The Evolution of British Commercial Diplomacy in the Ottoman Empire

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Abstract

Commercial diplomacy, that involves the activities of diplomatic actors such as information gathering, lobbying and negotiating for the interest of their nationals in host countries, was used by the European powers to further their imperialistic goals through trade and investments. This study attempts to explain the evolution of British commercial diplomacy in the Ottoman Empire. In the earlier stage of diplomatic activities, between 1830 and 1875, British diplomacy concentrated in promoting free trade and investments that facilitated trade. After 1875, when the dissolution of the Ottoman Empire became imminent, the British government wanted to increase its economic presence in this country by considering new investments in order to make future claims on the spoils of the expected to be defunct Ottoman state.

Although commercial diplomacy has a long history as a component of international relations, it seems to have gained a stronger emphasis since the 1990s. Commercial, or economic, diplomacy is generally defined as "a government service to the business community which aims at the socially beneficial business ventures" (Kostecki and Naray 2007). Public and private actors are involved in gathering information, lobbying, networking and negotiating for the interest of their nationals in host countries (Lee 2004; Ruël, Lee and Visser 2013; Bayne and Woolcock 2011). They work to promote the trade of their country and support other business activities (mainly investments) of their country, by using diplomatic channels and processes. At the end of the twentieth century, as some developing countries increased their involvement in world trade and business, they usually follow the well trodden paths of the developed countries to catch opportunities and successfully compete in the globalized world.

In the nineteenth century, the Great Powers used commercial diplomacy to further their imperialistic goals through trade and investments. Today, scholars (in International business, political science, and international relations) strive to make recommendations to commercial diplomats (commercial attachés and trade representatives) and managers of multinational corporations on making decisions and negotiating with foreigners in order to increase their benefits from international transactions.

This study tries to analyze the evolution of British commercial diplomacy in the Ottoman Empire and attempts to assess its success. Although the Ottomans granted the first British capitulations in 1581 and allowed the Levant Company to carry out trade in the seventeenth century (İnalcık 1970: 214-15), one cannot see substantial diplomatic activity until the early nineteenth century when the British Industrial Revolution put pressure on mass producing firms to find markets and those looking for raw materials. One can witness increasing diplomatic activities during the 1830s to pressure the Sultan to sign a free trade agreement to reduce tariff duties and provide privileges for traders. Thus, the first stage of such diplomatic activities comprised facilitating trade; extending markets for surplus production and procuring raw materials for the British industry, followed by railway construction at high guaranteed interest rates to reach the interiors of the country. However, with changing conditions around the years of Ottoman bankruptcy, British diplomatic policy changed as well, concentrating only on protecting the trade roads to India and also making its diplomatic position stronger in the case of the dissolution of the Ottoman Empire. Thus, the British Government wanted to increase the British presence and considered new investments basically in order to make claims on the spoils of the expected to be defunct Ottoman State.

The Period from 1830 to 1875

In the spring of 1826, Tsar Nicholas I sent an ultimatum to Mahmud II demanding the full recognition of the privileges of the Moldavian and Wallachian Principalities and the autonomy of Serbia. The Sultan succumbed under British pressure, and approved the Convention of Akkerman in October, thus accepting all the Russian demands and recognizing the Russian domination of the Caucasus and permitting Russian merchant ships to sail freely in all Ottoman waters, including the Straits (Shaw and Shaw 1977: 29). After the destruction of the Janissaries (Yeniçeris), and before having a fully developed new army, the foreign powers did not allow any time for the Sultan to put his administration into order. But Russia, with increasing arrogance, asked the Ottomans to give in to the Greek rebels. Britain again pressured the Sultan to accept the Russian demands. When the Ottoman army advanced to capture Athens in June 1827, Britain signed the Three-power Treaty in London (6 July 1827) which became the basis for Greek independence (Puryear 1935: 9). The three allies, Britain, France and Russia, attacked the Ottoman fleet at Navarino. After destroying 57 ships and killing 8000 soldiers under intense artillery fire, they blamed the Ottomans for resisting the intervention and remaining in the harbor (Shaw and Shaw 1977: 30). In response to Ottoman resistance, Russia declared war, advancing from the Balkans and the Caucasus, began to supply large amounts of arms and ammunition from her Mediterranean fleet to the Greek insurgents. The war ended with the Treaty of Edirne, with territorial losses in the Balkans and more extensive losses in the East, and a war indemnity to Russia, about the double of the Ottoman budget, to be paid over a period of ten years (Shaw and Shaw 1977: 32).

In 1832, the governor of Egypt, Mehmet Ali Paşa, initially with the prodding of Britain and France, rebelled to gain his independence. The well-equipped modern army of Mehmet Ali easily prevailed over the Ottomans, and the Ottoman disaster alerted the Tsar to prevent the establishment of a powerful new state that could resist Russian penetration better than the Ottomans could do. The Sultan accepted the Tsar's offer of assistance against Mehmet Ali. When Mehmet Ali's son, İbrahim, occupied Kütahya (February 1833), a Russian fleet arrived in the Bosphorus, and settled at Hünkar İskelesi, to defend Istanbul. Before leaving Istanbul, the Treaty of Hünkar İskelesi was signed between the Russian and Turkish Empires (8 July 1833). This treaty included provisions which advanced Russian policy in the Region. It was stipulated that, in case of war, the Ottomans would close the Dardanelles against the enemies of Russia, in exchange for the aid of Russia to defend Istanbul. This state of affairs was not acceptable for Britain and France and they protested to Turkey and Russia (Debidour 1891: 324).

For the British, the Eastern question became acute after 1833. The Ottoman Empire became "decrepit" with her new dependence upon Russia, and the jealousies of the European powers prevented an "equitable division" of the Sultan's lands. The British foreign secretary Lord Palmerston received numerous anti-Russian reports from the agents of his government throughout the Middle East that increased his fear of Russian expansion toward India. The Russian gains after the Treaties of Edirne and Hünkar İskelesi made Palmerston very anxious, and led him to devise a firm policy for dealing with Russia (Puryear 1935: 11-2).

