

THE OTTOMAN MINING SECTOR IN THE AGE OF CAPITALISM: AN
ANALYSIS OF STATE-CAPITAL RELATIONS (1850-1908)

by

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Submitted to

the Atatürk Institute for Modern Turkish History

in partial fulfillment of the requirements

for the degree of

Master of Arts

Boğaziçi University 2010

An abstract of the thesis of Alaaddin Tok for the degree of Master of Arts from the Atatürk Institute for Modern Turkish History to be taken in September 2010

Title: The Ottoman Mining Sector in the Age of Capitalism: An Analysis of State-Capital Relations (1850-1908)

This thesis examines the relations of the Ottoman state with other actors of the mining sector in the last decades of the empire. In the nineteenth century, mining in the empire started to be regulated by *nizamnames* as opposed to the classical period. This brought the private sector and many foreign and local entrepreneurs obtained concessions for operating mines. In a few decades, foreigners dominated the sector because of their financial and technological superiorities, and started to exploit Ottoman resources, leaving a small share to the state. This disturbed Ottoman society and government, and the administrators sought opportunities to increase Ottoman interests. Though there were certain efforts to restrain foreigners, the pressure of the foreign states on the Ottoman government limited these efforts. The only way to better benefit from the mines was to deploy local producers. Notwithstanding the government's efforts the Ottoman private sector could not compete with the foreigners. Realizing that Ottoman citizens took concessions for reselling instead of operating mines, the government tried to resist against foreign capital by encouraging domestic joint stock mining companies, granting concessions to the bureaucrats and ameliorating the mines operated by the government. However, the Ottoman share in the mining production remained limited.

Boğaziçi Üniversitesi Atatürk İlkeleri ve İnkılâp Tarihi Enstitüsü'nde Yüksek Lisans derecesi için Alaaddin Tok tarafından Eylül 2010'da teslim edilen tezin özeti

Başlık: Kapitalizm Çağında Osmanlı Madencilik Sektörü: Devlet-Sermaye İlişkisinin Bir Analizi (1850-1908)

Bu çalışma Osmanlı İmparatorluğu'nun son döneminde devletin madencilik sektöründe iş yapan aktörlerle ilişkisini ele almaktadır. Osmanlı madenciliği on dokuzuncu yüzyılda klasik dönemdekinden farklı olarak nizamnamelerle yönetilmeye başlamıştı. Böylece, özel sektöre kapılar açılmış ve yerli-yabancı birçok yatırımcı maden işletmek için imtiyaz almıştır. Yabancı sermayedarlar parasal ve teknolojik üstünlükleri dolayısıyla birkaç on yıl içerisinde sektörde egemen hale gelmişler ve devlete çok az bir pay bırakarak Osmanlı kaynaklarını sömürmeye başlamışlardır. Bu durum Osmanlı toplumu ve hükümetini rahatsız etmiş ve yönetim tarafından Osmanlı çıkarlarını artıracak yollar aranmıştır. Yabancılara çeşitli yöntemlerle engel olmaya çalışılsa da yabancı devletlerin baskıları Osmanlı hükümetinin yabancılara karşı istediği gibi hareket etmesini engellemiştir. Bu durumda imparatorluk adına madenlerden daha fazla fayda sağlamanın yolu yerli üretim organlarının harekete geçirilmesiydi. Hükümetin çabalarına rağmen Osmanlı özel sektörü yabancılarla rekabet edemedi. Özel sektörün imtiyazları maden işletmek için değil satmak için aldığını gören hükümet yerli anonim madencilik şirketlerini teşvik, saraya yakın bürokratlara imtiyaz verme ve devletçe işlettirilen madenleri ıslah etme yollarıyla yabancı sermayeye direnmeye çalıştıysa da madencilikten aldığı payı pek artıramadı.

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CHAPTER 1

INTRODUCTION

The industrial revolution was the key phenomenon in the transformation of the world economy from the eighteenth century onwards. The revolution led to an unprecedented scale of economic activity in Europe. Capitalism became more and more intrinsic to European economies, which resulted in an increasing European interest in raw materials and markets around the world. The Ottoman Empire, with its rich resources and close location to Europe, was no exception.

Europeans had been present in the Ottoman economy before the reach of international capitalism. Even in the first centuries of the empire Genovese and Venetian traders assumed important roles in foreign trade. In the following centuries other European people began trading under the name of Levant. However, the scale of their economic activity and penetration into the capillaries of Ottoman economy were limited. It was in the first half of the nineteenth century that foreigners, English traders in particular, rushed to the Ottoman lands, taking the advantage of the changing customs regime after the Baltalimanı Trade Convention of 1838 and following agreements.¹ In the commercialization period, the port cities of the empire like İzmir, Beyrut and Selanik, became almost European cities and served as the economic and cultural bases of the Europeans in Ottoman territory.²

¹ Şevket Pamuk, *Osmanlı Ekonomisi ve Dünya Kapitalizmi (1820-1913)* (Ankara: Yurt Yayınları, 1984) pp.18-20.

² See Çağlar Keyder, Eyüp Özveren, Donald Quataert, eds. *Doğu Akdeniz'de Liman Kentleri* (İstanbul: Tarih Vakfı Yurt Yayınları, 1994)

The ascendancy of industrial capitalism over mercantile capitalism totally changed the European-Ottoman economic relationship in the second half of the nineteenth century. Peripherilization necessarily put certain limits on the Ottoman state to control the flows of the factors of production circulating globally. Therefore, it required the restructuring of the state apparatus, which was to operate in a new state-system.³ The institutionalization process in the economic restructuring went hand in hand with the economic integration to the world economy. Ottoman lands became more open to the foreigners through profound legal changes like the *Islahat Fermanı* (Reform Edict) of 1856 and *Arazi Kanunnâmesi* (Land Law) of 1858.⁴ These changes represented the liberal spirit of the Tanzimat era and mainly aimed at the good of Ottoman citizens. At the same time, they prepared the ground for the novelties that led foreigners to have more share in the Ottoman economy. In this period, foreign economic activity went beyond commercial practices. As the economy became more liberal, the first examples of modern financial institutions appeared under European initiative. Infrastructural investments provided Europeans with high profits besides those from the trade of raw materials. At the turn of the century, the classical provisionist⁵ policies of the Ottoman state totally disappeared and due to the expansion of the open markets, the Ottoman economy became almost fully integrated into the world economy.

³ 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*, edited by Huri İslamoğlu. Cambridge [Cambridgeshire] ; New York : Cambridge University Press ; Paris : Éditions de la Maison des sciences de l'homme, 1987. p.89.

⁴ Donald Quataert, “Tanzimat Döneminde Ekonominin Temel Problemleri” in *150. Yılında Tanzimat* edited by Hakkı Dursun Yılmaz. (Ankara: Türk Tarih Kurumu Basımevi, 1992) pp. 450-451

⁵ Provisionism is a concept developed by Mehmet Genç as one of the principals of the classical Ottoman economy. According to this principle, the main goal of agricultural production was meeting the internal needs, especially that of cities. The production and distribution processes were under the control of the state. Exportation was rarely allowed. For more information see Mehmet Genç. *Osmanlı İmparatorluğunda Devlet ve Ekonomi* (İstanbul: Ötüken Neşriyat AŞ, 2000) pp.47-50.

Permeation of European capital into the Ottoman economy did not occur smoothly. In Issawi's words for the greater area, "the economic history of the Middle East in the last two hundred years has a dominant theme: impact and reaction, or challenge and response."⁶ Considering the impacts of European economic growth after the industrial revolution in east and its reception by the eastern states and people living in these peripheral regions, this conclusion is true. As a part of the Middle East, likewise, Ottoman economic history in the nineteenth and early twentieth century was characterized by a persistent tension between international and local economic forces. European greed for the exploitation of the material resources of the Ottoman Empire vis-à-vis the protectionist concerns of the elites and ordinary people made up the core of the tension.

On the one side of the struggle, as mentioned above, were the Europeans who entered Ottoman territories with high levels of capital, seeking raw materials and markets for their manufactured goods. In due course, their economic capabilities within Ottoman borders increased when they engaged in large-scale investments like railroads and harbor building which necessitated vast financial sources. Such a large-scale foreign economic activity encountered challenges by local forces, both institutional and societal.

Though appreciated by some beneficiaries, foreign economic penetration was challenged by many people who were threatened economically. More important than the resistance of the ordinary people, a relatively strong and central administration in the empire put certain obstacles for the foreigners. Compared to most of the other states of the time, the Ottoman government, due to the bureaucratic reforms of the nineteenth century, was still capable of taking counter policies against European

⁶ Charles Issawi, *An Economic History of the Middle East and North Africa* (New York: Columbia University Press, 1982), p.1.

powers. In other words, the presence of a strong Ottoman state rendered it possible to resist foreign impositions, instead of being directly colonized by a European power. However, the economic perspectives of the Ottoman administrators were varying and state's attitude towards the foreign presence was unstable due to the power struggle between rival bureaucrats. Still, it will not be wrong to argue that the reactionary stance against foreigners predominated.

The Ottoman Empire is generally described as an “agrarian empire”⁷ both in the classical and modern eras. It is a fact that the empire was one of the major agricultural producers in the nineteenth century. The commercialization of agriculture after 1850's changed the type of crops cultivated and increased the production level.⁸ However, in terms of resources, the empire was among the richest not only in agricultural goods, but also in mineral resources, which is usually ignored.

This thesis concentrates on the economic history of the Ottoman mines in the last decades of the state, which has not been examined thoroughly yet. In search of the changing and enduring aspects of the mining sector in the nineteenth century in Ottoman lands, locating the issue in the history with a certain focus on different actors constitutes the general framework of this thesis. The mineral sources of the empire became one of the battlegrounds of different economic interests at the end of the nineteenth century. Therefore, examining the tension and scrutinizing the state's policies related to the issue give hints about the economic struggle between the imperial powers and a peripheral country. Certainly, in the transition process of the

⁷ Donald Quataert, “Agriculture” in *An Economic and Social History of the Ottoman Empire* vol.2., Suraiya Faroqhi, Bruce McGowan, Donald Quataert and Şevket Pamuk eds. ,(Cambridge: Cambridge University Press, 1994) p.843.

⁸ Ibid. pp.844-848.

traditional Ottoman economy to a modern one, the state emerges as one of the most important actors. Thus, while tracing the history of mines in the empire one should concentrate on the intersection point of economy and politics where the state played the leading part. However, emphasizing the role of state should not obscure the part of private enterprises and personal undertakings.

There are a number of works dealing with the different aspects of mining in the Ottoman Empire. Mining during the classical period has been studied by some scholars on both local and imperial levels. The classical age is a relatively simple period to understand because of the relatively few numbers of mines and the low-level mining activity. Moreover, the mining regime was run by the government leaving a very small share to the private sector. Studying the mines of the classical age is more or less studying the state activities pertaining to mineral resources. Coming to the second half of the nineteenth century, things began to change and the sector emerges as a complicated economic field with different operation systems, like state ownership, franchising and private investments. Moreover, the access of foreign capital to the mining sector with high investment capabilities and technological facilities designated a break point from earlier applications. That is, state domination on the mines was challenged by the private sector which resulted in an unprecedented growth in the sector and complex mining regime with different actors.

A number of studies focus on the post-1850 period in the search of the legal grounds of the change and its implications on the mining regime. In addition, mining grants given by state were assessed by the categorization of the concessionaires

according to their religious or national backgrounds,⁹ usually accompanied by a bias against foreigners. Most of the works adopt an anti-imperialist discourse and over-emphasized the foreign mining exploitation. In fact, it was the foreign entrepreneurs who dominated the sector and made the major production particularly after the 1880s. However, while scrutinizing foreign activity in mining, the dynamic process between state and the foreign and domestic people takes a back seat. More important for our purposes in this thesis, the Ottoman people who participated in the mining activities at least in the concessionaire level, have never been focus of a study. This work will examine the struggle around the Ottoman mines that occurred between Ottoman state, foreigners and Ottoman subjects which is poorly represented in the literature, with a certain emphasis on the state.

In the research process of this thesis both primary and secondary documents were utilized. The Prime Ministry Ottoman Archives was the main place where I spent time in the research period. I used many documents related to the topic from different classifications. Another place was İstanbul University Nadir Eserler Kütüphanesi (İstanbul University Library of Rare Works) , where I was able to find mining statistics for the empire which gives valuable data about the mining grants, production levels and mining revenues. In addition, law codes pertaining to the privatization of the mining sector were acquired to monitor the legal bases of the change and state's policies at the normative level. Also official records of the first Ottoman parliament of 1877 offered valuable information to observe the economic visions of the Ottoman delegates. Among the secondary sources, related theses,

⁹ See, Ercüment Balcı, *Osmanlı Madenciliğinde Nizamnâmeler Dönem*”, (MA thesis, İstanbul Üniversitesi İktisat Fakültesi ,1994), Ertan Gökmen,” II. Abdülhamit Dönemi Osmanlı Maden İmtiyazları (1878-1899)”ın *Belleten* No:262 Aralık 2007 pp.971-996, Gündüz Ökçün, “XX. Yüzyıl Başlarında Osmanlı Maden Üretiminde Türk, Azınlık ve Yabancı Payları” in *Prof. Dr.Yavuz Abadan'a Armağan* (Ankara: Siyasal Bilgiler Fakültesi Yayınları, 1969) pp.804-890.

books and article were helpful to see the general picture of the era and the mining sector, in particular.

In the following parts of the thesis, first, the historical background of the Ottoman mining will be traced. The Anatolian and Balkan territories of the empire had a long history of mining activities dating back to ancient times. The Ottomans, while extending their territories both in the west and the east, paid specific attention for the utilization of mine sources. As mentioned above, for centuries, mines were owned, controlled and operated by the Ottoman government. The classical mining regime started to be challenged as the European capital spread within the imperial borders. In the second half of the nineteenth century, European pressure on the one hand and change in the economic mind of the leading Ottoman bureaucrats on the other paved the way for a shift first in the land regime and in the mining exploitation in the following years. In this chapter, this evolution process will be handled to see the general picture and to better understand the situation in the period under question. Accordingly, it will be clear that despite being challenged by the foreign presence in the economic domain, the state did not surrender and could maintain its central position in the control of the mining sector. Yet, it would be odd to claim that state had never conceded. The process occurred with give and take, but in the final analysis, state remained the major actor.

The second chapter also deals with the change in the economic thought of the Ottoman elites. Examination of the transformation of the traditional economic mind to a modern one is necessary to better understand the policies pursued by the government. Liberalism- protectionism tension constituted the main axis of the discussion in this part. While the first group, liberals, were in favor of an open economy, protectionist were seeking minimal foreign presence and putting more

emphasis on the economic development through the state's own institutions and subjects.

Unfolding the historical and ideological background of the era, in the third chapter, foreign capital in the mining sector and state's measures towards foreigners will be examined in the practical level. Here, a specific attention will be paid to the process of foreign penetration to the mining sector. While tracing this process, different documents from the archives and Ottoman mining statistics are used to better understand the process. In this chapter, it will be argued that, as an example of center-periphery conflict, Ottoman government-foreign capital relations were characterized by animosity after a short-term amicability at the first years of foreign presence in the Ottoman mining sector. Accordingly, when it became apparent that foreign operation of Ottoman mineral resources did not provide the desired benefit for the state treasury while having negative effects like the increase of foreign intrusion to the internal affairs of the Ottoman state and decline in the state's capacity to control its own resources, the government began to pursue a hostile policy against foreign miners. In pursuant to the argument, this chapter delves into the government's formal and informal efforts to hinder the foreign activities on the Ottoman mineral resources. Moreover, the negative view of foreign entrepreneurs will be traced in the petitions submitted to the sultan by bureaucrats and ordinary people. How sensitive was the government on preserving its resources, foreign miners and states did not comply with the Ottoman impositions. Therefore, the Ottoman mining regime was shaped by a constant tension between the Ottomans and foreigners who were supported by the European governments.

The fourth chapter examines the Ottoman policies regarding the local actors of the mining sector. In this section, the state's policies aiming at promoting the

Ottoman interests in the mining sector is analyzed. In this chapter, it is argued that the Ottoman state aimed to increase its benefit from the mines by employing governmental strategies instead of depending on the local private sector. Ottoman private entrepreneurship in the mining business remained weak because of the financial and technological disabilities of the entrepreneurs. Therefore, the government sought other solutions to gain more benefit from mines. Three major policies will be highlighted in this chapter: first, favoring the Ottoman bureaucrats for mining enterprises as a way of securing the mineral resources; secondly, promotion of domestic joint stock companies and thirdly, reforming the government mining enterprises. Whatever the government did for increasing its own benefit from the mineral resources via mobilizing its own agencies, foreigners could hold a dominant position in the sector. Statistical data from the Ottoman documents will be assessed in this light to find out the differences of Ottoman and foreign participation in the mining sector. The data shows the Western domination in the sector.

Last, the fifth chapter highlights some concluding remarks with a general evaluation of the findings of the research.

CHAPTER TWO

THE HISTORY OTTOMAN MINING AND ECONOMIC PICTURE OF THE NINETEENTH CENTURY

No state and society can exist without mineral resources. In the pre-modern eras, lack of metals meant defenselessness and metals continue to be an important component of military power in modern times. The maintenance of daily life depends on existence of necessary minerals. So, having mineral resources has been a pre-requisite for a proper way of living and having a potent state. From this perspective, the Ottoman Empire owed much to its mines for meeting the military, monetary and other daily needs.

Mining in the Ottoman Empire can be traced back to the early stages of foundation. It evolved in time and reached the modern era with certain changes. The transformation process introduced new arrangements to the sector and totally changed its structure. Thus, mining in the Ottoman Empire can be divided clearly into two distinct periods. The first period covers all of Ottoman history until the mid-nineteenth century. This can be called the classical mining regime of the empire. The second one is the post-1850 period in which the mining sector developed in the presence of foreign capital and private Ottoman entrepreneurs.¹⁰ The main differences between these periods were the laws regulating the mining operations and the intensity of the mining activities.

¹⁰ Rhoades Murphey, "Ma'adin" in *Encyclopedia of Islam* vol.5 (Leiden: E.J. Brill,1986) p.973.

What this thesis scrutinizes is the period following the epochal novelties of the mid-nineteenth century. However, for better understanding the mining activities in this period and to see the continuities and differences, it would be beneficial to take a look of the historical background of the Ottoman mining as well as economic and political transformations in the nineteenth century.

Ottoman Mining in the Classical Age

Anatolia, the birth place of the empire, has abundant mineral deposits which have attracted many people throughout the history. Despite being limited compared to Anatolia, Rumalia –the Balkan territories of the empire- was again an important source of various mines. Mining in these lands dates back to the Paleolithic era. It is no coincidence that archeologists find various metal works in different parts of Balkans and Anatolia. This shows the employment of these sources by different groups of people from different cultures throughout history before the Ottomans.¹¹ For its critical position in the economic system, the Ottoman administrators put a high premium on the possession and control of the mineral wealth as the previous inhabitants of Anatolia and Rumalia.

In the earlier stages of Ottoman expansion, the search for new mines and providing the security of possessed ones were the key elements that determined Ottoman strategies. As Murphey states, “In a very real sense, the mines were the ultimate source of prosperity for the emerging Ottoman state and assured supply of metals of military importance such as lead, iron and tin was essential to state security. Because of the critical importance of their uninterrupted production, mineral sources were carefully protected and closely regulated by the Ottoman

¹¹ For a brief history of ancient mining in Turkey, see Ergun Kaptan, “Findings Related to the History of Mining in Turkey”, in *Bulletin of the Mining Research and Exploration* , No:111 (1990) pp.75-84.

government.”¹² For example, the Ottoman efforts to control Serbia and Bosnia in the fourteenth century derived in part from a desire to secure efficient silver and gold production in the Balkans.¹³ Thus, mines were of great importance in the progression of the state and these natural sources can be considered both a reason and a consequence of the Ottoman expansion.

Major Mines and Their Administration

In the process of evolution from a tribal community to an empire, pits at Gümüşhane, Eşpiye, Keban, İnegöl, Ergani in Anatolia and Novoberde, Serberniçe, Kıratova, Sidrekapısı, Rudnik, Kamengrad, Koçanya , Taşoz in Rumalia were the major mines that provided the Ottomans with the necessary minerals.¹⁴ The major minerals being extracted were silver, gold, copper, iron and lead. In addition, there were other minerals such as salt, litharge, meerschaum and naphtha. For centuries, Ottoman mining proceeded stably and the exploited minerals were used within the country dominantly by the state for the governmental purposes. Main purpose was to fulfill the needs of the army and treasury. In the army, the principal users were the *Tophâne-i Amire* (imperial cannon foundry), and *Tersâne-i Amire* (imperial naval shipyards). Mining in the classical period was related directly to treasury in the sense that the above-mentioned mines were supplying imperial mints for the production of silver, golden and copper coins.¹⁵ The mines also were used in civil construction,

¹² Murphey, p.974.

¹³ Halil İnalçık and Donald Quataert, eds, *An Economic and Social History of the Ottoman Empire 1300-191* vol.1 (Cambridge: Cambridge University Pres, 1994), p.58.

¹⁴ Ahmet Refik, *Osmanlı Devrinde Türkiye Madenleri (967-1200)* (İstanbul: Devlet Matbaası,1931)

¹⁵ Şevket Pamuk. *A Monetary History of the Ottoman Empire*. (New York : Cambridge University Press, 2000) p.36.

namely for building mosques, schools, hospitals, royal palaces and residences for high government functionaries. The needs of society played second fiddle and raw-material procurement to the artisans or other people was arranged by the governmental agencies.¹⁶

Ownership of the mines was a complex issue. There are three mainstream judicial theories about the ownership of mines. First, the *accession* principle, which gives mines to the land-owner; second, the *res nullius* (open access) principle, according to which mines belong to the one who strikes the mine on vacant land and the *domanialité* principle under which the state owns all mines. In the empire, a mixture of these principles was on play. However, considering the fact that almost all lands belonged to the state it is hard to talk about *accession* and *res nullius* principles. So, it can be concluded that *domanialité* principle was most frequently in effect.¹⁷

Until the second half of the eighteenth century the *Hazine-i Amire* (imperial treasury) undertook the management of the mines of the empire. From the 1750s on *Darphane Nezareti* (Ministry of Royal mint) assumed this duty.¹⁸ In addition to producing coins and analyzing newly founded ores to ascertain whether they were eligible for exploitation, the mint now started to manage the operation of different *mukataas*¹⁹ (source of revenues leased to private entrepreneurs) which included mines, too. The Royal mint maintained these functions until the Tanzimat era when

¹⁶ Murphey, pp.974-981

¹⁷ Hüseyin Nail Kubalı, “Eski Mevzuatımız ve Maden Mülkiyeti” in *Ebulula Mardin’e Armağan*, (İstanbul: İstanbul Üniversitesi Hukuk Fakültesi, 1944) p.795-807.

¹⁸ Fahrettin Tızlak, *Keban-Ergani Yöresinde Madencilik (1780-1850)*. (PhD dissertation, Fırat Üniversitesi Sosyal Bilimler Enstitüsü Elazığ, 1991,) p.17.

¹⁹ Yavuz Cezar, “Tanziamata Doğru Osmanlı Maliyesi”, in *Tanzimattan Cumhuriyete Türkiye Ansiklopedisi vol.4* (İstanbul: İletişim, 1985), p. 928.

all treasuries were unified under the name of *Hazine-i Celile-i Maliye* (Treasury of Finance).²⁰

The principal concern of the Ottoman administration about the mineral resources was the efficiency in the operation of the mines. Workers and other officers in the mines had to do their job professionally in order not to be chastised. The tone of the words in the orders of the sultan points out the strictness. For example, in a *firman* the sultan dictated that the officer who was appointed to the Nevabir silver mines should supervise the production and operation in the mineshafts and, should urge the workers who were not working in pursuant of the sultan's orders and punish those who remained to be idle.²¹

Operation Modes

The Ottoman mining regime in the classical period was a complex system because of the geographical conditions and the longevity of the empire. It is not possible to talk about a single homogenous mining system. Various kinds of mining operations could be seen in different parts of the empire. Mining operation modes changed according to the type of the mineral, states interests on a certain mine and temporal conditions.²² Still, in the final analysis, it is not wrong to argue that the statist understanding in the mining led to a governmental monopoly over mineral resources until the Tanzimat era.²³

²⁰Tızlak. p.18.

