

THE GERMAN INVOLVEMENT IN OTTOMAN ECONOMIC DEVELOPMENT:
BANKING, RAILWAYS AND OTHER INVESTMENTS, 1888-1914

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Thesis Abstract

Halil Ege Özen, “The German Involvement In Ottoman Economic Development:
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Throughout the nineteenth century, the Ottoman Empire was in a process of integration into the world economy. This thesis endeavored to set the historical context, in which Germany became a capitalist European power and attempted to expand its area of economic influence into the Ottoman Empire for almost three decades. In analyzing the developments in the economic relations between the Ottoman Empire and Germany between the years of 1888 and 1914, it is argued that railway and other infrastructural transportation constructions, financed and operated by the Deutsche Bank and companies under its patronage, opened the way for further German involvement. The main concentration of this thesis is not to discuss German imperialism; rather, the objective of this thesis is to analyze the German involvement in Ottoman economic development between 1888 and 1914 by focusing on different domains of German economic activities, banking, railways, agriculture, and other investments, within the Ottoman Empire. In this thesis, primary and secondary sources are used to particularize some of the undertakings of the Deutsche Bank and its subsidiary company the Anatolian Railway Company in the Ottoman Empire. The major contribution of this thesis is its primary concentration on the organization and institutionalization of the German capital in the Ottoman Anatolia and its articulation of the tools and methods employed for broadening German involvement in the Ottoman Empire.

Tez Özeti

Halil Ege Özen, “The German Involvement In Ottoman Economic Development: Banking, Railways And Other Investments, 1888-1914”

Ondokuzuncu yüzyıl boyunca Osmanlı İmparatorluğu dünya ekonomisi ile bütünleşme süreci içindeydi. Bu tez, Almanya’nın kapitalist bir Avrupa gücü haline geldiği ve otuz yıla yakın bir süre boyunca kendi ekonomik nüfuz alanını Osmanlı İmparatorluğu’na doğru genişlettiği tarihsel bağlamı kurmayı amaçlamaktadır. 1888 ve 1914 yılları arasında Osmanlı İmparatorluğu ve Almanya arasındaki ekonomik ilişkilerin gelişimini analiz ederken, Deutsche Bank ve himayesi altında yer alan şirketler tarafından finanse edilen ve işletilen demiryolları ve diğer ulaşım altyapısına yönelik inşaatların, Alman nüfuzunun daha ileri boyuta geçmesinin yolunu açtığı savunulmaktadır. Bu tezin asıl yoğunlaştığı konu Alman emperyalizminin tartışılmasından ziyade, 1888 ve 1914 yılları arasında Osmanlı ekonomik gelişimindeki Alman nüfuzunun, bankacılık, demiryolları, tarım ve diğer yatırım alanlarını içeren farklı Alman ekonomik aktivitelerine odaklanmak suretiyle çözümlenmesidir. Çalışmada Deutsche Bank ve onun yan kuruluşu olan Anadolu Demiryolları Şirketi’nin Osmanlı İmparatorluğu’ndaki teşebbüslerinden bazıları birincil ve ikincil kaynaklar kullanılarak ayrıntıyla anlatılmaktadır. Bu tezin esas katkısı, çalışmanın öncelikli olarak Alman sermayesinin örgütlenmesi ve kurumsallaşmasına yoğunlaşması ve Alman nüfuzunun Osmanlı İmparatorluğu’nda yayılması için kullanılan araçların ve yöntemlerin belirlenmesidir.

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CHAPTER I

INTRODUCTION

Throughout the nineteenth century, the Ottoman Empire was in a process of integration into the world economy. Until the end of the century, France and Britain were main capitalist powers involved in Ottoman economic development in terms of trade capital while Ottoman-German economic relations were far behind of these countries.

There is no clear historical evidence that deals directly with the beginning of bilateral trade relations between German states and the Ottomans. Önsoy shows that many German textile centers, including those in Leipzig, Dresden, Augsburg, Regensburg, and Nuremberg, were among the main export destinations of Ottoman cotton, silk, and wool products since the fifteenth century. But these products were sold through the mediation of Venetian, Genovese, French, Spanish, English, and Austrian tradesmen. The first friendship and trade agreement between the Ottoman Empire and the German states had been signed on March 22, 1761 and extended for fifty years in 1790. Nevertheless, this or other similar attempts did not contribute substantially to developing trade relations. In October 1840, based on the 1838 Ottoman-Anglo trade agreement, Prussia signed a new agreement on behalf of the Zollverein states (customs union) with the Ottoman government.¹

It is only with the beginning of the nineteenth century that any improvement in direct trade relations between the German states and Ottoman Empire can be observed. In Ottoman foreign trade, where France and England were dominant in every aspect, the

¹ Rıfat Önsoy, *Türk-Alman İktisadi Münasebetleri (1871-1914)* (İstanbul: Enderun Kitabevi, 1982), pp. 5-6

German states was behind Austro-Hungaria, Russia, Italy, Spain, and Scandinavian states. The German states could enter to the Ottoman market much later than above-mentioned countries.

The unification of Germany introduced a new aspect of the combination of circumstances during the late nineteenth century in the Ottoman economic development. Wilhelm II (1859-1941), as the young Kaiser of the united Reich with an economy looking for new markets for raw materials and products necessary for its growing industry, paid his first visit with his wife to Istanbul in 1889 and later in 1898 to bring to realization his famous 'World Politics'. Young Kaiser's second visit is generally treated as the milestone in Ottoman-German economic relations. However, the most important development improving economic relations between Germany and Ottoman Empire came before with the Anatolian Railway project granting exclusive rights to the Deutsche Bank on October 4, 1888. Sultan Abdulhamid II (1842-1918) granted the Deutsche Bank the right to buy the existing railroad from the Bosphorus to Izmit, and to build a new line from Izmit to Ankara. This railway line was completed in 1893 and extended to Konya in 1896. This line was only the first step of the Baghdad Railway project. Today, most of the railway lines constructed by German capital about a century ago are still in use in the Turkish Republic. Recently, the Anatolian Railway line and Germans came into question in Turkey after the grievous railway accident occurred in Sakarya on July 21, 2004.²

Among German economic activities in the Ottoman Empire, the Baghdad Railway project has attracted the attention of scholars most frequently. No other railway construction in the Ottoman Empire has been discussed as much. Many of these scholars

² *Hürriyet*, 22 July 2004

analyze the Baghdad Railway in terms of economic and political ‘penetration’ of German imperialism. For these scholars, the Baghdad Railway was the symbol of German imperialism and its financier; the Deutsche Bank was the instrument of imperial Germany.³ None of these scholars have focused on the actual construction process of the Baghdad Railway.

There are two scholarly works to date that have hint at the details of the railway’s construction. Manfred Pohl, the director of the Deutsche Bank’s historical archives, points out that it was German financiers, not politicians, who determined when, where and how the railway would be built. Jonathan S. McMurray’s work is the first to explore the cultural implications of the railway’s construction. In doing so, his work fills a void in the historiography of both the Baghdad Railway and Ottoman-German relations. One of his main arguments is that the Ottoman Empire, far from being a puppet in Germany’s power games, capitalized on its close ties with Germany to strengthen its sovereignty and national identity.⁴

The main concentration of this thesis is not to discuss German imperialism. Rather, this thesis is a modest attempt to analyze the German involvement in Ottoman economic development between 1888 and 1914 by concentrating on different domains of German economic activities, banking, railways, agriculture, and other investments,

³ Some of these studies are: Lothar Rathmann, *Berlin-Bağdat: Alman Emperyalizminin Türkiye’ye Girişi*, haz. Ragıp Zarakolu. (İstanbul: BelgeYayınları, 1982); W. O. Henderson, “German Economic Penetration in the Middle East, 1870-1914,” *The Economic History Review* 18, no. ½, (1948), 54-64; Muhteşem Kaynak, “Osmanlı Ekonomisinin Dünya Ekonomisine Eklemlenme Sürecinde Osmanlı Demiryollarına Genel Bir Bakış,” *Yapıt*, no. 5, (Haziran-Temmuz 1984), 66-85; Charles Issawi, *The Economic History of Turkey 1800-1914* (Chicago; London: The University of Chicago Press), 1980; Rıfat Önsöy, *Türk-Alman İktisadi Münasebetleri (1871-1914)*, (İstanbul: Enderun Kitabevi), 1982; Ulrich Trumpener, “Germany 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.

⁴ Manfred Pohl, *Von Stambul nach Bagdad: Die Geschichte einer berühmten Eisenbahn*, München (Zürich: Piper Verlag), 1999; Jonathan S. McMurray, *Distant Ties: Germany, the Ottoman Empire, and the Construction of the Baghdad Railway* (Westport, Conn.: Praeger), 2001

within the Ottoman Empire. Clearly, the construction of the Baghdad Railway had great impact on further German involvement in the Ottoman economy. However, in this thesis, the role of railway constructions will be discussed in terms of the economic activities of the Deutsche Bank and its subsidiary institutions, the Anatolian Railway Company, and later the Baghdad Railway Company. I believe that railway and other infrastructural transportation constructions, financed and operated by the Deutsche Bank and companies under its patronage, opened the way for further German involvement. Following the railway constructions, German companies and financial institutions constructed a network to bring further German capital inflows into the Ottoman Empire.

Certainly, all of these attempts should be treated in the context of the integration of the Ottoman Empire into the world economy. During the nineteenth century, vast amounts of capital from the industrialized European countries were invested in the peripheral areas. The expansion of European economies into other areas, where pre-capitalist or non-capitalist modes of production was predominant, accelerated throughout the nineteenth century. Within this seeming unity of common experiences, however, there existed a fair amount diversity. In terms of peculiar forms of interaction of these countries with the world economy and in terms of the outcomes of this interaction, the history of each geographical entity was unique.⁵ As a result of this expansion, it is not feasible to write the histories of the remaining areas of the world by examining only the internal dynamics of these societies on their own.

⁵ Şevket Pamuk analyses the expansion of center-periphery trade and export of capital from the industrialized European countries by contextualizing the debate in the world economy. In this work, the world economy is defined as the set of economic relations that were the result of the expansion of capital. This is a dynamic transformation which brought different economies together in a given time and space. However, every country had a peculiar experience in this specific period of time. For a more detailed discussion see: Şevket Pamuk, "The Ottoman Empire in Comparative Perspective," *Review* XI, no. 2. (Spring 1988) 127-150; Şevket Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913: Trade, Investment, and Production* (Cambridge; New York: Cambridge University Press, 1987), pp. 1-7

Like other regions of the world, the Ottoman Empire was a part of this unity of common experiences. The extension of the European capitalist influence in the nineteenth century within the Ottoman geography was one of the age-old problems of the Ottoman Empire. The nineteenth century was a period of internal reform that started before the Tanzimat Decree of 1838, which was proposed by various bureaucrats who remained as the driving force until the mid-1870s. During the last decade of the nineteenth century, the Ottoman state, seeking to adapt to and survive in a Western-capitalist world, launched a series of far ranging reform programs touching almost every aspect of life.

The Anglo-Ottoman Trade Convention of 1838 was the first important step in institutionalizing the Empire's integration into the political-economic logic of European capitalism.⁶ Gradually, the Ottoman Empire became an area of free trade; by the mid-nineteenth century, imports consisted in large part of manufactured consumer goods, while various foodstuffs and raw materials were exported. So, a relation between the destruction of local industry and the systematic impact of capitalist integration became more apparent while the traditional order was sacrificed to bureaucratic reformism. Growing commercial activity, predominantly in port cities such as Salonika, Izmir, Trabzon and Istanbul, caused destruction of the traditional system of division of labor

⁶ In the long twentieth century and even today people divided between two ideologically opposite groups interpret 1838 as a milestone in the history of modern Turkey. Socialist and nationalist groups take this convention as a reference to resist against any attempt of European "imperialism". On the other hand, liberals and conservatives, who adopted economic principles of classical liberalism, especially after 1980, believed that Turkey without integrating to global economic trends could not survive in current political world system. (This is only an attempt to caricature the contemporary political phenomenon. This ahistorical misrepresentation cannot be taken as reference to understand contemporary Turkish politics.)

and construction of a new one, in which networks consisted of merchants, petty traders and moneylenders began to flourish.⁷

During the 1850s, a new dimension was added to the process of incorporation of the Empire into the world capitalist economy: inflows of foreign capital through state borrowing and direct investments. After the 1850s, the chronic budget deficit constituted an important problem for Ottoman statesmen. Money necessary to fund the reforms was borrowed from wealthy West European countries and it was used for the purpose of financing the budget deficits, rather than improving the productive capacity of the economy. Until its default in 1876, the Ottoman state borrowed heavily and under very unfavorable terms in European financial market. The mid-1870s represent a milestone in nineteenth-century Ottoman history. Ottoman moratorium in the 1870s produced a system of international financial control, which in a number of ways led to an equivalent loss of sovereignty. The process came to an end with the famous Muharrem Decree of 1881 and the foundation of the Public Debt Administration. After the 1880s, the economic scene of the Empire started presenting definite signs of transformation.

The German involvement in the Ottoman Empire started during the 1880s. First German attempts were observed in the domain of construction of the basic utilities of transportation network. German banks, post-office, press and German engineers were contributing to the economic change in the Ottoman Empire. The first sea route connection between the Eastern Mediterranean and Germany was founded in 1884. In 1889, the German Levant Line was founded and after 1900 this line provided access to Eastern Mediterranean lands. Improvement in and articulation of transportation lines

⁷ For a detailed analysis of this process see; Çağlar Keyder, *State and Class in Turkey* (London: Verso), 1987, pp 29-33

have accelerated the growth of trade between Anatolia and Germany, and this afforded the foundation of new branches of German banks. The process started with the Deutsche Bank in Istanbul in 1888; following the Deutsche Bank, the Deutsche Orientbank opened new branches in Bursa, Adana and Aleppo.⁸

The Deutsche Bank did not open any branch in the Ottoman Empire until 1910. The branch was opened after long discussions in the managing board of the bank. It is not clear why the Deutsche Bank did not need to open a branch as of 1888, when it started its economic activities in the Empire. In the backstage of the process, Karl Helfferich had played a very critical role, especially by justifying the need of a branch in the capital of the Ottoman Empire.⁹ The absence of a branch of the Deutsche Bank in the Ottoman Empire until 1910 is a very critical input in terms of the organization and movement of German capital in the Ottoman Empire. Although there is not a definite source about the issue, it can be argued that the Anatolian Railway Company was the key institution in the obtaining and operating ventures of the Deutsche Bank in different domains of direct investment.

In the first chapter, different views on German unification in modern historiography are discussed. The relation of industrial investment and institutionalization of the finance-capital in Germany through emergent modern institutions is analyzed. Different perspectives on the inevitability of capital expansion, especially in terms of foreign investment are discussed. It should be noted that these perspectives would be instrumental to understand the role of particular institutions in

⁸ Donald Quataert, *Anadolu'da Osmanlı Reformu ve Tarım, 1876-1908* (İstanbul: Türkiye İş Bankası Kültür Yayınları), 2008, pp. 73-74

⁹ Lothar Gall, "The Deutsche Bank from its Founding to the Great War 1870-1914," *The Deutsche Bank 1870-1995*. et al., eds. (London: Weidenfeld and Nicolson), 1995, p. 94

specific historical circumstances, that is to say, the Deutsche Bank and the Ottoman Empire at the end of the nineteenth and the very beginning of the twentieth centuries. Therefore, the first chapter sets the stage for the analysis of German capital inflows into the Ottoman Empire. In this chapter, the main purpose is to develop an understanding of the position of the Deutsche Bank in Ottoman economic development.

The second chapter starts with a discussion of the integration of the Ottoman Empire into the world economy. In this part, I will give a brief explanation of the transformation and re-institutionalization of Ottoman economy under the influence of the extension of European capital, which is treated as a global trend. In the second part, particular consequences of this integration process will be analyzed. In this manner, the institutionalization of foreign capital is examined through the relations among the Public Debt Institution, the Imperial Ottoman Bank and the Deutsche Bank.

The Imperial Ottoman Bank and the Deutsche Bank were the most influential European financial institutions operated in the Ottoman Empire. Although there were important similarities between these two institutions in terms of their functions, the Imperial Ottoman Bank had a peculiar characteristic. The bank served dual roles, on the one hand it was serving the Ottoman state by offering loans when it was necessitated; and on the other hand, the Imperial Ottoman Bank and the Deutsche Bank started to operate in collaboration, again in the case of the financing the Baghdad Railway although their governments were showing tacit opposition. Differently from the Ottoman Bank, the Deutsche Bank did not have any responsibility of servicing the Ottoman government. However, this does not mean that the Deutsche Bank was purely an autonomous financial institution acting independently from the German government.

Especially, during the discussions on the concession of the Baghdad Railway the German government pressured the Deutsche Bank.

The primary concern of the last chapter is to analyze the movement of German capital in Ottoman Anatolia. I believe that infrastructural construction projects were critically important in the analysis of the expansion of German capital in the Ottoman Empire. In the first part of the chapter, I concentrate on railway constructions, generally in the Ottoman Empire. After a brief outlook on railways, the process of financing and operating the Anatolian and later Baghdad railways will be discussed. Railway constructions, comprising a big part of German economic activity in the Empire, were the best option for the movement of foreign capital because remotest corners of the Ottoman Anatolia were thus opened for further German direct investment. In the second part, particular German activities in agriculture, which are regarded as successive German capital investments, will be examined. In the German case, railway companies did not involve only railway constructions, but also important projects of agriculture. Specifically in this part, irrigation projects in Konya and Çukurova plains¹⁰ will be discussed in terms of activities of the Anatolian Railway Company as a subsidiary institution of the Deutsche Bank. In the last part of the chapter, the establishment process of Match Monopoly (“Kibrit Monopolü”) is analyzed. Although there is no information about a successful completion of this venture, it is still possible to study the position and attitudes of German capital through the correspondences among different institutions gathered under the patronage of the Deutsche Bank.

¹⁰ For a detailed and peculiar study on the Çukurova region see; Meltem Toksöz, “The Çukurova: From Nomadic Life to Commercial Agriculture, 1800-1908” (Ph.D. diss., Binghamton University SUNY, 2000)

In spite of the abundant literature concerning the place of the German Reich within the nineteenth century Ottoman economic and financial history, the number of works paying particular attention to the historical role of the Deutsche Bank within this context is so few that at this point there is a big gap.¹¹ Therefore, using primary sources is a great necessity to write about particular economic activities of the Deutsche Bank in the Ottoman Empire.

The Bundesarchiv Berlin-Lichterfelde¹² is the wealthiest archive presenting imperial Germany's late nineteenth century drive to 'Weltmacht' (World Power) and the materials in this archive abundantly demonstrate the economic aspects of this drive with lengthy reports on Ottoman commerce, agriculture, industry, and mining. Among the rich material load of the archive, I have mainly focused on the section of the Deutsche Bank in the context of the Second German Reich.

¹¹ See; Lothar Gall, "The Deutsche Bank from its Founding to the Great War 1870-1914," *The Deutsche Bank 1870-1995*, et al., eds. (London: Weidenfeld and Nicolson), 1995; Elena Frangakis-Syrett, "The Role of European Banks in the Ottoman Empire in the Second Half of the Nineteenth and Early Twentieth Centuries," in *Banking, Trade and Industry: Europe, America and Asia from the Thirteenth to the Twentieth Century* Alice Teichova, Ginette Kurgan-Van Hentenryk, and Dieter Ziegler, (eds.), (Cambridge: Cambridge University Press), 1997; David A. Moss, "The Deutsche Bank," in Thomas K. McCraw, (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions* (Cambridge, Mass.: Harvard University Press), 1997;

¹² Donald Quataert has written an article about the general characteristic of the 'Zentrales Staatarchiv' of the German Democratic Republic, which was located in Postdam, a historical district in today's Berlin. All of these useful materials are currently located in the Bundesarchiv Berlin-Lichterfelde. See; Donald Quataert, "The Zentrales Staatsarchiv of the German Democratic Republic as a Source for Late Ottoman and Middle East History," *International Journal of Middle East Studies* 9, no. 4, (November 1978), 559-571

CHAPTER II

A THEORETICAL AND HISTORICAL FRAMEWORK

Nineteenth century is stigmatized as the century of industrial revolutions, wealthy European nations, modernity and modernization, imperialism, scientific revolutions, and most frequently with the concept of 'development'. When the nineteenth century is concerned, there is a general tendency to mystify and exaggerate the whole history of Western civilization as a universal stage of the world.

Modern historians during the twentieth century have used numerical data to prove the great transformation and change experienced in the major European nation-states. They focused on the growth of capitalism, growth of international trade, process of industrialization, etc. However, most of the time, the qualitative characteristics of this great transformation was underestimated and reduced. Therefore, there is a general necessity to understand the transformation experienced during the whole nineteenth century in a manner of portraying particular domains and relations between them: Industrialization, finance capital, banking, developments in transformation, expanding capital and investments, etc.

Still, it was obvious that nineteenth century economy was geographically a much more internationalized economy than before. In general, industrial and industrializing sector was enlarged. The international market in primary products grew enormously, and so, consequently, did both the areas devoted to their production and their integration into the world market. Eric Hobsbawm states that the world economy was now notably more pluralist than before. This growing pluralism of the world economy was to some extent

masked by its continued, indeed its increased, dependence on financial, trading and shipping services of Britain and later other European powers like Germany.¹³

In this context of the nineteenth century, the increasing role of the unified Germany is crucial to understand the contemporary discussions in modern European historiography. In general, Germany in the continental Europe is treated as an alternative rising and stabilizing power against Britain. Historians examining the role of the Germany in the nineteenth century European history analyze the relations within the triangle of capitalist industrialization, institutionalization of finance capital and the state. The rapid rise of Germany, however, did not only have an effect on Europe, but also on America, Eastern Asia, Middle East and Asia Minor. So, any attempt to understand the German Empire's position in the world history generally, and in the history of local regions particularly, will illuminate the process between 1870 and 1914, which is named as "the Age of Empire" by Eric Hobsbawm.

In this chapter the general context of the study will be set by focusing on the unification of Germany, the relation of growth of industrialization and associated emergence of finance-capital in the Second German Reich and expansion of German capital flowing out of its native geography.

II.1. The German Unification: A Historiographical Discussion

It has become a cliché to say that imperialism is an essentially contested concept discussed among different scholars belonging to various theoretical traditions. Particularly, the Marxist theory of imperialism is distinctive in that it does not treat imperialism or empire simply as a transhistorical form of political domination. For that reason, my suggestion is that in the Marxist theory, although it harbors many distinctive

¹³ Eric Hobsbawm, *The Age of Empire 1875-1914* (London: Abacus), 1997, pp. 50-51

understandings of imperialism, modern imperialism is set in the context of the historical development of the capitalist mode of production. Rather than formulating modern imperialism in a universal manner, for this work it is critical to analyze German imperialism in its given time and space. In an age of internationalization of production, circulation and investment together with the interpenetration of private capital and nation-state, an increasingly integrated world economy became an arena for competition among capitals. Accordingly, emerging nation-states as in relation with different segments of capital had crucial roles to play in geopolitical conflicts, which had appeared as a consequence of the same process. Consequently, the unification of Germany and the emergence of capitalist mode of production in relation with the growth of industrialization and associated emergence of finance-capital are vital to bring a better understanding of German imperialism.

Germany was unified as a consequence of three wars, namely the Second War of Schleswig, the Austro-Prussian War, and the Franco-Prussian War, that created a new power in the center of Europe. Blackbourn argues that Prussia was able to benefit from a period of uncertainty in international relations, a diplomatic interregnum between the breakdown of one system and the advent of another.¹⁴ The equilibrium of the Concert of Europe, based on dynastic legitimacy and the status quo, had disappeared in Crimea. A new system footed on the legitimacy of nation-states, Germany and Italy among them, had yet to emerge.¹⁵

¹⁴ David Blackbourn, *History of Germany 1780-1918 the Long Nineteenth Century*, 2nd ed. (Malden, MA: Blackwell Pub.), 2003, pp. 187-188

¹⁵ The Concert of Europe was the result of a convention, following the era of Napoleon and the French Revolution, adopted by the great powers of Europe, which were meeting occasionally in an international Congress, in order to find a solution by mutual agreement, whenever a problem arose that threatened the peace between European powers. Although it is generally accepted that the Concert of Europe lasted between 1814 and 1914, David Blackbourn interprets the Crimean War (1854-56) as the end

Explanations of German unification generally take 1871 as the end point; however it was just the beginning. In 1871, Germany existed only on paper, but it lacked extensive legitimacy as well as sustainable institutions. Although unification was achieved under the will and force of Prussia from above, there was widespread support among propertied and educated middle-class Protestants who, together with landowners, made up a substantial proportion of the effective political nation, for the 'Empire'. This was not only accurate in Prussia, but perhaps even more in non-Prussian states like Hanover.¹⁶

During the decade, Germany had become a reputable European industrial nation; on the eve of the First World War it was a major world economic power. Generally, Germany had transformed from being Britain's favorite market to Britain's major industrial competitor.¹⁷

As a late-coming European great power, Germany experienced its industrial 'revolution' only after its unity in 1871. Electricity, steel, and petroleum fueled a second industrial revolution, which associated with branches like chemicals, electricity, precision instruments and optics enabled Germany, Japan, and the United States to become great powers that rushed to create empires of their own. The modern industrial and commercial situation began seriously to affect the state of the German peoples only after that date.¹⁸ Blackbourn affirms the Second Industrial Revolution and its impact on Germany by making a symbolic comparison with Britain:

of this system because the Crimean War was precisely the type of war that the Concert was designed to prevent.

¹⁶ Blackbourn, *History of Germany*, p. 199

¹⁷ Ibid., p. 237

¹⁸ Thorstein Veblen, *Imperial Germany and the Industrial Revolution* (USA: The University of Michigan Press), 1966, p. 150

Blue-chip firms such as Bayer, BASF, Hoechst, Siemens, Bosch and Zeiss indicate German quality and world leadership in these fields. There is symbolic significance in the fact that, while Britain had pioneered the gas industry, the first overhead electrical transmission line became operational in Germany.¹⁹

When Germany came into the complex arena of commercial and industrial Europe, it was under the Prussian State, which had in a short time established its hegemony in this imperial era of Germany. Prussian statesmen became successful in creating a unified state and soon, they formed one particular body or ‘Gestalt’ containing all different levels of the society. In the sense of economic policies, they applied, in Veblen’s terminology, cameralistic policy²⁰ or the famous national economy.

The German industrial economy developed and expanded in the decades before the World War I. The heart of it remained extractive and coalmining, iron, steel and engineering grew fast, especially after the ‘Great Depression’.²¹ These branches benefited from the industrial tariffs also, introduced in 1879, although that is not the main reason for their dynamism. Additionally, construction remained a primary sector as urbanization continued even faster and the municipal infrastructure became more comprehensive, including new features like urban tram systems.²²

Rapid and successful industrialization did not mean that the agricultural sector had diminished. Almost ten million Germans were registered in the census of 1907 as working in agriculture, forestry or fishing. That was 35 per cent of the economically

¹⁹ Blackbourn, *History of Germany*, p. 242

²⁰ Veblen, *Imperial Germany*, p. 174; Veblen personally prefers to use the concept “cameralism” rather than “national economy”, which had been used by patriotic German economists of the nineteenth century. Veblen argues that economists of the time were chiefly concerned with formulations of policy, rather than with theoretical inquiry as a general protest against the political economy offered by the Classical (English) School of Theorists. There was a general consensus among German economists that the theories of classical political economy did not offer any method for the purpose of building a national power or in this connection a dynastic state. With cameralistic policies Veblen portrays the general understanding of German economists, which is the economic policy must be conducive to the material power of the state.

²¹ Blackbourn, *History of Germany*, p. 241

²² Ibid., p. 242

active population, almost four times the British level.²³ Differently from the English experience, in Germany, the landowners of powerful Prussia, namely Junkers, did not lose their position or strata; and also they succeeded in creating a tacit compromise with the recently emerging bourgeoisie. Then the Prussian State played the protectionist role and it always supported new investments. In this sense I agree with David Blackbourn who emphasizes the peculiarity of the Germany's experience of the nineteenth century:

Elsewhere economic, social, and political developments moved in tandem; in Germany, they did not. Hence Germany's 'modernization' at the social and political levels was impeded and only partial. Thus it has been maintained that Germany did not pass through the stages which countries further west passed through: it simply did not have a bourgeois revolution of the normal kind. Bourgeois economic objectives, for example, were not achieved by the bourgeoisie's own efforts, but provided by the state, 'from above'. Industrial and commercial capital therefore never won a struggle against the landed aristocracy, represented by the Junkers.²⁴

Generally, all of these circumstances are particular components of the process of modern state formation, which has followed a different path in Germany compared to England and France. Germany's peculiar path to modernity, which is conceptualized as 'Sonderweg' in German, the role of social classes and the central state differed comparing to that of England. One of the basic assumptions of the idea of German 'Sonderweg' is that the German state has played a major role in the industrialization and modernization process. According to this view, Germany had managed to develop and advance a dynamic economy while retaining an authoritarian political system and a traditional social structure. However, one of the fallacies of supporters of this perspective is that they

²³ Blackbourn, *History of Germany*, p. 237

²⁴ David Blackbourn and Geoff Eley, *The Peculiarities of German History* (Oxford, UK: Oxford University Press), 1984, p. 162

determine the key role of the German state by taking the liberal characteristic of the English state as granted.²⁵

Sheri E. Berman argues that Blackbourn and Eley's revisionist work catalyzed a younger generation of German historians to reexamine not only the national politics of the Second Reich but also local politics and social phenomena. So, no longer can the imperial era be seen as merely a footnote to centuries past or an overture to a predetermined fascist outcome.²⁶

Modern state formation in Germany went hand in hand with the growth of industrial production and realization of finance capital. The German state had played a crucial role after the unification in the process of accumulation of industrial capital through the institutions of finance capital. So, the state was a critical agent during the construction of the II. German Reich.

²⁵ The "Sonderweg" thesis came under attack in the 1980s by historians who argued that Germany's development had not been a perverted or illiberal as the regnant historical theories suggested. The "Sonderweg" thesis principally questions the breakdown of the first German republic and the victory of National Socialism by focusing on the Second German Reich in the nineteenth century. According to Jürgen Kocka, this is a one-sided interpretation of German history. (see Jürgen Kocka, "German History Before Hitler: The Debate about the German Sonderweg," *Journal of Contemporary History*, 23, no. 1, (Jan., 1988), p. 7) As a result, the German history is reduced to 1933, the year Adolf Hitler appeared. Peculiarities of German history were directly correlated with the embryonic characteristic of liberal democracy in Germany and the rise of National Socialism. Another important problem is the presupposition of a 'normal' way from which Germany's development departed. The path to modernity in England and France is treated generally as the 'normal' way. In this discussion, the normality is defined through the role and characteristics of bourgeoisie as a new class. However, there is an outcome that aristocratic influence on the grand bourgeoisie was probably no greater in the late nineteenth- and early twentieth-century Germany than in many other parts of Europe. Furthermore, comparing middle-class self-government in German, western European, and eastern European cities of the nineteenth century provides no evidence for a special weakness of bourgeois norms and practices in Germany. (see Jürgen Kocka, "Asymmetrical Historical Comparison: The Case of the German Sonderweg," *History and Theory* 38, no. 1, (Feb., 1999), p. 44) The "Sonderweg" thesis is out of place when comparatively examining processes of regional or national industrialization in terms of their dependence on pre-industrial structures, or when comparing the educational systems of various countries in terms of exclusion and inclusion.

²⁶ Sheri E. Berman, "Modernization in Historical Perspective: The Case of Imperial Germany," *World Politics* 53 (April 2001), p. 437

II.II. Growth of Industrialization and Emergence of Finance Capital

It is crucial to portray the era when Germany like other European countries had a growing rate of foreign investment and foreign trade. For this specific period, there exists a consensus among researchers that the amount of capital that moved over national borders was substantial.²⁷ There is also a general consensus on the interpretation of world economy: “The absence of foreign exchange restrictions and serious fluctuations in exchange rates for the major nations of the world opened the way for the vast enlargement of international trade and investments, resulting in the integration of the world economy.”²⁸ This kind of international integration was only possible under the conditions of the Gold Standard Era, which can be defined as roughly the years from 1880 to 1914. It is argued that the gold standard aided the movement of capital, sharply reducing exchange rate risks for investors in those countries whose currencies were backed by gold.²⁹

At this point, there is a vital question to ask: “What is the place of German economy in this new era of world history?” There are several attempts at satisfactory levels responding to this question. There is a general attempt to provide a periodic

²⁷ In this study only a limited sample of this literature is used: Karl Brinkmann, “The Place of Germany in the Economic History of the Nineteenth Century,” *The Economic History Review* 4, no. 2 (April 1933), 129-146; Rondo Cameron, ed. *Financing Industrialization: Volume I*, Aldershot, England; Brookfield, Vt., USA: E. Elgar, 1992; Youssef Cassis, ed. *Finance and Financiers in European History, 1880-1960* (Cambridge: Cambridge University Press), 1992; Jeremy Edwards, and Klaus Fischer, *Banks, Finance and Investment in Germany* (Cambridge, England; New York, USA: Cambridge University Press), 1996; Charles P. Kindleberger, *The Formation of Financial Centers: A Study in Comparative Economic History* (Princeton: Princeton University Press), 1974; Charles P. Kindleberger, *A Financial History of Western Europe* (London: George Allen & Unwin), 1985; Mira Wilkins, “Conduits for Long-Term Foreign Investment in the Gold Standard Era,” in *International Financial History in the Twentieth Century*, Marc Flandreau, Carl-Ludwig Holtfrerich and Harold James (eds.) (Cambridge: Cambridge University Press), 2003.