As Bailey (1942: 39) pointed out, Britain's policy of maintaining "the territorial integrity of the Ottoman Empire" had long been viewed as an integral part of her foreign policy throughout the nineteenth century. One of the main reasons for the profound change in British policy in favor of the Turks which was followed for more than two decades was the possession and/or control of territory in the Mediterranean which was on the way to her prime colony, India. Another fundamental cause for this change was the steady improvement in trade relations with this part of the world. After 1825, British exports to Istanbul, Izmir, Beirut and Trabzon, to mention only the most important ports of the Ottoman Empire, led even the conservative British to recognize the importance of the Sultan's dominions regarding the economic prosperity of Britain (Bailey 1942: 40-41). With the advances of transportation after the use of steam power in ships, the Mediterranean began to replace the Cape of Good Hope as the more direct route to India and other parts of Asia, thus, raising the importance of Eastern Mediterranean. The year 1833 became the starting point of this "program for the rejuvenation of Turkey" during the period of peace between 1833 and 1839 (Rodkey 1930: 194). The program would urge the Turks to carry out military and administrative reforms to make the Empire strong enough to shed of the need of Russian protection. Palmerston thought that a shorter route to India via Syria and Mesopotamia (through the Euphrates) would be preferable, and befriending and supporting the Ottoman Empire would serve British interests better. During Napoleon's invasion of Egypt, an alternative route from Aleppo or from Istanbul to Bagdad and the Persian Gulf was frequently used. In the first half of the nineteenth century, when Egypt fell again under French influence, the British reconsidered the Mesopotamian route which lay through the friendly Sultan's dominions, at once avoiding and overlooking both Mehmet Ali in the South and Russia in the North (Crawley 1929: 69).

The increased interest in the Mediterranean in the second quarter of the nineteenth century stemmed from the changing industrial and trade conditions in Britain which had undergone an Industrial Revolution. In order to operate new factories efficiently, a steady stream of raw materials was necessary, while manufactured goods had to be carried to the markets speedily to make way for new production. David Urquhart urged the British to develop the Turkish provinces as competitors of Southern Russia especially for grain (Puryear 1935: 15). Although Britain's trade with Turkey made up a small proportion of her total trade, it had the prospect of further development. In the first half of the nineteenth century, Britain enjoyed a near-monopoly position in international trade. Her major problem was to find markets for the flood of manufactured goods constantly pouring out from the factories (Bailey. 1942: 68-9). But the constant penetration of Russia from the Caucasus and the French influence in Egypt were considered to be ominous to British trade with the Ottoman Empire and the rest of Asia. Therefore, as it was vital for the British to keep the region secure for trade and transportation and carry out trade profitably, they had to prepare the ground for this purpose.

David Urquhart was a British subject who came to the Ottoman lands to help the Greeks during their struggle for independence. Then, as he realized the harmful effects of a weakened Turkey on the Eastern trade of Britain, he wanted to investigate the conditions in place, and came to Istanbul. After spending some time in the Ottoman Empire, at Palmerston's request, he wrote a book, *Turkey and its Resources*, analyzing the Turkish trading and administrative system as well as the opportunities in this country for his countrymen. He averred that the low priced English cottons would convince the Eastern nations to stop domestic production (Urquhart 1833: 143). It is believed that this book was widely read when it was published in 1833. When the Treaty of Hünkar İskelesi became known in England, Urquhart found it "offensive" against England.

In August 1833, Urquhart proposed to Palmerston a new project by which he would be sent through the Balkans and western Asia as a commercial investigator (Bailey 1942: 58-59; Puryear 1935: 24). Upon his return to Istanbul, with the backing of the British Embassy, he wrote pro-trade articles in order to influence the Ottoman public opinion. According to Berkes, he and the editor of *Le Moniteur Ottoman*, Alexandre Blaque, were the authors of many articles that proposed a new economic and trade policy for the Ottoman Empire (Berkes 1975: 330).

In the mid-1830s, while the British were preparing the groundwork for a free trade agreement, Palmerston wanted to install British officers as commanders of units in the Turkish navy. The presence of French military instructors in Egypt and of Prussian ones in Turkey during these years, probably gave him the idea of sending some British naval and military officers to serve as instructors. If the British officers were given actual commands, it would secure an internal control in Turkey, achievable in no other way. The British were able to achieve it, after the Commercial Treaty was signed by Mustafa Reşit Paşa, the Foreign

Minister, who dispatched a request to London for three naval instructors to serve in Turkey (Puryear 1935: 56).

The customs tariff agreement of 1820 ended in 1834. Tariffs had to be renewed every fourteen year to take into account international price increases. The British were not willing to have it renewed as this would lead to higher tariff payments to the Ottoman government. The customs duties for goods coming from Britain to the Ottoman Empire were only three percent, while those imported to Britain, for similar goods was 60 percent (Bailey 1942: 120). Even Urquhart found high British tariffs as an obstacle in front of manufacturing efficiency in his country (Urquhart 1833: 175-6). While the Ottoman authorities desired to have a reasonable increase in the duties, Britain's goal was to have an agreement to terminate the internal monopolies in the Ottoman Empire. By abolishing these internal monopolies, there would be no producer left who could compete with the British goods protected by the Ottoman state. In 1836, Urquhart prepared a draft agreement which was sent to the British Foreign Ministry after the approval of the Ministry of Commerce (Kütükoğlu 1974: 87-88). Then, the British Ambassador, Ponsonby, began to exert pressure to get the negotiations started in Istanbul. The Ottoman government did not want the agreement as it stood. Other countries, especially France and Russia were following these developments closely. As the French were convinced that Britain desired to eliminate French influence in Egypt, the French Chargé d'Affaires began to make similar proposals. Furthermore, Egypt attracted Britain's ire as it was competing with Britain with its cotton and foodstuffs and controlling the roads to India, through the Red Sea and the Euphrates (Lavallée 1855: 500). When signed by the Sultan, the convention would also bind Egypt.

Meanwhile, Urquhart who could not get along with his ambassador, was finally dismissed by Palmerston who sent H.L. Bulwer to Istanbul as the first secretary of the embassy. Mustafa Reşit Paşa's return from London facilitated Bulwer's task. It did not take too long to convince the Sultan to agree to the treaty, as rumors circulated that Mehmet Ali would declare his independence. When the British promised assistance against Mehmet Ali's expected move, it was not difficult for Reşit Paşa to persuade the Sultan. Should the British get this agreement, according to international law, it would also be applicable to Egypt which would lose its monopoly concessions. Since Egypt's military expenditures were financed, to a large extent, from monopoly revenues, its economic policy would be derailed and Mehmet Ali's political power would diminish. These factors were enough to convince Mahmud II to accept this treaty (Tengirşenk 1940: 310; Berkes 1975:331).

The Anglo-Turkish commercial convention was a big success for British commercial diplomacy. Like other European merchants, the British paid, until 1838, a three percent (reftiyye) tax when the goods were loaded on board a ship to be sent to Britain. The new convention also required the British to pay the nine percent (amadiyye) tax, making the total export tax 12 percent. All goods imported from the British Empire to the Ottoman dominions would be subject to a three percent tariff duty based on their value. The yed-i vahit system which granted the trade of various products to certain monopolies would be abolished (Kütükoğlu 1974: 109-113).

