A Civil Unionist:
The Biography of Mehmed Cavid Bey, 1876–1926

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Abstract

A Civil Unionist: The Biography of Mehmed Cavid Bey, 1876–1926

Ayşe Köse Badur, Doctoral Candidate at the Atatürk Institute
for Modern Turkish History at Boğaziçi University, 2021

Professor M. Asım Karaömerlioğlu, Dissertation Advisor

This dissertation, titled *A Civil Unionist: The Biography of Mehmed Cavid Bey (1876–1926)*, analyzes three issues related to the life of Mehmed Cavid Bey, who was the Minister of Finance during most of the Second Constitutional Period. First, as a reflection of the international arena during this period, the close interaction between the Ottoman Empire's financial issues and its foreign policy is examined. Second, the policy-making processes of the Committee of Union and Progress (CUP) are analyzed. Third, how the political preferences of the ruling elite were determined during the transition from empire to nation-state will unfold along the axis of Cavid Bey's life story.

The original value of this dissertation is its effort to understand the multi-dimensional structure of the history of a country and its desire to achieve poltical and financial independence amid wars, conflicts, revolution, and ideological transitions through examining the life of an individual.

149 words

Özet

Sivil İttihatçı: Mehmed Cavid Bey'in Biyografisi (1876 – 1926)

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Sivil İttihatçı: Mehmed Cavid Bey'in Biyografisi (1876 – 1926) başlıklı doktora tezi İkinci Meşrutiyet Dönemi'nin en uzun süreli Maliye Bakanı ve dönemin sembolik kişilerinden olan Mehmed Cavid Bey'in yaşamına odaklanarak üç ana konuyu incelemektedir. İlk aşamada, dönemin dünya politikasının bir yansıması olarak Osmanlı mali yapısı ile dış politikanın ne denli iç içe geçtiğini ve bu durumun yarattığı kısa ve uzun vadeli sonuçları analiz etmektedir. İkinci olarak bu tez İttihat ve Terakki Cemiyeti'nin politika yapım süreçlerinin başta ekonomi ve maliye alanları olmak üzere nasıl işlediğine ve özellikle gündelik siyasetin bu alanları nasıl etkilediğine odaklanmaktadır. Son olarak ise, Cavid Bey'in yaşam hikayesinden yola çıkarak imparatorluktan ulus-devlete geçiş sürecinde yönetici elitin siyasi kararlarının nasıl belirlendiğini ve bireylerin bu süreçlerdeki rolünü irdelemeye çalışmaktadır.
Bu tezin özgün değeri ideolojilerin yükseldiği, yerel çatışmalarla birlikte ilk total savaşın yaşandığı bu çok katmanlı dönemde Osmanlı İmparatorluğu'nun son yıllarını ve Türkiye Cumhuriyeti'nin kuruluşunu bir bireyin hikayesi ile kavramaya çalışmasıdır.

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To my mother, Yücel

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Abbreviations and Acronyms

MM Zabıt Ceridesi	The Minutes of the Ottoman Chamber
BOA	Presidency of the Republic of Türkiye Directorate of State Archives

A Note on Transliteration

In the transliteration of Ottoman Turkish phrases and terms, the simplest form of latinization is used. All place names are given in their Ottoman context. The names of specific institutions and terms are translated into English, but their original Turkish forms are provided in parentheses upon their first appearance in the text.

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Politics is the art of the possible, the attainable – the art of the next best.

– Otto von Bismarck: in conversation with Meyer von Waldeck, 11 August 1867. Oxford Essential Qutations.

1

Introduction

> *We owe respect to the living, but to the dead we only owe the truth.*
>
> – Voltaire, letter to his friend Mathurin de Grenoville, 1719[1]

The dissertation, titled "A Civil Unionist: The Biography of Mehmed Cavid Bey (1876–1926)," aims to analyze a critical period in the history of the Republic of Turkey, the transition from empire to nation-state, from the perspective of one individual. Mehmed Cavid Bey, or Cavid Bey for short, is one of the key political figures in the Second Constitutional Period and the Early Republican Era. I aimed to find the gaps in Turkish historiography regarding this period and fill them through comprehending the life of this individual. Cavid Bey, although a political actor, was a financier, negotiator, and intellectual. For this reason, this dissertation covered a wide range of topics in detail as it traced different periods of his life. These topics ranged from Ottoman finances, Ot-

1 Hans Renders, "The Biographical Turn Biography as a critical method in the humanities and society," in The Biographical Turn Lives in History, ed. Hans Renders, Binne de Haan, and Jonne Harmsma (Routledge: New York, 2017), 3.

toman foreign relations, and Ottoman economic, intellectual, and political life. I aimed to comprehend how these structures changed alongside both global and local developments. My main question in this dissertation was as follows: from empire to nation-state, in times of total, global wars, how was an individual—especially a controversial one such as Cavid Bey—able to respond to these changes, and what can they tell us about new points in historiography?

§ 1.1 The Aim and Scope of the Dissertation

In a letter to his friend, Voltaire wrote that we owe the truth to the dead. However, as a Ph.D. candidate, my primary aim is to comprehend agency together with an individual's discourse and actions. Based on that, the purpose and scope of this dissertation titled "Mehmed Cavid Bey: A Civil Unionist, 1876–1926" are to comprehend Mehmed Cavid Bey as an agent with his actions, speeches and his social relations in a particular cross-section of history. Cavid Bey was an influential political and economic actor in Turkish history during the transition from empire to the nation-state. This dissertation aims to comprehend Cavid Bey's story to shed light on the period in which he lived, one of the most critical periods of Turkish history. I decided to work on the biography of Cavid Bey because he was one of the most prominent figures of the modernization of state affairs, mainly state finances, one of the most distinguished members of the Committee of Union and Progress (CUP), and an intellectual who left both academic works and ego-documents behind. He also left a colossal diary behind, which is a unique source for historians. This dissertation aims to crystalize Cavid Bey's position in the CUP and Turkish politics and finances during a turning point in history. It also aims to expose the interstices and changes in Turkish politics that were less apparent in general historiography. This dissertation aims to reach these goals by comprehending Cavid Bey as an agent in the political and financial networks around him at both the local and international level. One of the primary purposes of this dissertation is to question the posi-

tion, capability, limits, and opportunites of such a prominent figure as Cavid Bey during these very interesting times in history.

This dissertation tries to comprehend Cavid Bey as a financier during the transition from empire to the nation-state, through turmoil, wars, casualties, putsches, upheavals, and other crises. It covers the entirety of Cavid Bey's life, from 1876 to 1926; however, it focuses primarily on 1908 to 1914. This period coincides with the first part of the Second Constitutional Era, 1908–1913,[2] in which Cavid Bey was more active as the finance minister and a statesman. During this period, his discourse and actions were more consequential than in later periods. Cavid Bey is evaluated as an individual who determined his economic and political ideology early on in life and carried the same beliefs all of his life.

Cavid Bey's biography follows a historical narrative and focuses on the flow of events and the interstices among flows and people. The genre of biography also allows us to scrutinize these fractured moments hidden behind larger narratives. As a financier in both domestic and international politics, examining Cavid Bey's biography requires interdisciplinary research as his life's work sits at the intersection of different disciplines. The conceptual background of political science was necessary to comprehend the story of Cavid Bey as well as the history of Turkish and European politics and finances at both local and international levels. Although he was the finance minister, his work was intertwined with the domestic and foreign politics of the Empire. Cavid Bey had amassed a wealth of knowledge on state administration, politics, and law in addition to his expertise in economy and finance. Thus, this dissertation tries to trace the complex web of his works, to comprehend his attitude and thoughts, and to scrutinize the flow of developments

2 It is possible to divide the Second Constitutional Period into two separate parts. The first period, 1908–1913, covers the pluralist period in which the civil and liberal wings were dominant. The second part begins with the coup d'état of January 23, 1913, which brought the CUP and its military wing to power. From then on, nationalist policies shifted with the Empire's more pluralist policies.

step by step. Trying to comprehend Cavid Bey was indeed an instructive journey for the researcher.

