholders."⁷³

According to this proposal, one bondholder, M. Lagrille, pointed out that the ambassadors of Britain and Italy protested against the proposition put forward by the Ottoman government to negotiate directly with the bondholders of the Ottoman bonds. The two ambassadors asked for the nomination of an International Commission in accordance with the 18th Protocol of the Treaty of Berlin. Accordingly, Lagrille asked for the same, as the ambas-

73 MAE, 75ADP_19 1814-1896 Turquie, Emprunts Turcs Turquie 1880, Comité des Porteurs Français de la Dette Turque, Compte Rendu de L'Assemblée Générale Tenue le 31 Octobre 1880, Paris, Imprimerie Générale A. Lahure, 19.

sadors know better to defend their interests compared to the representatives.⁷⁴ After this explanation, the Committee put to vote the following resolution: “The Committee of Bondholders of the Turkish Debt, in response to the appeal made by the Sublime Porte, will send a delegate to Constantinople when it deems appropriate. However, this delegate shall only conclude any agreements definitively subject to the ratification of the bondholders and their government.”⁷⁵ The proposal was approved unanimously. Nevertheless, these attempts resulted into unsuccessful efforts, as Valfrey was selected as their representative who was a former official of the Ministry of Foreign Affairs of France.⁷⁶ It is worth noting that he had indeed been nominated by the headquarters of Imperial Ottoman Bank in Paris and the influential financial establishments in Paris.⁷⁷ During the first meeting, Valfrey pointed out that in contrary to England, there wasn’t a committee bringing together of around 30 to 50.000 bondholders in France; and so, these nine large banks of Paris selected him in agreement with the bond-holders and regarding his nomination, sent a letter on 23 May 1881 to their embassy in Constantinople.⁷⁸ Regarding this point, the president of the committee, Reis Paşa, read the letters sent from de Tocqueville where he left his right and authority, that he lawfully gained from the Committee of Bondholders of Turkish Debt, to be the representative of the French bond-holders to M. Noblet who was resident in Constantinople. Nevertheless, Valfrey opposed to the idea of two delegates from the side of France. The commission agreed with him.⁷⁹

74 Ibid., 21.

75 Ibid., 22-23

76 As a note, I would like to highlight that neither in the archives of the Ministry of Foreign Affairs of France nor in British National Archives, I couldn’t find the documents regarding the selection process of these delegates. The reason of this gap can be easily understood by the close connection of Valfrey and the directors of the Imperial Ottoman Bank.

77 Clay, *Gold for the Sultan*, 504.

78 Mehmet Hakan Sağlam, *Osmanlı Devleti’nde Moratoryum, 1875-1881: Rûsûm-ı Sitteden Düyyûn-ı Umumiyye’ye*, (İstanbul: Tarih Vakfı Yurt Yayınları, 2011), 197.

79 Ibid., 198

3.5.1 *Negotiations for the Ottoman Public Debt Administration*

Negotiations for the Decree of *Muharrem* establishing the *Düyük-ı Umumiyye* Administration (Ottoman Public Debt Administration) lasted for five months. The negotiations started after the call of the Ottoman government by a letter sent to the Ottoman embassies located in foreign countries. The condition put by the Ottoman government to start the negotiations was the “without any intervention of the foreign states.”⁸⁰ European bondholders sent their delegates to *Dersaadet*.

Bondholders from England and the Netherlands sent former Undersecretary of Foreign Affairs of England Robert Bourke; French bondholders sent the former assistant manager of the policy department of Ministry of Foreign Affairs of France Monsieur Valfrey and; Austrian and Hungarian bondholders sent the former Washington ambassador of Austria, Baron Mayr. From the side of the Ottoman government there were; Minister of Finance Münir Beyefendi, President of the Accounting Council (*Divan-ı Muhasebat*) Ohannes Efendi, undersecretary of Ministry of Finance Wetten-dorf Bey, legal advisor of Ministry of Foreign Affairs Keşer Efendi and undersecretary of *Rüsumat Emaneti* Bertram Efendi under the presidency of the Council of State Server Paşa.

The first meeting took place on 1 September 1881. Monsieur Robert Bourke was selected in the council comprised of the delegates of the committees of English bondholders of 1858 and 1862 borrowings. Monsieur Valfrey was selected by the union of the nine largest banks of Paris in contrast to the resolutions taken by the Committee of Bondholders of Turkish Debt. To the fourth meeting, the delegate of the German bondholders Legal Advisor Monsieur Flesi Priagri attended, as well. Monsieur Fransezko Mancardi attended firstly to the ninth meeting of the commission who was a former member of the Italian parliament.

According to the Article 12 of the Decree of *Muharrem*, the loans were readjusted and organized as 1858 and 1862 loans constituted the first group; 1860, 1863, 1864 and 1872 constituted the second group; 1865, 1869 and 1873

80 “yabancı devletler tarafından asla müdahale olunmaksızın”

constituted the third group; general debts and *lots turcs* constituted the fourth group. These groups were prepared according to their securities. Firstly, the first group was to be amortized and this would be followed by the other groups respectively.⁸¹

The Decree of *Muharrem* is a very solid and a very well grounded text establishing the Ottoman Public Debt Administration compared to the other projects that was proposed. The Decree of *Muharrem* is comprised of three types of articles. The first group mainly mentions the amount of the debt in terms of interest rates, issuing prices, debt discounts. The second group encompasses the ways of repayment and the third group mentions the tax resources and the functioning of the Administration. This sub-chapter will mainly focus on the third group of articles of the Decree of *Muharrem* based on the functioning of the Administration and the tax resources.⁸²

3.5.1.1 Tax Resources

The decree allocated the tax resources counted below to the Administration by the 1.01.1882 (13.01.1882) until the total repayment of the debts. The article 8 defines these resources:

- 1 Tobacco and salt monopolies used and produced in *vilayat-ı şahane* except cigarette, snuff tobacco and imported tobacco (*tönbeki*) and tobacco *aşar* and customs duty,
- 2 Stamp proceeds and *miri* tax and license tax of alcoholic beverages except the customs duty from alcoholic beverages in *vilayat-ı şahane*,
- 3 Fishing tax of İstanbul and Üsküdar, Galata and Eyüp (*bilad-ı selase*),
- 4 Silk *aşar* of İstanbul and around İstanbul and Edirne, Bursa and Samsun,
- 5 Silk *aşar* of Tokat connected to Samsun, Kavala, Yenice, İskece, Dedeoğlu connected to Edirne, Saruhan connected to Saruhan, Yeniköy in Şile connected to Dersaadet and Kartal, Gebze and Darıca connected to İzmit,

81 Sağlam, *Osmanlı Devleti'nde Moratoryum*, 109-10.

82 All the minutes about the meeting of the Commission is from the Ek.2- Ek.26 [Düyûn-ı Umûmiyye-i Devlet-i Âliyyenin Sûret-i Tesviyesi Hakkında İcrâ'-yı Müzâkerâta Me'mûr Komisyonun Zabıtnameleridir.] Sağlam, *Osmanlı Devleti'nde Moratoryum*.

- 6 Fishing tax of Banados connected to Tekfurdağı, Gelibolu connected to Gelibolu, Yalova connected to Karamürsel, Sinekli, Mudanya, Gemlik, Kurşunlu, Armudlu, Kapıdağı, Marmara, Paşalimanı, Erdek, Bandırma, Manyas Lake connected to Bursa,
- 7 The excessive amount of revenue from the customs duty if the trade agreements reconsidered and if tax amount changes,
- 8 The excessive amount of revenue from the general implementation of Patent Regulation, compared to the dividend tax,
- 9 Bulgaria tax: Until this tax would be determined by the ambassadors of the states signed the Treaty of Berlin, Ottoman government will allocate 100.000 Ottoman Lira that will be obtained from the tobacco *aşar* tax. In compensation for the Bulgarian tax, 100.000 Ottoman Lira was assigned from the tobacco *öşr*. The delegates of the bondholders' demand that the collection of the tobacco *öşr* would be left to the Administration. Otherwise, this guarantee would not be realized

Server Paşa and Minister of Finance pointed out that tobacco *öşr* was under the general administration of the Ottoman state, and if the government would agree the partnership of the Council, then, there would be confusion on the implementation of the rules. Additionally, when the tobacco production will be realized under Tobacco Monopoly Administration, tobacco *öşr* could be collected in stores of the Monopoly Administration. So, this compensation would be sufficiently provided. At the seventeenth meeting of the commission, Commission accepted this article: Administration and collection of the tobacco tax will be fulfilled by the Administrative Council and the Council will give account of this tax and the amount over 100.000 Ottoman Lira will be delivered to the government.⁸³

- 1 Cyprus income surplus: If this surplus could not be taken by the Ottoman government, then any other revenue would be allocated for it equal to annually 130.000 Ottoman Lira,

83 Sağlam, *Osmanlı Devleti'nde Moratoryum*, 92.

- 2 Eastern Rumelia tax equal to 240.000 Ottoman Lira and customs duty of the Eastern Rumelia that is equal to 5.000 Ottoman Lira,
- 3 50.000 Ottoman Lira from the Persian *nargile* tobacco (*tönbeki*) proceeds. According to the records of the meetings of the commission, this amount of money would be provided from the tobacco imported from Persia and import tax at the Erzurum and Bagdad customs. Egyptian tobacco is exempt from the import tax and local tobacco could not bring any revenue because of the scarcity,
- 4 Amount of money that belongs to the proportional shares of Serbia, Montenegro, Bulgaria and Greece from *Düyûn-ı Umumiyye*

Proportional share of Bulgaria, Serbia, Montenegro and Greece for *Düyûn-ı Umumiyye* were another important part of the discussions. These shares were decided to be determined by the states signing the Treaty of Berlin, and Greece Agreement.

3.5.1.2 Tax Collection and Limitations

The ninth article is about the possible proposed changes on the ways of the collection of taxes by the Administration.

If it was specific to the payment of the installments, the Administration had the authority to decide any changes and improvements without assigning any new suggestions to the Ottoman subjects and without violating the existing rules, monopolies and taxes. Nevertheless, any changes and improvements on the amount of the taxes and ways of the administration of the taxes, monopolies and other revenues except customs, patent and tobacco (*tönbeki*) excessive revenues had to be decided in agreement with the government. Government had to reply on the issues proposed by the Administration in six months. About tobacco and salt monopolies, government would not oppose to the signing of contracts to be operated by monopoly. Profit by the operation of the tobacco monopoly would be divided between the government, the administration and the operating company.

One of the most important demands of the delegates of the bondholders was either basis of the revenue or the payment way can be changed by the Administrative Council following a consultation with the government. Wetendorf *Bey* pointed out that any kind of amendment had to be in accord-

ance with the interests of the state and the subjects of the state. On the other hand, the delegates of the bondholders pointed out that they especially want to use the right to make changes or improvements on the tax revenues of tobacco, salt, stamp and alcoholic beverages and as some part of them would be administered by monopoly, so they could make changes as they prefer.

The delegates of the bondholders suggested a seven-article proposal during the fourth meeting. One of the problematic articles was that the administration of the revenues and other proceeds allocated to the creditors would encompass the whole territory of the Ottoman Empire and this administration will end by the payment of the whole debts. Wettendorf *Bey* pointed out that on the whole territory of the Ottoman Empire there are autonomous provinces (*vilayat-ı muhtara*) and privileged provinces (*vilayat-ı mümtaze*) on which the Administration could not fulfill the responsibility.

The other problematic article of the proposal was that without assigning any new suggestions to the subjects of the state and violating the existing rules, all the changes and improvements made on the *Rüsum-ı Sitte* and on the other revenues will be decided by the council itself. Agreement had to be reached between the government and the council for the changes and improvements.

Minister of Finance pointed out that the phrase “other revenues” relates to the Bulgarian tax and taxes of the privileged provinces. It had to be determined that how reasonable of the changes that council had to take the opinion and approval of the government especially on these taxes without violating the inter-state agreements. Delegates of the bondholders pointed out that their aim is not to change the essence of the tax but to make ameliorations on the ways of payments by signing contracts directly with the mentioned provinces in order to facilitate the collection and council’s management of these revenues. Server *Paşa* agreed with the Minister of Finance and said that it is unacceptable to accept that the Council to have direct contact with the autonomous provinces without the intervention of *Babıali*. So, it is decided to reach an agreement with the government before making any changes.

Related to the administration of tobacco by monopoly, Reis *Paşa* pointed out that government did not object to the administration of tobacco via mo-

monopoly. Nevertheless, Monsieur Baltazzi gave a proposal to Babiali related to the establishment of a tobacco monopoly. As some of clauses of the proposal had unfavorable conditions for some farmers, government could not commit to establish monopoly on this proposal. Nevertheless, government saved the right to negotiate on another proposal about the establishment of monopoly. Additionally, government did not approve the bondholders to get a share from the revenue of the monopoly over 800.000 liras annually. Excessive part of this annual amount would belong to the government or if the monopoly was to be established on partnership, then, it would be divided between the state and the operating company. This limitation of 800.000 liras created argument in the commission. Delegate of the English and Netherlands bondholders pointed out that he was expecting that formation of special conditions would be transferred to the administrative council. Additionally, he said that administrative council would not deal with the leveling of the finance that would disregard the law of the bondholders. Baron Mayr and Monsieur Priagri pointed out that in spite of the limitations; there are some benefits from the formation of the monopoly. They proposed to arrange another contract providing at least 800.000 Ottoman Liras to the bondholders. Monsieur Valfrey pointed out that government could not implement these limitations and demand a share unless providing to pay 4 % interest and 1 % capital payment annually. After delegates pointed out different views and suggestions, Reis Paşa demanded from the delegates a common end. Monsieur Valfrey said the last common point of the delegates: "tobacco will be administered via monopoly in Ottoman Empire and the conditions of this administration was to be determined in negotiation between the council and the government." Wettendorf Bey pointed out that total amount of 800.000 Ottoman Liras is almost equal to the amount of the profit that monopoly would have at the first years. If the net yield of the monopoly would be less than the amount said above, then the government was obliged to pay 800.000 liras. So, the bondholders had to be content about this. Additionally, state would not compensate the budget deficit with share from the monopoly. At last, Reis Paşa said that this discussion had to be delayed to the negotiations between the government and the administrative council.

If the government would revoke the *aşar* and fishing and alcoholic beverages taxes, it would only be by the absolute majority of the administrative council and in condition of compensation by other revenue. There has been a discussion on this phrase of the article nine at the 18th meeting. In the first draft of the phrase, Monsieur Bourke suggested “state has the right to revoke the *aşar* tax in collaboration with the Administrative Council and had to assign any other compensation instead of this tax. Additionally, changes on this issue had to be approved in unanimity. Minister of Finance pointed out that it is not acceptable to have the right of revoking a tax only for *aşar* and he insisted on that changes that will be made on the various parts of the revenues to increase the welfare and felicity of the people should encompass all of the revenues. Monsieur Valfrey replied that *aşar* could be replaced by any other revenue; nevertheless, revenues like tobacco, stamp and salt that were absolutely allocated to the bondholders could not be changed. Delegates of the bondholders would not let to give away the revenues that had the potential to bring high yields if administered in good way. Ohannes *Efendi* pointed out that state might deem necessary to abrogate the salt tax like it was implemented in Russia. Monsieur Valfrey replied that they didn’t have the intention to act in accordance with Russia. Yet more, they would never give up a tax that brings one of the highest yields like salt. Wettendorf *Bey* pointed out that this article had connection not only with *aşar* but also with fishing tax and tax on alcoholic beverages. Government may totally abrogate the fishing tax that is already not in force in Germany or may decrease the % 20 tax on fishing taken from the value of the fish. Additionally, government might abrogate or decrease the tax on alcoholic beverages in order to face the foreign competition. He stated that it was not possible for the state to be tied for 100 years or more for the fishing tax, taking into account the time to pay the capital of the debt. In this respect, it was not acceptable to demand the unanimity of the members of the council.

Minister of Finance pointed out that it was not possible to determine the revenues on which abrogation or changes would be made in advance. Right of amelioration should be arranged in a general way. Approval of this right didn’t not mean that state had the determination to abrogate the revenues allocated to the bondholders; nevertheless, there would be such a necessity

in the future. Monsieur Bourke warned the state officials not to insist on this point for not cause into the objection of the bondholders. Finally, with the suggestion of Wettendorf *Bey*, the last form of the article is achieved.

3.5.1.3 The Administrative Council

In the fifteenth article of the decree, the features of the administrative council are counted. It is established in order to represent the bondholders and protect the benefits of the bondholders. The center of the Council was to be in Istanbul. It was to be comprised of the selected members representing English-Dutch bondholders, French, German, Austrian, Italian and Ottoman bondholders.

Those selected to be a member of the Council had to leave their posts, if they work for the Ottoman state. Additionally, other delegates of the foreign bondholders had to leave their posts, if they work in Ottoman Empire in duty of diplomacy and consulate or in military service

Members of the council would be selected for five years and they can be selected after a five-year-service.

The salaries of the members of the council were determined as: The delegates of the foreign bondholders would have 2.000 Ottoman Lira, the delegate of the Ottoman bondholders living in the Ottoman Empire would have 1.200 Ottoman liras, and commissioner of the Ottoman state will have 1.200 Ottoman Lira.

The presidency of the council will be shifted between the English and French delegates of the bondholders, because of the high amount of the Ottoman bonds in the mentioned countries. Nevertheless, if the situation regarding the amount of the bonds would change after five years, council will select the president.

Each of the members has one vote right. Decisions will be taken by absolute majority and in case of equal votes; the vote of the president was to be preferred.

According to the article sixteen, administrative council will directly control, collect and use the tax revenues. Tax revenues will be used in cash according to the money directory (*akçe nizamnamesi*) that had been issued in 1 March 1296/ 13 March 1880.

The council could lease any of the tax revenues to third persons; nevertheless, the council itself would directly be responsible to the government.

Council would assign the several personnel of the *Varidat-ı Muhassasa* Administration by itself. The personnel of the administration were to be in equal condition with the Ottoman personnel.

Administrative council had to prepare a budget and to present it to the Ministry of Finance two months before the beginning of the financial year. This budget was to show the estimated amounts for the payments of the debt, incomes, and expenses of the administration. This budget would be approved or rejected by the government and then would be written down to the income-expense table of the state. Council had to give a book to the Ministry of Finance every month covering the incomes and revenues and payments in a month and additionally general definite account at the end of the year to the Ministry of Finance.

Council would send a book to the Ministry of Finance in every six months comprised of the transfer of money to Europe and remittances to the bondholders. Additionally, this book would have revenues from the taxes allocated to the Administration, whole of the payments for the general expenses of the Administration, amount of money sent to Europe to pay the installments of the debt, existing money at the end of the month in the cash department in Istanbul and in the provinces.

Varidat-ı Muhassasa İdaresi (Allocated Revenues Administration) was to be supervised by the government. A commissioner and investigators selected by the government will fulfill this supervision. Commissioner of the state would be invited to every meeting of the Council and he will attend to the meetings with the responsibility of consultation. The Commissioner would do all the declarations from the side of the Council to the government and vice versa. The government will determine limits of the responsibility of each investigator. Commissioner and each investigator had the right to check the books and various documents and the cash departments to get information with the presence of an official in Istanbul and departmental manager in the provinces. On the other hand, they did not have the right to intervene on the directions of the Administration.

Varidat-ı Muhassasa İdaresi would commence its duties starting from 1/13 January 1882.

§ 3.6 Conclusion

The previous attempts were important for the problematic of the thesis, as we will be able to see the changing positions of different parties and their compromises at the very end. Additionally, the route going to the Ottoman Public Debt Administration had many alternative sidelines. We would be able to see how this administration was established in accordance with the main problematic of the thesis: the conflict and compromise of interests. This administration was the administration of conflicts and compromises of different parties of interests.

As we dig through the narratives used by the different actors to reach to a favorable conclusion on their policies, they use several concepts such as the unity of the western civilization. As they had to come into terms with the different interests of various groups, as it is the case for the English and French bondholders who had differentiated terms about their loans, they felt the necessity to come together against the common enemy, the Ottoman Empire, at her weakest conditions, under the umbrella of “western civilization.”

On the other hand, when they found the ways to act together for the negotiations with the Ottoman state, they faced against another interest group: the haute financial organizations and the bankers, as their group offered to the Tocqueville scheme also to include the short-term loans they lend. At that point, especially, the French bondholders turned to the second enemy with a kind of astonishment that the Ottoman Bank who had a French character in its establishment, who sold these bonds at the European markets, deceived them, majority of whom were small *rentiers*.

The Functioning of the OPDA

The Ottoman Empire's modernization, which began in the 1770s and continued until the empire's dissolution in 1922, spanned over a century and a half. Within this transformative period, the Ottoman Public Debt Administration (OPDA) stands out as a particularly significant institution. Established in 1881, its institutional history overlaps with the empire's final and most critical four decades, making it an essential actor in the broader narrative of Ottoman modernization. The OPDA is a particularly distinct institution within the unique trajectory of Ottoman modernity, which evolved through its own historical dynamics rooted within the empire. Unlike other Ottoman institutions, the OPDA operated with a council composed of high-ranking officials from European creditor nations, granting to these foreign representatives direct roles in decision-making. This structure often led to complex negotiations between the council, Ottoman state institutions, and ministries, as decisions had to align with both the empire's internal regulations and the interests of foreign creditors. This chapter focuses on this specific dimension of the Ottoman Public Debt Administration by examining how it functioned as a hybrid institution shaped by both the Ottoman state and the Administrative Council, which was composed of representatives of European bondholders.

The Ottoman Public Debt Administration was not an entity entirely separate from the Ottoman state; rather, it was deeply embedded within it,

shaped by both internal structures and external forces. It cannot be understood apart from the Ottoman legal codes, rules, and regulations, which it inherited upon its establishment. In this sense, beyond its so-called mission to modernize the Ottoman state, which was a widely held perception, it was itself a product of the broader modernization process and efforts of the empire. As Schull notes in relation to the transformation of the Ottoman policing and legal systems, the OPDA was not created *ex nihilo* but emerged from within the evolving framework of the state.¹ The OPDA, therefore, was built upon the existing structures of precedent institutions, rules, and regulations. In this regard, its organization and personnel policies were not fundamentally different from other evolving institutions of the Ottoman state in the 19th century. Therefore, examining the OPDA in a comparative framework allows for an analysis of its policies, as well as its similarities and differences with other Ottoman institutions of the period. In this respect, the OPDA was not an institution operating in a vacuum but rather an integral part of the broader bureaucratic mechanism, which was rooted in a deep faith in the transformative power of detailed legal regulations. This mechanism was highly intricate and meticulously structured, yet, at the same time, it was subject to constant and severe criticism from within by its own agents.² The OPDA was one of the many centralization initiatives that manifested in various forms across the Ottoman bureaucracy. The centralization project, modeled on systems observed in various European states, can be summarized as follows: the departmentalization of state bureaucracy, the regular payment of salaries to civil officials, the centralization of state treasury revenues and expenses, and the establishment of financial control mechanisms.³

Against this background, this chapter examines the Ottoman Public Debt Administration (OPDA) in detail, focusing on its institutional structure,

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- 1 Kent F. Schull, *Prisons in the Late Ottoman Empire: Microcosms of Modernity* (Edinburgh: Edinburgh University Press, 2014), 18 Schull, 18.
 - 2 Teyfur Erdoğan, "Civil Officialdom and the Problem of Legitimacy in the Ottoman Empire (1876–1922)," in *Legitimizing the Order: The Ottoman Rhetoric of State Power*, ed. Hakan T. Karateke and Maurus Reinkowski (Leiden ; Boston: Brill, 2005), 213.
 - 3 İlber Ortaylı, *İmparatorluğun En Uzun Yüzyılı*, 2. baskı (İstanbul: Hil Yayın, 1987), 98.

administrative and personnel policies, and regulatory framework. By analyzing the nature of its legislation, organizational mechanisms, and internal regulations, the chapter aims to shed light on the OPDA's role as both a product and an agent of Ottoman modernization. The first section, "The Nature of Official Documents," explores the characteristics of the archival materials related to the OPDA, examining their format, content, and bureaucratic function. It discusses how these documents reflect the institutional logic of the OPDA and their role in governance, financial oversight, and personnel management.

