

Activities - Summaries

State Borrowing and the Imperial Ottoman Bank

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This paper will concentrate on Ottoman state borrowing in the period before, and immediately after, the bankruptcy of 1875 down to the establishment of the Public Debt Administration in 1881. It will begin by considering the expectations the government had of the Imperial Ottoman Bank in respect of credit provision at the time of its establishment as state bank in 1863, as well as those the founders of the Bank had the opportunities that would become available to them as a result of their concession. The paper will then show how both were disappointed, and how this led to conflict between them. The Bank was unwilling to provide as much short-term financial assistance as the government had hoped, whilst between the mid-1860s and early 1870s the latter bestowed the contract for a whole series of major financial operations not on its state bank but on one or other of its rivals. After 1873 the Imperial Ottoman came for a while to play a larger role in state borrowing, especially in connection with the extension of its concessionary privileges in 1874-75.

However the government's bankruptcy led to its withdrawal once again, and it was only the particular circumstances surrounding 1877 Defence Loan (so-called because it was to be used to meet the costs of the Russo-Turkish War) which brought it back in. In the last years of the period the Imperial Ottoman Bank contributed to the needs of the state for borrowable funds to only a limited degree, but it will be shown in conclusion how nevertheless it played a critical role in the survival of the Empire in the years of desperate peril during and after the War.