A map of the Ottoman Empire in 1876, when Cavid Bey was born, is very much different from the map of Turkey in 1926 when Cavid Bey died. The change in the size and border of the country is representative of the political, social, and economic transformation. These drastic changes took place over a short period of approximately fifteen years. These two maps also give us the first impressions of how a country might change politically, economically, socially, and in daily life in the lifespan of a single individual. This enormous development would cause numerous changes and also pain. Cavid Bey was among the political group that led this transition period at the beginning of the twentieth century in Turkey. Naturally, it was not only a transition period in the local sense; it was also a period of global change. This dissertation scrutinizes where Cavid Bey, the Unionists, and the National Forces (*Kuvvacı*) fragmented during these interesting times.

As an agent, Cavid Bey is an attractive figure as a Unionist, intellectual, financier, and statesman. He was born at the beginning of the Hamidian period (1876–1908) in the Ottoman Empire and died in Turkey in the Early Republican Era (1926). In between these two periods, he was one of the leading figures of the Second Constitutional Period (1908–1918). He was involved in politics while he was the school director in Selanik and entered the secret committee against Sultan Abdülhamid II's absolutist regime. He joined the Committee of Union and Progress (CUP) leaders and worked very closely with Talat Bey. After Abdülhamid II reinstated the constitution and the parliament on July 23, 1908, he was elected as the deputy for Selanik and quickly became the most influential figure in state finances. In the meantime, he started to keep a diary during his first days in office in 1909 after losing his first wife, Saniye Hanım. As mentioned below in detail, Cavid Bey's diaries are quite colossal in size and cover most of the details of his work flows. Because of this incredible detail in his diaries, it is possible to think that at some point he aimed to leave his journals for subsequent generations.

Although he was a financier, it is hard to assert that Cavid Bey was indifferent to politics. He made the most enthusiastic and fervent speeches in the parliament and in public spaces. Cavid Bey's house was one of the critical locations of the meetings of the Unionists from 1908 to 1926. His identity as a *Dönme* (the Ottoman Jewish community that converted to Islam though followed the Jewish religion in the private sphere) and freemason—as were many other Unionists—made him a scapegoat in conflictual times. He was also a popular figure in the public sphere. The newspapers published articles and comics about him. Caricaturists mostly criticized Cavid Bey in the newspapers for his frequent visits to European capitals to carry out the Empire's loan negotiations. The European newspapers also paid close attention to Cavid Bey from the first day of the Revolution onwards.

Cavid Bey was raised as the financier of the CUP in the Second Constitutional Period. Cavid Bey took responsibility in the field of finance and was equipped with extensive authority. Cavid Bey's work was fundamental in creating the modern understanding of finance inherited from the Ottoman Republican period. Cavid Bey directed the Ottoman economy and finances with a liberal approach. There are two main reasons why Cavid Bey is a liberal economist. The first is the influence of Selanik, a cosmopolitan port city, and the other is the influence of Mülkiye[3], which adopted the liberal doctrine. Cavid Bey developed his liberal ideology within the borders of the Empire. It is possible to claim that his education in Mülkiye strengthened his role as a financier, statist ideology, and centralist approach. An important feature that stands out in Cavid Bey's biography is that he adopted his liberal doctrine early, and

3 "Mülkiye" is known as the Civil Service Academy. However, it had two different sections. Mekteb-i İdadi-i Mülki functioned as a high school. Mekteb-i Mülkiye-i Şahane was a higher education institute. Cavid Bey attended both. According to the Ottoman Archives, "… he graduated from the Fevziye secondary school and afterward graduated from Dersaadet Mekteb-i İdadi-i Mülki on November 9, 1893. He graduated from the Mekteb-i Mülkiye-i Şahane with a good decree on August 3, 1896…." BOA_DH SAİDd__00079_00235.

he maintained this attitude throughout his life. Cavid Bey led some of the most critical developments in the Empire's finances such as preparing the first modern budget in 1909 and implementing institutional regulations. The political actors of the Second Constitutional Period esteemed his financial expertise regardless of their affiliation with the CUP. He was also one of the strongest supporters of the constitutional amendments in 1909. In this period, he tried to increase the leverage of Ottoman finances in the European capitals by establishing new alliances. In his early thirties, he became the finance minister, and the European markets welcomed his tenure. His intellectual accumulation also raised his credibility. Cavid Bey full-heartedly supported the development of the Empire through agricultural production via infrastructural investments, which would accelerate the incorporation of the Ottoman economy with the Western economic spheres. As a member of parliament and finance minister, he witnessed several wars that led to terrible defeats and catastrophes for the Ottoman Empire until, ultimately, the Great War caused the collapse of the Empire. After 1913, the decision-making processes in the Ottoman government were confined to three people, known as the triumvirate: Talat Bey, Enver Pasha, and Cemal Pasha. Cavid Bey was not among this group. His role was confined to financial problems, which limited his field of authority compared to the first period of this era. He continued to embody the liberal and democratic characteristics of the new period that began with the Empire's defeat in the Balkan Wars. The Balkan Wars was a deeply traumatic episode for the ruling elite of the day including Cavid Bey. The loss of Balkan territories and also how the CUP could permit that kind of loss was a memory he recalled often in his diary.

This dissertation places particular importance on Cavid Bey's role in the loan and concession negotiations confronting the delegates of the Great Powers. His failure to increase the leverage of Ottoman finances, his limits in the negotiations, and his discourse, particularly that against the demands of the Great Powers, were among the issues I concentrated on. During the Great War years, Cavid Bey served the Ottoman government in Berlin and Vienna to obtain loans and military equipment.

However, in 1917, despite his disagreements with his fellow Unionists, he was once again appointed as the finance minister. His work over this short period was very important, including the foundation of the National Credit Bank, the first national bank of the Ottoman Empire, and the first internal loan. During his time as minister, although he was also critical of the party, he defended some of the actions of the CUP such as war profiteering.

After the Empire's defeat in the Great War, Cavid Bey was abroad during the National Independence War, surrounded by the same people who had been with him in the Ottoman government. He was distanced from the Independence War and did not witness its hardships. In 1922, he returned to Istanbul as the representative of the last remaining institution from the Ottoman Empire: The Ottoman Public Debt Administration (OPDA). Between 1922 and 1926, he could not compromise with either the Ankara government or Mustafa Kemal Pasha. Although İsmet Pasha invited Cavid Bey to the Lausanne Conference as an advisor for the Ottoman debts, Cavid Bey disagreed on the conditions of repayment of the Ottoman debts with the Turkish delegation. The Lausanne Conference was his last chance to approach the Ankara government. He became one of the leading figures of the opposition against the Ankara government, representing the spirit of the CUP, until he was executed following the Independence Tribunal, marking the end of the CUP.

According to his diaries, Cavid Bey did not feel attached to the Republican age. Although he shared the principles of republicanism and secularism, he did not feel close with the new cadre who pioneered and led these radical political, economic, and social changes. Further, as a liberal man of the age of empires, the concept of nationalism, national economy, and their practices were not in accordance with his intellectual world. The paradigms of these two concepts, empire and nation-state, are utterly different. Naturally, this transition was impetuous, intense, and sharp. Furthermore, the end of the Great War was a milestone in world history. As at every tuning point, those who comprehend the changes in world politics are those who determine and steer the future. Additionally, Ottoman society also changed irreversibly—politically,

economically, and socially—in a short period. As Giovanni Levi, the pioneer of microhistory states, when normative systems start to transform, interstices emerge, and groups and individuals try to fill them with new policies. These strategies sometimes are not in harmony with the old and remain inconclusive.[4] This biography aims to crystallize these conflicts and interstices from a broad perspective. The variety and multitude of experiences of this era enable historians to understand both conflicts and possibilities. The historian might use the individual's decisions and actions—or passivism—to understand power relations regardless of their capacity to make history.[5] It is possible to allege that Cavid Bey represents the rupture in the transition from empire to nation-state.