The second section, "Modernization Debate in Administrative and Personnel Policies," delves into the evolving administrative strategies of the OPDA, particularly in relation to broader Ottoman state reforms. It analyzes how personnel recruitment, employment structures, and bureaucratic practices within the OPDA aligned with or diverged from contemporary modernization trends in the empire. The third section, "Organizational Structure of the OPDA," provides a detailed examination of the institution's administrative framework. It begins with an analysis of the Administrative Division, followed by an in-depth look at the Council of Administration, which played a central role in decision-making. Additionally, the Commission of Personnel is discussed, particularly its recruitment policies. This section further breaks down the hiring process into two key stages: the Application Process and the Examination Process, offering insight into the selection criteria and bureaucratic formalities governing employment at the OPDA. The final section, "Interior Regulations," addresses the internal operational rules of the OPDA, including the regulation of working hours and salaries. By examining these aspects, the chapter highlights the OPDA's approach to bureaucratic discipline and financial administration, reflecting both its integration into the Ottoman governance framework and its distinct institutional identity.

Through these sections, the chapter ultimately aims to contextualize the OPDA within the broader Ottoman bureaucratic and financial landscape, illustrating its significance as a hybrid institution shaped by both domestic and international forces.

§ 4.1 The Nature of Official Documents and OPDA Legislation

When this research commenced on the Ottoman Public Debt Administration, the first key resource encountered was an extremely comprehensive guide of documentation (*rehber-i muamelat*) comprised of several rules (*kavanin*), regulations (*nizamat*), instructions (*talimat*), specifications (*şartname*), decrees (*kararname*), instructions (*tarifname*), contracts (*mukavele*) and the general correspondences (*muharrerat-ı umumiyye*).

What did all these documents include? As evident from its name, the guide begins with a general explanation of its content and a manual for its *memurs* (civil servants) on how to use it properly. The documentation is constrained by specific time periods. It first covers the period between the establishment of *Rüsumat Emanet-i Celilesi* (Customs Administration) and *Rüsum-ı Sitte* (Six Taxes Administration), encompassing all relevant regulations and documents issued by the Customs Administration that remained in force. The second period begins with the establishment of the Six Taxes Administration and extends until the financial year ending on 22 February 1306 (6 March 1891), including all legislation in force, whether issued by *Rüsum-ı Sitte* or the Central Administration of the OPDA (*Düyun-ı Umumiyye-i Osmaniye İdare-i Merkeziyesi*). OPDA officials selectively collected legislative principles and frameworks from other institutions and that are still in force. They also kept old versions of these documents if necessary or made changes, amendments, modifications in some articles, clauses, paragraphs as they added new versions on the edges of the document to make sure they are visible at a single glance [*yek nazarda*].⁴

This specific guide was prepared in 1891, ten years after the establishment of the Administration. It includes an index of the chapters organized under subtitles as follows: Civil Officials, Salt, Spirits, Stamp, Tobacco, Silk, Hunting Taxes, Licenses and Coupons, Smuggling, Procedures about Keeping Tax Rolls, Procedures about Registration of Correspondences, Licenses and Envelopes; How to Prepare the Lists, Reports, Abstract Accounts for Each of

4 *Rehber-i Muamelât-ı İdare-i Düyûn-ı Umumiyye-i Osmaniye* (İstanbul: Düyûn-ı Umûmiyye-i Osmaniye İdare-i Merkeziyesi Matbaası, 1306).

the Tax Item; Procedures about the Retirement fund, Points to be Paid Attention during the Construction and Repair of the Buildings, Discipline inside the Administration. This shows an OPDA document being transferred in its entirety from another preceding institution, showing the continuity of OPDA as an institution rather than being designed and implemented entirely from scratch.⁵

Just like the *ceride* of the Nizamiye courts, which was a working tool for the use of judicial officials and contains reports about irregularities and warnings addressed to the court personnel⁶, this *rehber* constitutes a precious documentation about the misdoings, irregularities, and problems of the administration and serves as an outline for the daily operations. Even though the *rehber* includes only one-way correspondences of the administration, that is to say, the warnings of the center to the provinces, it still gives some clues about the affairs at the bottom, and it is a precious document for the real, daily functioning of the administration as Schull indicates for *cerides*.

The second document that is used as extracting out the structure of the Administration is *Reglement Général Concernant Le Personnel de l'Administration de La Dette Publique Ottomane* (The General Regulation Concerning the Personnel of the Ottoman Public Debt Administration) which was issued on 1901, 20 years after the establishment of the administration. Nevertheless, before this regulation we know that there were other personnel regulations as the one published on 1893 to which until now I couldn't have any opportunity to access. As supportive of these two basic documentations, I consulted to the special reports prepared by the British presidents of the Council of Ottoman Public Debt Administration.

5 Mehmet Hakan Sağlam, *Osmanlı Borç Yönetimi Düyun-ı Umumiyye 1879-1891*, vol. 2 (İstanbul: Tarih Vakfı Yurt Yayınları, 2007), 3.

6 Avi Rubin, *Ottoman Nizamiye Courts: Law and Modernity* (New York: Palgrave Macmillan, 2011), 14.

§ 4.2 Modernization Debate in Administrative and Personnel Policies

One important aspect of examining the modernity/modernization of the Ottoman Empire under the influence of and pressure from the “Western powers” is to observe the changes of the organizational structure of any institution including the judiciary and financial institutions. OPDA is part of this important investigation. In fact, investigating OPDA serves as a powerful representation of the complexities associated with modernity. Any historical study investigating the large-scale changes that took place in the 19th century Ottoman Empire engages with modernity and it is widely acknowledged that OPDA was a driving force or a prototype/ultimate model for the modernization project of the Ottoman Empire as this was a period of transformation into a centralized system of governance, which cannot solely be interpreted as Ottoman Westernization, but the Ottoman state’s appropriation, adaptation, and implementation of the assumptions of the modern world to its own imperial context. Ottoman imperial needs for greater rationalization of procedure, standardization of practice, and concentration of power collectively influenced this transformation.⁷ Needless to say, the statesmen of the Ottoman Empire were well aware of these needs even before the accession of Selim. As Findley points out it is observable from the vizierial orders to forbid abuses of official discipline, from high-level complaints about irregularities in preparation of official documents at lower echelons, and from anxiety about the character and purposes of many of the persons then swarming around the government offices. Problems such as these were to remain objects of concern throughout the period of reform.⁸

The sociological categorizations of the Ottoman state and society as non-western, traditional, Islamic implied an indigenous social and state structure alien to the modern world in general and to Europe in particular, and imagined a self-contained relationship without any reciprocity with the European

7 Schull, *Prisons in the Late Ottoman Empire*, 35.

8 Carter V. Findley, *Bureaucratic Reform in the Ottoman Empire: The Sublime Porte, 1789-1922*, Princeton Studies on the Near East (Princeton, N.J: Princeton University Press, 1980), 117.

powers, living in a vacuum and without any meaningful interaction with “other” states and societies. This was a common approach utilized to describe the transformations period of the 19th century Ottoman state. Findley describes the position of the Ottoman state as the premier modernizing society of non-Western to preserve its rather independent position during the age of imperialism; despite the fact of their geographical position and the level of interaction throughout history with Europeans constitutes an exception.⁹ He contradicts with himself as he presents the geographic position and the scale of interaction with the Europeans as a proof of exceptionality of the Ottoman state for not being a colony of the European imperialism, yet he describes the transformations period as an instance of mimeticism, where Ottoman Empire imitates its European rivals to ensure its own transformation and long term viability. Despite the significant transformations at the highest levels of the Ottoman state during the 19th century, Ottomans historiography tends to interpret these changes through the framework of mimeticism, a perspective that permeates the broader historical analysis of this period.¹⁰

The early works in English portray major diplomatic, political, and military events, usually in narrative style, emphasizing the project of administrative reorganization of the empire known as the *Tanzimat*. Though these studies made solid contributions to our knowledge of administrative and institutional changes, some of their basic assumptions have been proven a reflection of colonial cultural truisms rather than actual realities. These studies attributed the reorganization of Ottoman state institutions almost exclusively to European pressure.¹¹ Much like these accounts, reports of the OPDA bore similar orientations regarding the selection of personnel mostly from the Turkish origin and as few officials of foreign descent as possible. With minor deviations from the rule, the whole of the positions in the provinces are carried out by Turks-from the *Nazirs*, or Directors of the Provincial Ad-

9 Findley, *Bureaucratic Reform in the Ottoman Empire*, 4.

10 Marc Aymes, *A Provincial History of the Ottoman Empire: Cyprus and the Eastern Mediterranean in the Nineteenth Century*, (London ; New York: Routledge, Taylor & Francis Group, 2014), 181.

11 Rubin, *Ottoman Nizamiye Courts*, 2.

ministrative Departments, to the lowest subordinate official.¹² A review of the OPDA's special and annual reports reveals ongoing discussions and conflicts regarding the preference for employing officials of Turkish origin. Each available report includes references to this issue, often accompanied by categorized employee statistics, indicating whether they were Ottoman subjects of Muslim or non-Muslim origin or foreign nationals (Turkish and Muslim words are used interchangeably). Secondly, the records consistently emphasize the commendable qualities of Turkish officials. Vincent Caillard, for instance,¹³ characterizes them as a "hard-working, reliable, conscientious body of men; their behavior, with scarcely more exceptions than would arise in any other country amongst so large a number, and under difficulties, and even temptations, which in more civilized countries do not exist, is exceedingly good."¹⁴ As he is mentioning about the good qualities of the Turkish population, the *a priori* category of civilized countries where such difficulties and temptations do not exist and the others are used extensively. On this point, Eugene Weber made a great contribution about the French countryside between the years 1870-1914 and the modernization process of the countryside and its integration to the modern world and the official culture of Paris, of the cities.¹⁵ In this respect, he contributes to the re-evaluation of the modernization and the distorted perspective of the foreign officials in the "East."

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- 12 Vincent Caillard, *Translation of the Annual Report of the Council of Administration of the Ottoman Public Debt for the Tenth Financial Period (13th March 1891 to 13th March 1892) Preceded by a Report Showing the Results Obtained During the Second Quinquennial Period* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1892), 16.
 - 13 Vincent Caillard was the representative of Britain, Holland and Belgium in the Council of OPDA.
 - 14 Vincent Caillard, *Special Report on the Ottoman Public Debt for the Thirteenth Financial Period (13 March 1894 to 12 March 1895)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1895), 13–14.
 - 15 Eugen Joseph Weber, *Peasants into Frenchmen: The Modernization of Rural France, 1870-1914* (Stanford, Calif: Stanford University Press, 1976).

Table 4.1 The number of permanent personnel between 1882-1914

Years	Muslim	Non-Muslim Imperial Subjects	Europeans	Total
1882/83				6098
1883/84				5333
1884/85				3043
1885/86				3100
1886/87				3040
1887/88				4467
1888/89	4168	301	39	4508
1890/91				4549
1891/92	4194	296	38	4528
1892/93	4355	314	74	4743
1893/94	4446	332	57	4835
1894/95	4518	297	54	4869
1895/96	4547	216	67	4830
1896/97	4471	317	55	4843
1897/98	4431	329	39	4799
1898/99	4725	354	35	5114
1899/1900	4794	378	47	5219
1900/01	4428	457	125	5010
1901/02	4807	467	122	5396
1902/03	4851	489	114	5454
1903/04	4880	505	110	5495
1904/05	4914	507	110	5531
1905/06	4992	509	132	5633
1906/07	4880	501	127	5508
Years	Muslim + Non-Muslim Imperial Subjects		European	Total
1907/08	5488		144	5632
1908/09	5696		144	5840
1909/10	5610		169	5779
1910/11	5584		168	5752
1911/12	5483		169	5652
1912/13	5402		166	5568
1913/14	5355		182	5537

SOURCE: This table has been prepared by using the *Special Reports* and *Compte Rendus*

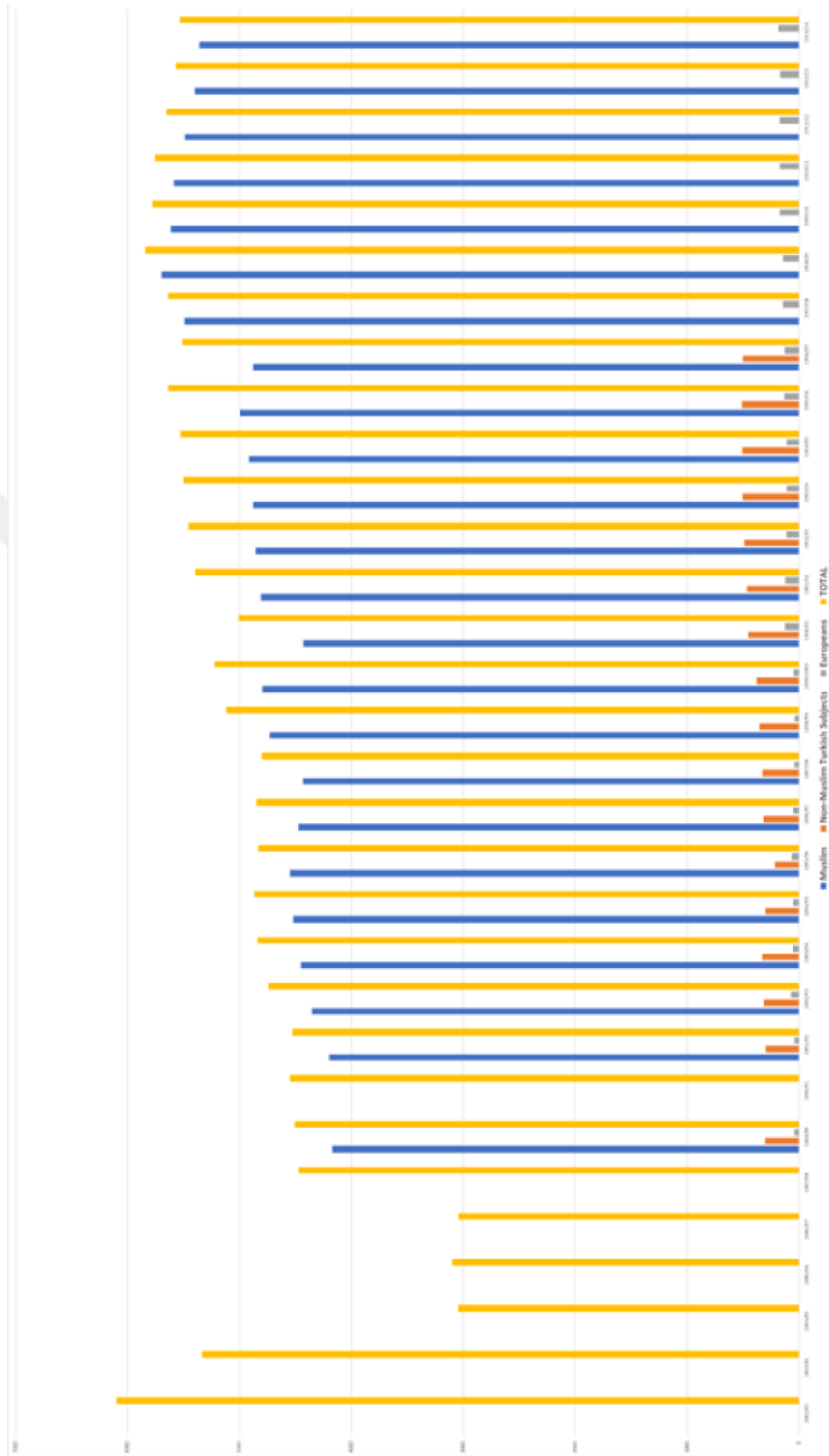


Figure 4.1 The number of permanent personnel in years. SOURCE: Table 4.1

One of the reasons behind the unremitting wording of the specialties of Turkish people showed itself in the report a few lines after, as “It would, perhaps, not be becoming in me, in a Report of this nature, to lay greater stress upon this subject. Nevertheless, I desire, at this moment, when so much unfriendly criticism- a good deal, no doubt, in pure ignorance- is being showered upon Turkey, to call particular attention to what I have above stated.”

From the repetitive indication of this topic in the special reports of the administration written by the British presidents of the Council, we would assume a general discontent among the British bondholders about the composition of the employees in the administration.¹⁶ As mentioning about the Turkish predominance in the administration they were looking for the satisfaction of the bondholders.

Another reason of dissatisfaction was about the number of employees on the part of the bondholders as it creates a “burden” on the administration. The question was about the efficiency of the administrative system.

In the East it is not easy always to keep down the number of employees, and the amount of work to be got out of an employee is less than in the West. Nor is it so easy to get rid of men past their work. A career in a Government office is often looked upon as an employment,

16 “I have very frequently insisted in my past reports upon the good character and capacities of the Turkish official when he is regularly paid and properly looked after; indeed, I did so as recently as in April last, when the Preliminary Report for last year was published. Nevertheless, I cannot forbear again recalling that undoubted fact to mind; for however undoubted a fact may be to those who know it of their own personal experience, it requires constant repetition to get it believed by those who only hear of it, especially when, as I regret to think is the case in regard to this particular matter, there exists a strong and widespread prejudice in the other direction. When officials are underpaid, or so irregularly paid that they barely get half their salary, they would probably serve you badly, and dishonesty might become prevalent among them, of whatever race or nationality they might be. This is the cause of the prejudice to which I allude. But it is unfair to generalize from it without inquiry, and to draw the deduction that there is something radically bad inherent in the race. I venture to assert that our Administration is standing evidence to the contrary, and affords an incontrovertible proof that the Turk, when properly and rationally treated, makes a very good official, honest, reliable, and obedient to authority. I am glad again to bear testimony to his good qualities.”

which will only cease by death. Nevertheless, I believe that with care and the patience the Council will make progress in bringing the staff down to its proper limits, and keeping it there; and I trust that I may be able to report favourably on this question on future occasions.¹⁷

It is visible from the Table 4.1 that they worked hardly for diminishing the number of employees. Especially between the years 1884 and 1887 there is a sharp decrease. Later on, it has steadily increased and almost reached to the number of employees in the year 1882.

As going back to the conflicting point of this discussion it is stated “[I]t is a theory generally held in Europe that the Turk is by nature unable to assimilate administrative ideas, and is strongly inclined to dishonesty whenever he gets the chance.” As he continues:

You cannot perhaps get so much work out of a Turkish official as you can out of a Western: his education and his mode of thinking are essentially different, and necessarily the subdivision of labour becomes somewhat excessive—all the more so that what are called “liberal professions” in the West are so limited in this country, that a Turk of education has to a large extent to depend upon Government offices and Government employment to gain his daily bread. These are circumstances which in carrying on a large Administration in Turkey have to be taken into account and duly allowed for; but this does not mean to say that the Turkish official is deficient either in initiative or in honesty, whilst if you proceed with moderation and do not introduce confusion into his ideas by endeavouring to effect too many changes at the same time, he is willing to learn and not refractory to new ideas. Let him understand that you are careful of his interests, just in your dealings with him, and that his salary will be regularly paid, and he will serve you faithfully and well.

17 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Fourth Financial Period (14th March 1905 to 13th March 1906)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1906), 72–73.

§ 4.3 The Organizational Structure of the OPDA

4.3.1 *Administrative Division*

On 1/14 March 1901 a new general regulation concerning the personnel of the Ottoman Public Debt Administration was issued. This was an amendment to the previous regulation from 1893. The 1901 Regulation, written in French, comprises several sections related to personnel affairs. While earlier regulations on the administration's personnel organization could not be located, the changes can still be traced through the *Rehber*.

The personnel of the Administration are divided as the Board of Directors [*Comité de Direction*], Superior Staff, Secondary Staff, Inferior Staff and the service workers. The Board of Directors is composed of the General Director, the two directors, General Inspector and the Advisor of the Directorate General.

The Services of the Administration consists of:

The Council

- General Secretariat (The Office of Archives and the Office of Translation for the Council are under the jurisdiction of General Secretariat)
- Legal Advisory Service
- Division of General Movement of Funds
- Division of Ledger
- Office of Inspection for the Accounting Services
- Institutions of Insurance

Office of Imperial Commissariat

- Directorate General
- Service of General Inspection
- Division of General Accounting
- Division of Flow of Double Accounting
- Division of Tithes
- Division of Personnel
- Division of Secretariat
- Division of Salt

- Division of Spirits, Silk and Fishery
- Service of Technical Advisory for Agriculture
- Service of Statistics
- Office of Archives in Turkish
- Service of Litigation
- Office of Stamp
- Office of Engineers
- The Central Fund (*Caisse Centrale*)
- Bursarship
- Printing House
- Employment Office (*Bureau de Pointage*)
- Service of *Kapı Kahyası*
- The Service Personnel (*Les Gens de Service*)

In the Province

- The Nazarets
- The Merkez Mudiriets
- The Mudiriets
- The Merkez Mémouriets
- The Mémouriets
- The Appointed Branches

4.3.2 *The Council of Administration*

A clearer understanding of the structure of the Council and the backgrounds of its members could be ascertained from special reports, particularly those issued when a new member is appointed or an existing member resigns. The authors of the special reports, most commonly the British presidents of the Council, highlight the good qualities, contributions and background of the members.