²⁸ Mira Wilkins, “Conduits for Long-Term Foreign Investment in the Gold Standard Era,” in *International Financial History in the Twentieth Century*, Marc Flandreau, Carl-Ludwig Holtfrerich and Harold James (eds.) (Cambridge: Cambridge University Press, 2003), p. 52

²⁹ *Ibid.*, p. 53

explanation consisting of three important stages through which Germany had passed. In the first stage, the famous Zollverein (the Tariff Union), which was a kind of economic reorganization of Germany's own territories, is noticeable. In the second stage, literally the classical period of free trade and bourgeois economics, a new industrial body with a structure of a new system of railways and banking, was growing, during the middle decades of the nineteenth century. The last stage is the era of the Bismarckian Empire, characterized, both politically and economically, by its expansive characteristics that were to provoke the jealousy of its neighbors; the combining of rural and industrial nobilities into a ruling class adopted economic protection, demanding its own share of world export trade, colonies and emigration.³⁰

The process of concentration in banking went a little further in Germany than in Britain and France before World War I because of the German propensity for bigness. Six banks had capital over 100 million marks by 1910: the Deutsche Bank with 200 million, the Dresdener with 180 million, the Diskontogesellschaft with 170 million, the Bank für Handel und Industrie (Darmstaedter) with 154 million, the Schaffhausen'schen Bank with 145 million and the Berliner Handelsgesellschaft with 110 million. The first four were the famous Berlin 'D' banks and three of them (including the Deutsche Bank) still active today.³¹

It is true that the emergence of finance capital in Germany cannot be treated separately from European economic history. Yet, German experience differed from that

³⁰ Karl Brinkmann, "The Place of Germany in the Economic History of the Nineteenth Century," *The Economic History Review* 4, no. 2 (April 1933), pp. 129-130

³¹ Charles P. Kindleberger, *A Financial History of Western Europe* (London: George Allen & Unwin), 1985, p. 128

of the rest of the continent, while banking played a crucial role in the economic development of England and North America. Commercial banks in Britain

Table 1. Assets of German Financial Institutions, 1880-1913 (in billions of marks)

	1880	1900	1913
Bank of issue	1.57	2.57	4.03
Great banks	0.90	3.30	8.40
Other credit banks	0.45	3.66	13.64
Private banks	2.50	3.50	4.00
Savings banks	2.78	9.45	23.56
Co-operative banks	0.59	1.68	6.17
Mortgage banks	1.85	7.90	14.00
Other	1.45	2.85	1.00
Total	12.10	35.00	74.80

Source: Ziegler, "The Influence of Banking on the Rise and Expansion of Industrial Capitalism in Germany," p. 143

attempted to maximize their own liquidity, and so they tended to avoid long-term commitments. A few German banks, by contrast, evolved into "universal" banks. They aimed to combine the functions of commercial and investment banking, and they additionally served as investment trusts. All of these different functions had allowed a better opportunity for universal banks in the German business system than the traditional banks either in Britain or in the United States.³²

The widespread use of credit is one of the defining characters of a capitalist economy and chief instruments of its creation have been banks. In this sense, the Deutsche Bank was closely involved in the development of credit instruments and, beyond that, in the shaping of its recently united country's business system.³³ Therefore, it is critical to focus on the role of the banks, as the basic institutions of the growing

³² Thomas K. McCraw, (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions* (Cambridge, Mass.: Harvard University Press), 1997, p. 227

³³ Ibid.

finance capital, particularly in the growth of national economies and generally in integration into world economy.

Rudolf Hilferding's theory of finance capital is specifically important in this study. Various theories, brought by Hobson, Schumpeter, classical Marxists like Hilferding, Rosa Luxemburg and Lenin, were largely based on the experience of a particular period of industrial-capitalist development. Particularly, Hilferding had in view primarily the specific phenomenon of the industrialization in Germany. Hilferding's interpretation of imperialism as signifying the domination of finance capital applies specifically to a transitional phase in the development of the modern capitalist system in Germany, during which the banks played a special component as promoters of industrial development, but not to a fully matured capitalist economy as such.³⁴ The German experience of industrial growth cannot be generalized for the European continent as a whole because of the use of essentially different institutional instruments of industrialization in different countries.³⁵

As bank deposits grew and opportunities for investment in commerce declined, the banks were effectively forced into investing directly in production.³⁶ In addition to this process, the banks were also central actors in the growth of monopoly. Deutsche Bank itself was also a by-product of this process. According to Brewer, the general concern of Hilferding's great work is the growth of finance capital in Germany and the role German banks played in this procedure. In Germany, banks also performed a wider

³⁴ Wolfgang Mommsen, *Theories of Imperialism* (Chicago: University of Chicago Press), 1982, p. 39

³⁵ Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press), 1962, p. 16

³⁶ Anthony Brewer, *Marxist Theories of Imperialism: A Critical Survey* (Florence, KY, USA: Routledge), 1990, p. 93

range of functions, so they effectively controlled all the sources of money capital and thus as a group, their power increased enormously.³⁷

In this context of conceptualizing German capitalist development as peculiar, the mutual relation between the growth of industry and newly emerging banks is also crucial. Richard Tilly argues that discussing the role of banks and bankers in nineteenth-century Germany is to hallow one of that country's historiographical traditions. Entrepreneurs, bankers, financial journalists, academic economists and even politicians had written about the role of the major banks in the German economy and generally their point was that the banks 'naturally' operated in the general public interest and that the state had to regulate the intense competition among them.³⁸ There is a general tendency to follow Rudolf Hilderfing's study, "Finance Capital", focusing on the considerable degree of monopoly power he believed the banks had over industry and integrating that phenomenon into a revision of Marxist theory (as part of the concept, 'Organized Capitalism') in German historiography.³⁹ Tilly makes a useful overview of the written works on the role of great banks within the economic development of Germany and he argues that

... the results tend to confirm historiographical judgments about the role of German banks as efficient organizers of the financing of industrial growth and also concerning the inefficiencies of the British capital in the same period.⁴⁰

Differently from the traditional discourse of German historiography, Tilly suggests that banks exist because they reap economies of scale in the production and distribution of information on returns and risks to financial investments in the economy; and they contribute to economic development by providing investors with diversified

³⁷ Brewer, *Marxist Theories of Imperialism*, p. 92

³⁸ Richard Tilly, "An Overview on the role of the large German banks up to 1914," *Finance and Financiers in European History, 1880-1960*, ed. Youssef Cassis (Cambridge: Cambridge University Press), 1992, p. 93

³⁹ Ibid.

⁴⁰ Ibid., p. 100

opportunities and thus, directly or indirectly, enabling conducts of investors in innovative lines of activity. German banking development in the 1850-1914 periods reflects institutional innovation in response to ‘relative backwardness’ and the large capital demands associated therewith.⁴¹ Therefore, German banks assisted German investors by taking great risks and they yielded necessary information, which firms were in need to realize new opportunities of investment.

There was a reciprocal relation between German banks and firms, which determined two distinctive features of the German system of finance for investment. The first is that a large part of the funds for investment are provided in the form of bank loans, while the second is that banks monitor the performance of firms closely, and restructure firms and their management where and when necessary. Accordingly, it can be argued that German banks are more willing to provide finance for long-term investment than in the case of most other countries, which is a consequence of the close involvement of German banks with firms.⁴²

There is another attempt to understand the significance of the growing financial supremacy of banks in Germany. Alexander Gerschenkron developed a model of a successful path to industrialization of “moderately backward countries.” In this model, he argues that in opposition to common belief, the “latecomer” economies do not follow the path to industrial development of the more “developed” country. These countries lacked certain requirements of the “pioneer”, so it was out of basic necessity to replace these requirements that forced the “latecomer” to change its mode of development. Furthermore, the method of the “developed” country could not be applied equally in

⁴¹ Tilly, “An Overview,” p. 110

⁴² Jeremy Edwards, and Klaus Fischer, *Banks, Finance and Investment in Germany* (Cambridge, England; New York, USA: Cambridge University Press), 1996, p. 1

different economies having diverse degrees of “backwardness” and these different experiences caused different institutional necessities for the lacking prerequisites. In the tripartite typology of “backwardness”, Germany is classified as the “moderately backward country” like many other continental European countries, which meant that banks financing industry was critical for industrial development.⁴³

The German banks, which may be taken as a paragon of the type of the universal bank, successfully combined the basic role of the credit mobilier with the short-term activities of commercial banks.⁴⁴ Accordingly, there is a clear distinction of the relation between industrialization and financing in Germany and in England. Gerschenkron claims that industrialization of England had proceeded without any substantial utilization of banking for long-term investment purposes. He made a clear distinction between the ways and amounts of capital accumulation in countries of different degrees of “development”. In successfully “developed” economies, the industrialization process was positively affected by earnings in trade and modernized agriculture. This special condition required no specific institutional devices to supply long-term capital to industry. On the other hand, in a relatively “backward” economy, resources and capital necessary for industrial growth were scarce and diffused. Additionally, there was greater pressure for catching up with the “developed” economies and this pressure prompted a larger amount of capital concentration in industrial investment.⁴⁵

It is the pressure of these circumstances, which essentially gave rise to divergent developments in banking over large sections of continental Europe as against England.

⁴³ Dieter Ziegler, “The Influence of Banking on the Rise and Expansion of Industrial Capitalism in Germany,” in *Banking, Trade and Industry: Europe, America and Asia from the Thirteenth to the Twentieth Century*, ed. Alice Teichova, Ginette Kurgan-Van Hentenryk and Dieter Ziegler (Cambridge: Cambridge University Press), 1997, p. 131

⁴⁴ Gerschenkron, *Economic Backwardness*, p. 13

⁴⁵ *Ibid.*, p. 14

However, at the turn of the century, changes became apparent in the relationship between German banks and German industry. During this process the emancipation of industry from the decades of tutelage was experienced. The conditions of capital scarcity to which the German banks owed their historical position were no longer present. Germany had become a developed industrial country. Though it does not mean that the specific features engendered by a process of industrialization in conditions of backwardness were not to remain. The close relation between banks and industry continued, but not in an asymmetrical manner; the earlier master-slave relation gave way to cooperation among equals and sometimes was even reversed.⁴⁶

In 1974, Hugh Neuberger and Houston H. Stokes conducted an empirical study on German banks and German growth between 1883 and 1913 to support Gerschenkron's model of economic backwardness and they tried to prove that the "cost" of bank-led industrialization was far greater than anyone had previously suggested.⁴⁷ They use the term "Kreditbank" to define banks founded in Germany after 1853; Kreditbank performs the functions of a commercial bank, a developmental bank and an investment trust. Another important concept used to define these banks is "Universal Bank".⁴⁸ The Deutsche Bank is recognized in the group of Kreditbanken or universal banks. Neuberger and Stokes argue that the dominance of the Kreditbanken within German banking and the economy as a whole has never been disputed.⁴⁹ The writers also pay attention to two important measures about the intimate relations of the Kreditbanken with the major German industrial firms: The first one is the issue of risk. They believe that the policy of

⁴⁶ Gerschenkron, *Economic Backwardness*, p. 21

⁴⁷ Hugh Neuberger and Houston H. Stokes. "German Banks and German Growth, 1883-1913: An Empirical View." *The Journal of Economic History*. Vol. 34, No. 3. (Sep., 1974), p. 711

⁴⁸ Ziegler. "The Influence of Banking," p. 137

⁴⁹ Neuberger and Stokes. "German Banks and German Growth," p. 712

granting large credits for fixed capital security of uncertain value was unusually risky so that measures to reduce that risk must have been a matter of special concern. The second measure was the requirement that bank officials be appointed to the supervisory boards of the firms to which credit was granted.⁵⁰ I think that this kind of policy was necessary to decrease the possibility of risk. These two measures were clearly visible in Deutsche Bank's foreign and national investments. In 1883 domestic bills of exchange made up 42 percent of total credit extended by all Kreditbanken, while accounts stood at 50.8 percent, by 1913 these shares were 20 per cent and 72.8 percent respectively. This shift indicates the extent to which Kreditbanken transferred their attention from commerce to industry over the period as a whole.⁵¹ As a result of their empirical study, they argue that the banks were able to improve relations between various industrial firms and this function resulted in a net gain to the industry.⁵²

Caroline Fohlin claims that the Gerschenkronian paradigm brought about an austere assumption that universal banks had indeed provided necessary and sufficient substitutes for otherwise missing prerequisites of industrialization –substantial capital accumulation combined with a willingness to risk investment in industry, particularly in Germany.⁵³ Unlike Gerschenkron and his successors, Fohlin has two important conclusions. First, universal banks in Germany had only a modest impact on capital mobilization, industrial investment, and economic growth. Second, the generalization about the crucial role of the universal banks in late industrialized countries is missing the

⁵⁰ Neuburger and Stokes. "German Banks and German Growth," pp. 712-713

⁵¹ Ibid., p. 714

⁵² Ibid., p. 716

⁵³ Caroline Fohlin, "Capital Mobilization and Utilization in Latecomer Economies: Germany and Italy Compared," *European Review of Economic History* 2, no. 3, (Aug. 1999), p. 140

odd characteristics of different paths to industrialization of them.⁵⁴ Therefore, it can be argued that a general agreement about the effective role of German banks in nineteenth century German economic and financial systems is still absent. In the particularity of this study, however, the position of the Deutsche Bank in the financial and economic system of the German Reich and also in the world economic system will be discussed.

Erich Achterberg brings a quite different perspective. He argues that the foundation of two German joint-stock banks in 1870 in quick succession – Commerz- and Diskonto-Bank, Hamburg, in February and Deutsche Bank, Berlin, in March- was a milestone in German banking and financial history.⁵⁵ These banks were thought to have an accelerator effect on industrialization by developing new types of banking business, in which old and new banks could work in harmony. He continues:

Their founding fathers – whose declared aim was to provide banking, particularly on the foreign side, with a wider framework – could, of course, hardly have suspected the far-reaching changes within the entire German banking structure this was to bring about.⁵⁶

Accordingly, Deutsche Bank's aim from the starting point was to get on the same level in world trade compared with the favored position occupied by the British banks. But this could not be achieved right away. First of all, Achterberg focuses on the reciprocal relation between German banks and German industry. German banks and industry is a subject which has often been mistreated and often misunderstood. German banks were or became counselors of German industry rather than its commanders; and he supports his assumption by demonstrating that German banks' industrial investments represented at most 3-7 per cent of their balance sheet total. There is a tendency to

⁵⁴ Fohlin, "Capital Mobilization," p. 142

⁵⁵ Erich Achterberg. "Georg von Siemens- Banker," Deutsche Bank AG. *Studies on Economic and Monetary Problems and on Banking History* (Mainz: Hase & Koehler Verlag), 1988, p. 311

⁵⁶ Ibid., p. 311

consider closer links between industry and the banks in Germany solely from the banks' point of view.⁵⁷

Timothy W. Guinnane also brought a corroborative perspective about the growth of Germany's banking system providing helpful services for the development of industrialization. During the nineteenth century, Germany witnessed important changes in the way banks provided services such as liquidity and payment, risk management, monitoring and information processing.⁵⁸ In the mid-nineteenth century, it became clear that in banking as in other sectors, there was a need for large firms that could raise capital by issuing equity shares to individuals who in turn would bear only limited liability for the firm's obligations. Therefore, it is crucial to make a clear distinction between private banks and credit banks although private bankers established most of the credit banks.⁵⁹ The distinction between a private bank and a credit bank is that the latter had a corporate form and could raise much more capital. In the nineteenth century, credit and private banks worked together, forming consortia for specific undertakings and later organizing themselves into fairly stable groups led by a credit bank.⁶⁰ The distinguishing characteristic of the private banks was their role in investment banking. Even the largest private banks were, by the end of their heyday, in some cases larger than the newly emerging joint-stock banks that eventually replaced them in later years.⁶¹ As a result, the banks had already started to play significant roles within German economy at the beginning of the century. For the specificity of this study, only the investment part of this occasion is taken into consideration.

⁵⁷ Achterberg. "Georg von Siemens- Banker," p. 317

⁵⁸ Timothy W. Guinnane, "Delegated Monitors, Large and Small: Germany's Banking System, 1800-1914," *Journal of Economic Literature* 40, no. 1, (Mar., 2002), p. 75

⁵⁹ Ibid., p. 79

⁶⁰ Ibid., p. 81

⁶¹ Ibid., pp. 98-99

Another important issue is the relations between newly founded financial institutions and the state. The development of banking was closely linked with government interference.⁶² The most important financial intervention, brought by the state, was related with the currency chaos of the German states. For that reason, it was of particular importance to unify the coinage system, which was not sufficient by itself to institutionalize Germany's new economy. There were other structural problems for the consolidation of the new economy integrated after the unification. One of these major handicaps was the resource and capital scarcity for industrial growth. In the mid-1840s, when railway construction in Prussia experienced its first upswing, the demand for more flexibility of the monetary system and the scarcity of credit for industry and commerce became more pressing. When in 1844 the capital market collapsed and not only state-supported railway companies got into trouble, but even the states could not get credit. The Prussian government finally realized that it had either to reform its two state banks or to consent to the establishment of joint-stock banks of issue.⁶³ I believe that only after that experience, universal and credit banks were established in Germany and they were not only involved in industrial finance as it can be seen in the case of the Deutsche Bank, which has been founded only one year before the unification. The chief goal of financial institutions was to ease these difficulties by stimulating savings, matching savers and investors, and perhaps offering business or investment advice to entrepreneurs. Thus, on parts of the European continent, particularly in Germany, industrial financial institutions often took the shape of large-scale joint stock and universal banks.⁶⁴

⁶² Ziegler, "The Influence of Banking", p. 138

⁶³ Fohlin, "Capital Mobilization," p. 139

⁶⁴ Ibid.

Relations between financial institutions and the central authority were also critical for capital flow. First generation of thinkers who had written on imperialism, were experiencing the growing power of modern nation-states. So, there was a general tendency to take modern states as chief actors of world history. Although this one-sided perspective has always the risk of veiling other alternative assumptions, which have chance to illuminate other occasions with different agents, the role of modern nation-states should not be underestimated, especially when the broad picture is in view.

II.III. Expansion of German Capital and the Particular Role of the Deutsche Bank

In the nineteenth century, the world had become a scene of overlap between two previously distinct forms of competition: economic competition between capitals and geopolitical competition between states. The merging of these two different processes had presented modern European states with remarkable opportunities to compete over different resources.

Tracking this economic competition between capitals representing their nations requires portraying the movement of finance capital to other economic territories. In the context of imperial Germany, this also means analyzing the relations between universal banks and the imperial German state.

The flow of capital from the national geography to foreign lands was highly risky. To minimize the risk, capital-holders needed the power of their own state. Direct rule over trans-territorial areas was less important as long as state had the power to maintain some kind of order. Furthermore, export capital required state power, as the risks involved in building railways, acquiring land, constructing harbors, opening and operating mines in a foreign country, were much greater than in the mere exchange of

goods.⁶⁵ According to Hilferding, capitalism itself gradually provides the subjected people with the ways and means for their own liberation. They adopt as their own the ideal that was once the highest goal of the European nations; namely, the formation of a unified national state as an instrument of economic and cultural freedom. This nationalist independence threatens European capital specifically in its most valuable and promising areas of exploitation, and to an increasing extent it can only maintain its domination by continually expanding its means of coercion. He clarifies:

This is why all capitalists with interests in foreign countries call for a strong state whose authority will protect their interests even in the most remote corners of the globe, and for showing the national flag everywhere so that the flag of trade can also be planted everywhere. Export Capital feels most comfortable, however, when its own state is in complete control of the new territory, for capital exports from other countries are then excluded, it enjoys a privileged position, and its profits are more or less guaranteed by the state. Thus the export of capital also encourages an imperialist policy.⁶⁶

In continental Europe, industrial capital necessitated protection and state assistance from its beginning. There was also another important process supporting this tendency, which was to create a modern nation-state out of pre-capitalist political structures. Thus, there were considerable elements of statist ideology for the development of finance capital, particularly in Germany.⁶⁷

When German unification took place in 1871, Great Britain, France and Russia had already expanded their overseas colonies into empires and Germany as a “latecomer” started to wait for the opportunity to get its share. While those empires continued to grow, Berlin was forced to develop an international policy toward North Africa and West Asia

⁶⁵ Rudolf Hilferding, “Extracts from ‘Finance Capital: A Study of the Latest Phase of Capitalist Development’,” in Peter J. Cain and Mark Harrison (eds.), *Imperialism: Critical Concepts in Historical Studies*, vol. 1 (London; New York: Routledge, 2001), pp. 236-237

⁶⁶ Ibid., p. 237

⁶⁷ Brewer, *Marxist Theories of Imperialism*, pp. 104-105

and that would differ from those of the other European powers.⁶⁸ There are three features of Berlin's Middle Eastern policy: First, there was not much left in that region to be claimed. The territories of the Middle East had already been shared among European powers. Accordingly, the first principle of Berlin's Middle Eastern Policy was keeping the status quo in the region, which was thought as the most suitable policy to serve national interests. Trade, commerce, and a peaceful penetration especially in open-door areas were cornerstones of this policy.⁶⁹ As a result, Germany did not establish any colonies in the region. Secondly, there was a legacy of classification of different policies coming from Bismarck's period; which was the subordination of the Middle Eastern policy to a primary policy toward Europe and America.⁷⁰ Bismarck was the greater realist whose conversion to colonialism lasted only a short time: "for us Germans, colonies would be exactly like the silks and sables of the Polish nobleman who had no shirt to wear under them."⁷¹ Thirdly, Berlin attempted to play the role of a key mediator in European conflicts over the Orient.⁷²

These colonial policies were maintained from the Bismarckian to the Wilhelmian period. The foundations of Wilhelmian 'world politics' were laid in Bismarckean era although there were important differences with regard to German imperialism. Generally, it is argued that the German drive for colonial acquisition between 1883-85 was the result of an increasingly clear "ideological consensus" during the 1870s and 1880s about how Germany should have reacted to the depression following the economic crash of 1873. To

⁶⁸ Wolfgang G. Schwanitz. "The German Middle Eastern Policy, 1871-1945." *Germany and the Middle East, 1871-1945*. Ed. Wolfgang G. Schwanitz (Madrid: Iberoamericana; Frankfurt am Main: Vervuert; Princeton: Markus Wiener Publisher), c2004, p. 1

⁶⁹ Ibid., p. 1

⁷⁰ Ibid., p. 2

⁷¹ Charles P. Kindleberger, *A Financial History of Western Europe* (London: George Allen & Unwin), 1985, p. 254

⁷² Schwanitz. "The German Middle Eastern Policy," p. 2

the leaders of German industry and finance, the depression presented a necessity of government assistance. The type of this assistance that was sought determined the method of national policy for years to come: tariff protection, government sponsorship of an export offensive both overseas and in Europe, and protection against social forces, which might further weaken the place of industry in economy.⁷³ This aspect of political economy remained as an important determinant of imperial policies of both eras.

In German politics, colonialism did remain a force and a matter of acquiring support. Bismarck expected that colonial territories could be profitably run without significant government expense, however trading companies had neither the means nor the intention to do so without the support of the government. Still, Bismarck was unwilling to expand the government's role in colonialist policies and the dissatisfaction with his inactive position about colonialism grew gradually among colonialist circles.⁷⁴ On the other hand, Wilhelm's well known 'world politics' became a successful strategy that served for the realization of a popular nationalism, which was expected to provide a bond between the bourgeois and conservative classes.⁷⁵

Colonialism under Bismarck has been labeled as 'social imperialism' as opposed to Wilhelmine 'World Politics'. After the unification in 1871, Germany's overseas expansion, and the function it performed served the interests of a 'social imperialism'. It can be described as a defensive strategy, which aimed at a conservative Utopia and attempted rigidly to defend traditional structures against continual change. Social imperialism could be applied on several fronts, such as real gains from overseas that

⁷³ Woodruff D. Smith, "The Ideology of German Colonialism, 1840-1906," *The Journal of Modern History* 46, no. 4, (Dec., 1974), p. 645

⁷⁴ Ibid., pp. 652-653

⁷⁵ Wolfgang J. Mommsen, "Kaiser Wilhelm II and German Politics," *Journal of Contemporary History* 25, no. 2/3, (May-Jun. 1990), p. 294

could be exploited for domestic purposes or the rewards of activity that could successfully present ideological satisfaction in the sense of national prestige. All of the activities classified under ‘social imperialism’ were foreseen as an ideology of integration, which would provide an illusion of a classless German society.⁷⁶

Social and economic imperialism, which can be treated as an instrument for stabilizing and legitimizing political domination, cannot be thought separately from the birth of modern state interventionism. In a system of state-regulated capitalism, political authority is increasingly legitimized by the political leadership’s efforts to ensure constant economic growth, and to maintain social and political stability.⁷⁷

However, the question or the problem of ‘imperialism’ could only be settled by taking particular historical facts into consideration. On the other hand, the broad theories of economic imperialism do not fit particular historical facts. Moreover, the surplus investment funds, the industrial monopolies, and the finance capitalists identified by economic theories as the principal engineers of imperialism could not have produced the colonial acquisitions attributed to them.⁷⁸ Therefore, it is crucial to avoid general assumptions, which are usually taken as granted.

The particular concern of this study is to highlight the involvement and movement of German capital in the Ottoman Empire. To this end, any consequence of the study will not have a purpose to corroborate grand theories of imperialism. It is only a modest attempt to understand the involvement of German Reich under the reign of Wilhelm II in the Ottoman Empire by questioning economic activities of the Deutsche Bank in different

⁷⁶ Hans-Ulrich Wehler, *The German Empire 1871-1918* (Oxford; New York: Berg), 1985, p. 173

⁷⁷ Ibid., pp. 173-174

⁷⁸ Norman Etherington, “Reconsidering Theories of Imperialism,” *History and Theory* 21, no. 1 (Feb., 1982), p. 1

domains of direct investment. Thus, it is critical to set the context, in which the Deutsche Bank had consolidated its powerful position within Germany and had become the key 'instrument' of German capitalist expansion within the Ottoman Empire. Although any attempt of the German state to expand its influence in Anatolia and Middle East had been to the benefit of the Deutsche Bank, it is still complicated to suggest that the Deutsche Bank was a pure imperial apparatus operating to consolidate the imperial attitudes of Germany.

The intense nationalism evident in Bismarck's drive for German unification was a critical factor in the emergence of the Deutsche Bank. On the eve of unification, German businesses and individuals could count on domestic banks for a wide variety of financial services, from short-term credits to transfers of funds. However, firms that wished to obtain financing for foreign trade generally had to turn to London bankers for assistance. German banks in this period lacked the requisite complexity and organizational access to handle such international transactions.⁷⁹

The aim of the foundation of a 'Deutsche Bank' (clearly the name had already been decided on) was clearly declared in the initially confidential memorandum of July 1869, concerning the aims and objectives of the bank to be established:

The German flag now bears the German name to every corner of the world, and this would be a further step towards doing honor to the name of Germany in more distant lands and carving out at last for Germany a position in the sphere of financial intermediation commensurate with that already occupied by our country in the fields of civilization, science and art. But the support of the enterprise need not be exclusively German, since it should adopt a cosmopolitan standpoint.⁸⁰

⁷⁹ David A. Moss, "The Deutsche Bank," in Thomas K. McCraw, (ed.) *Creating Modern Capitalism: How Entrepreneurs, Companies, and Countries Triumphed in Three Industrial Revolutions* (Cambridge, Mass.: Harvard University Press), 1997, p. 231

⁸⁰ Lothar Gall, "The Deutsche Bank from its Founding to the Great War 1870-1914," *The Deutsche Bank 1870-1995*. et al., eds. (London: Weidenfeld and Nicolson), 1995, p. 7

Although the main thrust of the Deutsche Bank's activities was to be and indeed was at first in foreign business, the Deutsche Bank tended to act within the domestic business as long as they faced huge risks and difficulties on the foreign front.⁸¹ During global economic and economic crisis of 1873, the bank was reluctant to operate according to its founding ideal. The economic collapse that began in 1873 shook the world of banking in Berlin and led to the first significant concentration in German banking industry. The Deutsche Bank, however, used this economic crisis as an opportunity to grow. In the period 1873-1876, the Deutsche Bank took over five credit institutions altogether, including two sizeable firms: the Berliner Bank-Verein and the Deutsche Unionbank. The year 1875 did indeed represent the first turning point in the development of the Deutsche Bank because its foreign business in South America had suffered initial setbacks. After 1875, directors of the Deutsche Bank remained loyal to their original program, namely foreign business. The Deutsche Bank proceeded to open up overseas markets through the medium of subsidiary institutions that were each responsible for a particular country or region. In this sense, it directed its main interest to South America, the Far East, and the German colonies in Africa. On the other hand, they engaged themselves more strongly on the domestic market in order to seek profit from day-to-day banking operations.⁸² The expansion and cultivation of investment business, an extremely cautious 'company-floatation' and issuing policy at home and abroad, confinement to low-risk transactions, and promotion of industrial export business created the conditions for a slow but steady upward development even during the crisis years until 1880. This process continued also at the very end of the nineteenth century and in 1897 the Deutsche

⁸¹ Gall, "The Deutsche Bank," pp. 18-19

⁸² Ibid., pp. 20-21

Bank share price for the first time topped that of Diskontogesellschaft shares.⁸³ In this process, the integration of the Deutsche Bank with domestic business had played a most important role. The Deutsche Bank established its relations with industry not primarily through financing company floatation, but by granting loans on overdraft and various forms of short-term credit. From the early 1880s onwards, the Deutsche Bank gradually extended its involvement in industrial business. Eventually it was involved in floating joint-stock companies that evolved into multinational concerns.⁸⁴ On the one hand, in every case, the bank received a permanent interest in the joint-stock company, which needed to be controlled by the bank in order to guarantee proper use of the credit. On the other hand, the joint-stock company needed to be dominated by the bank in order to secure all the bank's profit-making transactions. Banks had thus been able to impose their own interests on companies. The result was a process of increasing monopoly and cartel formation, guided by the banks.⁸⁵

The relation between domestic business and the Deutsche Bank is not my main concern. However, this process is crucial to understand the position of the Deutsche Bank within German economy and finance. Lothar Gall gives a clear picture of how German universal banks had operated in foreign countries step by step. He brings three main points of emphasis as far as banking in and with foreign countries was concerned: conducting international payment transactions, underwriting foreign government bonds, and finally participating in industrial companies abroad.⁸⁶ In Gall's own words the process went in this way:

⁸³ Gall, "The Deutsche Bank," pp. 22-23

⁸⁴ Ibid., pp. 30-31

⁸⁵ Ibid., p. 45

⁸⁶ Ibid., p. 50

The newly founded bank's first attempts to gain a foothold abroad were wholly geared to supporting commercial activities of German firms. The aim of the bank was to build up a network of its own for effecting international payment transactions. In the mid-1880s it began to subscribe, centrally and through a subsidiary company, to foreign loans, initially for South American countries. Subsequently, it went beyond this to move into the industrial sector, an involvement in railway construction in the United States of America representing the third form of foreign business: namely, participation in foreign industrial companies. Eventually, with railway building in Turkey and its involvement in the Romanian oil business, it started to play an entrepreneurial role itself.⁸⁷

There are some distinctive features that made the Deutsche Bank a universal bank.