Cavid Bey is also one of the most atypical Unionists in the CUP. This dissertation tries to comprehend the role that Cavid Bey plays within the CUP. However, the CUP is not a uniform organization. It included various people from different ideologies, ethnic-religious identites, et cetera. After the revolution, especially during the Great War, alliances between non-Muslim groups began to fracture, and the CUP became a more uniform organization. Although Cavid Bey would live through ups and downs in his career and association with the CUP, he never considered abandoning ship. Until the end of the CUP—not in 1918 but in 1926—he remained a Unionist, and a civil Unionist at that. Holistically, this dissertation aims to cover the entirety of Cavid Bey's life and the context and developments during this period by using a contemporary genre, biography.

4 Giovanni Levi, "The Uses of Biography," in *Theoretical Discussions of Biography*, ed. Arianne Baggerman, Rudolf Dekker, Michael Mascuch (Leiden: Brill, 2014), 62.

5 Loriga, Sabina. "The Plurality of the Past" *in The Biographical Turn Lives in History*, ed. Hans Renders, Binne de Haan, Jonne Harmsma (New York: Routledge, 2017), 38-39.

§ 1.2 Biography: Global Questions, Local Answers[6]

As written in the epigraph, Voltaire had written his friend that we only owe the truth to the dead. However, comprehending agency is one of the ways in which we can reach or approach the truth or scientific outcomes. As Hannah Arendt puts it, comprehension does not mean denying terrible incidents, neutralizing the course of events, or generalizing analogies that would degrade the facts, the impact of reality, or the shock of the experience. On the contrary, comprehension depicts reality as it is, whatever it is.[7]

Thinking about, writing about, and researching an individual naturally brings different questions, methods, limits, and possibilities. The biographer should draw the portrait of a person from the beginning to the end to comprehend that person. Life has limits, namely birth and death, and thus it is only possible to storify it after it has finished. Thus, a biographer could write another person's biography to show the uniqueness of that person to the world. A biography contains the complex story of a person within well-defined boundaries. Arendt also indicates the difference between a real biography and fiction. According to her, the real biography should include the historical context and analytical approach. The biographer aims to storify the life of the political actor in order to preserve the memory of their actions, great words, and policies and to comprehend the political actor through an analytical approach.[8] It is important to note that the political actor also desires to be remembered. Otherwise, their work, impact, and efforts would be in vain.

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6 In his concise essay, Giovanni Levi depicts history as "the science of generalized questions and localized answers." Based on this, that is how I define biography. Giovanni Levi "Biograph and Microshistory", https://www.uv.es/retpb/docs/Florencia/Giovanni%20Levi.pdf , Last checked, 6 July, 2021.

7 Hannah Arendt, *The Origins of Totalitarianism* (Florida: A Harvest Book, 1958), xiv.

8 Fatmagül Berktay, *Dünyayı Bugünden Sevmek Hannah Arendt'in Politika Anlayışı* (Istanbul: Metis Yayınları, 2012), 159-164.

Today, the biographical approach is accepted as a critical scholarly method in historiography. However, historiography had to come a long way to reach here. Leopold von Ranke founded modern historiography by using objective methods in the nineteenth century. Although his methods changed, his questions were not contemporary, and his subjects remained in the grand narratives of European states. A drastic change in historiography took place in France after the Second World War. The Annales School and Fernand Braudel's works changed the main paradigms in this field. In his magnum opus, *The Mediterranean and the Mediterranean World in the Age of Philip II*, Braudel depersonalized history in the long durée. The large structures, spaces, and geography featured in his works had their own agency. After the Annales School, British Marxist historians had an impact on the rise of social history. They, especially E.P. Thompson and Eric Hobsbawm, developed a new concept called history from below. They concentrated on new agents, primarily the working class. Thompson's works such as *The Making of the English Working Class* (1963)[9] and Hobsbawm's works on primitive rebels (1959), bandits (1969), and series on the ages of revolution, capital, empire, and twenty-first century presented the lower classes on the stage of academic research.

The change in global politics has also affected the academic world and vice versa. Toward the end of the Cold War (1991), the clash of ideologies and the rise of neoliberalism led to postmodernism. The world entered a new era of neoliberalism and postmodernism, which spread and flowed throughout the world via the wave of globalization. Postmodernism severely criticized the structuralist and deterministic approaches of the Cold War era. These discussions and critics led to changes in historiography. The biographical turn was part of the larger historiographical developments, taking place in tandem with linguistic turn, cultural turn, the spatial turn, and the affective turn.

9 Thompson, E.P. *The Making of the English Working Class.* New York: Vintage Books, 1963.

The Anglo-American universities adopted the biographical turn earlier than continental academia in the 1970s. The first works that were the harbingers of biographical turn were seen in the early 1980s. The development of the biographical turn also came with its critics, especially from French academia. Pierre Bourdieu, the French philosopher, criticized the biography in his famous article "The Biographical Illusion" in 1986.[10] He criticized the structure of biographical work for its narrative, meaning, and linear history. The main questions were mainly based on relationship between biography and social sciences, biography's analytical scales, its rules, ambiguities, and the issues related to the freedom and human rationality.[11] However, despite this criticism, in the 1990s French and German academia embraced this new genre of historiography. Although putting the self into academic research as an agent was initially a controversial issue, scholars accepted it through a broad consensus.[12]

Microhistory, which emerged from Italian schools of history, contributed to the development of the biography in the 1970s. Two Italian historians in particular, Carlo Ginzburg and Giovanni Levi, contributed to the flourishing of microhistory and the development of biography.[13] As Renders states, "biographical research followed the way of microhistory in terms of methodology as source materials and the principle of

10 Pierre Bourdioue' s article "The Biographical Illusion" is a one of the key critical texts toward the biographical turn. Pierre Bourdiue, "The Biographical Illusion," in *The Biography in Theory*, ed. Wilhelm Hemecker, Erdward Saunders. (Berlin, Boston: De Gruyter, 2017), 210-216.
On Bourdioue's article, see also: Özgür Türesay, "Yaşamöyküsü Yanılsaması", Pierre Bourdieu, Pratik nedenler. Eylem Kavramı Üzerine. (Istanbul: Kesit Yayıncılık, 1995), 81-89.

11 Giovanni Levi, "The Uses of Biography," in *Theoretical Discussions of Biography*, ed. Arianne Baggerman, Rudolf Dekker, Michael Mascuch (Leiden: Brill, 2014), 62.

12 Renders, "The Biographical Turn," 3.

13 Carlo Ginzburg, "Microhistory: Two or Three Things That I Know about It," *Critical Inquiry* 20, no. 1 (Autumn 1993): 10-35.

verifiability."[14] However, biography is a step up from microhistory as it follows a specific research methodology in its own right. Although these two approaches had strong ties, the biographical approach rose as a separate and specific approach. Nevertheless, both microhistory and biographical approaches followed the path of history from below as developed by British Marxist historians.[15]

The biography releases the individual from their socially constructed bindings. The work of Italian historian Carlo Ginzburg triggered the transformation in historiography. Ginzburg published *Il Formaggio e i Vermi (The Cheese and the Worms)* in 1976.[16] In his book, he depicted the story of a miller from sixteenth-century Italy. His book opened a new age by putting the human at the center of his work. He focused on "the notion of the individual" from the lower classes and adopted the narrative instead of a purely statistical approach.[17] Another pioneer of this change was Lawrence Stone and his article "The Revival of Narrative: Reflections on a New Old History,"[18] which purged historiography from its professional codes adopted after World War II. Stone underscores the changing nature of historiography in the journal of *Past & Present* in 1979. While emphasizing the rise of narrative, he also mentions two critical developments: the changing character of the connection between different disciplines and the importance of the individual in the middle of human networks and disciplines. Giovanni Levi, the Italian historian, highlights the analogy between literature and biography. However, although they approach each other, literature and biog-

14 Hans Renders, "The Biographical Turn" 3.

15 This concept was developed by the British Marxist historian E.P. Thompson. Before this, historians were placing great politicians, notables, and religious people as the agency. The journal of Past and Present (1952) was the most influential medium of this historian group, leaving a remark in the global historiography.