Starting with Leon Berger who was one of the most prominent, vigorous and effective members of the Council had been appointed after the resignation of Monsieur G. Aubaret during the financial period 1891-1892. He was a distinguished military officer. Before joining the Council, he served as the Military Attaché to the French Embassy, and in that capacity travelled

throughout the length and breadth of Asia Minor. He had thus gained an intimate and practical knowledge of the Ottoman Empire and its people as well as of their national character.¹⁸ Similarly at the same period, a new German representative, Dr. Rudolf Lindau, was appointed to the Council. Prior to this appointment, he was at the head of an important department at the German Foreign Office and also a well-known author of his period. The previous Italian representative was replaced by Signor Simondetti, who as Consul and Consul General served in several important posts in the Ottoman Empire during twenty-five years of his career. He has thus gained an unusual knowledge of the affairs of the country and the Chamber of Commerce and Arts of Rome appointed him.¹⁹ These representatives were given tasks of analyzing the system of production of certain products in their own countries. Monsieur le Commandant Leon Berger, for instance, was assigned to thoroughly examine the system of administration of the salt revenue in France to ensure the perfection of the same system under OPDA.²⁰

Vincent Caillard pointed out that “Dr. Lindau, has taken advantage of an absence in Germany to thoroughly enquire into the system of taxation of wines and alcoholic liquors in Germany, where the Revenue produced from that source is very considerable, in the hope that we may be able to learn useful lessons for our own Administration with regard to that Revenue.”²¹ Monsieur Arthur Noblet, who passed away in 1895, participated in the negotiations regarding to the Eastern Roumelian Annuity. He was replaced by Count d’Arnoux, formerly a Commissioner of the Chinese Customs under Sir Robert Hart. Count d’Arnoux prepared a report on the best methods of combating the contraband (illegal imports), which was prevalent across the empire at the time.²²

Regarding the appointment of the Director-General of the Administration, an interesting detail emerges, shedding light on its connections to high-

18 Caillard, *Translation of the Annual Report*, 10.

19 Ibid., 11.

20 Ibid., 26.

21 Ibid., 27.

22 Caillard, *Special Report on the Ottoman Public Debt*, 11–12.

level political relations. During the 1905-1906 financial term, Count D'Arnoux resigned from the post of Director-General and the Council appointed M. Pissard to replace him. Adam Block describes him as the following: "M. Pissard was strongly recommended by the French Syndicates, and had occupied various important posts under the French Government."²³ As for the appointment of Pissard, the ambassador of France in Turkey was very much involved. He gave precedence to economic matters and principally involved in securing French investments. His personal finances likely in mind, he brought with him to Constantinople Léon Pissard, who had been an employee of the French penitentiary service before joining Constans' private cabinet. Sponsored by Constans, Pissard acquired the important post of Director-General of the Ottoman Public Debt Administration and was added to the *Conseil d'Administration* of the Salonika - Constantinople Junction Company.²⁴

Regarding the functioning of the Council, the Council of Administration is responsible for the selection, appointment and dismissal of the personnel according to a correspondence dated as early as 30 March 1882.²⁵ The jurisdiction of the personnel of the administration was divided as the personnel of the Administrative Council [*Meclis-i İdare*] and the officials of the Central Administration (Siege Central/*İdare-i Merkeziyye*) and the provinces were placed under the authority of the General Director [*Nâzır-ı Umumî*] who was responsible for them vis-à-vis the Council. The employers of the Imperial Commission established an office separately who fall directly under the jurisdiction of the Imperial Commissioner. They were remunerated by the Administration and counted as the cadre of the Administration.²⁶ According to Article 3, the admission to the work, the changes, promotions, the fixation

23 Block, *Special Report on the Ottoman Public*, 75-76.

24 L. Bruce Fulton, "France and the End of the Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London ; Portland, Or: Frank Cass, 1996), 141.

25 Sağlam, *Osmanlı Borç Yönetimi*, 3.

26 *Reglement Général Concernant Le Personnel de l'Administration de La Dette Publique Ottomane* (Constantinople: Imprimerie de l'Administration de la Dette Publique Ottomane, 1901), 3.

of the appointments, the honorary distinctions, the rise and reduction of salaries, the disciplinary punishments, dismissals, the propositions for salaries and all necessary modifications for the service such as creation of a permanent or temporary position or modification of the personnel that were under the jurisdiction of Directorate General [*Direction Général*] were settled by the Administrative Council after taking the opinion of the Commission for the Personnel, on the proposition of the General Director; and for the personnel that are directly under the jurisdiction of the Council, on the proposition of the heads of the services conferred by the General Director, after taking the opinion of the Commission for the Personnel. For the propositions on the personnel of the Secretary General of the Council, the Commission for the Personnel was unable to provide opinion. Regarding these matters, all the measures were taken by the President of the Council and for propositions on the personnel of the inspection, which will be presented by the General Inspector on the approval of the General Director and confirmed by the Council.²⁷

According to the instruction No. 2 dated March 4, 1880, the duties of the Ministers of Six Taxes Administration, that is to say, the Ministers of the Provincial Administrations of the OPDA, as any superabundant employment of the personnel in the central ministry or in any subsidiary branch is illicit, as soon as they realize the overemployment among the civil officials, the case should immediately be sent to the Central Administration by attaching the leading motives of the situation.²⁸ Similarly, they added a general correspondence No. 39 in the *rehber* regarding the recruitment procedures of the administration dated as 22 November 1867; that is to say, this is a recruitment policy dating back to the Customs Administrations. On the other hand, this article has an additional note as pointing out a change in the article. The previous one allows the appointment of scribes, *kolcus* and other service workers without appealing to *Emanet-i Celile* by the *Nazırs*; nevertheless, no ap-

27 *Reglement Général Concernant*, 3-4.

28 Sağlam, *Osmanlı Borç Yönetimi*, 6.

pointment can be done without taking the response from the Directorate General.²⁹

In this respect, the Council had a very key role in the approval of the appointment of almost every employee. Their decision-making process can be traced through *proces-verbals* of the Council, which gathered every week. Even though the documentation in its entirety cannot be located to evaluate the *proces-verbals* from start to the end but in any case, there is sufficient data for the comprehension of the inner workings of the meetings. Apart from other agendas, regarding the personnel appointments, dismissals and punishment of the officials documents provide rich sources of notes and decisions. Such examples about these meetings will be discussed below after the explanation of the Commission of the Personnel.

To compare this with changes in the preceding institution, *Rüsumat Emaneti*, a correspondence dated as 10 May 1876 pointed out that in the case of a vacancy in the posts of *Rüsumat müdirlik* and *memurluk* and *Salina memurluks* and in their head clerks and *sandık emini* positions, the respected *nazarets* were responsible for the selection and appointment of appropriate officials to these positions and only their principal appointment [*asaleten*] was conducted by the consultation to the Council of *Rüsumat* [Meclis-i Rüsumat]. However, after a while, the appointment and assignment to some of these posts started to be made centrally. Nevertheless, this situation prevented the provinces to implement the principle of succession [*kaide-i teselsül*] and so this would create *taedium vitae* together with deterioration among the supernumeraries. In this respect, after the deliberation in the Council of *Rüsumat*, the method of central appointment was abandoned as branches were ordered to appoint from inside the administration itself rather than outside the administration and the most competent and able person for the vacant post. In case of inability to locate suitable candidates inside for the posts of *Müdirlik*, *müdirlik* chief clerk, the central administration was to be informed as the position to be filled with an appointment from the center.³⁰

29 Ibid., 49.

30 Sağlam, *Osmanlı Borç Yönetimi*, 29.

These points allow us to make comparisons with Ministry of Justice as chief justice, court members, supernumerary members, public prosecutors were appointed by the decision of the Ministry of Justice with an imperial decree. On the other hand, the Ministry of Justice directly appointed the other civil officials like scribes working in the courts, and, the provincial judicial commission makes the appointment of the personnel working in the provincial courts.³¹

4.3.2.1 Commission of the Personnel

The civil personnel policy of the Ottoman state dedicatedly started with the foundation of a Commission for the Selection of Civil Officials (*İntihab-ı Memurin-i Mülkiye Komisyonu*) in 1871,³² and with the introduction of personnel records (*sicill-i ahval*) system in 1877,³³ and in 1896 the Civil Officials Commission was the full-fledged version of all these developments. The organization of the Personnel Division of the OPDA was very similar with this Commission just as Findley points out the development of this commission had counterparts in other ministries as well.³⁴ To govern the workings of the personnel records system, there were two sets of instructions, the first was issued in 1879, the second in 1887.³⁵ The regulations concerning the selection process of the civil officials in the Ottoman state in different state departments started simultaneously around at the same time period. We can trace the similarities between different administrations and OPDA.

Regarding the OPDA, the first decision to establish a Commission for the examination of the documentation related to the selection, promotion and dismissal of the officials of the administration was made on 19 October 1889 according to the *rehber*. It was proposed to the Council of Administration to

31 Fatmagül Demirel, *Adliye Nezareti: Kuruluşu ve Faaliyetleri (1876-1914)* (İstanbul: Boğaziçi Üniversitesi, 2008), 97.

32 Findley, *Bureaucratic Reform in the Ottoman Empire*, 266.

33 Carter V. Findley, *Ottoman Civil Officialdom: A Social History* (Princeton, N.J: Princeton University Press, 1989), 27.

34 Findley, *Bureaucratic Reform in the Ottoman Empire*, 267.

35 Ibid., 271.

establish a Commission in the Siege Central comprised of a president and high officials of the administration and the proposition was approved. In this respect, the sections of the enactment issued by the above-mentioned Council that are relevant to the provincial administration are outlined. Rather than transmitting the entire enactment, only the essential portions necessary for the provinces were shared.³⁶

According to the 1901 Regulation, the composition of the Commission of the Personnel was determined as one representative of the Council (president), an inspector general (vice-president), an advisor of the General Directory, three head of department of the General Directory, a reporter with the right of consultative vote, and a translator. The president and the three Heads of Departments of the General Directory were nominated on 1/14 March for a year and their mandate is renewable. The three aforementioned heads of departments were to be appointed by the Directorate General. The Commission of the Personnel was to meet once in a week. It could also hold extraordinary sessions with the invitation of the President.³⁷

The questions to be deliberated at each session were enumerated in the Order of the Day, which was prepared by the Division of Personnel, approved by the General Director, and signed off by the President of the Commission two days before the scheduled session date. Apart from an urgent case of which the President carried responsibility, or which could be brought to the attention of him by the Directorate General, other questions could be discussed within the Commission except the ones brought to the Order of the Day.³⁸

The deliberations of the Commission of the Personnel concerning the officials having a salary above 800 kuruş or which concerned an administrative measure that was likely leading to an extra expense was supposed to be submitted to the Council by a special letter of the Directorate General or by special services dealing with the case. These deliberations become final and legally binding only after having been sanctioned by the

36 Sağlam, *Osmanlı Borç Yönetimi*, 25.

37 *Reglement Général Concernant*, 9.

38 *Ibid.*, 10.

Council. For the officials who are taking a salary of 800 kuruş or below, the deliberations of the Commission of the Personnel would become legally binding immediately after the approval of the Directorate General. Nevertheless, if the Directorate General did not share the opinion of the Commission of Personnel, the case was submitted for examination by the Council.³⁹

In this respect in the weekly meeting of the Council dated as 23/24 April 1898, there was a case transferred through executive bureau of the Şer'i sentences which demands a reduction of 100 kuruş from the monthly salary of Emin Vehbi Efendi who was an employee at the Nazaret of Balikhane, in virtue of a judgment on which he was supposed to pay child support for his underage daughter. In this respect, the Council sent a dispatch to the Directorate General for the execution of the decision. At the same meeting, according to a letter dated as 18/30 March, in accordance with the statement of the court of first instance in Pera, the Directorate General informs that there is the basis for the reduction of the quarter of the salary of M. Aristidi, who worked as headwaiter at the Bureau of the Council until clearance of the debt of 1290 kuruş which he owed to a grocer Yanco. The Council sent the case to the Secretariat of the Council for the execution.⁴⁰

4.3.2.2 Recruitment of the Permanent Personnel

APPLICATION PROCESS

All people who would like to enter to the service of the Administration should address, for this purpose, to the Directory General in Istanbul or to Nazirs in Provinces, a letter of application duly stamped indicating his age, nationality, the languages that he speaks and writes, his background, references and his address.⁴¹ This condition was indicated in the decree dispatched by a correspondence No. 12 dated as 19 October 1889. According to

³⁹ Ibid.

⁴⁰ MAE, Correspondance Politiques et Commerciale Nouvelle serie, Turquie, 471, 1897-1914, Procès Verbal No. 91, 17eme Exercice, 4eme Period, 23/4 April 1898/1314, 4-5.

⁴¹ *Reglement Général Concernant*, 11.

this decree, apart from the letter of application and the above-stated details, the documents listed below, which are required in 1901, were not requested.

The letter of application of the candidate should be accompanied with:

- Birth certificate or an equivalent paper,
- A certificate or a diploma issued by a school where the candidate has completed his studies,
- A certificate of criminal record issued by a competent authority
- A certificate of physical fitness delivered by a medical authority chosen by the administration.⁴²

EXAMINATION PROCESS

In the 1901 Regulation we observe a detailed explanation of the process of examination. We also observe a similar examination process at the Ministry of Justice started by the Code of Selection and Appointment of Court Officers in 1888.⁴³ Similarly, in 1912, the Prison Administration issued a directive entitled 'Concerning the Selection and Appointment of Prison Officials and Employees'. For instance, the properly qualified Ottoman guard needed to possess the ability to read and write Ottoman Turkish, needed to have good oral communication skills, and needed to demonstrate an adequate knowledge of criminal law as assessed by an exam.⁴⁴

Before 1901, even though there was no document regarding the examination process of the applicants, we can very clearly understand that the implementation of examination started after the 1893 Regulation as President Vincent Caillard pointed out that the first entrance examination took place, according to the new rules, in the month of last February [1894], when for nine vacancies, sixty-six candidates presented themselves. A second examination took place in the month of August, when sixty candidates competed

42 Ibid.

43 Demirel, *Adliye Nezareti*, 109.

44 Schull, *Prisons in the Late Ottoman Empire*, 151.

for two vacant posts in the Interpretation Office.⁴⁵ As the principal economies, which can be affected, must necessarily be connected with the *personnel*, it was interesting to observe that the system of competitive examinations for entrance into the service, adopted in 1894, was working on the whole satisfactorily.⁴⁶ Additionally, there was a separate implementation for the selection and promotion of the staff required for the work of the Central Offices, which have been worked out and put into force, whilst those for the much larger Provincial Staff had been already enforced in 1894.⁴⁷ They indicate two different examination categories for different ranks of the personnel. Civil officials of the Ottoman bureaucracy were divided into two categories as the first is formed of “men of influence” (*sahib-i rey*) holding positions such as ministries, presidencies of councils or courts, or headships of departments. The second consisted of all other civil officials.⁴⁸

There are two examination categories:

First Category: for the admission to a position that requires the knowledge of the French language, independently of the Turkish language, the examination covers the following subjects:

- Turkish language: dictation, writing, and translation to the French language.
- French language: dictation, writing, and translation to the Turkish language.
- Arithmetic: four operations, cross-multiplication, simple and compound interest, discount, currency conversion, metric system, bookkeeping.
- Geography: Population of the Turkey, administrative division, number and denomination of Vilayets, Mutasarrıflıks, Privileged Provinces, administra-

45 Caillard, *Special Report on the Ottoman Public Debt for the Twelfth Financial Period (13 March 1893 to 12 March 1894)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1894), 20.

46 Vincent Caillard, *Special Report on the Ottoman Public Debt for the Fourteenth Financial Period (13 March 1895 to 12 March 1896)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1896), 10.

47 Caillard, *Special Report on the Ottoman Public Debt for the Thirteenth Financial Period (13 March 1894 to 12 March 1895)*, 13.

48 Findley, *Bureaucratic Reform in the Ottoman Empire*, 271.

tive center of the Vilayets, ports, transportation routes of land, sea and river; agricultural, industrial productions, commerce, exportation, importation.

- Universal Geography: General notions.

Second Category: For the other services of the administration where knowledge of the Turkish language is the only requirement, the examination of the candidates covers the following subjects:

- Turkish language: dictation, writing.
- Arithmetic: four operations, currency conversion, metric system, bookkeeping.
- Geography: Population of the Turkey, administrative division, number and denomination of Vilayets, Mutasarrıflıks, Privileged Provinces, administrative center of the Vilayets, ports, transportation routes of land, sea and river; agricultural, industrial productions, commerce, exportation, importation.

As we observe the examination categories, the recruitment of the civil officials for the first category usually encompasses the ones that will work at the Siege Central regarding the requirement of their command of French language. Mentioning these examination conditions provides insight into the target group of personnel, specifically those who graduated from certain schools with certain qualifications. As Caillard pointed out “They [the officials] are drawn from that same Turkish population from which the government draws its own civil servants, officers, and soldiers. They are, by nature, no better or no worse than these.”⁴⁹

Although the employment lists of the Administration have not yet been located, there are individual examples of the educational backgrounds of the officials at OPDA. For instance, Amed Trullet, who was born in 1844 in Smyrna, showed indications of being of Levantine or French origin thanks to his name and thus sent to Paris for his studies at a school named Sainte Geneviève. In 1863, he successfully passed the exam to enter to the *l'École centrale des arts et manufactures* as his parents were residing at Istanbul. Trullet was

49 Caillard, *Special Report on the Ottoman Public Debt for the Thirteenth Financial Period (13 March 1894 to 12 March 1895)*, 13–14.

specialized on mechanics. He completed his studies in 1866 and at the end of 19th century he reached to the position of inspector for civil engineering before he became second-in-command for the technical service of the OPDA.⁵⁰

Returning to the examination and selection process of the personnel for better understanding the detailed instructions of the process, applications for the employment will be registered at the Division of Personnel in Istanbul and at the central agencies of the Nazarets in Provinces.

If the candidate was employed previously, he was furthermore required to present a certificate issued by the head of the enterprise of under the order of whom he served. If he is still in service, the presentation of his certificate of good conduct (may be deferred until the moment his admission has been pronounced) was necessary. However, in the absence of this certificate, the candidate would not be admitted into the cadres.

To be admitted, the candidate was supposed be at least 18 years old or at most 30 years old. Candidates whose age exceeded the upper threshold but have completed a certain number of years of service in a State Department were still allowed to apply. It was essential, however, that such years of service be available to them for retirement and that they compensate for the difference between their age and the 30-year limit established by this article. The candidate admitted to the service between 18 and 20 years of age could not be charged before 20 years old, leading to a material responsibility. Previously, in the letters of application, age of a candidate was requested but any age limit or restriction was set.

The examination jury assigned a score to each candidate for every subject, with a maximum of 10 points per subject. Candidates who did not meet required points were disqualified. The minimum required scores were as follows: 4 point each for Turkish language, French language and arithmetic; 2 point each for the geography of Turkey and universal geography.

50 Darina Martykánová, "Les Ingénieurs entre la France et L'Empire Ottoman (XVIIIe-XXe Siecle): Un Regard Mosaïque pour une Histoire Croisée," *Quaderns d'Història de l'Enginyeria* 15 (2017 2016): 167–68.

All the officials that have been admitted at the administration, after passing the second category examination, could apply for passing the exam of first category.

If two or more candidates obtained an equal point on the subjects indicated at the Article 21, Jury were to make a random selection among them. If, however, among these candidates there were some who could successfully pass an examination in one or more languages, other than Turkish and French languages, those would pass before the other [candidates] and would be ranked according to the number of points obtained in this examination. The languages on which examinations can be held were: German, English, Arabian, Armenian, Greek, Italian, and Russian. The maximum point that can be conferred for each of these languages was 10. Any candidate that did not obtain minimum of 6 points separately for each of the language that they asked to be examined will not have any advantage compared to their competitors.

The examiners were supposed to, to the best of their ability, ignore the names of the candidates. It was designed to proceed as follows: The day before the examination, on one of the subjects above mentioned, the examiners in accordance with the President of the Jury, will decide six different themes relating to the subject in question. Each theme will be put into a sealed envelope. At the opening of the examination, the Jury would randomly draw one of the themes that candidates will answer.

Each candidate, as soon as concluding his composition, will hand it over to the President of the Jury, accompanied with a sealed cover, enclosing his signature. The President, himself will put to these documents a number for avoiding any confusion, and will keep them until the Jury will be called to decide on the results. The reading of the compositions and the deliberation on the points to be given to each candidate will be made with the participation of all the examiners. Afterwards, the jury will summon the candidates and at their presence will open the covers containing the names of the ones admitted to continue to the exams on other subjects.

The candidates could not have more than 2 hours for one composition. At the end of this period, if the composition is incomplete, the candidate will

give it as it is to the President of the Jury. It was forbidden for the candidates to use dictionaries or other publications during the exam.

The candidates would successively be examined on each subject separately, in the presence of all Jury. Each candidate, after responding to the questions, would leave and the Jury will take its decision concerning the number of points to be given to him on the subject that is in question. The names of the successful candidates were to be published in press.

Once the exam is over, the Jury, who cast their votes, was to draw up the list of candidates. If the competition took place at the Central Administration, this list would be submitted to the Council for approval. They would later be able to undergo an internship of supernumerary of six months before being paid. Candidates successfully finishing this period became part of the cadres. Candidates having passed the first category examination were admitted to choose the service of the Inspectorate, following the holidays, in order of ranking in their exams.

If the concourse takes place in the provinces, the list of accepted candidates will be submitted to the Directorate General. These people will be considered supernumerary until they can be provided with a paid position. Supernumeraries must make a commitment to accept any position designated to them. This point was also indicated in the decree dated as 1889. Candidates admitted to the Central Administration or in the province will have to justify their means of existence allowing them to wait for a payment.

Regarding the supernumerary (*mülazım*) personnel, there was a violation of the procedure for appointing the officials outside of the administration in some *nazarets* and *müdirriyets*, which is indicated in a general correspondence dated as 8 December 1885. As the central administration asked the foundation for these appointments; that they took the response that there isn't any available official currently employed inside the administration. The administration highlights in the correspondence that appointment of such officials who aren't competent on the workings and procedures of the customs will bring harm rather than benefit to the administration. They instructed to appoint 2 supernumerary personnel to *nazarets* and *merkez müdirriyets* and 1 to *müdirriyets* [these numbers were risen with the decree dated as 19 October 1889 to four and two respectively] who have the disposi-

tion and capability to conduct the functioning of the administration. These supernumeraries would be gradually accustomed to the rules and procedures of the customs [*kendilerine umûr ve muâmelat-ı rûsûmiyye tedricen bi't-ta'lim refte refte işe alıştırılıp*] and then when there is an occasion, on the principle of succession, to appoint the ones who have the lowest level of salary and the most qualified, and if there isn't such proper supernumerary previously recruited, then to appoint one of the supernumeraries who is senior and of merit. When the number of supernumeraries is diminished in this way, the determined number of supernumeraries should be appointed to the administrations.⁵¹ In the case of insufficient number of educated personnel in the Ottoman Empire in general, the education of supernumeraries was still used to support the need for efficient and competent personnel.

It is indicated that employing the supernumeraries in primary services causes the merchants to tempt them to covetousness or as they are not competent on the rules of customs, they conduct irregular and wrong doings and they will cause the decline of revenues according to the correspondence No. 18 dated as 27 December 1868 that is the period of *Rüsumat Emaneti*.⁵² This correspondence was later referred by another correspondence No. 19 dated as 19 July 1876 in which they gave a summary of the 1868 correspondence. Afterwards, they mentioned that such supernumeraries are assigned to write an official communication and they made mistakes and as they are not in active duty, the superiors decided as if there is no ground to implement any punishment on them. If in any case, supernumeraries are used for such works, the punishment will be implemented on their superiors who assigned that work on them.⁵³

51 Sağlam, *Osmanlı Borç Yönetimi*, 27–28.

52 Ibid., 29.

53 Sağlam, *Osmanlı Borç Yönetimi*, 30.

§ 4.4 Interior Regulations

4.4.1 *Working Hours*

Table 4.2 The fixed hours of presence at the Offices of the Administration

Month	Istanbul: Ottoman Clock	Istanbul: Western Clock	Provinces OC	Provinces WC	Lunch OC	Lunch WC
March	3 to 10	9 ½ to 4 ½	2 ½ to 10 ½	9 to 5	5 ½	12
April	2 ½ to 9 ½	9 ½ to 4 ½	1 ½ to 10	8 ½ to 5	5	12
May	2 to 9	9 ½ to 4 ½	1 to 9 ½	8 ½ to 5	4 ½	12
June	2 to 9	9 ½ to 4 ½	1 to 9 ½	8 ½ to 5	4 ½	12
July	2 to 9	9 ½ to 4 ½	1 to 9 ½	8 ½ to 5	4 ½	12
August	2 ½ to 9 ½	9 ½ to 4 ½	1 ½ to 10	8 ½ to 5	5	12
September	3 to 10	9 ½ to 4 ½	2 ½ to 10 ½	9 to 5	5 ½	12
October	4 to 10 ½	9 ½ to 4	3 ½ to 11	9 to 4 ½	6 ½	12
November	4 ½ to 11	9 ½ to 4	4 to 11 ½	9 to 4 ½	7	12
December	4 ½ to 11	9 ½ to 4	4 to 11 ½	9 to 4 ½	7	12
January	4 ½ to 11	9 ½ to 4	4 to 11 ½	9 to 4 ½	7	12
February	4 to 10	9 ½ to 4	3 ½ to 11	9 to 4 ½	6 ½	12

SOURCE: The hour à la turque is the only regulatory. The hour à la franque shown in the table are indicated for the record.