By ending monopolies, the government had lost a major budget revenue. Raising the export (amadiyye) tax to nine percent was expected to cover only a small part of this revenue loss. One contemporary observer commented that "it was a mischievous tax but much less mischievous than the system which it replaced". Foreigners admitted that an increase in export duty rather than import duty was anomalous, but said “the Turkish government is not *maître chez soi*” (Temperley 1936: 166). The commercial treaty spelled the infringement of Ottoman sovereignty over its economic policies. It not only fixed such low import duties, but also prepared ground for future interventions in tariff policies.

The trade figures in Table 1 show the development of trade between Britain and Turkey. British exports to the Ottoman Empire increased seven fold from 1827 to 1845, from 1,078,920 to 7,620,140 pounds, according to Bailey (1942: 70-74) who used British customs ledgers and Parliamentary Papers to compile the trade statistics. Although the numbers are not considered complete, they still show the increasing trend in trade, and ever-increasing trade deficits for the Ottomans. Imported goods to Turkey were paid for with agricultural produce, valued in Ottoman lira, thus reducing the value of Turkish exports.[1]

The Ottoman coins used in trade at this time were beşlik (5 piaster) which were introduced in 1810 and renewed in 1829 as well as fractions of it (2.5 and one piaster). The intrinsic value of these coins were much less than the nominal value as their precious metal content was less than the nominal required (Engelhardt 1882: 100; Issawi 1980: 327). Valuing exports at this continuously depreciating domestic currency meant continuous reduction in the nation’s resources. Since a large part of the trade deficit was paid in bullion or internationally acceptable specie, a depreciating currency was a permanent fact, leading to the loss of national wealth. As seen in Table 1, Turkey had very large trade deficits (a surplus for Britain) and her exports covered only a small part of her imports. One can also see that the trade surplus of Britain from Turkey continuously increased, while the exports of Britain to Turkey averaged about 4 percent of her total exports in the years following the Trade Convention, her imports from Turkey remained at about 1.8

percent. However, Britain pulled out a very large percentage of her trade surplus, 7 percent between 1838 and 1845 from Turkey. This balance, of course, was paid in bullion or specie.

TABLE 1. Value of Exports from the United Kingdom to Turkey and Imports into the United Kingdom from Turkey

Year	Exports British £	% of Exports	Imports British £	% of Imports	Balance Trade	% of Trade Balance
1827	1,078,920	1.8	598,650	1.3	480,270	2.8
1828	423,151	0.7	731,943	1.6	308,792	1.8
1829	1,394,588	2.1	431,062	1.0	963,526	4.2
1830	2,745,723	3.9	726,065	1.6	2,019,658	8.6
1831	2,113,928	3.0	759,797	1.5	1,354,131	6.2
1832	2,091,590	2.7	654,146	1.5	1,446,444	4.6
1833	2,450,204	3.1	643,958	1.4	1,806,240	5.3
1834	2,467,944	2.9	741,280	1.5	1,726,664	4.8
1835	2,706,591	3.0	879,089	1.8	1,827,502	4.3
1836	3,649,925	3.7	1,030,110	1.8	2,619,815	6.5
1837	2,747,807	3.2	841,395	1.5	1,906,412	6.1
1838	4,672,720	4.4	789,118	1.3	3,883,602	8.8
1839	3,578,561	3.2	1,196,430	1.9	2,382,131	4.9
1840	3,673,903	3.2	1,240,812	1.8	2,433,091	5.0
1841	3,630,792	3.1	1,212,749	1.9	2,418,043	4.6
1842	4,688,207	4.1	1,168,036	1.8	3,520,171	7.2
1843	5,440,941	4.1	1,243,759	1.8	4,197,182	6.8
1844	7,688,406	5.3	1,292,989	1.7	6,395,417	9.1
1845	7,620,140	5.1	1,465,972	1.7	6,154,168	9.4

Source: Bailey (1942) British Policy and the Turkish Reform Movement: 70-74.

This kind of free trade system seems to be very lucrative for the British tradesmen who wanted to keep this valuable market for themselves. One can see easily why the British Foreign Office put pressure upon the Sultan to secure the Trade Convention of 1838. In the 1830s and 1840s, the British trade steadily increased, and by 1850, the Ottoman Empire was surpassed only by the Hanse Towns and Holland as an outlet for British manufactures (Bailey, 1942: 82).

British diplomacy had shown great efforts after 1833, to convince Mahmud II to carry out military and administrative reforms in order to resist Russian aggression. When reading books based on the British diplomatic records, one gets the impression that the Sultan was a hesitant person who failed to accept the reforms recommended by the British diplomats. In reality, Mahmud II started his reforms much before the British forced their way to the diplomatic scene in the Turkish capital. Reforms in the military had even begun earlier at the time of Selim III by the opening of schools such as the Imperial School of Naval Engineering (Mekteb-i Mühendishane-i Bahri-i Hümayun)), the School of Artillery (Topçu Mektebi), and the Imperial School of Land Engineering (Mekteb-i Mühendishane-i Berri-i Hümayun). When the government realized that the need for armaments could not be met by simply importing from Europe, measures had been taken to terminate the dependency on imported weaponry. Factories for cannons, guns and ammunition were established. Selim even urged wealthy officials to build and sail their own merchant fleet, and new Ottoman trade vessels began to appear in Mediterranean ports. However, these efforts were opposed by the European diplomats who saw these reforms as attempts to reduce their traditional interests and privileges.

> The European representatives at the Porte thus began a policy which was to prevail during much of the nineteenth century despite idealistic sentiments for reform. They opposed really fundamental reforms because of the threats posed to their traditional privileges. Thus in many ways Europeans in the Empire became as strong defenders of their vested interests and opponents of real reforms as were the most reactionary members of the old Ottoman ruling classes (Shaw 1971: 179)

Palmerston's and his ambassador Ponsonby's urging Mahmud to carry out some reforms of their choice could have been found irritating by the Sultan. It was in 1827 that Great Britain joined the Three-power Treaty with France and Russia, destroying the Ottoman fleet at Navarino and forming the basis for the separation of a part of the Empire, Greece. Then, together with France, the British allowed Russia to declare war and snatch lands in the Balkans and the Caucasus in 1829. In 1832, when these two allies refused to support Turkey against Mehmet Ali's aggression, Russia came to the Sultan's aid. In the end, it was the French and British entente that led the severance of Greece, Egypt and Syria for the time, and caused the Russians to come to Edirne and Istanbul, and to build a fleet in the Black Sea. Then, why would Mahmud trust the British who were advising some types of reforms that would only suit them.