16 Carlo Ginzburg *Il Formaggio e i Vermi*. Italy: Einaudi, 1976.

17 Sabina Loriga, "The Plurality of the Past," 37.

18 Lawrence Stone, "The Revival of Narrative: Reflections on a New Old History," *Past and Present* 85, (November 1979): 3-24.

raphy have different characteristsics. As Levi points out, the biography is based on documents or new sources when there is a lack of written documents. Levi extends the limits of this genre beyond the general boundaries of historiography, because it questions the rationality of the human and the pre-acceptance of history that an individual's life should be according to a particular flow of events and contain certainty and rationality. Levi frees the individual from a certain kind of rationality that cause distortions during the comprehension of a person.[19] On the other hand, knowing a person develops a better understanding of the political, economic, and social environments surrounding them. These aspects also determine the conflicts, limits, and possibilities the agency faces throughout their entire life. The biographer keeps in mind that people construct every process, institution, concept, conflict, or even possibility, and that is why the biographer should not naturally historicize the individual's story. Otherwise, history is constituted of the flow of events in the framework of rationality and certainty in linear history rather than constructed incidents, structures, and situations.[20]

The biographical method of historical research has been an important method in terms of its framework and consequences for historical analyses. The biographical genre, however, carries the threat of being too subjective. To avoid this, researchers should use primary sources as much as they can to address the field's inherent limitations.[21] It is also an interdisciplinary genre. It connects to other disciplines that aim to understand the context surrounding the individual and the lens through which they look. Biographical work does not mean excluding theories from socio-historical, political, or politico-economic analysis. On the contrary, theoretical awareness is needed to make biography a scholarly research methodology. Biographical research sets the human experience as the focal point but surrenders it to the various contexts present

19 Giovanni Levi, "The Uses of Biography," 62

20 Giovanni Levi "The Uses of Biography," 61-74. Cemal Kafadar *Kim Var İmiş Biz Burada Yoğ iken*, (Istanbul: Metis Yayınları, 2009), 17-26.

21 Özgür Türesay, "Tarihyazımı ve Biyografinin Dönüşümü," *Doğu-Batı*, July, 2009, 308.

in daily life such as politics, economics, and the social environment. Biography can reference gender, sociology, economy, politics, and other disciplines. These different disciplines also utilize discoveries in biography. As Rendes states, in biographies, "roles are made, but not taken." The lives of people storified in biographies depict the divergent roles, conflicts, and connections among people. The biography accepts this complexity and relations between various environments. It also allows us to understand the people who dominate mainstream historiography—i.e., the notables who made history. Today, biography is one of the only genres of historiography that embodies the individual as an agent and views human experience as a methodological tool.[22] By doing so, new frameworks might open in front of us. For example, the biographies of economists also reveal their impact on the political system, agenda, and policies. As Harmsma summarizes, "the personal experience, economic theory and political worldview are revealed in all its complexity and the interplay between economic expertise and political leadership tangible."[23] Thus, the economy, state, or international relations cannot be seen as different from each other, especially as they were even more intertwined with each other during the long nineteenth century. For example, Cavid Bey's role as a finance minister was not confined to economy and finance, and the minister of foreign affairs was also very much involved with foreign investments or debts. The quotation from Harmsma also sums up my aim in this dissertation. I would like to enrich the role of Cavid Bey in the legal, political, and foreign relations fields as well as Ottoman finances.

While biography as a genre in Western historiography is well developed, its situation in Turkey is quite different. Although a late-comer to Turkish historiography, biography has been developing in Turkey in re-

22 Renders, "The Biographical Turn," 3-10.

23 Jonne Harmsma, "'Honest Politics' A biographical perspective on economic expetise as a political style," in *The Biographical Turn Lives in History*, ed. Hans Renders, Binne de Haan, and Jonne Harmsma (Routledge: New York, 2017), 37-8.

cent years. Biography, as mentioned above, gives us the chance to understand the life of ordinary people who are active in decision-making. In the fifteenth and sixteenth centuries, the individual and the family started to become independent from community ties through modernization. However, this is not a linear story witnessed commonly. The rise of the perception of self and individual started to come forward in different times and through different contexts even in pre-modern times. However, the rise of the individual as an agency began in the nineteenth century.[24] As generally discussed, the lack of ego-documents in Ottoman society was one of the major obstacles to the rise of the biography. In recent years, this general opinion has been questioned in recent discussions and works from historians. In these discussions, two major points are highlighted. Firstly, the development of cultural studies in Turkey, which would focus on auto/biographical texts, was quite late. Secondly, in the Ottoman context, the sources of ego-documents might not appear as a diary or letter but in some other form.[25] Thus, the reason for the late-coming of biography in the Ottoman context is a multi-level issue.

The first discussions on biography in Turkey emphasized the necessity of subjectivity and lack of the ego-documents. They underscored the necessity of cross-readings. In the meantime, archival sources may recount individual stories that might be used as ego-documents. Ego-documents are, as discussed above, subjective texts. Although in its text it includes empirical data, it is embedded in the rhetoric of the person who records it.[26] This contradiction is particular to this genre.[27] Mem-

24 As Kafadar argues, in the Ottoman context, the modernization period overshadowed the peculiarity of Ottoman citizens.

25 Derin Terzioğlu, "Tarihi İnsanlı Yazmak: Bir Tarih Anlatı Türü Olarak Biyografi ve Osmanlı Tarihyazıcılığı," *Cogito*, Autumn, 2001, 290.

26 Mehmet Beşikçi, *Cihan Harbi'ni Yaşamak ve Hatırlamak Osmanlı Askerlerinin Cephe Hatıraları ve Türkiye'de Birinci Dünya Savaşı Hafızası*, (Istanbul: İletişim Yayınları, 2019), 46.

27 Abdülhamit Kırmızı, "Oto/Biyografik Vebal: Tutarlılık ve Kronoloki Sorunları," in *Otur Baştan Yaz Beni Oto/Biyografiye Taze Bakışlar*, ed. Abdülhamit Kırmızı (Istanbul: Küre Yayınları, 2012), 12-22.

oirs are one example of this kind of document. Cavid Bey's memoirs are the primary source used in this dissertation. His diaries were cross-referenced with archival sources, other memoirs, and secondary sources. Although Cavid Bey kept his diary almost daily, ultimately, he is recounting the incidents that trickled from his mind and memory.

I was quite lucky that while conducting this dissertation, the Turkish Historical Society (*Türk Tarih Kurum*) had published Cavid Bey's diaries, *The Constitutional Journal* (*Meşrutiyet Ruznâmesi*), in the Latin alphabet in 2014. These four volumes of his diaries became the main source for my dissertation. But, I never accepted these diaries as reality itself. It is important to remind the reader that Cavid Bey's memoirs had been published in *Tanin* between 1943 and 1946, and many scholars of different periods refer to his records. Therefore, I may assert that much of the historiography of the Second Constitutional Period has already been based on Cavid Bey's memoirs. The original memoirs consisted of 24 volumes of notebooks. The version published by the Turkish Historical Society begins on March 8, 1909, and finishes on December 9, 1922. According to the introduction in *Meşrutiyet Ruznâmesi*, Volume I, the Turkish History Society also prepared another volume regarding his memoirs during the Lausanne peace talks and his work in the OPDA. However, this book has not been published yet.

