

Activities - Summaries

A Survey of European Investment in Turkey (1854-1914); The Finance of the State and Railway Construction

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Turkish state finance acquired a new dimension in 1854, when the London house of Palmer, Mackillop, Dent & Co. undertook the issue of the first long-term loan for the Sultan to be raised on a European capital market. Western Europe's financial penetration of the Ottoman Empire was further visibly marked in 1858 by Lord Stratford de Redcliffe, the British Ambassador, laying the corner-stone of the Smyrna terminus building of the English financed and constructed Smyrna & Cassaba Railway. Paralleling the greater development of commerce, the subsequent growth of western Europe's financial interests in the Near East continued to comprise primarily the supply of sovereign loans and the facilitation of transport improvements.

This paper provides an overview of the accumulation of these financial assets during the decades after 1854 to provide the context for other, more closely focused contributions being presented to the colloquium. It puts forward an outline chronology of the flow of finance from West to East in which the London market was the key financial centre until the early 1880s. Thereafter until 1914, the City worked in conjunction with the institutions of the Berlin and Paris markets, although the extent of co-operation amongst western European financiers for Turkish ventures became increasingly affected by growing tensions arising from the foreign policies pursued by the Great Powers. Alongside the delineation of trends within the activities of public capital markets, some examination is made of the private provision of finance by western bankers to the Ottoman state and railway contractors at work in the Near East.