Just after he started his reign, Mahmud signed a Document of Agreement (Sened-i İttifak) with notables and provincial governors. Following long deliberations and discussions, he secured the loyalty and cooperation of notables to carry out his military and administrative reforms, and he promised in return levying taxes fairly according to a new tax system (Shaw and Shaw 1977: 2-3). During the next 18 years, he worked to build a cadre of devoted soldiers and statesmen, and waited for the day when he would be able to get rid of the Janissaries and carry out further reforms. Berkes (1998: 92) wrote that

> Mahmud found a new basis for the Ottoman sovereignty: people. He threw away his cloak of sacred power with all its trappings and made himself not the defender of the faithful but the enlightener of the Ottoman citizenry. He founded an absolute monarchy supported by a centralized bureaucracy and a state army recruited from among commoners and formed with a new secular, and progressive orientation.

Mahmud wanted to be close to his subjects and mix with them. He treated muslims and non-muslims alike without distinction (Temperley 1936: 40-1). He did not show the extravagance which people expected to see in oriental palaces (De Kay 1833: 155-56). Unfortunately for him, and his country, he had to destroy the Janissaries who became incompetent and disobedient, at a very perilous period of insurrections and wars. It became obvious that the destruction of the Janissaries was a prerequisite for forming an effective military force and carrying out other administrative and legal reforms. Thousands showed up at Atmeydanı (the Hippodrome) to support the Padişah on that eventful day. The British ambassador Stratford Canning said “there is no denying that opinions of respectable men, so far as they can be ascertained, were in favor of change” (Temperley 1936: 20).

Mahmud died before realizing the reforms he envisaged. However, his collaborators were able to formulate his ideas in a document which was proclaimed, six month after his death, in the presence of the new Sultan, sixteen year old Abdülmecit. This document, Gülhane Hatt-ı Hümayunu (the Gülhane Charter) stated that the old disordered system would be replaced by a new order based upon the protection of such legal fundamentals as life, property, honor, and would be equally applicable to all muslims and non-muslims of the Empire (Berkes 1998: 145). This new ordering (Tanzimat) of legislative and administrative system opened a new era from1839 to 1879. The pledges of this charter were turned to reality during the next 40 years by a group of bureaucrats and diplomats who were called the Men of the Tanzimat, including Mustafa Reşit Paşa, and others trained and protected by him. The new laws were legislated and administrative changes were made to carry out the promises made in the charter (Shaw and Shaw 1977: 61-3; Temperley 1936: 161-5).

This document is viewed as the earliest constitutional document in any Islamic country (Berkes 1998: 145). It ordered the incorporation of the fundamental rights in the administrative and legal structure. The British never supported a constitutional system in the Ottoman Empire. While Palmerston claimed to be the champion of constitutionalism, and actively supported constitutional movements all over Europe, he was against constitutionalism and parliamentary government in Turkey. Temperley (1933: 157-8) argued that he and his ambassadors would rather have Sultan Mahmud follow his own road. But, after Mahmud's death, and later in the 1870s, when a constitutional regime was much desired by the Young Ottomans there was no encouragement by the British. Palmerston's successors in the Foreign Office, whether liberal or conservative, followed the same policy, "believing with Gladstone that constitutional regime would place Christians more at the mercy of the Moslem group" (Bailey 1942: 155-6). This meant that the Christians in the country had many advantages, like the protection of foreign powers, and they could lose such privileges under a parliamentarian system treating everyone as equal.

During the Tanzimat era, there were significant changes in the political and economic order of the country. Even Sir Edwin Pears who blames the Turks and Muslims for being backward and fanatical on every occasion, admits that the progress, especially in the 1860s and 1870s resulted in improvements not only in the administration, but also in the health and educational areas (Pears 1912). The Ottoman economy was restructured in line with the 1838 Commercial Treaty. As the Turkish economy specialized in agricultural production, manufacturing declined, leading to the deindustrialization of the country.

As seen in Table 1, from 1827 to 1845, British exports to Turkey increased seven times while her imports from Turkey grew by 2.5 times. Yet, the lack of roads and other infrastructure made trading arduous from the interiors and many believed that this situation prevented trade to develop further. Building roads and improving harbors and similar installations became requisite. The British were the first foreigners to receive concessions to build railways in the Ottoman Empire. The Council of Public Works (Meclis-i Nafia) which was created during the

Tanzimat reforms and included several Europeans among its members, prepared a *Cahier des Charges* on the concessions of railways. This *cahier* specified in six chapters and 86 paragraphs "as minutely as possible of the plan and concession of railways, of the manner of maintaining and working them, of the length of the concession, of the caution money, the guarantee, the rates, the regulation of the railway service, and diverse other matters connected with the subject (*The Times* 1858: 8).

British merchants, doing business around İzmir, the largest port for trade, emphasized the necessity for building efficient means of transportation to facilitate their activities. In 1855, a British merchant, Robert Wilkins and four of his associates demanded a concession from the Ottoman Government to build a railroad between İzmir and Aydın. Although the concession was granted in 1856, the concession holders had no money for the construction. After the concession changed hands, and with some financial difficulties the line was built and became operational at the end of 1866. Another British merchant, J. Trevor, obtained a concession for a 60 kilometer line between Boğazköy (Chernovoda) and Köstence (Constantza) on the Black Sea. To the surprise of Western observers, owners of this first railroad in Rumeli, asked no guarantees from the government. This short line opened in 1860. The longer 220 kilometer Varna-Rusçuk (Rustchuk) line was built just after this, with annual guarantee payments of 140,000, 120,000 and 100,000 pounds respectively for the first, second and third 33-year periods (Geyikdağı 2011: 78). During the same years, another British firm constructed the İzmir-Kasaba (Turgutlu) line with a kilometric guarantee of 5 percent of the capital. By the end of 1866, the British had the first four lines of railways in the Ottoman Empire (Du Velay 1903:249).

In trade related issues, consulates in major trading centers assisted their compatriots. When cotton merchants tried to gather information about cotton cultivation in western Anatolia, the Manchester Cotton Supply Association conducted a survey in 1856 through the British Foreign Office. The British consulate in İzmir responding to the questionnaire reported that although transportation by camel caravans was very costly, the construction of the Aydın Railroad which had just began, was expected to boost the cultivation in the region (Kurmuş 1974: 79-80; The Manchester Guardian 1861: 5)

Before the 1820s, cotton was grown in the Ottoman Empire for mostly domestic textile production and some exports to Europe. Cotton production was diminishing in the 1830s because of American competition as well as a decline in the local handicrafts. In 1827, a British consul in Edirne told "when our cotton manufactures were scarcely known in this country, the cultivation of cotton was very considerable in some districts", and all was used for local consumption (Issawi 1980: 233). Then, in the 1840s, the Ottoman Government tried to improve cotton cultivation. The British desirous to decrease their dependence on American cotton, especially during the Civil War, encouraged cotton growing in Turkey. Even before the start of the Civil War, British manufacturers, realizing the danger of closing down their factories, thought of importing cotton from Turkey. The Newspaper, Ceride-i Havadis which was published by an Englishman, issued several articles concerning cotton cultivation and trade, starting in 13 January 1861. One article stated that should cotton cultivation be started in certain regions, it was possible to obtain seeds free of charge and machinery at factory prices (Issawi 1980: 237).