By contrast with its foundation aim, Deutsche Bank moved into domestic banking after its establishment. George Siemens aimed to design both a commercial bank and investment bank under one roof and he succeeded. The bank fulfilled its commercial role by taking deposits and offering short-term loans. As an investment bank, it managed the long-term credit needs of its customers by guaranteeing stock and bond floatation. The bank also financially supported the securities of national governments and railroads, many of which were publicly owned.⁸⁸

The political rivalry among great powers had also important reflections on the financial competition, which picked up after 1870. In a wave of euphoria the Germans started the Deutsche Bank to challenge the preeminence of London in the finance of international trade. In this sense, the Deutsche Bank turned early to the Middle East where it encountered the Banque Imperiale Ottomane, founded in 1863 by an Anglo-French group. Of thirty-four important operations from 1881 to 1914 –including nineteen loans, seven conversions and eight issues of Treasury bonds- seven were undertaken by the Deutsche Bank, two by the English Banque Nationale de Turquie, and twenty-five in

⁸⁷ Gall, "The Deutsche Bank," p. 50

⁸⁸ Moss, "The Deutsche Bank," p. 229

Table 2. Vital Statistics for the Deutsche Bank, 1870-1919

Year	Assets, Berlin Office and its Branches (mil. Marks)	Net Income, Berlin Office and its Branches (mil. Marks)	Turnover, Berlin Office and its Branches (mil. Marks)	Total Staff	Total Branches
1870	27.7	0.7	239.3	50	1
1880	169.4	6.0	10,484.5	550	3
1890	423.3	11.2	28,304.1	950	4
1900	897.0	20.4	49,773.5	2,063	5
1910	2,158.2	32.6	112,101.3	5,816	10
1919	15,791.9	64.5	428,878.5	13,529	108

Source: Adapted from Moss, "The Deutsche Bank," p. 237

Paris, of which the Banque Imperiale Ottomane was responsible for nineteen.⁸⁹ These numbers show that in this specific time period, German shares in direct investment in the Ottoman Empire grew steadily, and the Deutsche Bank, as the most important agent of German capital, financed all of these operations.

Furthermore, there was a remarkable change in German foreign policy during the reign of Wilhelm II who made an official visit to Abdulhamid in Constantinople in 1898 (his second in nine years) and then he went on to the Holy Land where he declared that Muslims everywhere could always count on his friendship.⁹⁰ Differently from Bismarck, Wilhelm II was enthusiastically active among colonialist circles. On the other hand, it can be assumed that it was historical circumstances set the suitable environment that made the application of Kaiser Wilhelm's imperialist policies possible. By some means or other, German involvement in the affairs of the Ottoman Empire grew steadily, highlighted by rising investments in, and trade with the sultan's realm. Accordingly, German engineers and surveyors had been quite active in the sultan's realm and companies interested in railway construction followed it.⁹¹ Even when the low degree of trade relations between Germany and the Ottoman Empire is concerned, it is noticeable that one of its reasons was the lack of direct sea transports between harbors of both sides until the 1890s.⁹² On the other hand, the new German state aimed to use railways as the main transportation facility both within and outside the II. Reich.

It has been argued that the foreign policy of Wilhelmian Germany was 'particularly aggressive' and to view its relations with the Ottoman Empire was one of the

⁸⁹ Kindleberger, *A Financial History of Western Europe*, p. 253

⁹⁰ Ulrich Trumpener, "Germany and the End of the Ottoman Empire.," *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London ; Portland, Or. : Frank Cass), 1996, p. 112

⁹¹ Ibid.

⁹² Önsöy, *Türk-Alman İktisadi Münasebetleri (1871-1914)*, p. 25

worst examples of imperialist exploitation in that age. According to this view, ‘German Imperialism’ had been a total exploitation by 1914 when Germans had won a dominant position in the Ottoman Empire and had created a satellite of the German Reich.⁹³ This perspective is the most conventional assumption and its *raison d’être* comes from classical imperialist theories.

In the particularity of this study, imperial policies of the German Reich within the Ottoman geography are questioned by presenting activities of the Deutsche Bank and companies, which were founded within the Ottoman financial system and designed to execute trade and infrastructural construction operations in cooperation with the Deutsche Bank. The interests of the Deutsche Bank in the Ottoman Empire cannot be treated only in economic matters. In varying degrees, there was a political aspect to nearly all the activities of the Deutsche Bank abroad. In this sense, the case of the Baghdad Railway is peculiar because the bank was more dependent on the cooperation and support of the government of the Reich than in any other undertaking. On the other hand, the government knew that without the Deutsche Bank it could not push this ‘most important project of German imperialism’ in the direction it desired and keep it in German hands.⁹⁴

Beyond this general view, various perceptions of different actors on this grand project should be considered carefully. The Deutsche Bank representatives considered themselves principally as businessmen while they always took political circumstances carefully into account in negotiations about the construction, route and financing of the Baghdad Railway. From German diplomacy’s point of view, the construction of the

⁹³ Trumpener, “Germany and the End of the Ottoman Empire,” p. 131

⁹⁴ Gall. “The Deutsche Bank,” p. 75

Table 3. Security Floatation by the Deutsche Bank and by Syndicates in which the Deutsche Bank participated, 1882-1908 (in millions of marks)

	Value of Securities Issued and Listed on German Stock Exchanges	German Public Securities (Bonds)	Foreign Public Securities (Bonds)	Foreign Railway Shares	Foreign Railway Bonds	German Industrial Shares	German Industrial Bonds	Other Floatation
<u>1882-1896</u>								
DB Alone	2,744.9	178.2	115.7	0.0	2,131.0	26.7	8.7	284.9
DB								
Syndicate	5,253.9	1,229.8	2,259.6	40.4	997.4	92.4	160.0	474.1
<u>1897-1908</u>								
DB Alone	4,849.1	541.4	417.4	2,027.9	0.0	316.9	185.1	1,360.5
DB								
Syndicate	21,612.6	5,376.5	12,899.1	234.0	0.0	1,000.1	745.5	1,357.3

Source: Moss, "The Deutsche Bank," p. 239

Baghdad Railway was crucial in order to extend German influence in the Ottoman Empire. For these reasons, the German Foreign Office and Ambassador Marschall von Bieberstein in Constantinople were in favor of the project being financed possibly through the German capital market.⁹⁵ Additionally, the Deutsche Bank's foreign operations proved vulnerable, especially in the case of the Baghdad Railway. The railway had been intended to serve both as an economic lifeline linking Europe and the Middle East and as a symbol of German imperial strength. However, under wartime conditions, the Deutsche Bank representatives found it hard to maintain the operation on a business ground.⁹⁶

So, it is difficult to find an exact answer to the question that the Deutsche Bank was an actor or instrument of the German Reich.⁹⁷ Although the particular concern of this study is not to find an answer to this confusing question, it can be argued that the Deutsche Bank was a private institution, which was able to take its own decisions. However, in the context of the late nineteenth century, it was highly difficult for a private financial institution, which had a fundamental object of financing foreign trade and brokering of overseas transactions, to stay 'private'. Concerning the construction of the Baghdad Railway, it is argued that the Deutsche Bank did to a certain extent bow to politics, especially to the wishes of Kaiser Wilhelm II. However, I believe that this argument is not appropriate to describe the relations between the Deutsche Bank and institutions of the German Reich. Economic cooperation of the Deutsche Bank and other German financial and industrial institutions had intensified in volume during the

⁹⁵ Gall, "The Deutsche Bank," p. 76

⁹⁶ Moss, "The Deutsche Bank," p. 242

⁹⁷ For a similar approach in the case of Imperial Ottoman Bank, see Edhem Eldem, "The Imperial Ottoman Bank: Actor or Instrument of Ottoman Modernization?," in *Modern Banking in the Balkans and West-European Capital in the Nineteenth and Twentieth Centuries*, ed. Kostas P. Kostis (Brookfield, VT: Ashgate), 1999

construction and after the realization of the Baghdad Railway project. So, any approach treating the relations between these different institutions as static and fixed would be a great fallacy. Moreover, concentrating on economic activities, other than the construction of the Baghdad Railway, of the Deutsche Bank in the Ottoman Anatolia can be a new opening for this discussion. However, it should be always kept in mind that those specific activities of the Deutsche Bank within the Ottoman Empire expanded only under the conditions of the German Reich's immeasurable desire to involve in the Ottoman Empire.

In this chapter, a general context is constituted. The first component of this context is the unification of Germany in 1871. By discussing different historiographical approaches on German unification, the meaning of German's peculiar position in the world history is analyzed. In accordance with the main problem of this dissertation, the growth of finance capital in relation with industrial development in Germany is questioned. In this discussion, the foundation of the Deutsche Bank has a particular importance. As a component of growing finance capital in Germany, the Deutsche Bank was founded with a fundamental aim of offering German merchants the whole range of banking services required to transact foreign trade payments. Additionally, great enthusiasm of the decision makers of the bank to expand growing banking capital to other 'underdeveloped' regions of the world indicates that the entrance of the Deutsche Bank into the Ottoman market, by taking the concession of Anatolian Railway in 1888, cannot be clarified only by historical circumstances. On the other hand, it was not by chance that in 1888 the young Kaiser Wilhelm II came into power with his famous 'World Politics' ideal when the systematic German involvement in the Ottoman Empire started to be realized.

Following this introductory part of the dissertation, in the second chapter, the main concentration will be on Ottoman economic development under the influence of European capitalist expansion. After a brief discussion on integration of the Ottoman Empire into the world economy, the chapter focuses on the financial reorganization of the Ottoman state as a consequence of the specific characteristic of this integration process.

CHAPTER III

OTTOMAN ECONOMIC DEVELOPMENT AND OTTOMAN-GERMAN RELATIONS: THE ROLE OF THE DEUTSCHE BANK

The preceding chapter set out the context, in which growing German finance capital was organized and became ready for economic activities in overseas. The relation between industrialization and emergence of finance capital is critical to analyze the expansion of the Deutsche Bank, first in Germany and afterwards through economic activities within the Ottoman Empire.

In the first part of this chapter, the integration of the Ottoman Empire into the world economy will be discussed in general. Although scholars have argued that the integration of the Empire started in the sixteenth and seventeenth centuries, a closer look will be taken at the last decade of the nineteenth century, when Germany started to involve in the process intensively. In the second part, particular consequences of this integration process will be analyzed. In this manner, the institutionalization of foreign capital is examined through the relations among the Public Debt Institution, the Imperial Ottoman Bank and the Deutsche Bank. In last part of this chapter can be characterized as a short introduction set up the general context of German involvement in Ottoman economic development.

III.I. The Ottoman Empire under the Influence of European Expansion

In the European headquarters of the late nineteenth century, only a few things were foreseen as certain as the eventual collapse of the Ottoman Empire. From a Eurocentric point of view, since mid-century, the Ottoman state was in great difficulty: its finances diminished, its military was in alarm, and its ethnic separations were unmanageable. The political, military and fiscal crises of a non-capitalist and central

state organization introduced a setting for competing imperialist powers with numerous opportunities to involve in the development process.⁹⁸

The nineteenth century was a period of internal reform that started with the Tanzimat, which was proposed by various bureaucrats who remained as the driving force until the mid-1870s. During this final period of its existence, the Ottoman state, seeking to adapt to and survive in a Western-capitalist world, launched a series of far ranging reform programs touching nearly every aspect of life. These reforms have transformed the empire, which increasingly became a supplier of raw materials to the west and an importer of manufactured products. Nonetheless, commercial policy as one of the aspects of a widespread process of change and transformation, moved through a curve that moved back and forth toward liberalism until the 1860s, but then, retreated back to greater protection.⁹⁹ So, there was a dual process in this long period; a significant increase in export production and its effects on the structure of the Ottoman economy, on the one hand, and growing import demands as a consequence of increasing state expenditures, on the other.

The transformation process in the nineteenth century of the Ottoman Empire is determined by the interaction of both internal and external forces. It is generally argued

⁹⁸ Şevket Pamuk, "The Ottoman Empire in Comparative Perspective," *Review* XI, no. 2. (Spring 1988), pp. 131-132; The history of non-European societies has for a long time been written in binary oppositional set by presences of Europe and absences of geographies outer Europe. This kind of perspective served to achieve two interrelated objectives: legitimization of European domination over non-European areas and construction of the West and non-Europe as homogenous, static, ahistorical entities. Instead of this reductionist understanding, an alternative approach is proclaimed by Huri Islamoglu, who treats modernity as a shared experience with multiple paths of modern transformations, both as a critique and an alternative to both modernization and world-system theories, which asked what was lacking in non-European regions that slowed thier industrialization and capitalist development. For a further discussion, see; Huri Islamoglu and Peter C. Perdue, "Introduction," *Journal of Early Modern History* 5, no. 4, (2001), 271-281; Huri Islamoglu, "Modernities Compared: State Transformations and Constitutions of Property in the Qing and Ottoman Empires," *Journal of Early Modern History* 5, no. 4, (2001), 353-386.

⁹⁹ P. L. Cottrel, "A Survey of European Investment in Turkey, 1854-1914; Banks and the Finance of the State and Railway Construction." *Colloquium of the European Association for Banking History e. V. East Meets West: Banking, Commerce and Investment*, Istanbul 15th-16th October 1999

that the primary shock to the Ottoman system was provided from outside, but the response to the shock was mediated by the domestic patrimonial structure.¹⁰⁰ Thus, both the nature of international developments and the form of internal economic organization will be specified in this study.

No significant economic change took place during the initial modernization period; literally, under the Tanzimat regime, but after 1880 the economic scene started presenting definite signs of transformation. So, there is a lucid distinction between two periods. While modernization in the Tanzimat era had remained a modest phenomenon, the period between 1880 and 1914 shows greater strength in many ways under the long autocratic reign of Abdülhamid II and under the constitutional monarchy introduced by the Committee of Union and Progress in 1908. Financial reform and reorganization had been slower to actualize than other administrative transformation of the Tanzimat period. The reason has to be explored in the actual difficulties attached in such a process rather than in a relative incomprehension or underdevelopment of the Ottoman state in financial matters. Factually, quite in opposite, most of the pre-Tanzimat reform movements in the Empire had been strongly directed by financial and fiscal concerns of the Ottoman governing elite.¹⁰¹

Transformation of the economic and financial system of the Ottoman Empire brought a significant increase in government expenses, specifically during the reign of Abdulhamid II. Although the expenses of the Ottoman Porte is usually narrated as wastefulness it is also amply clear that the Ottomans attempted to rationalize

¹⁰⁰ İlkey Sunar, "State and Economy in the Ottoman Empire," in *The Ottoman Empire and The World-Economy*, ed. Huri İslamoğlu-Inan (Cambridge; New York: Cambridge University Press; Paris: Éditions de la Maison des sciences de l'homme) 2004, c1987, p. 63

¹⁰¹ Edhem Eldem, "The Imperial Ottoman Bank: Actor or Instrument of Ottoman Modernization?," in *Modern Banking in the Balkans and West-European Capital in the Nineteenth and Twentieth Centuries*, ed. Kostas P. Kostis (Brookfield, VT: Ashgate), 1999, pp. 50-51

government expenses with the use of funds for the sake of ongoing modernization process. In brief, the Ottoman state was going through a modernization process, going beyond the Tanzimat era, to survive as a sovereign political entity. The establishment and expansion of a modern education system, military and navy, communication and transportation networks, and administrative institutions brought further burden on the existing sources of state income.¹⁰² Therefore, beginning in the 1880s, the introduction of specific reforms, policies, and maneuvers to save the empire, which clearly signals the government's concern for economic issues, was observed. A major financial reform started in 1887 with the formation of regular annual budgets, bringing together anticipated as well as actual budget expenditures and revenues.¹⁰³ When the inner structure of Ottoman state is taken into consideration, European forces had to come into contact with a central bureaucracy any time they attempted to permeate Ottoman economy. The nineteenth century became a setting of the centralization of the Empire and the centralization process reasserted the absolute rule of the sultan and his servants against authority deriving from local forces.¹⁰⁴

During the whole nineteenth and early twentieth centuries, the Ottoman economy heavily depended on agriculture. Basically, during the nineteenth century, options before Ottoman economy became limited. Agriculture, as the traditional economic activity of the Empire, became gradually more important.¹⁰⁵ Commerce constituted the chief sector of monetary activity as a result of articulations with western capital and the world economy. The financial basis of the reform programs rested dominantly on agricultural

¹⁰² Donald Quataert, *Anadolu'da Osmanlı Reformu ve Tarım, 1876-1908* (İstanbul: Türkiye İş Bankası Kültür Yayınları), 2008, p. 31

¹⁰³ Osman Okyar, "A New Look at the Problem of Economic Growth in the Ottoman Empire (1800-1914)," *The Journal of European Economic History* 16, no. 1, (Spring 1987), pp. 32-33

¹⁰⁴ Çağlar Keyder, *State and Class in Turkey* (London: Verso), 1987, p. 25

¹⁰⁵ Quataert, *Anadolu'da Osmanlı Reformu ve Tarım*, p. 32

economy, described by both Ottoman and foreign observers as backward and impoverished, rather than possessing vast potential. Obviously, the expansion of Ottoman agricultural production would not only help satisfy increasing western demands, but also, through increasing Ottoman revenues, would guarantee the maintenance of the Ottoman Empire and would provide the additional funds required by modernization efforts.¹⁰⁶

In this period, the Ottoman economic structure witnessed great commercialization and growth in foreign trade, which in turn had a positive impact on internal trade. In Zafer Toprak's words:

The injection of money through foreign trade dismantled the self-sufficient, close economic circuits, and created dual economic structures with a disintegrated, money-oriented outward-looking market economy on the one hand, and a resistant, self-integrated inward-looking "domestic" economy on the other.¹⁰⁷

Another important factor in the integration of the Ottoman Empire with the world economy was the increasing inflow of capital. With the modernization of the military and bureaucracy, demand for capital increased faster than the revenue gained throughout much of the nineteenth and early twentieth centuries. For the structural changes in the process of formation of a modern state, the demand for capital and gradual attempts to develop domestic sources of revenue through reforming the tax system were crucial.

There were worldwide transformations in the nature of commercial networking during the nineteenth century. One of these changes was the domination of the joint-stock forms of corporate financing on commercial organizations. No doubt, the Ottoman

¹⁰⁶ Donald Quataert, "Dilemma of Development: The Agricultural Bank and Agricultural Reform in Ottoman Empire, 1888-1908," *International Journal of Middle East Studies* 6, no.2, (April 1975), p. 210

¹⁰⁷ Zafer Toprak, "The Ottoman Financial Structure and the Istanbul Stock Exchange", *Colloquium of the European Association for Banking History e. V. East Meets West: Banking, Commerce and Investment*, Istanbul 15th-16th October 1999

Empire could not remain outside this process. Financial institutions and techniques based on European models were developed and the traditionally rigid Ottoman financial system gradually transformed itself into a dynamic and flexible one. The development of foreign trade with Europe provided merchant capital for investments in the empire. It supported the development of new financial networks and institutions to satisfy the requirements of investment. Consequently, this process led to the creation of banks, the adoption of a banking system, and the utilization of bonds, which have been issued by the government and private sector.¹¹

III.II. Financial Reform and Reorganization: Increasing Incorporation of the Ottoman Empire into the World-Economy

Throughout the nineteenth century, the chronic budget deficit constituted an important problem for Ottoman statesmen. Money necessary to fund the reforms was borrowed from wealthy West European countries and it was used for the purpose of financing the budget deficits, rather than improving the productive capacity of the economy.

At the beginning of the nineteenth century, banking activity in the Ottoman Empire was concentrated in the hands of the Galata bankers, a group that has arisen shortly after the conquest of Constantinople, to provide financial capital needed by the Ottoman central bureaucracy. Its members were Levantines, Jews, Armenians, and Rums. Until the seventeenth century, the Jews had been the predominant member of these bankers' community, but afterwards, Armenians, and still more Rums, who had

¹¹ Toprak, "The Ottoman Financial Structure"

Table 4. Country Distribution of the Outstanding Ottoman Debt, 1881-1914
(in millions of British pounds)

	1881		1890		1898		1914	
		%		%		%		%
France	45.0	34.3	44.6	37.6	53.4	42.2	75.3	53.0
Britain	43.5	33.2	27.4	23.1	22.6	17.9	19.9	14.0
Germany	8.3	7.5	13.8	11.7	19.0	15.0	29.9	21.0
Belgium	6.6	5.0	10.3	8.7	14.4	11.4	12.0	8.4
Austria	7.9	6.0	7.7	6.5	7.5	5.9		
Holland	7.0	5.3	5.3	4.5	3.5	2.8	5.1	3.6
Italy	5.4	4.1	3.2	2.7	1.0	0.8		
Turkey	7.3	5.6	6.2	5.2	5.0	4.0		
Total	131.0	100.0	118.5	100.0	126.4	100.0	142.2	100.0

Source: Şevket Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913: Trade, Investment, and Production* (Cambridge; New York: Cambridge University Press, 1987), p. 75

Table 5. Funds Flows Arising from Direct Foreign Investment in the Ottoman Empire, 1859-1913 (in thousands of British pounds sterling)

Years	Capital Inflows				
	French	British	German	Other	Total
1888	1,190	895			2,085
1889	1,647	500	2,050	13	4,210
1890	550	75	1,424		2,049
1891	1,159		3,400	620	5,179
1892	3,793	122	623	372	4,909
1893	320	120			440
1894	9,233	239	1,200	765	11,437
1895	2,865	495	90	970	9,420
1896	990		1,055		2,045
1897	200	25			225
1898	40	100			140
1899	186		150		336
1900	769	25	90	300	1,184
1901	2,069				2,069
1902		100	594	144	838
1903					
1904	164	125	168	180	512
1905	1,765	425	110	400	2,700
1906	781	159	1,825	160	2,925
1907	304	703	255	67	1,328
1908	446	100		149	695
1909	1,795	250		200	2,245
1910	1,995	189	1,155	100	3,439
1911	665		900	175	1,740
1912	1,050	150	200	150	1,550
1913	800	150	200	200	1,350

Source: Pamuk, *The Ottoman Empire*, pp. 180-181

widespread commercial and shipping contacts with Europe, played the major role in the banking system of the Empire.¹⁰⁹

The growth of trade and government expenditure necessitated a more complicated banking system. The first attempt could not be expected to be made by the central bureaucracy; so, in 1842, the Banque de Smyrne was founded by the initiation of some British merchants and more interestingly, the shareholders included subjects from England, France, Austria, Russia, Netherlands, Greece, Sardinia, the United States, Tuscany, Denmark, and Spain. However, the government closed the bank, the following year.¹¹⁰ In 1856, following the promulgation of the famous Reform Decree (Islahat Fermanı), which differed from the Tanzimat movement mostly in its intensity, a financial reform, signaled the introduction of completely novel aspects that had been ignored or neglected previously, was adopted. To Ottoman central bureaucracy, it had by then become apparent that the improvement and stabilization of the critical financial and fiscal situation could no longer be managed through the adoption of local means and the mobilization of internal resources. So, the new Reform Decree was also an announcement of the need for banks and other similar institutions to stabilize the critical position of Ottoman economy.¹¹¹ Thenceforth, the Ottoman Bank was founded in London, which was the most important financial center. Although preliminary activity of the bank was purely commercial, after the 1861 crisis, the government's need for an institution to support itself in order to manage its progressively more strained finances led to the transformation of the bank to the Imperial Ottoman Bank. Until the

¹⁰⁹ Charles Issawi, *The Economic History of Turkey 1800-1914* (Chicago; London: The University of Chicago Press), 1980, p. 339

¹¹⁰ Ibid., p. 340

¹¹¹ Edhem Eldem, "Ottoman Financial Integration with Europe: Foreign Loans, the Ottoman Bank and the Ottoman Public Debt," *European Review* 13, no. 3, (July 2005), pp. 432-434

establishment of the Public Debt Administration, in 1881, it helped the government by successively servicing its debts and aiding it in floating new loans.¹¹² Until 1887, many other foreign banks had operated in the Ottoman Empire, but most of them did not survive the 1873 global crisis; the Ottoman Bank swallowed a few of them like the Deutsche Bank did in Germany.

The statesmen of Abdulhamid II's reign had to operate from a disadvantaged position. In a short period of time they realized the importance of increasing the productive capacity of the empire and the necessity of building of a modern economic infrastructure for that.¹¹³ The problem of budget deficits was inherited from the former generation of Ottoman statesmen. Although its finances had been under strain for at least two centuries, it was not until the nineteenth century that the central bureaucracy acquired a regular and permanent debt. On October 6, 1875 an official commission declared that the budget showed a deficit of over £T 5 million¹¹⁴ and in mid-1876 the government announced that it would suspend interest and amortization payments. In 1877 loans taken from the Imperial Ottoman Bank and other local banks gave only a temporary relief while the Bulgarian insurrection and war against Russia brought huge additional burdens.¹¹⁵ There was also the peculiarity of the Ottoman extraordinary budgets, which were essentially lists of expenditures and those expenditures occurred

¹¹² Issawi, *The Economic History of Turkey 1800-1914*, p. 340

¹¹³ Engin D. Akarlı, "Economic Policy and Budgets in Ottoman Turkey, 1876-1909," *Middle Eastern Studies* 28 (July 1992), p. 443

¹¹⁴ This was a consequence of the process started during Mahmud II's reign. Mahmud's constant wars against rebellious subjects and foreign powers involved a huge outlay of funds. In 1854, during the Crimean War, the Ottoman Empire launched its first foreign loan, for £T3.3 million; carrying 6 percent interest and issued at 80, it brought in £T2.5 million. In 1855 a £T5.5 million 4 percent loan was issued and brought in 5.6 million. Several loans followed and the total amount contracted was £T268.8 million, of which just over half, £T135 million, had been actually received. And practically the whole proceeds of the debt had been used for military operations, building palaces and other court expenditure, the covering of budget deficits or the funding of floating debt. For a more detailed information see; Issawi, *The Economic History*, pp. 361-365

¹¹⁵ Issawi, *The Economic History*, p. 361

too frequently to be called ‘extraordinary’. Ottoman budget deficit was in reality much more higher than those suggested by ordinary budgets.¹¹⁶

During the second half of the nineteenth century, the Ottoman state apparatus allowed the intrusion of European finance capital within the Empire. On this basis, railway construction and other similar infrastructural investments served to foster commercial relations with Europe. Although the Ottoman state directly intervened in the economy, the state apparatus preserved its “dislocated” character, which means that there was no mechanism of representation that would have translated the interests of the new economically dominant classes in the political domain. During the Hamidian era, the Porte attempted to re-institutionalize a centralized administration and this attempt only caused a further isolation of the state apparatus during the last decades of the nineteenth century. During this process, financial problems of the state continued.¹¹⁷

One of the ways to overcome the problem of budget deficit was to increase the revenue produced by the government’s active involvement in economic affairs, either directly or by creating monopolistic concerns. The only reference to possible advantages of monopolistic enterprises that Akarlı comes across appears in the reports of Wüttendorf, who was the German advisor to the Ministry of Finance during the 1880s. In this sense, Akarlı argues that the Ottoman government seems to have been dragged into creating monopolies not as a consequence of their economic views but as a result of their efforts to attract foreign capital into the Ottoman Empire.¹¹⁸

¹¹⁶ Akarlı, “Economic Policy and Budgets in Ottoman Turkey, 1876-1909,” p. 445

¹¹⁷ Immanuel Wallerstein, Hale Decdeli and Reşat Kasaba, “The Incorporation of the Ottoman Empire into the World-Economy,” in *The Ottoman Empire and the World-Economy*, ed. Huri İslamoğlu-İnan (Cambridge; New York: Cambridge University Press; Paris: Éditions de la Maison des sciences de l’homme, 2004, c1987), p. 94

¹¹⁸ Akarlı, “Economic Policy and Budgets in Ottoman Turkey, 1876-1909,” p. 454

On October 6, 1875, the Ottoman government introduced in the Constantinople newspapers the information that “in the presence of a budget deficit of five million pounds Turkish, it has decided to pay only half of the coupons (on the foreign debt) in cash.”¹¹⁹ This decision was involved and clarified in an official decree of October 9. By March 1876, payments had come to an end in total on most bonds, and the ‘half-default’ of October turned into a formal bankruptcy. The financial catastrophe was paired by a political one; rebellions in the Balkans had been followed by the dethronement of Sultan Abdülaziz and a declaration of war by Serbia. The frequent meetings of bondholders and the numerous representations to the French and British foreign offices prior to the outbreak of the Russo-Ottoman War of 1877 failed to resolve the question of the future of Ottoman bonds. With the outbreak of the Russian war, an agreement was definitely postponed.¹²⁰

Ottoman moratorium in the 1870s did not lead to foreign occupation. However, it produced a system of international financial control, which in a number of ways led to an equivalent loss of sovereignty. At the Congress of Berlin, collected after the victory of the Russian Empire, the western powers recommended that an international commission should be set up to settle claims on the Ottoman government. The chief instrument of this control was the Ottoman Public Debt Administration (PDA) established by the Decree of Muharrem (October 1881) and assisted by the three major banks established by western capital, namely, the Imperial Ottoman Bank, the Deutsche Bank and the National Bank of Turkey. Because there were quasi-official sanctions

¹¹⁹ 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: Columbia University Press, 1929), p. 80

¹²⁰ Ibid., pp. 81-85

connected with the Decree of Muharrem, the PDA was found to stand halfway between an official financial control and a purely private financial control.¹²¹ The fundamental aim of this regime was to scale down the debt and safeguard the position of those who held shares in the Ottoman public debt. But also another important aim was also obvious: opening up the Ottoman economy to further European economic involvement. In this sense, the development of the railways system was seen as the principal instrument, although attention was also paid to the award of concessions for the production and export of raw products.¹²² Under the terms of the Muharrem Decree, any surplus in the PDA's revenues was to be used to raise the interest paid to bondholders up to a maximum of 4 percent. Definitely, this created a conflict of interest between the Ottoman government and the PDA since the government could use the surplus of the revenues neither for additional debt servicing nor for investment.¹²³

From the establishment of the PDA to the end of the World War I, the Ottoman state apparatus was generally in a state of disorder while, on the other hand, the Empire was experiencing a sustained economic development, which was determined by the process of the world-economy. In this grand narrative, what was going to collapse was not the Empire, but the old Ottoman state apparatus, which gave way to a new structure and completed the peripheral structuration of the Empire.¹²⁴ If the Ottoman economy is treated as a mercantilist entity there were long periods when it was a net receiver of loans, and for the 1856-1914 period as a whole, inflow of loans was approximately equal to the outflow of debt servicing. Throughout the nineteenth century, there was a trade

¹²¹ Blaisdell, *European Financial Control*, p. 103

¹²² Roger Owen, *The Middle East in the World Economy* (London; New York: I. B. Tauris & Co Ltd.), 1993, p. 192

¹²³ Issawi, *The Economic History*, p. 362

¹²⁴ Wallerstein, Decdeli and Kasaba, "The Incorporation of the Ottoman Empire into the World-Economy," p. 95

deficit rather than a surplus. This is a specificity of Ottoman peripheralization that needs to be explained through the location of the Ottoman economy and state in the world system.¹²⁵

During the Hamidian era, the government was more responsive to further rises in foreign debt. In 1889, the Sultan wrote to the government that the finance of state expenditures by foreign debts would aggravate the awful situation and it would also strengthen the position of PDA functioning like 'state within the state'.¹²⁶ The tendency of the Ottoman government to avoid additional foreign debt pushed the foreign capital into the field of infrastructural investment and an ample competition between France and Germany started. During the 1890s, the sum of foreign capital in the Ottoman Empire was divided in an order of intensity as foreign debts, railway construction projects and at last banking sector. The industrial investment in the Ottoman Empire was quite low. The sum of direct foreign capital investment in the Ottoman Empire was consisting of railways with 41 percent, banking with 23.5 percent and industry only with 10 percent.¹²⁷

In terms of the general outlook of Ottoman economy, the most important outcome of the foundation of the PDA was that it provided institutional and individual channels through which foreign capital entered into the empire. Most of the investments were infrastructural, such as construction of railroads and ports and transformation of urban areas. These investments have both caused intensification and extension of the process of integration of the Ottoman Empire with capitalism. Like the previous process, which was specified by foreign indebtedness and granting of concessions, in this period

¹²⁵ Keyder, *State and Class in Turkey*, p. 38

¹²⁶ İlber Ortaylı, *Osmanlı İmparatorluğu'nda Alman Nüfuzu*, (İstanbul: İletişim, 2004), p. 70

¹²⁷ Ibid., p. 71

foreign indebtedness replicated, yet in a different trend: this time, concessions were related to direct foreign investment, rather than to the growing regulation on state finance.¹²⁸

III.III. The German Involvement in Ottoman Economic Development and The Specific Role of the Deutsche Bank

Historically, the development of modern banking has been an important component of economic change; however it has not always been so clear whether it has been a factor in the origin of growth or a response to and a consequence of this economic change. In the case of the Ottoman Empire, corporate banks, which were wholly or partly financed by Western capital, had established themselves in Istanbul after the Crimean War. All of these banks concentrated to varying degrees on meeting the financial needs of the government at a time when the Porte was borrowing almost permanently.¹²⁹

The dominance of European merchants and Greeks as the primary intermediaries between Ottoman economy and Western forces played an important role in the early development of European overseas banking within the Middle East. But, it was not commerce and infrastructural development that first stimulated the greater involvement of western European bankers in Ottoman affairs, it was rather monetary stabilization, which was regarded by the Ottoman authorities as a crucial foundation for escalating other reforms aimed at modernizing the empire.¹³⁰

¹²⁸ Emine Kıray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar* (İstanbul: İletişim Yayınları), 1993, pp. 35-36

¹²⁹ Christopher Clay, "The Origins of the Modern Banking in the Levant: The Branch Network of the Imperial Ottoman Bank, 1890-1914," *International Journal of Middle East Studies* 26, no. 4 (November 1994), p. 589

¹³⁰ Cottrel, "A Survey of European Investment in Turkey"

Accordingly, some of the bigger European banks, other than commercial banks, became active in industrial enterprises in the Empire. Lending was not the only activity of these banks supported by Western capital. From the last quarter of the nineteenth century, as the pace of growth of the Ottoman economy has increased, greater opportunities for investment and profit appeared, especially for big European banks and individual investors. This process can be described as giving short term loans to merchants, increasing capital liquidity through offering loans at lower interest rates, collecting the funds from the Ottoman importer; briefly facilitating trade for importers and also for exporters. It was primarily competition from German finance capital, led by the Deutsche Bank, which transformed it from a commercial bank that viewed industrial projects only from the point of view of a lending institution, to a universal bank that participated in the setting up and ownership of industrial enterprises. This development can be observed in the period before the First World War, when a number of European banks, including the Imperial Ottoman Bank and the Deutsche Bank, started to sponsor, invest in and partly own railways, mining, irrigation, land reclamation, harbor/port construction, energy and urban public transportation as well as all kinds of public utility companies.¹³¹ Another important point is that governments of the major European forces, especially of France and Germany, did play an important role in the winning of concessions for industrial projects and in the participation of large Ottoman state loans for their respective financial institutions. So, it could not be argued that there was a total competition between the Imperial Ottoman Bank and the Deutsche Bank; to a certain extent they also participated in financial collaborations.