The version published by the Turkish Historical Society is divided into four volumes, 2,905 pages in total.[28] Cavid Bey's diaries are a compilation of 24 notebooks, each of which are 17 cm x 24 cm. The colossal

28 Mehmed Cavid Bey. *Meşrutiyet Rûznamesi,* Vol. I, edited by Hasan Babacan and Servet Avşar. Ankara: Türk Tarih Kurumu, 2014.
Mehmed Cavid Bey. *Meşrutiyet Rûznamesi,* Vol. II, edited by Hasan Babacan and Servet Avşar. Ankara: Türk Tarih Kurumu, 2015.
Mehmed Cavid Bey. *Meşrutiyet Rûznamesi,* Vol. III, edited by Hasan Babacan and Servet Avşar. Ankara: Türk Tarih Kurumu, 2015.
Mehmed Cavid Bey. *Meşrutiyet Rûznamesi,* Vol. IV, edited by Hasan Babacan and Servet Avşar. Ankara: Türk Tarih Kurumu, 2015.

size of his diaries indicate that he was a very disciplined writer and person in his daily life. These memoirs begin with the loss of Cavid Bey's first wife, Saniye Hanım, on March 8, 1909. The fourth volume finishes when he departs for Lausanne for the peace talks on December 8, 1922. These volumes do not cover all of the notebooks he had written. Some of the notebooks are missing, as I will mention in Chapter II. However, the missing parts of his notebooks do not cover long periods of time that would prevent us from comprehending his life. I tried to refer to his talks in the parliament or secondary sources while covering these short periods that are missing. Cavid Bey's final diary was written for his son, Şiar, from October 25, 1924 to June 19, 1926. The name of this diary is the *Diary of Şiar* (*Şiar'ın Günlüğü*).[29] This diary, though devoted to his son, also reveals his political thoughts and incidents at the time of writing. Until he was taken into custody on June 19, 1926, Cavid Bey had written in his diary on a regular basis. After he was arrested, he regularly wrote letters to his wife, Aliye Hanım, until August 21, 1926.

Cavid Bey's diaries provide us with detailed information about his workflow, meetings, negotiations, plans, actions, programs, domestic policies, international competition over the Ottoman Empire, and more. These notebooks bear witness to his thoughts and actions. Indeed, they are very detailed notes. Sometimes he mentions the implicit reactions of people that he sensed from their mimics and gestures, including those of very important people such as the minister of foreign affairs of one of the Great Powers. The main point is that he gives importance to these details, which allows us to understand the atmosphere of the day. He mentions his work and meetings in his diaries but usually nothing personal about himself. For example, his family is completely absent from these notebooks. He also does not mention rumors about certain people in his notes. He mainly records the current events in detail, from political developments to the financial talks or problems in the ministries' workflows. He gives us a chance to watch his life like a film. In these

29 Eski Maliye Nazırı Cavid Bey. *Şiar'ın Defteri*. (Istanbul: İletişim Yayınları, 1995)

frames he is running between European cities, meetings, demonstrations, exile, legislative process, loans negotiations, exclusive dinners, and to Unionist meetings, which prior to the publication of his diary had remained absent from historical record. Indeed, unlike other long diaries written by his contemporaries, you feel that Cavid Bey never met anyone to relax and chat, because he has no time for that. Although he was a workaholic, he was also a *bon vivant*. He was a social man who used to go to clubs such as Cercle d'Orient or Tokatlıyan restaurant. These were where the politicians of the day came together to dine or play cards and talk to each other with diplomats or businessmen from different milieu. However, Cavid Bey does not give any details about these social gatherings and his private life, including his family. These detailed memoirs were almost certainly supplied by him for the next generation as a form of proof of his intentions and considerations during the Second Constitutional Period as the finance minister and a Unionist. Cavid Bey's memoirs are a rich source for young academicians who would like to work on his life or focus only on a certain period or some issues such as institutionalism of the field of finance, decision-making process of the CUP, financial issues such as concessions, advances, and loans, how international power politics affected Ottoman finances, how the Unionists organized while in exile during the National Struggle and their facilities and approach to Ankara during the Early Republican Era, et cetera. Cavid Bey's diaries provide insightful information for this short but hectic and critical period of Turkish history.

His diaries were also very much related to his ability to remember. Remembering is a subjective action that can change incidents in a specific way depending on the priorities and choices of the agent. Scholars discuss that while agents remember the incidents they note, they are not independent of their group. Therefore, it is possible to discuss the plurality of history.[30] In other words, the main question is whether Cavid Bey had kept his diary as himself or as a Unionist. It is argued that

30 Loriga, Sabina. "The Plurality of the Past" in *The Biographical Turn Lives in History*, ed. Hans Renders, Binne de Haan, Jonne Harmsma (New York: Routledge, 2017), 31-41.

social groups have an impact on social memory, which plays a key role in the foundation of the social group. Individual memory and experience are also a part of the social group. However, social groups do not have a firm memory. Memory is constructed differently among different groups and classes. It is also possible to investigate Cavid Bey's memoirs from the social group perspective. It is thus also important to trace how much Cavid Bey records as a product of the social patterns of the CUP. Biography gives scholars the chance to find the cracks and interstices among social groups or other large social structures. Additionally, Cavid Bey's diaries should be read according to each period. Even between 1908 and 1914, the circumstances and discourses are not the same.[31] For this reason, his diaries are multi-faceted, which changes according to the general Zeitgeist, circumstances of the Ottoman Empire, and Cavid Bey's state of mind at the micro-level.

Cavid Bey's intellectual character is also depicted in his diaries. He is always mindful of the fiction of the text. He wrote the text plainly and linearly. However, it is rich in language. His Turkish is very fluent. He also uses French and Latin words as technical terms when necessary. He does not write on behalf of the CUP, but he writes as a member of the CUP. He criticizes his Unionist fellows, but he never steps back from his position in the CUP, even in the most conflictual times. He is aware of various conflicts such as civil and military conflict, the cracks inside the CUP, or the power of the opposition in the Second Constitutional Period. However, despite the personal nature of some of these memories, none of the details are overly personal. Cavid Bey depicts himself as a very optimistic person. He is also a content, over-confident person. A sore point in his character is his arrogance, which increases over the years due to his success at a very young age. Other than that, it seems that he was at peace with himself. He also points out some traumatic moments in his life, particularly the Empire's loss of the Balkans and its entrance into the Great War. The first of these loses was especially traumatic due

31 Beşikçi, "Cihan Harbi'ni Yaşamak ve Hatırlamak," 33-58.

to Cavid Bey's affinity for the Balkans and Selanik—the place where he and most of the Unionists bore the dream of a new country. The latter was the source of the biggest conflict that he had with his Unionist friends. In several instances, he recalls how the Unionists had kept the August 2, 1914 alliance agreement a secret and their harsh reaction after his resignation on October 29, 1914.

I decided to write about Cavid Bey's life although there have already been two biographies published about him. The first was written by Nazmi Eroğlu and published in 2008, and the second was written by Polat Tuncer and published in 2010.[32] Both of these biographies reference Cavid Bey's memoirs as published in *Tanin* daily between 1943 and 1946. Nazmi Eroğlu's biography is quite extensive, covering Cavid Bey's life and his intellectual world from when he started his political career in 1908 until his death in 1926. He also used primary sources obtained from the Ottoman Archives. I also reference this biography in my dissertation. Polat Tuncer's biography is a shorter one primarily based on secondary sources.[33] I want to add that my dissertation differs from these two works by its extensive coverage of Cavid Bey's diaries totally and its effort to comprehend his life with its different facets and details.

As previously mentioned, my dissertation covers the entirety of Mehmed Cavid Bey's life, from his birth until his death, as an intellectual, statesman, negotiator, and Unionist. Nevertheless, I preferred to cover 1908 and 1914 in a more detailed fashion than the others. Due to the length of sources, the complexity of the issue, and the abundance of events, this dissertation is quite long. In the next section, the organization of the dissertation will be explained in detail.

32 Nazmi Eroğlu, *Ittihatçıların Ünlü Maliye Nazırı Cavid Bey* (Istanbul: Ötüken, 2008), 38-40; Tuncer, Polat. İttihatçı Cavit Bey. Istanbul: Yeditepe Yayınevi, 2010.