The British and the French also pleaded for the elimination of the tithe (aşar) duty for the cotton growers. The efforts of the Ceride-i

Havadis as well as the British Foreign Office generated a favorable outcome. The Ottoman government decree promulgated in January 1862, announced that those who planted cotton on vacant lands would have free usufruct and no tithes would be paid for five years. In addition, roads would be built to facilitate transport (Geyikdağı 2011: 58).

During the 1850s, several British companies started to produce flour, cotton and olive oil, soap and similar products using steam-powered machinery in western Anatolia. Then these foreign traders and producers attracted foreign service companies, insurers and bank branches to the region. The British also wanted to build and operate a quay in İzmir, and made an agreement with the government. When the founders of the company were not satisfied with the work of the British engineers, they contracted with a French company which eventually owned the quay facilities.

Since the Ottoman State was not able to bear the heavy financial burden of the Crimean War, borrowing from Europe became inevitable. The first loan in 1854 was followed by another in 1855. For the second loan, the British and the French Governments convinced the Ottomans to borrow five million pounds and guaranteed the interest payments of the debt. Even the most conservative bankers became interested and the bond was sold at a premium of 2.62 percent of its nominal value. In Blaisdell's opinion "this transaction contained the seed of the idea of foreign control". The British and French Governments imposed conditions that the loan would be used exclusively to finance the war, and two delegates, one British and one French, would be appointed to audit the Ottoman Treasury accounts (Blaisdell 1966: 28).

Sultan Abdülmecit and his successor Abdülaziz were no match for Sultan Mahmud. They were weak, extravagant and easily influenced by the strong men around. Abdülaziz was unable to recognize the gravity of the financial situation, and continued to build palaces, mosques, barracks, and purchased inefficient ships for the navy. Finally, in 1875, the Ottoman Government defaulted on its foreign debt and six years later a contract was concluded between the Government and the representatives of its foreign and domestic creditors for the resumption of payments on Ottoman bonds. Thus, an international body of control, the Ottoman Public Debt Administration (Düyun-u Umumiye İdaresi), was formed.

After the Bankruptcy

After the Treaty of Versailles (1871) when Germany entered the race for acquiring colonies and began speeding up her industrialization through protectionist policies, British diplomatic efforts followed a new course. Following the bankruptcy of the Ottoman State in 1875, the dismemberment of the Ottoman Empire became imminent. The British who regarded themselves as the reform pushers in this country changed their mind. While the relative importance of the British trade and investments was declining, British diplomatic and political activities were engaged to protect the roads to India and to prevent the Russian expansion to the South. The British efforts resulted in the occupation of Cyprus in 1878 and of Egypt in 1882 and the acquisition of new colonies in Africa and Asia at the turn of the century.

In 1876, agitations and rebellions in the Balkans continued in the midst of this serious financial crisis. The European powers once again reviewed their plans as to how they would divide the Ottoman lands among themselves. In spite of the Pan-Slavic sympathy and cooperation by the Russians, the rebellious Serbs were defeated, thus easing the crisis. When the Serbian prince Milan sent his peace proposal to Istanbul, the Russians intervened again to stir up a new war fever in the Balkans. The Russian commander of the Serbian army, Chernayev, pushed the army to attack the Ottoman positions at Alexinatz twice in one month only to be routed, with many Russian officers losing their lives (Karal 1962: 22-4; Shaw and Shaw 1977: 173-3). When the Russian ambassador intervened again in Istanbul and threatened with a Russian attack, the Ottoman army was called back. The possibility of Russian intervention worried Bismarck who did not want any disagreement in the League of the Three Emperors. His proposal for the division of the Ottoman Empire in a way that would satisfy both Russia and Austria was not totally satisfactory for the British who proposed a conference in Istanbul to settle the Balkan problem. The Ottoman Government did not like the British idea of restoring the pre-war boundaries of Serbia and Montenegro, and promising autonomy and reforms in both Bulgaria and Bosnia-Herzegovina. However, facing the British threat to allow the Russians to attack, the Ottomans accepted the proposal of a conference.

Midhat Paşa's promulgation of a constitution that would establish a parliamentary government disturbed the Europeans' plans. He thought that the declaration of the Constitution would dissuade the powers from intervening in Ottoman affairs under the pretext of implementing reforms. The Ottoman foreign minister informed the delegates at the conference that the reforms demanded by the powers were no longer an issue, since they were embodied in the Constitution which provided equality for Muslim and non-Muslim subjects. As it stood, there was no need for separate religious courts for non-Muslims or local Christian militia. Separate religious courts would destroy the secular courts included in the Constitution, and separate armed groups would disrupt the harmony that the Constitution promised. For these reasons, the proposals developed by the foreign ambassadors were rejected (Shaw and Shaw 1977: 178-9).

Lord Salisbury, “far more favorable to Russia and the aspirations of the Balkan states than were his cabinet colleagues and Disraeli”, made a new proposal allowing foreign officers and commissioners in the administration and security in the Balkans. Since these terms were not acceptable to the Porte, the conference finally broke up with all parties dissatisfied. Salisbury repeated his threat that in the face of the rejection of his plan, Britain would do nothing to help the Porte in case of a Russian attack (Karal 1962: 34-5; Shaw and Shaw 1977: 179). The adoption of the new Ottoman Constitution did not deter the Tsar to declare war. The objective of this new campaign was to advance to Istanbul and the Straits rapidly and force the Ottomans to accept the proposal rejected at the Istanbul Conference. The Russian advances through northern Bulgaria resulted in “large scale massacres of Turkish peasants to make certain that they would not disrupt troop and supply movements”. In the east, the Russian army used similar tactics of arming the local Christians and inciting massacres of the Muslim villagers to prevent any resistance (McCarthy 1998: 117-20). When the Russian army approached Istanbul, the Porte asked for an armistice. In the end, the Congress of Berlin was concluded in July 1878, and the Ottomans were forced to give up two-fifths of their entire territory and one-fifth of their population half of whom were Muslims.