¹³¹ Frangakis-Syrett, "The Role of European Banks in the Ottoman Empire," p. 273

The first bank established by western capital within the empire was the Ottoman Bank. The bank carried out basically commercial banking operations. The financial policy of the bank was significantly conservative, which means not to engage in any extensive exchange operations.¹³² Closely linked to the Ottoman government from the beginning, although it never stopped to be an independent European financial institution and to be seen as such in the West, the Ottoman Imperial Bank acted as a financial agent of the government.¹³³ In Frangakis-Syrett's words

The Imperial Ottoman Bank influenced the development of the Ottoman economy in many ways. As a state bank, it used its right of issue conservatively issuing, until the First World War, only a limited amount of paper that circulated mainly in or near Istanbul.¹³⁴

The strong position of the Imperial Ottoman Bank was consolidated after the financial crisis of the early 1870s, which seriously weakened or destroyed other banks financed partly by European capital. However, the 'Fisheries Loan' contracted between the Ottoman government and the Deutsche Bank put an end to the strong position of the Imperial Ottoman Bank. It also meant that the Imperial Ottoman Bank after this date would have had to compete for the negotiation of or participation in any Ottoman state loan.¹³⁵

The main supporters of the PDA were two major foreign banks. The Imperial Ottoman Bank was the oldest one and it is not definitely true to categorize it as a completely "foreign" bank because of its ambiguous position in the Ottoman financial system. Its ambiguous character is based on its relation to monetary developments within the Empire and on economic and financial developments within the world

¹³² Frangakis-Syrett, "The Role of European Banks," p. 265

¹³³ Ibid., pp. 267-268

¹³⁴ Ibid., p. 269

¹³⁵ Ibid., p. 270

system. Basically, the Imperial Ottoman Bank had three functions, as a bank the Ottoman a state bank dealing with the state's financial operations, and as a commercial financial the financial system of the Ottoman Empire. Edhem Eldem makes a critique in any that these different functions of the bank did not create a contradiction; rather from the combined all of these functions and this distinctive characteristic of the special institution the strengthening of its power within the Ottoman system. The other basic financial agent ambiguous characteristic is surely the fact that it was simultaneously an Ottoman bank and a Franco-British private company.¹³⁶ Finally, Eldem argues that

In short, the Ottoman Bank was Ottoman enough to provide accurate information on both state finances and market conditions, while it was simultaneously foreign enough to offer a critical appraisal of the various situations it was involved in.¹³⁷ ... ed after the

Accordingly, the question that the Ottoman Bank was an actor or like other banks instrument of Ottoman economic development is a false one because it is affected between ideological distortions due to different historiographical perceptions of the position of the process and the involvement of western powers in it. Needless to say, whether this date was under the control of foreign capital and the Empire was moving under Ottoman state and domination of western imperialist expansion. In that sense, the Ottoman involved in various ways in this process of exploitation. On the other hand the Imperial was a private entity, the main concern of which was profits on a long-term as it as a gave the institution a high degree of autonomy, both with respect to the Ottoman financial government, which it was assumed to serve, and also western governmental developments the world

¹³⁶ Edhem Eldem, *A History of the Ottoman Bank* (Istanbul: Ottoman Bank History Center), 1999, pp. 5-6

¹³⁷ Ibid., p. 6

concerns about the Empire did not necessarily overlap with the interests of the Ottoman Bank.¹³⁸

Most of the time, the Ottoman Bank fluctuated between its two different roles, but the bank was willing to become an instrument of the Ottoman government, as long as it was given the rights and opportunities to be an autonomous actor. Furthermore, from its creation, the Ottoman Bank always had the aim of investing most of its resources in more productive ventures such as infrastructure investments or commercial banking, rather than ‘wasting’ them in short-term advances to the government. However, until 1875 the bank was mostly absorbed by the effort of organizing foreign loans, in other words by its role of state bank. More or less, the Bank’s policy was determined by short-term savings rather than by a long-term vision of Ottoman financial stability and economic development.¹³⁹ It was only with the normalization of the Ottoman debt, which would also bring the realization of its own activities as a commercial bank, after the creation, in 1881, of the PDA, that it started to operate in terms of investment. Nevertheless, this time the bank had to face a possibly threatening competition of financial and political power of Berlin and the Deutsche Bank, which was a new opening providing the Ottoman government enough space to maneuver.¹⁴⁰

The other bank was the Deutsche Bank and like the Imperial Ottoman Bank, its main profits came from the provisioning of short-term credit to the government and from the commissions it received for floating large public loans. Not differently from the Imperial Ottoman Bank again, the Deutsche Bank also acted powerfully in support of

¹³⁸ Eldem, “The Imperial Ottoman Bank: Actor or Instrument,” p. 52

¹³⁹ Eldem, “Ottoman Financial Integration with Europe,” p. 438

¹⁴⁰ Eldem, “The Imperial Ottoman Bank: Actor or Instrument,” pp. 52-54

the interests of a large number of German concerns, ranging from railway companies to armaments manufacturers such as Krupp, with which it was closely associated.

Keyder makes a distinction between capital which arrives in the country as merchant capital and finds it pragmatic to engage local labor in the production of commodities, and productive capital which arrives carrying the wage-labor relationship with it. In the Ottoman case, both of these capital investments were present. However, in the absence of productive capital, the economic integration of the Empire was dominated by the requirements of trade. Among these foreign capital investments, French capital had the highest share, even until 1914, when it comprised approximately 50 percent of all the foreign direct investment in the Empire, while the German share was around 25 percent. Additionally, 62 percent of total French capital in 1895 was found in railways, 16 percent in ports, and 18 percent in municipal services, if financial placements were excluded. In the case of German-owned capital, on the other hand, the concentration of direct investment in merchant capital directed risks were even more obvious: 86 percent of the investment was in railways, 5 percent in ports and 8 percent in municipal services.¹⁴¹

Roger Owen suggests that the best way to understand the role of the PDA within the Ottoman financial system is to focus on three major areas: government loans, railway promotion, and the exploitation of various concessions. As in the days before the Decree of Muharrem, there was a large-scale foreign borrowing from different European financial institutions and the fundamental reason for this borrowing was a combination of a remaining imbalance between revenue and expenditure and an easy access to European credit, in particular after the entrance of German capital into the empire.

¹⁴¹ Keyder, *State and Class in Turkey*, pp. 43-44

Differently from the former process there were two new elements: The first one was the presence of the PDA that acted both as an active participant in the arrangements made for servicing new debts and as a general guarantor of Ottoman credit. The second one was the way in which the whole process of borrowing was used directly as a means of pressuring Ottoman governments into accepting a variety of related financial projects. In the case of the Deutsche Bank, the agreement to float a loan was only given in return for the grant of a certain concession to one of its own nationals. In another case of the Deutsche Bank, the proceeds of the loan itself were used to pay for the construction of the Anatolian and Baghdad railways or for the purchase of specific foreign imports like materials necessary for the railway construction and military equipment.¹⁴²

When direct investment in production was successful, it served the needs of merchant capital. Railroads and ports were the most apparent cases, which were also the largest constituent of foreign investment. Railroads had already started to be developed in the mid-century, but investors did not show any enthusiasm to invest except when kilometric guarantees could be achieved from the bureaucracy. There was a new wave of investments, not coincidentally overlapped with the period of PDA, when imperialist rivalry intensified and more credible guarantees were forthcoming. The ‘Bagdadbahn’ project was undertaken during this period.¹⁴³

It was not a simple coincidence that the zenith of the PDA overlapped with a period of industrial, commercial, and financial expansion of Europe. The role of the PDA in this period was that of the link between European financial sources and Ottoman economic potentialities. Again not by chance, in the last decade of the nineteenth

¹⁴² Owen, *The Middle East in the World Economy*, pp. 195-196

¹⁴³ Keyder, *State and Class in Turkey*, p. 44

century, a powerful German combination, under the leadership of the Deutsche Bank envisaged and realized the construction of the Baghdad Railway, bringing in its schools and factories, hospitals and harbor works, all the recognized “paraphernalia of imperialist expansion.”¹⁴⁴

The promotion of railway concessions was a related aspect of this foreign financial activity. The further development of the railway system was regarded both by the Ottomans and foreign observers as the key to the Empire’s economic progress. Nevertheless, in only a few instances did the Ottomans possess either the financial or technical resources to undertake the work themselves. The third area of joint co-operation involved the gift of a wide variety of public works and other concessions. These public works included the tramways and telephones at Istanbul and the docks and the water, gas, and electricity supplies at both Istanbul and Izmir. Besides, by 1910 foreign companies had already obtained possession of over two-thirds of the Empire’s production of coal, chrome, copper, and a number of other minerals.¹⁴⁵

The competition between the Imperial Ottoman Bank and the Deutsche Bank cannot be taken as granted. As Edhem Eldem argues, the Hamidian regime had the tendency to apply the ‘divide and rule’ principle in every instance he thought could benefit the empire. In the particular case of the Imperial Ottoman Bank, there was a conscious use of the potential competition of other Western powers’ banks in order to gain better terms on loans and advances. The rise of German influence and the

¹⁴⁴ Blaisdell, *European Financial Control*, pp. 208-209

¹⁴⁵ Owen, *The Middle East in the World Economy*, pp. 196-198

corresponding financial power of the Deutsche Bank in the Ottoman Empire under Abdulhamid II's reign was the most concrete case representing this principle.¹⁴⁶

The great struggle between Western forces changed the geography of the Ottoman Empire from what had been regarded a profitable field for investment and speculation into a “cockpit of international rivalry”.¹⁴⁷ Actually, the process of imperial rivalry can be divided into two different processes. The foundation of the Deutsche Bank in Istanbul can be seen as the turning point in this imperial competition. Before 1888, the empire had witnessed a contest of varying degrees of intensity between European forces for the privilege of floating Ottoman Government loans, and of building the short lines of railway undertaken by the promoters of that period. However, these enterprises were individual undertakings and the favorite form of investment was in government securities. So, there had been no widespread and all-embracing idea of enriching the empire with industries of the Western model.¹⁴⁸ Industrial and railway securities were less important than government bonds.

Blaisdell describes the 1880s as the beginning of the modern imperialist era, when enthusiastic advocates of the imperialist doctrine discovered that there already existed in the Ottoman Empire certain agencies having the potential could be turned to impressive account.¹⁴⁹ The Imperial Ottoman Bank can be also treated as one such agency. On the other hand, treating the Imperial Ottoman Bank as a purely imperialist agency is a misinterpretation. Under the original terms of its organization this institution was in no way an Ottoman state bank, however in the following years after its

¹⁴⁶ Eldem, *A History of the Ottoman Bank*, p. 246

¹⁴⁷ Blaisdell, *European Financial Control*, p. 217

¹⁴⁸ Ibid.

¹⁴⁹ Ibid., p. 218

establishment, the bank had the exclusive privilege of issuing notes against gold reserve, and it became the general receiving and disbursing agent of the Porte and its suburbs.

A comparison of the scope of its activities prior and following 1890 shows that the importance of the Imperial Ottoman Bank as an economic factor in the empire greatly increased. Operations during its first thirty-five years were limited almost entirely to dealings with the Porte. It had little commercial business. The last decade of the century witnessed a remarkable enlargement and extension of the interests of the Bank, because of the rising importance of French influence in its management in conformity with the spirit of the imperialist era. Additionally, from the perspective of the Ottoman Bank, the solution of the Ottoman debt crisis and the establishment of the PDA had a positive effect on its own commercial and investment activities it had yearned for, ever since its foundation.¹⁵⁰

The collaboration and at the same time struggle between the Imperial Ottoman Bank and the Deutsche Bank also started during the 1890s when German involvement into Ottoman economy had started. In 1899 the Ottoman Bank combined with the Smyrna-Kasaba Railway to sign with the Deutsche Bank and the Anatolian Railway an agreement providing for the participation of the Ottoman Bank in the capital stock of the proposed Baghdad Railway Company. The process continued until the negotiation of the secret Franco-German agreement of February 15, 1914, where the Ottoman Bank and the Deutsche Bank played important roles. In this agreement, French and German spheres of influence for railway construction in the empire were described and the

¹⁵⁰ Eldem, "Ottoman Financial Integration with Europe," p. 443

outstanding disputes between French and German railway and financial interests were settled.¹⁵¹

The entrance of the Imperial Ottoman Bank into the public service field very nearly overlapped with the granting, in 1888, of the first German railway concession to the Deutsche Bank's representative, Dr. Alfred Kaulla. After this date, the question was that, which of these banks would eventually be able to occupy the dominant position in the extension of foreign economic influence in the Ottoman Empire. However, there is little suspicion that European investors looked forward to great profits when the Porte and the syndicate led by the Deutsche Bank signed the agreement calling for the construction of the Anatolian Railway. With the concession of 1903, and the development of the "Baghdad Policy" of Germany, the activities of the Deutsche Bank were grouped around this enterprise. In Blaisdell's words

As the important French-directed railways drew their financial strength from the nebula of banks clustered around the Ottoman Bank, so the German-conceived lines derived their energy from the Deutsche Bank. The ports and harbors developed by French initiative with the collaboration of the Ottoman Bank had their counterpart in the construction of the port at Haidar Pasha – the railhead of the Baghdad line opposite Constantinople – by the Haidar Pasha Port Company, a subsidiary of the Deutsche Bank.¹⁵²

So, it can be argued that the Deutsche Bank and the Imperial Ottoman Bank were the most important driving forces of European economic involvement in the Ottoman Empire. Either under their supervision or as a result of their policies can be specified financial operations, the energetic policy of railroad construction, the exploitation of mines, public service concessions, commercial and industrial establishments, and the construction of harbor works in the main ports of the empire.

¹⁵¹ Blaisdell, *European Financial Control*, p. 220

¹⁵² *Ibid.*, p. 221

Thus, it can be observed that the European banks did play a role in the economy of the Ottoman Empire, particularly in the closing decades of the nineteenth and in the early twentieth centuries. They became a powerful force in the development of Ottoman economy.

Besides, movement of foreign capital within the borders of the Ottoman Empire can be analyzed through various investments of European banks in different domains. There is a common understanding, which treats these financial institutions as pure imperial agents of western powers and so disregards the autonomous characteristic of them. However, it becomes more evident that it is difficult to reach clear-cut implications if different activities of European financial institutions are analyzed by maintaining a perspective, which is able to stay at equal distance to biased assumptions. Before concentrating on critical activities of the Deutsche Bank, it is necessary to present a general outlook of German involvement in the Ottoman Empire.

Contextually it is important to set the scene in which the relations between Germany and the Ottoman Empire began to develop. It was 1761 when for the first time King Frederick II of Prussia had recognized the potential advantage of forming a military alliance with the Ottoman Empire. His efforts nonetheless opened the door to further Ottoman-Prussian interaction and in 1835 Helmuth von Moltke, who is also the hero of the later wars of German unification, had organized a group aimed at sharing military advices. However the defeat in the Russian War of 1839 caused declining of the prussianized Ottoman army and Moltke's group was sent back to Prussia.¹⁵³

¹⁵³ Gregor Schöllgen, *Imperialismus und Gleichgewicht: Deutschland, England und die Orientalische Frage 1871-1914*, (München: Oldenbourg Wissenschaftsverlag, 1984), p. 31

There is a popular view among many historians in Germany, that the country's stunning industrial growth gave her an incomparably greater international weight than Prussia ever had. The origins of this popular view came from the shifts in economic power, which mean that the economic world was no longer, as it had been in the midcentury, "a solar system revolving around a single star, Great Britain."¹⁵⁴ What made this identification of economic and politico-military power so dangerous was not only national rivalry for world markets and material resources, and for the control of regions such as the Middle East, where an overlapping of economic and strategic interests was experienced. There was also "the tacit equation of unlimited economic growth and political power, which came to be unconsciously accepted."¹⁵⁵ The German economic and strategic diffusion of the Ottoman Empire already worried the British and helped to bring the Ottoman Empire into the war on the German side. At this point the inevitability of the international rivalry comes into question, generally supported with the argument that even the peaceful division of disputed areas into districts of influence could not keep international rivalry under control. But the characteristic feature of capitalist accumulation was that it had no limit. "The 'natural frontiers' of Standard Oil, the Deutsche Bank, the De Beers Diamond Corporation were at the end of the universe, or rather at the limits of their capacity to expand."¹⁵⁶ All powers without exception were in an expansionist and conquering mood.

The intense relations between Germany and the Ottoman Empire began during the era of Sultan Abdulhamid. When he became the sole arbiter of the Ottoman Empire in 1878, the Empire had two major problems and two consequent needs: first the

¹⁵⁴ Hobsbawm, *The Age of Empire*, p. 317

¹⁵⁵ Ibid., p. 318

¹⁵⁶ Ibid.

bankruptcy of the empire, and the need of a stable financial base, and secondly the irredeemable situation of the Ottoman army which necessitated reform. Simultaneously, in Germany, Kaiser Wilhelm II and his loyal government were looking for proper circumstances to apply their expansionist “World Politics” to consolidate Germany’s political and economic position in the world stage. Both sides were eager enough to develop reciprocal relations, which had started with the first friendship and trade agreement signed in 1761 and extended for 50 years in 1790.¹⁵⁷

Although the German Reich’s interests in foreign trade had already begun during Bismarck’s chancellorship more fundamental matters were at risk; namely, the initiation of the German ‘World Politics’ and a new national self-confidence that the Reich proposed to demonstrate particularly in the field of overseas economic, commercial and maritime policy.¹⁵⁸ The attempt of German banks, including the Deutsche Bank, to gain a foothold in overseas trading centers in the early 1870s was a catastrophe because of the financial crisis. However, the government of the Reich under Bismarck’s leadership was still interested in an independent method of financing Germany’s foreign trade. In 1884 the Chairman of the Reichsbank, Hermann von Dechend, brought a plan to found a national overseas bank that would operate under the supervision of the Chancellor and in close collaboration with his institution. But, Bismarck rejected any direct participation on the part of the Reichsbank, yearning to avoid a resurgence of the debate about government intervention in connection with Germany’s colonial policy. The debate continued until the Prussian Finance Minister and Undersecretary of State at the Imperial Treasury, von Scholz, firmly rejected the idea. Nevertheless, on 2 October

¹⁵⁷ Schöllgen, *Imperialismus und Gleichgewicht*, p. 32

¹⁵⁸ Gall, “The Deutsche Bank,” p. 57

1886, the Deutsche Bank founded the Deutsche Übersee-Bank, which had the aim to engage itself particularly in South America. So, the Deutsche Bank was the first institution to react against government's passive position in this issue.¹⁵⁹

Entrance of the Deutsche Bank into the Ottoman Empire did not take part in the first era of its expansion. The bank's memorandum of foundation had already described the Asiatic region of India, China and Japan as the key areas for the Germany's foreign trade.¹⁶⁰ The giant central Asian realm with its high population did indeed offer not only a huge potential labor force and natural resources, but also good opportunities for profitable capital investment.

Examining the Deutsche Bank's foreign business in the region as a whole, bearing also in mind the foreign policy interests of the German Reich under the reign of Kaiser Wilhelm II, it is necessary to analyze the activities of the Deutsche Bank both in terms of function and chronology. First of all, it should be emphasized that right from the start of Germany's colonial policy in the 1880s many people on the managing board of the bank were treated as 'colonial enthusiasts', however the German colonies in Africa and in the South Pacific played almost no part at all in the bank's business involvement and the bank kept itself away from all colonial enterprises during the first phase of German colonialism. Only after the mid-1890s did it play any role in the economic development of the colonies, but even then with petite amounts of money in comparison to the money it allocated to other business areas. It was only after 1890, when some other states or regions became prominent among Western powers –mainly

¹⁵⁹ Gall, "The Deutsche Bank," pp. 57-58

¹⁶⁰ Ibid., p. 52

the Ottoman Empire, but also China, the Balkans and also the Middle East- that a web of influences from German diplomacy, military aid and private business came into being.¹⁶¹

The unification of Germany introduced a new aspect of the combination of the circumstances during the late nineteenth century in Ottoman economic development. So, it can be argued that the bilateral trade relations were intensified only after 1880, when ‘Deutscher Handelsverein’ (German Trade Association) was founded and its area of interest was declared as Greece and the Ottoman Empire. ‘Export-Verband Deutscher Maschinen Fabriken und Hüttenwerke’ (Export Association of German Machinery Factories and Steelworks) was founded in 1890, which aimed at marketing German industrial products to Balkan and Ottoman markets. Foundation of the ‘Export-Gesellschaft Deutscher Industrieller’ (Export Company of German Industrialist) in 1898, and the ‘Deutsche-Orientalische Exportgesellschaft’ (German-Oriental Export Company) in 1899 shows that 1880s deserve to be considered at least as statistical start dates.¹⁶²

The German economic activities in the Ottoman Empire has started not surprisingly with German merchants’ enterprises, and followed by big businesses in banking, transportation, mining and industry. Again, requirements of trade continued to determine the economic integration of the Empire into the world economy. German merchants got along with their Turkish and Arab fellows and they started their activities of brokerage in Izmir, Beirut, Aleppo and Palestine. Nevertheless, German trade was also spanning to other parts of Anatolia, namely Eskisehir, Konya, Adana, Ankara, Sivas, Kayseri and Harput. In these areas German organizations were disjunctive: in

¹⁶¹ Gall, “The Deutsche Bank, p. 50

¹⁶² Önsoy, *Türk-Alman İktisadi Münasebetleri*, pp. 20-25

Izmir many viticulture production organizations and a beer factory, again in Izmir and also in Adana ‘Deutsche Levantische Baumwollgesellschaft’ (German Levantine Cotton Company) with one branch in each, and in Urfa ‘Deutsche Orient-Handels- und Industriegesellschaft’ (German Orient Commercial and Industrial Company). The Baghdad Railway project was treated in the following years as a suitable opportunity to integrate these different lands under German influence.¹⁶³

All of these projects, investments, trade relations, etc. can be seen, as gradual steps of the German involvement in the Ottoman Empire, and all of these activities also are significant branches of Ottoman modernization. The fundamental aim and the ethos of Ottoman modernization were the survival of the empire and consolidation of the new modern system. Certainly, German Reich under the leadership of Wilhelm II did encourage Sultan Abdulhamid II and his government to consolidate the remaining lands in the territory of the Ottoman Empire.

Generally, economic activities of German financial and commercial institutions within the Ottoman Empire were characterized by growing political intervention and support of the German Reich.¹⁶⁴ After Adolf Hermann Freiherr Marschall von Biberstein was appointed ambassador to Istanbul in 1897, the political support of the German state had started to be observed clearly. Biberstein followed these growing economic and political relations between two countries with a great attention and he clearly opposed the traditional Bismarckian policy of the “Eastern Question”. He has argued that the conservative policy treating the economic and political German interests in the region as completely separate matters could not be maintained anymore. Instead of this passive

¹⁶³ Mustafa Gencer, *Jöntürk Modernizmi ve “Alman Ruhu”: 1908-1918 Dönemi Türk-Alman İlişkileri ve Eğitim*, İstanbul: İletişim, 2003, p. 289

¹⁶⁴ Quataert, *Anadolu’da Osmanlı Reformu ve Tarım*, p. 73

strategy, the German Government should shoulder German capital because this would be the only way for German investors to get concessions from the Ottoman government. Furthermore, the German government could also back the Porte when it was necessary.¹⁶⁵ No other word than Bieberstein's own can describe his position:

There was plenty of scope for useful solid enterprises, employing German capital and German industry. There are –quite apart from special services for the army- railways, ports and bridges to build, electrical works to erect for lighting, tramways etc., and the really wretched condition of most of the steamers that ply regularly here offers good chances for German competition. We shall naturally not be left alone to do all this, and certain concessions will be granted to others. But one thing we must claim for ourselves, and that is the connecting up of the present sphere of interests of the Anatolian Railway with the river districts of the Tigris and Euphrates, and so on to the Persian Gulf.¹⁶⁶

After the Ottoman-Greek War in 1897, both sides signed an armistice, and accordingly, Greece had to pay 4.1 million Ltq. Until the finalization of procedures, Sultan Abdulhamid had requested an advance from the Ottoman Bank over this war reparation. However, the payment had delayed because of disagreements among western powers.¹⁶⁷ On December 31, 1897, Marschall von Biberstein was admitted to the presence of Sultan Abdulhamid. In this meeting, Sultan asked for the payment of the advanced credit of 1.2 million Ltq that the Ottoman Bank did not succeed to pay and additionally, called to end the difficulties raised by the Deutsche Bank to the execution of payment. The same day, the Deutsche Bank was ready to renounce its opposition and Zander, in the name of the Anatolian Railway Company, wanted to provide 400,000 Ltq

¹⁶⁵ Wolfgang Justin Mommsen, *Großmachtstellung und Weltpolitik 1870-1914. Die Außenpolitik des Deutschen Reiches*, (Frankfurt a.M./Berlin 1993), pp. 191-193

¹⁶⁶ Marschall to von Hohenlohe, 5 March 1898, in E. T. S. Dugdale, *German Diplomatic Documents, 1871-1914* (New York: Barnes & Noble), 1969, pp. 467-468

¹⁶⁷ André Autheman, *Bank-ı Osmani-i Şahane: Tanzimattan Cumhuriyete Osmanlı Bankası*, çev. Ali Berktaş (İstanbul: Osmanlı Bankası Arşiv ve Araştırma Merkezi), 2002, p. 152

with conditions of receiving concessions of railway line between Eskisehir-Konya and Haydarpaşa port. Additionally, the Deutsche Bank should provide 800,000 Ltq.¹⁶⁸

This is an obvious example of the collaboration between the Deutsche Bank and the German state. However, it is highly difficult to generalize it to other issues, in which the Deutsche Bank had played the main role. It should be always considered that the Deutsche Bank was not a government institution; rather it was an autonomous private financial institution having the aim of offering German merchants the whole range of banking services required to transact foreign trade payments, from advancing money on export articles to providing importers with documentary credit and establishing the German currency as an internationally recognized medium of exchange. It is true that the bank had undertaken the construction of the Baghdad Railway, which had become a symbol of economic and political involvement of Wilhelm's Germany in the Ottoman Empire. However, it is quite complicated to decide that the Deutsche Bank was an actor or instrument of the German Reich.

¹⁶⁸ Jacques Thobie, *Intérêts et Impérialisme Français dans L'empire Ottoman (1895-1914)* (Paris: Publications de la Sorbonne Imprimerie Nationale), 1977, pp. 226-227

CHAPTER IV

MOVEMENT OF GERMAN CAPITAL IN THE OTTOMAN EMPIRE

In the preceding two chapters, a background to the nineteenth century development of Ottoman economy is provided. In Chapter I, unification of Germany and relations between industrialization and emergence of finance capital are considered to set the context for the expansion of German capital into the Ottoman Empire. In Chapter II, it is argued that German involvement in the Ottoman Empire is part of Ottoman peripheralization. After 1888, when the Deutsche Bank gained its first concession, an intensive German involvement had started to grow in Ottoman economic development. Moreover, the interactive relation between the Imperial Ottoman Bank and the Deutsche Bank was a manifestation of imperial rivalry. On the other hand, there is also the fact that these financial institutions were autonomous agents, which means they were not pure instruments of France and Germany. The collaboration between the banks on financing the Baghdad Railway in spite of resistance by French and German governments was an obvious measure of their autonomous character.

The primary concern of this chapter is to analyze different foreign direct investments by articulating German economic activities in different domains. As mentioned in the second chapter, scholars have argued that infrastructural construction projects were critically important in the analysis of expansion of western capital in the Ottoman Empire. In the first part of Chapter III, I will concentrate on railway construction projects, treating them as preliminary activities financed by western capital and aimed to open Ottoman Anatolia for further involvement. Railway constructions were particularly important in the case of German capital movement in the Anatolian peninsula. Improvement in and articulation of transportation lines have accelerated the

growth of trade between the Ottoman Empire and Germany, and this afforded the foundation of new branches of German banks. Accordingly, in the second part German activities in agriculture, which are regarded as succeeding German capital investments, will be examined. In the German case, railway companies did not only take charge of railway constructions, but also of important agricultural projects. Specifically in this part, irrigation projects in Konya and Çukurova plains will be debated in terms of the activities of the Anatolian Railway Company as a subsidiary institution of the Deutsche Bank. In the last part of the chapter, the establishment process of the Match Monopoly (Kibrit Monopolü) is analyzed. Although there is no information about a successful completion of this venture, it is still possible to analyze the position and attitudes of German capital through the correspondences among different institutions gathered under the patronage of the Deutsche Bank.

IV.1. Railways: Creation of an Economic Sphere of Influence

One aspect of German economic involvement in the Ottoman Empire proved in the long run to be the most important of all railways. This facet was decisive because it was through railways that Germany succeeded in realizing an economic sphere of involvement in Anatolia. Before the German involvement, there were other railway lines developed by Britain and France; but any one of these lines could not equal in potential influence the concession the Deutsche Bank achieved to build the Anatolian Railway, with future extensions to Baghdad. Moreover, the Anatolian Railway Company, controlled by the Deutsche Bank and founded to execute preliminary railway constructions, had undertaken critical projects, which were critical for further German involvement in the Empire. Therefore, it can be assumed that railway construction had a strategic importance for the movement of German capital in Anatolia.

Railways were a part of the process of the intrusion of European finance capital within the Ottoman Empire. Railway construction, which was started in the second half of the nineteenth century, took place on the basis of 'state-to-state contracts'. Railways and other similar infrastructural investments served to further commercial relations with Europe as well as constituting the first direct investment of foreign capital in the Empire.¹⁶⁹

Railways played a variety of roles in the economic development of geographies. In the Ottoman case, railroads were symbolizing the involvement of western capital in the Empire. Nevertheless, it can be also argued that construction projects of railroads in different regions of Anatolia were only initial steps for the Western involvement. The Ottoman Empire's experience with railroads shows that the state's less improved but nevertheless politically independent status placed it somewhere between industrial West and exploited European imperial possessions. Different from the economic aims of Western forces, the Ottoman government saw the railway construction as an instrument of overcoming politico-military obstacles, not economic backwardness.¹⁷⁰ This situation shows that in the Ottoman Empire political power remained in the hands of a relatively strong central bureaucracy whose interests did not necessarily overlap with rapid integration of the economy with the world markets.