²¹ See Robert Anhegger and Halil İnalçık *Kânûnnâme-i Sultânî Ber Müceb-i Örf-i Osmânî* (Ankara: TTK Basımevi, 1956) p.6: “*Ve buyurdum ki varıp madenlerimi ve mecmu' mahsûlâtın görüp gözede ve kuyuları işlede, emrim mücebince amel etmeyip âvâre yürüyüp işlemeyen kuyucuları ve çarhçı kafirleri işlede işlemeyenleri sekidip haklarından gele.*”

²² Tızlak, p.15.

²³ Enver Ziya Karal, *Osmanlı Tarihi vol.7*, (Ankara:Türk Tarih Kurumu, 1996), p.245.

There were three principal organization types in the mining activities. The scale of the mining operation was an important determinant in choosing the mode of mining activity. The first mode was the direct control and operation of the state. The major problem in this type of mining operation was the scarcity of a skilled labor supply. In Ottoman agrarian society it was hard to find people who specialized in mining works. In order to overcome this problem the government followed compulsory policies. In this mode, mostly different groups of soldiers, slaves or some special groups like *yörüks* (semi-nomadic Turkomans) and peasants from the certain villages were employed and forced to work under a state officers with very few wages or free of wage. Another source of labor was prisoners.²⁴ However, because of the inefficiency that stemmed from this mode of operation, it was abandoned in time.

The second type was also under the supervision of the government. This type was a symbiosis of public and private entrepreneurship and was *emâneten* (operation in trust). The procedure was as the following: the government was appointing an officer (*emin*), providing him with a certain amount of capital. However, it was the officer and his team's duty to find the workers and finance the operation of the mine. After the exploitation of the minerals, the government took a fixed proportion of the revenue directly. The remaining part was left to the entrepreneur and the miners or was bought by the state from them. This mode was the most common method especially in the operation of gold, silver, copper and lead mines.²⁵

²⁴ Murphey, p.974.

²⁵ Neşet Çağatay. "Osmanlı İmparatorluğunda Maden İşletme Hukuku" in *DTCF Dergisi* vol.2 no.1, (1942), p.124.

The third type had to do with the private sector. The name of this system was *iltizam* (tax farming). It became widespread when state faced certain problems in collecting the related taxes itself. In this mode of operation, the government granted the right of farming out of mining revenues to a person in return for a certain sum called *bedel-i iltizam* which was being taken in the beginning of the process. Once a mine was given as an *iltizam*, the government could not ask for additional taxes. For this reason, the mines in this system were given by the government short-term. As for the entrepreneurs called *mültezim* (tacksman), the main object was to get more money than *bedel-i iltizam* to reap a profit from the investment.²⁶ All in all, this system was a kind of gambling because of the probable difficulties in the operation process.

The chief factor that determined which mode to be preferred was the scale of the investment. If production cost was affordable for an ordinary entrepreneur it was very likely to be given to him. In the case of large-scale investments in which the expenses for equipment and wages cost a great deal, it was the state which undertook the mining operation either directly or, *emâneten*. Also, if the production of a mine was relatively efficient and constant, franchising it to a private entrepreneur might be preferred. Mostly, the state chose to operate abandoned and inefficient mines which were not favorable to private investors²⁷ in addition to the huge mines. Yet, it should be noted that the above-mentioned categorization does not fit the reality totally. Sometimes, specific applications appeared and state employed complex systems which emerged as mixtures of the types shown above.

An important step in favor of the private sector for mining operations was the introduction the *ihâle* (bid) system. This category emerged in the nineteenth century

²⁶ Murphey, p. 974.

²⁷ Ibid.

when a new regime in the mining sector was starting. This system denotes the long-term leasing of state's lands for mineral exploitation. Accordingly, one individual or a company received a license from the government to operate mines in a certain area by paying particular fees during the licensing procedure. The main payment was called *ferman harcı* (fees of firman), which was taken for the imperial decree that granted the right to the demander. In addition to preliminary payments, the entrepreneur made a deal with the government to pay certain taxes after the mines production started. The tax rate was ranged from one to five percent for the scattered deposits and ten to twenty percent for the concentrated deposits. These rates denoted a far less amount than the money taken in the *iltizam* system. Detailed information will be given in the following pages while discussing the mining laws of the post-1860 period.

Portrait of Ottoman Mining in the Nineteenth Century

Economic transformation was one of the main features of the nineteenth century which was derived from an interaction between domestic and foreign forces. As Sunar puts it, “the transformation of the classical Ottoman economic system was neither a consequence of a dynamic inscribed into the system nor the simple outcome of a direct impulse transmitted from outside; rather it was the interaction of internal and external forces which determined the process of such transformation.”²⁸

The old mining regime entered into an evolution process along with the Ottoman economy in the nineteenth century. The first and second halves of the century were totally different in terms of mining activity and level of production. There were internal and external aspects of this transformation, too. To acquaint

²⁸ İlkay Sunar, “State and the Economy in the Ottoman Empire”, in *The Ottoman Empire and the World-Economy*, ed. Huri İslamoğlu-İnan (Cambridge: Cambridge University Press, 1987) p.63.

readers with the historical adventure of the transformation process and its aftermath, it is worth examining the external and internal developments separately.

However, before doing this, to better understand the new mining regime after 1860's and Ottoman government's attitudes towards other actors of the sector, prevailing ideological stances of the era should be scrutinized. As a matter of fact, it is not possible to speak of a single ideology that ruled separately in a certain time period. The Ottoman elites and administrators remained confused in terms of economic policies until the end of the empire. Needless to say, this confusion had much to do with varying mining policies, too. Generally speaking, Ottoman economic mind was under the influence of traditionalism, liberalism and protectionism.²⁹ Indeed, traditionalism and protectionism can be grouped together over against liberalism.

Among these ideologies, liberalism was the champion of the nineteenth century. Starting with the reign of Selim III, reformist movements appeared in the Empire. However, it was the sultanate of Mahmut II in which a new era began in the Ottoman history in ideological means. The major trend in this period was liberalism, specifically in economic terms. The last ten years of the Mahmut II's reign was the time for burgeoning of liberal ideas mainly through western agencies³⁰ In the following decades liberal way of thinking totally changed the Ottoman economic picture.

However, economic liberalism did not remain unchallenged. Opposing ideas emerged within a short time after the reach of liberalism. A group of Ottoman elites

²⁹ Halil İnalçık and Donald Quataert, eds, *An Economic and Social History of the Ottoman Empire 1300-1914* v.1 (Cambridge: Cambridge University Pres, 1994), p. 770.

³⁰ Ahmet Güner Sayar, *Osmanlı İktisat Düşüncesinin Çağdaşlaşması: Klasik Dönemden II. Abdülhamit'e* (İstanbul: Der Yayınları,1986) p.171.

under the leadership of Sadık Rıfat Paşa, for example, introduced state-mandated economic model for the development of the empire³¹ in the early years of liberalism as an alternative to liberal policies. Yet, these anti-liberal thoughts could less influence the decision-makers in the administrative circles until the reign of Abdühamid II.

Protectionism strengthened as the side effects of liberalism infected the traditional Ottoman system by worsening economic conditions of the local producers. Sayar argues that liberalism was nothing but anarchy in the eyes of Abdülhamit II.³² Though these words seem to be exaggeration, they signify a fact: the leading actor against liberal policies was the sultan after 1880's. Protectionist thinking could challenge liberalism in the practical level only under his reign. Overall, the Ottoman economic thought in the second half of the nineteenth century was shaped by a tension between liberal ideas and protectionism endorsed by traditionalism.

The Story of Foreign Capital in the Ottoman Economy

It was stated previously that Ottoman mining was in a bad way in the first decades of the nineteenth century. The recovery of the sector was only possible in the second half of the nineteenth century after the entry of foreign capital. Due to the participation of foreigners in the mining business the mining activity in the second half far surpassed those of the classical period. For understanding this growth in the sector, the history of the foreign capital in the Ottoman Empire should be revealed.

³¹Şerif Mardin. *Türkiye'de İktisadi Düşüncenin Gelişmesi 1838-1918*. (Ankara: Siyasal Bilgiler Fakültesi, 1962) p.19.

³² Sayar, p.388.

Until the middle of the century, foreign economic presence in the Ottoman territory was relatively limited and one-fold. In the first half of the nineteenth century, it was the mercantile activities that took place mostly in the port cities of the empire, hurt the Ottoman economy. The liberalization of the trade with Baltalimani Trade Convention of 1838 provided foreigners with major advantages. In the aftermath of the convention, the main elements of Ottoman trade became the exportation of primary products and importation of manufactured goods. In short, free-trade liberalism in the Ottoman lands dominated the economy without a serious challenge.³³

These changes in the trade regulations designated a single fact: the Ottoman economy had entered into a rapid process of “incorporation” with a bigger economic system in the nineteenth century. The incorporation in this case denoted that “the production processes of the region became the part of the integrated division of labor of the capitalist world- economy, responding to the imperatives of the drive for accumulation of capital.”³⁴

In the middle of the nineteenth century, the first modern war of the history, namely the Crimean War, altered the fate of foreign capital in the empire, besides having significant political consequences in Europe. No one could anticipate the consequences when the Ottoman Empire waged war against Russia allied with Great Britain, France and Sardinia in 1853. This three-year war ended in 1856 with the victory of the empire and its allies. The victory, though saving Ottomans from

³³ For competent studies on the economic history nineteenth-century Ottoman Empire, see Donald Quataert, “The Age of Reforms 1812-1814”, in *An Economic and Social History of the Ottoman Empire 1600-1914* vol. 2 eds. Suraiya Faroqhi, Bruce McGowan, Donald Quataert and Şevket Pamuk, (Cambridge:Cambridge University Press, 1994); Charles Issawi, *The Economic History of Turkey, 1800-1914* (Chicago : University of Chicago Press, 1980); Roger Owen, *The Middle East in the World Economy, 1800-1914* (London ; New York : Methuen, 1987)

³⁴ Immanuel Wallerstein, Hale Decdeli and Reşat Kasaba, p.89.

Russian menace for the next two decades, paved the way for increasing British and French influence in Ottoman politics and economy. These two European powers started to put pressure on the Ottoman government to extend the economic rights of their citizens within the imperial territories. To put it differently, the Europeans could no longer had to confine themselves to trading activities.

During the war, the first Ottoman debt experience occurred in order to mitigate the heavy financial burden of the military operations. In the following decades, Ottoman carelessness in borrowing from Europeans resulted inevitably in bankruptcy³⁵ and direct European control on some Ottoman financial resources.³⁶

The loan experience was related closely to the spread of foreign capital in Ottoman lands. It was a fact that, directly quoting from Mears, “most Turkish loans had been contracted in order to enable foreign investors to secure desired concessions notably related to transportation, mining and agricultural grants.”³⁷

It is no coincidence that first legal documents in the process of the inveteracy of foreign capital, namely the Reform Edict of 1856 and Land Law of 1858, were promulgated just after the Crimean War. These two early documents denote the increasing liberalism within the empire. In the following decades, other legal changes provided foreigners with broader rights in the economic as well as social and political realms.

As the Ottoman laws and other legal codes evolved, European influence started to be felt severely on every level of economic activities. In addition to the champion of the first half of the nineteenth century -international trade-, Europeans

³⁵ Faruk Yılmaz, *Osmanlı'dan Cumhuriyete Dış Borçlar* (Ankara: Berikan, 2003) p.62.

³⁶ Ibid. P.67

³⁷ Eliot Grinnell Mears, *Modern Turkey: A Politico-Economic Interpretation, 1908-1923* (New York: The Macmillan Company, 1924), p.363.

stepped into other sectors in the second half. They obtained a significant position in the finance sector. From the 1850s on they engaged in infrastructural enterprises like railway construction and management, and built harbors, quays and light houses. Generally speaking, the Ottoman state welcomed these European infrastructural investments.

Consequently, the second half of the nineteenth century and first decade of the twentieth century were the brightest time period of foreign capital in the Ottoman Empire. Foreign enterprises and commercial activities assumed dominant positions throughout the country. They were interested and involved in almost all sectors. Europeans even attempted to ranch farms in some regions of the empire, which can be considered as an extreme level of economic penetration. The farm project was initiated by Englishmen on fertile lands around İzmir.³⁸ Despite the limited number of these endeavors, they revealed the European desire to have a direct control over Ottoman raw materials. Indeed, the matter of this thesis -minerals- was also under the scope of the foreigners. Unlike agriculture, European entrepreneurs had an advantaged position in the mining sector because of the sector's requisites like high capital accumulation, skilled labor and technology.

The process of foreign entrance to the mining sector was not an immediate action, but a gradual one. Since mining is related closely to the land regime, this process should be tackled first, by tracing the changes in the land ownership. As was true in the classical era, non-Ottomans had no right to own lands and to be directly involved in economic activities pertaining to land even after the liberal- spirited Tanzimat Edict. Likewise, although almost one-third of the Reform Edict was

³⁸ Orhan Kurmuş, *Emperyalizmin Türkiye'ye Girişi* (İstanbul, Bilim Yayınları 1977), pp 112-138.

composed of articles pertinent to foreign rights and privileges,³⁹ still their economic rights were limited.

Actually, Europeans, especially Britain from the 1830s to the 1870s, encouraged the reform project aimed at strengthening the Ottoman state. In the reform policy, the purpose of the Ottoman government was to digest the local groups which could emerge as alternative power bases to the center. It can be argued that the aim of British matched up with this purpose in that the British did not want to deal with local powers while extending their economic activities in Ottoman lands. Thus, increasing European demand to easily access raw-materials and their search for profitable business together with the modernizing tendencies of the pro-Western Ottoman administrators gave rise to the legal changes for the sake of European capital, in the following years. In this manner, regulations on lands and mines of the empire enabled foreigners to do business in mining sector.

Institutional Changes in the Tanzimat Era Regarding Mining

The eighteenth century was the beginning of the decadence period in the Ottoman mining. Specific reasons like insufficiency of fuel in the mining exploitation and the increase in wages paid to the workers were behind the recession process, as well as other large-scale economic and social changes.⁴⁰ Furthermore, the lack of private entrepreneurs in the sector led to a stable and inefficient production.⁴¹ The relative decrease in the production level of the classical period lasted more than

³⁹ Stefanos Yerasimos. *Az gelişmişlik Sürecinde Türkiye*, trans. Babür Kuzucu. (İstanbul : Belge Yayınları, 1986), pp.697-698.

⁴⁰ Enver Ziya Karal, *Osmanlı Tarihi* vol.6 (Ankara: Türk Tarih Kurumu Basımevi, 1988) pp.243-244.

⁴¹ *Ibid.*, p.246.

one century. In the first half of the nineteenth century, Ottoman mining was still a primitive regime. Ubcini notes that only one-twentieth of the explored mines were being operated. The annual revenue of these mines was four million francs in the 1840s. While the number of active mines had been eighty two in the earlier centuries, there were only fourteen mines being operated in the 1840s and their production was below the maximum capacity.⁴² The inefficiency was mainly due to the employment of primitive methods. A report about the Anatolian mines prepared by an Austrian engineer named G. Pauliny depicts the picture in 1830's:

The mines of Asia Minor are run with no consideration for practical extraction of the ore or for drainage. The machines which we in Europe for centuries have found indispensable to help in these matters are completely lacking here. There are neither shafts nor tunnels, just a labyrinth of clay-bed burrows, in which it is impossible for a man with a fully-loaded wheelbarrow to work and in which a machine for extracting the ore could be built only with great difficulty. The dug ore is carried topside with great effort by children in small sacks. The water in the mines in general restricts the scope of possible mining methods, since they have not dreamed of a solution to this problem yet.⁴³

The mining regime of the classical ages reached the Tanzimat with very few changes. But *serbestiyet* system, as Ali Aslan calls can be taken as a minor change. This was a derivative of the *emâneten* operation method, but it had a special status in that the entrepreneurs were less restricted by the government.⁴⁴ However, what the *serbestiyet* system really entailed and the details of this method can not be realized from Aslan's article.

With the reach of the Tanzimat era institutionalization became the most distinctive feature of the Ottoman reform project. The first steps for

⁴²Yerasimos, p.659.

⁴³Issawi, *The Economic History Of Turkey (1800-1914)* pp.284-285.

⁴⁴ Ali Aslan, "Osmanlı İmparatorluğu Maden Teşkilatında Serbestiyet Sistemi", in *Belgelerle Türk Tarihi Dergisi* no 43 (September 1988), p.58.

institutionalization were taken in the late years of the reformist Sultan Mahmut II with the introduction of ministries. Ottoman reformers, in the following years, by establishing additional foundations, sought to have overall control over the economy and society. Accordingly, new legal and bureaucratic arrangements pertinent to mines were introduced to improve them.

In this way, international exhibitions were critical events that contributed to the increase of Ottoman mines' popularity both within the empire and among European countries. The Ottoman Empire participated in the First and Second International Exhibitions of London in 1851 and 1862 and the International Exhibition of Paris in 1855. Finally, in 1863, the empire organized an international exhibition in Istanbul that lasted five months. In all these expositions the Ottomans displayed predominantly raw-materials and handicrafts. The ultimate result of these exhibitions, as put by Önsoy, was that the empire could attract the attention of foreigners by proving that the Empire had great potential in raw-materials.⁴⁵

The Ottomans became acutely aware of the importance of mines in the development of a country as the sector grew. A report of a state officer from the technical commission of the Ministry of Public Works (*Nâfia Nezareti Heyet-i Fenniyesi*) shows this fact:

Total wealth depends on the one hand on the cultivation of fertile lands with modern methods and the exploitation of the various mines which can be taken as embedded treasures. If they did not have coal and iron mines in their countries English, French and German people who are considered as the most developed nations of the world could not reach this high degree even if they progressed in civilization. The progress of humankind is a result of industry rather than agriculture, and mining constitutes the backbone of the industry. Considering the miracles of coal and iron, mines more valuable than them like copper, silver, gold etc. will obviously provide more benefits. There is no need to prove what a great wealth will emerge in the imperial lands where every corner can be

⁴⁵ Rıfat Önsoy, "Osmanlı İmparatorluğu'nun Katıldığı İlk Uluslararası Sergiler ve Sergi-i Umumi-i Osmânî (1863 İstanbul Sergisi)" in *Bellekten* vol.185 (January1983). p.206.

considered as a natural treasure because of the abundance of mineral resources.⁴⁶

The first major step in the bureaucratization of mining activities in the Tanzimat era was the foundation of a special council of mines (*maden meclisi*) under the Ministry of Mints (*Darphane Nezareti*) in 1841. This council was officially a subdivision of the mint, but had close relationships with the Ministry of Finance (*Maliye Nezareti*) since it undertook the operation and financial regulation of the mines.⁴⁷ After a fifteen-year working period the council was abolished in 1856.⁴⁸ Until the foundation of the Ministry of Forestry and Mining in 1872, specific commissions under different ministries administered mining activities.

The ministry was expected to run the mining bureaucracy more efficiently. However, it did not have the opportunity to ameliorate the mining business. The ministry survived just for two months. Two months later, the duties of the ministry were, once again, ascribed to a council worked under the Ministry of Finance.⁴⁹ After six years, in 1878, the Ministry of Forestry and Mining was founded for the second time. This time, the life of the ministry was one year and it was replaced by a council

⁴⁶ BOA Y.PRK.TNF 2 /68 30 Z 1307 “...servet-i umumiye bir taraftan arazi-i münebbiyenin usul-ü hazıra ____ tevfikân işlenmesine ve hazine-i medfûne hükmünde olan muhtelif maadinin hafr ve ihracına vabestedir. Memleketlerinde kömür ile demir madenleri mebzul bulunmasaydı bugün cihanın en müterakki milletlerinden sayılan İngilizler, Fransızlar ve Almanlar mertebe-i medeniyetle terakki etseler bile bu mertebe-i kusvâya erişemezlerdi.(...) Nev-i beşerin bugünkü terakkisi ziraatten ziyade sanayi yüzünden husule gelmiş, sanayinin temelini ise madencilik görmüştür. (...)Kömür ile demirin meydana koyduğu bunca keramet nazar-ı itibara alınınca onlardan daha kıymetli olan bakır, gümüş, altın ve daha sair birçok madenlerden ne derece istifade husule geleceği kendiliğinden taayyün eder. (...) Madenlerinin kesret-i mebzuliyeti ile her ciheti birer hazine-i tabiat hükmünde bulunan memalik-i mahrûse-i şehriyârîlerinin ne derece servet meydana getireceğini isbat için ____ hacet bile yoktur.”

⁴⁷ Ali Akyıldız, *Osmanlı Bürokrasisi ve Modernleşme*, (İstanbul: İletişim, 2004) p.73.

⁴⁸ Ali Akyıldız, *Tanzimat Dönemi Osmanlı Merkez Teşkilatında Reform (1836-1856)*, (İstanbul: Eren, 1993) p.291.

⁴⁹ Özkan Keskin, *Orman ve Ma'âdin Nezaretinin Kuruluşu ve Faaliyetleri*, (PhD dissertation, İstanbul University Sosyal Bilimler Enstitüsü, 2005) p.46.

under the Ministry of Commerce and Agriculture (*Ticaret ve Ziraat Nezâreti*)⁵⁰ In 1886, the council started to work again under Ministry of Finance and maintained there until the establishment of an independent ministry under the name of Ministry of Forestry, Mining and Agriculture in 1893.⁵¹

The Problem of Technical Staff

A major obstacle for the Ottoman Empire in improving the mine production was the insufficiency of technical personnel. To meet the need of qualified staff the government sent many students to Europe to be educated as mining engineers. The first Ottoman mining engineer was İbrahim Edhem, who would become a high-ranking bureaucrat in the following decades. He attended the Paris mining school in 1835 and graduated in 1839.⁵² Numerous Ottoman students received education in the field of mining in the following decades.

Another Ottoman attempt at meeting the personnel need was opening a school that specialized in mining. In 1878, the government founded a mining school. The main purpose in doing so was to educate technicians or “second-class engineers”⁵³ instead of qualified engineers like the European ones. It was thought that these engineers would be employed in the research of mines and could run a mine better than European engineers who did not work properly.⁵⁴ However, as a matter of fact, the empire was not capable of educating competent engineers because of technical and financial inadequacy. The school was turned into a forestry and mining school in

⁵⁰Ibid., p.49.

⁵¹Ibid., p.51.

⁵² İbnülemin Mahmut Kemal İnal, *Son Sadrazamlar* (İstanbul: Dergah Yayınları, 1982) vol.2 p.603.

⁵³Keskin, p 12.

⁵⁴ BOA Y.PRK.TNF 2 /68 30 Z 1307: “İşte bu suretle yetiştirilen maden mühendisleri keşfiyat icrasında kullanılacağı gibi işletilecek herhangi bir madeni gayret ve sadakatle çalışmayan Avrupalı mühendislerden pek âlâ idare edebilirler.”

1880. The number of engineers graduated from this school was forty nine when it was closed in 1893.⁵⁵ Overall, the technical education experience of the empire in the field of mining failed.

These experiences definitely proved a major fact: it was a necessity for the Ottoman government to hire technical staff from European countries. From the 1830s on, in Sultan Abdülmecid's reign, the government began to employ European engineers who were to supervise the mines run by the government. In the following decades, as private entrepreneurs entered to the sector the need for foreign engineers increased. Here, the initiation of the *nizamnâme* practice was a breaking point. The number of the engineers increased dramatically in the post-1861 period.⁵⁶ Now, these engineers supervised not only the state mines, but also oversaw the private mining activities. European mining engineers preserved their privileged position in the technical aspects of the mining business until the end of the empire.

Legal Changes in Mining

Traditionally, the vast majority of Ottoman lands were *mîrî* lands which denotes that they belonged to the state. The state granted the right to use the lands to its subjects with certain requirements. There were few special cases in which people owned private properties. Yet, these experiences were not secure in that state had the right to take the properties back whenever it wanted. The security of private property in the Ottoman territories was absent until legal changes in the Tanzimat era.