Britain was alarmed by the gains of Russia which could advance to the Mediterranean or the Persian Gulf. Under the pretext of protecting the remaining Ottoman possessions in Anatolia, Disraeli proposed the British occupation of Cyprus. The real reason was to protect the British interests in the region. The Sultan Abdülhamit unwillingly signed the Cyprus Convention under which Britain would occupy and administer the island, and in return provide assistance to defend Anatolia if the Russians attacked (Palmer 1995: 156). Thus, Britain also started its successful tactics for getting her share of the Ottoman spoils.

Between 1859 and 1869, the British had opposed the construction of the Suez Canal on the grounds that it would draw away thousands of workers from the cotton fields and hence cause a reduction in the cotton crop. Since the canal was being built by the French, they were also worried about their increasing French influence in Egypt. The control of the canal was of great importance for the British as it presented the shortest route to India. Hence, they purchased shares of the Suez Canal Company in 1874, and owned it jointly with France. Meanwhile, the lavish spending habits of the khedive family left the government indebted to foreign bondholders, culminating in the establishment of the *Caisse de la Dette Publique* which was responsible for collecting certain state revenues and using them for the payment of debt (Feis 1930: 384-5). This foreign control of state finances increased the native discontent that acquired a religious and nationalistic fervor and anti-European character. When foreign ships appeared outside Alexandria's harbor, some of its inhabitants killed several foreigners in the street. Then the British asked to restore order and stop fortifying the town. The consuls in Cairo tried to intermediate, and the Egyptian government gave its assurances that the British demands would be satisfied. Abdülhamit's pleading with the British government did not produce any positive results. The British were determined, and their ships bombarded the undefended city (Karal 1962: 96; Feis 1930: 388-90). In 1882, the English forces occupied Egypt to protect their position in the country along with the interests of British bondholders and the Manchester textile industries. The weakness of the Ottoman state coupled with the timidity of Sultan Abdülhamit turned this temporary occupation into a permanent one. In the 1880s and 1890s, British investments in the Ottoman Empire declined in relation to those of France and Germany. The British sold their İzmir-Kasaba Railway and its extensions to the French in 1894, and the Mersin Adana line to the Germans in 1896

(Geyikdağı 2011: 60). They also lost their influence at the Ottoman Bank which was initially founded by the British in 1857. The French acquired the majority of the Bank's shares and the committee in Paris dominated its administration.

In the 1890s, the British and the Russians tried to use the Armenians for their goals. Pretending that they wanted to protect this Ottoman minority, they were seeking to create their sphere of influence in Eastern Anatolia. Salisbury thought that it was the time to partition the Ottoman Empire. His program "would offer the Russians a free hand to seize the Bosporus and Constantinople – an offer they would hardly reject" (Langer 1965: 197). But, this ambitious plan could only be carried out by a general agreement between all the powers of Europe. Salisbury did not want a war, and thought that the show of Russia's military power could coerce the Sultan. When the British embassy in Berlin informed the Germans about this plan Emperor Wilhelm who distrusted the British policy, opposed the whole scheme. But, Salisbury continued his slandering of the Ottomans for the mistreatment and massacre of their subjects. In an American's word

> [t]he condition of the Armenians had grown steadily worse since the Berlin Congress, especially in the interior. The policy of England was largely responsible for this. She had undertaken to defend their rights and secure reforms in the Turkish administration and had encouraged them to look forward to the establishment of an autonomous province of Armenia, partly out of sympathy for this Christian race and still more in her own interest, as she believed that an autonomous Armenia would be a barrier against the farther advance of Russia (Washburn 1909: 200-1).

When the railway concessions were abused and became the subject of speculation, leading to hostile rivalries among countries, and exorbitantly high costs, in 1871, the Ottoman government decided not to grant further railway concessions, and instead , to build railways with state capital. The Haydar Paşa-İzmit line (only 92 km.) which was constructed by the government and completed in 1872, was unsuccessfully operated by the state for a while. Then the government had an operation contract with a consortium of foreign groups. When the Ministry of Public Works wanted to extend the line to Ankara, Sir Vincent Caillard, the chairman of the Ottoman Public Debt Administration (PDA) tried to form an Anglo-American group to finance the project, but failed. The Germans did not miss the opportunity, and purchased the Haydar Paşa-İzmit line, securing the concession for its extension to Ankara. In 1889, the Anatolian Railway Company was formed as the first German company to construct railroads in Turkey (Earle 1923: 31-2; Imbert 1909: 13-5; Du Velay 1903: 586).

The PDA's main concern was to obtain the prompt payments of interest and the principal of Ottoman bonds. It was, of course, essential to secure political and economic stability, and lessen the constant danger of foreign invasion to achieve it. Then, the PDA encouraged railroad construction. With an efficient railway system, a large market would be provided for Anatolian peasants, connecting ports to the hinterland, and making the rich mineral resources of the country accessible. After that, increased peace and prosperity would fill the treasury with higher taxes that would secure the payments to the European bondholders. Therefore the PDA accepted the responsibility of collecting for the financial supporters of the railways certain Ottoman revenues which by concession had been assigned to guarantee a minimum annual return from the railway. The PDA administered the Anatolian Railway guarantees as well as the guarantees of some French lines in Rumeli and Anatolia (Blaisdell 1966: 3; Earle 1923: 19).

In 1898 and 1899, the Ottoman Public Works Ministry received many applications for constructing a railway going to Bagdad and Basra on the Persian Gulf. The international competition became so intense that there were now projects which went beyond the initial plans. French bankers, through their spokesman M. Cotard, sought a concession for constructing a railway from the Mediterranean to the Persian Gulf, utilizing the existing railroads as a nucleus. A Russian and a British promoter both presented their projects for a railroad extending from the Syrian coast to Bagdad (Earle 1923: 59; Langer 1965: 637). When the Sultan granted a concession to the Germans for the construction of the Haydar Paşa harbor works which was the terminus for the Anatolian Railways, there were Russian and French protests. A French firm had the monopoly of harbor works and operations in Istanbul, and they claimed that their concession rights extended to the Asiatic side, to Haydar Paşa. The Russians were discontented with the new turn of events in Istanbul, feeling that German economic interests in Turkey might easily develop into a political hegemony, eventually resulting in a conflict of interest between the two countries. When the Russian ambassador in Berlin expressed his government's annoyance to Von Bülow, the German foreign minister, he denied this rendition. He said that Germany needed markets, her attempts were simply commercial and she had no intentions to oppose Russian political aims about Istanbul (Langer 1965: 640). The Germans did not heed much, because, in 1899, they had the support of both France and Britain. The French, through the Ottoman Bank and the İzmir-Kasaba Railway, signed an agreement with the Deutsche Bank and the Anatolian Railway Company for the cooperation (*a modus vivendi*) between the Anatolian and İzmir-Kasaba Railways (Earle 1923: 59).