Additionally, railways are the most significant and characteristic artifacts of the nineteenth century. Issawi argues that it is a measure of the low degree of development of the Ottoman Empire that, in 1914, its 1,900,000 square kilometers had only 5,991

¹⁶⁹ Wallerstein, Decdeli and Kasaba, "The Incorporation of the Ottoman Empire into the World-Economy," p. 94

¹⁷⁰ Donald Quataert, "Limited Revolution: The Impact of the Anatolian Railway on Turkish Transportation and the Provisioning of Istanbul, 1890-1908," *Business History Review* 51, no. 2, (Summer 1977), p. 142

kilometers of railways, and that the 740,000 square kilometers of Anatolia had only 2,918 –most of the latter having been built in the previous two decades. But this lack of railways also indicates something else: the Ottoman Empire was much less subject to imperialist influences than most other parts of the world, partly due to the resistance put up by its governments and neutralization of the imperialist rivalry between Great Powers.¹⁷¹

From the perspective of European capital, construction and as well operation of railways were one of the profitable forms of investment, especially, in the Ottoman case, as a result of the kilometric guarantee payments made by the Ottoman state. In addition, railway constructions played a major role in providing inexpensive raw materials, foodstuffs and markets for manufacturers to the country whose capital built and operated the railroad. Typically, there was a shared method that western powers had followed to construct and operate railway. In many occasions, the only banks in the region were owned by the capital of the same country. Capital from the same European state began to invest in further business enterprises in the same region. During the nineteenth century, these investments were concentrated in basic utilities, such as water, gas, electricity, in the construction of ports in cities that linked the railroads to the European country, in industry and in mining. It is not difficult to observe this general model in the involvement of British capital in Western Anatolia after the construction of Izmir-Aydın Railway in the early 1860s, of French capital in Syria starting in the early 1890s, and finally in German capital in Central and Southeastern Anatolia in the 1890s with the construction of the Anatolian and later of the Baghdad railways.¹⁷²

¹⁷¹ Issawi, *The Economic History of Turkey*, p. 147

¹⁷² Şevket Pamuk, *The Ottoman Empire*, pp. 68-69

In Anatolia, the two first lines were built by British capital and planned to utilize the hinterland of Izmir: the Izmir-Aydın line and the Izmir-Kasaba line, both completed in 1866. The Izmir-Kasaba Railway was wisely managed and in 1885 the arrangements between the government and the British company were modified. In 1887, the company was authorized to build a ninety-two-kilometer extension from Manisa through Akhisar to Soma, at a cost of £ 5,000 per kilometer. This raised the total length of the line and branches to 264 kilometers.¹⁷³ Nevertheless, in 1890, the company experienced bad conditions and the Ottoman Bank, whose London branch had already taken up most of the shares of the company, helped the Ottoman government to repurchase the line. In the end of this process, in 1894, a new company, namely ‘Société Anonyme Ottomane du chemine de fer Smyrne-Cassaba et Prolongements’ (Ottoman Joint Stock Company of Izmir-Kasaba Railway and Extensions) was founded.¹⁷⁴ In the background of these developments, the Ottoman government was playing the main role. Since the construction of the line, the British influence over the region grew gradually and the government was anxious not to have both Izmir lines in British hands.¹⁷⁵ This was one of the typical maneuvers of the Hamidian state apparatus. However, during the construction of Anatolian and Baghdad railways it is not possible to observe such a government intervention. One reason is that, the Baghdad Railway was a much larger project and it was far from financing by only one institution. Moreover, Sultan Abdulhamid attached great importance to the Baghdad Railway project because of its

¹⁷³ Issawi, *The Economic History of Turkey 1800-1914*, p. 148

¹⁷⁴ Autheman, *Bank-ı Osmani-i Şahane*, pp. 133-134

¹⁷⁵ Issawi, *The Economic History of Turkey 1800-1914*, p. 186; Autheman, *Bank-ı Osmani-i Şahane*, p. 133

strategic importance for the Empire; so the government was quite reluctant to any action frustrated the project.

Nevertheless, after important developments in railway construction in Western Anatolia, in 1871 the Ottoman government charged a French company with building a railway from Haydarpaşa to Izmit and the line was opened in 1873. After managing the railways for seven years, the government, in 1880, transferred the right of operation, for twelve years, to a British syndicate, reserving to itself the right of repurchase.¹⁷⁶ This line was only an introduction of a major railway project. The master plan of this project was drawn up by a German engineer, Wilhelm von Pressel, after the government wanted a line linking Istanbul with the provincial capitals and decreed the construction of an Anatolian railway in 1871. According to Pressel's master plan, the length of the line was 2,700 kilometers and it was from the east coast of the Bosphorus passing through Izmit, Eskişehir, Ankara, Sivas, Harput, Diyarbakir, Mosul, and Baghdad and reaching the Persian Gulf downstream of Basra.¹⁷⁷ (see Map 1 and Map 2) Negotiations were started with the British syndicate for extending Haydarpaşa-Izmit line to Aleppo and Baghdad, with kilometric guarantees. However, this attempt failed just at the beginning because of reluctance of the British side.¹⁷⁸ Germans had to wait until 1903 when the Deutsche Bank took the concession of Baghdad Railway project.

After the elimination of the British syndicate, on October 4, 1888, the Ottoman government granted to a consortium headed by the Deutsche Bank the concession to build and also to operate a railway from Haydarpaşa to Ankara. On behalf of the Deutsche Bank, Alfred von Kaulla received the right to build and operate, for ninety-

¹⁷⁶ Issawi, *The Economic History of Turkey 1800-1914*, p. 188

¹⁷⁷ Ibid., pp. 148-149

¹⁷⁸ Ibid., p. 188

nine years, a 486-kilometer line from Izmit to Ankara, with a kilometric guarantee of 15,000 francs. The tithes of the sancaks of Izmit, Ertuğrul, Kütahya, and Ankara were set for the guarantee and the government reserved the right of repurchasing the line after thirty years. The German side was also granted mineral rights in a zone of twenty kilometers on either side of the railway.¹⁷⁹

German financial groups, and particularly the Deutsche Bank had showed considerable hesitation in taking part in this great and obviously risky project. Actually, the initiative did not come from Georg Siemens, the general director of the Deutsche Bank; instead it was Alfred von Kaulla, a member of the managing board of the Württembergische Vereinsbank, who was in Constantinople at the beginning of 1888, handling negotiations about arm sales for Mauser. During these negotiations, he became acquainted with the representatives of the Ottoman government, who offered him the prospect of awarding the concession for the construction of the Anatolian Railway. However, the project was too big for the Württembergische Vereinsbank; and so the provincial institution offered it to the Deutsche Bank. The excellent relations between the Deutsche Bank and Württembergische Vereinsbank had great impact on the agreement of the railway project. On the other hand, it does not mean that the Deutsche Bank accepted the concession without difficulty. It was only when the Ottoman government agreed that the project was prepared to guarantee payment of interest on the capital by mortgaging part of its tax revenues that the Deutsche Bank showed a greater readiness to agree to the undertaking.¹⁸⁰

¹⁷⁹ Issawi, *The Economic History of Turkey 1800-1914*, p. 188

¹⁸⁰ Gall, "The Deutsche Bank," p. 68

It was not only the Ottoman government that the representatives of the Deutsche Bank had suspicions about; they also wanted to be sure what attitude the German government would take. For that reason, on August 15, 1888 the Deutsche Bank directed a formal request to the Foreign Office. The answer came quickly and personally from Bismarck: the Reich had no political objections and would even provide diplomatic support.¹⁸¹

The Anatolian Railway was built and operated by the Anatolian Railway Company, a company under Ottoman law, which was formed by the Deutsche Bank, the Württembergische Vereinsbank and the Deutsche Vereinsbank, in 1889.¹⁸² All the materials required for building and operating the railway were imported from Germany, while most of the work was done by German companies. It was a clear sign that the construction of the railway in the Ottoman Empire has also created a new market for the German industries. In his speech in the Reichstag Siemens confirmed this argument:

The result of the new constructions that have fallen to the modus operandi of German capital in recent years has led in the present to a very high or relatively high level of activity in our industries.¹⁸³

The Haydarpaşa-Ankara line of the railway was only an introductory step for further constructions. After its construction, Siemens attempted to make The Anatolian Railway more profitable by linking it up with the rail network in the European part of the empire. However, Sultan Abdulhamid II had only a secondary interest in the railway's being profitable. His real aim was to extend the railway line to Baghdad. Meanwhile came the suggestion to build a link running towards south from Eskisehir to Konia. This promised to be more lucrative economically. In 1893 the Anatolian Railway

¹⁸¹ Gall, "The Deutsche Bank," pp. 68-69

¹⁸² Jonathan S. McMurray, *Distant Ties: Germany, the Ottoman Empire, and the Construction of the Baghdad Railway* (Westport, Conn.: Praeger), 2001, p. 22

¹⁸³ Gall, "The Deutsche Bank," p. 70

Company received the concession for this stretch, and three years later it was completed. The new direction of the railway construction would also determine Germany's primary attempts to use the railway line as an instrument to diffuse in Anatolia. So, it can be argued that German interests in Anatolia followed the railway line. The project of irrigation of Konia-plain came into question only after the construction of the Eskisehir-Konia line of the railway.

After the Deutsche Bank handled the Anatolian Railway concession, the Bank for Oriental Railways was founded at Zurich in 1890. The initiator was the Deutsche Bank, and the Wiener Bankverein and the Swiss Credit Bank were the other institutions in the project. The reason of the foundation of a new bank was to minimize possible risks and this risk-minimizing policy was in line with Georg von Siemens' strategy of preferring international cooperation. At the beginning the concession covered to join the existing short line from Haydarpaşa to Izmit and then to connect to Ankara. However, the Deutsche Bank's project had grown surprisingly. After various unsuccessful negotiations with the Diskonto-Gesellschaft as well as other institutions, the Wiener Bankverein had in 1899 finally launched out in a new direction, and had encouraged the Deutsche Bank to join the acquiring of the Operating Company for Oriental Railways. Furthermore, another smaller project had been added in the same year. The Deutsche Bank had obtained the concession for building and operating a railway from Salonika to Monastir. These three projects led the Deutsche Bank, as Karl Helfferich once said, "to arrange for future procurements of money".¹⁸⁴

¹⁸⁴ Fritz Seidenzahl, "The Bank for Oriental Railways (A Financial Holding Company and its Holdings)," in *Studies on Economics and Monetary Problems and on Banking History No. 1-No. 22*, ed. Deutsche Bank AG. (Mainz: Hase & Koehler Verlag, 1988), p. 12

The object of the Operating Company for Oriental Railways is to undertake and carry out all kinds of financial transactions connected with the building and operation of railways or other institutions permanently serving the promotion of transport in Eastern Europe and Ottoman Anatolia. Additionally, the company in particular was authorized to take part in already existing or newly originating companies for the building and operation of railways or other transport facilities in the Orient, either by acquiring their shares or by lending them money.¹⁸⁵

Therefore, the main aim of the foundation of the Bank for Oriental Railways was to find a possible compromise among Western investors, without paying attention to their nationalities, that constructing railways in this region would be an attractive investment. In this connection, the British investor deliberately contributed toward rounding off the system of the Anatolian and Baghdad Railways. Regardless of all rivalries there was in fact a common European interest in continued development of the railway system. The Bank for Oriental Railways, for its part, was representing a meeting point of different interests.¹⁸⁶

The Deutsche Bank also wanted to attract British capital, but these efforts achieved only modest success. Two years after the Anatolian Railway Concession was obtained, the Baring crisis used up the whole of London's financial strength and the British group disposed of their shareholding in the Anatolian Railway. That was also the year in which the Bank for Oriental Railways was founded as a new bridge for bringing international capital in. Like the British partner, Italian financial circles had also hesitated. According to what Helfferich wrote, they feared retaliations by the French

¹⁸⁵ Seidenzahl, "The Bank for Oriental Railways," p. 13

¹⁸⁶ Ibid., p. 17

capital market; only after which the Imperial Ottoman Bank approached the Deutsche Bank.¹⁸⁷

All of the railways constructed by German capital until the beginning of the Baghdad Railway project can be considered as introductory steps of this project. Since 1871, the Ottoman government was interested in construction of a railway connecting the capital and distant provinces. This interest continued also during Sultan Abdulhamid's reign, such that Sultan approved Pressel's plan after he was pleased with Pressel's explanation that such a railway would strengthen his authority over the Empire.¹⁸⁸ During the 1880s, Pressel tried numerous times to attract the interest of German, French, English and even Italian financial institutions. His endeavor continued until he met Alfred Kaulla who presented 'Pressel Project' to Georg von Siemens, the director of the Deutsche Bank. However, Siemens was aware of the 'anti-colonial' mood present in Germany in 1888. Although Siemens started to show growing interest in financing the Baghdad Railway project with Kaiser Wilhelm's accession to the throne, he felt he could not commit the bank to a long-term venture unless its profitability was assured. Shortly thereafter, Kaulla and Siemens appealed directly to the German Foreign Office to support the Anatolian Railway concession. Within a period of weeks, Pressel's project had progressed from its abstract stage to pending reality. However, Pressel, the father of the railway, was absent from the rash negotiations of the concession, taking place in late 1888.¹⁸⁹

A new phase of German Middle Eastern policy began in the late 1890s with the appointment of Baron Adolf Marschall von Bieberstein as the Reich's ambassador to

¹⁸⁷ Seidenzahl, "The Bank for Oriental Railways," p. 18

¹⁸⁸ McMurray, *Distant Ties*, p. 18

¹⁸⁹ Ibid., pp. 21-23

Constantinople in 1897, and furthermore with the Kaiser Wilhelm II's second Middle Eastern trip in the following year. Wilhelm II had become keen on the idea of the Baghdad Railway, hoping that it would lead to a big increase in German influence, both economic and political. When Abdulhamid II proposed to Kaiser Wilhelm II granting a German company the concession of building the railway to Baghdad, the Kaiser agreed with pleasure. Because of the Kaiser's encouraging position, Siemens could no longer refuse to finance the grandiose project and he said:

Thus was the Deutsche Bank pushed into its most spectacular foreign venture, a venture in which it had not actually wished to be involved.¹⁹⁰

It was the practice of the Anatolian Railway Company during the construction of railways in Anatolia, which brought Siemens to this position. After the experience he got from prior railway constructions he became skeptical of the railway's viability. He pointed to the recent crop failures in Anatolia that had taken their charge on the Anatolian Railways Company's annual profits. Moreover, he also speculated that the German economy currently lacked the strength to serve as the project's sole support.¹⁹¹

As mentioned in the previous chapter, it was clear that the objectives that the actors were pursuing in the construction of the Baghdad Railway were not identical. Siemens and later Gwinner had in mind fundamentally the profitability of the railway line; on the other hand, German diplomacy was concerned above all to exploit the construction of the Baghdad Railway in order to broaden German influence in the Ottoman Empire. For these reasons, the German Foreign Office and Ambassador Marschall von Biberstein in Constantinople were in favor of the project being financed

¹⁹⁰ Gall, "The Deutsche Bank," p. 71

¹⁹¹ McMurray, *Distant Ties*, p. 31

largely through the German capital market; foreign holdings were to be kept as small as possible, serving merely as diplomatic safeguards.¹⁹²

In the last days of the nineteenth century, the director of the Deutsche Bank, Georg von Siemens and the Ottoman Minister of Public Works, Zihni Pasha, signed the preliminary Baghdad Railway Concession, which has opened a new era in Ottoman-German partnership. The Deutsche Bank deposited 200,000 Ltq in the Ottoman treasury and the preliminary railway concession was granted to the Anatolian Railway Company, which agreed to build a railway from Konya to Baghdad within an eight-year period. The convention encouraged both sides, remembering the Ottoman Empire its old victorious days while offering the German Reich its just share in the developing Ottoman markets.¹⁹³

Like at the beginning of the construction of the Anatolian Railway, Siemens tried to postpone the construction for a while, and to keep the financial risks to a minimum by means of substantial participation of English, French and Russian companies as well. Nonetheless, the London banks continued to stay apathetic to Ottoman railway construction, and even the New York bank of J.P. Morgan & Co., with which the Deutsche Bank had collaborated in restructuring Northern Pacific, this time, refused the invitation. The Imperial Ottoman Bank agreed to participate. In May 1899, the Deutsche Bank signed an agreement with the Imperial Ottoman bank to fund the Baghdad Railway.¹⁹⁴

The official Baghdad Railway Concession was signed on March 5, 1903. Afterwards, the Baghdad Railway Company, a subsidiary of the Anatolian

¹⁹² Gall, "The Deutsche Bank," p. 76

¹⁹³ McMurray, *Distant Ties*, p. 39

¹⁹⁴ Gall, "The Deutsche Bank," p. 72



Map of the Baghdad Railway

Source: Th. Leisten, Excavation of Samarra I: Architecture. Final Report of the First Campaign 1910-1912

Railway Company, was founded to finance the railway construction. The Ottoman government promised the company annual guarantees worth 11,000 francs per kilometer of operative railway 4,500 francs for each kilometer under construction.¹⁹⁵ Although the Baghdad Railway project was characterized as the symbol of German imperialism, a closer look at the Baghdad Railway Company's structure shows that this was not the case. The company was founded on the initial capital base of fifteen million francs, divided into 30,000 shares at five hundred francs apiece. Ottoman government and the Anatolian Railway Company each obtained 10 percent of the shares. According to the financial agreement made in Brussels, German, French, Austrian, Swiss, Italian, and Ottoman banks bought the remaining 80 percent. The Deutsche Bank had a share of 40 percent while it was 30 percent for the Ottoman Bank.¹⁹⁶

Before this financial agreement, in 1903, Arthur von Gwinner, the successor of Georg von Siemens on the Managing Board of the Deutsche Bank, had negotiated in London and found some of the leading City houses prepared to take part in the Baghdad Railway project when the Deutsche Bank received the concession. However, no agreement was reached with British financial groups. In 1909, as Gwinner significantly pointed out, the Baghdad Railway Company's Board of Directors comprised eight Frenchmen, four Turks, two Swiss, one Austrian, one Italian and eleven Germans. In his own words;

If our British friends had been able to give effect to what we had agreed with them, eight British members would now belong to the Board of Directors."¹⁹⁷

¹⁹⁵ McMurray, *Distant Ties*, p. 50

¹⁹⁶ Autheman, *Bank-ı Osmani-i Şahane*, p. 189; McMurray, *Distant Ties*, pp. 50-52

¹⁹⁷ Seidenzahl, "The Bank for Oriental Railways," p. 19

Without a question, the Deutsche Bank was primarily interested in securing the capital sums invested in the Baghdad Railway Company. Additionally, the Deutsche Bank was also struggling for supremacy of German exports in the Middle East. Nevertheless, when, in 1906, Karl Helfferich moved from the colonial department of the Foreign Office to the management of the Anatolian Railway Company, a general expectation of a further increase in political influence on the undertaking appeared in Germany. There were also different arguments among newspapers; some of them assumed that the Deutsche Bank wished to take advantage of Helfferich's contacts; others, including the London Times, interpreted it as a sign of increasing political influence on economic affairs. Helfferich did not frustrate the hopes and in a short time, he proved himself as a link between the Ottoman government and the local representatives of German diplomacy on the one hand, and the parent company and the Foreign Office in Berlin on the other. Because of his successful brokering role in Constantinople, he was appointed to the managing board of the Deutsche Bank in 1908.¹⁹⁸

When the economic benefits of the Baghdad Railway are taken into consideration, Manfred Pohl argues that its impact was not as great as the Ottoman government expected. Commerce and tax-payments did not increase like it was the case in Europe where their magnitude had caused a rapid boost in industrialization.¹⁹⁹ However, notwithstanding the significant discussion about the so-called 'rapid boost in industrialization' in Europe, the Baghdad Railway had important local effects, which can

¹⁹⁸ Gall, "The Deutsche Bank," p. 77

¹⁹⁹ Manfred Pohl, *Von Stambul nach Bagdad: Die Geschichte einer berühmten Eisenbahn* (München; Zürich: Piper Verlag), 1999, p. 123

Table 6. Proceeds of Railway Companies in Several Years (in million kuruş)

	Km		Proceed					Passanger Million
	1913	1911	1913	1911	1907	1897	1911	
Anatolian Railway								
Haydarpasa-Ankara	588	589	61.7	41.4	28.6	34.3	2.80	
Eskişehir-Konya	445	445	20.3	21.1	13.7	12.8	.19	
Baghdad Railway	465	239	9.5	3.0	1.6		.10	
Mersin-Adana	67	67	10.6	7.7	3.4	2.1	.34	
Mudanya-Bursa	41	41	3.1	2.1	1.7	1.1	.10	
Izmir Railways								
Izmir-Aydın	610	514	68.0	41.2	35.5	25.3	1.91	
Izmir-Kasaba	701	517	37.7	29.9	23.2	19.7	2.36	

Source: Vedat Eldem, *Osmanlı İmparatorluğu*, İstanbul: Türkiye İş Bankası Yayınları, 1970, p. 163

be analyzed in their own right, rather than sticking in numbers and growth rates of overall Ottoman economy.

This would not mean that the big picture couldn't help us to understand how the Baghdad Railway paved the way of the involvement of the German Reich in the Ottoman Empire. Without doubt, after the realization of the grandiose railway project, new fields of business activity came into the picture and the people of Anatolia experienced a partial and relative amelioration. It is, however, explicitly clear that the empire gained guarantee funding up to a considerable sum of 107 Million francs from 1889 to 1917. The reports of the Ottoman Public Debt Administration also showed that the tax revenue from the areas near to the Anatolian Railway increased, since the opening of single lines, as much as two to three times. Thus, the increase in tax revenue from the tenth in the period from 1889 to 1911 quantified as 153 Million francs.²⁰⁰

The foundation of the 'Deutsche Levantinische Baumwolle Gesellschaft' (German-Levantine Cotton Company) under the Baghdad Railway Agreement in 1903 was a definite signal for the new role of the German Reich, which was the growth of cotton production in Anatolia. The company started to operate in 1904, when the construction of the railway was in its first steps. It was also obvious that the German Reich has already planned to foster its national market and to expand its involvement in Anatolia.²⁰¹

In a more general point of view, the construction of the Baghdad Railway has consolidated Germany's gainful position in the Ottoman Empire. During and after the construction of the Baghdad Railway, German private entrepreneurs and German

²⁰⁰ Pohl, *Von Stambul nach Bagdad*, p. 124

²⁰¹ Quataert, *Anadolu'da Osmanlı Reformu ve Tarım*, p. 233

organizations brought up many other new moderate projects in agriculture, transportation, mining, telecommunication, etc. Among these potential projects there were also some eccentric ones. The only way to reach the Anatolian side of Constantinople was steam vessels; so there was not any connection by railways between two sides of the city. To this end, a railway bridge was planned, around 1900, so that the “Orient-Express”, so to speak, could continue to Baghdad. Sultan Abdulhamid II put forward to bridge the strait, in order to connect Europe and Asia with a rail line. The projected huge “Abdulhamid Bridge” was planned to be constructed at the narrowest point of the Bosphorus, between Rumeli Hissar and Anatolia Hissar, where the strait was only six hundred meters wide. However, the splendid Abdulhamid-bridge was never built.²⁰²

From the perspective of the Ottoman side, the great Baghdad Railway project would facilitate the economic development of thinly populated Anatolia. Generally speaking, railways laid the foundations for an efficient system of agriculture and often provided the initial impulse for industrialization. Additionally, what Sultan Abdulhamid had in mind was that the railway would make it easier to move troops in the Anatolian peninsula, which was also meant to improve the Constantinople government’s control over the more distant regions of the empire.

Apart from the Deutsche Bank’s activities in Asia and South America, probably the most spectacular risky foreign business enterprise undertaken by the Deutsche Bank was its crucial involvement in the construction of the Baghdad Railway. As a result of this project, from the turn of the century onwards it found itself in the middle of diplomatic interests in the Balkans and became a factor in Germany’s attempt to become

²⁰² Pohl, *Von Stambul nach Bagdad*, pp. 132-133

a world power.²⁰³ The peculiarity of the project lies in the fact that it was to be financed only by German banks and this attitude drew international attention. The reason for this was that the European great powers – France, Britain and Russia – were already pursuing significant interests of financial, economic and political nature in the Ottoman Empire.

IV.II. Agriculture: Irrigation Projects in Konya and Adana

In the post-1890 era, the railroads, penetrated deep into the grain-growing regions of central Anatolia, connecting these areas with the world economy. The Hamidian regime has believed that the improvement of agriculture, the most important economic sector in the empire, would enrich the agrarian classes, raise agriculturally derived revenues, and produce a more powerful Ottoman state. In this sense, the agricultural reforms implemented by the government were efforts to create a more productive and profitable agriculture directed toward the export markets. At the hearth of these reforms lay the Agricultural Bank, established by the Ottoman government in 1888.²⁰⁴

In establishing the Agricultural Bank, the government had the twin aim in mind, of serving both as credit institution to the rural sector as well as the financier of the agricultural reform. Additionally, the bank was also periodically called upon to service fiscal needs of the state, however contrary to this naive expectation the bank was unable to eliminate the particularly usurious lending rates.²⁰⁵ In this process credit was an important factor in commercial exchange. As the competition among European forces to export to the Ottoman market deepened, extension of credit to the Ottoman client

²⁰³ Gall, "The Deutsche Bank," p. 67

²⁰⁴ Quataert, "Agricultural Reform in Ottoman Turkey," p. 211

²⁰⁵ Frangakis-Syrett, "The Role of European Banks," p. 264

Table 6. Proceeds of Railway Companies in Several Years (in million kuruş)

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Izmir Railways								
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Source: Vedat Eldem, *Osmanlı İmparatorluğu*, İstanbul: Türkiye İş Bankası Yayınları, 1970, p. 163

Table 8. Sectoral distribution of the foreign capital stock in the Ottoman Empire at the end of 1913 (Figures indicate sum of paid-in capital and debentures in thousands of pounds)

	French		British		German		Other		Total		Share of sectors in the total%
		%		%		%		%		%	
Railroads	23,247	49.6	4,588	9.6	17,248	36.8	1,785	3.8	46,868	100.0	63.1
Ports	2,206	69.1	409	12.8	576	18.1			3,191	100.0	4.3
Utilities	1,701	44.6	363	9.5	304	8.0	1,449	38.0	3,817	100.0	5.1
Banking	4,400	38.2	2,950	33.1	1,750	19.7	800	9.0	8,900	100.0	12.0
Insurance	450	81.8	100	18.2					550	100.0	0.7
Commerce	3,031	70.7	757	17.6	300	7.0	200	4.7	4,288	100.0	5.8
Industry	1,220	30.8	1,665	42.1	300	7.6	774	19.6	3,959	100.0	5.3
Mining	2,007	73.5	450	16.5	175	6.4	100	3.7	2,732	100.0	3.7
Total direct investment	37,262	50.4	11,282	15.3	20,653	27.5	5,108	6.8	74,305	100.0	100.0
Outstanding state debt in 1890 (nominal value)	75,300	53.0	19,900	14.0	29,900	21.0	17,100	12.0	142,200	100.0	
Total	112,562	52.0	31,182	14.9	50,553	23.2	22,208	10.2	216,505	100.0	

Pamuk, *The Ottoman Empire*, p. 66

became a strategy to get entrance into a competitive market. In the same period, especially after 1888 German banks offered overtly advantageous credit terms.

The highest average loan amounts were registered in the agriculturally advanced provinces of Aydın and Adana. The agriculture of Konya province developed most rapidly after the opening of the railroad in 1896, but its share of total loans remained stable at about 7 percent both before and after the line was constructed. Although agriculture in Anatolia was developing more rapidly than elsewhere in the empire, the expansion of agricultural credit facilities in this region remained more or less in proportion to the overall increase in bank operations.²⁰⁶

The 1880s was also the period when the Ottoman state adopted the second program for public works. Generally, the state adopted three programs of public works and the main target of them was the development of transportation. Although the railways took priority over other transportation works, the draining of swamps, irrigation, construction of bridges and ports were also important activities.²⁰⁷

From the German point of view, it is vital to deal with the Anatolian Railway and the Baghdad Railway collaterally, rather than separately. When the Orient Railway is taken into consideration, the whole railroad route gave the German Reich the ability to involve in the Ottoman Empire both politically and economically. However, eight years after the Deutsche Bank had received the Anatolian Railway concession, the Baghdad Railway stood less than 10 percent complete; its construction was interrupted because of the lack of finances, common vision, and the means to overcome problems on the

²⁰⁶ Quataert, "Agricultural Reform in Ottoman Turkey," pp. 219-220

²⁰⁷ İlhan Tekeli – Selim İlkin, *Cumhuriyetin Harcı: Modernitenin Altyapısı Oluşurken* (İstanbul: İstanbul Bilgi Üniversitesi Yayınları), 2004, pp. 154-155

construction areas.²⁰⁸ Nevertheless, the Deutsche Bank did not stay during and after these wasted years and produced some new projects. Independently from the German government, the administrator rank and financiers of the bank continued to work to fulfill their main aim, which was to reach Ottoman Empire's unusually rich agricultural and mineral resources, providing fuel for German industry and food for its growing population.

Nonetheless, at the turn of the twentieth century, German and Ottoman officials knew surprisingly little about the lands in the proposed railway's path or the people living there. The very speculative initial estimates of the railway's profitability were only based on travelers' observations or a handful of unofficial regional surveys. Besides, these reports were even not coherent and reliable; some described the geography as a piece of land in paradise, while others claimed it as nothing more than a desert.²⁰⁹

The most feasible contradiction between the officers of the German Reich and Georg von Siemens appeared in the possible risks of the construction of the Baghdad Railway. Although Siemens signed the preliminary concession, he was suspicious of finalizing the Deutsche Bank's commitment to the railway until its risks were identified. On the other hand, Marschall believed that the Baghdad Railway Concession was a golden opportunity in the Ottoman Empire would soon fly out of window.

To minimize the possible risks and before making a more formal commitment to build the railway, the Anatolian Railway Company demanded a meticulous survey of the route to access the railway's overall construction and operations costs. Surprisingly,

²⁰⁸ McMurray, *Distant Ties*, p. 40

²⁰⁹ Ibid., p. 42

Sultan Abdulhamid allowed an immediate detailed scrutiny of the route. Formed in the summer of 1899, the Stemrich expedition – named for its leader, German Consul General Stemrich – had two bodies: one technical and one commercial. Each group was comprised of several German architects, financial advisors, engineers, soldiers, bureaucrats, and government officials. The members were in agreement to travel along the proposed railway route from its western station Konya to Baghdad, and Basra in an effort to determine the viability of the proposed Baghdad Railway project. During their scientific journey, members of the committee would estimate the railway's construction and operation costs, its security risks, and the population density in the regions nearby the route.²¹⁰ Not surprisingly, the fact-finding mission was continually hindered by the lack of reliable data. Accurate statistics on interregional relations and trade were not available. Also, Ottoman officials were unable to provide them with any useful information. As a final stage, the commission referred to available German, English, and French consular reports for import and export figures for the Mediterranean port cities. For other regions of Anatolia, they had to rely on their own estimated and useful information gathered from local populations.²¹¹

In the province of Konya, the station of the Anatolian Railway placed in the hearth of Anatolia, the Stemrich expedition toured the urban landscape that would soon become the gateway of the Baghdad Railway. With more than one million population, Konya served as a flourishing commercial center, integrated with an active bazaar stuck between its standing Selçuk structures. Stemrich was surprised by the city's cleanliness,

²¹⁰ McMurray, *Distant Ties*, p. 43

²¹¹ *Ibid.*, p. 44

especially the stone houses in the city's large Christian quarter that reportedly bore an almost urban appearance.²¹²

The landscape between Konya and the Taurus Mountains presented minimal difficulties for construction crews. Nevertheless, there were lots of man-made obstacles to transcend. Although the Ottoman state was responsible for land acquisition, as it was clearly put into concession terms, local officials sought baksheesh from railway officers before completing their assigned tasks.²¹³

On October 25, 1904, Sultan Abdulhamid's birthday, the first 200-kilometer section of the Baghdad Railway opened with great fanfare in Eregli. Keiser Wilhelm II welcomed the news of the section's opening. In many ways, the Konya-Bulgurlu section of the railway was an overnight success. Having easily beaten the deadline imposed by the concession, the Baghdad Railway Company eagerly expected the promised reward of annual guarantees, which would also be the necessary capital for the extension of the rails to the more fertile Cilician and Mesopotamian plains. As a sign of this appreciation, Sultan Abdulhamid II awarded Kurt Zander, director of the Anatolian Railway Company, with the rare jeweled star of the Mecidiye Order for his years of outstanding service in the Ottoman Empire.²¹⁴

However, contrary to this celebration of the realization of Konya-Bulgurlu section, a deep disappointment was the only thing the preliminary trade figures resulted in. The reason for this deep dissatisfaction was that regional traders had no immediate preference for the railway over the caravan. The German deputy vice consul in Konya wrote that the recently opened section "had brought no noticeable change in the trade

²¹² McMurray, *Distant Ties*, p. 44

²¹³ Ibid., p.53

²¹⁴ Ibid., pp. 56-57

traffic, because the hinterland of the Baghdad Railway lay too distant from the north and too close to the southern ports.”²¹⁵ In the following two years, the income earned per kilometer dropped gradually. The yields of this section of the Bagdad Railway continued to disappoint the Baghdad Railway Company because the Konya extension of the Anatolian Railway did little to regenerate the agriculture of the fertile plains surrounding Konya. Before the construction of the Baghdad Railway, a shortage of labor emerged as the major obstacle in the way of expansion of cereal production in the region when the Anatolian Railway provided the transportation link.²¹⁶ So, in 1904, it has been already apparent to the German side that both manpower and resources were in short supply in Anatolia.²¹⁷

Throughout the nineteenth century, the Ottoman bureaucracy was very much aware of these problems. The expansion of agricultural production, constituted the primary source of fiscal revenue, depended essentially upon reducing the labor shortage and providing inexpensive means of transportation. The population of Anatolia began to grow during the whole century because there were large numbers of Muslim immigrants from the Caucasus and the European provinces as these areas seceded from the empire. Not surprisingly, immigrants were settled along the Anatolian Railway in Eskişehir, Ankara and Konya. Additionally, there were also attempts made to settle the nomadic tribes in regions where labor shortage was particularly critical such as the Çukurova plain.²¹⁸ The distribution of state lands to immigrant families strengthened the existing

²¹⁵ McMurray, *Distant Ties*, p. 57

²¹⁶ Pamuk, “The Ottoman Empire,” p. 105

²¹⁷ McMurray, *Distant Ties*, p. 57

²¹⁸ Pamuk, “The Ottoman Empire,” p. 87

small-middle ownership pattern.²¹⁹ Another important outcome of the establishment of commodity-producing households in large numbers and the availability of large amounts of land was that the separation of direct producers from land accelerated and accordingly the extreme difficulty of the emergence of wage labor was experienced.²²⁰

Furthermore, Pamuk refers to two developments of the 1880s: wheat prices continued to decline rapidly, and the long-standing historical position of Germany as a net exporter changed to a one of a net importer of wheat because of the remaining industrial trend. Not coincidentally, the construction of the Anatolian Railway by German capital started towards the end of the same process. On the other hand, because of the technological backwardness of agricultural techniques and the permanent indebtedness of small farmers, Germany has not been able to gain the expected increase in the volume of rail shipments. Therefore, the Anatolian Railway Company, differently from its basis of existence, was enthusiastically involved in the agriculture of the region in the manner of extending credit to middle farmers for seeds, providing land improvement schemes and presenting irrigation projects.²²¹

The most stimulating German endeavors in agriculture were the projects of irrigation of Konya and Adana flatlands. Indeed, these noteworthy projects were thought in parallel with German benefits. By irrigating the Konya plain, rapid growth in agricultural production was aimed. Hence, in 1907, an agreement, in this manner, was signed between the Ottoman Government and the Anatolian Railway Company, on behalf of the Deutsche Bank. Water derived from the Beyşehir Lake would be transformed through irrigation channels, which would be built by the Anatolian Railway

²¹⁹ Issawi, *The Economic History of Turkey 1800-1914*, pp. 230-231

²²⁰ Pamuk, "The Ottoman Empire," p. 105

²²¹ Ibid.