⁵⁵ Keskin, pp.38-42.

⁵⁶ Ibid., p.13.

Eventually, in 1858 the Ottoman land law was promulgated opening a new page in the property ownership.

As is argued by many scholars, the Tanzimat was undertaken neither under the compulsion of Western countries nor an independent attempt of the Ottoman elites themselves. The reform project emerged in a place where Western and Ottoman ideas converged. At first glance, the changes in the laws can be attributed directly to Western pressure. However, one should take domestic will into consideration while assessing the evolution process. Thus, the Land Law of 1858 should be seen from this perspective. Accordingly, this law represented the centralist inclination of the Tanzimat bureaucrats, as well as the Western desires. In Shaw's words:

The land law of 1858 was the first effort of Tanzimat to consolidate its victories over the old holders of power. Originally, its intent was to reassert state ownership over the imperial possessions, which over the centuries, had passed by one means or another out of government control.⁵⁷

Thus, this law can be considered to have been a victory of the center against the peripheral groups. However, it was also one of the major steps in the process of permeation of external powers into the Ottoman Empire.

With the related articles of the new law, the government gave its subjects tenure in *mîrî* lands which was similar to complete ownership. For the first time in Ottoman history, ownership of private property was started to be certificated by deeds (*tapu senedi*). All of these changes were revolutionary steps for the extension of personal rights. Yet, the state was cautious while granting these rights. Some

⁵⁷ Stanford Shaw Ezel Kural Shaw, *History of the Ottoman Empire and Modern Turkey vol.2* (Cambridge: Cambridge University Press, 1988) p.114.

articles of the law pertaining to limits of tenure denoted that subjects still did not have absolute ownership.⁵⁸

Besides the codification of new land regulation, the Land Law of 1858 also included articles about the ownership of mines.⁵⁹ Indeed, the articles related to the mines derived from the mining regime of the classical era. According to the law, the operation of mines could be given to private entrepreneurs at a tax rate of one-fifth of the production.

According to this law foreigners could not possess property in Ottoman lands. Even foreign parents and the children of an Ottoman citizen did not have the right to inherit hereditament.⁶⁰ Moreover, lands of a former Ottoman citizen who had changed his citizenship could not be inherited by his parents or children even if they were Ottomans.⁶¹ These articles show how the Ottoman government was cautious about protecting its lands against foreigners, in the beginning of the process. Yet, foreigners began to buy property illegally. The most common method was utilizing Ottoman citizen's rights by showing these citizens as the owners of a certain property which in fact belonged to a foreigner.⁶²

The Land Law of 1858 remained in force about ten years. Needless to say, foreigners were not happy with this situation. In 1862, for example, western states

⁵⁸ Ömer Lütfi Barkan, "Türk Toprak Hukuku Tarihinde Tanzimat ve 1274 (1858) Tarihli Arazi Kanunnâmesi", in *Tanzimat'ın Yüzüncü Yıldönümü Münsebetile vol. 1*, (İstanbul: Maarif Matbaası, 1940) p. 378.

⁵⁹ Osman Köse; "XIX. Yüzyılda Gümüşhane Madenleri", Trabzon ve Çevresi Uluslararası Tarih – Dil ve Edebiyat Sempozyumu Bildirileri, 3-5 May 2001, v.1, Trabzon, (2002.) p.1.

⁶⁰ Land Law of 1858 Article 110: "*Tebaa-i devlet-i aliyeden olan kimsenin arazisi tebaa-i ecnebiyeden olan evladına ve babasına ve anasına intikal etmediği gibi, bu gibi ecnebilerin hakk-ı tapusu da olamaz.*"

⁶¹ Ibid. Article 111: "*Osmanlı tabiiyetini terk eden kimselerin tarlaları da gerek Osmanlı Gerek ecnebi tebaası olan evladına babasına ve anasına intikal etmeyip derhal mahlûl adilde hakk-ı tapu ashabi aranılmayıp bi'l-müzayede talibine tefviz olunur.*"

⁶² Karal., p.250.

sent a diplomatic note to the Ottoman government which included demands about property ownership rights for foreign citizens. Though one of the two prominent bureaucrats of the Tanzimat era, Ali Paşa, supported this idea, foreigners gained nothing in this attempt.⁶³ As the European pressure intensified in the following years, the government could no longer resist European freehold in its lands. Finally, the government granted foreigners the right to own property within Ottoman borders with a *nizamnâme* in 1867. The first article of the *nizamnâme* stated that:

Foreign citizens are admitted to utilize the property law like Ottoman citizens, in the inner and outer parts of the cities and towns of the imperial territories except the lands of Hidjaz, provided that they are subjected to –not another- the orders and duties which Ottoman citizens are subjected . People who are originally Ottoman citizens but have changed their citizenship are exceptional and provisions of the special law will be applied on their case.⁶⁴

The second group of legal changes was directly related to the mining sector. In a report presented to the Sultan by the grand vizier in 1856, the necessity of the preparation of new laws on mines was emphasized. Accordingly, increasing the benefit from the various and abundant mineral resources had a lot to do with a new regulation.⁶⁵ The centuries-old *kanunnâme* practice was replaced by the *nizamnâme* practice and “the period of *nizamnâmes* in the Ottoman mining regime”⁶⁶ started when the first Mines Law was promulgated on 17 July 1861. Others followed this one with changes. In 1869, 1886 1901 and 1906 new mining laws were prepared.

⁶³Ibid., p.251.

⁶⁴ See Düstur vol.1, p. 230, Article 7 “*Düvel-i ecnebiyenin tebaası memâlik-i şahanenin arazi-i Hicaz’dan maada her tarafında tebaa-i devlet-i aliye misillü ve başka bir şart tahtında olmayarak (...) onların bu hususta tabi oldukları nizam ve vezâife ittiba kaydıyla dâhil ve hariç müdun ve kasabatta tasarruf-u emlak hukukundan istifade etmeye kabul olunmuşlardır. Fi’l-asıl tebaa-i hazret-i şahaneden olup da sonradan tebdil-i tâbiyet etmiş olanlar bu kaideden müstesna olup onlar hakkında kanun-ı mahsusanın ahkâmı cari olacaktır.*”

⁶⁵ Fahrettin Tızlak, “XIX. Yüzyılın Ortalarında Osmanlı Maden Yatakları” in *Belleten* no.229 , (1996), p.706.

⁶⁶ Balcı, p.112.

The Mining Law of 1861 was far from providing an extensive legal base for the developing sector. The articles of the law fell short in supervising the mining process and the necessity for a change emerged just in eight years. Yet, as the first reflection of the judicial spirit of the Tanzimat in the mining sector it stands as an important advancement. Due to the modification of the legal procedures it represented a remarkable break point from the classical mining regulations. In the former regulations, as seen above, the state was the only legitimate actor in mines prospecting. In case of an exploration of a proper mining source, it was the government which determined the management format. Government managed the mines either directly or was franchising it. Only in a few rare cases did individuals operate some mines.⁶⁷ However, the government control over them was still very strict.

The first articles indicated a shift from a state-centered approach to liberal policies. The first article of the law authorized the owner of a piece of land to conduct research for mines without taking permission from the government.⁶⁸ Yet, one was obliged to get a licence (*ruhsatnâme*) from the government to search for minerals on *miri* lands.⁶⁹ If the government officers approved the operation of a mine, an imperial concession document (*ferman*) would be given to the interested party. However, the crucial point is that the benefices of these rights were Ottoman subjects. The law did not let foreigners to prospect, own or manage mines alone. They could only consociate with the Ottoman individuals or companies that work in

⁶⁷ Neşet Çağatay, “Osmanlı İmparatorluğu’nda Maden İşletme Hukuku” in *DTCF Dergisi vol.2 no.:1*, (1942). p.123.

⁶⁸ Mines Law of 1861, Article 1: “*Ashâb-ı araziden birisi mutasarrıf olduğu yerinde me’mûl olan madeniyatı mücerred taharrî zımında ruhsat almaksızın hafr edebilcektir.*”

⁶⁹ Ibid. Article 3: “*Kimsenin tasarrufunda olmayan arazi-i emîriyede maden taharri edecek kimse cânib-i idareden me’zuniyet ahzına mecbur olacaktır.*”

the mining sector.⁷⁰ In other words, despite being a milestone in the mining legislation, this law did not provide full mining rights to foreigners.

The insufficiency of the first mining law together with the increasing foreign penetration into the Ottoman economy entailed a new mines law. Finally, two years after granting foreigners the right to private ownership in Ottoman territories, a new mining law was promulgated in 1869 which seems to have been prepared largely for foreigners. The new law of 1869 was inspired by the French mining law of 1810 and most of its articles were copied directly.⁷¹ With the twenty- first article of the law foreigners were allowed to own and operate mines like Ottoman citizens on the condition that they accept the property law of 1867 and other current and future rules of the empire.⁷² For the first time in the sector, foreigners began to operate mines freely.

Having a detailed structure, this law diverged from the previous one. There were also marked changes which were to shape the following period. In the first place, it is important to note that this law narrowed the definition of mines and excluded stone and soil works like marble, limestone and gypsum.⁷³ Another change was that the time-span of the concessions reached to ninety nine years.⁷⁴ This change corresponded specifically to the interests of the foreigners who wanted to make long-

⁷⁰ Ibid. Article 13: “*Saltanat-ı seniyye tebaasından bizzat veyahut kumpanya vechile bi'l-iştirak maden imaline talip olanlara nizamına tevfiқан bir müddet münasebe-i imtiyâziye ile ruhsat verilecektir ve işbu kumpanyalara düvel-i ecnebiye tebaasından talip olacakların dahi hissedar olması caiz olacaktır.*”

⁷² Mines Law of 1869, Article 21: “*Saltanat-ı seniyye tebaasından veyahut devlet-i aliyenin tasarruf-ı emlak hakkında 1283 senesinde vâz etmiş olduğu kanunu kabul eden düvel-i ecnebiye tebaasından münferiden veya bi'l-iştirak maden imaline talip olmalara kavanin-i haliye ve müstakbele-i devlet-i aliyeye tevfiқан hareket eylemek şartıyla ruhsat verilecektir.*”

⁷³ Ibid. Article 4: “*Mermer ve somaki ve çakmak ve alçı ve kireç ve kaldırım taşlarıyla ve porselen toprağı ve kum ve kil ve çanak-çömlek ve lüle imalinde istimal olunan topraklara bu nizamın hükmü şamil değildir.*”

⁷⁴ Ibid. Article 7: “*Maden-i sathiyе doksан dokuz sene müddet-i imtiyâziye ile ihale kılınır...*”

term investments in the Ottoman mines. It is important to note that most of the concession granted after 1869 would end in the second half of the twentieth century unless they were abolished by the Turkish government in its early years.

After the reach of 1869 law foreign capital gradually flowed into the mining sector. However, the flow remained limited mainly because of the economic crisis in 1873. When the early shocks of the crises ended, an ostensible increase emerged in the mining investments.

New Bureaucratic Procedures in Ottoman Mining

The legal changes in the mining regime introduced new bureaucratic procedures for the research and operation of mineral resources. Yet, the new procedures would be performed for the incoming mines. The old enterprises continued to be subject to the old laws.⁷⁵ This led to a dualism in the mining regime as in the case of other reform attempts of the Tanzimat era.

In the new system, the first step to conduct research for mineral resources was to get a license for research (*taharri ruhsatnâmesi*) from the government if the land did not belong to the researcher. Everyone could make research on his own lands without obtaining the permission of the government.⁷⁶ To get a license a company or an individual had to apply to the related provincial administration. If the application was approved by the provincial council, the governor issued the license. A license could be granted only for one year.⁷⁷

⁷⁵ Şerife Yorulmaz, *Aydın Vilayetinde Madenler* (PhD dissertation, Dokuz Eylül University Atatürk İlkeleri ve İnkılap Tarihi Enstitüsü, İzmir 1994), p.56.

⁷⁶Mines Law of 1869, Article 11.

The government was very strict about the research procedures. Once a license was received the licensee had to begin the research in six months.⁷⁸ If he did not have a reasonable explanation for the delay the license was abolished by the government.⁷⁹ Additionally, a licensee could not cede his license to another person or company without the government's permission. Likewise, the ores exploited in the process of research could not be sold without informing the government.⁸⁰ If a licensee violated these rules he was forced to pay a fine and to give up the license.⁸¹

If an entrepreneur wanted to get the concession of an explored mine he had to submit a petition to the provincial administration that governed the demanded lands with three maps showing the related area. This was the case until the mines law of 1887 was issued. From 1887 on, due to the increasing abuses in the provinces, petitions started to be granted directly by the mines administration (*maden idaresi*) in İstanbul.⁸²

Then, the petition was examined by the local officers to see whether there was any inconvenience in the application. If the application was approved by the provincial administration, the petitioner had to declare the deal in the newspaper for at least two months. After the local procedures were completed, the related documents were sent the capital city. Here, the technical department under the Mines Administration scrutinized the application whether the mine was worth being

⁷⁷ Ibid. Article 15.

⁷⁸ The duration was expended to one year in the Mines Law of 1887. See article 16.

⁷⁹ Mines Law of 1869, Article 16.

⁸⁰ Ibid. Article 17.

⁸¹ Ibid. Article 19.

⁸² Ertan Gökmen, "II. Abdülhamit Dönemi Osmanlı Maden İmtiyazları (1878-1899)" in *Belleten* no: 262 (Aralık 2007) pp.971-996.

operated and whether there was any other problem.⁸³ In this process specification and agreement documents were prepared.⁸⁴ The last necessity was the approval of the sultan. The approval was declared by a firman of concession (*imtiyaz fermanı*) and announced in the newspaper.⁸⁵ The concessionaire had to pay a high fee called *ferman harcı* in order to get the concession.⁸⁶

The duration of the concession for certain minerals was forty to ninety nine years.⁸⁷ However, generally speaking, the concessions were to be granted for ninety nine years. Moreover, as in the case of the licenses, concessions could not be ceded to other people and companies without the permission of government.⁸⁸ A concessionaire had to start operating his mines in one year.⁸⁹ The duration expanded to two years with the Mines Law of 1887.⁹⁰

The government levied certain taxes on mines production. There were two types of taxes taken annually. The first one was taken as a fixed amount for each decare of the mining land. The other was taken proportionally from the annual production.⁹¹ The maximum tax rate could be 5%.⁹² In 1887, the tax rate for chromium, boracite, meerschaum and oil was determined as 10% to 20 %.⁹³

⁸³ Ibid.

⁸⁴ Mines Law of 1869, Article 32.

⁸⁵ Ibid., Article 33.

⁸⁶ Ibid., Article 38 and Mines Law of Article 40.

⁸⁷ Mines Law of 1887, Article 5.

⁸⁸ Ibid., Article 7.

⁸⁹ Mines Law of 1869, Article 50.

⁹⁰ Mines Law of 1887, Article 52.

⁹¹ Mines Law of 1869, Article 39.

⁹² Ibid., Article 41.

⁹³ Mines Law of 1887, Article 43 .

Overall, the new bureaucratic apparatus and the regulations initiated by this mechanism opened a new page in Ottoman mining sector. The new era was profoundly different from the former centuries in terms of the actors and the size of the sector.

CHAPTER THREE

FOREIGN CAPITAL IN THE OTTOMAN MINING SECTOR AND THE STATE

This chapter examines the making of the foreign domination in the Ottoman mining sector and the state's policies against the foreigners in an approximately fifty-year time-period covering the aftermath of the first mining law in the nineteenth century and the first eight years of the twentieth century. Here, a single-sided work about the foreign miners or the state's mining policies will not be presented. Instead, the chapter specifically focuses on the relations between the Ottoman state and foreign entrepreneurs in the mining business. While doing this special attention will be paid to the mutual strategies of the two sides each of which aimed to maximize its own gains.

The permission of foreign capital to engage in mining operations in Ottoman lands stemmed from political and economic conjuncture of the time. The liberal spirit of the Tanzimat era together with the increasing pressure of the European states prompted the Ottoman government to open the doors to foreign investments. Also, financial inadequacy and technological backwardness of the Empire made foreign miners a last resort for generating income from the mineral resources for the treasury. It was expected that the state would at least be able to increase revenues by taxing mines exploitation and exportation, though letting the foreigners to have the big share. However, as will be seen, this early positive approach to foreigners changed in a short time.

In this chapter, it will be argued that the Ottoman view of foreign capital in the mining sector was characterized by hostility because the government worried

about losing the control over its own resources as foreigners began to dominate the sector. This negative view led the government to take antagonistic policies against foreigners which were aimed to limit their interests on the mineral resources although foreign miners were appreciated in special cases especially when they made considerable contributions to state treasury.

Furthermore, it will be claimed that the Ottoman resistance to the foreigners took place in the forms of bureaucratic tricks and changes in the mining laws. However, protective stances of foreign states for their citizens against Ottomans limited the government to carry out its own policies in the mining regime. Therefore, the struggle on the mines was shaped by give and takes between the Ottoman government and foreign capitalists who were sponsored by foreign states.

Foreigners in the Sector

Until the *nizamnâme* period in the mining regime, the Ottoman government was not prone to let foreigners to exploit Ottoman mineral resources. In a few cases, foreigners were able to acquire some mines benefiting from the legal gaps. However, the government took these mines from the hands of the foreigners by paying an indemnity. For example, in 1849, two Ottoman citizens ceded their mines to an English merchant due to their debts to him. When the governmental agencies learned of the deal, the Englishman was suspended. Instead of a foreign operation the mine was again given to the Ottoman citizens and the problem was settled with a new agreement between the Ottoman and English citizens.⁹⁴

⁹⁴ Keskin, p159.

The story of the legal foreign presence in the Ottoman mining sector starts with the British operations in the Zonguldak coal mines. The first attempt came from an English entrepreneur supported by the bankers of Galata during the Crimean War. An important portion of the fuel needs of the Ottoman- French- British alliance's army was met from the coal mines of Ereğli.⁹⁵ However, the operation of foreigners in Ereğli did not last long and disappeared with the end of the war. In the following period, foreigners reappeared in the Ottoman lands as they were full of capitalist desires. This time, the visitors were not the military forces, but private entrepreneurs who were eager to exploit the natural resources of the empire.

The legal changes in the land and mining regimes discussed in the previous chapter created a suitable ground for private investments in Ottoman mineral resources especially after the 1850s. There were some constraints for the foreign capital to engage in mining activities in the early years of codification and institutionalization. However, the period of foreign deprivation from certain mining rights including free operation in the Ottoman lands ended with the promulgation of the property law of 1867 and second mines law enacted in 1869.

Notwithstanding the removal of the legal constraints, the size of the sector and number of miners remained limited in the early years of the free era. It is a fact that in the beginning of the liberal period, European knowledge about the Ottoman mineral sources was still inadequate to convince entrepreneurs to invest in mining. Also, the devastating crisis of 1873 was a setback for European capital to make investments abroad. The real boom in the sector would occur in the 1880s after the recovery from the early shocks of the 1873 economic crisis.

⁹⁵Vedat Eldem, *Osmanlı İmparatorluğunun İktisâdi Şartları Hakkında Bir Tetkik* (Ankara: Türk Tarih Kurumu Basımevi,1994), p.48.

From the Ottoman point of view financial concerns prevailed. Increasing the revenues (*tezyîd-i vâridat*)⁹⁶ and ensuring the good of treasury (*menâfi-i hazîneyi temin*)⁹⁷ were the key concepts for many Ottoman bureaucrats at a time of financial shortage. According to the followers of this idea for attaining the balance in the finances there was no other solution except increasing the revenues of the state. Hence, allowing foreign capitalists to do business in the Ottoman mining sector had much to do with this aim.⁹⁸

As indicated above, the mines law of 1861 allowed foreign citizens or companies to engage in mining enterprises only in the form of partnership with an Ottoman citizen. After the promulgation of the new mines law in 1869, having the right to operate mines independently, Europeans began taking mining concessions. Foreign investors in the mining sector could be either a single person or a company. In the early years of the foreign presence in the sector, individual investments prevailed. As the economic potential of the sector grew, companies' shares in the sector increased. However, individual and company-level investments always existed together.

Table 1: The List of the Foreign Mining Concessionaires, Location and Types of Mines and, Date and Duration of the Concession (1870-1908)

Vilayet/ Sancak	Name(s) of concessionaire(s)	Mine(s)	Duration	Date
Edirne	English citizen Alexander Balcrepsh	Copper	99 years	1888
Edirne	French citizen A. Riva and Austrian N. Vasiosiplousas	Lignite	99 years	1907
Edirne	French citizen A. Riva and Austrian N. Vasiosiplousas	Lignite	99 years	1907
Edirne	French citizen A.Riva and Austrian N. Vasiosiplousas	Lignite	99 years	1907
Adana	French citizen Monsiuer Catlin	Iron	99 years	1906
Adana	French citizen Monsieur Alfred Bilioti and Etienne Mass	Zinc-silver-lead	99 years	1907
Ankara	French citizen Paul Escidieu	Silver-lead	99 years	1890
Aydin	French citizen Monsieur Hanton	Emery	99 years	1871

⁹⁶ BOA İ.TAL. 367 1323/R-135

⁹⁷ BOA Y.PRK.TNF 6/34 25 Z 1316

⁹⁸ BOA Y.PRK.ŞD 2/53 5 B 1316 : "...husul-ü muvâzene için varidâtın tezyîdinden başka çare olmayıp mesele-i mâliyenin dahi en nazik ciheti budur."