The British, after making serious calculations, did not see a significant improvement in their trade transportation by using this new railway.

Security problems were expected for some long years (Chéradame 1903: 140). The British were interested in the control of the Persian Gulf, not a railway to Bagdad or even Basra. They claimed a special position there, and were determined to maintain that. The viceroy of India, Lord Curzon, secured a secret agreement with the local ruler of Kuwait that the sheikh would cede no territory to a foreign power without the sanction of the British government. Some writers in the British press wrote that "it would be better to have Germans in Anatolia and Mesopotamia than to have Russians secure a footing there and then bang the door in the face of British commerce" (Langer 1965: 642-3).

In August 1913, the Izmir-Aydın Railway which was the only British railway remaining in the Ottoman Empire, requested the support of its government in getting a concession to extend the line eastwards from Lake Eğridir to Lake Beyşehir, and the right of steamboat navigation in both lakes. A month later, an Italian syndicate secured the right to survey a possible concession for a line in the same region, from Burdur to Antalya. Italy was politically motivated, and wanted to create her own sphere of influence at such difficult times for the Ottoman government. This affair created a diplomatic wrangle for months between Italy and Britain. The Foreign Office could not stay away, and made clear that it would not let the only British-controlled railway in Turkey to be ruined by this action of Italy. The Foreign Secretary, Grey who was trying not to be involved in business operations overseas, once again found himself drawn into this affair to give his full support to the British firm. Just after the parties reached a settlement, somewhat satisfactory to both sides, the war broke out, putting an end to the plans (McLean 1976a).

Although the Porte issued an edict announcing the award of a concession to the Anatolian Railway, in 1899, bickering among the powers persisted. The German bankers tried to get the support of

British finance when the preliminary concession of 1899 turned into a definitive one in 1903. When this failed, the Germans had to build the line themselves in the face of the hostility of England and Russia. The British feared that, in some way or the other, the Bagdad railway might injuriously affect British influence in the Persian Gulf (Pears 1908: 585). Both the French and the British governments hampered the efforts of the Ottoman government while it was trying to raise money for urgent needs, just after the revolution of the Second Constitution. When Mehmet Cavit Bey, the Ottoman Minister of Finance, went to London to negotiate a loan, Sir Edward Grey prevented the British financiers from bidding for the bonds (Ahmad 2013: 12). The Bagdad Railway occupied European diplomacy for a long time. Disagreements with Russia and Germany were overcome by the Potsdam agreements in 1910 and 1911. However, this situation disturbed the Turks who were not consulted and felt a serious infringement on their sovereignty (Earle 1923: 241). The Germans were able to conclude an understanding with the British on the eve of the First World War (Langer 1965: 647).

Adam Block was a delegate of the British bondholders on the council of the Ottoman PDA, and alternate president of the council as well as the president of the British Chamber of Commerce in Istanbul. He was, perhaps, the best person to assess the needs of British commercial interests in the Ottoman Empire. In spite of his position, of an Ottoman public servant, he was continuously in touch with the British Embassy where he served as the chief dragoman from 1894 to 1903, and provided information and advice to the British Foreign Office. In his memorandum, in 1906, he explained the economic penetration of Germany and France in the Ottoman Empire, and appealed to the Foreign Office to “take steps to buttress her eroded position (Kent 1996: 176). Then, The Foreign Office tried to increase the interest of British financiers who would invest in economic enterprises in Turkey for improving Britain's diplomatic position there. After a long period of deliberation and hesitation, the National Bank of Turkey was established in 1909, by a group of powerful British financiers headed by Sir Ernest Cassel (Kent 1975: 371-2; Mclean 1976b: 294).

The British even considered the fusion of the National Bank and the Imperial Ottoman Bank for political reasons; Grey believed that a powerful Anglo-French syndicate which could provide money for the Turkish government, could destroy the political advantage of Germany (Mclean 1976b: 295). Sir Cassel openly made a proposal to the Ottoman Bank for a merger. British financiers, in general, were unwilling to lend money to the Turks, and this limited the efforts of the National Bank. The Bank was involved in only two bond issues—one for the City of Istanbul and the other for the Treasury (Thobie 1995: 15). Although the bank was formed with a warm Foreign Office encouragement, this support did not last, and the bank could not become strong enough to compete with other foreign financial institutions. However, by 1920, it was somehow able to survive and was considered among the creditors to the Ottoman government when a protest was sent to the occupying Allied High Commissioner (Blaisdell 1966: 198). At least in this respect, the Bank was proved to serve the purpose for its establishment, namely getting a share in the spoils.

Another area where the European powers were competing for concessions was oil exploration. The Deutsche Bank Petroleum A.G. based its claims on the 1888 Anatolian Railways and 1903 Bagdad Railway concessions. Article 22 of the Bagdad Railway concession stipulated that the concession holder would have the right to exploit mineral resources within a 20-kilometer zone on each side of the railway line (Chéradame1903: 90; Hoffmann 1966: 199). Before the Constitutional Revolution in 1908, the British did not show much interest in oil concessions in Mesopotamia. During that time, they were not only already extracting oil in Persia, but were also discouraged by the pro-German policies of Abdülhamit. Their hopes increased after the deposition of Abdülhamit, as the Manchester Guardian (30 September 1908) put it:

> The change of government in Turkey has worked to British advantage not only politically but in the matter of trade and in potential concessions of every character. Hitherto virtually closed to British engineering enterprise, Turkey will now welcome brains and capital from Great Britain as she never has before, as she will now welcome them from no other country.

The Constitutional Revolution posed a threat to the British position in Egypt and India. The British Foreign Secretary, Sir Edward Grey wrote a memorandum in July 1908, indicating how a successful constitutional movement could influence "young Egyptians" and the freedom movement in India (Ahmad 2013: 2). Then the British followed a conciliatory policy towards Istanbul with the aim of winning over the Young Turks. He again expressed his disappointment about the position of British commercial enterprises in Turkey and of "the poor quality of financiers operating there (Kent 1993: 15).

The British interests in Mesopotamia were closely monitored and analyzed by the Foreign Office, the Board of Trade, the Admiralty, and the Committee of Imperial Defense. Their conclusion was that "commercial dominance was the key to political dominance, and this was Germany's method" (Kent 1996: 181). It was this positive feeling, towards England in the Turkish capital that led the National Bank of Turkey to be established. Among its four directors was Calouste Gulbenkian who was trying to persuade the Bank to be involved in oil development, and to reconcile British and German interests in that field in order to remove any opposition (Longrigg 1954: 29).