Company, and so, there would be the opportunity to irrigate 46,000 hectares of the Konya plain. Additionally, below the Beyşehir Lake, the Karaviran Lake was planned to drain and thus gained fertile land area (about 7,500 hectares) would be irrigated. The Anatolian Railway Company delivered all of construction work to the “Company for the Irrigation of Konya-Plain” (Gesellschaft für die Bewaesserung der Konia-Ebene), which was recently founded in Frankfurt. Again, construction affairs were given to the Company of Philipp Holzmann cooperating with the Anatolian Railway Company under the new society. The construction time for the irrigation project was six years. Work on this project could be completed in 1912. The railway construction in Ottoman Anatolia also created a number of certain working places. Many residents achieved for the first time in their lives payment of money for work they have done.²²²

It is essential to focus on the details of the irrigation project in Konya Plain by paying attention to the Act of the Company for the Irrigation of Konya-Plain (Gesellschaft für die Bewaesserung der Konia-Ebene.) The society was named in “Society for the Irrigation of Konia-Flat” and had its center in Frankfurt. It was entitled, upon decision of the Supervisory Board, to set up branches in other places.

The second and third articles of the act shows how the new company, responsible with the irrigation of the Konya Plain, acquired an autonomous status. Namely, “The Company is subject to the execution of some irrigation districts in Asia Minor, which were overlapping with the Anatolian Railway route, on the basis of contracts obtained

²²² Pohl, *Von Stambul nach Bagdad*, pp. 109-110

by the Anatolian Railway Company.” (Article 2) “The duration of the company is not for a specific period.” (Article 3)²²³

The Company for the Irrigation of Konya-Plain had a registered capital of 500.000 Goldmarks, which was shared between the companies Philipp Holzmann. & Cie. Ltd. With 300.000 Goldmarks and Anatolian Railway with 200.000 Goldmarks as regular deposits to apply, according to the Article 5 of the act. The Board of Directors would decide additional payments as well as it would determine the dates and the amount of deposits. In the case of delayed payment, may be connected to the defaulting shareholders, a renewed call for payment should be determined and adopted within a grace period, under the threat of exclusion with the part on which payment is required. The call made by means of registered letter. The grace period would be at least one month, according to the Article 8.²²⁴

In the first meeting of the shareholders of the company, held in January 30, 1908 in Frankfurt am Mein, A. Gwinner, director of the Deutsche Bank, K. Schrader, director of the Anatolian Railway Company, Ms. Neeff, H. Ritter, and W. Holzmann, representative of the company Philipp Holzmann & Cie. Ltd. had been elected as members of the Supervisory Board, who had the right to vote. According to the 19th Article of the Act of the company, Dr. K. Helfferich and Ed. Huguenin, who were directors of the Baghdad Railway Company, and also the construction counselor Otto

²²³ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7709, Act of Company for the Irrigation of Konya-Plain, p. 28

²²⁴ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7709, Act of Company for the Irrigation of Konya-Plain, pp. 29-30

Riese, representing the Company Philipp Holzmann & Cie. Ltd., were appointed as executive directors of the Company for the Irrigation of Konya-Plain.²²⁵

The Company had three offices, two of them in the Ottoman Empire and the main office in the German Reich. The central office in Frankfurt, where Mr. Riese was assigned as the executive director responsible for the general direction of the bargain. The branch office in Constantinople, where Huguenin and Helfferich were assigned as executive directors, had the tasks of representing the interests of the company in Constantinople, conducting the negotiations with the Ottoman government, keeping the connection with the Anatolian Railway Company, exercising the direct supervision of the management of the construction. The other branch was in Konya and it was only responsible for all construction activities.²²⁶

In accordance with the agreement about the irrigation of the Konya-Plain on October 23, 1907, the Ottoman government had transferred its right of construction to the Anatolian Railway Company, which executed the operation of construction according to its own system and technique. The Ottoman government would secure the funding of the irrigation project.²²⁷

The agreement did not cover only construction operations under the conditions as per contract, but rather it embraced all of the complementary construction operations required for the realization of the irrigation project. The railway company had the right to assign the director of the enterprise, who was the only responsible for all of the

²²⁵ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7709, Protocol of Company for the Irrigation of Konya-Plain, p. 43

²²⁶ Ibid., pp. 44-45

²²⁷ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7709, Convention and Ledger Book of the Company for the Irrigation of Konya-Plain, p. 68

decisions concerning the project. Nevertheless, the Ottoman government preserved the right to prohibit any employer to work if it had significant and legally binding rationale. In every six months, the Anatolian Railway Company was obliged to prepare a report about the management of construction operations, the remediation of water quality, etc.²²⁸

The commissaire, who was appointed by the Ottoman government, was responsible for solving the possible problems between the Company for the Irrigation of Konya-Plain and third parties. Additionally, the Ottoman government had the obligation to provide the general safety of the district, where the construction of the irrigation operation was remaining.²²⁹

The Company for the Irrigation of Konya-Plain had to submit a detailed representation of the expenditures spent for the construction operation within every ten days of every month until the expiration of the agreement to the Ministry of Public Affairs. For a further supervision, the Ottoman Government assigned three of its representatives. According to the agreement between the Anatolian Railway Company and the Ottoman Government, the irrigation company would start to function until August 28, 1913 when the Ottoman Government would start to pay in return. Every year, the government should pay 150,000 francs for general expenditures, which were controlled by the Ministry of Public Affairs. The Ottoman Government was not dependent to the Anatolian Railway Company by giving concessions to the third parties about fishing or other interests in the channels of the irrigation area.²³⁰

²²⁸ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7709, Convention and Ledger Book of the Company for the Irrigation of Konya-Plain, p. 69

²²⁹ Ibid.

²³⁰ Ibid., p. 70

The Ottoman Empire also owned cotton, as one of the basic crops of the empire, in the hinterland of Smyrna as well as in Adana. The growing conditions in the well-known plain of Adana region, Çukurova, were positive. Despite severe labor shortages, the Adana region rose to occupy the second rank among mechanized Ottoman yarn producers. By World War I, the region possessed a remarkable industrial complex, with over 40,000 active spindles, located in the hearth of the greatest cotton-producing district in the Middle East after Egypt.²³¹

Cotton textile production in the Adana district expanded substantially in the years immediately prior to World War I. Two of the spinning mills integrated vertically, acquiring important weaving capabilities, while expanding their spinning capacities as well. Adana yarns were sold in Anatolia, a commercial network covering coastal and interior regions as Silifke, Anamur and Antalya as well as Konya, Karaman and Maraş.²³²

The construction of the strategically important railways had caused the recognition of two important statements that can be made about Anatolian agriculture during the period 1881 to 1913: the first one is that there was a significant increase in agricultural production; and secondly, this was accompanied by a noticeable extension of the area subject to a commercial agriculture based largely on the cultivation and export of a variety of cash crops.²³³

The links between most export crops, particularly cotton in this case, and the international market, came more and more to be mediated by a variety of official, semi-

²³¹ Donald Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, Cambridge, UK; New York: Cambridge University Press, 1993, p. 43

²³² Ibid., p. 44

²³³ Owen, *The Middle East in the World Economy*, p. 200

official or commercial organizations specifically created to organize and control the production of the empire, production for processing and foreign sale. In the case of cotton production in the well-known Mersin-Adana complex, foreign companies taking a direct role in providing credit and in controlling labor shortages, the finished product.²³⁴ The complex produced a high quality man yarn.

When the Mersin-Adana line became an important adjunct of the Mersin-Adana complex, with the Mersin-Adana Railway in 1906, Çukurova was connected to the capital and also to other cities. Producing in the 1910s. The Anatolian and Baghdad railways, including their proper infrastructure, were appropriate to build the infrastructural framework for the establishment of a daily in the import and export companies, according to the Deutsche Bank. The complex stood vertically, Adana-Mersin rail line made commercial exchange with the international market, capacities as possible. The worth of railways in general is a highly uncertain topic but, coastal and inland argues that the ultimate impact of the railroad on the Çukurova is incalculable and that the railroad promoted agricultural growth in the region and facilitated change in the land tenure system so as to produce more cotton for export. Rise in agricultural production was achievable only because transport costs fell and the gain of cultivation in agriculture

While the cotton production in Çukurova was rising, the region but increase in the field of imperialist rivalry among western powers. In the 1870s, the region was under the supremacy of the British and French involvement in the trade of the Ottoman Empire. In the 1890s, there was an obvious increase in imperial competition as Germany entered the scene. In a short period of time, Germans extended credit under favorable terms, and the Ottoman Empire. Afterwards, they established direct shipping lines, such as the Deutsche Dampfschiffahrt official, semi-official, between Hamburg and Mersin. However, in the beginning of the twentieth century

lution, Cambridge,

²³⁴ Owen, *The Middle East in the World Economy*, pp. 204-205

²³⁵ Thobie, *Intérêts et Impérialisme Français*, pp. 172-173

Germans began to “change the nature of imperialist rivalry.” When Germans realized that it was difficult to compete with the Americans in the sale of agricultural machinery, they began to invest directly in railways and in agricultural production.²³⁶

At the end of the nineteenth century, Konya obtained most of its imports from Mersin and periodically sent export goods to Izmir, Istanbul via Mersin. When the Anatolian Railway reached Konya over Eskişehir, the commercial traffic of hinterland moved to Konya and from there, to Mersin, the nearest port.²³⁷ Moreover, for small towns such as Niğde and Ereğli, the cheapest route to Mersin still passed through the caravan routes. Therefore, the line between Haydarpaşa-Konya, Izmir-Dinar, and the Niğde-Mersin caravan route constituted the main routes of the hinterland.²³⁸

Not surprisingly, cotton was the principle export item to Germany. In the growth of cotton production in the Çukurova plain, the “German-Levantine Cotton Company”, with its headquarters in Dresden, had a large share. The company, founded in 1905, whose registered capital was mostly in the hands of the Deutsche Bank and one of its Turkish subsidiaries, the “Port Company of Haydarpaşa”, was established in Adana and Izmir with two branches. Experimental gardens and the factory of the firm were in Adana on the Baghdad Railway. They were initially concerned with the acquisition of cotton, but also operated built model farms and agricultural schools. In addition, the company also encouraged the sale of cotton to Germans. It bought the cotton directly and transported it to Hamburg. The organizations ran in order, and so, the cotton company achieved from the beginning high profits and considerable reserves. In

²³⁶ Meltem Toksöz, “The Çukurova: From Nomadic Life to Commercial Agriculture, 1800-1908” (Ph.D. diss., Binghamton University SUNY, 2000), p. 175

²³⁷ Quataert, “Limited Revolution,” p. 51

²³⁸ BAA, PA, Eisenbahnen No.94 (15071), Konya, 16 June 1907, p. 52 in Toksöz, “The Çukurova,” p. 185

addition to its own activities, the German-Levantine Cotton Company founded in 1907 the “Anatolian Industrial and Commercial Company”, which built a stamping plant in Adana while previously only hand-pressed cotton-balls came into commerce circulation. The cotton was mostly exported to Germany in return for agricultural tools and machines were imported.²³⁹ Following the German commercial activities, a branch of the Deutsche Orient-Bank was opened in Mersin in August 1909. Tarsus and Adana branches were opened consecutively. After the Ottoman Bank, this new bank was quite active and bought almost half of the cotton produce and provided further mercantile credit. More critically, the bank became the most important investment venue for both governmental and private enterprise.²⁴⁰ Meltem Toksöz brings a very important implication that “from the banks to factories, from the industrialists and merchants to the companies of both rail and naval transport, the Germans worked together in close association.”²⁴¹ Actually, this was definitely a method of economic involvement and in a short period of time, German commercial activity exceeded all other activities of western powers in Çukurova.²⁴²

In general, the activities of German organizations funded primarily by the Deutsche Bank helped to increase the cotton production in the Ottoman Anatolia from 60,000 bales in 1904 to 92,000 bales in 1908.²⁴³ However, problems started to be frequent because of flood of Seyhan River. Therefore, the Anatolian Railway Company was charged with plans for the construction of an extensive irrigation plant, similar as in Konya, by the Ottoman government in 1909. There was no longer a tender for the work,

²³⁹ Pohl, *Von Stambul nach Bagdad*, pp. 110-111

²⁴⁰ Toksöz, “The Çukurova,” p. 191

²⁴¹ *Ibid.*, p. 193

²⁴² *Ibid.*, p. 194

²⁴³ Henderson, “German Economic Penetration,” p. 62

as the financial situation of the empire, caused by the war events in the Balkans, annihilated all the preparations made.²⁴⁴

However, Germans' attempt to irrigate the Çukurova was not the first effort. Baron de Vendeuvre, the financial director of the French-British company, which handled the concession of Mersin-Adana line, considered any French involvement in the irrigation of the plain.²⁴⁵

Irrigation projects, in general, were treated as a notable method to improve agriculture. Although many of irrigation projects were not completed successfully, it can be argued that western powers aimed to transform traditional methods of agriculture, which were treated as the main cause of low agricultural production. In 1905, the Deutsche Bank directed and controlled only the irrigation project of the Konya plain in the first part of the Baghdad Railway. The Ottoman government demanded that the Deutsche Bank make surveys for a similar activity on a larger scale in Çukurova. As mentioned before, in Konya, only 50,000 hectares were waiting to be irrigated. The cost of this irrigation project was four million dollars. In the Çukurova, 500,000 hectares awaited German irrigation. The Deutsche Bank respected its task to be "making the Çukurova another Egypt" as it was ready for further cotton production.²⁴⁶ However, the Deutsche Bank was not able to complete the project successfully.

There was another option to increase production of cotton: establishing an estate through the German-Levantine Cotton Company.²⁴⁷ As mentioned before, the company established mechanized farms, provided low-interest credit to cotton farmers, conducting

²⁴⁴ Pohl, *Von Stambul nach Bagdad*, p. 110

²⁴⁵ Toksöz, "The Çukurova," pp. 142-143

²⁴⁶ Ibid., pp. 244-245

²⁴⁷ BAA, PA, *Einfuhr landwirtschaftlicher Maschinen in die Türkei*, (6725), 13 July 1909, pp. 70-71 in Toksöz, "The Çukurova," p. 262

training courses on cotton for the farmers, and sought to increase the quality of cotton. To succeed all of these undertakings, the company leased a farm of thousand hectares near Osmaniye.²⁴⁸

Konya and Çukurova were among important regions of major agricultural production in the Ottoman Empire. Great improvements in agricultural production were recorded during the integration of the Empire into the world economy. In the following years after the German involvement generally in the Anatolian peninsula, the agricultural improvement reached its zenith until the beginning years of the World War I. As it is observed in these two cases, Germans had taken the organization of the capital very seriously. Like in various projects of construction of railways, the Deutsche Bank was the main actor in different undertakings, which aimed primarily agricultural improvement and growth in export of agricultural goods.

IV.III. Establishment of the Match Monopoly ('Kibrit Monopolü')

The establishment of a match monopoly is one of the cases, which shows relations between German institutions and other European institutions on the one hand, and German institutions and the Ottoman government on the other.

It was the year 1900 when the plan for the establishment of a match monopoly came into question for the Deutsche Bank. Because the Deutsche Bank did not have any branch in Constantinople, instead the Anatolian Railway Company was functioning like an office of the bank. So, correspondences between the Anatolian Railway Company and the central office of the Deutsche Bank in Berlin are crucial to reach the facts about the activities of foreign investors and representatives of the German Reich. From these

²⁴⁸ BAA, PA, Einfuhr landwirtschaftlicher Maschinen in die Türkei, (6725), Special Report on the Anatolische Baumwoll-Dampfpresse-Gesellschaft, 1 July 1909-1930, June 1910, 26 September 1910, p. 81 in Toksöz, "The Çukurova," p. 262

correspondences it is not possible to study the complete implementation of the match monopoly as a project; but rather they constitute a good example of imperial struggles between Britain, France and Germany.

Once the establishment of the match monopoly was brought as a case into the consideration of the Deutsche Bank through the Constantinople office of the Anatolian Railway Company, it was a man, namely S. de Goldberger, who asked for the financial support of the Deutsche Bank for the construction of the monopoly and establishment of a bank, having both German and English capital behind.²⁴⁹ The director and delegate of the Anatolian Railway Company, Dr. Kurt Zander, in his report wrote that he is under the authority of the administrative board of the Deutsche Bank, whose head is Siemens, while he is also the director of the Deutsche Bank. So, he kindly explained that the decision of giving financial support to the establishment of a match monopoly could be only made by the administrative board of the Deutsche Bank.

Nine months later, Schlesischer Bankverein tried to get information about the establishment of the match monopoly from the Deutsche Bank. The bank asked for available contacts to get involved in the business.²⁵⁰ The Deutsche Bank immediately answered Schlesischer Bankverein's inquiry that the Deutsche Bank had no information about financing of the Turkish match-monopoly.²⁵¹

Following these correspondences, the Deutsche Bank and the Foreign Office channeled their interest in this issue. In a private visit by Mr. von Huhn to the Anatolian

²⁴⁹ Bundesarchiv Berlin-Lichterfelde (hereafter BArch), Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Dr. K. Zander, Finanzierung des Türkischen Zündholz Monopols, 20 November 1900, p. 6

²⁵⁰ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Schlesischer Bankverein, 23 August 1901, p. 9

²⁵¹ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Die Deutsche Bank, 24 August 1901, p. 10

Railway Company in Constantinople, Dr. Kurt Zander, director of the company, took the issue of match-monopoly into consideration, and the focus point of the interview was the growing attention of Austrian investors. The Foreign Office was also aware of the Austrian threat and the forces of these investors within the empire were interpreted very unpleasantly by the Foreign Office under three headings: first of all, the interest of Austria in the question of match monopoly; second, the total hopelessness of the whole plan and finally, there was a wide concern that Germany would be discredited because of these private investors and also there would be a possible blockage of the Reich's beneficial plans because of high risk about the issue.²⁵²

Three days before Mr. von Huhn's visit, Dr. Kurt Zander wrote to Siemens about a German group of entrepreneurs who pursued the establishment of the match monopoly in the Ottoman Empire. Furthermore, the leader of the German financial group, Mr. Grossholz, had an intimate relationship with the general director of the Deutsche Bank and he already had a negotiation with Siemens about financing of the match monopoly. However, the Foreign Office in Berlin had some suspicions about financing this project, because the Ottoman government was not aware of it. The Foreign Office was also afraid of possible objections, which could be raised by other powers when they were informed about the project; and more importantly these objections could be a factor to decrease the chances for the construction of the Baghdad Railway.²⁵³

In the beginning of the next month, Zander gave more detailed information about the match monopoly. The German group was ready to pay the annual rent requested by the Ottoman side. There is also a calculation: If each of ten million inhabitants needed

²⁵² BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Dr. Kurt Zander, *Besuchung des Herrn von Huhn*, 23 September, p. 11

²⁵³ Ibid.

daily ten matches, and hundred matches cost twenty Paras, so a daily gross revenue of 5.00 Ltqs (5 £ = 125 Francs = 5.50 Ltq in 8.5.1912) would appear, therefore 1,800,000 Ltqs per year, or after deduction of fifty per cent expenses 900,000 Ltqs would be the net profit. More importantly, Zander wrote about possible objection from English, Austrian and Italian sides; so there should be negotiations to compromise with the manufacturers of these lands.²⁵⁴

The Deutsche Bank and its intermediary institution, the Anatolian Railway Company in Berlin, had come to a mutual understanding that the pursuers of the project, leaders of the German financial group, were not supported and favored by the Foreign Office, at least by the Oriental Department although they were high-ranking personalities. The request for the financial support of the project was not accepted with the motivation that the implementation of the project would be a hopeless adventure.²⁵⁵ Therefore, the Deutsche Bank did not change its temporary position in terms of financing the construction of the match monopoly.

It can be argued that the Deutsche Bank had a general policy of isolation from alternative and risky projects during the negotiations on the concession of the construction of the Bagdad Railway. Correspondences between the Deutsche Bank and the Anatolian Railway prove that there was a consistent endeavor to assess the ongoing phenomena. The representatives of these institutions were also waiting for contribution of the Foreign Office, especially in the sense of collecting necessary information about private investors or financial institutions of other Western powers.

²⁵⁴ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Dr. Kurt Zander, Finanzierung des Türkischen Zündholz Monopols, 07 October 1901, pp. 15-16

²⁵⁵ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Die Deutsche Bank, about the negation of financing the construction of the match-monopoly by the Deutsche Bank, 10 October 1901, pp. 17-18

Until the end of the year 1904, correspondences about the establishment of the match monopoly discontinued. However, circa three years after the last message about the issue, the director of the Anatolian Railway Company, Kurt Zander, sent an important note to the director of the Deutsche Bank, A. Gwinner. He wrote that there was an article published in the Newspaper of New Hamburg Hall of Stock Exchanges regarding the alleged efforts of Austrian cartel wanted to obtain the match monopoly in the Ottoman Empire. He continued that the Anglo-Austrian Goldberger de Buda, representing the Austrian cartel, lingered in Constantinople and was active in the same matter.²⁵⁶ There is again a rupture until September 1908 when Zander wrote another important message about British efforts to obtain the match monopoly. Lord Denbigh, a member of the Board of Directors of the London Joint Stock Bank, and Mr. Springer, son of a supposedly rich and famous Baron in Vienna, were showing great endeavor to obtain the match monopoly; and additionally, they had multiple meetings with the Ottoman Minister of Finance in this matter. This time, an investor, namely Goldberger, had a chance to find a connection with a group of financiers in England and Austria. Although representatives of the Anatolian Railway Company could not learn nothing so far, with what kind of propositions these people came, they affirmed that there was a notable capital behind these investors and their steps would be bolstered both by English and Austrian ambassadors. At the end of the note, Zander also made a significant

²⁵⁶ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Dr. Kurt Zander, about the Austrian cartel's activities to obtain the match-monopoly, 22 October 1904, p. 20

contribution that the Deutsche Bank should follow these efforts in London and Vienne if it was still interested in this business.²⁵⁷

Five days later, the Deutsche Bank in Berlin asked the London office of the Deutsche Bank for a general information about Lord Denbigh and his meeting with Mr. Springer in Constantinople in order to gain the match monopoly.²⁵⁸ The London office of the Deutsche Bank answered immediately. According to this answer, Lord Denbigh came from an ancient aristocratic family, having no considerable wealth and he was about fifty years old. He played a certain role in Catholic circles –might not be important for business, but rather he might be rated well among those aristocrats, who could increase their income by their titles through supervisory board bodies. There was also a list of companies of which Lord Denbigh was a supervisory board member. The London office also made a commitment that they will continue to investigate these British investors who were cooperating with their Austrian fellows to get an advantageous position to obtain the match monopoly.²⁵⁹

According to these last correspondences about the establishment of the match monopoly, the Deutsche Bank and its subsidiary institution the Anatolian Railway Company were still interested in match monopoly although the Deutsche Bank had not accepted to finance the project. The role that the Anatolian Railway Company had played was also very critical because the company worked like a communication agency of the Deutsche Bank. Any information, which would be interesting for the Deutsche

²⁵⁷ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Dr. Kurt Zander, general information about English and Austrian efforts about the match-monopoly, 25 September 1908, pp. 30-31

²⁵⁸ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, Die Deutsche Bank in Berlin, about the demand of general information on Lord Denbigh, 30 September 1908, p. 32

²⁵⁹ BArch, Die Abteilung Deutsches Reich (R), Die Deutsche Bank, R, 8119 F / 7625, the London Office of the Deutsche Bank, information about Lord Denbigh, 6 October 1908, pp. 38-39

Bank, was delivered to Berlin. In this case, the information looked like critical because of the interest of other 'rival' western finance groups.

CHAPTER V

CONCLUSION

The unification of Germany effectively altered the wider structural conditions to which the economic development of the late Ottoman Empire was exposed. In analyzing the developments in the economic relations between the Ottoman Empire and Germany between the years of 1888 and 1914, I argue that railway and other infrastructural transportation constructions, financed and operated by the Deutsche Bank and companies under its patronage, opened the way for further German involvement.

This thesis attempts to set the historical context, in which Germany became a capitalist European power and attempted to expand its area of economic influence into the Ottoman Empire for almost three decades. Before discussing the growth of finance capital in relation with German industrial development, the chapter deals with different historiographical approaches on German unification and the meaning of Germany's peculiar position in the world history. German economy had been increasingly integrated in the world economy. Accordingly, emerging nation-states in relation with different segments of national capital had crucial roles to play in geopolitical and geoeconomic conflicts.

Throughout the nineteenth century, modern state formation in Germany went hand in hand with the growth of industrial production and realization of finance capital. The German state had played a crucial role in the process of accumulation of industrial capital through the institutions of finance capital. So, the state was a critical actor during the formation of the Second German Reich.

Moreover, different perspectives on the inevitability of capital expansion, especially in terms of foreign investment are discussed. During the late nineteenth century Germany like other European countries had a growing rate of foreign investment and foreign trade. Therefore, the emergence of finance capital in Germany cannot be treated separately from European economic history. Yet, German experience, likewise banking played a crucial role in the economic development of England and North America, differed from that of the rest of the continental Europe. In Germany, financial activities of major German capital groups had started to play a key role in global financial system. Increasingly internationalized activities of these groups led to the emergence of the Deutsche Bank as a universal financial institution, which aimed to combine the functions of commercial and investment banking, and they additionally served as investment trusts. After the consolidation of its position in Germany, the Deutsche Bank tended to function as universal bank in proper. The Deutsche Bank assisted German investors by taking great risks and by supplying necessary information, which firms were in need to realize new opportunities of investment.

Accordingly, Deutsche Bank's aim from the start was to get on the same level in world trade compared with the favored position occupied by the British banks. As a component of growing finance capital in Germany, the Deutsche Bank was founded with a fundamental aim of offering German merchants the whole range of banking services required to transact foreign trade payments. Additionally, great enthusiasm of the decision makers of the bank to expand growing banking capital to other 'underdeveloped' regions of the world indicates that the entrance of the Deutsche Bank into the Ottoman market, by taking the concession of Anatolian Railway in 1888, should be considered within the context of German involvement in Ottoman economic development. Certainly,

this can also be considered in terms of German Reich's motivations to expand the area of political influence.

With these considerations in mind, it had been discussed in the first chapter that an appropriate answer to the question whether the Deutsche Bank was an actor or instrument of the German Reich should be dealt with its different dimensions. On the one hand, concerning the construction of the Baghdad Railway, the Deutsche Bank to a certain extent fulfilled its instrumental role for the wishes of Kaiser Wilhelm II, on the other hand economic collaboration of the Deutsche Bank and other German financial and industrial institutions had intensified in volume during the construction and after the realization of the Baghdad Railway project. This meant that the Deutsche Bank depended on the German Reich for expanding its financial activities and the German Reich's immeasurable desire to increase its political influence towards the Ottoman Empire could be only realized by expanding activities of German capital groups through other regions of the world; in this case, the Ottoman Empire. This situation indicates that those motives and activities should be considered within the terms of state-capital relation.

Within the context of the late nineteenth century the relation between German capital and state could be understood in the sense of economic transformation of the Ottoman Empire in this period, which is discussed in the second chapter. This transformation process also points to the increasing involvement of European capital and peripheralization process. Among activities of European capital in the Ottoman Empire, Germany had a peculiar position in terms of long term industrial, commercial and financial interests.

In the 1880s, the Ottoman Empire had been subject to intense inter-imperial rivalry. With the foundation of the Public Debt Administration in 1881, which prepared

an orderly and timely process of debt repayment upon the maintenance of monetary and financial stability, a convenient environment for the flourishing activities of foreign capital was secured. As a result, by the end of the decade, foreign capital flows were restored and competition among foreign capital groups accelerated.

The Ottoman state supported foreign capital groups especially with regard to investment projects, which were crucial for economic transformation. The most attractive candidate was the Deutsche Bank since its motives to expand different regions of the world economy to realize higher level of profits and transactions. Moreover, a strong will for political and economic cooperation had already existed between German Reich and Sultan Abdulhamid. From railway construction and irrigation projects to match monopoly and other investments, the Deutsche Bank had been the central figure for this collaboration and Ottoman economic transformation after 1888.

For the German Reich and capital groups, railway construction would mean economic involvement and activities for further realization of capital and profits in the Ottoman Anatolia. Furthermore, the Baghdad Railway project would be a symbol for Germany's imperial power. Before German involvement, there were other railways constructed by Britain and France, however none one of these could outweigh the concession the Deutsche Bank achieved to build the Anatolian Railway, with future extensions to Baghdad. This would also mean that Germany had taken advantage in the intense competition among European states. For the Ottoman state, railway construction would be decisive for Ottoman economic transformation and centralized control over these regions. Railways and other similar infrastructural investments facilitated commercial relations with Europe as well as constituting the first direct investment of foreign capital in the Empire.

The second case analyzed in the last chapter is extensive irrigation projects in the Anatolian region, specifically in Konya and Çukurova plains. In the post-1890 era, the railroads, penetrated deep into the grain-growing regions of central Anatolia, connecting these areas with the world economy. Thanks to the construction of railways in the Ottoman Anatolia, the Hamidian regime projected that the improvement of agriculture, the most important economic sector in the empire, would enrich the agrarian classes, raise agriculturally derived revenues and finally create a more productive and profitable agriculture directed toward the export markets. Whole combination would bring a more powerful Ottoman economic formation into fruition. For German side, considering in connection with railway construction and administration, infrastructural formation of expanded agricultural system would provide huge benefits because of supply of cotton and wheat towards Germany. It should be also noted that Çukurova region was peculiar in terms of projected concentration and scale of foreign investment (thus, a foreseen greater transformation) due to earlier ventures conducted by other European states, namely France and Britain. Therefore, the region had a particular importance for inter-imperial competition. However, projected plans and dynamic economic environment in Çukurova region had stopped due to inter-imperial competition led to the World War I.