33 The editors of Ruznâme made correction on the second volume regarding the information they obtained from Polat Tuncer's biography.

§ 1.3 Organization of the Dissertation

his dissertation is divided into five chapters. In the Introduction, I focused on the contextual framework, especially regarding historiography. In organizing the dissertation, I wanted to focus on one certain period in his life story. Although his life could be the subject of more than one dissertation, I ended up focusing on the period between 1908 and 1914, which is evaluated over three different chapters. In this period which overlaps with the pluralistic character of the Second Constitutional Era, Cavid Bey is on the heyday of his career. Chapter 2, "Mehmed Cavid Bey: A Game Changer? A Rising Financier and Statesman (1908–1910)," is quite a comprehensive chapter. It focuses on both his early years between 1876 and 1908 and his early finance and political career. This chapter looks at this period through the eyes of Cavid Bey, who was in the midst of upheavals such as the 31 March Incident. Important legislation that underlined the Empire's democratic transformation toward the constitutional regime was also implemented during this period. As we will see, Cavid Bey always has a hand in the democratic and liberal development of the state. But, as we will also see, for the benefit of the state, he always steps back from the spotlight. One of the most important incidents during this period was the 1910 loan crisis. In 1910, when Cavid Bey was finance minister, he goes to Paris to negotiate a loan agreement, but instead, he faces the threat of French financial control.

Chapter 3, "No One Can Replace Cavid Bey": Domestic Turmoil, Unfinished Work, and the Loss of the Balkans (1911–1913)," covers the period from 1911 to 1913, which included many domestic upheavals. These domestic upheavals and the rise of the opposition affected Cavid Bey's work in a negative way. In 1911, he was forced to resign from the ministry of finance, and for this reason he had to end his work and reform projects in the ministry. In this period, he travels to both the eastern and western provinces of the Empire in 1911. In 1911 and 1912, he became minister of public works. This position was compatible with his work in finances as he was concerned with big public works projects

such as railways, roads, etc., which required huge investments. The Empire was also entangled in successive wars in this period. The first of these wars was the Tripolitanian War in September 1911, which led to the fall of the Hakkı Pasha government. Following the 1912 elections, Cavid Bey continued to work as the minister in the new cabinet. In the summer of 1912, everything turns upside down. The rise of the opposition and the threat of a military uprising causes the Unionists to step back and leave the government to Gazi Ahmet Pasha. However, the government closes down the parliament, and a hunt for the Unionists begins. Meanwhile, the Balkan states declare war on the Ottoman Empire, and Kamil Pasha, archenemy of the Unionists, comes to power. Cavid Bey, as many other Unionists, fled Istanbul. After a long tour of Europe, Cavid Bey was back in Istanbul after the coup d'état on January 23, 1913.

Chapter 4, titled as "The Negotiatior (1913–1914)" details the new era of the Second Constitutional Period. From 1913 on, the Young Turks would govern and lead the country as the sole party in power. Cavid Bey, rather than taking up a position in the cabinet, was sent to Europe with Hakkı Pasha to carry out the negotiations on loans and concessions. Thus, on the eve of the Great War, Cavid Bey was positioned in the middle of negotiations between several international rivalries. Moreover, he had to deal with new issues such as the Aegean islands and Russia's demands while trying to solve what was asked of him by the Sublime Porte. These long negotiations would end just before the outbreak of the war. In 1914, Cavid Bey returned to Istanbul as the finance minister. He worked in the cabinet actively until the Empire's entrance into the war on October 29, 1914. However, the Empire's entrance into the war was a huge crisis for both the cabinet and Cavid Bey. Cavid Bey was the only minister opposed to this development and would resign after the Ottoman bombardment of Russian lands along the Black Sea. However, he would assist the cabinet between August 2 and October 29, 1914 in solving fiscal issues and the abolishment of capitulations. Cavid Bey strongly asserted that the Ottoman Empire should remain neutral in the war, especially when the treasury was empty. After his resignation the

Unionists excluded Cavid Bey from the government, although he would continue to serve as the shadow minister of finance.

The conclusion covers Cavid Bey's experiences during the Great War (1914–1918), the War of Independence (1919–1923), and the Early Republican Era. This chapter opens with the fleeing of the triumvirate, Enver, Cemal, and Talat Pashas, and continues with the establishment of the new government. Cavid Bey becomes the minister of finance for the last time for only a short period. Along with other prominent Unionists, in 1918 Cavid Bey was court martialed and put on trial for the Empire's entrance into the war, the facilities of the Special Organization (*Teşkilat-ı Mahsusa*),[34] and state corruption during the Great War. Cavid Bey's long statements during his interrogation are important sources for understanding the events of this period and have been published by various historians.[35] He was sentenced to 15 years of hard labor and went into hiding in Istanbul for several months. Then, he fled to Europe and stayed in Switzerland for several years. This period of exile is interesting because Cavid Bey, a bon vivant, does not have sufficient economic sources to live and borrow money from his friends. He is also in communication with the Unionists in exile as well as the Ankara government. Meanwhile, he falls in love with Aliye Hanım, and they get mar-

34 The Special Organization is the paramilitary organization of the CUP. The CUP always had self-sacrificing soldiers who even worked for the Committee in the pre-Revolutionary times. However, the CUP institutionalizes this group of soldiers in 1913. They became very active, mainly during the Great War years.

35 Kocahanoğlu, Osman Selim. *İttihat-Terakki'nin Sorgulanması ve Yargılanması*. Istanbul: Temel Yayınları, 1998. Kocahanoğlu, Osman Selim. *Divan-ı Harb-i Örfi Muhakematı Zabıt Ceridesi*. Istanbul: Temel Yayınları, 2007.
Erdinç, Erol Şadi. *Osmanlı İttihad ve Terakki Cemiyeti Yargılamaları Birinci Dünya Savaşı'nda İttihad ve Terakki Hükûmetlerinin Sorumluluğuna dair Meclis-i Mebusan Soruşturması I*. Istanbul: Türkiye İş Bankası Kültür Yayınları, 2008. Erdinç, Erol Şadi. *Osmanlı İttihad ve Terakki Cemiyeti Yargılamaları 8 Mart 335 (1919) Tarihli Kararname ile Kurulan Dîvân-ı Harb-i Örfî Yargılaması II*. Istanbul: Türkiye İş Bankası Kültür Yayınları, 2008. Erol Şadi Erdinç, *Osmanlı İttihad ve Terakki Cemiyeti Yargılamaları Ankara İstiklâl Mahkemesi Siyasî Yargılama III*. Istanbul: Türkiye İş Bankası Kültür Yayınları, 2008.

ried in Switzerland. During this period, he faces the death of his close companions, including Talat Bey. He returns to Turkey with Aliye Hanım and Hüseyin Cahit's family on July 1922. His takes a new job as the deputy of the OPDA—the representative of all of the values contrary to the Ankara government. Yet, despite his position, Cavid Bey continues to collaborate with the Ankara government. First, he was invited to the Lausanne talks in December 1922, although he could not adopt the opinion of the Turkish delegation and conflicts with İsmet Pasha on Turkey's debts. He has to leave the delegation and returns to Istanbul. Secondly, he prepares an extensive report on the economy for the Istanbul for Chamber of Commerce in 1924.[36] On October 1924, Cavid Bey becomes a father and starts to write a diary for his son, Şiar. Though Cavid Bey has no official relations with the Ankara government, he has strong prejudices against them. As we know, since the early times of the Second Constitutional Period, Mustafa Kemal Pasha was not very welcoming of Unionists inside the CUP due to his strong views such as not allowing military officers in politics. Cavid Bey was among the team leading the opposition to Mustafa Kemal Pasha's government. His words about Mustafa Kemal Pasha, even in 1917, tell us that he does not appreciate him despite his military success in Gallipoli.[37] In the last chapter, I will end the discussion with the reasons why Cavid Bey was put on trial and executed for taking part in the İzmir assassination and as well as his reasons for challenging the Republican regime. The conclusive remarks of the dissertation will also take place in the Conclusion chapter.