Aydin	English citizen Monsieur Clark and Monsieur Curbis	Lignite	99 years	1873
Aydin	English citizen Edward Whittall	Emery	99 years	1878
Aydin	Greek citizen Siyosidari Galica's heirs	Emery	99 years	1878
Aydin	English citizen Madam Alan Abott and Ernest Abott	Emery	99 years	1878
Aydin	English citizens Ernest and Douglas Paterson	Chrome	99 years	1880
Aydin	Austrian citizen Monsieur Emanuel Ramdiko	Emery	99 years	1880
Aydin	Italian citizen Monsieur Alfred and Albert Billioti	Chrome	99 years	1883
Aydin	American citizen _____ and his consociate	Antimony	99 years	1889
Aydin	English citizen Apaminondas Vardapulos Efendi	Coal	99 years	1891
Aydin	English citizen Monsieur Ernest Abott	Emery	50 years	1892
Aydin	English citizens Ernest and Douglas Paterson	Chrome	60 years	1896
Aydin	English citizens Ernest and Douglas Paterson	Chrome	60 years	1896
Aydin	English citizen Edward Whittall	Emery	60 years	1897
Aydin	English citizen Ernest Abbott	Emery	60 years	1899
Aydin	English citizen Ernest Abott	Emery	60 years	1908
Aydin	English citizen Ernest Abbott and his consociates	Silver-lead	99 years	1908
Aydin	English citizen Alfred Parker and his consociate	Mercury	99 years	1903
Beyrut	Greek citizen George Zirvodaki	Tar and asphalt	99 years	1904
Beyrut	Greek citizen George Zirvodaki	Tar and asphalt	99 years	1904
Beyrut	Greek citizen George Zirvodaki	Tar and asphalt	99 years	1904
Biga	Italian citizen Venico Ricofeare and consociates	Sulphur	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Hatkinson Marlis and consociates	Chrome	99 years	1872
Biga	English citizen Alexander Hill	Gold-silver	99 years	1878
Biga	English citizen Ernest Abbott	Copper	99 years	1878
Biga	English citizen Ernest Abbott	Silver-lead	99 years	1878
Cezair-i Bahr-i sefid	Monsieur Fraus _____	Lignite	99 years	1875
Cezair-i Bahr-i sefid	Greek citizen Monsieur Papadiamandapulo	Sulphure	99 years	1908
Hüdavendigar	Balya-Karaaydin Company	Silver-lead	99 years	1878
Hüdavendigar	Balya-Karaaydin Company	Silver-lead	99 years	1878
Hüdavendigar	German citizen Charl Raiser	Chrome	99 years	1880
Hüdavendigar	Balya-Karaaydin Company	Lignite	99 years	1885
Hüdavendigar	English citizen John Ovatriit	Borate-lime	50 years	1887
Hüdavendigar	English citizen John Ovatriit	Borate-lime	50 years	1887
Hüdavendigar	English citizen Monsieur Hallsey	Boracite	99 years	1889
Hüdavendigar	Monsieur Falfupulos and Consociates	Antimony	99 years	1894
Hüdavendigar	English citizen Henry Daniel _____	Borate-lime	60 years	1896
Hüdavendigar	American citizen Lafayt Hevitt Dokriz	Boracite	60 years	1896
Hüdavendigar	English citizens Ernest and Douglas Paterson	Chrome	50 years	1898
Hüdavendigar	Balya-Karaaydin Company	Zinc-silver-lead	99 years	1898
Hüdavendigar	English citizen Edwin and William Whittall	Boracite	60 years	1906
Selanik	Ottoman Mining Company	Lignite	99 years	1870
Selanik	English citizen Monsieur Piller	Silver-lead	99 years	1886
Selanik	English citizen Monsieur Piller	Silver-lead	99 years	1886
Selanik	English citizen Monsieur Piller	Silver-lead	99 years	1886
Selanik	English citizen Monsieur Piller	Copper, silver-lead	99 years	1886
Selanik	Kesendire Company	Antimony, silver-lead, copper	99 years	1888

Selanik	Italian Allatini Brothers	Arsenic	99 years	1889
Selanik	Italian Allatini Brothers	Antimony	99 years	1889
Selanik	Italian Allatini Brothers	Silver-lead	99 years	1890
Selanik	Kesendire Company	Antimony, silver-lead	99 years	1890
Selanik	Kesendire Company	Silver-lead	99 years	1892
Selanik	Kesendire Company	Silver-lead	99 years	1891
Selanik	Kesendire Company	Manganese	99 years	1891
Selanik	Kesendire Company	Manganese	99 years	1892
Selanik	English citizen Alfred Abbott	Silver-lead	99 years	1895
Selanik	Kesendire Company	Manganese	99 years	1896
Sivas	American citizen Monsieur Peracivatti	Silver-lead	99 years	1878
Sivas	English Amiral Edmund _____ and his consociate	Silver-lead	99 years	1879
Sivas	Italian citizen Monsieur Fernandez	Copper	99 years	1907
Trabzon	American citizen Georgi Peracivatti and consociates	Manganese	99 years	1879
Trabzon	Austrian citizen Monsieur Bedrelli	Manganese	99 years	1889
Trabzon	French citizen Monsieur Alfons Changaria	Copper	99 years	1896
Trabzon	French citizen Monsieur Alfons Changaria	Copper, silver-lead	99 years	1896
Trabzon	French citizen Monsieur Alfons Changaria	Silver-lead	99 years	1896
Kosova	Italian Allatini brothers and consociates	Chrome	40 years	1890
Kosova	English citizen John Crosby and _____ Anderson	Silver-lead	99 years	1896
Kosova	Italian Allatini Brothers	Chrome	60 years	1896
Konya	German citizen Sinker Vokopisch	Manganese	60 years	1894
Konya	French citizen Madame Fani Mass	Zinc-silver-lead	99 years	1908
Konya	English Alfred Parker and French Monsieur Moiz	Mercury	99 years	1905
Manastir	Italian Allatini Brothers	Chrome	60 years	1895

Source: Ottoman Mining Statistics of 1907-1908

According to the data shown in the table eighty-five concessions were given to the foreigners up to 1908. The number of the concessions granted was probably higher than the given one. Considering the fact that the Ottoman government abolished the concessions unilaterally if the taxes of the mining business were not paid, it is almost certain that some people lost their concessions. Furthermore, there may have been some rare cases in which the concession expired because of the shortness of the duration determined in the *ferman* of the concession. Finally, it is well-known that there were many people who sold their concessions to others. The concession list prepared by Ercüment Balcı depending on the *Mukavelat defterleri* (registers of conventions) is a bit different from our list since it includes all the granted concessions without considering the cession of concessions and other factors

that changed the concessionaires.⁹⁹ Shortly, the list above shows the concessions in effect in the years of 1907 and 1908 and presumably it does not show all concession taken by foreigners in the period between 1869 and 1908.

Among foreigners, the first mining concession was received by a company called the Ottoman Mining Company just one year after the reach of the new mining law, in 1870. The concession granted to the company was a lignite mine in Salonica. Following the first step, numerous foreign entrepreneurs received concessions in the subsequent decades.

Until 1873, eleven concessions, seven of which were taken by an Englishman for the chrome mines in the Sandjak of Biga, were granted. In that year the world-wide economic crisis, namely the Panic of 1873, occurred, severely affecting the core countries like German, Britain, France and the US¹⁰⁰. The Long Depression indirectly influenced the Ottoman economy owing to its close ties with the victim countries.¹⁰¹ The depression seemed to have negative effects on the foreigners mining activities, as well as other enterprises. There was no foreign demand for a new mining concession in the five-year period from 1873 to 1878, with one exception. When the first waves of the crisis passed, foreigners returned to the mining sector. In 1878, by acquiring nine concessions Europeans signalled the end of the first shocks of the depression and their re-emergence in the sector. From that

⁹⁹ Balçı, p.130-151

¹⁰⁰James Foreman-Peck, *A History of the World Economy: International Economic Relations since 1850* (London: Harvester Wheatsheaf, 1983) p.87

¹⁰¹ For the impacts of the crisis of 1873 on the Ottoman Empire see Şevket Pamuk, "The Ottoman Empire in the "Great Depression" of 1873-1896" in *The Journal of Economic History*, 44, no. 1 (Mar., 1984), pp. 107-118.

time on, “concession hunting”¹⁰² in the strict sense started and foreign citizens received mining concessions almost every year until the turn of the century.

A look at the national composition of the foreign miners reveals that the English and French dominated the sector. There were thirty-eight concessions given to the English and twenty-two to the French. In sum, these numbers constituted almost 70% of the total concessions. Besides, nine Italians, five Greeks, four Americans, two Austrians and two Germans were mining concessionaires. The nationality of one concessionaire could not be determined. Balcı’s list includes also a few Russian citizens¹⁰³ who probably left the mining business before the ministry’s list was prepared. What the picture tells us is that foreign capital in the mining sector took its shape highly in accordance with the imperial composition of the world at that time in which England and France were the leading actors.

The concession of a mine did not guarantee the operation. Many mines remained useless even if their concessions were granted to entrepreneurs. There were many speculators among the foreigners who abused the concessions with the intention of reselling them or get money from the government in the form of indemnities.¹⁰⁴ Even though eighty-five concessions were taken by foreigners only forty two of them were operated.¹⁰⁵ In other words, there was no production in almost half of the mines.

Though the number of mines operated by foreigners was limited compared to the number of concessions, foreigners came dominate the mining production both in

¹⁰²E.G. Mears uses this term for all kinds of concessions that Europeans sought from the Ottoman government. See *Modern Turkey* p.354.

¹⁰³ Balcı, p.139.

¹⁰⁴ Charles Issawi eds., *The Economic History of Turkey 1800-1914*, (Chicago: University of Chicago Press, 1980), p.272.

¹⁰⁵ See Ottoman Mining Statistics of 1907-1908 (1324 Senesi Maadin İstatistiği), 1326.

terms of the mineral production and the money circulating in the sector. In the 1901-1907 period in which the mining sector reached its peak, the number of mines exploited by foreigners was 4,937,388 tons in sum. This was the 92% of the total mine production in the given period.¹⁰⁶ The value of the foreign mine production was 509,336,298 Ottoman kuruş which constituted 70% of the total value of the mines produced in Ottoman lands in the 1900-1907 time span.¹⁰⁷ It must be noted that these numbers include the mines produced in the licensed (*ruhsatlı*) and contracted (*mukaveleli*) status.

As was true in other sectors, foreign capital in the mining sector was diffused unevenly in the Ottoman territories. The coastal cities and the regions around witnessed far more foreign mining activity than the interior regions like eastern and central Anatolia. This was mainly because of the underdeveloped transportation system instead of regional differences in the richness of mineral deposits. In a report on mines, a foreign engineer employed by the Ottoman government noted that in order to benefit from the mines roads connected to the ports needed to be built in order to facilitate the transportation.¹⁰⁸ However, the limited financial sources of the empire prevented these enterprises.

Besides this, the Ottoman government's special arrangements due to strategic or religious considerations made it impossible for foreigners to engage in mining activities in some places. For example, the Hidjaz region was one of the places kept closed to foreigners because of its sacredness. Likewise, an imperial order prohibited

¹⁰⁶ Ibid. What makes the percentage so high was the foreign domination in the production of bulk mines like coal and chrome.

¹⁰⁷ Ibid.

¹⁰⁸ Şemsettin Kutlu eds. *Anılar: Sadrazam Said Paşa vol.2* (İstanbul : Hür Yayın ve Ticaret A.Ş., 1977) S.7 : “ Madenlerden hakkıyla faidemend olmak için (...) teshil-i nakliyat için iskelelere kadar tarik-i muntazama yapılması şart-ı âzâm olduğu...”

foreigners from owning lands and operating mines around a part of the Hidjaz railroad, constructed by government initiative.¹⁰⁹ Thus, it can be concluded that both infrastructural and legal factors determined the distribution of foreign mining investments in the Ottoman Empire.

There was another category of foreign capital in addition to the independent investments. Some concessions were received by foreigners and Ottoman citizen together.

Table 2: The List of the Concessions Granted to Foreign-Ottoman Partnerships (1870-1908)

Vilayet/Sancak	Name(s) of concessionaire(s)	Type of mineral	Date	Duration
Hüdavendigâr	Hacı Ali Paşa and English citizen Charl Line and consociates	Antimony	1905	99 years
İzmit	Karasu Ottoman Joint stock Company	Silver-lead	1898	99 years
Selanik	Vasilaki Bey's wife, Monsieur Cangilari and consociates	Chrome	1881	99 years
Selanik	Vasilaki Bey's wife, Monsieur Cangilari and consociates	Chrome	1881	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years
Trabzon	Ottoman citizen David Sabuh Efendi and English citizen Thomas Efendi	Copper-silver-lead	1888	99 years

As seen in the list there were eleven partnerships in concessions. This number might be exacted if the nationality of “consociates” could be revealed. However, we are not able to find out necessary information about them. Considering that seven concessions out of eleven were taken by the same people, it can be

¹⁰⁹ BOA İ.HUS. 139/ 1324M066: “(Hitta-i âli) etrfındaki arazinin islamdan gayrı hiçbir ferde satılmaması ve oralarda zuhur edecek madenlerden hiçbirinin yed-i ecânibe geçmeyerek nef’ ve faidesi masârif-i inşaatıyeye medâr olmak üzere maadin-i mezkûrenin devletçe muhafazası...”

concluded that partnerships of Ottoman and foreigners were not that common. Yet, this conclusion depends on the available data.

As the benefits of the investments in Ottoman mines came to be proven, more capital began to circulate in the sector. In the 1880s and 1890s, larger enterprises appeared in the sector in the form of joint stock mining companies. Ottoman Empire allowed these kinds of companies with a law promulgated in 1885.¹¹⁰ In a few years, these joint stock companies founded by foreigners obtained a significant position both in mining exploitation and exportation. Operating as a company was a more secure way than investing personally, both in the economic sense and in the case of a confrontation with the government.

Table 3: Foreign Joint Stock Mining Companies in the Ottoman Empire (1870-1908)

Name of the company	Nationality	Date of Foundation
Borax Company Limited	English	1887
Selenitza Mining Company	French	1891
Balya-Karaaydın Ottoman Joint stock Mining Company	French	1892
Kesendire Ottoman Joint stock Mining Company	French	1893
Heraclee Company	French	1896
Borax Consolidated Limited	English	1899
Karasu Ottoman Joint stock Mining Company	Ottoman-French	1900

Joint stock mining companies were the largest enterprises in the sector with a few exceptions.¹¹¹ If a categorization is made between these companies Balya-

¹¹⁰ Nadir Avşaroğlu. (03.12.2007) *Türkiye Madencilik Sektöründe Yabancı Sermaye*. Retrieved from http://eski.maden.org.tr/resimler/ekler/e443d6819ae22b2_ek.pdf?tipi=23&turu=X&sube=0

¹¹¹ There were family companies like Abbots and Patersons which had significant shares in the mining operations in the Aegean region. For more information, see Orhan Kurmuş, *Emperyalizmin Türkiye'ye Girişi* (İstanbul, Bilim Yayınları, 1977).

Karaaydın, Kesendire, Heraclee and Borax Limited companies can be distinguished from others because of their widespread activities. The others were relatively modest in operation capacity.

The Heraclee Mining Company was a distinctive one among these companies. As Quataert writes, it is thought to have been an Ottoman enterprise by many because of a number of Ottoman investors in high positions of the company. However, it was largely financed by the Ottoman Bank which was financially endorsed by French capital.¹¹² The mines in Ereğli from the discovery of coal in the region on held the status of *maden-i hümayun* (imperial mine) which meant that the mines belonged to the sultan. Its status did not change even after the Ereğli Mining Company obtained the right to operate these mines. However, in this case, the permission was granted to the company with a special convention (*mukavele*) instead of an imperial concession (*ferman*) as other joint stock companies had. Because of its special status, it was the most vulnerable company to the government's policies.

With their technological and administrative capacities these companies assumed the leading roles in the sector. For example, the Balya-Karaydın Company was a large mine which had an output that amounted to 63,000 tons, yielding 7600 tons of lead, with an average content of 97.5 %, lead and 1950 grams silver per ton.¹¹³ The Borax Company Limited, which had a capital of 250,000 pounds in the beginning realized more than its capital, which reached 285,000 pounds from 1888 to

¹¹² Donald Quataert, *Social Disintegration and Popular Resistance in the Ottoman Empire, 1881-1908: Reactions to Europe* (New York : New York University Press, 1983.) p.25.

¹¹³ Hagop A. Karajian, *Mineral Resources of Armenia and Anatolia* (New York: Armen Technical Book Co., 1920), p.159.

1909 from boracite exploitation.¹¹⁴ Thus, the joint stock companies were, in a sense, driving force of the sector.

All the same, the joint stock mining companies did not constitute a monopoly in the sector. There were other marked entrepreneurs that made huge investments on the Ottoman mines. The most notable foreign investors were Paterson, Abbott and Whittall. Common feature of these entrepreneurs were that they were all English citizens. In the regions which were more integrated to the capitalist economy like the Aegean region there was a fierce competition for mineral sources. Western Anatolia was an important source of several kinds of mines necessary for the European chemistry and metallurgy sectors. Among them, coal emery, chrome and manganese were the main minerals. The extracted mine product was exported to abroad by the big companies with monopolistic inclinations. There were companies like the MacAndrews&Forbes Company; the Mediterranean Steam, Coal and Iron Company; the Anglo- German Mining Syndicate; the Smyrna Antimony Company; the American Emery Trust; the Whittall Company; the Imperial Ottoman Mining Company and the J.J. White Company.¹¹⁵

Another way of obtaining the right to operate mines was connected to railway construction. Railway construction was one of the most profitable activities in the empire for foreigners. Large quantities of foreign funds were invested in railways. Payment guarantee per kilometer attracted European investors seeking a secure way of doing business abroad.¹¹⁶ However, it was not only the high profits of the business that attracted them. The hidden agenda behind the railway construction was to have

¹¹⁴Eldem, pp.55-56.

¹¹⁵ Kurmuş, pp.127-146

¹¹⁶Stanford Shaw and Ezel Kural-Shaw, *History of the Ottoman Empire and Modern Turkey* vol.2 (Cambridge ; New York : Cambridge University Press, 1976-1977), p. 227.

direct access to the raw-materials in the inner parts of the Ottoman territories. Especially, the resources including mines around the railroad lines came within the scope of the European interest. As a result, imperial rivalry in the railway construction emerged after the 1880s. The sides of the struggle were the French, British and the late-comer Germans.

The companies put certain articles in their contracts about the search for and operation of mines before undertaking the railway construction.¹¹⁷ By doing so, in a case of mine exploration they could increase their profits in the presence of the transportation facilities. For example, the company building the İzmir-Aydın railway was permitted to operate mines within a ninety-kilometer zone around the line.¹¹⁸

German policy in railway construction was nothing less than the other imperial powers. As Ortaylı states, the aim of the Germans was to directly colonize the lands around the lines.¹¹⁹ This goal could not be achieved but the Germans were able to get certain concessions regarding mineral resources. In the Baghdad railway project, for example, the Germans were granted the right to exploit the mines in the forty-kilometer corridor around the railway. The reason submitted by the company for adding such an article in the contract was the company's ability to conduct geological research. Accordingly, the company was expecting to exploit minerals like iron, tin and silver in the southeast Anatolia.¹²⁰ However, it is unknown whether they could benefit efficiently from these rights. There is no available source regarding the mining activities around the railways.

¹¹⁷ Murat Özyüksel, *Osmanlı-Alman İlişkilerinin Gelişim Sürecinde Anadolu ve Bağdat Demiryolları* (Arba İstanbul,1988), p.190.

¹¹⁸ Kurmuş, p.58.

¹¹⁹ İlber Ortaylı, *İkinci Abdülhamit Döneminde Osmanlı İmparatorluğu'nda Alman Nüfuzu* (Ankara: AÜSBF yayınları,1981), p.79.

¹²⁰ Özyüksel, p.194.

Uneasiness about Foreign Capital: What Disturbed the Ottoman People?

The process of foreign penetration in the mining sector disturbed many Ottoman citizens as the foreigners began to dominate both the production and exportation of the minerals. Especially the emergence of the huge joint stock companies and wealthy investors with large-scale operations led to uneasiness. Statements in a document emphasizing the basic reason of the fear of the foreigners: “One of the major drawbacks of the entry of foreign capital to the imperial territories is the entry of foreign influence with the capital.”¹²¹

Reactionary voices started to be heard from different people belonging to different social classes about the increasing domination of foreigners. There were high ranking bureaucrats who sought for solutions to the foreign domination in the investments in public works.¹²² For example, Zihni Paşa, Minister of Commerce and Public Works, in a report, pointed out the major subjects to pay attention to while granting mining concessions. After stating that political, financial and military aspects should be taken into account in mining matters objectively, he indicated that the agitation of foreign concessionaires among Ottoman people in favor of foreign interests should not be allowed. At the same time, the benefit of the treasury should

¹²¹ BOA Y.PRK.MYD 1/47 23 Ra 1297 : “ *Ecnebi sermayelerinin memâlik-i Osmaniyyeye idhâlinde görülen başlıca mehâzirin biri de işbu sermayeler ile beraber memâlik-i Osmaniyyeye ecnebi nüfuzununun dühulu maddesi olup...*”

¹²² Mining was also taken as a public work. See, BOA Y.PRK.TNF 6/34 25 Z 1316 : “ ... *şimendifer veya fabrika veya maden işletilmesi gibi umur ve hususât-ı nâfia...*”

be provided with the foreign activities.¹²³ To put it differently, it can be inferred from Zihni Paşa's report that an unfriendly attitude towards foreign entrepreneurs arose among some Ottoman administrators since it was thought that foreign agency in the mining sector and other foreign investments could jeopardize domestic security as well as political and economic interests.

Again, the pasha explicitly stated that government should not give concessions to the large foreign companies which were subjected to the laws of foreign countries. According to him, instead of foreign companies, distinguished Ottoman citizens should be granted concessions on the condition that their workers and officers, except those with technical knowledge should be chosen from Ottoman citizens.¹²⁴ After all, these words represent a direct challenge to the presence of foreign capital in the imperial territories.

Sometimes the inconvenience arose from the side-effects of the foreign capital on the local people. Hüseyin Hilmi Paşa, the inspector of Salonica, in a letter to the sultan depicts the situation in the Balkans in a negative tone against foreigners in the mining operations. For him, granting the mines to foreigners was objectionable and it is not convenient to the will of God and the sultan. He reported that thousands of Muslim and Christian subjects who could not find job in the presence of foreign

¹²³ BOA Y.PRK.TNF 6/34 25 Z 1316: "... bu gibi hususatta siyasi, mali ve askeri cihetlerinde bilataraf nazar-ı dikkate alınması ve bilhassa ecanibten olan ashab-ı imtiyazın dahil-i memlekette ecnebi menfaatine hizmet emeliyle beyne'l-ahali _____ tezvîratta bulunmalarına meydan ve imkan bırakılmamakla beraber menâfi-i hazinenin temin edilmesi..."

¹²⁴ BOA Y.PRK.TNF 6/34 25 Z 1316 :” ...imtiyaz ile deruhde olunan inşaat ve ameliyat-ı nâfiaya ___ sermayenin istihzârı anonim şirket teşkiliyle imtiyazın ona devrine ve hisse senedi neşrine mütevakıf olup... bu misilü imtiyazat şirketleri tâbiyet-i ecnebiyede teşkil etmekte iken ...cenâb-ı hilâfetpenahi âsâr-ı meşkûresinden olmak üzere olmak üzere şirket-i ecnebiye teşkiline müsaade buyrulmayıp kâffe-i muamelatta nizâmât ve kavânin saltanat-ı seniyyeye tabi ve ihtilâfat ve münazaatın rü'yet ve faslı mehâkim-i Osmaniyeye raci olmak üzere tabiiyet-i Devlet-i Aliye'de teşekkül etmekte ve memurîn-i fenniyyeden maada memur ve müstahdemlerinin tebaa-i Devlet-i Aliyeden olması şartıyla ittihaz edilmekte olmasıylaameliyât-ı nâfia için ecânibe değil tebaa-i Devlet-i Aliyeden ve zevat-ı ma'rufeden herkese imtiyaz îtâ ve ihsan buyrulması..."

companies were seeking temporary opportunities in Russia, Romania or Bulgaria. The Christians were returning with bad political ideas and people who remained unemployed showed uneasiness. The pasha complained about the governments attitude of not granting research licenses and mining concessions to Muslim and loyal subjects, and demanded that the government facilitate the legal procedures for the Ottoman subjects to force them to employ local workers.¹²⁵ It is clear that Hüseyin Hilmi Paşa's statements about the unemployment can not be generalized to the rest of the Ottoman territories. In many cases, foreign investments created opportunities of employment for the local people. However, considering the multiethnic societal formation which could feed nationalist upheavals, these grievances against the foreign capital are sounder in the Balkan context.

What disturbed the officials was not only the foreign operation in mining but also foreign interest in the estates around the mining lands. This problem arose especially in the vicinity of rich mineral resources. Of that sort, a military commission in Zonguldak expressed discontent with the increasing property transfer from local people into the hands of foreigners.¹²⁶ Foreign interests in land ownership were probably taken by the military officers as a European intention to colonize. For a region like Zonguldak where available lands were very scarce, foreigners ownership in high density which could turn into a kind of colonization would

¹²⁵ BOA Y.EE 9/30 24 S 1324: "*Maâdinin ecânibe ihâlesi mahzurdan hâli olmayacağı gibi servet-i memleketin ecnebilere kazandırılması da rıza-ı ilâhi ve pâdişahiye muvâfık olmayacaktır. Ecânibe imtiyaz itasını tecviz ve terviç eder surette maruzata cüret olunmuş Rumeli-i şâhânedede İslam ve Hıristiyan ahâliden iş bulamayan binlerce ahâli her sene Rusya, Romanya, Bulgaristan cihetlerine giderek Hıristiyanlar meshumu 'l-efkâr oldukları halde avdet etmekte ve hârice gidemeyen ve dahilde iş bulamayan ahâli de bir kısmı temin-i mâişet için şekâvete mecbur olmakta ve işletilecek kömür madenleri mevcut ve talipleri ehl-i İslamdan ve erbab-ı namus ve sadâkatten iken ruhsat ve imtiyaz verilmemekte ihtiyacat-ı âdiye-i mahalliyeden olan kömür bile Bulgaristan'dan getirilmekte olduğu anlaşılmuş ve nazhuren yerli amele istihdam edilmek şartıyla tebaa-i şâhânededen olan taliplerin teshilât-ı münâsebeyle teminleri emeliyle...*"

¹²⁶ BOA Y.MTV 165/216 26 Ra 1315

obviously result in local unrest and cause certain restrictions for military activities in case of a necessity. Thus, military concerns also fed anti-foreign ideas.