Before the end of 1910, an agreement between the National Bank and the Deutsche Bank was concluded to form, in London, African and Eastern Concessions Limited for the intention of oil exploration throughout the Ottoman Empire. This company became the Turkish Petroleum Company in 1912, and with the intervention of the British Foreign Office, the Anglo-Persian Oil Company became a partner. At a Foreign Office meeting in March 1914, a new agreement was prepared that reallocated the shares: 47.5 percent to the Anglo-Persian Oil Company, 25 percent to the Deutsche Bank, 22.5 percent to the Royal Dutch Shell and five percent to Gulbenkian.

In the first decade of the twentieth century, it was understood that oil as fuel was superior to coal. It was easy to use in combustion engines and far cleaner than coal. When the British Admiralty sought to modernize the Royal Navy, the first consideration was to replace coal fuel with petroleum. Then, the major problem for the Admiralty in the years preceding the First World War was the procurement of oil for the Royal Navy. For this reason, the British government acquired 51 percent of the Anglo-Persian Oil Company in 1913 (Kent 1993: 34-51). This company owned an oil concession for all Persia, with the exception of a small northern part which was under the Russian sphere of influence.

When the Ottoman government intended to set up its own petroleum company including the vilayets of Mosul, Bagdad and Basra, the British Foreign Secretary sent a strong ultimatum to the Porte in July 1913 and another one in March 1914, protesting against this plan. He threatened the reversal of the entire British policy towards the Ottoman Empire and expressed his displeasure of connecting the increase in customs duty to the oil question (Mejcher 1972: 377). The British Foreign Office wanted more than 50 percent for the D’Arcy group of the shares of any company set up for oil exploration in Mesopotamia. William Knox D'Arcy tried unsuccessfully to acquire oil concessions for the Mesopotamian resources before the Revolution in Turkey. However, he was quite successful in southwestern Iran.

When the British and German Ambassadors in Istanbul requested the grant of an equitable concession for the development of Mesopotamian oil, the Grand Vizier, Sait Halim Paşa, in a letter dated 28 June 1914, addressing them both, stated that the Ministry of Finance agreed to lease the petroleum deposits "discovered or to be discovered" in the vilayets of Bagdad and Mosul to the Turkish Petroleum Company and reserved to itself the right to decide later both its own share of the proceeds and the general terms of the concession (Longrigg 1954: 31). According to Mejcher (1972: 377), this attitude of the Ottoman government showed that "the Sick Man was not quite so anaemic as Britain and Germany would have like him to be". The Turkish Petroleum Company went into abeyance during the First World War, and the German interest was handed over to the French by the San Remo Agreement of 1920.

Discussion

The seminal article of John Gallagher and Ronald Robinson (1953), "The Imperialism of Free Trade", had so aptly explicated nineteenth century British imperialism,[2] that the understanding of British diplomacy's work and accomplishments has become quite clear. They opposed both the orthodox view of the imperial history and the later view that has seen imperialism as "the high stage of capitalism". The proponents of the former view maintained that since the mid-Victorian formal empire did not expand geographically, and seemed to be disintegrating, the period (1820-1880) was anti-imperialist. However, since the late-Victorian period (after 1880) was extending formal British rule overseas, it was imperialistic. The holders of both views contended that the reason for the change after 1880 was caused by "the obsolescence of free trade". At the end of the nineteenth century, as other European countries began to emulate Britain's example to achieve industrialization, they were following protectionist policies at home and competing successfully with Britain in world markets. Some of these countries were also competing in the acquisition of colonies. The industrializing nations of Europe brought the end of the British free trade system. Then, the holders of the orthodox view saw that the only way for the British to preserve their world markets was by expanding British rule in other lands.

Other writers such as Hobson (1902) and Lenin (1916/1999) agreed with the reasons and condemned the results of such a change in this imperialistic development of Britain. They saw a drastic deviation from the "innocent liberalism" of the middle nineteenth century. Lenin making an analysis of Hobson's work, explains "the old capitalism" as when free competition and trade were promoted and the advanced countries were exporting "goods". In the latest stage of capitalism, monopolies prevailed and advanced countries were exporting "capital". For him, in a very categorical way, while British imperialism was "colonial", the French one was "usury" imperialism (Lenin 1916/1999: 70-72).

According to Gallagher and Robinson, the British employed informal techniques of free trade in some countries, extending patterns of free trade and investment and changing cultures. The political lien between Britain and her formal and informal dependencies was flexible.

> In practice it has tended to vary with the economic value of the territory, the strength of its political structure, the readiness of its rulers to collaborate with British commercial or strategic purposes, the ability of the native society to undergo economic change without external control, the extent to which domestic

and foreign political situations permitted British intervention, and, finally, how far European rivals allowed British policy a free hand.

The political lien for the Ottoman Empire was simply an "informal paramountcy", commercial penetration eventually leading to political hegemony. The most common political technique of British informal expansion was the treaty of free trade imposed upon a weaker state. Gallagher and Robinson (1953: 11) mention the 1838 Commercial Treaty between Britain and the Ottoman Empire as an example of such a political technique. Since the Russians refused free trade, the British had to turn to the Ottoman Empire instead "since British pressure at Constantinople had been able to hustle the Turk into a liberal trade policy". Then, in the middle of the nineteenth century, the British trade following "the invisible flag of informal empire" became a general tendency as Britain signed free trade agreements with other countries. The British policy sought to achieve "informal control" if possible and "formal control" if necessary.

During the late-Victorian period, the political and economic conditions in Europe changed significantly, becoming a period of land-grabbing for the Europeans. Since the defense of the empire in India was given the highest priority in the 1880s, the British seized Cyprus and Egypt, serving as pathways to Asia. When the collapse of the Ottoman Empire became imminent, the British policy turned into land-grabbing again with the purpose of sharing the territory of the moribund Empire together with other powers.

Notes

(Endnotes)

1 According to the early trade theories prevailing in those days, when countries opened to trade, the price of exported goods would increase towards a world market price. It seems that this was not the case in the Ottoman Empire where agricultural produce were acquired by exporters at the low domestic price.

2 In this study, the word "imperialism" has been used in the sense that historians like Langer and Gallagher and Robinson have used it. It neither has a bad connotation, as some authors repeat when they express their rejection of capitalist hegemony, nor is associated with dictatorial power and arbitrary methods of government of empires like Caesar's and Bonaparte's empires. It simply means the "rule or control, political or economic, direct or indirect, of one state, nation or people over other similar groups" as Langer defined it. (Langer 1965: 67).

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