36 "Ticaret ve Sanayi Odasında Müteşekkil Istanbul İktisat Komisyonu Raporu." 2006. No: 2006-52. Istanbul: Istanbul Ticaret Odası.

37 Cavid Bey, Meşrutiyet *Ruznâmesi III*, 458-60.

2

Mehmed Cavid Bey: Rising Financier and Statesman? (1908-1910)

> *"Today we use the word (freedom) only in its political sense and how unfortunate for us. For I fear that those who see freedom solely as a political concept will never fully grasp its meaning… I have been made to understand that in my lifetime freedom has been kind enough to visit our country seven or eight times. Yes, seven or eight times and no one ever bothered to say when it left; but whenever it came back again, we would leap out of our seats in joy and pour into the streets to blow our horns and beat our drums.*
>
> – Ahmet Hamdi Tanpınar, The Time Regulation Institute[38]

38Ahmet Hamdi Tanpınar, *The Time Regulation Institute* (London: Penguin Books, 2014), 35-36.

§ 2.1 A Young Man Toward the Revolution

Cavid Bey's first period of life, from his birth to the 1908 Revolution, is ultimately essential to comprehend his state of mind. Because his principles and approaches in politics and economy shaped in this period. Briefly, it is possible to assert that Cavid Bey became a civil Unionist during his early adulthood.

In the first period of his life, there is a lack of ego-documents penned by Cavid Bey, unlike the proceeding periods of his life. For this reason, I tried to utilize the archival materials, secondary sources, and biographies of other Unionists to complete this section. His birth year in the archival document obtained from the Ottoman archives indicates that he was born in 1878 (1294, according to the Hegira calendar).[39] However, his passport taken from the Swiss authorities in 1920 indicates that he was born in 1876. I preferred to use the latter date, because Cavid Bey most likely considered this as his birth year. This is the same year that Abdülhamid II ascended to the throne. He ruled the Ottoman Empire for thirty-three years, and this period until the Second Constitutional Period is called the Hamidian Era (1878–1908). His rule overlapped with the age of empires, nationalism, social movements, upheavals, revolutions, colonialism, imperialism, peripheralization or incorporation with the Western economy, expansion of urban spaces, rising bourgeoise, railways, steamships, social life, modern education, rising secularism, et cetera. It is one of the most vivid periods of world history. Cavid Bey was born into a family and place that reflected an intricate part of the portrait of this period. He was born in Selanik as the son of a *Dönme* (Jews who converted to Islam in 17th century) family. His social environment was very cosmopolitan in both the private and public spheres. Therefore, it is crucial to understand the long reign of Abdülhamid II and society in Selanik in order to comprehend the environment in which he grew up.

39 BOA_DH SAİDd__00079_00235. "It is registered to the registry office for that he was born in Selanik in 1295 (1878)."

Abdülhamid II came to power in the middle of a state crisis. The crisis had both domestic and international aspects. First, in return for his throne, he agreed with the Young Ottomans[40] that he would declare the constitution and open the parliament—although it is doubtful how much he shared these ideas at that time. After six hundred years of monarchy, the Empire had met with the concepts of representative democracy for the first time in this period. It is important to note that these ideas were not as fully developed as in European states. This would become known as the First Constitutional Period, which coincided with the Russo-Ottoman War (1877–1878). This war profoundly and negatively impacted the Ottoman Empire. In 1876–1877 there had been several conflicts in the Balkans, which drew the attention of Russia in particular. The Great Powers had held a conference—the Tersane Conference—in Istanbul in an attempt to reconcile this conflict. The Young Ottomans, who were afraid of an intervention by the Great Powers, allowed the young Sultan, Abdülhamid II, to declare the constitution instead of Murat V, who suffered from severe mental health problems. The Young Ottomans believed that the remedy to solve these ethnic conflicts lay in the declaration of the constitution and the parliament. Uniting the Empire under the concept of Ottomanism seemed like the only and most reasonable solution to the Young Ottomans. Mithat Pasha was the leader of this operation, and some other civil officers, intellectuals, and high-ranking military officers supported him. The Ottoman ruling elite considered that a constitution and parliament would be sufficient to protect the rights of the Empire's subjects in both domestic affairs and on the international platform. Indeed, this was the fundamental idea

40 The Young Ottomans were an opposition group to the Tanzimat Reforms. They were against the strict form and top-down character of the reforms. They opposed the methods of the reforms, especially in the hands of Tanzimat Pashas, mainly Âli Pasha and Fuat Pasha. The Young Ottomans argued for the necessity of the constitution, parliament, and free speech for Ottoman society. They preferred a more evolutionary and Islamic way of reforms. The group consisted of young civil servants and intellectuals, who were also the outcomes of the Tanzimat reforms. Perhaps you can cite a secondary work here on the Young Ottomans?

shared by the Young Ottomans, the Young Turks, and the Unionists. Saving the Empire was the main target, and the ideas of freedom and justice were secondary aims. Saving the state was always the priority for them.[41]

However, these measures were inadequate to prevent a war with Russia. On April 24, 1877, Russia declared war on the Ottoman Empire. After breaking the Ottoman resistance in Bulgaria, the Russian army reached Yeşilköy, the outskirts of Istanbul. As the parliament began to criticize the palace, Abdülhamid II suspended the first constitutional regime. Abdülhamid II prorogued the parliament, and the constitution remained alive only on paper.[42] The Russo-Ottoman War ended with a terrible defeat for the Ottoman Empire. The Ayastefanos Treaty signed by Russia and the Ottoman Empire on March 3, 1878 was so severe that it drew the attention of the Great Powers due to Russia's disproportionate gains in the region. Another conference was held in Berlin in June 1878. This was the last of the great congresses within the system of the Concert of Europe between 1815 and 1914. The Berlin Treaty of 1878 cast a long shadow over the Ottoman Empire. Firstly, it brought the Eastern Question into the field of international politics. Romania, Serbia, and Montenegro became independent states, but Bulgaria remained autonomous until 1908. Russia kept territory in Kars, Ardahan, and Batum as acquisitions of the war. Austria occupied Bosnia and Herzegovina, and Britain occupied Cyprus.[43] Migrants poured from the lands lost in

41 Şerif Mardin *Jön Türklerin Siyasi Fikileri 1895-1908*, (Istanbul: İletişim Yayınları, 2007), 305.

42 Compared to the Second Constitutional Period, the scope of the first period was limited. Both constitutional periods were based on Ottomanism, which aimed to gather Ottoman subjects regardless of their ethnic and religious identities. However, their efficiency was different.

43 Erik Jan Zürcher, *A Modern Turkey* (London: I.B: Tauris, 2004), 74-75.
See also M. Hakan Yavuz, "The Transformation of "Empire" through Wars and Reforms: Integration vs. Oppression," in *War and Diplomacy: The Russo-Turkish War of 1877-1878 and the Treaty of Berlin*, ed. M. Hakan Yavuz and Peter Slugett (Utah: The University of Utah Press, 2011), 17-55; Aydın Babuna, "The Berlin Treaty, Bosnian Muslims,

the war into the remains of the Ottoman Empire, including Selanik. The policies of the Hamidian Era would be shaped and implemented according to these events.