It was not only the elites of the state who expressed discontent with foreigners in the mining sector. Anyone who encountered foreign capital grumbled when his interests were threatened. In the Ereğli coal mines, for example, workers applied to the palace for the security of their rights after hearing rumors about the granting of some stopes to foreigners. In the telegram dispatched from Zonguldak they stated that the cession of the mines of the Ottoman Karamanyan and Zarifi companies to a foreign company would desolate the local people working there and would threaten both the state and its subjects.¹²⁷ Despite being based on pragmatic reasons, these statements show that Ottoman investors were preferred to foreigners by the ordinary Ottoman people.

One of the characteristics of the Hamidian era, social paranoia, can be observed even in the case of foreign interests in the Ottoman mines. Some people were very sensitive about losing the natural resources of the empire. In a military journal sent to the palace, the state of being threatened from the foreign capital can easily be detected. In this journal, an Ottoman citizen referred to information about a project granting all Ottoman mineral sources to foreigners for ninety-nine years, for a hundred million Ottoman liras. It is stated that the foreign presence in every province of the imperial territories for such a long time would bring “slackness” and “darkness”. To him, a better way to operate mines was to offer them to loyal and

¹²⁷ BOA İ.HUS 35/1 22 N 1312 “*Karamanyan ve Zarifi kumpanyaları Ereğli Maden-i Hümayünlerinde bulunan ocaklarını bir ecnebi kumpanyasına verecekleri mesmûatı olmuş ve hatta gazetelerde okutulduğu gibi bir şerâit tahtında verilerek tenzili Avrupalılar’ın efkârınca olduğu âşikar bulunmuştur. Bu madenler maazallah bir ecnebi eline geçtiği halde umum madencilerin hukuku mahv ve madenlerin kısm-ı küllisi iptal ve müstahdem işçiler perişan bir hale düşer ve her suretle devlet ve milletçe olacak hatarâtın derecesi tarif ve tafsilatı Dersaadet’e bu husus için göndermiş olduğumuz vekillerimizin malumatnâmeleri olduğundan keyfiyetin vekillerimiz bulunan zevattan tahkikini devlet ve millet namına arz ve istirham eyleriz.*”

informed officers of the state instead of foreigners.¹²⁸ It is not clear whether there was a real intent for such a concession. It was probably just rumors that provoked the writer of the journal. However, the content of the passage reveals that there was opposition from below against the foreign capital that sought to control if not all of the mineral resources in the Ottoman lands.

A major defiance attributed to the foreign companies was that they did not employ of Ottoman citizens. It was stated that Ottoman people could not benefit from the job opportunities in the foreign investments. Foreign companies though agreeing in the contracts to employ local people provided job for their own citizens. In doing so they shared the profits with their own people.¹²⁹

The idea of not sharing the possible revenues was a central idea for some people. In one document, it was argued that mineral exploitation should be held directly by state agencies. According to the document, even foreign companies apply for the operation of mines, state should engage in the process, for the welfare of *Hazine-i Hassa* (the treasury) instead of granting the mines to foreigners. If mines were granted to the foreigners it might be hazardous for the country and benefices of

¹²⁸ BOA Y.PRK.AZJ 25/21 1310: ...aldığım istihbarata göre kâffe-i madeniyat doksan dokuz seneliğine yüz milyon liraya ecnebiye verileceği tasvir olunmakta halbuki kulluklarında tanzim ve takdim eylediğim layihada ... beyan olunduğu cihetle on senede yüz milyon lira ihsâl olacağı arz ve beyan olunmuştu. Bu halde ecnebiye verilmeden Devlet-i Âliye memurlarının malumatlı sadık bendelerine idare ettirilmesi ...hayırlı olacağı derkârdır. Zira doksan dokuz sene müddetle memâlik-i şâhânenin her eyâletinde ecnebinin bulunup _____ etmesi bilahâre ileride kesat ve sevadı davet edeceği ...arz ve beyan-ı ihtar olunur.

¹²⁹ BOA Y.PRK.TNF 2/68 30 Z 1307 : “ Ecnebi yedinde şimendiferlerden, madenlerden, limanlardan ve bunlara _____ kumpanya ve şirket muamelatından kazanılan hep onların kese-i istifadelerine oluyor. Bu gibi işlerde çalışacak ahali bile hakkıyla istifade edemiyor. Zira kumpanya ve şirketler mukavelenamesinde tebaa-i Osmaniye istihdam edeceklerini taahhüt eyledikleri halde dolgunca maaşlı bir hizmete türlü desiseler ile kendi vatandaşlarından birini sokarlar. Ahalinin kazanacakları paranın da kısm-ı küllisini yine kendilerine hasrederler.”

these resources would be foreigners. However, it would be better if the treasury received the largest share.¹³⁰

It is not true to argue that these complaints thoroughly represented the public opinion. It is very probable that there were some people who attributed great importance to the foreign capital especially those who had close relationships with the European entrepreneurs. In addition, there were some optimists who believed that the mining operation of foreign capitalists could improve the country. For example, Syrian deputy Halil Ganem Efendi was in favor of foreign capital on pragmatic grounds. He emphasized the importance of the mining and said that there was nothing else left in their hands. By providing some facilities Ottoman could attract European capitalists and make them operate the mines. By doing so, both Ottomans and they could benefit together and the Ottoman country would flourish day by day.¹³¹ However, considering limited number of such people and tone of the above-mentioned documents it can be concluded that foreign capital did not please the Ottoman people.

Reception of the Foreign Capital in the Ottoman Mining Sector

The permeation of foreign capital in the Ottoman economy in the second half of the nineteenth century was inevitable considering the financial superiority of Europe and liberal policies pursued by the Ottoman government. Early changes allowing

¹³⁰ BOA Y.PRK.TNF 2 /68 30 Z 1307 : “ ... madenleri şerat-i nâfia ile ecnebi kumpanyalar talip çıksalar bile verilmeyip, Hazine-i Hassa-i şâhâneleri namına işlettirilmesi rey-i memlukânesindeyim. Zira madenler ecnebi kumpanyalarına verilmek memlekete bir tehlike gelmeyse de maden işletmekten meram tahsil-i servet olduğundan ecnebi bir kumpanyaya verilen herhangi bir madenden onlar fâidemend olur. Kulları ise menâfi-i azimenin doğrudan doğruya hazine-i şâhânelerine münhasır kalması arzusundayım.”

¹³¹, Hakkı Tarık Us. *Meclis-i Mebusan 1293-1877 Zabıt Ceridesi*. Vol.1 (İstanbul : Vakit Gazetesi Matbaası, 1939), p.303.

foreigners to engage in mining activities can be taken as a part of this process. Yet, the ostensible deal between the foreigners and bureaucratic apparatus should not obscure the struggles for mineral resources. Evidence proves that the Ottoman government, directly or indirectly, put certain obstacles in front of the foreigners and limited their activities in the mining sector.

Direct opposition to the foreign capital mostly occurred via legal adjustments. In these cases, as will be seen, the government either made some legal changes in the mining laws against the foreigners or even totally stopped giving mining concessions to non-Ottomans. Likewise, in some controversial trial cases the government's unfair attitude in the local-foreign tension supports the idea that informal relationships of Ottoman citizens, the elites in particular, with the governmental body was an important hindrance for the foreigners. Despite all these varying resistance strategies, foreigners acquired the dominant position in the sector both in terms of production and importation.

Battles on Mining Laws

The *nizamnâme* practice in the Ottoman mining regime was a radical step that paved the way for the private sector to enter the mineral business with high capitals. Foreigners took advantage of these arrangements more than the local entrepreneurs because of their superior financial and technological opportunities. Even though the changes in the laws seem to have been the results of peaceful compromises, hard bargains between the Ottoman government and Europeans were made in the background. Frequently, the European states interfered with the Ottoman government's policies of making some amendments in the law aiming the increase of the state's utility. Especially, in the last years of the Abdülhamit II's sultanate, the

struggle over the mines law became very evident. In short, mining laws became a battleground between the Europeans and Ottomans.

For three decades in the post-1869 period, foreigners operated in the mining sector without serious challenges in the legal level. From the beginning of the twentieth century on, the Ottoman government's policy regarding foreign investors in the mining sector became more antagonistic and formidable. Undoubtedly, large-scale foreign investments in the Ottoman mines and the high profits made by the foreigners from that business in previous decades registered negatively in Ottoman minds. Presumably, the sultan and the bureaucrats backing him felt threatened that they were losing control over the natural resources of the country. Therefore, in terms of mining, the first years of the twentieth century was characterized by a governmental endeavor that sought to limit foreign involvement and increase the revenues of the government from the mines.

In 1900, the Ottoman government moved to change the mining law. This new law included several articles against foreign entrepreneurs. At the same, an imperial order changed the availability of mining concessions to foreigners.¹³² The ambassadors of major countries namely Britain, Austria, Italy, Germany and Greece reacted against these changes. They protested the new mining regulation and the decree, sending the same protest to the Sublime Porte The beginning of the document was as such:

The embassy through applying to the Sublime Port two times asked for the granting of mining licenses and concessions for the Austrian/Greek/Italian/German/English citizens and protested the new mines law which include articles against the rights of free trade and property ownership.(...) It appears that the third part of the new mines law also contains all hazards, stated in the previous objections of the embassy.¹³³

¹³² BOA Y.A.HUS 146/62

In the following sentences the embassies warned the Ottoman government about the possible negative outcomes if the new mines law was put into effect. By stressing the contribution of foreign capital in the progress of the mining regions they asked for the preservation of foreign citizen's rights in the mining sector.¹³⁴

Further incidents show that the foreign governments failed to convince the Ottoman government about the changes. In 1902, new articles of the mining law came into force. According to the changes, the Ottoman government could withdraw the given concessions without paying any indemnity whenever it wanted. This right was first applied to a mine operated by an English miner named Paterson. In this case, the mine was taken and then granted to Ragıp Bey.¹³⁵

In 1906, the Ottoman government, again, attempted to make two major changes pertaining to the mines and the exportation of their products to Europe. These changes were on the mining law and tariff rates and aimed to increase the Ottoman government's revenues from mining exploitation and the mining trade. Accordingly, the government decided to make a 3% increase in the export tariff for certain goods including mines. Needless to say, this unilateral declaration did not

¹³³BOA HR.HMŞ. İŞO 189/63 14 N 1319: “*Sefaret iki defa Babiali'ye müracaatla Avusturya/Yunan/İtalya/Almanya/İngiltere tebaasının taharri ruhsatnâmesi ve maadin imtiyâzâtı istihsal hakkını haiz olmalarını talep etmiş ve memâlik-i şâhânedede tebaa-i ecnebiyeye muahedatla temin olunan serbesti-i ticarete ve ecanibe tararruf-u emlak hakkını bahş eyleyen kanunnâmeye mugayir bazı ahkamı havi olmak üzere neşr ve ilan olan yeni maadin nizamnâmesine karşı protesto eylemişti. (...) Nizamnâme-i cedid-i mezkurun ahiren evrak-ı havadisle neşredilen üçüncü faslının canib-i sefaretten evvelce bu babta Babiali'ye serd-i itirazât olunduğu zaman derpiş edilmiş olan kaffe-i mehâziri dahi câmi olduğu görülmüştür.*”

¹³⁴ Ibid: “*Şu ahvâle mebni sefâret (...) nizamnâme-i cedidin mevki-i tatbik vazından memleketçe husule gelecek netaic hakkında hükümet-i seniyyenin nazar-ı dikkatini celbeder. Bu hal ise maadinin elyevm işletilmekte bulunduğu mahallerden azim istifade hasıl olmuş ve memleketin terakkiyatınca atıfet-i muavenetleri _____ nafia bulunmuş olan ecnebi sermayesinin memalik-i şahanede madencilik sanatinin hariç bırakılmasını intac edeceğinden nizamnâme-i mezkurun tebaa-i ecnebiyenin muhafaza-ı menafini mucib olacağı ve memalik-i şahanede madencilik sanatına iştirakleri hakkında meriü'l-icra olan uhud ve kavanin ile kendilerine bahş edilen ve gayrikabil-i itiraz olan hukuka iras-ı halel etmeyecek surette tadil buyrulacağı meczumdur.*”

¹³⁵ Kurmuş, p.206.

please the European states. With the involvement of different countries in the discussion the issue long occupied the international agenda of the Ottoman Empire.

Foreign governments did not submit to the Ottoman attempts aimed at limiting the foreign interests. They were looking for different gains while giving up a considerable share of their citizens in the international trade. The English ambassador declared that for the approval of the new tariff rate the requested articles should be added to the mines law. These articles were about the mining concessions. What the British government demanded was the grant of a concession of a mine at most one year after the completion of the search process and other legal procedures.

¹³⁶ Another important condition for the approval was about the Balkan case. The European states intended use the mining law issue as a card in the reform project initiated in Balkan provinces known as the Mürzteg Reform Plan. Accordingly, the surplus increase of a new tariff rate would be spent for the *vilayet-i selâse*¹³⁷ in Balkans.¹³⁸

In the following years France and Germany followed suit. They stated that approval of the new tariff application could be possible as long as the mining law was amended in the way they demanded. Furthermore, these states insisted on certain facilities in the customs treatment especially in the exportation process.¹³⁹ The words of a former minister of forestry and mining reveal some of the gains of the

¹³⁶BOA Y.PRK.AZJ 45/91 1320 :“Yüzde üç gümrük resmi nizamının kabulü için sefir-i müşarünileyh maden nizamnâmesi ahkamına tevfikan taharri ruhsatnâmesi istihsali ve nizamnâme-i mezkurun bilcümle ahkam ve kuyudu icra ve muamelat-ı saire-i kanuniye ikmal olduğundan keyfiyetin arz tarihinden itibaren nihayet bir sene zarfında ihale fermanının ihsan buyrulacağına dair nizamnâme-i mezkura bir madde-i mahsusa ilavesini talep ve istirham ... etmiştir.”

¹³⁷Vilayet-i selâse of Balkans included Salonica, Manastır and Kosovo.

¹³⁸ BOA A.MTZ 140/14 9.2.1324

¹³⁹ BOA Y.A.HUS 501/99 12.2.1324

foreigners. Because of the changes in the mining law numerous mines licenses were given to the foreigners and *Düyun-u Umumiye* (Public Debt Association) began to interfere in customs duties, though it did not have this right.¹⁴⁰

The French embassy tried to use this issue as a trump card in bargaining with the Ottoman government for some other matters. On 26 June 1906, a French citizen, August Riva, demanded the concession of a coal mine which he had explored in Edirne. The Ottoman government did not grant the concession to him, arguing that “its operation would have certain dangers from the viewpoint point of military strategies”¹⁴¹ The French embassy insisted that the reports on this mining land did not support this argument. Moreover, it is stated that another coal mine close to the demanded one had been granted to Rauf Paşa –one of the generals of the Ottoman army- which proves the content of the report.¹⁴² However, the government was certain that Riva’s request was unacceptable because of military objections and consequently, no concession was granted to him.

While these events were taking place, negotiations on the tariffs continued. Seeing the resolution of the Ottoman administration to not allow French citizens to operate the mentioned mines, the French embassy decided to use the issue of the tariff increase as a weapon. The embassy declared that the approval of 3% increase in the tariff rate could only be possible if the dispute over the mines was solved in favor of their citizen. The Ottoman government disregarded this bluff, stating that the rise in the tariff rate which had been accepted by the other major states had nothing to do with the coal mines demanded by Riva and the delay in the French approval of the

¹⁴⁰BOA Y.PRK. OMZ 3/95

¹⁴¹ BOA İ.HUS 148/1324 L-49/1 : “*Keşan’daki kömür madeninin işletilmesi sevki’l-ceyş nokta-i nazarından birçok mehâziri dâî olacağından..*”

¹⁴² Ibid.

new tariff rate could not be explained by the laws in effect in the answer sent to the French embassy.¹⁴³

Finally, the new tariff rate was approved by the European states with the addition of the demanded articles to the new mining law and implement of other conditions. What these struggles imply is that the Ottoman government's behavior against foreign capitalists was not pleasant. However, there were limits to the expression of discontent on the legal level. Whenever the interests of the foreign miners in the sector were threatened the European governments played other cards which were not directly related to the mining sector.

Bureaucratic Strategies in the Opposition to Foreigners

Opposition to the foreigners in the mining sector was not confined to the legal sphere. Setting obstacles for the foreigners in the bureaucratic procedures was an indirect method of resistance. It can be argued that private companies belonging to certain people were more vulnerable to the pressure of the government than the joint stock companies. In many cases, the state's policies taken against the private companies or investors illustrate this fact.

A good example for this is a boracite case that occurred in Bandırma. A French citizen named Desmazes was authorized to conduct research for mines around Bandırma. After finding boracite minerals in the region he was allowed to exploit mines for twenty years. Seeing how profitable an investment in boracite would be, there emerged other entrepreneurs demanding to operate the mines. Among them the strongest investor was an English citizen named Hanson who would

¹⁴³ BOA İ.HUS 148/1324 L-49/4,5

associate with an Italian Frederic Giove in the following years. They also started to search for boracite mines in the vicinity of the Desmazures' lands.¹⁴⁴ Thus a competition began between two companies. The English embassy blamed the government for the ongoing rivalry between the companies. A related document suggested that "neither of these concessionaires was permitted to work fairly, the government favored one or the other alternatively, kept them in a state of antagonism hindered both by exorbitant royalties and by sudden prohibitions."¹⁴⁵ What the document referred to was bureaucratic strategies like dilatory actions or locking on exhaustive details used variably. Besides, the government directly attacked the economic interests of these companies by changing the tax rates at an unprecedented rate. That is, the proportional tax rate of boracite ore increased from 5% to 20% while the companies were fighting.¹⁴⁶ It seems that the aim of the government was to eliminate the companies by putting heavy financial burdens on their shoulders. However, the companies managed to survive several years. Ultimately, in 1883, since the problems between the state and the companies and among the companies could not be fixed, the government stopped their activities by not granting new concessions to them. The prohibition lasted a few years. As a consequence, these policies show that the government was reluctant to give the benefit of the boracite mines to foreigners.

In 1887, after the bankruptcy of Hanson, another English citizen named Foster maintained the company. He bought two of the mines that Hanson and Giove had been operating. The Turkish government made hard terms for the mines. They

¹⁴⁴Hayri Mutluçağ, "Borasit ve Anadolu'da Yabancı Çıkarları" in *Belgelerle Türk Tarihi Dergisi* vol.1 (1967), pp.25-29.

¹⁴⁵ BOA HR.TO 264/71 1 Şaban 1307

¹⁴⁶Mutluçağ p.29.

declared that boracite mines were not mines in the sense of the mining law published under the sultan's authority. They exacted the enormous royalty of 16% on the market value and they required the payment of 80,000 Ottoman liras as an advance on future royalties.¹⁴⁷ In order to get new concessions he applied to the government. After an exhaustive process he was able to convince the high-ranking bureaucrats and overcome the procedural difficulties. Though completing every single requirement the sultan did not grant the concession to the company.¹⁴⁸ Two years later, Fuad Paşa a bureaucrat close to the sultan received the concession of the mine.¹⁴⁹

Another case occurred in the mines of the reputed chrome producer Paterson. Faced with the unlawful actions of the government he sought the help of the British embassy with a letter sent to Istanbul. He spoke of his grievance about six mines which had been decided to be granted to another entrepreneur by the *Meclis-i Vükela* despite the previous decisions of the Ministry of Mines and *Şura-yı Devlet*.¹⁵⁰ Bureaucratic devices were, once again, hindered foreign interests.

Foreign Frauds

The informal methods adopted by the Ottoman bureaucrats should not overshadow those of foreign entrepreneurs. There was a reciprocal process in which both sides cheated. It is worth noting Jemal Bey's words written in 1924 about the

¹⁴⁷ BOA HR.TO 264/71 1 Şaban 1307

¹⁴⁸ Mutluçağ, p. 28.

¹⁴⁹ BOA Y.PRK.BŞK 16/53

¹⁵⁰ BOA Y.PRK.OMZ 2/59 19 Ca 1318: “*Maadin Nezareti ve Şura-yı Devlet kararlarına muhalif olarak ve hukukumuzun mezkur nezaretlerin tasdikine rağmen bizim altı imtiyazımızı Meclis-i Vükela'nın bir diğerine ita eylemeye karar verdiğini istihbar eyledim.*”

foreign investment in the former decades: “It is true that so far Turkey has not given entire satisfaction to outside investors, but no one can challenge the fact that the concessionaires on their part have frequently failed to respect the legitimate interests of this country.”

The most common way of cheating was the smuggling of exploited minerals. Several documents indicated that foreign miners were exporting more than the reported amount in order not to pay the proportional tax and customs taxes. For example, in a document it was indicated that Desmazures, the boracite miner mentioned above, misled mining officers by saying that he had discovered a fine mine. After acquiring the license to make the further operations, he exported boracite ores worth more than 100,000 Ottoman liras to Europe illegally.¹⁵¹

In another case, a letter of complaint revealed illegalities in the province of Aydın. The letter was about the unlawful mining operations of John Paterson who was one of the leading miners in the empire. The letter noted that Paterson’s company was exploiting mines for which it did not have concessions. These lands under operation were around those given to the company but not within the borders determined by the concession. The amount of the smuggled chrome in previous four years had been 1,050,800 *kantars* and this could be possible with the help of the local officers who cooperated with the company.¹⁵²

¹⁵¹ BOA Y.PRK.OMZ 1/16 30 S 1301: “... Mösyo Desmazures (...) geçenlerde bazı memurîni işfal ile iyice bir maden bulduk iddisıyla birkaç numune çıkarıp göstermek üzere almış olduğu ruhsatı suistimal ederek hiç haber vermeksizin yüz bin liralığı mütecaviz borasiti çıkarttırıp Avrupa’ya gönderdiği Maadin Nezaret’nden haber alınıp...”

¹⁵² BOA Y.PRK.OMZ 1/31 30 Ra 1308: “İzmir’de İngiltereli tüccardan Con Paterson kumpanyasının Aydın vilayeti dahilinde krom madeni hafır ve ihrac etmek üzere mukaddema haiz olduğu imtiyaz ferman-ı âliyesinde tayin olunan havalinin hududu haricinde olarak dört seneden beri vilayet maden memurunun ittifakıyla hafriyata teşebbüsünün ve bir milyon elli bin sekiz yüz kantar krom cevheri çıkarıp ruhsatsız diyar-ı ecnebîye kaçırmış ve kaçırmakta olduğu ...”

Even though the mineral wealth of the Ottoman Empire attracted foreign investors they could not make profits all the time. If the production of a mine was not at the desired level, the common policy was to leave it or to cede the mine. However, there were interesting strategies adopted by the foreign investors. According to a police report, one way to recover from the loss was to make secret agreements with bandits. Accordingly, bandits kidnapped an entrepreneur for ransom. It was the state's treasury which paid the money to rescue entrepreneurs from the hands of bandits. In this way, miners could compensate their losses with their share from determined in the agreement. As a solution to this problem, the officer state's that necessary numbers of gendarmerie should accompany the miners on their trips.¹⁵³

Appreciating the Foreign Miners

The government's attitude towards foreign capital was not hostile all of the time. Besides being encouraged by the government for investments occasionally, foreign people in the mining sector were even honored with Ottoman medals in some cases. While granting medals, the beneficial aspects of their activities regarding directly to the state treasury or their role in certain state services were taken into consideration. For example, *Evkaf-ı Hümayûn Nezareti* (the Imperial Ministry for Pious Foundations) requested from the Sultan for rewarding an English entrepreneur, Ernest Abbott, who was operating the mines which belonged to the pious foundations in Aydın with a certain share in return. It was emphasized that Abbott had served for

¹⁵³ BOA DH.MKT. 2471/73 23 Z 1318 : “*Memâlik-i şâhânedede maden işletmekte olan bazı ecnebiler muamelât-ı vâkıalarında zarar olacağını anlayınca kendilerini eşkiyaya tutturarak fidye-i necât namıyla hazîne-i celileden para almak, görecekları zararı böyle bir tarik-i nâmeşrua ile telâfi etmekte oldukları ...*”

the treasury well by increasing the level of mines production and he was to be honored with a third level medal.¹⁵⁴

In 1895, just three years after its foundation an, offer of conferment took place for the high-ranking personnel of the Balya-Karaaydın Mining Company operated in Balıkesir. In a letter sent to the sultan, the Minister of Forestry and Mining requested two medals to be granted to the director and chairman of the board of the company. The minister extolled the staff of the company for their obedience to the rules of the contracts and for providing benefit to the treasury as well as to themselves. Moreover, the company was praised for assuming a pioneering role in the smelting of lead mines in the Ottoman lands and introducing such technological operations to the Ottoman people.¹⁵⁵ This recommendation was not accepted by the government and no medal was granted to the company. Yet, the document is still a significant one in that it shown to the conditions in which foreign capital was embraced by the Ottoman administrators.