The office hours are calculated by taking into account the distances that the employees commuting to the Center of the Administration at the capital. At the central Administration the hour of leave is fixed: on Fridays at 2 o'clock in the afternoon for the non-Muslim employees and on Sundays at the same hour for the Muslim employees. At the each of the Office or Branch an attendance sheet will be made. At the salt mines and the branches that have salt warehouses, mizans and baloukhanes, the officials have to be at the disposition of the public during it is picked up until the sunset.

All the employees who arrive to their offices after the regulatory hour and leave at the evening before that hour, without authorization, receive a

warning for the first infringement of this type committed by them at the trimester of the year. At the second and third infringement, at the trimester of the year, they will be hold back each time one day of salary. At the fourth and fifth infringement, at the trimester of the year, deduction will be made each time quarter of the monthly salary. At the sixth infringement, at the trimester of the year, the deduction is the total of the monthly salary. The seventh infringement, at the trimester of the year, causes the suspension of the employee without salary for 3 months. In the case of recidivism, during the same year, dismissal of the employee will be pronounced. The absence during a day without authorization or without justification will count as three infringements.

Any supervisory officer who has not been found at his post, will be liable to the following penalties if the offenses are committed in the same year for the permanent agents or in the same season for the temporary agents engaged for this period: Two days payment fine for the first time; five days payment fine for the second time; ten days payment fine for the third time; suspension of 3 months of salary for the fourth time; deposition for the fifth time.

The penalties that are applied in conformity with the Articles 67 and 68 should be transmitted hierarchically and with the monthly table, to the Division of Personnel, to be registered to the file of the employee.

The offices of the Administration will be closed during three days at Ramazan Bayramı and during 4 days at Kurban Bayramı.

At the Central Administration, the Muslim employees are authorized to be absent on Friday, and the non-Muslim employees on Sunday, unless, the necessities of the service require their presence at the Office or Branch. The absenteeism day can be fixed at the Provinces either as Friday or Sunday, according to the usages of the locality.

Non-Muslim officials are exempted from going to their respective offices when they have to celebrate, according to their confession, the following feasts: The first of January, Easter Monday, Pentecost Monday, Christmas. For the Israelites the holidays are: Yom Kippur Day, the first day of Rosh Hashanah, the first day of Pesach (Easter), the first day of Chawoutil (Pente-

cost). Any other holiday cannot be invoked to justify an absence on the part of officials of these categories.

Any employee who is absent from his office on the day of a feast celebrated by a community other than the one to which he belongs shall be entitled to the disciplinary penalties provided for in the last paragraph of article 67.

The salaries are paid monthly, at the last day of the month, by the Cashier, who should demand from the beneficiaries or from their attorneys to affix their signature or stamp, for receipt, on the attendance sheet.

In the case of the death of an official, the salary is granted to the family of the deceased or to the beneficiaries recognized by the competent authority for the entire month in which the death occurred.

Advances for leave may be granted by the Central Administration only in cases, when the leave is due to a serious illness or to circumstances which are acceptable by the Administrative Council as entirely exceptional.

In the case when an official is suspended provisionally of his functions as he is subject to an investigation, and until the Central Administration has ruled definitively on his case, no salary will be paid to him. If at the end of the investigation, his innocence is accepted, the half of his salary, starting from his suspension day, will be paid to him, the other half being paid to the Administration for management fees. If in any case he found guilty, he will not be entitled to any salary.

In the event that an employee is obliged to completely interrupt his service following a judicial inquiry against him, he will be considered as laid off without pay.

An employee prosecuted by the courts cannot be placed back into service without a special decision of the Central Administration, which always retains in respect of this agent, even if his innocence has been declared, the right to pronounce his exclusion by way of availability or dismissal. Re-admitted or excluded, the employee, found innocent by the competent authority, shall receive an indemnity equal to half of his salary from the day he has interrupted his service until the day when the Central Administration has pronounced definitively on his situation, the other half being acquired by the Administration as provided for in the preceding article.

If the Administration decides on readmission, the employee will return to his former post. However, if the Administration finds it inconvenient to relocate him to his old residence for administrative reasons, he will be paid an indemnity equal to his full salary, waiting the vacancy in the management of an equivalent position to his former rank. Officers found guilty by the competent authority and excluded by the Administration will not be entitled to any compensation.

4.4.2 *Salaries*

The civil officials' salary system, introduced in 1838, was one of several reforms in official personnel policy.⁵⁴ While undertakings were made apparently to regulate the salary levels during 1880s, there wasn't any extensive effect. As collection and payment of revenues were still not centralized in the Ministry of Finance, the officials who were paid regularly were those who worked in revenue-collecting departments such as Finance, Posts and Telegraphs, Customs, or Land Registry; for payment of the salaries of their own employees was one of the first priorities of those departments.⁵⁵ Accordingly the OPDA, was one of the best institutions to be employed like it has its finance and customs departments and payment is regular.

The revision of the salary system has been a great concern for the OPDA and it started to be implemented with the Personnel Regulation of 1893. That is to say, they revised the provincial salaries and they attached permanent salaries to posts according to their prominence and responsibility. This implementation was very much in connection with the increase of expenditure and as they were liable to the bondholders, they always felt the necessity to explain the reasons of increase of expenditures regarding the salaries of the employees. Caillard mentions about the original system, that of attaching the salaries to persons, and not to the posts which they occupied, gave rise to many irregularities, some injustice, and became, in the end, an unmitigated

54 Findley, *Bureaucratic Reform in the Ottoman Empire*, 294.

55 Ibid., 237.

nuisance.⁵⁶ In this respect, the whole of the salaries of all the Provincial Agencies were therefore revised by a Commission, which is appointed for this purpose in 1892 and fixed permanently at amounts considered as equitably corresponding with the importance of the various posts, and the responsibilities attached to them. This resulted in some reductions, but in many more advances, of pay, and therefore, naturally, in an increase in the general total of expenditure under this head. They highlighted the stimulus given to the personnel was necessary, and that its effect is, and will continue to be, excellent.⁵⁷ On the other hand, the reorganization of this central service of determining the permanent salaries to according to posts has not yet been completed. The reorganization only carried out in due course, as it required very significant reduction in the number of posts. Such a reduction could only take place as vacancies occur in the provinces which can be filled up from the center, or as resignations or deaths take place amongst employees of one kind and not enough of another, that is to say, of those educated and trained men whose services cannot be obtained without paying them highly, but who hundred times repay what is spent upon their salaries by the services which they render. They were curious about the increasing expenditures of salaries but nevertheless they expected to see the fruits of this reform only after two or three years' waiting and working.⁵⁸

After a decade later in 1904, the share of salaries in the expenditures was high; nevertheless, they didn't have any prospect of reducing it, as some of the provincial employees weren't sufficiently remunerated. It is always indicated that the first principle of a good financial administration is the proper payment of its officials. At the same time a reduction of expenditure as far as is compatible with efficiency is essential. In this respect, rather than reducing

56 Caillard, *Special Report on the Ottoman Public Debt*, 19–20.

57 Ibid., 10–11.

58 Ibid., 11–12.

the number of personnel in the provinces they opted for the reorganizing the Central offices and thus reducing the expenditure.⁵⁹

Around the year 1906, as there was an increase of salaries, they pointed out the gradual development of the country and of the revenues entails the creation of fresh agencies. The strict application of the new Stamp Law and the collection of the increased Customs Duties would necessitate a further increase in the staff. Moreover, the cost of living is becoming greater, as there has been a considerable rise in the price of commodities throughout the country in the last four or five years. Numbers of the employees, whose scale of pay was established five-and twenty years ago or more, are [to-day] working for a salary which in many cases is not sufficient to attract to the service of the administration the class of men they required and in the center and in the provinces if they were to be properly served, face the eventuality of an increase under the head of Salaries.⁶⁰

By the year 1908, the first impression of the administration was as the officials have been unaffected by the change of regime, they are not preoccupied with the fear of losing their posts, and their future depends, as before, on their good conduct; they continue, as before, to be regularly paid, and whilst the Government revenues have suffered a temporary setback, the officials of the Debt have gone quietly on with their business, and the revenues entrusted to their charge have, with few exceptions, continued to come in with the greatest regularity.⁶¹ On the other hand, living has become dearer and the provincial staff was in demand for better pay. In some cases, the pay had already been increased. But if the efficiency is to be maintained there

59 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Second Financial Period (13th March 1903 to 12th March 1904)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1904), 49–50.

60 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Fifth Financial Period (13th March 1906 to 12th March 1907)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1907), 10.

61 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Sixth Financial Period (14th March 1907 to 13th March 1908)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1908), 9.

may be a necessity for increasing provincial expenditure.⁶² As the Debt Administration was not only a collecting agency, but is charged with the distribution of the Revenues collected and their application to the service nearly all the consolidated debt of the country, this responsible and important duty requires a highly-trained and efficient staff, and entails a special expenditure which ordinary fiscal departments are not called upon to support. Without proper pay efficiency is impossible.⁶³

The permanent salaries were steadily in increase. The cost of living was increasing, and the impetus to trade and enterprise since the Constitution has created a scarcity in the labor market. Better pay for minor government posts has caused a certain number of the officials of the administration to seek for employment under government. But apart from this it was evident that good work required good pay, they had the belief that by improving the pay and prospects of their provincial officials, who in many cases are still underpaid, that they would obtain better results.⁶⁴ An increase of salaries in the provinces is inevitable, and is necessitated by the rise in the labor market as well as in the cost of living, and by the better remuneration of government officials since the Constitution. They ran the risk of seeing the staff depleted of its best men, unless they can give them some encouragement; and the Council had on the year of 1912 resolved to devote another sum of ten to fifteen thousand pounds Turkish to the long-called-for amelioration of the lot of their provincial officials, more especially of those in receipt of a small and often inadequate wage.⁶⁵ The Council in 1911 devoted a sum of £T17.000 in the budget to increase the salaries of the minor officials in the provinces,

62 Ibid., 13.

63 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Seventh Financial Period (14th March 1908 to 13th March 1909)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1909), 10.

64 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Eighth Financial Period (14th March 1909 to 13th March 1910)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1910), 12.

65 Adam Block, *Special Report on the Ottoman Public Debt for the Twenty-Ninth Financial Period (14th March 1910 to 13th March 1911)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1911), 13.

who are often less well paid than their colleagues in government employ, and whose pay has been maintained at the same rate for many years, during which the price of living has been steadily increasing.⁶⁶

The issue of salaries and establishing a salary system based on posts was a matter of prominent importance both for the state institutions and the OPDA. On the other hand, after this system was working functionally for the OPDA, there was always a concern for the increase of the salaries of the provincial officials, which the administration never stepped back for the decrease of the salaries as they were very well convinced and determined about the salary and efficiency correlation.

Regarding the salaries of the employees in the Mosul's central prison in 1911, Schull indicates that there were discrepancies in pay between prison employees in smaller administrative districts and provincial centers, between male and female personnel, and between employees who worked in penitentiaries (*hapishaneler-i umumi*), prisons (*hapishaneler*), and jails (*tevkifhaneler*). It also appears that salaries had not yet been standardized. Additionally, except for the warden, the local municipal councils on the district, sub-district, and provincial levels appointed all prison employees. It appears that these councils decided the number, identity, and salary of those hired and, thus, possessed a great deal of local autonomy in terms of staffing prisons, especially since prison budgets came from local coffers.⁶⁷

If we compare the salary system of the OPDA with that of the Ministry of Justice, for instance, the chief secretary of the Ministry who was conducting the secretarial work of the Ministry was taking 3500 *kuruş* in 1880. In 1891, in accordance with the request of the Ministry to increase the salary of this position as he has other different responsibilities, they made a 700 *kuruş* rise.⁶⁸ Later on, after the second organizational regulation of the Ministry of Justice in 1911, the director of chief secretariat was receiving 4000 *kuruş*, an examin-

66 Adam Block, *Special Report on the Ottoman Public Debt for the Thirtieth Financial Period (14th March 1911 to 13th March 1912)* (London: Bradbury, Wilkinson & Co., Limited, Printers, 1912), 13.

67 Schull, *Prisons in the Late Ottoman Empire*, 149.

68 Demirel, *Adliye Nezareti*, 50.

ing clerk [*mümeyyiz*] 1500-2000 *kuruş*, clerks [*ketebe*] 250-1000 *kuruş*. The salaries were approximately similar in different departments such as records directory [*evrak müdürlüğü*], accounting directory [*muhasabe müdürlüğü*] etc. In comparison to the detailed data below regarding the salaries from the superior staff to the lowest level, it is difficult to make comparison. Nevertheless, for the superior and secondary staff, it seems there isn't a much of a gap between these institutions.

Table 4.3 Nominal maximum (max.) and minimum (min.) salaries and their averages (avg.) according to the level of employment

Levels of Employment	Min. Salary	Avg. Min.	Max. Salary	Avg. Max.
Superior Staff	4000	4500	7500	5750
Secondary Staff	500	1895,65	4000	2617,39
Inferior Staff	150	730,43	2000	1284,78
Service Personnel	100	408,33	1400	716,67

SOURCE: See Appendix B.

§ 4.5 Conclusion

As looking to the OPDA from the framework of administrative organization and personnel policies, we observe continuity rather than a rupture or a leap to an ideal, efficient bureaucratic apparatus growing parallel to the Ottoman state structure.⁶⁹ This was not a parallel organization working without any interaction to the state; on the contrary it is part of the Ottoman state. The OPDA was established on the grounds of the Ottoman state structure that had already started to be developed to the requirements of the age. As it is very well known, the state has already grew during the 18th and 19th centuries bureaucratically incomparably to the 15th and 16th centuries. In this respect, the work volume has increased; the duties that are conducted have become more complex and the number of personnel and the bureaucratic depart-

⁶⁹ Benjamin C. Fortna, "The Reign of Abdulhamid II," in *Turkey in the Modern World*, ed. Reşat Kasaba, vol. 4 (Cambridge, UK ; New York: Cambridge University Press, 2008), 49.

ments augmented.⁷⁰ The civil bureaucracy grew almost as dramatically, from roughly 2,000 scribes in service as of 1770–90 to the 35,000–70,000 civil officials serving at a time under Abdülhamid.⁷¹ From the organization of the administration to the selection and appointment of the personnel, we saw a similar tendency of producing regulations in different parts of the Ottoman state structure.

The modernizing role attributed to the OPDA is usually taken for granted without analyzing the everyday workings of the administration. Without falling into the trap of underestimating the effects of the administration, this chapter would like to present a development go hand in hand with other institutions of the state. As if it is a perfect and fully efficient circus, Findley pointed out that Ottoman officials could have taken advantage of this administration through “observation of a new example of European-style administrative efficiency. However grudging Ottomans may have been to admit it, the debt administration must have exerted some such demonstration effect”.⁷²

The OPDA could not be a parallel institution independent from the wheels of the operation system of the Ottoman system. As the personnel was educated in the Ottoman schools and the majority of the personnel was from the ranks of the new schools established to meet the demand for the large number of personnel among the state cadres, and so the OPDA was not outside of it.

70 Ali Akyıldız, *Osmanlı Bürokrasisi ve Modernleşme* (İstanbul: İletişim Yayınları, 2012), 20.

71 Carter Vaughn Findley, “The Tanzimat,” in *Turkey in the Modern World*, ed. Reşat Kasaba, vol. 4 (Cambridge, UK ; New York: Cambridge University Press, 2008), 21.

72 Findley, *Bureaucratic Reform in the Ottoman Empire*, 281.

The Organization and Administration of the Salt Monopoly by OPDA, 1882-1914

It is clearly stated in the 9th article of the Muharrem Decree that all the products were to be administered in accordance with the existing rules and regulations (*mevcud olan kavanin ve nizamat mucibince*) except the customs and patent duties for which a new regulation was to be organized however this re-organization should not interfere or violate the existing rules and regulations, and not offer a new method of implementation. Apart from that the Administrative Council had the right to decide for all the changes and improvements about reducing the installments of debts. Nevertheless, any changes and improvements on the amount of the taxes and ways of the administration of the taxes, monopolies and other revenues (except customs, patent and tobacco (*tönbeki*) excessive revenues) had to be decided in agreement with the Ottoman government. In return, the government has an obligation to reply on the issues proposed by the Administration in six months.

In relation to that framework, salt is one of the most important products that were given under the control of the Ottoman Public Debt Administration (OPDA). Till the proclamation of Muharrem Decree, salt monopoly had belonged to the Ottoman state itself under the control of *Rüsum-i Sitte İdaresi*. According to *Tuz Nizamnamesi* (Salt Directive), which was issued on 10 March 1862 (9 *Ramazan sene* 1278 and 26 *Şubat sene* 1277), all of the pro-

duction and trade privileges on salt were under the control of the state. The Salt Directive established with the Muharrem Decree was comprised of 32 articles. Not only the monopoly on production, but also other issues from the employment of directors and other personnel to the procedures for the measurement of the salt were considered in the directive. In addition, the directive organized ways of regular payment, the rules and regulations for the production and extraction and sale of the salt as well as the geographical differentiations of the salt producing places. The other significant regulations were also related to these re-organizational purposes. The directive prevented the import of salt from other countries, and regulated the *eyalets* which are autonomous and paying a yearly tribute to the Ottoman Empire such as Egypt, and took measures against smuggling both from inside and outside of the country.

In line with these considerations, the directive starts with the article that according to the renewal of the trade agreements with the fellow states (*düvel-i mütehabbe*), the import of salt from foreign states was totally banned to the *Memâlik-i Mahrûse-i Şâhâne* (Ottoman Empire) and salt was monopolized by the state as taking the control of all *salinas* in the country. Banning importation of certain products with high yields was a very crucial implementation in this period that similar implementations were seen in tobacco and *müskirat* (production and sale of *rakı* and wine) as well. Of the five Ceded Revenues (salt, spirits, silk, stamps, fisheries) collected directly by the OPDA, the Salt Monopoly is by far the most important, its average yield representing more than half of the total.¹

§ 5.1 The Structural Variations in Relation to Geographical Distribution of the Salt Administration

According to the list provided at the back of the French version of Muharrem Decree published in 1894, there were more than 200 salines, distrib-

1 Block, *Special Report on the Ottoman Public Debt (13th March 1903 to 12th March 1904)*, 25-26.

uted throughout the vast geography of the Ottoman Empire.² Although some of them are marked as insignificant, even the rest is comprised of some 182 sources of salt production dispersed from Albania to Yemen.³ The report written in 1903, praises the potentiality of the Ottoman Empire in terms of salt production as follows:

Turkey is, naturally, favorably situated in regard to its Salt supply. Salt is produced in abundance through solar evaporation at certain inlets on the Mediterranean and Aegean coastlines, as well as at the numerous saline springs and lakes on the plateau of Asia Minor, in Mesopotamia, Syria and Arabia. There exist also certain, remarkable Salt-mines in the Konia district (central Asia Minor), and in the Yemen (south-western Arabia).⁴

This widespread salt production, according to the same report, was the main reason behind the low initial cost of the salt, despite the fact that the inappropriate infrastructure and heavy transport charges as a result, obfuscated this advantage.⁵ Thus, this vast geography came with a bunch of problems related to the control of revenues as well as production. Adam Block, President of OPDA in 1904, underlines this double-edge sword by complaining about the impossibility of proper revenue administration south of a line roughly northeasterly from Alexandretta to Lake Van. In his words, “in the Eastern Provinces of the Empire, remote from central authority in more senses than one, the difficulties of control reach their extreme limit; and contraband is rife throughout the provinces of Baghdad and the Yemen, as well as in Northern Syria and along the Persian and Russian frontiers.”⁶ Despite these complaints, the following report of 1905-1906, enumerates these frontier *nazarets* and the salt mines situated in these regions, including Sağırkaya

2 *Decret Imperial Rendu le 28 Mouharrem 1299 (soit le 8/20 Decembre 1881 Reglant le Service de la Dette Publique Consolidée de l'Empire Ottoman, Annexe V, p.70-75, Constantinople, 1894.*

3 See Appendix D.

4 Block, *Special Report on the Ottoman Public Debt ... (13th March 1903 to 12th March 1904)*, 25.

5 Ibid., 26.

6 Ibid.

in Erzurum, Cizan Zeydi and Zahre in Yemen, as the most important producers alongside Hacıbektaş in Konya and Tchayan, Sekilo and Çankırı in Ankara. The same report underlines “Salif on the Red Sea, which alone produced last year more than 70,000,000 kilograms of Salt exported directly to British India and the Far East.”⁷

However, in the districts of Siirt, Erzurum, and Sivas, the production of the crystallized salt lagged behind projected limits, which were described as “limitless.” Because of great distances from the markets and unchecked contraband practices prevailing in the region. “The mines, therefore, are practically unworked, and contraband must continue to flourish.”⁸ The situation differed in other districts in which, according to the report, “peasants are at the mercy of the merchants who “sell at excessive prices” in the absence of sales in rock salt. The Administration proposed a reduction in the price of rock salt in order to counter for three years. The Ottoman Government approved.⁹ Nevertheless, despite these and similar efforts the frontier *nazarets* remained as the hotbed of the contraband and smuggling.

In fact, as early as 1895, the problems related to central control of revenues, triggered a proposal on the side of OPDA. In 1895, the administration submitted a project to transform the administration of salt revenues into a Régie. The obvious example was Tobacco Régie. After the communication with the Ministry of Finance, in order to form a special commission comprised of representatives from both Imperial Treasury and OPDA, the project was never realized. “Up to 1896, they had not received answer to this communication.”¹⁰

The report of 1903-1904, describes how the monopoly basically operated: Most of the time the extraction of salt was outsourced to contractors. The average cost of extracted salt, including salaries of special staff, and workers

7 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 42

8 Ibid., 43.

9 Ibid., p. 43-44

10 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1895 to 12 March 1896)*, 21-22.

from time to time when the monopoly decides that the salt should be carried out directly, amount to 6.50 Fcs per thousand kilograms. The selling was carried out directly from the production sides, which were 115 in number during 1903-1905, alongside 178 depots established in the urban centers easily accessible by railway lines. The selling price was established in accordance with “original fiscal selling price” including the transport and extraordinary expenses, which varies from one center to another. As maintained by the report, “this systematic distribution helps to prevent local cornering of the salt supply.”¹¹

In contrast to this portrayal of systematic production and distribution schema, as I said above, the variation amongst the different regions, covered by different *nazarets*, and structured by various local economic constraints and practices as well as developments in the technology, were paramount. The reports usually end such uniform descriptions with listing “some exceptions” in more than one instance.