The last and most interesting case is the Match Monopoly ('Kibrit Monopolü'). It is interesting because of the fact that it is a good example signifying the level of competition between European capital groups. Although projecting a match monopoly is a risky venture due to scale of economics, it should be understood in terms of German capitalist interests coming late into the Ottoman Empire when compared to earlier extensive undertakings by French and British capital groups.

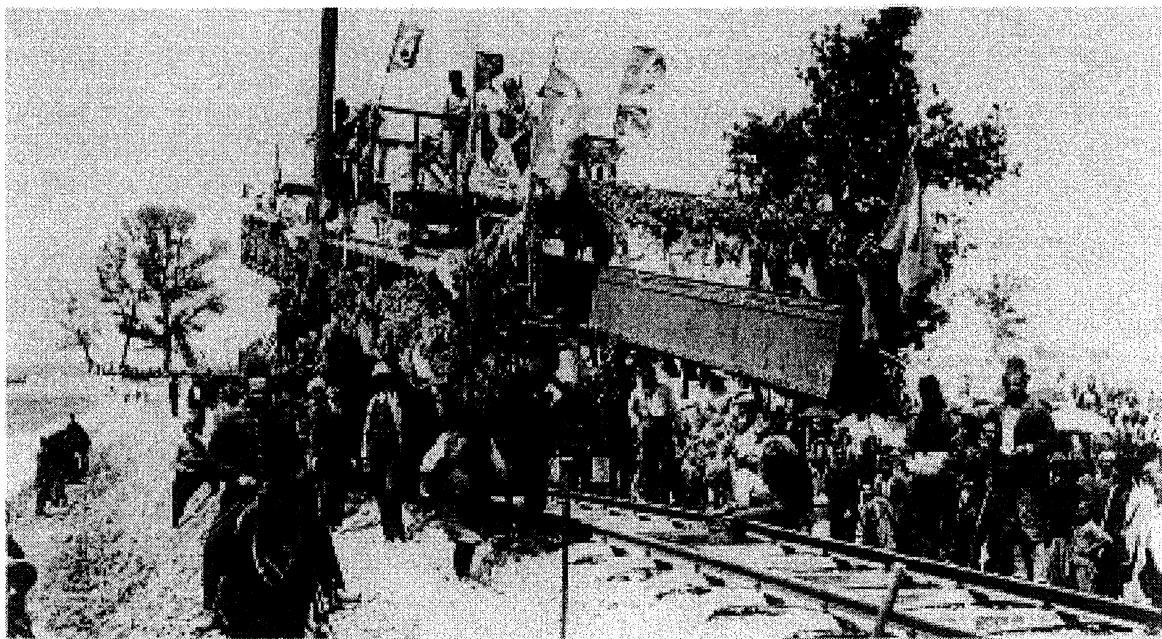
Four results can be summarized on the activities of the Deutsche Bank (under the supervision of the Anatolian Railway Company). The first outcome is that activities of the Deutsche Bank should be understood within the context of inter-imperial rivalry between great European powers. The second outcome is that operations of the Deutsche Bank both represent the interests of German Reich and German capital over Ottoman territories, the peculiar relation between them and dynamics of German involvement in Ottoman economic development. The third point in consideration is that those activities of the Deutsche Bank were crucial for the Ottoman economic development and further integration of the Empire into the world economy, which was an inevitable process in the first phase of globalization. The fourth and the most important result suggested by the thesis is that the Deutsche Bank had become instrumental for fulfilling the interests of the German Reich, German capital and the Ottoman Empire. Therefore, the German involvement in Ottoman economic development was a bilateral process and the relation between the German Reich and the Ottoman Empire is not simply a dependency relation. Activities of the Deutsche Bank and motivations of the German Reich were crucial for the Ottoman Empire to support investment projects on the way towards Ottoman economic development. The particular relation between the German Reich and the Deutsche Bank is also two-faceted. The Deutsche Bank had been instrumental for the German Reich's desire to expand its political influence, but also an autonomous actor representing German capital groups' interests over Ottoman Empire.

APPENDIX A

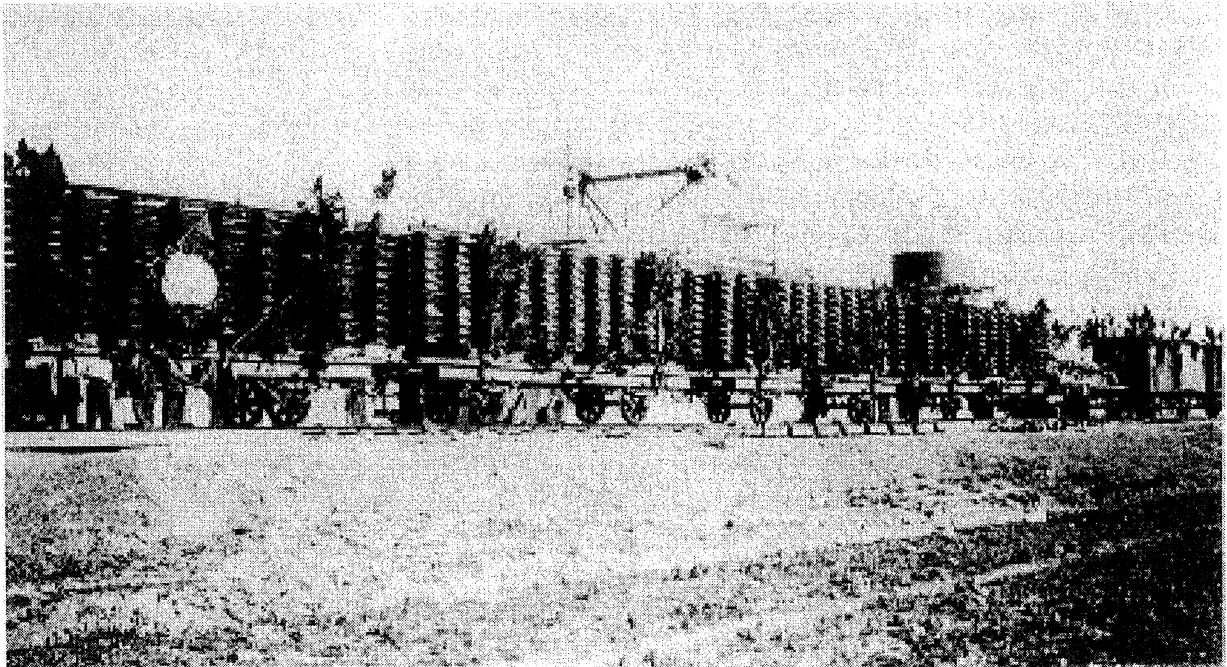


Construction work on the Eskişehir-Konya line of the Anatolian Railway

Source: Pohl, *Vom Stambul nach Bagdad*, p. 45



Construction work on the Eskişehir-Konya line of the Anatolian Railway
Source: Pohl, *Vom Stambul nach Bagdad*, p. 45

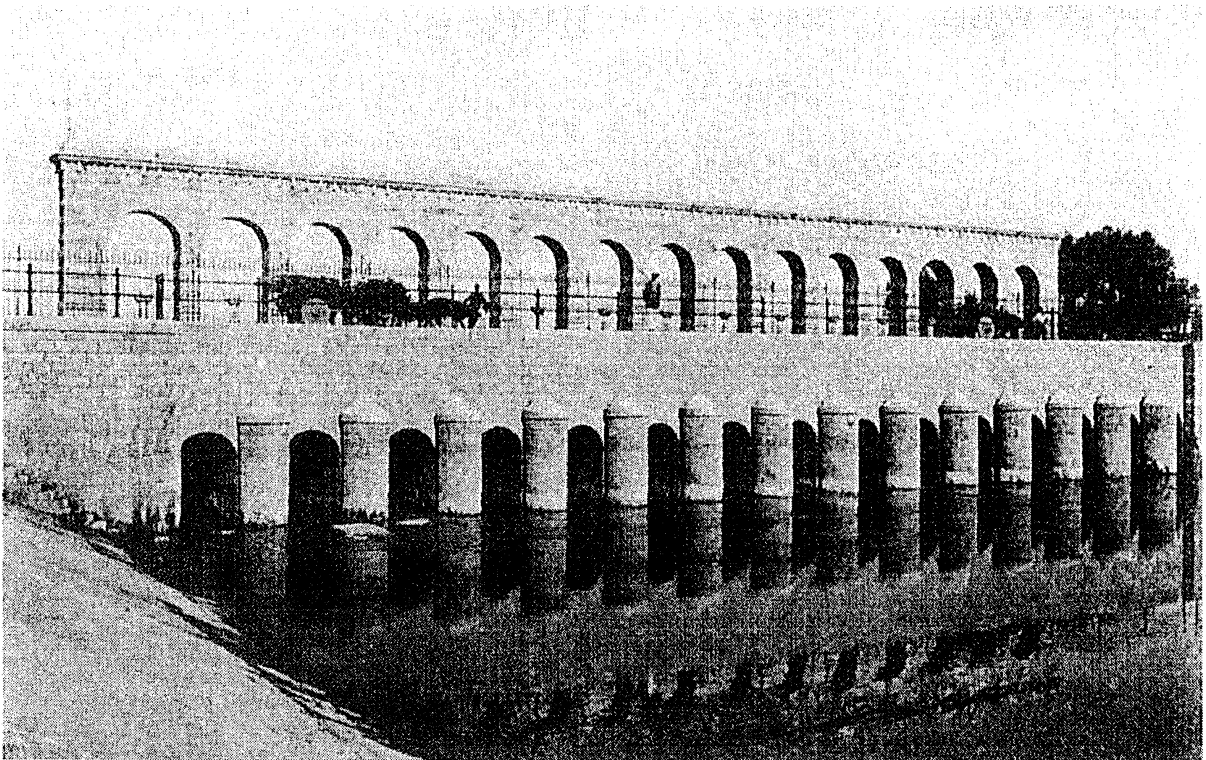


Construction work on the Eskişehir-Konya line of the Anatolian Railway
Source: Pohl, *Vom Stambul nach Bagdad*, p. 44



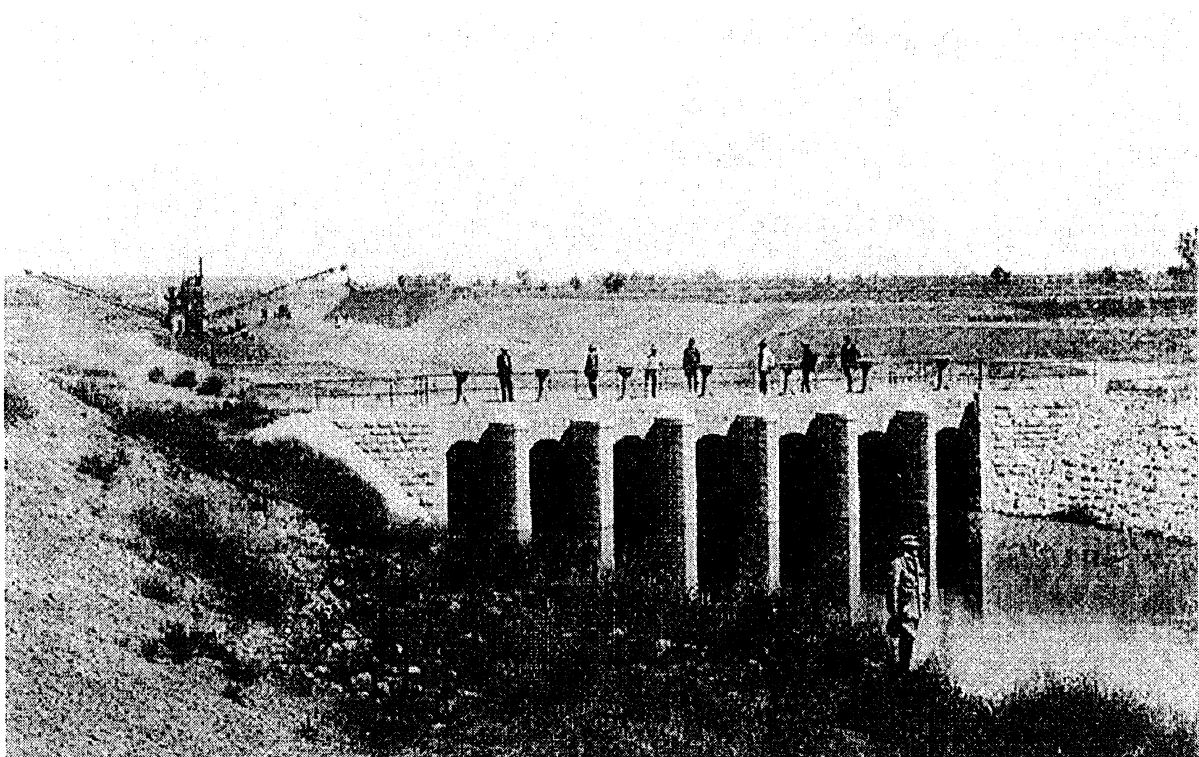
Construction work on the Eskişehir-Konya line of the Anatolian Railway
Source: Pohl, *Vom Stambul nach Bagdad*, p. 44

APPENDIX B



Irrigation of Konya plain: The main lock on the Beyşehir lake

Source: Pohl, *Vom Stambul nach Bagdad*, p. 109



Jam lock in a canal in the Konya plain

Source: Pohl, *Vom Stambul nach Bagdad*, p. 110

Satzungen

der

Gesellschaft für die Bewässerung
===== der Konia-Ebene =====



I. Die Gesellschaft im allgemeinen.

§ 1.

Die Gesellschaft führt den Namen:

„Gesellschaft für die Bewässerung der Konia-Ebene“

und hat ihren Sitz in Frankfurt a. M.

Sie ist berechtigt, auf Beschluß des Aufsichtsrats an andern Orten Zweigniederlassungen zu errichten.

§ 2.

Gegenstand des Unternehmens ist die Ausführung der Bewässerung gewisser Distrikte in Klein-Asien auf Grund von Verträgen, die mit der Anatolischen Eisenbahngesellschaft geschlossen werden sollen.

Die Gesellschaft ist befugt, alle Maßnahmen zu ergreifen und alle Geschäfte zu machen, welche zur Erreichung oder Förderung des Gesellschaftszwecks dienlich erscheinen.

§ 3.

Die Dauer der Gesellschaft ist auf bestimmte Zeit nicht beschränkt.

§ 4.

Für Rechtsstreitigkeiten der Gesellschaft, der Gesellschafter, der Gesellschaftsorgane oder deren Mitglieder gegeneinander auf Grund des Gesellschaftsverhältnisses oder der Geschäftsführung ist dasjenige

Gericht zuständig, bei welchem die Gesellschaft ihren allgemeinen Gerichtsstand hat.

Der Erfüllungsort für alle Verbindlichkeiten aus dem Gesellschaftsverhältnis ist der Sitz der Gesellschaft.

II. Rechtsverhältnisse der Gesellschaft und der Gesellschafter.

§ 5.

Die Gesellschaft hat ein Stammkapital von 500 000 M., von denen von
der Firma Philipp Holzmann & Cie., C.m.b.H. 300 000 M.
der Société du Chemin de Fer Ottoman
d'Anatolie 200 000 „
als Stammeinlagen übernommen werden.

Zunächst sind 25 % auf die Stammeinlagen einzuzahlen. Weitere Einzahlungen werden vom Aufsichtsrat beschlossen. Er bestimmt die Termine und die Höhe der Einzahlungen.

§ 6.

Die Stammeinlagen können den Gesellschaftern außer in dem Falle einer Herabsetzung des Stammkapitals oder der Liquidation nicht zurückgezahlt und auch weder erlassen noch gestundet werden. Eine Aufrechnung können die Gesellschafter nicht geltend machen.

§ 7.

Ein Gesellschafter, der den auf den Anteil eingeforderten Betrag nicht zur rechten Zeit einzahlt, hat von Rechts wegen 6 % Zinsen von dem Tage an zu entrichten, an welchem die Zahlung hätte geschehen sollen.

§ 8.

Im Falle verzögerter Einzahlung kann an den säumigen Gesellschafter eine erneute Aufforderung zur

Zahlung binnen einer zu bestimmenden Nachfrist unter Androhung seines Ausschlusses mit dem Anteil, auf welchen die Zahlung zu erfolgen hat, erlassen werden. Die Aufforderung erfolgt mittelst eingeschriebenen Briefs. Die Nachfrist muß mindestens einen Monat betragen.

Nach fruchtlosem Ablauf der Frist scheidet der säumige Gesellschafter aus der Gesellschaft aus.

§ 9.

Wegen des von dem ausgeschiedenen Gesellschafter nicht bezahlten Betrages der Stammeinlage ist der Gesellschaft der letzte und jeder frühere, bei der Gesellschaft angemeldete Rechtsvorgänger des Ausgeschiedenen verhaftet.

Ein früherer Rechtsvorgänger haftet nur, soweit die Zahlung von dessen Rechtsnachfolger nicht zu erlangen ist. Dies ist bis zum Beweise des Gegenteils anzunehmen, wenn der letztere die Zahlung nicht bis zum Ablauf eines Monats geleistet hat, nachdem an ihn die Zahlungsaufforderung und an den Rechtsvorgänger die Benachrichtigung von derselben erfolgt ist.

Die Hauptpflicht des Rechtsvorgängers ist auf die innerhalb der Frist von fünf Jahren auf die Stammeinlage eingeforderten Einzahlungen beschränkt. Die Frist beginnt mit dem Tage, an welchem der Übergang des Anteils auf den Rechtsnachfolger ordnungsmäßig angemeldet ist.

Der Rechtsvorgänger erwirbt gegen Zahlung des rückständigen Betrages den Anteil des ausgeschlossenen Gesellschafters.

§ 10.

Ist die Zahlung des rückständigen Betrages von Rechtsvorgängern nicht zu erlangen, so kann die Gesellschaft den Anteil nach ihrer Wahl freihändig oder im Wege öffentlicher Versteigerung verkaufen lassen.

§ 11.

Der Anteil jedes Gesellschafters bestimmt sich nach dem Betrage der von ihm übernommenen Stammeinlage.

Unter Anteil im Sinne dieser Satzung wird der Gesamtbegriff der Ansprüche verstanden, welche dem Gesellschafter in dieser Eigenschaft gesetzlich oder satzungsmäßig zustehen.

Weitere Verpflichtungen als diejenige zur Leistung der übernommenen Stammeinlage liegen den Gesellschaftern nicht ob.

§ 12.

Die gänzliche oder teilweise Veräußerung der Anteile der Gesellschafter ist nur mit schriftlich erteilter Genehmigung des Aufsichtsrats zulässig.

Erwirbt ein Gesellschafter zu seinem ursprünglichen Anteile weitere Anteile, so behalten dieselben ihre Selbständigkeit.

Zur Abtretung oder Teilung von Anteilen durch Gesellschafter bedarf es eines in gerichtlicher oder notarieller Form geschlossenen Vertrages. Derselben Form bedarf auch eine Vereinbarung, durch welche die Verpflichtung eines Gesellschafters zur Abtretung eines Anteils begründet wird. Eine solche weder gerichtlich noch notariell beurkundete Vereinbarung wird jedoch durch die nachfolgende formgerechte Abtretung gültig.

§ 13.

Die Anteile dürfen nur in durch 1000 teilbare Beträge von nicht weniger als 10 000 M geteilt werden.

Eine gleichzeitige Übertragung mehrerer Teile von Anteilen eines Gesellschafters an denselben Erwerber ist unzulässig.

§ 14.

Steht ein Anteil mehreren Mitberechtigten ungeteilt zu, so können sie die Rechte aus demselben nur gemeinschaftlich ausüben.

Für die auf den Anteil zu bewirkenden Leistungen haften sie der Gesellschaft solidarisch.

Rechtshandlungen, welche die Gesellschaft gegenüber dem Inhaber des Anteils vorzunehmen hat, sind wirksam, wenn sie auch nur gegenüber einem Mitberechtigten vorgenommen werden.

§ 15.

Der Gesellschaft gegenüber gilt im Falle der Veräußerung des Anteils nur derjenige als Erwerber, dessen Erwerb unter Nachweis des Übergangs bei der Gesellschaft angemeldet ist. Die Anmeldung ist ferner nur dann wirksam, wenn eine schriftliche Erklärung des Erwerbers in notariell beglaubigter Form beigebracht wird, daß er sich den Satzungen der Gesellschaft unterwerfe.

Die vor der Anmeldung von der Gesellschaft gegenüber dem Veräußerer oder von den letzteren gegenüber der Gesellschaft inbezug auf das Gesellschaftsverhältnis vorgenommenen Rechtshandlungen muß der Erwerber gegen sich gelten lassen.

Für die zurzeit der Anmeldung auf den Anteil rückständigen Leistungen ist der Erwerber neben dem Veräußerer verhaftet.

§ 16.

Die Gesellschafter haben Anspruch auf den nach der jährlichen Bilanz sich ergebenden Reingewinn, soweit nicht in dieser Satzung ein anderes bestimmt ist.

Die Verteilung des Gewinns erfolgt stets im Verhältnis der tatsächlich auf die Anteile geleisteten Einzahlungen. Einzahlungen, die im Laufe des Geschäftsjahres zu leisten waren, werden nach dem Verhältnis der Zeit berücksichtigt, welche seit dem für die Leistung bestimmten Zeitpunkt verstrichen ist.

§ 17.

Ein Recht, sich von den Angelegenheiten der Gesellschaft persönlich zu unterrichten, die Geschäftsbücher und Papiere der Gesellschaft einzusehen und sich aus ihnen eine Übersicht über den Stand des Vermögens anzufertigen, steht den einzelnen Gesellschaftern nicht zu.

III. Vertretung und Geschäftsführung.

§ 18.

Die Organe der Gesellschaft sind:

- a) die Geschäftsführer,
- b) der Aufsichtsrat,
- c) die Versammlung der Gesellschafter.

§ 19.

a) Geschäftsführer.

Die Geschäftsführer werden vom Aufsichtsrat bestellt, der auch ihre Anzahl festsetzt. Die Bestellung darf nur in der Weise erfolgen, daß sie, unbeschadet etwaiger Entschädigungsansprüche, jederzeit widerruflich ist.

Der Aufsichtsrat bestimmt auch die Verteilung der Geschäfte.

§ 20.

Die Gesellschaft wird durch jeden einzelnen der Geschäftsführer gerichtlich und außergerichtlich vertreten. Jedoch ist die Vertretungsmacht der Geschäftsführer dahin eingeschränkt, daß die Gesellschafter nur unter Beschränkung ihrer Haftung auf das Gesellschaftsvermögen verpflichtet werden können, und Geschäfte, welche der Genehmigung des Aufsichtsrats bedürfen, nur auf Grund einer von diesem zu erteilenden Sonderermächtigung gegenüber der Gesellschaft rechtswirksam abgeschlossen werden können.

Die Zeichnung geschieht für die Gesellschaft rechtsverbindlich in der Weise, daß dem Namen der Gesellschaft der Name des oder der Zeichnenden beigelegt wird.

§ 21.

Die für die Geschäftsführer gegebenen Vorschriften gelten auch für Stellvertreter von Geschäftsführern.

§ 22.

b) Der Aufsichtsrat.

Der Aufsichtsrat besteht aus mindestens 3 Mitgliedern.

Die Wahl derselben erfolgt durch die Gesellschafterversammlung jeweils auf 3 Jahre, wobei unter einem Jahre der Zeitraum von einer ordentlichen Gesellschafterversammlung bis zur Beendigung der nächsten ordentlichen Gesellschafterversammlung verstanden wird.

Die Amtsdauer des ersten Aufsichtsrats endet mit dem Ablauf der nach Ablauf des ersten Geschäftsjahrs stattfindenden Gesellschafterversammlung.

Die Ersetzung ausgeschiedener Mitglieder erfolgt durch Wahl in der nächsten ordentlichen Gesellschafterversammlung. Eine frühere Ersatzwahl durch eine außerordentliche Gesellschafterversammlung ist nur dann erforderlich, wenn durch Ausscheiden die Zahl der Mitglieder unter 3 herabsinkt. Ersatzwahlen erfolgen auf den Rest der Wahlzeit des ausscheidenden Mitgliedes.

Nach jeder Gesellschafterversammlung, in welcher Wahlen in den Aufsichtsrat stattfinden, wählt der Aufsichtsrat einen Vorsitzenden und einen stellvertretenden Vorsitzenden.

§ 23.

Der Aufsichtsrat faßt seine Beschlüsse in der Regel in Sitzungen, in schleunigen Fällen durch schriftliche,

telegraphische oder telephonische Abstimmung. Die Berufung zu den Sitzungen erfolgt durch den Vorsitzenden oder dessen Stellvertreter mittelst schriftlicher, die Tagesordnung im allgemeinen angegebender Einladung.

Der Aufsichtsrat ist beschlußfähig, wenn wenigstens die Hälfte der Mitglieder an der Abstimmung teilnimmt.

Zur Gültigkeit eines Beschlusses ist die absolute Majorität der abgegebenen Stimmen erforderlich.

Der Vorsitzende oder dessen Stellvertreter ist verpflichtet, eine Beschlußfassung des Aufsichtsrats herbeizuführen, sobald ein Geschäftsführer oder zwei Mitglieder des Aufsichtsrats dies verlangen.

Über die Verhandlungen wird ein Protokoll geführt, welches von dem Vorsitzenden der betreffenden Sitzung, im Falle seiner Behinderung von 2 anderen Mitgliedern, und dem Protokollführer zu unterzeichnen ist.

Die Legitimation der Aufsichtsratsmitglieder sowie des Vorsitzenden und des stellvertretenden Vorsitzenden wird durch ein auf Grund der Protokolle ausgestelltes notarielles Attest geführt.

Im übrigen kann der Aufsichtsrat besondere Bestimmungen über seine Geschäftsordnung treffen.

§ 24.

Auf die Rechte und Pflichten des Aufsichtsrats finden die für den Aufsichtsrat einer Aktiengesellschaft geltenden §§ 246 - 248 und § 249 Abs. 1 und 2 des Handelsgesetzbuches entsprechende Anwendung.

Außerdem unterliegen seiner Bestimmung:

- I. die Feststellung der Jahresbilanz;
- II. die Genehmigung zur Einforderung von Einzahlungen auf die Stammeinlagen;
- III. die Bestellung und die Abberufung von Geschäftsführern, sowie die Festsetzung von deren Bezügen;

- IV. die Genehmigung der Ernennung von Bevollmächtigten, sowie die Genehmigung der Anstellung aller derjenigen Beamten, welche mit einem jährlich 10 000 M übersteigenden Gehalte angestellt werden sollen;
- V. die Feststellung seiner dem Aufsichtsrat etwa erforderlich erscheinenden Geschäftsordnung, sowie aller Reglements und Instruktionen für die Geschäftsführer;
- VI. die Feststellung der Tagesordnung der Versammlung der Gesellschafter und Vorbereitung der auf dieselbe gesetzten Mitteilungen und Anträge;
- VII. die Errichtung von Zweigniederlassungen;
- VIII. die Genehmigung zur Abschließung oder Abänderung des mit der Anatolischen Eisenbahngesellschaft abzuschließenden Bauvertrages.

Außerdem ist der Aufsichtsrat berechtigt, noch andere Geschäfte zu bestimmen, welche vor dem Abschluß seiner Genehmigung bedürfen sollen.

Die dem Aufsichtsrat obliegende Überwachungs- und Verwaltungstätigkeit kann er durch den Vorsitzenden oder ein anderes von ihm beauftragtes Mitglied ausüben und sich auch bei der Wahrnehmung seiner Befugnisse der Unterstützung sachverständiger Personen bedienen. Erklärungen des Aufsichtsrats sind von dem Vorsitzenden oder dessen Stellvertreter zu unterzeichnen.

§ 25.

Die Bestellung zum Aufsichtsrat kann von der Gesellschafterversammlung jederzeit mit einer Majorität von drei Viertel des Stammkapitals widerrufen werden. Die dem Aufsichtsrat zustehende Vergütung bestimmt die Gesellschafterversammlung.

c) Die Versammlung der Gesellschafter.

§ 26.

Die Rechte, welche den Gesellschaftern in den Angelegenheiten der Gesellschaft, insbesondere in bezug auf die Führung der Geschäfte, zustehen, werden durch Beschlussfassung in der Gesellschafterversammlung ausgeübt.

§ 27.

Den Geschäftsführern sowie dem Aufsichtsrat steht es frei, die Versammlung der Gesellschafter jederzeit zu berufen, falls sie dies im Interesse der Gesellschaft für erforderlich halten; auch können dieselben Beschlüsse im Wege schriftlicher, telegraphischer oder telephonischer Verständigung einholen.

Es wird angenommen, daß derjenige, welcher nicht auf die Aufforderung zur schriftlichen oder telegraphischen Abstimmung innerhalb der gesetzten angemessenen Frist antwortet, sich der Stimme enthält.

Die Beschlüsse der Gesellschafter werden nach der Mehrheit der abgegebenen Stimmen nach Kapitalbeträgen berechnet gefaßt, soweit nicht in diesen Satzungen etwas anderes bestimmt ist. Jede vollen 10.000 M eines Anteils gewähren eine Stimme.

Die Versammlung ist beschlußfähig, wenn mindestens die Hälfte des Stammkapitals vertreten ist.

Kommt eine beschlußfähige Versammlung nicht zustande, so ist eine neue Versammlung zu berufen, die ohne Rücksicht auf die Höhe des vertretenen Stammkapitals beschlußfähig ist.

§ 28.

Die Berufung der Versammlung der Gesellschafter erfolgt mittelst eingeschriebener Briefe.

Die Berufung ist mit einer Frist von mindestens einer Woche zu bewirken; der Tag der Absendung der Einladungen ist hierbei nicht mitzurechnen.

Die Einladung muß von dem Vorsitzenden des Aufsichtsrats oder seinem Stellvertreter oder von zwei Geschäftsführern unterzeichnet sein.

Der Zweck der Versammlung soll bei der Berufung summarisch angekündigt werden.

Der Ort der Gesellschafterversammlung ist Frankfurt a. M., sofern nicht bei der Berufung ein anderer Ort bestimmt wird.

Ist die Versammlung nicht ordnungsmäßig berufen, so können Beschlüsse nur gefaßt werden, wenn sämtliche Mitglieder anwesend sind und sich mit der Beschlussfassung einverstanden erklären.

§ 29.

Der Vorsitz in der Gesellschafterversammlung führt der Vorsitzende des Aufsichtsrats oder dessen Stellvertreter, in Verhinderung beider ein von den anwesenden Mitgliedern des Aufsichtsrats aus ihrer Mitte zu bestimmendes Mitglied.

Der Vorsitzende bestimmt die Reihenfolge der Gegenstände der Tagesordnung sowie die Art der Abstimmung und ernennt, wenn erforderlich, Stimmenzähler.

§ 30.

Die Versammlung der Gesellschafter hat, abgesehen von den ihr sonst in diesem Statut zugewiesenen Gegenständen, zu beraten und zu beschließen insbesondere über:

- I. Abänderung und Ergänzung des Gesellschaftsvertrages;
- II. Erhöhung oder Herabsetzung des Stammkapitals;
- III. Auflösung der Gesellschaft;
- IV. Genehmigung der Bilanz und Verteilung des Reingewinns.

Zur Beschlussfassung über die unter I und II angeführten Gegenstände sind drei Viertel der ab-

gegebenen Stimmen erforderlich, während im übrigen einfache Mehrheit genügt.

Vollmachten bedürfen der schriftlichen Form.

§ 31.

Alle durch die Gesellschafter ordnungsmäßig gefaßten Beschlüsse sind für sämtliche Gesellschafter bindend, auch für diejenigen, die an der Beschlußfassung nicht teilnehmen.

Eine Anfechtung von Beschlüssen kann nur auf einen Verstoß gegen gesetzliche oder statutarische Bestimmungen gestützt werden und ist spätestens binnen Monatsfrist seit der Beschlußfassung bei der Gesellschaft zu erheben.

IV. Bilanz und Gewinnverteilung.

§ 32.

Das Geschäftsjahr ist das Kalenderjahr.

Ausnahmsweise dauert das erste Geschäftsjahr der Gesellschaft von der Konstituierung bis zum 31. Dezember 1908.

§ 33.

Die Geschäftsführer sind zu ordnungsmäßiger Buchführung nach kaufmännischen Grundsätzen unter Beobachtung der §§ 38—44 des Handelsgesetzbuchs verpflichtet. Für die Bilanz ist insbesondere noch der § 42 des Gesetzes betr. die Gesellschaften m. b. H. maßgebend.

Die Bilanz nebst einer Gewinn- und Verlustrechnung sind von den Geschäftsführern in den ersten 6 Monaten nach Schluß des Geschäftsjahres zu entwerfen und alsdann vom Aufsichtsrat zu prüfen und festzustellen.