Subsequent incidents marked how the company fraternized with the government. Though the previous request for conferment of two managers of the company declined, Marschand, a member of the board of directors in the Balya-Karaaydın Mining Company was awarded with a second level Mecidî medal owing

¹⁵⁴ BOA İ.TAL. 129/1315 N-054

¹⁵⁵ BOA İ.TAL 1312/Za-104 : “Balya-Karaaydın Madenleri Anonim Maden-i Osmanîsi tarih-i tesisinden şimdiye kadar mukavelename ve şartname ahkâmına teyfik-i hareketle bir hayli simli kurşun izabe ve nakl edip suret-i meşruâda olarak hem kendi hem de hazine-i celileye hizmet eylemekte olduğu gibi saye-i muvaffakiyet-i sermaye-i hilafetpenahide memâlik-i şâhânede birinci defa olarak kurşun kalhanesi tesisıyla aksam-ı muhtelif-i sanayiden olan bu gibi ameliyatı enzâr-ı âmmeye irâe eylemiş ve suret-i meşruada hareketle menâfi-i devleti temin eden müessesât-ı nâfiânın (...) mazhar-ı teşvikât ve terğibat olmasındaki lüzum azade-i arz ve beyan olarak şirket-i mezkurun heyet-i idare reisi Mösyö Teodor Mavrokordato ile Meclis-i İdare vekili Mösyö De Katlin’in bubabta ikdam ve hareket-ı nâfiâları vâki olmasından dolayı (...) Mösyö Mavrokordato’nun ikinci rütbeden Osmanî veya Mecidî ve Mösyö De Katlin’in üçüncü rütbeden bir kıta Mecidî nişan-ı zîşanî ile taltifleri...”

to the request of Tophane-i Amire in 1901.¹⁵⁶ Though it is not directly stated, it is very probable that Marchand had taken an important part in the raw-material procurement for the Arsenal.

Five years later, medals went to the aforementioned company once again. This time, Theodor Mavrokordato, the director of the Kesendire and Balya-Karaaydın Companies, was given a golden legion of merit because of his endeavors in increasing the mining production. Similarly, general director and sub-manager of the Balya-Karaaydın Company and an Ottoman engineer working in Karaaydın were rewarded with third level *mecidî* medals.¹⁵⁷ The special committee of ministers (*Meclis-i Mahsus-ı Vükela*) recognized the Balya-Karaaydın Mining Company for its endeavor for the benefit of the state treasury development of the Balya region and providing employment for the Ottoman people. Also it was stated that joint stock companies alike should be preserved and should be provided with certain facilities.¹⁵⁸ To reiterate, the Ottoman government's concern in granting these medals depended on very practical reasons. A contribution to the increase in the treasury's revenue, providing employment for Ottoman citizens or assisting some state services could result in a medal for a foreign miner.

As could be inferred from the words of the Minister of the Forestry and Mining, the introduction of new technologies was one of the primary reasons for the

¹⁵⁶ BOA İ.TAL. 246/1318 Z-12

¹⁵⁷ BOA İ.TAL. 367 1323/R-135. “*Kesendire ve Balya-Karaaydın madenlerini idareyle tezyid-i vâridâta sarf-ı mesâi etmekte olmasından dolayı maâdin-i mezkûre idare meclisi reisi Mösyö Teodor Mavrokordato'ya altın liyakat madalyası ve Yunan devleti tebaasından Balya'da mukim müdür-i umûmi Mösyö Jorj Ralhi'ye ve ikinci müdür _____ ile Karaaydın'da mukim tebaa-i Devlet-i Aliye'den mühendis Panoskunas Efendi'ye üçüncü rütbelere mecidî nişan-ı zîşânî itası..*”

¹⁵⁸ BOA MV 107/35 29 Ca 1321. “*Şirket-i mezkûre (...) on bir seneden beri Balya mevkiinin mâmuriyetine ve senevi altı bin lira derecesinde kömürün resmi ve o nisbette barut ve fitil bedeli tediye etmek ve ikibin amele ve hayli arabacı istihdam eylemek suretiyle hazine-i celilenin ve ahâlinin menâfîne hizmet ettiği anlaşılıp bu misillü şirketlerin muhafazası ve haklarında teshilat-ı mümkin irâesi lâzımeden olduğundan ...*”

appreciation of the foreign capital by the Ottoman government in the mining sector. Indeed, foreign investors were initiators of many novelties in Ottoman lands. Technological advancements available in the mining were utilized by the foreign companies to increase the efficiency in mining exploitation. For example, the Balya Karaaydın Company built a fossil-fuel plant to produce the electrical energy needed in the stopes for the first time in Ottoman territories.¹⁵⁹ The same company later attempted to form an audio system in the worksites to provide a better communication between workers and other personnel.¹⁶⁰ Light railways were constructed in order to facilitate the transportation of ores were common systems in different mining lands.

The government's approach to foreign technological novelties in mining was affirmative. This could be best observed in the importation of mechanical goods brought to be used in mining operations by the European companies. The most prominent facility in favor of the companies was the exemption of technological equipment from import duties. Especially, during the establishment of a factory almost all the materials and machines were exempted from the taxes¹⁶¹ depending on the related law included in *Düstur*.¹⁶²

In conclusion, the Ottoman government encouraged foreign miners in some cases when they made certain contributions to the Ottoman economy by employing Ottoman people or introducing new technology. However, considering the fear of the government to lose its own resources and foreign mining activities that left only a

¹⁵⁹ Yasemin Keskin Şimşek, *Balya Madenleri (Osmanlı Madencilik Tarihindeki Yeri, Çıkarılan Madenler ve Önemi)*. MA thesis, Balıkesir University Institute of Social Sciences, 2005) p.35

¹⁶⁰ BOA Y.MTV 232/45 8 R 1320

¹⁶¹ BOA Y.A.RES 108/25, Y.A. RES 104/32, Y.A.RES 106/1, ŞD 1177/3

¹⁶²BOA ŞD 6/57

small share to the treasury, it can be concluded that this positive approach did not reflect the general fact.

Conclusion

To sum up, Ottoman mineral resources became one of the economic fields in which foreign capital densely circulated in the integration process of Ottoman the economy to world capitalism. Direct foreign investments in mines boomed after the legal changes that opened mines to foreign operation. At the turn of the century, the mining sector was strongly dominated by foreigners

There were different approaches to the foreign capital in the Ottoman Empire in different time periods. While the foreign capital was looked upon warmly by the state agencies in the earlier times, later foreign dominance in the mining sector disquieted the state and led to animosity against foreign miners in bureaucratic circles. However, the financial difficulties and pressure of the western capital compelled the Ottoman state to allow foreign investments in mines. Ottoman direct or indirect resistance styles could not stop the flow of foreign capital into the mining sector and its dominance there. It is a fact that the contribution of tax revenues to the state treasury was far higher than that of the local miners. Moreover, the introduction of new mining technology by the foreigners made foreigners acceptable to some extent. However, the fear of losing the control of its mineral resources disturbed the state and resulted in hostile policies against foreigners. In short, the mines struggle between the Ottoman and foreigners was a love-hate relationship in which hate predominated.

CHAPTER FOUR

OTTOMANS IN THE MINING SECTOR

The centuries-long governmental tutelage over the Ottoman mineral resources ended with the reach of liberal period in the mining regime heralded by new regulations in the form of *nizamnâmes*. The *nizamnâme* practice in its early years, in a very optimistic fashion, was thought to be a tool for the making of a group of Ottoman entrepreneurs who would replace governmental agencies in the mining sector. One of the deputies of the first *Meclis-i Mebusan* (Assembly of Deputies), Yusuf Daviçon Efendi, stated that the mines law of 1869 was issued in order to benefit from the mines properly by providing for the mines to be kept in the hands of the Ottoman people instead of foreigners. For him, permitting foreigners to operate Ottoman mines was taken as a necessity because of the idea that competent and rich entrepreneurs were rarely seen among Ottoman citizens. He added that Ottoman entrepreneurs would be preferred to foreigners if they fulfilled the conditions determined by the laws.¹⁶³ The tone of his words indicated that he was excessively

hopeful about Ottoman citizens for the development of the sector. However, it is clear that he was unaware of the foreign capital's capabilities. Contrary to his expectations, as indicated in the previous chapter, foreign capital owners took advantage of the new regulations instead of the Ottoman private sector since they had better financial and technological opportunities.

This chapter focuses on the Ottoman activities in the mining sector with a specific emphasis on the governmental strategies to protect Ottoman interests. The empire, contrary to the other peripheral regions of the world of, could resist the devastating effects of world capitalism to a certain extent. A relatively potent state mechanism was the driving force behind the resistance against the attacks of the world-economy. This mechanism was unwilling to leave its natural resources to the foreign interests and sought opportunities to maximize its own benefit from these resources. This part of our study delves into the Ottoman policies to secure its own interests on mineral resources against European capitalist forces.

While dealing with the issue, first, the opportunities to support the creation of a private sector to operate mines will be discussed. It will be argued that financial incapability of the Ottoman citizens together with their inexperience in the field of mining hindered the development of a full-fledged group of local miners. In the lack of a strong Ottoman private sector the government sought other solutions aiming at

¹⁶³ Us, p.324: “...Şu menâbi-i servetten layıkı veçhile istifade etmek, yani artık ecnebilere kaptırmayıp bu menafi-i azimenin mutlaka kendi ahalisinde kalması ve ol suretle mülkü mamuriyeti ve ahalinin nail-i servet-i maadin olması zımnında bir numune-i terakki olmak üzere geçen iki yüz seksen altı senesi Muharreminde maadin nizamnâme-i cedidini neşreyledi (...) maden imtiyazı alacak olanlar nizamın matlub ve arzu eylediği veçhile ehil ve muktedir olduğu halde tebea-i devlet-i aliye-i osmaniyyeden olmaları meşrut olup şu kadar ki saltanat-i seniyyenin seksen üç senesinde neşr ü ilan eylediği kanunnâmeyi kabul ve tasdik eden düvel-i ecnebiye tebaası dahi taharri ruhsatnâmesi ve imtiyaz alabileceği gösterilmiş ise de bu hal tebaa-i devlet-i aliyyeden öyle maadin taharri ve imal ve idaresine nizamnâme-i mezkurun istediği gibi ehil ve muktedir ve sermayedar kimselerin nadir bulunabileceği zanniyatına mebni o kadarlık bir müsaade ve vüsat gösterilmek zaruriyatından ileri gelmiştir. Şimdi anlaşılıyor ki tebaa-i devlet-i aliyyeden olup da nizamın aradığı iktidar ve ehliyeti haiz olduğu halde elbette sair ecnebilere takdim ve tercih edeceği bedihidir.”

increasing the benefit of the state. It will be claimed that there were three major ways employed by the government: First policy was granting concessions to the bureaucrats and high-ranking officers who were thought to be loyal and prosperous compared to other possible entrepreneurs. The second was the encouragement of joint stock companies in which Ottoman capital was dominant. By doing so, problems pertaining to capital were aimed to be solved. In addition, direct state operation of mines, the *emâneten* method which dated back to the classical era, maintained with certain amendments aiming at increasing the efficiency. The ultimate goal of these policies was to change the direction of profit flow in the mining sector from foreigners to domestic actors.

Whatever the Ottoman efforts were, in the final analysis none of these policies could prevent foreign domination in the sector. Yet, these endeavors pointed out the limits of European expansion in the lands of an old empire.

Ottoman Citizens in the Sector

There is a general assumption that Ottoman entrepreneurs especially Muslim subjects of the empire had nothing or very little to do with economic activity compared to European capitalists. Mears, in his book on Turkey, wrote that:

The mental attitude of the Turk is that of keen receptivity towards foreign financial banking. To him it seems the will of Allah that railways, port and harbor works, local public utilities, mines, banks and other enterprises should be both owned and managed mainly by foreigners.¹⁶⁴

These words seem to be true in certain aspects. In the Ottoman Empire, enterprises which entailed high levels of capital like banking were almost under foreign

¹⁶⁴ Mears, p.355

monopoly. Transportation ventures that required technology in addition to capital, could only held by foreigners because of the economic and technological backwardness of the local entrepreneurs. However, foreigners were not unopposed in all sectors. A close scrutiny of other sectors reveals that the foreign presence was not welcomed and serious struggles occurred between foreigners and the local people who were, in most cases, supported or at least condoned by the state.¹⁶⁵ The mining sector, in particular, offers an example of this foreign-local tension.

In the classical period the, *emâneten* operation of mineral resources together with other structural characteristics of the empire put an obstacle in the way of the development of a private sector which engaged in operation of mines. After the promulgation of the first mining law in 1861 Ottoman entrepreneurs were allowed to operate mines independently. It seems that in the first years of this new application there was little or no demand for operating mines. For the 1861-1869 period no data about Ottoman miners is available neither in mining statistics nor in archival documents. For the following period Ottoman Mining Statistics provides valuable data.

Table 4: The List of the Ottoman Mining Concessionaires, Locations and Types of Mines and, Dates and Durations of the Concessions (1872-1908)

Vilayet/Sancak	Name(s) of concessionaire(s)	Type of mineral	Date	Duration
Edirne	Ohannes Miğiryan, Sezar Fail Efendi and consociates	Antimony	1888	99 years
Edirne	Halil Refet Paşa's heirs	Coal and oil	1897	99 years
Edirne	Yusuf Asım Efendi and consociates	Copper	1897	99 years
Edirne	Rauf Paşa	Lignite	1902	20 years
İzmit	Reşit Matran Efendi and his consociate	Manganese	1903	99 years
İzmit	Hacı Hüseyin Hüsni Paşa and concociates	Zinc-silver-lead	1903	99 years
İzmit	Halacyan Bedros Efendi and consociates	Copper, silver-lead-zinc	1903	99 years
İzmit	Halacyan Bedros Efendi and consociates	Copper, silver-lead-zinc	1903	99 years
İzmit	Tahsin Paşa and Mustafa Efendi	Copper, silver-lead-zinc	1903	99 years

¹⁶⁵ See Donald Quataert, *Social Disintegration and Popular Resistance in the Ottoman Empire 1881-1908*. (New York: New York University Press, 1983)

İzmit	İzzet Beyzade Reşid Bey and consociates	Silver-lead	1905	99 years
İzmit	Asım Efendi and consociates	Silver-lead	1907	99 years
Adana	Ergani madeni ustalarından İbrahim usta	Copper	1883	99 years
Adana	Ahmet Ali Paşa and consociates	Chrome	1903	60 years
Ankara	Yazıcıoğlu Yovanaki Efendi and consociates	Chrome	1896	60 years
Aydın	Şeyhzade Mehmet Sait Efendi's heirs	Emery	1880	99 years
Aydın	Şeyhzade Mehmet Said Efendi's heirs	Manganese	1880	99 years
Aydın	Ottoman citizen Manulopulo Efendi	Zinc-silver-lead, manganese	1883	99 years
Aydın	Yani and his brother Hacı Nikola Efendi	Chrome	1883	99 years
Aydın	Enveri Bey	Silver-lead	1886	99 years
Aydın	Ottoman citizen İlya Obrino Efendi's heirs	Emery	1888	60 years
Aydın	Hacı Reşid Efendi's heirs	Lignite	1890	99 years
Aydın	Ali Rıza Paşa and consociates	Chrome	1891	60 years
Aydın	Yahya Hayati Paşa's heirs and consociates	Emery	1891	50 years
Aydın	Sarıcazade Abid Bey and consociates	Chrome	1893	99 years
Aydın	Ahmet Ali Paşa and his consociate	Emery	1894	60 years
Aydın	Kirkor Karagözyan Efendi	Manganese	1896	99 years
Aydın	Hacı Hüseyin Efendi and consociates	Emery	1898	60 years
Aydın	Hacı Hüseyin Efendi and consociates	Emery	1898	60 years
Aydın	Ottoman citizen Manolaki Antoniyadis Efendi	Zinc-silver-lead	1898	99 years
Aydın	Ottoman citizen Emanuel Manulopulo	Coal	1898	99 years
Aydın	Çerkes Mehmet Paşa	Emery	1902	60 years
Aydın	Arif Bey and his consociate	Chrome	1902	60 years
Aydın	Arif Bey and his consociate	Chrome	1902	60 years
Aydın	Arif Bey and his consociate	Chrome	1902	60 years
Aydın	Arif Bey and his consociate	Chrome	1902	60 years
Aydın	Arif Bey and his consociate	Chrome	1902	60 years
Aydın	Arif Bey and his consociate	Chrome	1902	60 years
Aydın	Halıköy Maden şirketi	Mercury	1903	99 years
Aydın	Ahmet Muhtar Bey	Mercury	1903	99 years
Aydın	Ahmet Muhtar Bey	Mercury	1903	99 years
Aydın	Mahmut Celalettin Bey and consociates	Copper	1906	99 years
Aydın	İbrahim Bey	Manganese	1907	99 years
Aydın	Sadık Bey	Arsenic	1907	99 years
Aydın	Sadık Bey and his consociates	Arsenic	1908	99 years
Aydın	Hacı Mustafa Efendi and consociates	Emery	1908	60 years
Biga	Doniloğlu Agop Efendi	Manganese	1872	99 years
Biga	Doniloğlu Agop Efendi	Manganese	1872	99 years
Biga	Doniloğlu Agop Efendi	Manganese	1872	99 years
Biga	Doniloğlu Agop Efendi	Manganese	1872	99 years
Biga	Doniloğlu Agop Efendi	Manganese	1872	99 years
Biga	Eyüp Sabri efendi and consociates	Silver-lead	1896	99 years
Biga	Haçaturyan Efendi and consociates	Silver-lead	1896	99 years
Cebel-i Lübnan	Musa Kariç Efendi	Tar	1877	99 years
Cebel-i Lübnan	Musa Kariç Efendi	Lignite	1877	99 years
Cezair-i Bahr-i sefid	Ottoman citizen Alexander Tapoz	Silver-lead	1874	99 years
Cezair-i Bahr-i sefid	Nikolaki Pandelidis Efendi and consociates	Antimony	1876	99 years
Cezair-i Bahr-i sefid	Yasef Makaryos Efendi	Iron	1876	99 years
Cezair-i Bahr-i sefid	Yasef Makaryos Efendi	Copper	1876	99 years
Cezair-i Bahr-i sefid	Yasef Makaryos Efendi	Manganese	1876	99 years

Halep	İskenderun Oil and Gas Company	Oil	1876	75 years
Hüdavendigâr	Ohanoğlu Karabet Efendi and consociates	Chrome	1878	99 years
Hüdavendigâr	Isak Yahil Efendi	Chrome	1879	99 years
Hüdavendigâr	Haydar Paşa and consociates	Silver-lead	1891	99 years
Hüdavendigâr	Basri Efendi and consociates	Antimony	1891	99 years
Hüdavendigâr	Ahmet Cevat Paşa	Boracite	1892	99 years
Hüdavendigâr	Dertad Efendi and consociates	Silver-lead	1894	99 years
Hüdavendigâr	Çerkes Mehmet Paşa and consociates	Antimony	1897	99 years
Hüdavendigâr	Dimitraki Maziki Efendi	Chrome	1898	60 years
Hüdavendigâr	Reşit Bey and consociates	Zinc	1899	99 years
Hüdavendigâr	Saatçi Ethem Efendi and his consociate	Sulphur	1907	99 years
Hüdavendigâr	Müderrişzade Mehmet Hulusi Bey and consociates	Chrome	1908	60 years
Hüdavendigâr	Halid Fehmi Bey	Manganese	1908	99 years
Hüdavendigâr	Hacı Emin and Hafız İbrahim Bey's and consociates	Emery	1908	60 years
İstanbul	Hacı Vesim Paşazade Laitifi Bey	Iron	1908	99 years
Diyarbakir	Arif Bey and consociates	Silver-lead	1875	99 years
Selanik	Ferit Efendi's heirs	Silver-lead	1874	99 years
Selanik	İbrahim Nazmi Efendi and consociates	Chrome	1891	60 years
Selanik	Vahid Bey and consociates	Silver-lead	1894	99 years
Selanik	Alexander Hacı Dimo and consociates	Silver-lead	1896	99 years
Sivas	Mustafa Fazıl Paşa's heirs	Silver-lead	1872	90 years
Sivas	Vartanyan Antranik Efendi	Silver-lead	1889	99 years
Trabzon	Vicen Rahci Efendi	Copper-silver-lead	1883	99 years
Trabzon	Ahmet Muhtar Bey	Copper	1903	99 years
Kastamonu	Mehmet Mazhar Efendi and consociates	Chrome	1873	99 years
Kastamonu	Raik Efendi and consociates	Coal	1888	99 years
Kastamonu	Daniel Efendi and consociates	Coal	1892	99 years
Kastamonu	Musa Efendi and consociates	Arsenic	1898	99 years
Kastamonu	Mahmut Kemaleddin Efendi and consociates	Copper	1906	99 years
Kastamonu	Hafız Tevfik Efendi	Copper	1907	99 years
Kosova	Avram Yusuf Yahil Efendi	Chrome	1896	60 years
Kosova	İsak Yusuf Yahil Efendi and Avram Yusuf Yahil Efendi	Chrome	1898	60 years
Kosova	Tahir Paşa and his consociate	Chrome	1902	60 years
Konya	Toma Efendi	Silver-lead	1874	60 years
Konya	Sabuncubaşı Yusuf Asım Efendi and consociates	Chrome	1894	60 years
Konya	Kasti Efendi	Lignite	1908	99 years
Konya	Fuatpaşazade Mehmet Reşit and Mehmet Ali Beyler	Arsenic	1900	99 years
Mamuretulaziz	Sarrafi Arslanoğlu Kigork Efendi and consociates	Copper	1873	99 years
Manastır	Yudasmuel Bensosan Efendi	Chrome	1899	60 years

Source: Ottoman Mining Statistics of 1907-1908

The data above indicate that ninety-eight mining concessions were granted to Ottoman citizens until 1908. It is worth noting that this number does not cover all concessions taken by the Ottomans because some concessions had already expired or been cancelled by the government due to inactivity. The number shows the concessions which were still in effect in 1908.

According to the list, it can be inferred that the mining business started to attract Ottoman citizens first in the 1870s. Unlike foreign entrepreneurs, Ottoman's maintained to take concessions in the first years of the economic crisis of 1873. This supports the idea that Ottoman entrepreneurs did not feel the pressure of the economic crisis as severely as their foreign cohorts.

As for the religious composition of the concessionaires, Muslims constituted the majority. There were sixty-one Muslim subjects that were granted mining concessions. The non-Muslims were composed of Armenians, Greeks and Jews as expected. The total number of non-Muslim concessionaires was thirty-five. The remaining two concessions were taken by companies for which it is not certain whether they were owned by Muslims or non-Muslims.

As in the case of foreign concessionaires discussed in the previous chapter many of the Ottoman concessionaires did not operate their mines properly. The number was far higher than the number of foreign inactive mines. The statistics shows that only nineteen among ninety-nine mines were being operated in 1907. Seventy-three were inactive and the conditions of seven mines were not specified. To put it differently, three-fourth of the mines operated by the Ottoman private sector did not make much contribution to the economy. As will be discussed in the next pages, this was the main drawback of the local miners.