The best example to illustrate these variations is the salt works in the gulf of İzmir, namely Foça and its adjacent littoral. They represented the bulk of salt production for both İzmir and its neighboring regions under the administration of OPDA: The production was 133,000 tons for the financial year 1903-1904. The salt produced was not only consumed in the immediate region but also shipped to “the numerous depots on the Black Sea, the Sea of Marmara, and the Aegean Sea, as well as to the depots on the Caramanian and Syrian coasts.”¹²

However, most of the İzmir salt production was conducted under “a special regime,” in which the pool of contractors and workers were controlled by the guild of master salt-workers. The guild fixed the prices, to 2.25 Fcs. per thousand kilograms, higher than what the OPDA usually paid for the extraction of salt as a result of the guild’s legally privileged position.¹³ Similar to İzmir, some exceptions prevailed in other regions: In Midilli, the administration used salaried laborers. At Salif (Red Sea), Çankırı (Ankara), Hacıbektaş

11 Block, *Special Report on the Ottoman Public Debt ... (13th March 1903 to 12th March 1904)*, 26

12 Ibid., 26-27.

13 Ibid.

and Tepesi delik (Konya), the OPDA directly control the production, distribution and the selling by its own agents.¹⁴

In the following pages, I will focus on these variations alongside the more detailed evaluation of what OPDA sought to implement against these limitations and structural shortcomings depending on the special reports issued by the directors of OPDA.

§ 5.2 Economy of Salt Administration

5.2.1 *Production*

After a general outline of the Salt Monopoly under the control of the Ottoman Public Debt Administration, I would like to give the trends in production of the salt. As I indicated above, the salt administration in the Ottoman Empire expanded through a large territory, which was geographically scattered. As Vincent Caillard highlights;

This gives rise to fluctuations which do not exist in other countries where there is a monopoly, for there the whole production is concentrated in certain given localities and gathered from a few large salt-works, whence it is transported to the smallest localities.¹⁵

He gave France as an example based on an analysis given on 1894, where the limit of consumption has been reached and where the monopoly has been administered with great regularity with slight fluctuations. These fluctuations would arrive from the changes introduced in the basis on which monopoly was founded not from local circumstances, as in Turkey.¹⁶

In this respect, the Administration started to work on the better functioning of the monopoly. Monsieur le Commandant Leon Berger, who had the task of alternative presidency in the Administrative Council of the OPDA for long years together with his British counterpart, has taken the

14 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 37.

15 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1894 to 12 March 1895)*, 19.

16 Ibid.

task of thoroughly examining the system of administration of the Salt revenue in France, where perhaps it has been carried to the highest perfection, which hitherto has been attained. By this examination, they would like to take advantage of the perfected methods known in France. Vincent Caillard defines the Administration of salt in the Ottoman Empire as “the system in vogue.” They aimed to perfect the system in the Ottoman Empire by comparing the two.¹⁷

The most important Salt-producing districts are the salines on the seaboard, namely the Salt districts of İzmir, Midilli, the salines of Sidi Hussein, Ras-el-Tin, and Aktche Deniz, etc. It is chiefly from those Salt pans that the depots and railway stations are supplied with Salt.¹⁸

Between 1885-86, the salt taken from the saline of the Administration, 203,973,047 kilograms production was achieved which exceeds 54,416,069 kilograms of 1884-85 while the sale was only 166,011,134 kilograms. So, there was a diminution of 5,375,013 kilograms. This indicates a reduction of 1,017,382 piasters of the revenue of salt compared to the previous year.

The reports of the agents were indicating the reasons for this motive. The salines were facing a constant threat and damage of the nomad tribes. On the coastline, the monopoly encountered active threat of contrabands, which fed salines of Cyprus and Russia. To this general and in some way permanent disorders, on 1885, another interruption of purchase of salt of Eastern Roumelie and taking the full control of the reserve under the Administration changed the habitual affairs of consumers, camel drivers and Muslim common carriers. So, the revenue of the salt which was one of the most elastic of the revenues that the Administration collecting, was impoverished in contrast to all of the efforts of the administration without deduction of the transportation expenses: In 1882-83, 63.920.669; in 1883-84, 67.547.460; in 1884-85, 67.028.497 and in 1885-86, 65.928.911 piasters

The administration expected if there would be some compensations of this revenue. They expected that the amelioration of the political conditions would gradually bring back local clients and also there would be opportunity

17 Vincent Caillard, *Second Quinquennial Report, 1887-1892*, 26

18 Block, *Special Report on the Ottoman Public ... (14th March 1907 to 13th March 1908)*, 25.

to sell to foreign countries as they previously sold some million kilograms of salt for the consumption of the India.¹⁹ The export of the salt to India was taken very seriously by the Administration from the saline of Salif in Yemen. This endeavor will be discussed in detail under the sub-title Exports below. For the financial year 1888-1889, the effects of drought and famine continued to affect the revenues, which started at the previous financial period; 1888/89 attained 178,882,703 kilograms in contrast to the 168,800,150 kilograms in 1887/88.²⁰

5.2.1.1 Cholera Epidemics

For the financial year 1892-1893, the increase in the salt revenue could be attributed to the sanitary surveillance at the border countries, which established a military cordon for the cholera epidemics, which has been effective since 1892. This precaution prevented the contraband to enter into the country.²¹

For the financial year of 1893-1894, the districts in which the Salt Revenue showed the largest decrease were İzmir, with a decrease of £T5,000, owing partly to quarantine and partly to contrary winds—a decrease which, was more than made good by the increased sales at other points; Erzurum, with a decrease of £T4,000, Siirt, of £T4,600, and Sivas, of £T6,700, due to the famine which raged in these districts, which has already been alluded to; Yemen, with a decrease of £T3,000, owing to the decrease of the exports to India, which arouse from the failure of a special arrangement come to with for the sale of salt in the Indian Empire²²; and, lastly, Bingazi with the enormous decrease of £T 19,000, partly owing to partly epidemics which raged there, one amongst the transport animals, and the other, which some reports describe to have been the "Black Death amongst the human population."²³

19 *Compte rendu du conseil d'administration*, 1885-1886, 16.

20 *Compte rendu du conseil d'administration*, 1888-1889, 15.

21 *Compte rendu du conseil d'administration*, 1892-1893, 25.

22 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1893 to 12 March 1894)*, 31.

23 *Ibid.*, 32.

The increase in the sales for the interior was due, in respect of £T8,700 to increased sales from the Black Sea depots, owing to the efficacy of the control set up on that coast for the enforcement of the quarantines established against Russia, on account of the cholera epidemic.²⁴

In 1894-95 the principal causes of decrease were: the raising of the quarantine measures on the part of the coast of Asia Minor where the most persistent smuggling is carried on; the establishment of sanitary cordons, on the other hand, in various parts of the interior, which stopped all communication with the largest salt mines—such, for instance, as Koçhisar; a poor olive harvest, which in some places was ten times less than that of the preceding year; a much smaller yield of fish destined for salting; a severe drought, which diminished the crop of vegetables for salting, and which did much damage amongst cattle; lastly, a general stagnation in business transactions.

Nevertheless, in the three Provinces of Erzurum, Siirt, and Sivas, which had been afflicted with severe famine in the years 1892 and 1893, were blest with abundant grain harvests in 1894, and in three of them the Salt Revenue last year gave a corresponding increase. On the other hand, Vincent Caillard points out that;

The difficulty of communications, the lack of means of control, and the insufficiency of the police are, so many reasons for fluctuation in a Revenue which, could the law of demand and supply be complied with, should maintain a scarcely varying level.²⁵

For the 1895-1896, it was in the Nazarets of Erzurum and Siirt that the sales were principally affected by the disorders, the decrease in those two districts alone having amounted to 3,000,000 kilograms. The decrease in the Nazarets of Halep, Konya, and Sivas also amounted to over 1,000,000 kilograms. Again, in the Nazarets of Bingazi, Beyrut, and the Yemen, there was a decrease of over 2,500,000 kilograms, to be attributed to bad crops, general poverty, and the smuggling, which prevailed. On the other hand, the most satisfactory results were obtained in Midilli and Selanik, which showed re-

24 Ibid., 30.

25 Caillard, *Special Report on the Ottoman Public Debt ...* (13 March 1893 to 12 March 1894), 18.

spectively an increase of upwards of 3,700,000 and 3,300,000 kilograms. In the Nazaret of Selanik the increased facilities of traffic afforded by the Railways undoubtedly contributed to this large increase of sales. It should, however, be noted that during the last few years, the Salt Revenue has shown a continual and rapid development in the whole of Macedonia. As to the Nazaret of Midilli, it already has been explained that the stoppage of contraband from Samos was necessarily followed by an increase of sales, but this would not account for more than a million to a million and a half kilograms. The rest of the increase should be ascribed to the improvement in the methods of extraction effected in the salt works of this Nazaret, and to the facilities offered to small sailing boats for loading the salt, it being principally by the means such boats that the coast of the mainland in that region, and the Islands of the Archipelago are supplied with salt.²⁶

During the years 1892-1897, the increase of Revenue proceeded not from exports, which indeed fell to a regrettable extent, but from the increase of sales for the interior consumption of the Empire. This increase amounted to 14,200,000 kilograms, the total sales for the financial year 1896-1897, including exports, having exceeded those of 1895-6 by 7,031,178 kilograms, and the exports having fallen by 7,121,000 kilograms. The increase of sales is due in the first place to the exceptionally fine harvests and the higher prices for cereals, which were their fortunate accompaniment during the last half of the year. Increased prosperity should, directly influence the Salt Revenue. Thus, in the Nazaret of Bursa the Salt Revenue increased by £T4,000; in the Nazaret of Adrianople by £T2,600; in the Nazaret of Konya (a terminus of the Anatolian Railway by £T6,800; in the Nazaret of Trabzon by £T3,000; all these are grain-producing districts. It is in the Nazaret of Ankara, where the facilities for export are the most developed, owing to the action of the Anatolian Railway, which has a very noticeable effect. And so, accordingly, the Salt Revenue of the Nazaret of Ankara increased from £T37,200 in 1895-96 to £T44,000 in 1896-97. The development of the Salt Revenue in that Province has also been assisted by the Railway in another way, namely, by the creation

26 Caillard, *Special Report on the Ottoman Public Debt ...* (13 March 1895 to 12 March 1896), 20.

of depots for the sale of salt at various stations along the line.²⁷ The establishment of the depots for the easier sale of salt and the construction of railways for the transportation of goods will be discussed below under the subtitle Infrastructural Limitations.

In the next place in the third quinquennial report of the Vincent Caillard, he pointed to the districts of Erzurum and Siirt, where they registered a decrease in sales in 1895-6 amounting to 8,000,000 kilograms, owing to the lamentable disorders which had taken place there in the course of that year, seem last year to have recovered, to a large extent, from the effects of those circumstances. Even though these disorders were not quoted explicitly, it is obvious that he was referring to incidents with the local Armenian population. At any rate, they recovered their power of consumption of salt, since the increase of sales they're increased last year by 5,800,000 kilograms, almost exactly the amount by which they had decreased.

Again, abundant olive-harvests in the island of Midilli, where about 12,000,000 kilograms more olive oil were produced in 1895-96 than in the year preceding (kilograms. 19,230,700, against kilograms. 7,051,200), the sales of salt from the salines of Midilli having increased by kilograms. 2,221,000, representing a sum of £T8,200. It is estimated that in the production of oil, one kilogram of salt is expended to every five kilograms of oil. Thus the abundant olive harvest accounts for at least the total increase registered. The fisheries of Constantinople and the neighborhood also, in their turn demanded more salt for the fish-salting industry, proved by an increase of the receipts produced by duties levied on that industry of £Tl.077 C£T3,504 against £T2,427).

At İzmir, where the principal salt-works are situated, the sales of salt also increased, the increase of Revenue from excess of salt sold for consumption in the Empire in 1896-7 against 1895-6 having amounted to £T11,015.²⁸

In addition to the Monopoly and export business, the Administration works two subsidiary Salt Monopolies in the autonomous islands of Samos and Girit. In Samos, the Salt Monopoly worked at a slight loss, simply as a

27 Vincent Caillard, *Third Quinquennial Report, 1892-93 to 1896-97*, 47-48.

28 Caillard, *Third Quinquennial Report*, 49.

measure to prevent smuggling between that island and the adjacent mainland. The Salt Monopoly in Girit worked provisionally by the Administration as a means of repayment of the purchase price (Fcs. 1,500,000) of the former rights on the revenues of that island. The amount already repaid in this way since September, 1901, is Fcs. 110,437, the outstanding balance bearing interest at 3,5 % per annum.²⁹

The execution of the contracts with the Samian (Samos Island) Government, under which, the OPDA undertook to administer the salt-works of the island starting from 1895-96, has entirely put an end to the contraband trade which used to be carried on in Samian salt. For the privilege of this administration the OPDA pay the Government of the island a rent of £T1,500 per annum. Last year the Administration lost almost exactly half that amount by the excess of expenses (including the above rent) over proceeds of sales, while the year before the loss amounted to £11,500, or exactly the rent.

Vincent Caillard expresses that

...it may, however, be asked why we persist in working these salines at a loss. The reason becomes clear when it is remembered that I was already able to report last year an increase on sales of £T6,000 in the Nazarets of İzmir and Midilli, which was attributed solely to the stoppage of contraband from Samos, and that this year again the increase of £T11,015 obtained in the Nazaret of İzmir is in part laid down to the same cause...³⁰

The arrangement with regard to the administration of the Salt Revenue in Girit, which came into force in September 1901, has worked smoothly throughout the year. The sales of Salt have increased from 1,420 to 1,587 tons, giving a gross receipt of Frs. 127,025 (£T 5,620,57).³¹

During the financial 1906-1907, there is an increase in the sale of the production of salt. The increase is partly due to the extension of the export

29 Block, *Special Report on the Ottoman Public Debt ... (13th March 1903 to 12th March 1904)*, 30.

30 Caillard, *Third Quinquennial Report*, 50.

31 H. Babington Smith, *Preparatory Remarks, 1901-1902*, 14.

trade, to the system of selling Salt at the railway stations (the amount sold at these depots having nearly doubled in the preceding four years of the financial year 1906-1906), and partly to the gradual economic development of the country.³²

For the financial year of 1906-1907, the Salt produced was promptly and entirely consumed. Notwithstanding that the saltpans produced the maximum quantity, the supply was still insufficient to meet the demand. The important centers of Erzincan, Erzurum, Marmouret-ul-Aziz, and Mardin continued to be insufficiently supplied; and the decrease of contraband, due no doubt to the concentration of troops on the Eastern Frontier, contributed to a shortage in the supply of Salt in those districts, especially in the Province of Van.³³

This increase in the sales slackened off between the years 1902-1907, the average increase being only about 2,600 tons, and the Revenue not only became less elastic, but frequent cases of shortage in the stocks in the coast depots, the greater difficulties met with in the industrial branches of the Revenue, and finally the unexpected floods which, in December, 1906, destroyed 60,000 tons of the reserve stock of Salt at Foça³⁴. The Administration has advanced to the Government £T2,000 for the repairs of the dykes, which work is now being proceeded with, and is urgently required if there is to be no repetition of the disaster.

The Salt department was thoroughly reorganized in 1906, and Mr. Kerney, an Englishman, was put at its head; and every effort is being made to increase this revenue, which should still show much elasticity. Special efforts are being made to create reserve stocks of Salt at the depots, which will protect the salt production more independent of climatic conditions and lessen the likelihood of the stocks being exhausted, as often was the case in former

32 Block, *Special Report on the Ottoman Public Debt ... (14th March 1906 to 13th March 1907)*, 17.

33 Block, *Special Report on the Ottoman Public Debt ... (14th March 1907 to 13th March 1908)*, 24

34 Block, *Special Report on the Ottoman Public Debt ... (14th March 1909 to 13th March 1910)*, 30.

years. They proposed to obtain expert advice with the object of placing the works on a thoroughly scientific basis and increasing the output.³⁵

Sir Adam Block pointed out that

This situation rendered impossible the whole system of working in this chief center of the salt industry, impressed the Administration with the fact that it was no longer possible to be satisfied with a simple control and improvements in the collection of the Tax, but that it was necessary in addition to organize a service which would include all the phases of a thorough and commercial administration of this important branch of Revenue.³⁶

On the other hand, their passion with increasing the production and sales resulted into the expropriation of the privileged Guild of Salt Workers. The plan of concentrating the work of the technical Staff on the development of the salt output in the famine regions, was suddenly interfered with, in the spring of 1909, by a strike on the part of the privileged guild of Salt-workers entrusted hitherto with the production of Sea Salt at Foça (near İzmir)—a strike provoked originally by a general rise in the cost of labor. After lengthy negotiations, they expropriated the guild at a cost of £T3,900 a year (equivalent to the amount which we should otherwise have had to concede as extra cost of labor), and immobilized one-half of the technical Staff in reorganizing the Foça Salt-works. Foça, it should be explained, is the chief center of production for the salt revenue, supplying yearly about 100,000 tons of Salt, or roughly 40 % of the total amount sold in Turkey.

The work of reorganization at Foça completed in the year 1911, at a total cost of about £T35,000. As a result, they were planning to economize about £T7,000 a year on the former cost of production, they were expecting to have modern salt works, capable of ensuring a regular supply of first-class salt for the home market and also of competing, on foreign markets, with both the

35 Block, *Special Report on the Ottoman Public Debt ... (14th March 1906 to 13th March 1907)*, 19.

36 Block, *Special Report on the Ottoman Public Debt ... (14th March 1909 to 13th March 1910)*, 30-31.

Spanish and Italian export centers. They had also modified the system of Salt transport from Foça to our Turkish depots, effecting thereby an additional saving of about £T3,000 a year.³⁷

Adam Block expressed that the expropriation of the Salt Workers' Guild was one of the most important steps the Administration has undertaken in connection with the working of the Salt Monopoly.³⁸ He pointed out that a sum of £T37,269 is to be accounted for by the new works at Foça, where the Administration have completely reorganized the Salt works in accordance with modern improved methods, by an indemnity we were obliged to pay to a closed corporation of Salt workers, in order to regain liberty of action in the same district, and by an increase in the quantity of Salt extracted and the additional cost of transport owing to the rise in the labor market.³⁹

Block describes the situation of the Salt Administration as

Our technical Staff, few in numbers and including only two first-class European experts, has an uphill task before it, owing chiefly to the considerable extent of its field of operations and to the lack of transport facilities. Our attempts to modernize methods in vogue for centuries does not, of course, meet with any hearty local support in industrial centers mapped out for reform. We are nevertheless making distinct headway, owing to methodic and dogged effort.⁴⁰

The yearly production of the Salt-springs at Kirmizi and Ak (province of Erzurum) has been increased by over two thousand tons, that is say, nearly doubled, while the reorganization work at the Salt-springs of Ache-Kale, Djanik and Bar (province of Erzurum), of Tchakri (province of Sivas), at the Salt mine of Monastir Alti (province, of Sivas), and at the Sea-Salt works of Vallona and Kitros (European Turkey) are well advanced.⁴¹

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- 37 Block, *Special Report on the Ottoman Public Debt ... (14th March 1910 to 13th March 1911)*, 31
 38 Block, *Special Report on the Ottoman Public Debt ... (14th March 1909 to 13th March 1910)*, 30-31.
 39 Block, *Special Report on the Ottoman Public Debt ... (14th March 1910 to 13th March 1911)*, 13.
 40 Block, *Special Report on the Ottoman Public Debt ... (14th March 1910 to 13th March 1911)*, 30.
 41 Ibid, 30-31.

Another important previsionary reform by the Administration was to ensure sufficiency of salt production in Asia Minor and European Turkey which still suffers from shortage of supplies, and which Foça Salt cannot reach. The Administration would like to continue to this urgent reform from 1912 onwards as to control completely the retail trade (to the exclusion of intermediary speculators).⁴² They took the merchant trade of salt as an obstacle for the efficiency of the Administration, which will be, discussed in detail below under the subtitle relations with the merchants.

5.2.1.2 War Tax/Super Tax for the Italian War

In order to meet the expenditure caused by the Italian War, the Government decided in August of the year 1912 to raise money by a War Tax, to run over a period of three years, and, with the consent of the Debt Council. A supertax of 10 paras per kilo, was added to the fiscal price of Salt, except in the provinces of Mossul, Bagdad, Bassorah, Hedjaz, the Yemen and Tripoli, or where such price is already reduced below the ordinary rate of 16 paras. The price of rook salt (sold at 24 paras the kilo.) was raised by 2 paras.⁴³

The exceptionally large increase of sales in 1911/12 is due, in part and indirectly, to the laid war with Italy, the fear of a blockade in the Aegean region having led the majority of the salt merchants to increase their stock of sea salt as a measure of precaution. The war with Italy was, however, likely to influence the sales in a serious manner in European Turkey. In addition, the sudden imposition of a war tax on Salt, amounting to over 60% of the original fiscal price, caused an important shrinkage in the volume of sales. It has been arranged, however, with the Government that the Administration would receive compensation for any shrinkage, based on the previous average of the sales.⁴⁴

Additionally, from the outbreak of the war with the Balkan States the Council of the Debt had to rely chiefly on the Anatolian Provinces for its

42 Ibid., 32.

43 Block, *Special Report on the Ottoman Public Debt ... (14th March 1911 to 13th March 1912)*, 12

44 Block, *Special Report on the Ottoman Public Debt ... (14th March 1911 to 13th March 1912)*, 27-28

Revenues, and in spite of the natural reaction of the war on these districts, the receipts have come in with praiseworthy regularity, the decrease on the total receipts being, less than was to be expected⁴⁵.

The Islands of the Archipelago were cut off from the Central Administration and eventually occupied by Greece, and, owing to the naval operations of the belligerents, all business and trade as well as the transport and sale of Salt were restricted on the coasts of the Aegean and of the Red Sea. By the closing of the Dardanelles communication with the Capital was almost entirely suspended for a considerable period. It is not surprising under these circumstances that the receipts of the Public Debt Administration should show a decrease compared with the preceding year, which was the most brilliant of any year since the Council of Administration first took over the collection of the Revenues assigned to the Bondholders in 1882⁴⁶.

The gross receipts of the financial years 1911/12 and 1912/13 of the Salt Revenue as follows: For 1911/12, it was £T1,271,704, and for 1912/13, it was £T978,424. So the decrease in the revenues was £T- 293,280

The product of the War Tax, applied in 1912/13 for five months and ten days, and producing, at the rate of 10 paras a kilo, £T200,886, is not included in the above figure for 1912/13. If taken into account the decrease is only £T92,393, or only 7.26%.

5.2.2 *The Elements Affecting the Production*

5.2.2.1 Infrastructural Limitations

There are two principal reasons, which tend to prevent the expansion of the salt Revenue. The first one is shared by the Tobacco Régie: the smuggling and contraband; the second is the difficulty of communication & transportation which enormously increases the price of salt in the interior, and for which it is exceedingly difficult to find any other remedy than the construction of proper roads and railways and salt depots.⁴⁷

⁴⁵ Block, *Special Report on the Ottoman Public Debt ... (13th March 1912 to 12th March 1913)*, 8.

⁴⁶ Ibid.

⁴⁷ Caillard, *Second Quinquennial Report, 1887-1892*, 36-37

Smuggling naturally prevents the increase of the legitimate sales of salt, and therefore the increase of the Salt Monopoly Revenue, and as the smuggled salt not being weighted with the legal tax, but only with the expenses of transport and with the small profit which the smugglers demand, is necessarily much cheaper than which is produced by the OPDA.

The second major problem for the inefficiency of salt sales is the insufficient interior transportation facilities. For combatting with the smuggling and also with the merchants which provides salt at cheaper prices, the Administration anxiously studying the possibility of creating depots of salt in the interior, to supply the districts which they would be intended to serve at as low a rate as possible.⁴⁸ The total number of depots they had opened reached to 161 at the year 1894. Nevertheless, they admitted that they could not compete with the private merchants in the matter of freights. On the other hand, traders' sale of salt is not certain and steady depending on the cost of transport. In this respect, the OPDA has attempted to construct depots along the lines of railways. One arrangement had been concluded with the Izmidt-Ankara railway on 1893.⁴⁹

For the general increase of the Salt Revenue as a whole, the gradual creation of salt depots in all parts of the Empire where difficulties of communication and transport are not too great to prevent the Administration from keeping those depots supplied. Such districts had previously either drawn their provisions of salt from traders, who stocked themselves from the salines of the OPDA, charged so high a price that the consumption was reduced to as small an expression as possible, or from smugglers whose stock-in-trade was certainly not purchased from the Administration. Of such depots the Administration have created 47 in the course of the 1892/93-1896/1897, and it is possible to create many more, since their effect is to give salt to the consumer at a considerably lower rate than the traders were accustomed to charge, and therefore to increase the consumption, and largely to diminish the inducements to smuggle⁵⁰.