Über die Genehmigung der Bilanz sowie über die Verteilung des Reingewinns beschließt die Versammlung der Gesellschafter.

Die Genehmigung der Bilanz schließt die Entlastung der Geschäftsführer und des Aufsichtsrats in sich.

Von dem aus der Bilanz sich ergebenden Reingewinn erhalten

die Gesellschafter eine kumulative Dividende bis zu 5 % p. a. auf die einbezahlten Stammeinlagen.

Von dem verbleibenden Betrage erhalten zunächst die Geschäftsführer die vertragsmäßigen Gewinnbeteiligungen. Der Rest steht zur Verfügung der Gesellschafterversammlung. Soweit diese nicht anders beschließt, erhält der Aufsichtsrat eine ihm von der Gesellschafterversammlung etwa zu bewilligende Vergütung. Der Rest wird als Superdividende verteilt.

V. Auflösung und Liquidation der Gesellschaft.

§ 34.

Die Gesellschaft wird aufgelöst durch Beschluß der Gesellschafter.

§ 35.

Die §§ 723–740 BOB. finden keine Anwendung.

Stirbt ein Gesellschafter, so geht sein Anteil auf seine Erben über.

Im übrigen geht im Falle des Ausscheidens eines Gesellschafters dieser seines Anteils und der darauf geleisteten Einzahlungen verlustig, ohne daß ihm ein Anspruch auf Entschädigung zusteht.

Sollten auf den Anteil des ausscheidenden Gesellschafters noch Beträge rückständig sein, so bleibt der Gesellschafter wegen des Ausfalls verhaftet, den die Gesellschaft an diesen Beträgen oder den etwa später auf den Anteil eingeforderten Einzahlungen erleidet.

§ 36.

Die aufgelöste Gesellschaft tritt in Liquidation.

Diese wird durch die Geschäftsführer vorgenommen, wenn sie nicht durch die Gesellschafterversammlung anderen Personen übertragen wird.

Die Liquidatoren haben, sofern nicht ein anderes beschlossen wird, die Vertretungsmacht der Geschäftsführer. Sie haben den Namen der Gesellschaft mit dem Zusatz in Liquidation zu zeichnen.

Die Abberufung der Liquidatoren erfolgt durch den Aufsichtsrat.

§ 37.

Bis zur Beendigung der Liquidation kommen, unbeschadet der Auflösung der Gesellschaft, die Abschnitte I–IV der Satzung zur Anwendung, soweit sich nicht aus dem Wesen der Liquidation ein anderes ergibt. Insbesondere sind während der Liquidation auch Statutenänderungen statthaft, falls sie den Liquidationszweck zu fördern geeignet erscheinen.

§ 38.

Die Liquidatoren haben die Verbindlichkeiten der Gesellschaft zu berechtigen, die Forderungen einzuziehen und die laufenden Geschäfte zu beenden. Sie können neue Geschäfte jeder Art abschließen, welche auf eine angemessene Verwaltung oder Verwertung des Vermögens abzielen.

§ 39.

Die Verteilung des Liquidationserlöses darf nicht vor Tilgung oder Sicherstellung der Schulden der Gesellschaft geschehen.

Meldet sich ein bekannter Gläubiger nicht, so ist der geschuldete Betrag, wenn die Berechtigung zur Hinterlegung vorhanden ist, für den Gläubiger zu

hinterlegen. Ist die Berichtigung einer Verbindlichkeit nicht ausführbar oder ist eine Verbindlichkeit streitig, so darf die Verteilung des Vermögens nur erfolgen, wenn dem Gläubiger Sicherheit geleistet ist.

§ 40.

Das hiernach verbleibende Vermögen wird unter die Gesellschafter nach dem Verhältnis der Anteile verteilt. Soweit sich dabei ein Gewinn über das eingezahlte Stammkapital hinaus ergibt, sind bezüglich desselben die Vorschriften des § 33 entsprechend anzuwenden.

Zum Zweck der Verteilung ist das Vermögen in Geld umzusetzen, wenn die Gesellschafter-Versammlung nicht ein anderes beschließt.

APPENDIX D

Mr. Dr. Siemens
Constantinople den 29. November 00.

31

STATIONEN DER
CHÉMIN DE FER OTTOMAN D'ANATOLIE

N^o 2123

Telegramm-Adresse
„ASIAFER“

Sehr geehrter Herr Doktor von Siemens!

Heute suchte mich ein Herr auf, der nachstehende Visitenkarte zur Anmeldung benutzte:

E. de Goldberger, Throgmorton House, London E.C. (K)
16, Gopthall Avenue.

Er erklärte, fuer seine Gruppe hier eine Reihe von Geschäften zu verfolgen, sei das Zuendholzmonopol und die Gruendung einer Bank. Seine Gruppe genieße die Protektion des Auswaertigen Amtes in Berlin und sei an die hiesige Botschaft empfohlen. Das Auswaertige Amt habe die Botschaft direkt aufgefordert, ihre Bemuehungen wegen des Zuendholzmonopols zu unterstützen. Fuer die Errichtung der Bank stehe deutsches und englisches Kapital hinter ihnen, insbesondere auch der Londoner Rothschild. Trotz der Empfehlung des Auswaertigen Amtes habe er bisher hier nichts durchsetzen koennen: der erste Dragoman oder erste Sekretär sei aus ihm unbekannten Gruenden ihm feindlich gesinnt. (21)

Vorsitzenden des Verwaltungsrates,
Doktor G. v. O n S i e m e n s.

cc. cc.
B e r l i n.

Seine Gruppe habe sich vor etwa 8 Tagen an die Deutsche Bank gewandt und bei dieser eine gewisse Geneigtheit feststellen können. Er komme zu mir, um mich zu fragen, ob ich mich bereit finden würde, ihre Bemühungen zu unterstützen und eventuell ein Zusammenarbeiten mit seiner Gruppe zu befürworten. Diese Anfrage war mit derartigen Lobeserhebungen fuer mich verbrämt, dass mir ganz uebel dabei wurde.

Fuer weitere Eroeffnungen ueber seine Beziehungen zur Deutschen Bank verlangte der Herr Diskretion. Dieses Ansinnen habe ich zurueckgewiesen, mit dem wiederholten Bemerken, dass ich als Privatmann hier in Constantinsopel ueberhaupt nicht in Betracht komme, sondern lediglich als Direktor und Delegirter des Verwaltungsrates der Anatolischen Eisenbahn. Als solcher unterstehe ich dem Verwaltungsrate, dessen Praesident Herr Doktor von Siemens sei, der gleichzeitig Direktor der Deutschen Bank waere. Erklärungen irgendwelcher Art abzugeben, oder Massnahmen nach irgend-einer Richtung hin zu treffen, sei ich nur in der Lage, nachdem ich mich zuvor darueber mit Herrn von Siemens ins Benehmen gesetzt habe; ich glaube annehmen zu duerfen, etwa Anfang naechsten Monats Herrn von Siemens persoenlich in Berlin sprechen zu koennen.

Der mich besuchende Herr hat darauf um die Erlaubniss, dass mich Herr Kantandyak in Berlin besuchen duerfe, um mir die Details darzulegen.

Hochachtungsvoll
ergebenst

Handwritten signature

الخطوط الجوية العثمانية

CHÉMIN DE FER OTTOMAN D'ANATOLIE

№ 566

Telegramm-Adresse
„ASIATEN“

Constantinopel, den 9. April 1901

70704.07

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An den Vorsitzenden des Verwaltungsrates

Herrn Dr. G. von SIEMENS

cc. cc. cc.

Berlin.

Sehr geehrter Herr Doctor von Siemens!

In Erledigung des geschätzten Schreibens vom 6. d. M.
Nº. 664, teilen wir Ihnen ergebend mit, dass Herr Hucuanin
am Freitag nächster Woche von hier abfährt, so dass er
am Sonntag Abend, den 21. ten, in Berlin eintreffen dürfte.

Hochachtungsvoll
ergebenst

DIE DIREKTION

H. K. Jacobi

Handwritten note:
Zur. Zinsfolgung
Auftrag ist der fernerstehende Postträger für eingetroffen,
wie es heißt, soll die Nouribeg (K) Bespi in der Nacht
habe, über die II. d. H. Wenn sie die alte Bekanntschaft ab-
kann, dann ist nicht zu begreifen. Es soll für die
ist, doch sie nicht noch nicht gesagt.

Schlesischer Bankverein
BRESLAU.

Registrierungs-Amt
Bankvereine.

24/8 0114/92
Breslau, den 23. August 1901.

92
9

aff
Bankverein
Direktion der Deutschen Bank,

B e r l i n.

Hierdurch erlauben wir uns die Anfrage an Sie zu richten, ob Ihnen bekannt ist, welche Häuser in erster Reihe an der Finanzierung des Türkischen Streichholz Monopols beteiligt sind, und ob Sie selbst etwa zu dem Geschäft in direkter oder indirekter Beziehung stehen.

Unsere Anfrage erfolgt im Interesse eines uns nahestehenden Vereinfachtheit in hervorragender Position, der wir sehr gern gefällig sein möchten und die, wenn es möglich ist, durch unsere Vermittlung eine kleine Beteiligung an dem Geschäft ^{erlangen} haben möchte.

Wie wir hören, soll die Führung des Consortiums in Wien liegen. Verzeihen Sie die Mühe.

Fremdschaftlich

SCHLESISCHER BANKVEREIN

Martin *Lehmann*

83

Berlin, den 24. August 1901.

1402. 0. 1.

Direktion des
Schlesischen Bankvereins 

BRESLAU.

✓
Auf Ihr gefl. gestriges Schreiben erwidern wir ergebend,
dass uns von einer Finanzierung des Türkischen Streichholz-Monopols
nichts bekannt ist.

Freundchaftlichst.

DEUTSCHE BANK.

Münch

11 90

Herr von Huhn besuchte mich in einer Privatangelegenheit und fragte mich im Laufe des Gespräches, ob ich über den Plan des türkischen Zündholz-Monopols unterrichtet wäre, worauf ich ihm erwiderte, dass ich persönlich von der Sache nur durch Zeitungsnotizen Kenntnis erhalten habe, dass aber wohl unsere Anatolische Abteilung nähere Informationen besitzen dürfte. Huhn erzählte mir nun weiter, so viel wie er erfahren habe, seien Promotors dieses Geschäftes der frühere Konsul Rend und der Dr. Hartogensis. Rend, nicht vorteilhaft aus dem Tauschprozess bekannt, sei mit 14 Tagen Gefängnis bestraft, mehrmals wegen unerlaubten Führens von Titeln und Uniformen zu Geldstrafen verurteilt, sowie ferner fruchtlos exekutiert worden. Das Renommée von Hartogensis sei mir wohl bekannt. Herr v. Huhn hat seine Informationen augenscheinlich vom Auswärtigen Amt. Er nannte als fernere Promotors einen Herrn Lanner oder Senner (der Name wäre ihm nicht genau bekannt), und einen Herrn Oppenheim, beide in Wien. Ueber diese beiden Personen scheint das Auswärtige Amt nicht unterrichtet zu sein, und Huhn bat mich, wenn ich etwas Näheres über dieselben hören sollte, ihm davon Mitteilung zu machen.

H. gab mir zu verstehen, dass die Treibereien dieser Leute in der Türkei den Auswärtigen Amt sehr unangenehm seien,

1. wegen des Interesses Oesterreichs an der Zündholzfrage in der Türkei,
2. wegen der völligen Aussichtslosigkeit des ganzen Planes,
3. weil durch diese Leute Deutschland in der Türkei diskreditiert und für Deutschland vorteilhafte Pläne leicht durchkreuzt würden.

Ich erklärte Herrn v. Huhn, dass es ja doch nicht schwer sein könnte, auf Grund obiger Angaben den Türken in der einen oder anderen Weise über den Wert solcher Leute wie Rend die richtige Auffassung beizubringen, und dass wir dabei vielleicht dem Auswärtigen Amt einen Gefallen erweisen könnten.

23/9. 1901
Hahn

ABSCHEIDT.

13

Société du Chemin de
fer Ottoman d'Anatolie.

No. 1444

Constantinople, den 20. September 01.

Sehr geehrter Herr Direktor!

.....

Vor einigen Tagen ist Herr Grossholz hier eingetroffen. Es verlautet, dass er im Verein mit einem Herrn Hartogensie für eine deutsche Gruppe das Zündhölzchen-Monopol verfolge. Er ist der Nachfolger des Herrn Goldberger de Buda, welcher sich, wie ich in meinem Brief vom 20. Nov. 1900 erwähnte, intimer Beziehungen zu einem Direktor der Deutschen Bank rühmte, ohne indessen seinen Namen genannt zu haben. Herr von Goldberger soll seiner Gruppe bisher 200.000 Frs. gesteuert haben. Von den Vorschlägen, die Grossholz den Türken machen soll, gehen nur ganz vage Gerüchte. Wir halten die ganze Mission nicht für seriös. Die Türken werden das Zündhölzchen-Monopol nicht gewähren, und wenn sie es gewähren, werden die andern Mächte Einspruch erheben. Aber es scheint, als ob zu der Gruppe, welche sich für das Geschäft interessiert

K

- 2 -

eine Reihe klangvoller Namen gehören, auf welche das Auswärtige Amt in Berlin aus dem einen oder anderen Grund Rücksicht nehmen muss. Folge davon sind dann wieder Instructionen an die hiesige deutsche Botschaft, die Bestrebungen zu begünstigen. Vielleicht wird der hiesigen deutschen Botschaft und dem Auswärtigen Amt in Berlin ein Dienst erwiesen, wenn gelegentlich darauf aufmerksam gemacht wird, wie solche Sonderbestrebungen im gegenwärtigen Moment, und besonders die Erweckung unerfüllbarer Hoffnungen bei den Türken, die Chancen für die Bagdadbahn verringern müssen.

* * * * *

Hochachtungsvoll

ergebenst

DIE DIREKTION

gez. Dr. K. Zander



CETÉ DU CHEMIN DE FER OTTOMAN D'ANATOLIE

N^o 1520

Telegramm-Adresse
„ASAFER“

Constantinopel, den 7. Oktober 1901.

91

15

Sehr geehrter Herr Direktor!

Hinsichtlich des Zuendholzchen-Monopoles hoerte ich Folgendes:

Die Gruppe soll den Tuerken eine jaehrliche Pacht von 220.000 Ltqs. angeboten haben; sie sei bereit, gleich von vornherein den Tuerken 1.000.000 Ltqs. im Voraus zu zahlen oder ihnen eine Anleihe von 3.000.000 Ltqs. zu machen.

Das Calcul besteht darin: wenn von 10 Millionen Einwohnern jeder taeglich 10 Streichhoelzer braucht und 100 Streichhoelzer 20 Para kosten, so ergiebt sich eine taegliche Bruttoeinnahme von 5.000 Ltqs., d.h. 1.800.000 Ltqs. pro Jahr, oder nach Abzug von 50% Unkosten 900.000 Ltqs. Reingewinn.

Der Hauptpunkt, welcher gegen diese Combination spricht, scheint der zu sein, dass die Combination zu scheen ist; im Uebrigen pflegt bei Zuendholzmonopolen der Witz darin zu bestehen, dass die Haelfte der Streichhoelzer nicht brennen.

den Stellvertretenden Vorsitzenden
des Verwaltungsrates,

Herrn Direktor K. S C H R A D E R.

Ich bin,
Sehr geehrter Herr,
Mit hochachtungsvoller

B e r l i n.

Vorläufig sollen die Engländer, die Italiener und die
Österreicher opponirt haben. Es sollen Verhandlungen im Gange sein,
um mit den Fabrikanten dieser Länder einen Compromiss zu schlies-
sen.

Hochachtungsvoll

ergebenst



SOCIÉTÉ

DU CHEMIN DE FER OTTOMAN

D'ANATOLIE

J. No. 1594. 05

Berlin, den 10. Oktober 1901.

Direktion der
Société du Chemin de Fer Ottoman d'Anatolie.

Constantinopel.

Ich erhielt s.Z. Ihr gefl. Schreiben vom 20. v. Mts.
(No. 1444), von dessen Inhalt ich mit Interesse Kenntnisse genommen
habe.

Ueber die Ihrerseits erwähnten Bestrebungen der Herren
Grosholz, Hartogensis pp. betr. Zündholzmonopol ist diesseits
dem Herrn Legationerrat Rosen auf dem Auswärtigen Amt Mitteilung
gemacht worden, mit dem Hinzufügen, dass die Anatolische Bahn-
gesellschaft bzw. ihre Gruppe dieser Angelegenheit völlig fern
steht. Aus den Äusserungen des Herrn Rosen ging hervor, dass
ihm die Bemerkungen der genannten Persönlichkeiten wohlbekannt
sind, dass aber das Auswärtige Amt - wenigstens so lange er das
Orientalische Dezernat führt - dieselben in keiner Weise befür-
worte oder begünstige. Auch bei Freiherrn v. Marschall würden
die Leute keinerlei Unterstützung finden. Wichtig sei, dass die
Verfolger des Projektes einige hochgestellte Persönlichkeiten zu

*H. J. Note
an Herrn
Rosen in Athen
"A. A."*

ihren Protektoren zähle, wie z.B. den Vice-Präsidenten des Herrenhauses, Baron v. Manteuffel, den man auf dem Auswärtigen Amt von den chancenlosen Aussichten solcher Bemühungen bislang noch nicht habe überzeugen können.

Inzwischen scheinen die Leute auf der Suche nach Kapital zu sein. Eine vor wenigen Tagen an die Deutsche Bank seitens eines hiesigen Bankhauses ergangene Anfrage, ob sie an der Finanzierung des Projektes mitzuwirken geneigt sei, ist abschlägig beschieden worden mit der Motivierung, dass man eine Durchführung für aussichtslos halte. Die Copie einer Notiz, welche der Deutschen Bank bei dieser Gelegenheit zwecks Prüfung der Frage überlassen wurde, füge ich zu Ihrer Kenntnissnahme bei. -

Ihre mir in Abschrift mitgeteilte Correspondenz mit den Herren Ohnefalsch-Richter und Berens hat mich veranlasst, über Letzteren eine Auskunft einzuziehen, welche ich Ihnen beifolgend übermittle mit dem ^{zu}Bemerkung, dass Weiteres in dieser Sache bisher nicht zu unserer Kenntniss gelangt ist.

Hochachtungsvoll.

Der Vorsitzende des Verwaltungsrates



P.S. Soeben trifft Ihr Geehrtes vom 7.d.M. (No.1520) ein, welches in Bezug auf die Ziffern des Finanzierungs- und Rentabilitätsplans des Säbholzmonopols von der beiliegenden Note nicht unerheblich abweicht, den diesseitigen Standpunkt aber nicht ändert.

الخطوط الجوية العثمانية

LE CHEMIN DE FER OTTOMAN D'ANATOLIE

N^o 2599

TELEGRAM-ADDRESS
"ASIAFER"

Constantinople, den 22. Okt. 1912

20

Sehr geehrter Herr Direktor !

Fuer die freundliche Uebersendung des in der
Neuen Hamburgischen Boersen-Halle erschienenen Artikels
betr. die angeblichen Bemuehungen eines oesterreichischen
Kartells, das Zuendholz-Monopol fuer die Tuerkei zu erhalten,
danke ich Ihnen verbindlichst. Thatsache ist, dass
der anglo-cesterr. Herr Goldberger de Buda z. Zt. hier
weilt, der in derselben Angelegenheit thaetig ist. Ich
werde nicht verfehlen, Sie auf dem Laufenden zu halten,
sofern etwas ernstliches in Gange ist.

Hochachtungsvoll
ergebenst

DER GENERAL-DIREKTOR.

S. K. Jauz

sp

den Vorsitzenden des Verwaltungsrates
Hrn Direktor A. G W I E N E R

Ac. Ac.

B e r l i n.

Vertraulich:

37
Vertraulich!

Mitteilungen zur vertraulichen Kenntnisaufnahme und Verwertung in Interessentenkreisen
unter Ausschluß der Presse.

Vorkommnisse lassen die wiederholte Mahnung erforderlich erscheinen, diese Mitteilungen vertraulich zu behandeln und besonders ihre Publikation in der Presse zu verhüten. Diese Mahnung streng zu beachten, liegt im eigenen Interesse der Beteiligten, da die Herausgabe von Mitteilungen nur in dem Maße fortgesetzt werden kann, in welchem die vertrauliche Behandlung gewährleistet ist.

Gerichte über Einführung eines Monopols zum Vertrieb
von Zündhölzern in der Türkei.

Die in den Zeitungen gebrachte Nachricht, daß eine englische Gesellschaft dabei sei, das Monopol zum Vertrieb von Zündhölzern in der Türkei zu erwerben, verdient wenig Glauben. Denn dießelben Schwierigkeiten, die sich in früheren Jahren einem solchen Unternehmen entgegenstellten, bestehen auch heute noch. Abgesehen von Deutschland, das sich in Mittel Asien durch Handelsverträge mit der Türkei aus 1880 im Hinblick auf die Einführung einiger Monopole, darunter beiderseitigen auf Zündhölzer, einverstanden erklärt hat, sind alle anderen Staaten trotz ihrer älteren Verträge mit der Türkei in der Lage, gegen die Monopolisierung des Verkaufs von Zündhölzern Einspruch zu erheben. Darüber, daß die Türkei den Versuch gemacht hat, sich mit den interessierten Mächten über diese Frage zu verständigen, ist bisher nichts bekannt geworden.

Den 10. Dezember 1907.

Centralverband des Deutschen Bank- und Bankiergewerbes (E. V.)

Der Geschäftsführer.

BERLIN W. 54,
Behren-Strasse 22 I.

Telegraphen-Adresse:
Bankkassenzentrale.

Telephon-Nummern:
Amt I, 4323.

Berlin W. 54, den 20. Dezember 1907.

Behren-Strasse 22 I.

Vertraulich 1

Von maßgebender Stelle ist uns die anliegende vertrauliche Mitteilung, betreffend Gerichte über Einführung eines Monopols zum Vertriebe von Zündhölzern in der Türkei, zugegangen, die wir Ihnen zu vertraulicher Kenntnisaufnahme hiermit ergebenst überreichen.

J. G. v. C. Hochachtungsvoll

Centralverband des Deutschen Bank- und Bankiergewerbes (E. V.)

(K.)

Neumann
Geschäftsführer.

*Abdruck
im
Fachs
24/12*

MF



COMPAGNIE CHEMIX DE FER OTTOMAN D'ANATOLIE

N° 2850

Telegramm-Adresse

"ABIAFER"

Zündholz-Monopol.

25. 9. 1908

25. 9. 1908

48

Constantinople, den 25. September 1908

30

An den Verwaltungsrat der

ANATOLISCHEN EISENBAHNGESellschaft

Berlin.

Seit einigen Tagen befinden sich hier ein Lord Denbigh ^(K) Mitglied des Verwaltungsrates der London Joint Stock Bank, und ein jungerer Herr namens Springer, Sohn eines angeblich reichen und ^(K) bekannten Barons Springer aus Wien, die, wie wir vertraulich erfahren, sich um Erlangung des Zündholzmonopols bemühen und mit dem Finanzminister mehrfache Besprechungen in dieser Angelegenheit gehabt haben. Von einer Seite wird uns deren Anwesenheit wie folgt erklärt:

Der früher in dieser Sache thätig gewesene Geldgeber hatte s.Zt., nachdem er eine Finanzgruppe in Oesterreich und England hineingeligt hatte, Geldgeber in England gefunden, die eine Gesellschaft zur Ausbeutung des Monopols gegründet haben, mit deren Aktien bereits früher einmal ein schwunghafter Handel stattgefunden hat. Es scheint, dass die beiden erwähnten Herren nun als Vertreter der früheren Geldgeber hierhergekommen sind, in der

Hoffnung, ihr altes Projekt durchfuehren zu koennen. Lord Denbigh wird, obwohl er dem Concern eines erstklassigen Londoner Bankinstitutes angehört, als zu der Kategorie von Persoenlichkeiten gehoerig dargestellt, die ihren Namen als Krerbequelle benutzen. Wir haben bislang nichts erfahren koennen, mit was fuer Propositionen die Leute gekommen sind. Im Finanzministerium nimmt man sie jedenfalls ernst und behauptet, dass bedeutende Kapitalien hinter ihnen stecken und ihre Schritte sowohl von dem englischen wie von dem oesterreichischen Botschafter unterstuetzt werden.

Wir beeilen uns, diese vorlaeufige Mitteilung zu Ihrer Kenntnis zu bringen und bitten Sie uns zu sagen, ob die Angelegenheit Sie interessiert, in welchem Falle wir Sie bitten moechten, auch Ihrerseits in London und in Wien den Bestrebungen dieser Leute auf die Spur zu kommen.

*als eine sehr wichtige
Merkung*

Hochachtungsvoll
DER GENERAL DIRECTOR

Edmund G.

H.R.

BRUXEL, den 30. September 1908.

DEUTSCHE BANK (BERLIN) LONDON AGENCY,

L O N D O N.

Die Anatolische Eisenbahn-Gesellschaft richtete an ihren hiesigen Verwaltungsrat das in Anlage beigefügte Schreiben, wonach ein Lord Denbigh, Mitglied des Verwaltungsrates der London Joint Stock Bank, in Gemeinschaft mit einem Herrn Springer aus Wien in Constantinopel eingetroffen sei, um das Zündholz-Monopol zu erlangen. Wir wären Ihnen verbunden, wenn Sie über den Lord Denbigh Erkundigungen einziehen und uns mitteilen wollten, ob in London etwas von dem Bestreben des Genannten bekannt ist.

Freundschaftlichst

DEUTSCHE BANK

(K)

SECRETARIAT

Vertraulich

DEUTSCHE BANK - Secretariat,

Berlin, W.

beir.

TURKISH/SMITHS-HOLZ-MONOPOL.

Wir beauftragen noch den Erhalt Ihrer gefl. Separatzeilen vom
30 verg. Mts. und bitten zunächst freundlichst um Entschuldigung, dass
dass wir erst heute hierauf zurückkommen - wir mussten uns erst nach-
her ueber die darin erwachten Persoenlichkeiten erkundigen. (K)

(K) Der Earl of DENBIGH and DESMOND ist Aufsichtsrats/Mitglied der
folgenden Gesellschaften:

- Colonists' Land and Loan Corporation, Ltd -
- East Africa Syndicate, Ltd -
- Edison - Bell Consolidated Phonograph Co (Chairman)
- + Equitable Life Assurance Co.
- Hatch, Mansfield & Co, Ltd -
- + London Joint Stock Bank, Ltd -
- Nippon Syndicate Ltd -
- + Rio Tinto Co, Ltd -
- San Francisco del Oro Mines Ltd - (Chairman)
- Sapca Limited - (Chairman)

von denen indessen nur die mit einem + versehenen
Compagnien von Bedeutung sind. Denbigh entstammt einer uralten aris-
tokratischen Familie - hat kein nennenswertes Vermoegen und ist un-
gefuehr 60 Jahre alt. Er spielt eine gewisse Rolle in katholischen
Kreisen - dürfte geschaeftlich von keiner Bedeutung sein und dierf-

W.S.2.3.

Es wohl zu jenen Aristokraten zu rechnen sein, welche durch ihren Titel durch Aufsichtsräte/Stellen des Einkommens zu erhalten suchen. D. soll ziemlich intime Beziehungen zu Edmund DAVIS - dem auch James bekannten Chairman der South/West Africa Co. - haben, dürfte aber von diesem mehr als Aufputz als wegen seiner geschäftlichen Tüchtigkeit verwendet worden. Wir glauben kaum, dass hinter dem Earl namhafte Capitalien stehen; die Unterscheidung des Oester. Botschafters ist auf wohl auf eine Empfehlung des hiesigen Oester. Gesandten (des Grafen Mensdorff) zurückzuführen, der aber nicht von den geschäftlichen Tüchtigkeiten D's seine all'zu große Meinung, im Gegenteil. Der erwähnte Herr SPRINGER ist kein Sohn des jetzigen Baron Sp. in Wien - möglicherweise aber ein former Vorstands, der hier bei verschiedenen Projekten gewesen ist - respektabel sein soll, aber mehr Projektensucher, als tüchtiger Geschäftsmann.

Von Zeit zu Zeit haben immer wieder Bestrebungen hier aufgetaucht, ein Interesse für ein Zechholz/Monopol in der Turkey zu schaffen; wir hatten Gelegenheit, im Januar d.J. unter die New Founder Association, Ltd. - die im Zusammenhang mit diesen Bestrebungen zu stehen scheint, an einem unserer Freunde zu berichten, und wir gaben ihm, ohne einliegend Ausdruck dieser Informationen, die wir damals gaben, zu überreichen.

Wir werden uns weiter informieren und ev. auf der Gelegenheit demnachst aufrechtzuerhalten.

Fremdschaftliche
 von der Gesellschaft

Handwritten signature

Es existiert hier die sogenannte NEW POUNDERS ASSOCIATION, (K) welche angeblich basirt ist auf Vorarbeiten seitens eines Herrn Rad- nitzer und eines Herrn Stengle. Das Board dieses Syndicates soll der Due de Praguen angehören, sowie einige englische Aristokraten, deren Activen wohl hauptsächlich in ihren socialen Beziehungen bestehen - denen aber kaum Sachkenntnisse eigen sind. Der Schwerpunkt liegt viel- mehr darin, dass die Gewährung des englischen Monopoles von der Zu- stimmung der Grossmacht abhängig ist. Nach dieser Richtung hin ist aber seitens der englischen Regierung und - wenn wir recht informiert sind - auch seitens der Continental/Macht wiederholt Erklärungen abgegeben worden, eine Zustimmung zur Einfuhrung eines derartigen Mo- nopoles zu refusiren - Unter diesen Verhältnissen ist natürlich auch eine Anweisung an den Gewinn von höchst zweifelhaftem Werte. Die Aktien dieser New Ponders Association sollen einmal ca. £10.- be- stehen haben (früher £11.- nominal) wurden dann zusammengelegt und in diesen Aktien sollen Umsätze zu £13.- bis £14.- gethachtigt werden sein. Gegenwärtig ist es aber völlig unmöglich, einen Preis zu er- fahren für diesen nominal 10.10.10.10. share.

RECHENUNGS-AMT
DER
KONIGLICHEN KASSE

Handwritten: Constantinopol, den 3. Oktober 1908

AN DEN KÖNIGLICHEN KASSE-PRÄSIDENTEN

35

Handwritten: Nr. 2989

Rechnungs-Präsident
KASSE

Handwritten: Constantinopol

An den Finanzminister der

ANATOLISCHEN KESARAT-REGIERUNG

Beilage

In Beilagen Ihres geschätzten Schreibens vom 30. v. M.,
Nr. 1287, beehren wir uns Ihnen mitzuteilen, dass nach den uns zu-
gekommenen Informationen, Lord Reith und Herr Springer vor ein-
igen Tagen abgereist sind. Der letztere, dessen Ueberzeugung ist, dass
Verhandlungen mit dem Zweck hatte, der Regierung den Beweis zu
liefern, dass gegen das von dem Oesterreichern projektierte Be-
teil-Constantinopol keinerlei Opposition seitens der Engländer zu be-
fürchten war, wird wohl nicht mehr zurückkehren. Herr Springer
dagegen wird in wenigen Tagen hier sein.

Der Vertragentwurf ist von dem Rechtskonsulenten des
"Kaisers" geprüft und in einem Punkte modifiziert worden. Er
wird demnach dem Ministerrat unterbreitet werden, welcher
anschliessend unter Vorbehalt der Genehmigung durch das Parlament.

Am Vorstehenden geht klar hervor, dass die Regierung
nach wie vor die Finanzgruppe Springers als durchaus serious be-

Erachtet das Gericht dass sie wohl in der Lage ist, das Geschäft
 auszuführen? -

Wachstumsgehalt : 1,2
 100% in 10 Jahren
 100% in 10 Jahren

Handwritten signature

2277

37

28

BREITEN, den 24. Dezember 1927.

VERKEHRSPOLITIK

Anstaltliche Wechselkurs-Gesellschaft.

RECHENBEREITUNG

Im Auftrag unseres Herrn Direktor Geinert überreichen
wir Ihnen mitliegenderweise Ausdruck eines Circularschreibens
des "Centralverbandes des Deutschen Bank- und Bausparwesens"
betreffend Anlage, betr. Türkisches Wechselkursmonopol.



Kassendirektor

DEUTSCHE BANK
Orientalisches Bureau

Kass.

- 2 -

wach gemacht hat, sich mit den interessierten Kreisen über
diese Frage zu verständigen, ist bisher nicht bekannt ge-
worden.

Dem 15. Dezember 1951.

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