The inefficiency of the Ottoman mining agents can also be proven by the data on production levels. Though ninety-nine concessions were in the hands of Ottoman agents which marked the majority in the total number of concessions, total Ottoman mines production was 388,711 tons between 1901 and 1907. This was only 8% of the total mines production in the Ottoman lands in the same period. Furthermore, the monetary value of Ottoman mines production in the given period constituted the 30%

of the total production with a sum of 217,223,690 Ottoman kuruş. Considering the 8% share in the total amount of production, 30% share in the total value seems curious. However, if the diverse prices of different mines are taken into account the difference becomes understandable. In this case, it was the gold and silver production of the Ottoman mines, especially the ones run directly by the state, which increased the total value of the Ottoman production. Whatever the total production and the total value of the mines were, one simple fact was that Ottoman citizens and governmental enterprises lagged behind those of foreigners in the mining sector.

Ottoman Government in Resistance

Confrontation with the unending attacks of capitalism forced Ottoman administrators to change the old system. In the second half of the nineteenth century, “the old strong state apparatus of a world-empire was transformed in to a weak state apparatus of a peripheral zone of the world economy.”¹⁶⁶ Despite a considerable withdrawal from the old capacity, the Ottoman state could still resist against European forces in the economic realm.

One should not forget the role of Sultan Abdülhamit II in the struggle against the European capitalists. European capital already had permeated the Ottoman economy when Abdülhamid II came to the throne. Contrary to his predecessors he was cautious about foreign capital. He was well aware of the need for the improvement of public works within the country and of the incapacity of local entrepreneurs to undertake the construction of public works. According to a related document, the sultan charged the ministers of public works, and commerce and

¹⁶⁶ Immanuel Wallerstein, Hale Decdeli and Reşat Kasaba. p.95.

agriculture to prepare a report about the ways to benefit from the sources of wealth of the country. For the running of these resources, he was in favor of local companies and ordered the preference of Ottoman companies rather than foreigners, if possible.¹⁶⁷

Abdülhamid II also had protectionist tendencies about the operation of the natural resources of the empire by the Ottoman people. In an order sent to the provinces he expressed his conservatist ideas about the mines. In this order the sultan stated that commissions composed of local notables should be formed in order to operate the mines in the provinces with the help of Sublime Port and the Ministry of Public Works in the official procedures. He added that these mines should not be seized by foreigners and for the financial needs stock certificates should be issued within the province.¹⁶⁸

It is hard to argue that the Ottoman state formed economic policies in the mining sector aimed at the well-being of its own citizens. Such policies could be employed when foreigners started to dominate the mining sector. In accordance with protectionist policies, government could nurture a domestic group of miners. In doing so, both the Ottoman private sector and the state could benefit from the mines. Actually, until the reign of Abdülhamid II or in other words in the period when liberalism dominated the economic field there was no kind of protectionism. When

¹⁶⁷ Hoccoğlu 132 “*Nafta işlerinde Nafta, Ticaret ve Ziraat nazırları tarafından bir layiha kaleme alınacaktır. Bu layihada memleketin bütün servet kaynaklarından faydalanmak yolları etraflıca gösterilecektir. Tebaadan nafta işlerine hizmet edecek şirketler çıkacak olursa, eşit şartlarla, onlar yabancılara tercih edilecektir.*”

¹⁶⁸ BOA Y.PRK.TNF 3/67 1310 : “*Vilayet dahilinde ne kadar mâdeniyat ve sair esbâb-ı servet var ise vilayet ahalisinin _____ mürekkep bir komisyon vücuda getirilerek mahallince işletilmesi mümkün olanların ahvali dairesinde Nafta Nezareti ve Babıali vasıtasıyla muamele-i lâzimenin icrâ ve arz-ı âtûbe-i âliye kılınması ve fakat maadın yed-i ecânibe geçmemek ve dâhil-i vilayette hisse senedatı çıkarılmak üzere işletilmesi ...matlub-u âlidir.*”

the foreign capital together with the foreign political intrusion became unbearable the government tried to employ Ottoman agencies to operate the mineral resources. However, the Ottoman private sector could not benefit from this choice. Sultan and statesmen were well aware of the fact that Ottoman entrepreneurs did not have the capacity to properly operate mines and contribute to the economy. Though having similar economic capacities bureaucrats and various state employees were preferred instead of private entrepreneurs.

Ottoman Bureaucrats as Mining Concessionaires

Historically, the Ottoman system limited capital accumulation until the middle of the nineteenth century when the confiscation method (*müsâdere usulü*) was abolished following the promulgation of the Tanzimat.¹⁶⁹ From that time on bureaucrats or in a wider sense, Ottoman elites became increasingly apparent in the economic activities. Their relatively higher investment capacities on the one hand, and the bureaucratic facilities they receive on the other hand, led to a bureaucratic concern in the mining sector as well as in other economic fields.

The Ottoman Empire was one of a few cases along with China and Japan of countries that were not directly colonized by the imperial powers. As Keyder argues, both China and the Ottoman Empire with their rich political traditions and powerful bureaucratic class experienced a non-colonial peripheralisation in the face of the imperial powers. The non-colonization made it possible for the bureaucrats to preserve their status during the process of economic integration from the 1840s to the World War I. Also, the imperial rivalry between the great powers left maneuvering

¹⁶⁹ Cavit Baysun, "Müsâdere" in *İslam Ansiklopedisi vol.9* (İstanbul: MEB, 1993). p.672.

space for the Ottoman bureaucrats to resist foreigners and protect their own interests.¹⁷⁰

In the second half of the nineteenth century, being economically challenged both by foreign entrepreneurs and other provincial groups, the bureaucrats lost most of their sources of wealth. Despite being a part of modernization project, they were inclined to preserve their older status. Yerasimos notes that:

Even though rational-legalism gradually replaced traditionalism in the workings of the bureaucracy, the patrimonial system, which had been so characteristic of the ‘classical’ Ottoman system with high officials who were at the same time patrons of numerous clients who both depended on them for a living and supported them in the continuous political infighting at the court, was still in place.¹⁷¹

To preserve their previous position, as a last resort they grouped together around the palace and personal power of Abdulhamid II. The protectionist stance of the sultan was in accordance with the bureaucrat’s expectations from the state mechanism.

Realizing the sultan’s favor for his officers many people from higher ranks submitted petitions for mining concessions. A high officer, for instance, asked for the concessions of two chromium mines in Aydın noting that he did not have any property except his salary.¹⁷² In another case, custodians of imperial seraglio (*Harem-i Hümayun kapıcıları*) issued a petition collectively for the concessions of sandstone and coal mines around Mudanya and Mihaliç.¹⁷³ Such demands increased

¹⁷⁰ Çağlar Keyder, *State and Class in Turkey: A Study in Capitalist Development in Turkey* (London: Verso, 1987), p.36.

¹⁷¹ Erik J. Zürcher. *Turkey: A Modern History* (London ; New York : I.B. Tauris, 1994). p.46.

¹⁷² BOA Y.PRK.OMZ 2/9 27 S 1315: “...ihsan buyrulan maaş-ı çakerânemden maada hiçbir şeye malik bulunmadığım (...) malum bulunmağla...”

¹⁷³ BOA Y.PRK.OMZ 1/22 23 R1305

especially, at the turn of the century with the initiation of sultan's tacit economic war against foreigners. Mehmet Zeki Paşa's petition for the copper mines of İnebolu,¹⁷⁴ minister of interior Mehmet Memduh Paşa's demand for the coppers of Kastamonu¹⁷⁵ and Turhan Paşa's request for the oil of Hudeyde and copper mines of Trabzon¹⁷⁶ were a few examples. Sometimes, state elites were seeking concessions together. The application of a major general Cemil Paşa together with Muhtar Bey, a member of the *Amedi Divan-ı Hümayun* for some mines in the Sandjak of Mersin¹⁷⁷ illustrates this.

As a result of the overlapping interests of the sultan and the bureaucrats, many people who belonged to the civil or military bureaucracy became involved in mining concessions. For example, grand viziers Halil Rıfat Paşa,¹⁷⁸ Ahmed Cevad Paşa and Ferit Efendi; Fuad Paşa and Ferit Ahmet Ali Paşa, adjutants of the sultan; Aziz Paşa, the governor of Yemen; Haydar Paşa and Rıfat Bey, mutasarrıf's of Kayseri and Gümüşhane respectively; Pertev Bey, a clerk in Sadr-ı Ali evrak odası; Abdürrahim Şadan Efendi, an officer in the istişare odası (consultation chamber) of Sublime Port, Haşim Bey, a major in the navy; İbrahim Efendi, a clerk in the recruitment office; Said Bey older head of the special administration office; and Mehmet Vahit Bey, a clerk in the house of customs were among the bureaucrats granted concessions.¹⁷⁹

¹⁷⁴ BOA Y.PRK.ASK 154/22 11 R 1317

¹⁷⁵ BOA Y.PRK. DH 11/31 23 Z 1317

¹⁷⁶ BOA Y.PRK. AZJ 47/35 29 Z 1320

¹⁷⁷BOA Y.MTV 218/104 7 R 1319

¹⁷⁸BOA İ. İMT 2/ 1314 R/21

¹⁷⁹ Balcı, p. 41.

Besides demanding mining concessions from the sultan, Ottoman elites sought other privileges pertaining to the concessions. A remission of tax was a common demand of the elites. For example, a group composed of Hamdi Bey, son-in-law of a general; Hilmi Bey, son-in-law of a brigadier; the son of Ali Rıza Paşa and the son of a prominent lieutenant requested for the withdrawal of the mining concession and remission of the tax debts from the sultan proposing that sanctions of the Ministry of Forestry and Mining would harm them.¹⁸⁰ In this context, it is remarkable that people that belonged to the upper-classes of the Ottoman society could easily engage in the mining business and expected favor from the sultan instead of complying with the rules and legal procedures.

As noted above, the high-ranking officers of state or people who had close ties with them were in an advantaged position in the concession hunting. By using their affiliations with bureaucrats who were authorized in the mining affairs they obtained mining concessions easily. However, favoritism for some people would obviously result in encroachment of the others' rights. We can observe these malpractices in the petitions of the aggrieved miners. As such, an American citizen who had a share on mercury mines in Aydın and his consociates, were complaining about the lawless behaviors of Selim Melhame Paşa, the minister of Forestry mining and Agriculture. The words were as the following:

Minister of Mining, by showing some people's properties as unowned, is getting imperial decrees that grant concessions for the sons of some elites. Of this sort, SheikhuIslam Cemaleddin Efendi's son Muhtar Bey

¹⁸⁰ BOA Y.PRK.AZJ 47/38 1320: "...Ali Rıza Paşa kullarına maden resm-i muharrerinden müterakim diyunundan dolayı saye-i şâhânelerinde mutasarrıf olduğumuz emlak ve araziye Orman ve Maadin Nezaret-i celilesince vuku bulan müdahale cümlemizin mahvını mücib olacağından mezkur maden imtiyazının feshi ve resm-i mukarrerin affi hususunda _____ merhamet ve adalet-i şâhânelerine dehalet eyleriz"

received an imperial decree for the mercury mine in Ödemiş that is allegedly vacant, which in fact belongs to me.¹⁸¹

Muhtar Bey, besides being a son of the sheikulislam, was a member of the Şura-yı Devlet (Council of State). It is not surprising that he was able to get such a concession since he was at the heart of the high bureaucracy. In a state where the sultan and a few men around him held the ultimate power, such unruly actions could easily be justified and nobody could do anything for them if he was not endorsed by another power block such as foreign embassies or an interest group within the bureaucracy. It is precisely this fact that caused the complaints of the mine owners.

In 1900, the authority of the provincial administration in mining licenses was delegated to the central administration with a change on the 1887 mining law. This change revealed the government's intention to better control the mining concessions.¹⁸² Indeed, the aim of this policy was to prevent grafts in the provinces. After rumors about favoritism in the mining concessions, the government prohibited Ottoman and foreign state officers to acquire concessions of mines within the province (*vilayet*) in which they were employed.¹⁸³ Actually, the prohibition first came out to block the intrusion of foreign officers like consuls into the mining sector.¹⁸⁴ The scope of the prohibition was extended after a few years. This time in addition to the officers themselves, their relatives were also counted among the

¹⁸¹ BOA Y.PRK.AZJ. 48/76 28 Ş 1321: “Maden nazırı şunun bunun malını sahihsiz göstererek bazı zâdegân-ı şehriyârihine ihsanen tevcihi hakkında iradeler istihsal ediyor. Bu kabilden olarak hakk-ı malumesi resmen uhdemde olan Ödemiş'te kain civa madeni sahibi yoktur deyu _____ hakpa-i mülükanelerine arz etmesi üzerine bunun Şeyhülislam Cemaleddin Efendizade Muhtar Bey'e tevcihi hakknda irade-i seniyyelerini istihsal eylemiştir...”

¹⁸² Donald Quataert *Social Disintegration and Popular Resistance in the Ottoman Empire 1881-1908*. (New York: New York University Press, 1983) p.53.

¹⁸³ BOA DH. MKT 138/36 14 RA 1311 : “Herhangi sınıftan olursa olsun Devlet-i Aliye ve düvel-i ecnebiye memurlarından hiçbirinin daire-i memuriyeti dâhilinde bulunan mahallerde maden imtiyazını haiz olamayacakları...”

¹⁸⁴Yorulmaz, p.61.

people who could not engage in mining activities within the *vilâyet* unless the officer had resigned and the article was added to the mines law of 1887.¹⁸⁵ These efforts can be considered as the “centralization of favoritism”, because of the increase of the informal concession granting to the elites in İstanbul after the legal changes.

Limits of Favoritism: Case of Derviş Paşa

In the Ottoman Empire, as shown above, bureaucrats and other elites constituted a privileged group who were blessed with certain economic advantages. These advantages could be provided even it was well-known that the actions were illegal or involved defrauding non-elite people. Yet, their economic interests provided by the state were not untouchable. One principal reason that might have limited bureaucratic favoritism was foreign interests. The mines that drew attention of both bureaucrats and foreign entrepreneurs could easily become moot cases. When an elite endorsed by the government and a foreign entrepreneur competed for mineral resources it was very probable for it to turn into an international crisis. A good example of such a conflict could be the struggle between Derviş Paşa, an adjutant of the Sultan Abdülhamit II, and German entrepreneurs over the antimony mines in Salonica.

In 1889, concession of the antimony mines around villages of Dragos and Dobrucalık in the district of Siroz were granted to Derviş Paşa on the condition that they were not ceded to the hands of foreigners.¹⁸⁶ The emphasis on the preservation

¹⁸⁵ BOA ““*Herhangi sınıftan olursa olsun Devlet-i Aliye ve düvel-i ecnebiye memurlarının ve bunların akraba ve taallukatının daire-i memuriyetleri dahilinde bulunan mahallerde maden imtiyazını haiz olamaması*”

of the mine shows that Derviş Paşa, as a high-ranking bureaucrat, was chosen intentionally to be granted the concession.

After the pasha started the operation in the mines, there occurred some troubles. Two Austrian citizens named Krischer and Jule Koch who owned a commercial house in Salonica claimed that Derviş Paşa had overstepped the lands in which they had the right to search for mines.¹⁸⁷ In a little while the German diplomatic agencies were informed about the problem. In the protests sent in 1889, it was stated that these two entrepreneurs had received the mining license by following the official procedures and their official rights should be preserved.¹⁸⁸ Though the pasha argued that the embassies should not interfere in the matter and the problem should be solved in the Ottoman courts¹⁸⁹ it had already become an international issue. It seems that the pasha was well aware of the fact that it would be difficult to get the mines when Ottoman agencies whom he could influence easily were overshadowed by international ones.

On the practical level, there was high tension in the mining areas. In many cases, there occurred quarrels between the employees of Derviş Paşa and Austrian traders. For example, a police report indicated that the engineers and other employees of the Austrian entrepreneurs continuously threatened and insulted the custodians who were working for Derviş Paşa.¹⁹⁰ Likewise, in a petition sent to the Sultan, Derviş Paşa complained about the problems between the Muslim immigrants

¹⁸⁶ BOA MV 48/33 25 S 1307: “*Selanik vilayeti dahilinde Siroz kazasına muzaf Dobrucalık ve Dragos karyeleri arazisinde zuhur eden antimony madeni imtiyazının eyade-i ecânibe geçirilmemek şartıyla usul ve nizamına tevfikân (...) Derviş Paşa hazretlerine itası...*”

¹⁸⁷ BOA BEO 686/51411

¹⁸⁸ BOA HR. TO 144/25 9.12.1889

¹⁸⁹ BOA Y.PRK.ASK 67/71 23 R 1308

¹⁹⁰ BOA Y.MTV 59/72 4 C 1309

settled around his mines and Austrians working in the same place.¹⁹¹ Other incidents indicate that Austrians were decisive about preserving their rights and would do everything they could to resist Derviř Pařa's actions. The German embassy explicitly stated that the miners would resist if they were tried to be driven out from the mines.¹⁹² In short, the struggle over the antimony mines was intense and both sides were insisted on their arguments on the mentioned lands.

When the pasha realized that the problem would not be settled peacefully, he began to seek help from the governmental agencies. For example, he proposed that there was no record in the local offices about licenses granted to the Austrians.¹⁹³ However, this claim was not taken seriously by the government. Yet, the efforts of the pasha to secure the support of the sultan were successful. In an imperial decree, the sultan directly referred to Derviř Pařa's case and ordered the preservation of his rights. It was noted that disgruntling the pasha in this case was not agreeable for the Sultan since the pasha was an old and faithful officer of the state.¹⁹⁴

By emphasizing the legal basis of the concession and by revealing the dishonest behaviors of Austrians, the pasha tried to prove his rightfulness. In a petition, he underlined the fact that the concession of the antimony mines had been granted to him by the *ferman* and in accordance with the mining law in force, Again, according to the pasha, the license given to the Krischer and Koch was invalid because of their illegal actions on mines exportation. Derviř Pařa argued that the Austrian entrepreneurs had smuggled 413 tones of antimony to Europe while the

¹⁹¹BOA Y.MTV 43/43 24 ř 1307: "...mümaileyhumanın madencileri cebren çıkarılacak olur ise mukavemet olunacağı Almanya sefâretinden ifade edilmesi..."

¹⁹² BOA İ.DH. 1205/ 95324

¹⁹³ BOA Y.PRK.ASK 67/71 23 R 1308

¹⁹⁴ BOA İ.MMS 118/ 5080 25 B 1308

mining law allowed exporting only 200 tons for two licenses. He maintained that according to the related articles of the mining law, the licenses given to the Austrian should be abolished and indemnity should be taken from them.¹⁹⁵

Whatever the resistance of the pasha was, German diplomatic power could put enough pressure on the Ottoman government. After the implementation of investigations the *Meclis-i Vükelâ*, in which the minister of foreign affairs, who seems to have been influenced by the diplomatic pressures was a member, decided to grant the concession of the mines in the disputed lands to Koch and Krischer.¹⁹⁶ In a related document the minister of foreign affairs noted that the German embassy of Istanbul was strictly motivated from Berlin for the resolution of the problem¹⁹⁷ in favor of the Austrians. Overall, the German mission was successful in preserving its citizen's rights. On the other side, the limits of favoritism were drawn when finally the pasha gave up his rights on the antimony mines of Siroz.¹⁹⁸

Promotion of Ottoman Joint-Stock Companies

The Ottoman private sector in the mining works was dominated in number by private entrepreneurs in the liberal era that started with the mines law of 1861. Entrepreneurs were taking concessions independently or in the form of partnerships. The activities of the Ottoman mining companies were very limited. There were only a few examples, like the Halıköy Mining Company and the İskenderun Oil and Gas Company.

¹⁹⁵ BOA Y.MTV 59/61 25 B 1309

¹⁹⁶ Ibid.

¹⁹⁷ BOA İ.HUS. 13/1310-Z/99

¹⁹⁸ BOA Y.PRK.MYD 12/61 22 N 1310

From the government's perspective the mining activities of the Ottoman citizens were not fruitful in terms of revenues. As stated previously, Ottoman entrepreneurs, lacking suitable technological opportunities and sufficient financial power could not operate the mines efficiently. As a matter of fact, many local concessionaires were taking concessions just for selling them. Mining concessions became commodities which could be bought and sold instead of being documents that showed government's approval of mining operation.

In 1877, which can be considered as an early date for the private sector in Ottoman mining, a deputy complained about this problem. He stated that eight mines in his province, despite having imperial concessions were not being operated.¹⁹⁹ Likewise, Mehmed Nazif, another bureaucrat pointed out the dangers in the cession of mines. He portrayed the picture by attributing an evil role to the foreigners:

As known to everybody, so far, a penniless Ottoman citizen after obtaining a license or a concession from the government leaves it to British, Americans or other foreigners and; because of one or several people from these deleterious foreigners, government and loyal subjects were exposed to the various deceits and ruses of them.²⁰⁰

Obtaining a concession and selling it to others became so lucrative that some companies emerged whose sole purpose was precisely getting and ceding mining concessions.²⁰¹ It seems that nothing had changed throughout decades. The head of Şura-yı Devlet demanded a new mines law arguing that Ottoman citizens after granting mining concessions from the government were ceding their mines to

¹⁹⁹Us, p.291: “Bizzat ferman verildiği halde bizim vilayette sekiz tane ferman var ki kimse yapmıyor”

²⁰⁰BOA Y.PRK.UM 75/135 25 Ra 1323. “... cümlelerin malumu olduğu vecihle şimdiye kadar tebaa-i devlet-i aliyyeden parasız _____ bir kimse zuhur edip hükümetten aldığı ruhsatnâmeyi veya ferman-ı aliyyeyi ba'd İngilizler'e, Amerikan ile sair ecnebilere terk ve fûruht ile yerine muzır ve müzevver ecanipten biri veya birkaçı meydana çıkıp onların enva-ı desise ve ta'rifatı ve hilelerine hükümet-i seniyyeleriyle ahali-i sadıka giriftar ohurlar idi.”

²⁰¹ Kurmuş, p 129.

foreigners instead of operating them themselves. For them, the country itself should benefit from its own natural resources.²⁰² However, it was a fact that the Ottoman entrepreneurs did not have enough capital or technological capability to operate the mines they had acquired efficiently. Ottoman citizens sought the benefit from the growing sector one way or the other. The easiest way to make profit from the investment was to sell it to another investor as soon as possible. The government was aware of these manipulations and sought for opportunities to provide capital accumulation for its citizens.

In the same fashion, in 1879, Ahmed Midhat, a celebrated intellectual of the late Ottoman era, admitted that the number of Ottoman citizens among the concessionaires of public works was small because of the inability of the local people. He added that mines should not be given to the foreigners until the local people had the ability to operate them.²⁰³ Thus, joint stock companies could be good means of capital accumulation for the prospective local miners.

In 1881, an Ottoman miner named Daniel Papa and his consociates submitted a petition to the government about their project to establish a joint stock mining company. In the petition, they stated that the objective of this joint stock company was to operate their mines which had already been in their hand under one title and

²⁰² BOA Y.PRK. ŞD 2/63 15 L 1317 : “Maadin işletmek ve idare etmek için imtiyaz talebiyle müracaat eden tebaa-i Devlet-i Aliyenin kulları muamele-i lazımenin icrasından sonra cereyan eden ahval ve meydanda bulunan emsal ile malum olduğu üzere adeta nam-ı müş’ar hükmünde bulunup o maadine bir takım ecânib vaziyet bulunmakta ve mevaki-i madeniye onların tasarrufat-ı ecnebiyelerine kalmakta olduğu ve bu hal hükümetin makâsıdına ve memleketin menfaatine muvafık olmamakla beraber enva-ı mehazir ve müşkilatı müstelzem bir ___cihetle servet-i tabiye-i memlekette bulunan maadinden yine memleket müstefid olmak üzere badema maden imtiyazlarının gerek devr ve ferağ ve gerek ihale ve icar suretiyle ecnebi şirketler eline geçmemesi esbabını temin ve istikmal edecek surette bir nizamnâme kaleme alınıp...”