48 Ibid., 37.

49 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1893 to 12 March 1894)*, 35.

50 Caillard, *Third Quinquennial Report*, 48.

Vincent Caillard points out that

Even while our sales are so small as scarcely to pay the expenses of keeping the depots open, it is still, as a general rule, worth our while to do so, since we can thus regulate the prices charged by traders. The merchants often find it profitable to carry salt to the interior from the coast, whither they had journeyed with all kinds of produce for export, for they are thus able to reduce charges for freight to the lowest possible figure since otherwise they would return almost empty-handed.⁵¹

The Administration chartered in 1905/6 for transport of Salt 157 sailing ships and four steamers at a cost of £T15,848. They were endeavoring to reduce the cost of carriage both by land and sea, and of transport at the salt pans at Foça (İzmir).⁵²

The construction of Railways produced good results for the salt revenue. In the months of May, June, July, August, September, October and November, the sales are good. In December, January, February, March and April, when the roads are blocked with snow and communication by sea is difficult; the sales at once drop. In time, as railway communication is developed, the villager will be able to buy Salt in winter as in summer.⁵³

Where there were no Railways the Salt had to be fetched by the consumer from the salt pan, or Salt mine, by camel or horse, and the price rose at times and in certain places to as much as 60 Paras the Kilogramme. The Administration made arrangements for the sale of Salt in sacks at the Railway Stations, and they have reduced the selling price owing to the increased facility in transport. They have opened Depots on the Konia-Eregli line and

51 Ibid.

52 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 39.

53 Ibid., 42.

on the Damascus-Hama Railway at Beirut and in the Harun, as also at Bayburt, Hakkari, and Diadyn (Erzurum), where there are no stations.⁵⁴

In 1907-8 a saline at Hazzo Nourchine was opened up which produced 690 tons, sold immediately, and depots were opened at Muş and Adjildjevaz with the sole object of competing with the Salt dealers who corner the market to the prejudice of the peasant consumer. Adam Block points out that other depots will have to be established, however, in important centers such as Erzindjian, Meamouret-ul-Aziz, Malatia, Diabekir, Bitlis, Gumucbhn, Tokat, Amassia, etc., as soon as the Administration can increase the output of the saltpans in sufficient quantity to meet the demand.⁵⁵

Apart from establishing salt depots and railways, the administration also employed European engineers to ameliorate the methods of salt extraction and the conditions of the salt-works, salines, and saltpans. An Italian engineer, Signor Basso, who served to the Salt Monopoly in Italy in order to overcome the problem of shortage in the European Provinces, was appointed for the OPDA Salt Monopoly.⁵⁶ In March of 1908, the Administration obtained the temporary services of an Austrian engineer, employed in the Salt mines of Bochnia, who has been lent by the Austrian government and of another technical agent for the reorganization of the salines of Sivas and Erzurum.⁵⁷

The administration also studying the possibility of enlarging the Saltpan at Beylik under the supervision of their own engineer, Monsieur Voisin, who is also in charge of the reconstruction of the dykes at Foça. A report and project with regard to these works was prepared by M. Sabouroux, a distinguished French engineer, who was very lent to the Administration by the Constantinople Quay Company.⁵⁸

54 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 41.

55 Block, *Special Report on the Ottoman Public Debt ... (14th March 1907 to 13th March 1908)*, 25.

56 Ibid., 26.

57 Ibid., 25.

58 Ibid., 26.

5.2.2.2 Administrative Limitations

Apart from the construction of salt depots and railways in order to overcome the communication problems faced to transport the salt and to sell the salt at cheaper rates, the Administration faced the problem of smuggling and contraband. The coldjis employed by the Administration would in many cases proved to be insufficient for the protection of the salines and Administration have demanded for several times for the military support of the Ottoman government. Nevertheless, the inability of the Ottoman government for providing the Administration with a military support was explained by the Administration as a kind of support for the smugglers. Nevertheless, this inability was for some part, the result of the insufficient means of armed forces, which had started to be employed in the regions where local nationalistic incidents started to be seen more often in different parts of the Empire.

Apart from the attempts to prevent the smuggling and contraband the Administration highlights that prevailing good harvests tend to diminish contraband in Salt, since, when prosperity is more abundant, there is less inducement to run what is often considerable risk in order to procure the condiment at a cheaper rate. These explanations are all, of course, more or less conjectural, but they all contributed together to the diminution of Salt-smuggling in the past years.⁵⁹

The Administration suffered from continuous attacks made by wandering tribes upon the salt works, and upon the caravans carrying the salt from the works to distributing centers, ending not only in the seizure of the salt, but in the murder of the guards attending the caravans, and the robbing of the camels, horses, or other animals of which they are composed, and all their equipment; and the attempts at assassination of the inspectors and the special guards placed at the various salt-works, some of which end fatally.⁶⁰

Vincent Caillard expresses that

We know, for the most part, the places at which the smugglers provide themselves with the salt, we know where they go to sell it, and

59 Caillard, *Third Quinquennial Report*, 53.

60 Caillard, *Second Quinquennial Report*, 39.

we know pretty approximately how far contraband salt penetrates into the interior and where it goes. That being the case, it will be naturally asked, " Why do you not take proper measures to combat and put an end to it?" The answer to this question is as astonishing as the regular trade-organization which is the form smuggling has adopted in this country. Certainly we have coast guards, and guards in the interior, whose special duty it is to waylay the smugglers and put an end to their trade; but they are acting under this disadvantage, and not only are they not permitted to use force against the smugglers, but if the smugglers fire upon them, which in the natural course of things they generally do, and if they return their fire in self-defense and happen by evil chance to kill one of their assailants, they are brought before the criminal courts and clapped into prison. Under such circumstances the surprising thing is that we can find any men courageous enough to take the position of "coldjis" or guards at all.⁶¹

The Administration would like to organize "Corps de Surveillance" sufficiently well-armed and with the proper powers to use their arms when necessary with the approval of the Ottoman government. Caillard expresses the answer of the Ottoman government with frustration "that it is illegal for anybody in the country to carry arms except the Imperial troops or the Corps de Zaptiehs" — (armed police force).

Not only do the smugglers naturally carry arms, but also does pretty well⁶² the whole population of Asia Minor, and especially that of the eastern parts, which is particularly well armed, either with Martini-Henry or Winchester rifles, or some other equally well appointed weapon. These people can therefore at any moment, and without the slightest trouble, convert themselves into armed smugglers, —and

61 Caillard, *Second Quinquennial Report*, 39.

62 Caillard, *Second Quinquennial Report*, 40.

this they very frequently do, proceeding by hands of from five to fifty to make raids and carry on an illicit trade⁶³.

He finalizes his words with disillusionment that the “permission has recently been given them to carry arms for self-defense against wild beasts, — smugglers do not fall into the category of ‘wild beasts.’ The result of all this is that smuggling is directly encouraged by the State.”⁶⁴

On the other hand, the Government has provided the Administration in some of the most disorderly districts with a military support, which was promised under the Decree of *Muharrem*. The Administration expects to make special provisions for the housing of the troops lent to them, and for special pay to be allowed which would it be well worth while for the Administration to incur this extra expense, such military support will be forthcoming to a much greater extent in the future.⁶⁵ Nevertheless, according to a correspondence dated as late as 1 February 1910, it is indicated that if there would be a case of salt smuggling or the high possibility of smuggling which is obliged to be very well documented and proved, local Ottoman military and administrative branches were advised to support OPDA⁶⁶. The support of the Ottoman military and administrative forces remained at the level of advice.

As an example, I would like to provide the figures for those dealing with fines collected on acts of contravention to the Salt Monopoly, the proceeds of which amounted to only Ps. 19,439 in the financial year 1896-1897 against Ps. 173,949 in the preceding year.⁶⁷

In 1893 they made a proposal in regard to the establishment of a better system of surveillance on the coasts.⁶⁸ A regular organization was established for smuggling in the Black Sea, and it may be equally taken for granted that

63 Ibid., 41.

64 Caillard, *Second Quinquennial Report*, 40.

65 Ibid., 42-43.

66 *Rehber-i Muamelat-ı Düyün-ı Umumiyye*, Correspondence no:19 Umumi/Tuz 1, 20 Muharrem sene 1328 and 19 Kanunusani sene 1325 (1 Şubat 1910).

67 Caillard, *Third Quinquennial Report*, 50.

68 Caillard, *Special Report on the Ottoman Public Debt ...* (13 March 1895 to 12 March 1896), 9.

such an organization exists along the whole coast of the Empire. Caillard mentions about the cruisers in the Black Sea as producing some effect in the way of inculcating a wholesome fear on smugglers, and together with action and support of the Administration by the Governor-General of the Vilayet of Trabzon, the coast of which was formerly the favorite trading haunt of smugglers from Russia, still more.⁶⁹

As they were dealing with the smugglers and contrabands on the Black Sea with the cruisers in a more efficient way, he was expressing the difficulty to deal with the contrabands on the Eastern frontier of Asia Minor known as Mesopotamia, as well as to Syria. Caillard points out that attempts have been made in the past, for instance, in certain parts of Mesopotamia, but they only have a local and very temporary effect.

The desert is full of salt-lakes or springs, which, dried up by the summer heat, leave an abundance of salt at the disposal of the nomad tribes, which load it on their camels and sell it in all directions. It is not necessary to dwell on the difficulty of dealing with nomad tribes unless you have an army at your disposal, and the same difficulty exists on the Persian and Egyptian frontiers. Practically the whole of those frontiers lie open and defenseless against contraband traders, and it is not to be expected that men will refrain from taking advantage of a fine source of profit, when they incur no risk in so doing, out of mere friendly consideration for a neighboring nation.⁷⁰

He points out that the Government proposes to erect a chain of block-houses along its Persian frontier in order to put a stop to the existing state of affairs.⁷¹

Lastly, the Ottoman Public Debt Administration has spent considerable sums of money in trying to obtain control over large saltpans in the district south and south-east of Halep. Adam Block was not convinced that the measure brings advantages to compensate for the expense. It is supposed that

69 Caillard, *Third Quinquennial Report*, 51.

70 Ibid.

71 Ibid.

by holding the Salt pans of Bevara and Sebaa, and by extending this control over other Salt pans still further removed from civilized centers, they would be able eventually to prevent the Arabs from running contraband Salt to Halep, Seerdt, and Erzurum. But he once more indicates that the employment of military force is indispensable for taking possession of these large salines, of which the number is considerable, and whilst he admit that

the Administration may continue to hold Bevara and Sebna for the present, yet to go further would mean that the Administration should arouse the enmity of the Bedouin tribes, who would be cut off from their Salt, whilst the expenses of holding all the salt pans would be so great that the increased sale in civilized districts would hardly compensate for it.⁷²

In this respect, as it was indicated the limitations for the control of such a huge geography works both for the Ottoman government and the OPDA itself.

5.2.2.3 Smuggling and Contraband

Smuggling is carried on in almost all parts of the Empire in so regular and systematic a way not only along the whole seacoast of the Empire, but also throughout the interior.⁷³

Before the transfer of the Salt Monopoly to the OPDA, the Ottoman Empire had carried the same concerns for the less controlled regions of the Empire, in order to achieve the highest efficiency in terms of the salt revenues. Ottoman Empire had regions where relatively less control was achieved compared to the more central regions. As it is stated in the 31st article of the Salt Directive, Arabistan, Kurdistan, Hicaz and Iraq regions are described as regions where salinas were under the control of some nomadic and unsettled [tribes] who did not allow the Ottoman officials and *mültezims* to effectively control the region and some of them took away salt by force. In this respect,

⁷² Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 44.

⁷³ Caillard, *Second Quinquennial Report*, 39.

Ottoman state intended to establish a more effective control in the region by employing a sufficient number of gendarmerie by the directors and investigators of the salt administration. Accordingly, an appropriate punishment would be implemented if the smugglers were caught so that the property of the state had to be protected.⁷⁴

As the main discourse and aim of the Administration is to increase the revenues, one of the most intriguing issues of the OPDA is the prevention of smuggling. In the case of salt, as import from foreign countries was totally banned as a result of the new trade agreements after 1862, Excise Tax Departments (*Rüsumat Emanetleri*) had started to take precautions in order to prevent the hidden import of salt from other countries. The transit ships from Mediterranean crossing the Bosphorus to Serbia or Black Sea were the most threatening factors in salt trade. They were always considered as potential threats and specific ports were determined for them in order to control them. The problematic issues were solved with the consulates.

As to the suppression of contraband originating in Samos, considerable quantities of salt were formerly smuggled from that island into the Nazarets of İzmir and Midilli. At the commencement of 1895, negotiations, which the Administration had been pursuing with the Samian Government ever since 1890, were brought to a successful issue. They signed a five years' contract for the administration of the salt works of Samos, and the Administration was proud of to be able to follow every kilogram of salt exported from the island. The expenses of this administration amounted in 1895-6 to only £T1,500,00 while the sales in the two Nazarets mentioned increased with no other apparent cause to swell them, by upwards of £T6,000.⁷⁵

Vincent Caillard points out that unless a strictest strongest watch is kept, the tax will not produce the desirable results. Nevertheless, the government officials are not very eager to take precautions for smuggling as they explain that these smugglers have nothing to do other than smuggling and if we prevent them to smuggle they would attempt to do worse. In this respect, the

74 *Rehber-i Muamelat-ı Düyün-ı Umumiyye*, Salt Directive, 13 March 1862.

75 Caillard, *Special Report on the Ottoman Public Debt ...* (13 March 1895 to 12 March 1896), 19.

top administration of the OPDA could not figure it out how a state official would support the smuggler.⁷⁶

Additionally, Caillard gave specific examples on smuggling. In January 1895, they received a report from the Nezaret of Erzurum about the quarrels occurred between the tribes inhabiting at Arwat and Kanlı-Kavak, localities situated near the salt-works of Ghumeli and the road to the salt-works were happened to be very insecure for both the purchasers and officials. The Administration, in order to prevent any obstruction to the sales of salt, demanded 10 soldiers of the regular army; but this request was not granted. It is indicated that the sale from salt-works in Melefan and Sulha decreased about one million kilograms.⁷⁷

Another example was from Nezaret of Bagdad for which their Divisional Inspector had organized an expedition to recover the possession of the salt works of Somessa and Meha, which had fallen into the hands of Arab tribes and remained for some years in their possession. On this occasion, their attempt was rewarded with success and the expedition occupied the two salt-works, destroying 4,759 saltpans and seizing 62,000 kilograms of salt, which had been entirely disposed of by contraband in the region between Djebel-Hamrin, Kerkouk, Erbil and Hamam-Alil.

Another instance occurred in Touz-Kourmatou where the administration had salt-works. A nomad tribe attacked the works and overpowered the coldjis of the Administration and naturally hindered the extraction of the salt.⁷⁸

There is also a trade in contraband Salt from Egypt against which in spite of all the efforts of OPDA Agents, have not yet been able to compete. In Yemen contraband nourishes on a very extended scale. During the previous years before the financial year 1905-1906, in consequence of disturbances and dry seasons large numbers of the inhabitants abandoned their agricultural

76 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1893 to 12 March 1894)*, 34.

77 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1894 to 12 March 1895)*, 20-21.

78 Ibid., 21.

pursuits and became Salt smugglers. They indicated no remedy here but a reduction in the prices.⁷⁹

Moreover, in Mesopotamia (Bagdad and Mossoul), Halep, Seerdt, and Erzurum, the Salt works are always exposed to attacks by Arabs and Kurds. During the financial year of 1904-5, however, the salt pans from which the nomads obtain their contraband salt produced less salt than usual, owing to defective crystallization. The contraband therefore diminished; but during this same reason they attributed the attack and pillage of the Salt works at Bevara (Mossoul), where the agents were unable to keep off the marauders. In the Yemen contraband continues to flourish.⁸⁰ The villagers and tribes of Bagdad and Mossoul are able to procure contraband Salt from Khoi and Ourmia: this salt also penetrates to Erzurum, which also obtains salt from Russia (Kaghizman).⁸¹

Among the measures taken since 1907 with this object was the concentration of the Salt works. The works at Bevara, Mokha, Tadmour, Kom, Zeidie, etc., have been temporarily abandoned; and after having reduced the price of salt in the neighborhood of these works, with the object of counter-acting smuggling, the Council has decided to confine its efforts to reforms in other parts of the Empire. When the abandoned districts have been pacified, the Administration will consider the advisability of reopening the Salt works.⁸²

Sale of salt without license was described as robbery and both the salt was appropriated by the administration and also a pecuniary punishment was implemented for those who sell salt without the information of the state and later of the OPDA.⁸³ The whole amount levied last year by way of illicit

79 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 41.

80 Block, *Special Report on the Ottoman Public Debt ... (14th March 1906 to 13th March 1907)*, 19.

81 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 40-41.

82 Block, *Special Report on the Ottoman Public Debt ... (14th March 1910 to 13th March 1911)*, 30-31.

83 *Rehber-i Muamelat-ı Düyun-ı Umumiyye*

trading was Ps. 183,151 against Ps. 192,197 in the preceding year. Nevertheless, they do not attach much importance to it, as the fines levied can be regarded in any way either as a measure of its efficacy or of the increase or decrease in smuggling.⁸⁴

Apart from the smugglers and contrabands, the OPDA was also dealing with its own employees. As it is stated in one of the general correspondences within the Administration dated 28 September 1885, it is stated that some of the directors and officials of the salinas were trying to embezzle money from the directories and in order to conceal the situation, they took a report from the province or borough centers (*kaza and nahiye*) that the result of the deficient money is as a result of the ruined depots that as an effective snow or rain falls, there is a huge deficiency in salt. These reports were not taken within the approval of OPDA Ministries. Ministry of Interior Affairs wrote to the provinces and Ministry of Financial Affairs wrote to all related administrations that from that date onwards if depot officials or saline personnel demands such a report from the provincial governments, these reports would not be given without any investigation and it is obligatory to have a common investigation of officials from the OPDA Ministry or Directory and the provincial government. This situation was taken into account as a result of the investigation of the general investigator Hüseyin *Efendi*.⁸⁵

§ 5.3 Revenues

5.3.1 *Domestic Trade*

5.3.1.1 The Relations with the Salt Merchants

Apart from the illicit trade of the smugglers and contrabands, the OPDA was highly concerned about the trading of the salt by the local merchants. The interior trade was mostly held by the merchants and they would be able to give long credits to their local customers and also, they could use the ad-

84 Caillard, *Special Report on the Ottoman Public Debt ... (13 March 1893 to 12 March 1894)*, 30.

85 *Rehber-i Muamelat-ı Düyün-ı Umumiyye*

vantages of exchange and barter, taking in payment crops, charcoal, or any other items which the peasants may have to dispose of, and which can be converted into cash by the merchants by transport to a distant locality. Compared to the advantages of the merchants, the Administration, 'being simply tax collectors', was unable to give credits or accept payments of other items but only cash. In this respect, as it was described above in detail, the Administration was eagerly opening salt depots even to the apparent loss with the object of forcing the salt merchants to keep their prices down. Caillard proposes to adopt the French system of concessions of will which works with the privilege of selling the salt produced in the surrounding districts specified in the concession.⁸⁶

Additionally, it was well explained from the point of view of the Administration that the existing law fixes the price of Salt sold by the Administration in the salines and depots, but leaves untouched the retail price of sale by the Salt merchants. The Administration has to find mediators, in this case the merchants, for distributing the Salt. They pay the fiscal price, but they arrange their own price individually where the Administration cannot compete with or check these prices. The dealer makes a corner in Salt and asks for extreme prices, and the consumer has to pay these extraordinarily high prices or to go without Salt. The merchants usually demand from the consumer 50 % more than the price he has bought at.⁸⁷

5.3.2 *Exports*

The exportation of the salt was one of the main revenues of the OPDA. Taking place in a great market economy, they created their own market conditions apart from the administration of the salt in the Ottoman Empire. In that sense, although they had to get the permission from the government about those relations, as stated above they had been in a contact with other governments or firms like an independent global firm.

86 Caillard, *Second Quinquennial Report*, 38.

87 Block, *Special Report on the Ottoman Public Debt ... (14th March 1907 to 13th March 1908)*, 30.

In terms of export or import of the salt to the Ottoman Empire, Egypt, Wallachia (*Eflak*), and Moldavia (*Boğdan*) (Memleketeyn) region has a distinguished position not totally inside or outside the Empire as they were paying a yearly tribute to the Ottoman State. As stated in the *Rehber-i Muamelat-ı Düyun-ı Umumiyye*, 27th article of the Salt Directive that the Egypt salt could be sold in Antalya, Alanya and İçel and Kalendire and Beirut. Similarly, the salt of the *Eflak* and *Boğdan* could be sold in Dersaadet, Edirne, Rusçuk and Vidin.

Moreover, in the seventeenth article of the Salt Directive, the price of the salt produced in Trablusgarp (Tripoli), Fizan and Bingazi was lowered if they will be transferred to the far regions of the Ottoman Empire. For instance, if it would be sold to regions other than in Trablusgarp, Fizan and Bingazi, the price was (25 *para* from the salines and 15 *para* for the rocksalt), if it would be sold in these regions, it would be sold to 20 *para* and 30 *para*, respectively; as the transportation cost for the traders would be very high from these regions. A geographical discrimination was implemented for these regions in favor of the traders against the producers.⁸⁸

It is important to analyze the export situation of the OPDA in respect to years and countries, which there have been a considerable amount of export. During the financial year 1888-1889, apart from the increase of the consumption of the salt inside the empire itself, the administration continued to concern about the exportation of mainly the salt to other countries, as the quality of the salt which produced in the Ottoman Empire was more advantageous compared to the other countries producing salt. Although, the administration continued work on the task for exportation, it did not have immediate results. The retarding effects were climatic and economic. They pointed out that the export to India was not at the point of expectation, nevertheless, there was progress. On the other hand, the administration opened itself to the markets of the Principality of Bulgaria and Eastern Roumelia and also to the Kingdom of Serbia with negotiations. Moreover, the administration expected to reach very important conclusions soon about the most im-

88 *Rehber-i Muamelat-ı Düyun-ı Umumiyye*.

portant revenue among the five revenues (salt, stamp, spirits, tobacco, fishery).⁸⁹

5.3.2.1 Export to India

One of the most important exportations was absolutely to India from a magnificent mine of rock-salt at Salif (*Yemen*) on the coast of the Red Sea. The quality of the salt was in a good condition and it was extracted from the mine, amounts to over 8,000,000 tons. In order to prepare this mine for a considerable export trade, the OPDA had erected a jetty for the convenience of loading the ships of big draught, and they made a tramway line to transport it from the mine to the sea.

As Mr. Vincent Caillard wrote in the second quinquennial report in 1887-1892, the amount of exportation to India was 5,600 tons in the previous years due to the non-completion of the works described even though the amount might have been larger. However, in the years of 1890s they aimed to make the Indian market very large and profitable trade by exporting not far short of 400,000 tons per annum.⁹⁰ On the other hand, although the exports to Bulgaria, Serbia, and Romania amounted 2,588 tons in the previous years, he believed in an improvement of this amount for those countries. Caillard also mentioned about the lack of commercial spirit about the insufficient exportation to those countries. He wrote:

There is in the administration a considerable lack of commercial spirit, which, although it is certainly to be regretted, it is difficult to blame severely, as it is a defect common to all Government departments. It is a difficulty, which can be, and no doubt will be, overcome in time. On the whole, therefore, seeing that the Administration of this revenue was still in a somewhat embryonic stage. The admin-

89 *Compte rendu du conseil d'administration 1888-1889*, 15-16. Furthermore, They continued to fight against the contrabands as they continued to demand the aid from the Ottoman government.

90 Caillard, *Second Quinquennial Report*, 44.

istration had every reason for good hopes as to its future development.⁹¹

Exports fared badly in 1896-97. The larger part of the decrease, which amounted in round figures to 7,000 tons, was due to the almost complete stoppage of the trade with India, which country took from the OPDA only an insignificant quantity of 772 tons as against over 6,000 tons in the preceding year. Caillard points out that

our most serious attention was given to this matter in the course of the year, for the conviction has never left us that there should be a splendid opening in India for the magnificent rock-salt of Salif (in the Red Sea), if only we once could obtain a proper footing there. We had been, indeed, to considerable expense, as reported in past years, in order to provide all possible facilities to ships for safe anchorage and rapid loading.⁹²

The Administration worked very hard in order to establish a trade agreement with India. They sent Mr. Ernest Weakley on a special mission, one of the Inspectors of the OPDA (Since named Commercial Attaché to H.M.'s Embassy at Constantinople) to Calcutta. He negotiated a contract (signed on May 10th, 1897) on the behalf of the OPDA with the well-known firm of Balmer Laurie & Co., of that town, by the month of September of the year 1897, OPDA already exported 80,000 tons from Salif to India.

Due to the important improvements in the work of extraction, carried out by the engineer at Salif, Mr. Cowdry, the cost price of this Salt has been gradually reduced to two Rupees per ton f.o.b. Salif. The net selling price obtained in the year 1903 at Calcutta, after payment by agent of freight, golah (depot) rent, etc., was close on six Rupees per ton, the best result yet achieved; the mass of this Salt is shipped to Calcutta in a roughly crushed or broken form. Only about half of it, however, is put on the market in this form, the rest being finely crushed by the agents of the OPDA at Calcutta, at

91 Caillard, *Second Quinquennial Report*, 45.

92 Caillard, *Third Quinquennial Report*, 54.

a contract price equivalent to Rs. 1-10-0 per ton, and sold at a price distinctly inferior to that of the rough uncrushed Salt. The net return to the Administration on this crushed Salt is at present about Three Rupees per ton less than that on the uncrushed Salt. The Administration is endeavoring to improve on this by getting the milling plant in order at Salif, and, following the example of their competitors at Aden, doing their own crushing, at about half the present cost.⁹³

In 1905-6 the Administration exported salt to the gross value of £T 52,475 an increase of £T 11,489. It was partly due to the "Swadeshi" (self-sufficiency) movement, directed by the Bengal Hindus, and the boycotting of Salt from England (Liverpool). The profit on the 69 millions of kilograms to Calcutta was £T18,027 but the cost of new material, etc., at Salif, amounting to £T 7,014 must be deducted, leaving as net profit £T11,013.

In the Saline of Salif, the Administration have two steam crushing machines, eight old mills, and two new ones established in the year 1906, which can produce almost 25,000 tons of fine Salt per annum. The Salt is crushed on the spot, and then brought down by a narrow-gauge railway to the heap- ing ground, or to the mills to be ground. The Administration had four locomotives and 100 wagons capable of carrying 800 kilograms each. The line is a Decauville of 3 kilometers. They were also building a stone jetty with a wharf, at which the steamers can load with facility.

The central administration gave great credit to Messrs. Cowdry and Drinkwater, two Englishmen in charge at Salif, for the efficiency of the mine. The export of Salt has already increased from 20,000 to 100,000 tons by the year 1906⁹⁴. The success and development of Salif depends on the sales in British India and the Far East.⁹⁵

In 1905, Adam Block proposed to the Debt Council that the Italian representative of the bondholders, the Marquis Alberto Theodoli, should proceed

93 Block, *Special Report on the Ottoman Public Debt ... (13th March 1903 to 12th March 1904)*, 29-30.

94 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 45.

95 Ibid., 46.

to India and the Far East to enquire as to the best methods of developing their export trade in Salt together with Mr. Cowdry. They proceeded to Bombay, Calcutta, Rangoon and Singapore. A contract had been made with Messrs. Balmer & Laurie by which they bind themselves to sell no other Salt but the Salt of the Administration. Their mills, the only ones at Calcutta, would also be exclusively used for crushing the salt of the Administration. It is necessary to crush the Salt at Calcutta, as the buyers insist that their Salt should be crushed in a special manner. They also sold in India salt crushed at Salif, which is taken directly to the East of Bengal and to Chittagong. The Administration was able to produce 600 to 700 tons a month of crushed Salt at Salif, which is entirely consumed in those two districts. The Administration was planning to establish a new crushing plant at Salif and to sell Eastern Bengal 1,000 to 1,500 tons monthly, or an average of 16,000 tons per annum, which they are calculating to leave only 15,000 tons for Burmah and Australia (Singapore not taking crushed Salt), and as if this quantity would be exceeded, the Administration was hastening on the installation of two new crushing mills.⁹⁶ At Bombay, Cowasjee & Co., of Aden, would be charged with the sales of the OPDA salt. The Indian Government has given to the agents of the Administration much assistance, and they gave a permission to establish *gohlas* (stores) on the water edge close to the mills of Balmer and Laurie, which would much facilitate the handling of the Salt.⁹⁷

Between the years 1902-1906, the amount of salt imported into India from Salif can be observed in Table 5.1

Table 5.1 Salt Exports to India from Salif, 1902-1906

	1902 (in tons)	1903	1904	1905	1906
Rough Salt	29000	26525	35000	41722	36304
Crushed Salt	25800	18175	20500	28201	34303
Total	54800	44700	55500	69923	70607

SOURCE: Special Report, 1906-1907, Adam Block.

⁹⁶ Ibid.

⁹⁷ Ibid., 47

The Administration exports Salt from Salif, on the Red Sea, to British India, and from Foça (İzmir) to the Balkan States. The profit on Salt exported to British India was about £T15,000, the amount exported being 76,129 tons, and the gross receipts £75,389. The profit on Salt exported to the Balkan States was insignificant, 9,613 tons being exported, and the gross receipts being £T9,444.

5.3.2.2 Export to the Balkan States

The exports to the Danube States (Romania and Serbia) also fell off considerably in the year 1896 (from 4,048 tons to 1,910 tons). This was due to the competition of salt from other countries.⁹⁸

The contracts for the supply of both North and South Bulgaria were renewed for the year 1897.⁹⁹ Nevertheless, in February 1905, the Bulgarian Government decided to establish a monopoly of Salt, and raised the duty on imported Salt from 3.04 frs. to 6 frs. The Council tried to conduct a direct treaty with the Bulgarian Government to obtain favorable terms, but owing to a large stock in hand in Bulgaria and the native Salt mines producing from 10,000,000 to 15,000,000 kilograms, and the prospects of a larger output, they had nothing to affect or change in terms of the salt export to Bulgaria.¹⁰⁰

The competition of Tunisian and Italian salt has almost completely ruined the trade to the Balkans and the small profit made on salt exported to Bulgaria and Romania has been completely absorbed by a loss on export to Montenegro. The export of Salt from Foça seems unable any longer to compete with other Mediterranean Salt, and it is at Salif only that the export is a paying business. The average profit for the years 1900 to 1906 is £T8,000; in 1906/7 the profits were £T15,000 in round figures, and about the same in 1907/8.¹⁰¹

98 Caillard, *Third Quinquennial Report*, 55.

99 Ibid., 56.

100 Block, *Special Report on the Ottoman Public Debt ... (14th March 1905 to 13th March 1906)*, 38.

101 Block, *Special Report on the Ottoman Public Debt ... (14th March 1907 to 13th March 1908)*, 28.

In the financial year 1912-1913, the Council has again taken up the question of the export of Salt to the Far East and India, the administration expected to have profitable results. New measures for the suppression of contraband by land and sea are being studied by the Administration in concert with the Director-General of Customs. The sales in 1912/13 amounted to 243,439,295 Kilograms, as against 346,625,713 kilograms in the preceding year, being a decrease of 103,186,418 kilograms. The sales in India and Singapore amounted to 85,468,419 kilograms, and the sale in the Balkan States amounted to 2,605,319 Kilograms. The Sales in Turkey amounted to 202,348,869 Kilograms as against 261,947,319 kilograms in 1911/12 and a small quantity was sold to Samos and Girit.¹⁰²

Salt Monopoly Administered by the Ottoman Public Debt Administration stands as a distinct case of exploration with its vast geographical expansion all through the Ottoman territories compared to other ceded revenues to the OPDA. Salt had the highest returns of revenue on average throughout the effective functioning of the OPDA in the Ottoman Empire until 1914.

As it was discussed in detail above, there were many concerns of this branch of the OPDA in dealing with the production, extraction and sale of this revenue. Together with the scattered expansion of this revenue, the Administration was obliged to deal with the natural conditions of each salt-work specifically.

Table 5.2 Salt Revenue, 1883-1912

Date G.	Date H.	£T	Difference (+/-)
1882-83	1298	618.029,36	
1883-84	1299	658.554,23	6,56%
1884-85	1300	653.066,22	-0,83%
1885-86	1301	643.412,33	-1,48%
1886-87	1302	682.227,65	6,03%

102 Block, *Special Report on the Ottoman Public Debt ... (13th March 1912 to 12th March 1913)*, 37-38.

Date G.	Date H.	£T	Difference (+/-)
1887-88	1303	665.113,30	-2,51%
1888-89	1304	693.337,87	4,24%
1889-90	1305	722.058,30	4,14%
1890-91	1306	699.887,26	-3,07%
1891-92	1307	730.354,05	4,35%
1892-93	1308	787.645,53	7,84%
1893-94	1309	814.235,63	3,38%
1894-95	1310	769.220,01	-5,53%
1895-96	1311	773.865,35	0,60%
1896-97	1312	828.506,45	7,06%
1897-98	1313	859.553,02	3,75%
1898-99	1314	870.789,01	1,31%
1899-00	1315	823.826,74	-5,39%
1900-01	1316	949.169,90	15,21%
1901-02	1317	934.983,43	-1,49%
1902-03	1318	935.763,99	0,08%
1903-04	1319	937.962,49	0,23%
1904-05	1320	949.892,51	1,27%
1905-06	1321	1.037.586,11	9,23%
1906-07	1322	1.075.880,22	3,69%
1907-08	1323	1.123.886,48	4,46%
1908-09	1324	1.063.566,01	-5,37%
1909-10	1325	1.147.237,72	7,87%
1910-11	1326	1.156.954,10	0,85%
1911-12	1327	1.271.703,58	9,92%
Average		862.608,96	

SOURCE: Produced from the Compte rendus du Conseil d'Administration 1882-1912

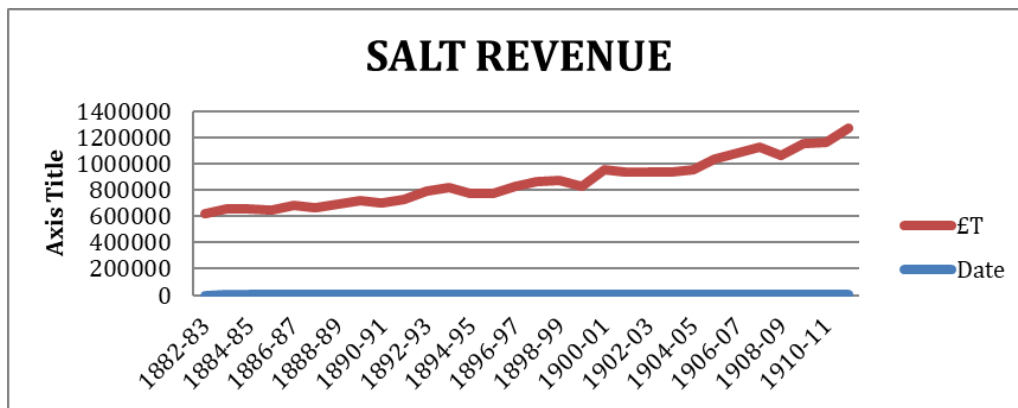


Figure 5.1 Salt Revenue, 1882-1911, in £T. SOURCE: Produced from the *Compte rendus du Conseil d'Administration* 1882-1912.



Conclusion

This thesis encompasses the time period from the first declaration of partial default of the Ottoman government in 1875 till 1914, the date when as a result of the pressing conditions of the First World War, the active functioning of the Administration was obstructed.

As regarding to the overall story told throughout the thesis, from the first attempts to get into a settlement with the Ottoman state, there was an indispensable condition that was always put forward by the Ottoman government that the floating debts should be added to the agreements like carrying equal rights with the foreign loans and deserved to be treated equally. This indispensable condition was at the very end of 1879 took fruit with the culmination of the *Rüsum-ı Sitte* Administration through which for the first time the Ottoman state shared its tax collection authority with a farming company and monopolies whose management was left to the local bankers. Nevertheless, the establishing decree of the Ottoman Public Debt Administration left out the floating debts to be treated equally and just agreed to pay annuities from the revenues.

During these negotiation years stretching from 1875 to 1881, the concept of financial democracy revealed itself more with the involvement of the Imperial Ottoman Bank to the process especially during and after the de Tocqueville project with their alternative proposals, which can be seen as the second phase of the negotiation period for the settlement of debts, as much

as with the effect of the 18th Protocol where the priority of the foreign loans compared to floating debts and war indemnities was accentuated. In this respect, the French bondholders of the Ottoman debt, in particular with the determined dedication of their representative de Tocqueville, in fact attained their aim with the establishment of the Ottoman Debt Administration; even though finally who was nominated by the Committee of French bondholders as their representative for the negotiations, was once more discarded by the maneuver of the Imperial Ottoman Bank.

During the negotiations for the Ottoman Public Debt Administration, there wasn't any new loan agreement accompanying it. Again, during whole negotiations prior to the Decree of *Muharrem*, there was a new loan on the table. In this respect, owing to the relatively better financial conditions of the Ottoman Empire, and with the loan already taken during the *Rüsum-ı Sitte* Convention, Ottoman state was able to withdraw the *kaime* which was one of the pressing issues of the time period.

When we passed to the active functioning period of the OPDA, this thesis makes a thorough description and analysis regarding the administrative division, the council of administration and its growing duties and responsibilities, personnel appointment, their application and examination process together with the working hours and salaries of the personnel. This thesis aimed to demonstrate both the Ottoman character of the Administration together with the overall modernization process in all other institutions of the state. Together with it, we observe the "Western" perception of the Administrative Council to the whole Ottoman geography that they were supposed to dealt with. In this respect, as inheriting the rules and regulations of its precedent institutions together with the local personnel in almost all sections of the administration except the Administrative Council and temporarily appointed experts for specific products to improve the efficiency, it embodied both an Ottoman and international character.

Finally, with the comprehensive analysis of the salt administration under the control of the OPDA, we can observe both the novelties that the Administrative Council tried to introduce as well as the limitations of a vast geography from Albania to Yemen together which comes also a bunch of problems. The remoteness of some provinces from central authority created risks of

contraband, together with their distance from the markets; in some other provinces the peasants were at the mercy of merchants. the difficulty of communications, the lack of means of control, and the insufficiency of the police were the main reasons for fluctuation in production.

This thesis aims to provide a critical and a revisionary overview to the Ottoman Public Debt Administration on several grounds like it was a product of a multilayered conflicts and compromises with various interest groups in the play; paying special attention to the multiple negotiating parties inside the committees and organization of the foreign bondholders with a special emphasis on the concept of financial democracy; the emphasis on the functioning of the Administration as both an international and national institution built upon the existing legislation of the Empire from tax management and collection to the personnel policies and salaries; the heterogeneity of the Administration regarding the vast geography together with the various products and production methods with different existing conditions and priorities; the involvement of the Administration to the state mechanisms with an expected prejudices towards the Administration both from the local tax-payers and also from the ranks of the Ottoman state on every level. As a parallel institution taking over the role of tax collection together with the improvement of the revenues for a better yield, the OPDA faced with several impediments while dealing with daily problems of a huge administration. So, it confronted with infrastructural problems that wouldn't be able to cured overnight.

While many scholars frame the OPDA as an institution imposed by European creditors, this thesis reveals that it was actually the result of complex negotiations among multiple actors such as Ottoman officials, foreign bondholders, the Imperial Ottoman Bank and high banking institutions, local financial elites and bankers. In this respect, the discussion of financial democracy and the 18th Protocol introduces an important political dimension, highlighting power struggles within creditor groups rather than simply between the empire and foreign lenders.

The OPDA is usually analyzed as a top-down, European-controlled entity, but this thesis presents it as a hybrid institution, influenced by both Ottoman bureaucratic traditions and Western financial norms. Many historians

characterize the OPDA as a foreign institution, but this research shows that it retained significant Ottoman elements: It inherited existing Ottoman tax administration structures. Most personnel were Ottoman officials. It functioned within Ottoman legal and bureaucratic frameworks rather than operating as an autonomous foreign body. This thesis challenges the notion that OPDA functioned as an entirely Western bureaucratic model by emphasizing continuity with Ottoman fiscal policies and tax administration. By highlighting its role as a state-like administrative institution, particularly through the salt monopoly and by examining the operational challenges faced by OPDA across a vast empire, this research broadens the scope of OPDA studies beyond its financial function to its day-to-day governance and logistical problems. Traditional narratives often depict OPDA as a highly efficient and rationalized administration, but the case study of the salt monopoly exposes significant inefficiencies, including geographical limitations (smuggling, transport issues), administrative constraints (shortage of police, weak communication networks), economic disparities across Ottoman provinces. This challenges the idealized view of OPDA as a purely "modern" institution by showing that it inherited many structural weaknesses from the Ottoman state. In this respect, the thesis contextualizes OPDA not just as a financial institution but as part of a broader Ottoman modernization process. While existing research highlights OPDA's role in stabilizing Ottoman finances, this study places it within a broader narrative of institutional modernization, drawing parallels to other Ottoman reforms. Many studies focus on OPDA as a financial mechanism, but this research reveals that it also played a role in state-building, particularly through personnel management, taxation policies, and revenue optimization. While some historians argue that OPDA marked the decline of Ottoman sovereignty, this work suggests that it functioned as an extension of the state, albeit one that generated tensions between local officials and foreign creditors.

As this thesis was written by employing diverse materials from different archives such as National Archives of Britain, the archives of the Ministry of Foreign Affairs of France, the *rehber-i muamelat-ı Düyün-ı Umumiyye* together with the annual reports of the Council of Administration and *compte rendus* from the Council of Administration allows to analyze the Admin-

istration from different perspectives. Nevertheless, as the Directorate of State Archives in Turkey haven't yet opened the vast documentation regarding the Ottoman Public Debt Administration transferred from the Ministry of Finance, the gap of the perspective of the Ottoman side was crucial.

Selection of 1914 as an ending date for the study of the thesis had academic and historical basis. With the outbreak of First World War, the active functioning of the OPDA was halted. Together with the war conditions, the economic and financial priorities of the Ottoman state regarding the Ottoman finance changed regarding the war economies and this limited the working and operation of the OPDA. In this way, for the historical continuation and integration the study, it was a better option to distinguish the extraordinary changes resulting from the war and to provide a consistent argument.

Selection of the salt administration as a model for analyzing the OPDA is based on a solid academic foundation. The Salt Administration was the most revenue yielding products of the administration. From 1882 to 1914, it happened to be one of the most reliable and continuous sources of revenue so that it had a critical role for the financial sustainability of the Administration. As it constitutes a high share in the budget of OPDA, it constitutes an ideal example for comprehending the economic model of the Administration. Additionally, the extension of the salt production to different parts of the Ottoman Empire enabled to show how OPDA worked on different geographies. So that, this extensiveness suits well for the analysis of on what kind of geographical and economic conditions OPDA functioned. The salt administration also suits well for understanding the limitations of tax collection, struggle against smuggling and contraband, price control and trade regulations which also provides a model for demonstrating the general administrative structure of the OPDA. Additionally, salt administration shows well the dual structure of the OPDA by showing encounters of the local Ottoman bureaucracy and the OPDA personnel.

This thesis provides a more integrated perspective by demonstrating the negotiation processes and conflicts, giving a detailed analysis of the actors included that ended with the establishment of the Ottoman Public Debt Administration and later by showing the administrative functioning of the

Administration and modeling of the salt administration through its entering into the Ottoman state system and conciliation between the international/national/local encounters.



Appendix A Table 7.1 List of the Nazarets and Salines of the Salt Monopoly of the Ottoman Public Debt Administration

Nezaret	Salines	Nezaret	Salines
Erzurum	Saguir-kaya	Trébizonde	Atiné
	Mamerdan		Of
	Kirmizi		Surméné
	Vartik		Polathané
	Kan tach		Beuyuk-liman
	Guridjel-aliler		Elgueu
	Kemah		Samsoun
	Tcheuyender		Ounié
	Kara-gueul		Fatza
	Kiarenkessi		Kiressoun
	Parmak		Ordou
	Parmaksiz		Tiréboli
	Kizlidje		Boulanjik
	Baklaghan		Inéboli
	Yar		Erékli
	Ak		Amasry
	Meskian		Djidé
	Hamour		Sinope
	Tatous		Ayandjik
	Tchulli	Prévéza	Sémak
	Guneli		Avlonia
	Hoper		Sayadi
	Agha		Caprino et Prachkova
	Gueur	Andrinople	Kavak
	Takzin		Mussellem
	Ach-kale		Enos
	Terdjan	Brousse	Guemlek
	Keule-reissi	Yozgad	Sivas
	Kourtlar		Djédid
Albanie	Kavaya		Fazloun
	Dratch		Bin-gueul
	Trébizonde		Pilitch
	Rizé		Touz-hissar
Yozgad	Palass	Diarbékir	Zériki
	Iskélib		Lidja
	Taptak		Boulanik

Nezaret	Salines	Nezaret	Salines
	Djiyan	Bagdad	Bagdad
	Ali-baba		Bassorah
	Soussouz		Mesteldjin
	Sikilou		Kerbela ou Chéfatiye
	Sarikaya		Hiyet
	Aktché-koyounli		Hullé
	Djighol		Sémavé
	Guianguri		Divanié
	Kharkoum		Nédjif
	Sassoun		Harassan
	Istimali		Muntéfik
	Pederli		Kiazimin
	Mardébach		Hanikin
	Fétre		Bédré
	Gurdje	Moussoul	Moussoul
	Djirid		Suleymanié
	Békidje		Kara-dagh
	Djélali		Zinkibar
	Chéikh-osman		Kiaré
	Akseki		Touz-khourmaton
Beyrouth	Djiroud		Koum
	Jérusalem	Koniah	Kotch-hissar
	Tchun		Bachmat
	Dimésrihon		Tossoun
	Touzla		Kaldirim
	Limson		Yéni-khan
Diarbékir	Sard		Hadji-bektach
	Melghan		Tépessi-délik
	Kéfré		Kara-bounar
	Sidh		Eyrilé
	Serhel	Smyrne	Smyrne
	Kiliss		Fotcha
	Soulhé		Tchamalti
	Sassoun		Ada
Smyrne	Kapsal et Béyliki-kébir	Yemen	Chamiyé
	Hadji-tchano et Yuskilé		Kaziyé
	Sarmoussak-bounou		Behtel
	Gumuchli et Umrud-abad	Salonique	Salonique
	Hadji-apostol et Dolab		Gholos
	Tépé		Kara-aghadj
	Kara-bach		Gumurdjiné

Nezaret	Salines	Nezaret	Salines
	Seuyud		Monastir
	Filaik		Uskub
	Chakrak		Prechtina
	Ghazili		Voltchétrin
	Kalé-alti		Kara-bouroun
	Ouzak-ada		Tchitroz
	Vakif	Tripoli de Barbarie	Tripoli de Barbarie
	Katir-kouyroughou		Misrata
	Bach-azmak		Benghazi
	Méntéché		Réis-el-din
	Kouch-adassi		Zavayé
	Dolab	Constantinople	Béherméchah
	Tchandarli		Anafra
Alep	Tchopoul		Lemni
	Adana		Imrouz
	Tedmer		Ismidt
	Kessendiné-bey		Touzla
	Hassan-dédé	Crete	Ispir-lanka
	Pépéli		Canée
Chio	Fesléké		Sfakia
	Istan-keuy		Kissamo
	Lemni		Sulné
	Rhodes		Filios
Yemen	Méchaléha		Candie
	Béya		Istepe
	Rahman		Prétiré
	Doufa		Rethymo
	Djir et Amik		Lachid
	Zeydié		
	Znehré		

Source: Decret Imperial Rendu le 28 Mouharrem 1299 (soit le 8/20 Decembre 1881) *Reglant le Service de la Dette Publique Consolidée de l'Empire Ottoman*, Annexe V, p.70-75, Constantinople, 1894.