²⁰³ Ahmet Mithat, *Ekonomi Politik in İktisat Yazıları*, Erdoğan Erbay and Ali Utku eds. (Konya: Çizgi Kitabevi, 2005), p.62 : “Bir kere gidilip de orman ve maadin ve saire imtiyazının kuyuduna bakmalı. Acaba kaç tanesi bizim hemşehrimize ihale olunduğu görülür. Evet biz orman ve maden işletmeye kabil değiliz.(...) Lakin biz kabil değilssek, kabil oluncaya kadar onların yabancılara kaptırılmayıp muhafaza olunmasını dava edebiliriz.”

to acquire the concessions of newly discovered mines.²⁰⁴ This request was taken into consideration by the state agencies seriously and discussed in different circles. The Ministry of Finance pointed out that according to the laws only a real person who took legal responsibility could be given a mining concession. Since joint stock companies were indefinite personalities, it was illegal to grant concession directly to the joint stock companies. However, as the mining concessions remained registered in the names of the founders of the company there was nothing illegal in the requests of these miners.²⁰⁵ Finally, after the implementation of bureaucratic procedures the company was permitted to be established on the condition that the entrepreneurs made the desired changes in the articles.

In the same document the main reason behind the embracement of this company was also included. It was noted that with the establishment of the mentioned company the production of the mines would increase due to the accumulation of more capital and this would be favorable for the treasury.²⁰⁶ Similar words mentioned in the document prepared by the *Meclis-i Vükelâ* pointed out the fact as the following: “reaping the benefit of the mines in the imperial lands was due to capital and the capital depended on the existence of such companies”²⁰⁷ Thus,

²⁰⁴ BOA Y.A.RES 6/31 6 § 1297

²⁰⁵ Ibid. : “...anonim şirketler şahs-ı maneviye hükmünde olup her nev maadin imtiyazı ise ahkam-ı nizama karşı merci-i mesuliyet bulunmak üzere şahs-ı muayyen uhdesine ihale olunmak nizamnâme-i mahsus icabından olduğundan anonim şirketlere doğrudan doğruya maden imtiyazı verilmesi ve ashabı uhdelerinde bulunan madenlerin şirket namına birleştirilmesi muğayir-i nizam olacağında şüphe yoksa da şirket-i mezkure müessisleri uhde-i iltizamlarında bulunan madeni kemâkân uhdelerinde ibka edecekleri gibi müceddeden keşf eyleyecekleri madenler için dahi şahs-ı muayyen namına imtiyaz istida ve istihsal edecekleri anlaşılmış ve bu suretin hükm-ü nizama dokunur yeri görünmemiş olduğuna ...”

²⁰⁶ Ibid.: “...şirket-i mezkurenin teşkiliyle teksir-i sermaye ile maadinin _____ imalatı esbabının istikmalî maksadına müstenit olmasıyla tervic-i maslahat-ı hazineyi dahi müstelzem olacağına binaen esas-ı madde şayan-ı kabul bulunmuş olduğu...”

²⁰⁷ Ibid: “...olup memâlik-i mahrûse-i şâhânedede bulunan madenlerin servet-i tabiyesinden istifade olunması sermayeye ve o da bu misillü şirketlerin vücuduna muhtaç bulunduğu...”

joint stock companies thought to be the solution to the improvement of the mining sector and the increase of domestic mining revenues.

It is hard to claim that positive approach to joint stock companies brought the desired dynamism in the practical level. However, there emerged some local entrepreneurs who launched mining business with their joint stock companies. For instance, a Greek Ottoman citizen named Baltacı Leonidas Efendi founded an joint stock company with a capital amounted 2,000,000 sterling (*ingiliz lirası*). In 1889, he asked permission from the government for the operation of all old mines of Gümüşhacıköy which were being run by the government for centuries. According to his offer, the company would provide the necessary capital for the exploration and production operations. The revenues would be shared between the company and government. Governmental organs appreciated this offer and decided to sign a contract with Leonidas Efendi thinking that the treasury would benefit from the deal. For the government tendering the mines as a whole and costlessly was preferable to other options.²⁰⁸

After this attempt, Baltacı Leonidas Efendi established another mining joint stock company with 150.000 Ottoman liras capital. In 1896, he gave an offer this time for the Bulgardağı and Ergani mines which were being operated under government's supervision. Terms of the offer were similar to the previous one.²⁰⁹ However, these mines were not granted to him probably because of the higher expectations of the government from these two rich mines. Overall, it was proven that joint stock Ottoman mining companies could achieve the financial power that enabled them to run the largest mines of the empire.

²⁰⁸ BOA MV 28/63 3 C 1305

²⁰⁹ BOA BEO 553/41471 20 B 1312

Whatever the positive approach to the joint stock companies was, procedural difficulties continued on the practical level. In 1893, the İtibar-ı Osmânî Joint stock Company submitted a petition to the government which specified that because of the difficulties in the foundation stages of the joint stock mining companies these opportunities went begging and mining sector within Ottoman territories remained underdeveloped.²¹⁰ Therewith, the *Mâliye Nezâreti* (Ministry of Finance) advised to Şura-yı Devlet to facilitate the bureaucratic procedures in the foundation process of joint stock companies. The ministry stated that retardation in the bureaucratic procedures led to the lack of local demand for founding joint stock companies and because of that mining concessionaries were seeking financial support from European capital owners. However, most of the time, these concessionaires were unable to receive foreign support and those who could get foreign capital under unreasonable conditions received very few profits from the business because of the farness of mines from the ports and difficulty of transportation. Since these companies were subject to the foreign laws which brought certain complexities, bureaucratic procedures of the Ottoman joint stock companies should be facilitated.²¹¹

Another document was supportive of same ideas. In his report on the Ottoman mines which dated to 1893, Bedros Kuyumciyan, general manager of the forestry and mining (*orman ve maadin müdür-i umumisi*) noted three articles for the

²¹⁰BOA İ.MMS 129/5510 9 B 1309 :“ *Anonim maden şirketlerin teşkili hususunda tesadüf edilen suûbat cihetiyle buna rağbet edilmediğinden dolayı Memâlik-i Mahrûse-i Şâhâne’de sanat-ı madeniyenin tedennîsi...*”

²¹¹ Ibid. “*Zikrolunan şirketlerin muamelatça olan tehirat yerli sermayedarânın tesis-i şirkete adem-i rağbetlerini ve bu ise ashab-ı imtiyazın Avrupa sermayedarânına müracaatlarını intâc edip halbuki müracaat edenlerden ekseri sermaye tedârikine muvaffak olamadığı gibi muvaffak olanları bile mevâki-i madeniyenin iskelelere olan ba’dı ve nakliyatın müşkilâtı hasebiyle fâhiş şerait ile sermaye tedârik ederek pek cüz’i temettüe kanaat ettikten başka o misillü şirketler kavanin-i ecnebiye tabi olduklarından bir takım müşkilat zuhur etmekte olduğu cihetle Osmanlı anonim şirketlerin muamelatının teshîli...*”

improvement of mining. According to him, one of the means that served to the improvement of mining business was Ottoman joint stock companies and so they should be encouraged and the procedures during their foundation should be facilitated.²¹² In the end, as a solution, *Şura-yı Devlet* made a decision about the application of same procedures which were in effect for the joint stock companies engaged in public works for the joint stock mining companies.²¹³ That is, Ottoman government's positive approach to the joint stock mining companies was most apparent in the forms of bureaucratic simplifications.

The promotion of joint stock mining companies did not mean that other kinds of domestic mining companies were ignored by the government. If such companies were believed to have the financial capacity to engage in the mining business they were also supported by the government. For example, in 1903, an imperial order was issued which dictated that a new domestic company should be established in order to operate the mines within imperial borders which were not being operated. One condition for the prospective companies was the majority of Ottoman citizens in the administrative body.²¹⁴ In doing so, the government was trying to minimize the foreign intrusion and protect Ottoman interests. After this order, a group of entrepreneurs composed of George Sarid Efendi, Mehmet Efendi, Alexander Panciri Bey Efendi and Mustafa Şükrü Bey the vice president of the İstanbul Chamber of Commerce applied to found a company named the Hamidiye Ottoman Mining

²¹² BOA Y.A. HUS 262/44 13 Z 1309 : “*Maadin sanatının terakkisine hizmet eden vesaitin biri dahi maadin imalatı için Osmanlı anonim şirketleri teşkili olması hasebiyle bu babta icra-ı teşvikatı ve bu gibi şirketlerin teşkiline müteallik muamelatta teshilat olunması*”

²¹³ Ibid: “*mukaddema bâ irade-i seniyye-i cenab-ı pâdişahî umur-u nâfiaya ait anonim şirketlerin tesisi hakkında meriülicra olan usûlün anonim maden şirketlerine dahi esas ittihazı*”

²¹⁴ BOA Y.A. HUS. 425/31 8 Za 1319 “*Memâlik-i şâhâne dahilinde vaki olup henüz istifade olunmayan maâdinin vesâit-i kâmile ile işletilerek servet-i madeniye-i memleketin mevki-i istifâdeye va'zı maksud-u aliyesiyle dâhili bir şirket-i Osmaniye teşkili esbabına tevessül olunması*”

Company.²¹⁵ For this company and the prospective ones an important concern was the recognition of Ottoman laws in the bureaucratic procedures and the Ottoman courts as the juridical authority. Also, the employees except the ones that had technical duties should be Ottoman citizens. Finally, instead of foreigners Ottoman citizens should be granted concessions.²¹⁶

Overall, the joint stock mining companies were thought to be a solution for the financial troubles of the Ottoman miners. The government promoted these companies and facilitated the bureaucratic procedures for them. Yet, there is no indicator showing that these efforts could catch the desired level in increasing the Ottoman share in the mining production.

Reforming the Mines Operated by the Government

Emaneten operation (operation in the form of trusteeship) of mines was an old method employed by the Ottoman Empire that had its roots in the classical period. Historically, the mines operated *emaneten* had been the largest and most efficient pits of the country. This method continued to be used by the Ottoman government in the nineteenth century. In the 1850s majority of the active mines were run by the state in the form of *emanets*.²¹⁷ These enterprises remained after the permission of the private sector to engage in the mining business. In other words, the *nizamnâme* period did not mean a complete privatization of the mineral resources.

²¹⁵Ibid.

²¹⁶BOA Y.PRK.TNF 6/34 25 Z 1316: “..kâffe-i muamelatta nizâmât ve kavânin saltanat-ı seniyyeye tabi ve ihtilafat ve münazaatın rü'yet ve faslı mehâkim-i Osmaniyeye raci olmak üzere tabiiyet-i Devlet-i Aliye'de teşekkül etmekte ve memurîn-i fenniyyeden maada memur ve müstahdemlerinin tebaa-i Devlet-i Aliyeden olması şartıyla ittihaz edilmekte olmasıylaameliyât-ı nâfia için ecânibe değil tebaa-i Devlet-i Aliyeden ve zevat-ı ma'rufeden herkese imtiyaz itâ ve ihsan buyrulması...”

²¹⁷ Fahrettin Tızlak, “19. Yüzyılın Ortalarında Osmanlı Maden Yatakları”. in *Bellekten* No: 229 . (Aralık 1996). pp.704-705

When Ottoman interests in mines started to be challenged by the foreign capital, these mines gained more import for the government. The potential revenues to be generated by these enterprises were higher than that of private mines because of the higher shares of the government in the mines operated *emaneten*. Moreover, almost all the *emins* in these mines were Ottoman citizens. For example, in 1892, just before the foundation of Heraclee Company, for example, there were 124 miners in the region, composed of forty-five Turkish and seventy-nine non-Muslim Ottoman subjects.²¹⁸ Obviously, these local *emins* guaranteed more benefit for the general economy since they were very likely to spend their incomes within the empire.

Even after entry of the private sector to the mining sector the government was reluctant to grant mines to private entrepreneurs. For the government, the richest mines of the empire should be operated by the government.²¹⁹ Private entrepreneurs could be preferred if a mine was poor in mineral and entailed high amounts of expenditure. For example, Selim Melhame, the minister of forestry and mining stated that Gümüşhacıköy mines which were run by the government should be ceded to private sector because it was causing annual 750 Ottoman liras loss in the treasury due to the old technology and decrease in the prices of silver and litharge ores.²²⁰ If there was a need for the private sector, Ottoman companies were to be preferred to foreigners if any of them existed. However, foreigners could be chosen as a last resort to benefit from their employment opportunities.²²¹

²¹⁸ Eldem, p.48

²¹⁹ BOA İ.DH 865/69215 19 Za 1299

²²⁰BOA ŞD. 522/16 26 L 1314: “Gümüşhacıköy maden-i hümayunlerrince imalat tarz-ı atik üzere cereyan etmekte olup gümüş ve mürdeseng fiyatı da günden güne tedenni eylemekte olduđu cihetle maden-i mezkurun imalatından hazine-i celile senevî 750 lira mütezarrır olmakta....”

²²¹BOA Y.PRK.TNF 2/68 30 Z 1307 “Keşfolunmuş olan herhangi bir madenin pek kıymettar olmayıp da masarîf-i kesireyi istilzam edeceđi anlaşılırsa o gibilerin sırf Osmanlı bir şirket zuhur

As could be understood from the above-mentioned words of Selim Melhame, the Ottoman administrators were aware of the fact that *emanet* mines were far from being operated efficiently. With the increasing marketization in the Ottoman lands, these enterprises had to compete with the foreign producers. In most cases, they were making loss.²²² These losses had proven the backwardness of the *emanet* system compared to the private enterprises. The necessity of reforms in these mines was obvious and frequently put in the words. For example, in 1896, miners in the Bulgardağı mines sent a letter to İstanbul in which they emphasized the need for reforms in the pits.²²³ In another document the solution offers for the problems were specified. According to the document, first, qualified engineers were needed for the amelioration of the pits. In addition, governmental payments to the *emins* should not be delayed. Lastly, the bureaucratic procedures should be performed properly.²²⁴

For the rehabilitation of Bulgardağı mines a German mining engineer was nominated. After examining the pits he reported that the revenues of this enterprise could be increased about 15.000-20.000 liras if recent methods and new paraphernalia were used in the production process. In addition, he emphasized the necessity of building new roads within the mine fields. Needless to say, these novelties would bring a heavy financial burden to the government. So, for him, it would be better if these mines were put for a tender instead of state operation. Indeed, the government had already made an attempt to privatize Bulgardağı mines. However, the candidate company withdrew its offer understanding that it would not

ederse hemen ona, zuhur etmediği takdirde birçok servetin tahte'l-turab yatacağına bir ecnebi şirkete ihalesi..."

²²²See BOA Y.PRK.ML 8/30 21 N 1305 and Y.MTV 43/100 17 L 1307

²²³ BOA BEO 949/71167 8 Z 1314

²²⁴ BOA İ.DH 865/69215 19 Za 1299

be a profitable investment. Therefore, the government continued to run these mines.²²⁵ Ameliorating the production process in the governmental enterprises emerged as the best way for the Empire. In this period, the argil mines in Ankara, the meerscham mines of Eskişehir, litharge mines in Sivas and silver and gold mines of Konya²²⁶ were the main mineral resources with Ergani and Bulgardağı mines that remained to be run by the state until the end of the Empire.

For Ergani mines, in a similar fashion, Bedros Kuyumciyan was complaining about the rudimentary methods. He noted that because of these old methods (*usul-ü atike*) no benefit could be derived except the sustenance of several thousands of workers around the mines. Nevertheless, he added that through the efforts to rectify the production process, the quality of crude copper increased from 55-60 degrees to 85 degrees. Moreover, with the transfer of the new technology which was in use for years in European countries, smelting of the pure copper became more efficient.²²⁷ Thus, reforms brought a certain level of progress to the mines run by the state.

The reform process could not end the attempts of mining companies to acquire the concessions of the *emanet* mines. For example, in 1907, the Anatolian Railways Company which was a foreign firm, gave an offer for the Bulgardağı mines, which were said to be useless for the government, with a tax rate of 12.5%. However, the offer was rejected. It was stated that it was better for these mines to be operated by the government with certain amendments instead of being sold to such companies.²²⁸ It was proven again that the Ottoman government was sensitive about

²²⁵ BOA Y.A HUS 262/44 13 Z 1309

²²⁶ Ottoman Mining Statistics of 1908

²²⁷ BOA Y.A HUS 262/44 13 Z 1309

²²⁸ BOA BEO 2987/223987 6 Z 1324

the rich *emanet* mines and preferred to reorganize them instead of ceding to the private sector.

Besides having reform projects in the *emaneten* system, the Ottoman government began to attribute more importance to the fuel resources of the empire. These resources started to be taken under governmental patronage. Almost all coal and oil resources were given a special status especially in the first years of the twentieth century. With an imperial *irâde* (decree), for example, a newly discovered lignite mine and all coal resources that would emerge in the province of Aydın were granted of the *hazine-i hassa* (personal treasury of the sultan).²²⁹ Likewise, the concessions of the rich oil resources around Lake Van²³⁰ and in the provinces of Musul,²³¹ Bağdat²³² and Edirne²³³ were granted to the *hazîne-i hassa*. The main purpose in this policy was to protect these resources from external intrusions instead of having profit from the production. To put it differently, as a response to the increasing European interests on the energy resources, the government spent effort to guarantee its rights on these coal and oil mines.

Conclusion

In conclusion, the Ottoman Empire as a relatively strong state of the nineteenth century resisted to the European capitalist forces with its authentic policies that aimed to preserve its mineral sources and increase the benefit of the

²²⁹BOA İ.HUS. 100/1320.Ş/751: “Zikrolunan linyit madeni ile merkez-i vilâyete merbut kazalar dahilinde zuhur edecek bilcümle kömür madenleri imtiyazı hazine-i hassa-i şahâneye ihsan buyrulduğundan...”

²³⁰ BOA İ.HUS. 77/137 C/43

²³¹ BOA İ.HUS. 100/1320 Ş/65

²³² BOA İ.HUS. 68/1316 Ca/7

²³³BOA İ. HUS 166/1323 R/23, İ.İMT 2/ 1314 R/21

state treasury. Accordingly, in the lack of potent local entrepreneurs who could serve to state's interests, the Ottoman state employed other strategies like granting the mines to bureaucrats and their relatives, encouraging domestic joint-stock companies with bureaucratic facilities and reforming the state-run mines. However, the benefit of the treasury remained limited despite these serious efforts. Foreign capitalist continued to control the lion's share in the mining sector.

CHAPTER FIVE

CONCLUSION

This thesis examined the Ottoman mining sector in the age of capitalism with an emphasis on the state and its relations with the external and internal actors. Mining in the late Ottoman Empire diverged from that of the classical period in many aspects. The centuries-long monotonous regime which can be considered to have been a state monopoly, encountered internal and external challenges in the period lasting from the middle of the nineteenth century to the first decade of the twentieth century. The main factors in the transformation of the Ottoman economy, in which mining was a significant component, were an internal ideological change and the intrusion of foreign powers into Ottoman lands at an unprecedented level with increasing demands.

The liberalization wave in the middle of the nineteenth century changed the Ottoman economy totally. Especially in the second half of the century, liberalization started to permeate the legal codes regulating different aspects of life. As for the mining operations, the Land Law of 1858 and amendments of 1867, and the Mines Laws of 1861 and 1867 opened a new era which triggered large-scale private enterprises in the sector. For the first time in Ottoman mining history, the state's hegemonic position over mineral resources started to be challenged by the growing

private sector. Yet, the government remained as the administrative organ that regulated and supervised the mining regime.

What changed the fate of Ottoman mining was the foreign presence in the sector. Being allowed by the government to operate Ottoman mines, foreign entrepreneurs began to invest great amounts of capital in minerals that were necessary for the European industrial production. In a few decades, foreigners achieved to have the lion's share of the mineral resources of the empire. Financial power and technological experience were the primary factors that put foreign capitalists in an advantaged position. By establishing joint stock and family companies they initiated an unprecedented level of economic activity in the Ottoman mining sector.

Actually, none of the liberal or other elites of the mid-nineteenth century could anticipate that the share of foreigners in the total mines production would reach 92% a few decades later. In the early years of the new mining regime, the foreign presence in the sector was limited. It was thought that the legal novelties would benefit mainly Ottoman subjects. However, this was a misjudgment ignoring a major fact: Ottoman subjects neither had capital nor knowledge to efficiently operate mines. As a result, foreign entrepreneurs took advantage of the new mines laws instead of Ottoman citizens.

One of the fundamental concerns of this thesis was the Ottoman government's approach to the foreign capital operated in the mining sector. It was argued that a foreign domination of the mineral sources of the empire was not a desired condition. Although foreign capital was thought to be a tool for the increase of state revenues in the early stages of foreign penetration, this view changed in a short time. Especially after the increase of the foreign influence in the sector, many

people from different classes of society began to complain about the foreign capital. The dislike against the European entrepreneurs pushed the government to adopt certain strategies to limit foreigner miners.

A common strategy against the foreigners was slowing down the bureaucratic procedures of mining concessions and licenses. In doing so, government aimed to discourage foreigners to engage in mining business in the empire. In addition, the Ottoman government attempted to make changes in the mining laws to limit the foreigners' share in the business. With the intervention of the foreign states the struggle over the mineral resources turned into an international issue. These states were trying to preserve their citizens' rights through the embassies in İstanbul and consulates in various cities of the empire. Moreover, they constantly put pressure on the Ottoman government to make changes in the mines laws in favor their citizens. Thus, the battle for Ottoman mines was not only an economic issue but also a political one.

In certain conditions the government appreciated foreigners. One of the principal concerns of the Ottoman government at a time financial crisis was increasing the revenues and providing the good of the treasury (*tezyîd-i varidat ve menâfi-i hazineyi temin*). As the foreign entrepreneurs paid their taxes regularly and provided job opportunities for the Ottoman people they were tolerated by the governmental agencies. However, the number of these foreigners were very few.

This thesis also dealt with the state's policies towards its own citizens who were interested in mining business, while having tension with foreign miners. In this section of the thesis a critical question attracted me to study this issue: In the privatization process of the mineral resources of the empire what was the position of

Ottoman entrepreneurs? Having examined numerous archival documents related to the topic some explanations of this can be provided.

Archival documents and mining statistics show that Ottoman citizens were not strong in the mining sector. Though getting numerous mining concessions from the government most of them did not operate the mines. This stemmed mainly from their financial and technological incapacities of the Ottomans. So, why did they acquire concessions? In the age of capitalism concessions themselves became commodities. The intention of many people, while taking a concession was to resell it.

It was argued that in the absence of a strong domestic private sector, the Ottoman government had to employ other strategies to enhance Ottoman interests in the mineral resources. Depending on the archival research, three major ways were determined. First, it was considered as a safer way to grant mining concessions to the bureaucratic elites instead of non-elites. It was thought that these loyal subjects of the state with their relatively higher capital could operate the mines rather than ceding them after a short time. Abdülhamid II started to give concessions to the pashas who had close relationships with the palace. This attempt was a direct attack on the foreign interests. Was this strategy a successful one? Though providing certain advantages for the preservation of mines, it is hard to say that this method could increase the Ottoman mines production and so, revenues of the state.

Another policy of the government was the promotion of domestic joint stock mining companies to overcome the problems pertaining to capital. It was an undeniable fact that foreign mining companies were the most successful investment in the Ottoman mining sector. Inspired by these prosperous examples, Ottomans looked for opportunities to establish domestic joint stock companies. Accordingly,

the government encouraged these companies by providing certain facilities in the bureaucratic procedures. It is very probable that these early examples of joint stock companies served as a model in the National Economy (*Milli İktisat*) period.

Last, the government spent efforts on the progress of the mines run in the form of *emâneten*. These mines had already lost their efficiency in the second half of the nineteenth century. Consequently, they could not compete with the mines production of the private entrepreneurs. Certain amendments were held in these mines to increase the production level. However, these endeavors could make a limited contribution to the Ottoman mining, too. The most useful function of these initiatives was the prevention of European exploitation of these rich resources.

Overall, the struggle over the mineral resources of the Ottoman Empire was an example of center-periphery tension of the nineteenth century. While central forces sought raw materials and markets for their manufactured goods in the empire, the government tried to resist the foreign capitalists. In the absence of a local group of entrepreneurs who could compete with the foreigners in the economic realm, the government employed special strategies to increase its benefit from the growing mining sector. However, the findings show that these endeavors, though limiting the central attacks, could not secure the Ottoman mining from foreign domination.

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