Appendix B Table 7.2 Personnel and the Realization of Monthly Salaries of OPDA in the Provinces, (1882-1887)

Type	Title	1882/83 Number of Employers	1882/83 Monthly Salary	1883/84 Number of Employers	1883/84 Monthly Salary	1884/85 Number of Employers	1884/85 Monthly Salary	1885/86 Number of Employers	1885/86 Monthly Salary	1886/87 Number of Employers	1886/87 Monthly Salary
Permanent Provincial Staff	Provincial Directors (Nazirs)	18	81566	16	70800	11	45800	13	49400	13	52000
	Chief Town Managers (Merkez Mudirs)	4	8500	7	16550	12	28149	9	20550	9	21800
	District Directors (Mudirs)	94	94118	88	88168	64	58775	59	59230	65	66850
	Inspection Officers	78	126795	69	102790	58	86520	43	85250	64	96325
	Chief Accountants	92	66025	84	60765	51	43255	52	43710	85	58240
	Correspondence Managers	24	22555	25	22555	19	16750	21	18100	22	19000
	Cashiers	112	51308	95	45350	78	39590	70	37175	73	39490
	Stamp Paper Clerks	36	21525	30	19175	8	5700	7	4550	*	3050
	Clerks	717	229610	627	209494	420	145926	462	157525	450	144260
	Officials	703	252541	644	235483	525	203736	538	204984	513	204262

Type	Title	1882/83 Number of Employers	1882/83 Monthly Salary	1883/84 Number of Employers	1883/84 Monthly Salary	1884/85 Number of Employers	1884/85 Monthly Salary	1885/86 Number of Employers	1885/86 Monthly Salary	1886/87 Number of Employers	1886/87 Monthly Salary
Temporary Staff	Officials and Assistants in Tobacco Factories	551	148865	389	107326	5	4050	0	0	0	0
	Scalers (Kantarcıs)	273	54137	229	47132	160	33830	165	35505	228	49480
	Gendarmerie (Kolcus) on Foot and Horseback	2758	480824	2447	431744	1077	187544	1186	197256	1183	210510
	Miscellaneous	410	84617	366	83179	359	37281	264	37686	119	37315
	Tobacco	3630	2027243	4096	2148094	205	137303	38	29905	1	3061
	Tobacco duty	20	8931	43	95432	34	48995	36	104558	37	123531
	Salt	1311	757429	1249	723326	878	852641	1257	1275559	1370	1409124
	Spirits	271	197985	280	199671	421	232715	439	239954	385	244826
	Silk	523	90948	609	92245	704	117314	223	126091	234	146753
	Fishery	90	28343	102	22790	68	49734	88	103758	124	92360

SOURCE: *Reglement Général Concernant Le Personnel de l'Administration de La Dette Publique Ottomane*, 4–6

Appendix C Table 7.3 The Classification of the Personnel and Nominal Salary Ranges for the Employed Personnel

Levels	Terms of Reference	Min. (in pt.)	Max. (in pt.)
Superior Staff	The General Secretary of the Council	5000	7500
	The Advisor-Legist of the Administration	5000	6000
	The Managers of Division	4000	6000
	First Class Nazirs	4000	6000
	Head Inspectors	4500	5500
	Second Class Nazirs	3000	3500
	The Chief Inspectors	3000	4000
	The Managers of the Offices of the Central Service	3000	4000
	Managers Second-in-Command of the Division of Central Service	2500	3500
	The Secretaries of the Presidency	2500	2500
	The Controller of the Printing of Stamp	2500	4000
	The Representative of the Administration in Sofia	2500	4000
	Technical Official in Salif [Yemen]	2500	4000
	The Doctor of the Administration	2000	3000
Secondary Staff	The Inspectors	2000	2700
	Managers Second in Command of the Office of Central Service	1800	2500
	The Merkez-Mudirs	2500	2500
	The First Class Mudirs	1600	2300
	Agricultural Controllers	1000	2500
	The Deputy Director of the Institute for Sericulture	1500	2000
	The Chief Accounting Officers of the First and the Second Class of Nazarets	1500	2000
	The Translators of the First and Second Class at the Central Administration	1600	2000
	The Managers-Corresponding to the First and Second Class of the Nazarets	1100	1500
	The Advocates	500	1600
	The Secretaries of the Representatives	1000	1500
	The Secretary-Interpreter-Assistant	1500	1500
	The Secretary of the Department of Tithe	1500	1500
	Second-in-Command Inspectors	1000	1600
Inferior Staff	The Section Managers at the Accounting Services of the Central Administration	1200	1500
	Second Class Mudirs	800	1500
	The Chief Mechanic	1200	2000

Levels	Terms of Reference	Min. (in pt.)	Max. (in pt.)
Service Personnel	The Chief Electrician	1200	2000
	The Kapı Kahyaları	1600	1600
	The Primary Editors and their Equivalents of the Central Administration	1500	1500
	The Chief Accounting Officers of Third and Fourth Classes at the Nazarets and Merkez Müdiriyyets	1000	1500
	The Supervisor of the Mizan of Bursa	800	1500
	The Managers-Corresponding to the Third and Fourth Classes the Nazareths and Merkez-Mudiriyyets	700	2000
	Accountants, Mailman and the Corresponding Staff of the Central Administration	850	2000
	The Translators of the Third, Fourth and Fifth Class of the Central Administration	1000	1600
	Trainee Solicitors	850	1500
	General Supervisor of the General Administration	800	1400
	Merkez-Memours and Memours	250	1800
	Student-Inspectors	800	1100
	Stamp Cashiers and Attendants of the Provincial Branches	250	1400
	Footboys of Accounting and Correspondences and attendants attached to Provincial Branches	150	1400
	Assistant Accountant, Forwarding Agent and equivalents	250	1000
	Assistant Mechanics and Electricians	700	1400
	Warehouse Clerks	200	800
	The Supervisors and Foremen of Salines	200	800
	Debt Collectors	250	1500
	Appointed Supernumeraries	250	1400
	The Chief-Usher of the Council	800	800
	The Ushers of the Central Administration	500	1000
	Mailmen, Customs Servants, Team Leader, Chief Serkerde	500	1500
	Office Boys, Doorman and Other Servants of the Administration	300	1000
	Kolcus and Kantarcıs	100	900
	Manual Laborers	250	250

SOURCE: *Reglement Général Concernant Le Personnel de l'Administration de La Dette Publique Ottomane*, 4-6.

Appendix D Maps of Merkez Muduriets and Nazarets, 1900



Figure 7.1 Merkez-Muduriyet d'Adana, 1900

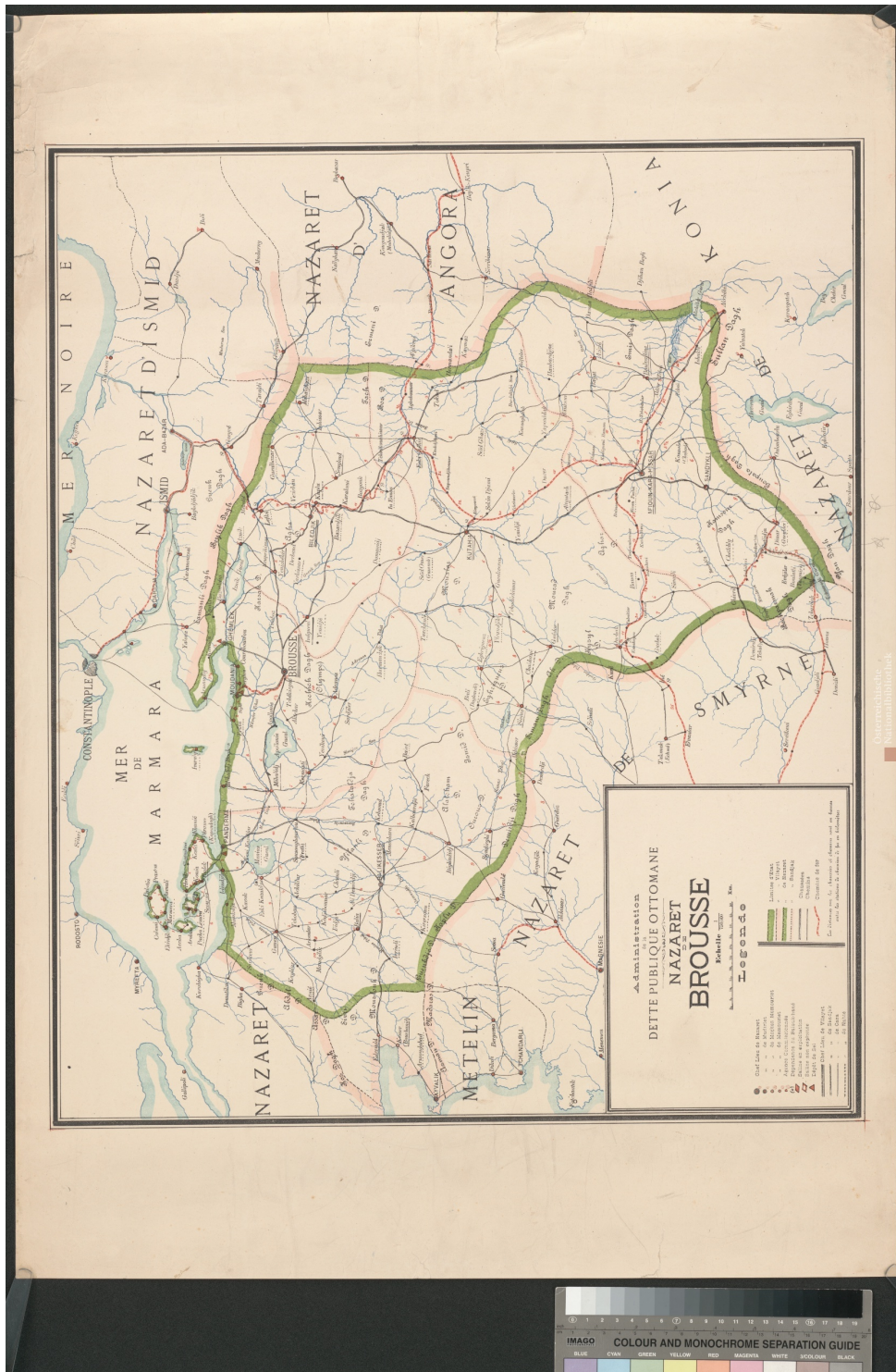


Figure 7.3 Nazaret de Brousse, 1900

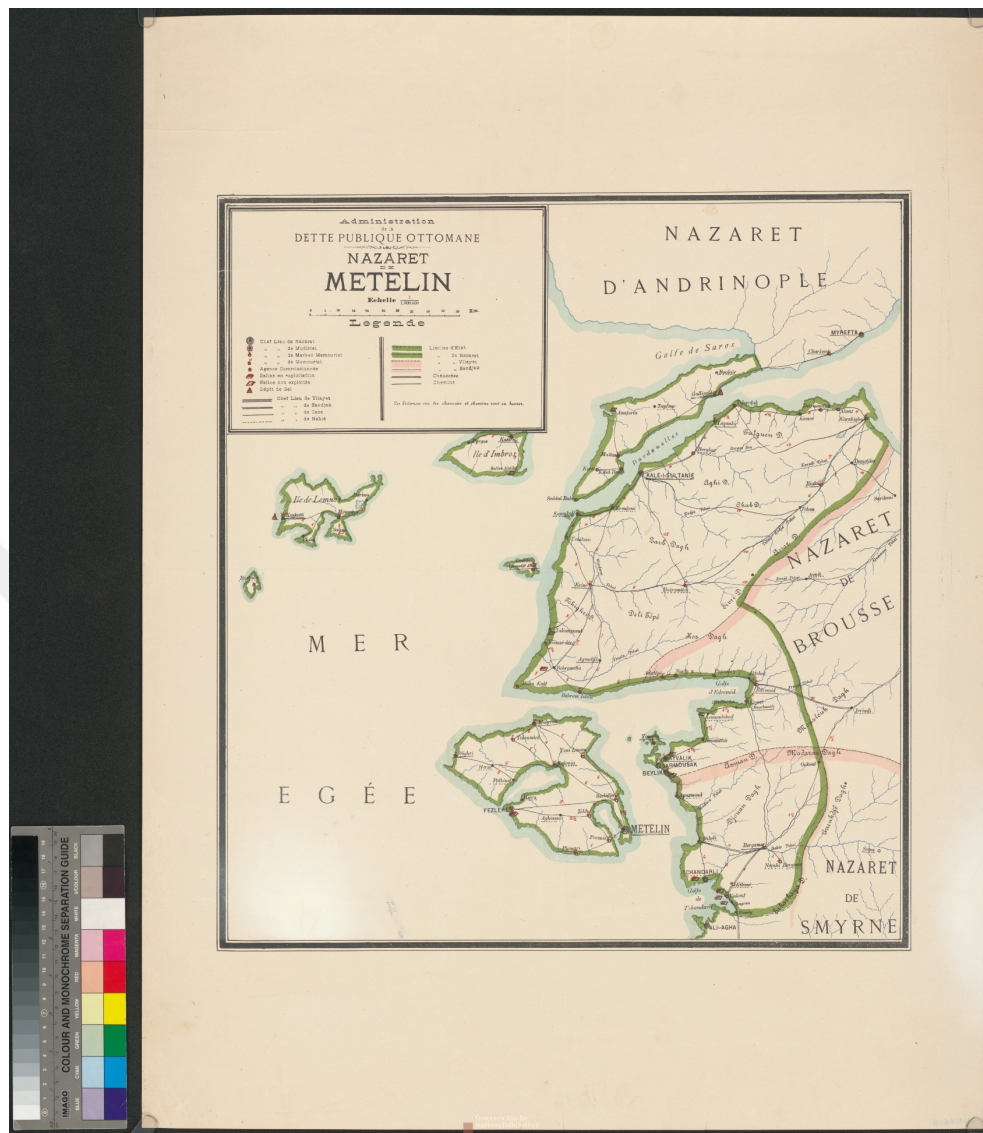


Figure 7.4 Nazaret de Metelin, 1900

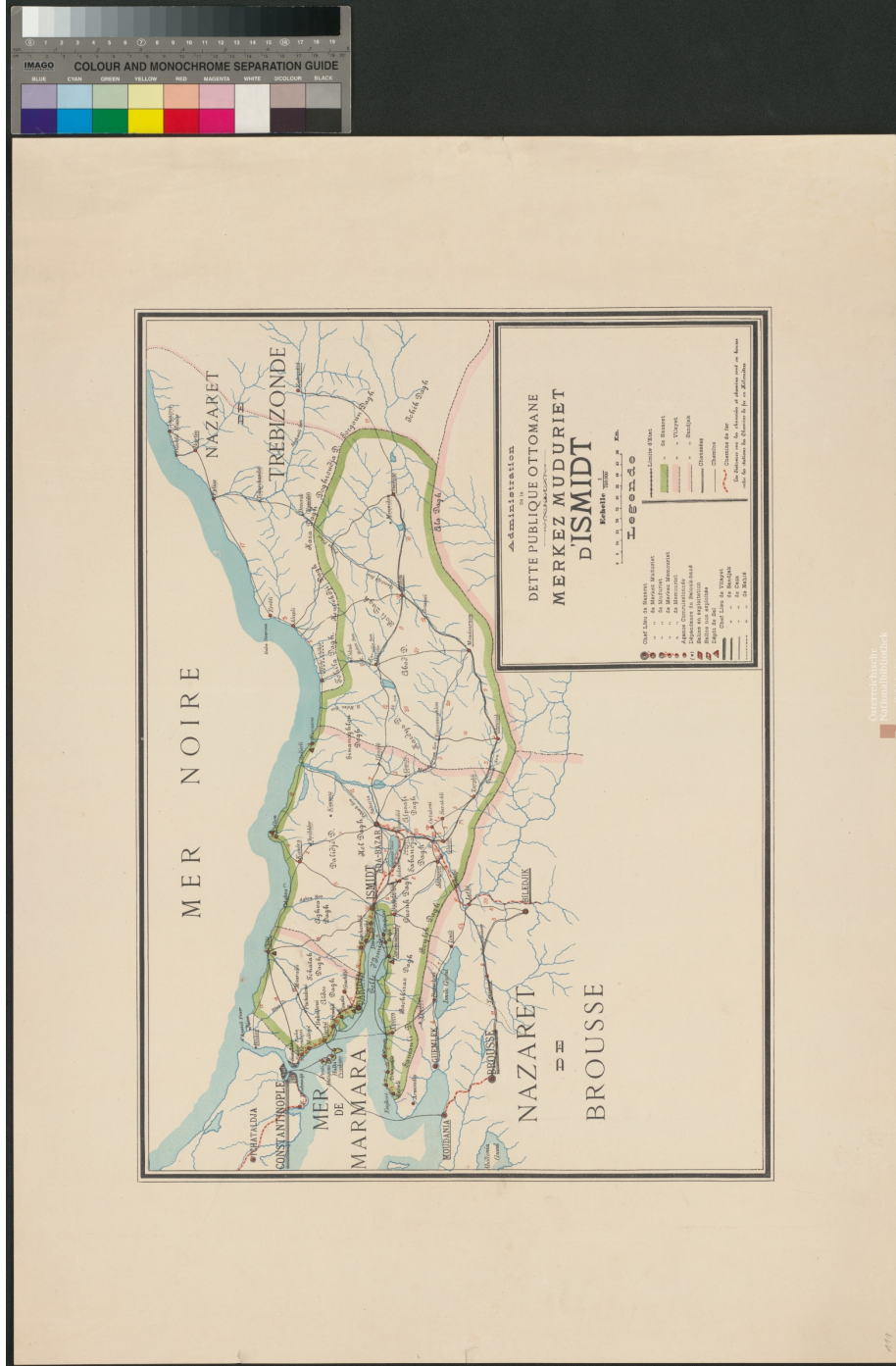


Figure 7.5 Merkez Muduriet d'Ismidt, 1900



Figure 7.10 Nazaret d'Adrinople, 1900

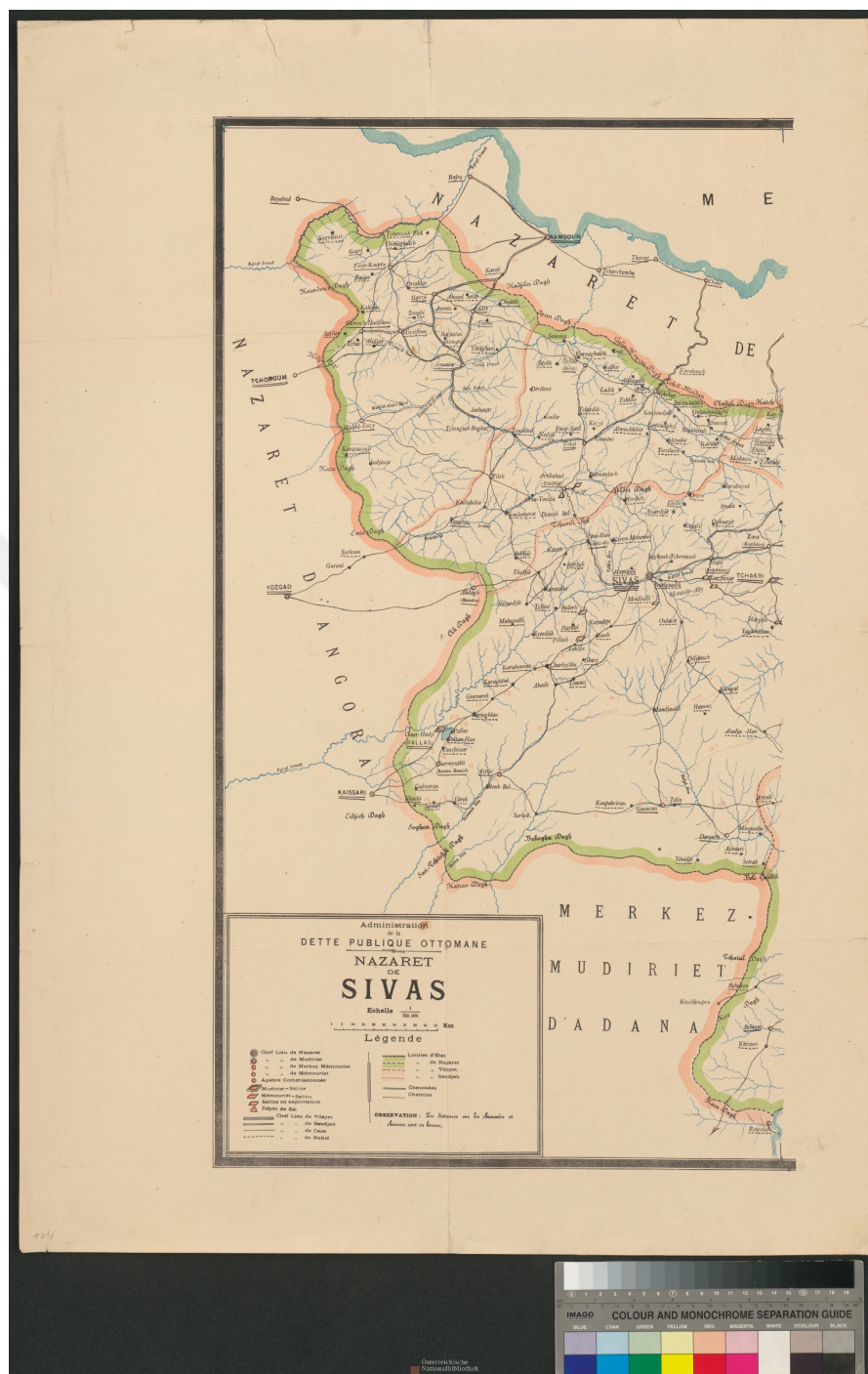


Figure 7.12 Nazaret de Sivas, 1900





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FO 78/5444; FO78/5314

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