The reign of Abdülhamid II was peculiar to his time and his character. His reign overlapped with the first wave of globalization brought on by the imperial and colonial ages, which saw many long-reigning monarchs around the globe. Although the Concert of Europe had dominated the European political order and the international balance of power since 1815,[44] regional conflicts arose throughout Europe. The Crimean War and the Moroccan and Macedonian crises are significant examples of these conflicts. The European capitals were already in competition to constitute spheres of influence in lands thousands of kilometers away from their capital cities, relying on their state's capacity and supremacy over the seas, industry, and technology. Abdülhamid II witnessed this rivalry and enjoyed the balance of powers in foreign policy. However, he failed to understand one key issue: even during the peak of the imperial race, the Great Powers did not compete over their economic interests in the Ottoman Empire. In contrast, when it came to issues such as customs rates and monopolies, the Great Powers collectively united against the sultan. Abdühamid II's central foreign policy was to pit one group against the other. Sometimes, it worked, as in the case of the Baghdad

and Nationalism," in *War and Diplomacy: The Russo-Turkish War of 1877-1878 and the Treaty of Berlin*, ed. M. Hakan Yavuz and Peter Slugett (Utah: The University of Utah Press, 2011), 198-225; Justin McCarthy, "Ignoring the People: The Effects of the Congress of Berlin," in *War and Diplomacy: The Russo-Turkish War of 1877-1878 and the Treaty of Berlin*, ed. M. Hakan Yavuz and Peter Slugett (Utah: The University of Utah Press, 2011), 429-448.

44 The Concert of Europe was the international system declared in the Congress of Vienna in 1815. The Concert of Europe, 1815–1914, was a European system formed by the European statesmen to preserve peace mainly on the continent. Apart from regional conflicts, the European states did not engage in internal conflicts until 1914. Richard B. Elrod, "The Concert of Europe: A Fresh Look at an International System," *World Politics* 28, no. 2, (January 1976): 159.

Railway project. However, as issues such as the rise of customs duties or the abolishment of concessions on foreign posts, he failed to see that the Great Powers would unite against the Ottoman Empire regarding their common interests. Therefore, Abdülhamid II's attempts to break the economic tutelage of the Great Powers were mainly inconclusive. The greatest benefit for the Empire was that the Great Powers continued to support the integrity of the Ottoman Empire, which was essential for the Empire's survival and beneficial for the powers' economic gains. The economic conflicts between these two subsequent periods were thus similar in terms of the issues and contexts.

The Baghdad Railway project was the leading ace in the sultan's hand in economic terms. In 1899, the concession for the railway was given to Deutsche Bank. The railway project aimed to connect the territories between Berlin and the Persian Gulf.[45] This project drew the attention of all the Great Powers and, moreover, created a conflict between them. These transportation investments would enable transportation between military bases and ports as well as fertile lands. They were also crucial for the localities to create new opportunities and accelerate development. In 1903, the Baghdad Railway company was founded. The railway investment proceeded with irrigation facilities in Konya and Adana plains. On the one hand, the abuse of Turkish and Muslim labor in the railways would be the central source of working-class conflict and riots in the Empire in 1907 and 1908. The 1900 Act between the Ottoman Empire and Russia was one of the main issues inherited from the Second Constitutional Period, particularly for Cavid Bey. Due to the importance of the route of the Baghdad Railway, Russia

45 See more on Baghdad Railway Project Sean McMeekin. *The Berlin-Baghdad Express. The Ottoman Empire and Germany Bid for World Power* (Massachusetts: Harvard University Press, 2012); Murat Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire: Industrialization, Imperial Germany and the Middle East*, (London, I.B. Tauris, 2016); Edward Mead Earle, *Turkey, the Great Powers, and the Bagdad Railway: A Study in Imperialism* (New York: The Macmillan Company, 1923).

demanded that the concession of railways be established in the north-eastern part of Anatolia. However, Russia did not have enough capital to build the railway in the region. This situation left the region underdeveloped and left the government without railways to dispatch the soldiers in case of war (as in the Battle of Sarıkamış during the Great War, 1914–1915). Meanwhile, the Germans' attempt to build the Baghdad Railway accelerated the speed of other Great Powers' projects in different regions of the Empire, such as French projects in Syria. In 1905, the Great Powers raised their demands and asked for an international financial committee composed of European officers to govern Macedonia. Although Abdülhamid II resisted, he had to accept this, because the Empire was isolated and lonely in the international arena. In 1907, the sultan succeeded in obtaining the Great Powers' approval for the rise of the customs duties from 8 percent to 11 percent. However, in return, he had to give new concessions to Britain and Germany. The surplus would be controlled by the OPDA rather than the treasury.[46] Meanwhile, Abdülhamid II initiated the Hicaz Railway project with the financial support of the Empire's Muslims. The project aimed to facilitate the pilgrims to reach the Mekke and strengthened the bonds among the Muslim populati. Additionally, the sultan targeted control of the Arab peninsula.

In domestic politics, after the turmoil of the First Constitutional Period, Abdülhamid II consolidated his rule. The shadow of the Young Ottomans was erased from the political arena following the death of Mithat Pasha while in exile in 1884. The sultan had successfully silenced the critics in the parliament. In the meantime, the Russo-Ottoman War had shrunk the Ottoman Empire's territory in the Balkans. It also added a new dimension to conflicts in Macedonia[47] as well as the Armenian

46 François Georgeon, *Sultan Abdülhamid* (Istanbul: Homer Kitabevi,2006), 409-33.

47 In the Ottoman context, Macedonia was the name of the region constituting of three provinces, namely Kosovo, Selânik, and Manastır, but what Macedonia is has been a historical and contemporary debate ever since. Please cite one of these works

question.[48] The treaty paved the way toward the intervention of the Great Powers in the domestic affairs of the Ottoman Empire. Meanwhile, the population of the Empire had a more Islamic character following the Russo–Ottoman War, which influenced the sultan's policies. His main concern was to keep the territorial sovereignty of the Empire, and for this reason, he prioritized two central policies: the balance of power in foreign policy[49] and pan-Islamism in domestic affairs. His main goal was to maintain the integrity of the Ottoman Empire, especially the lands densely populated by its Muslim subjects. For the first time, pan-Islamism was raised as an ideology that encompassed Western ideologies and values.[50] Following the Russo-Ottoman War, the Ottoman Empire still held the vast territory from the Adriatic Sea to the Persian Gulf. The Ottoman Empire had the authority over the Straits and the Suez Canal, which are essential to control the Eastern Mediterranean. Moreo-

48 The Russo-Ottoman War caused a massive flow of immigrants to flee to the Ottoman territory from the Balkans and Caucasus. This situation increased the Muslim population of the Empire and strengthened its Islamic character. The immigrant issue also led to new conflicts in Anatolia such as land disputes between Muslims and non-Muslims. The fertile lands close to ports began to rise to value, incorporating the Ottoman economy into the Western capitalist world as of the 1830s. Because of the Armenian incidents that began in the 1860s, the sultan's reputation deteriorated in Europe. Yavuz, *Integration vs. Oppression*, 38-49

49 In the international arena, the sultan's main foreign policy principle was to balance the Great Powers. On the eve of the twentieth century, the main groups of Europe were shaped. France and Russia established a Dual Alliance or so-called Franco-Russian Alliance in 1892 against the rising power of Germany in the middle of Europe. They tried to contain Germany on the two fronts against its expansion in the European continent. Britain and France had already been the two powers of the Entente Cordiale since the end of the nineteenth century. Therefore, the two blocks of Europe took shape: on the one side, the Entente constituting France, Russia, and Britain; on the other side, Germany and its close ally, the Austro-Hungarian Empire. Feroze A. K. Yasamee, "European Equilibrium or Asiatic Balance of Power?: The Ottoman Search for Security in the Aftermath of the Congress of Berlin," in *War and Diplomacy: The Russo-Turkish War of 1877-1878 and the Treaty of Berlin*, ed. M. Hakan Yavuz and Peter Slugett (Utah: The University of Utah Press, 2011), 56-78.

50 Georgeon, *Sultan Abdülhamid*, 396.

ver, the Ottoman territory sprawled across most of Southeastern Europe, Mesopotamia, and North Africa, including rich resources like oil in Mesopotamia. These lands were located on the main routes between British and French colonies and their imperial capitals. For this reason, this territory became a battlefield of colonization or, in the simplest term, spheres of influence.[51]

In terms of the characteristics of the Empire in the Hamidian era, the population of the Ottoman Empire was close to 25 million people.[52] The economy of the Empire was mainly agricultural. The Ottoman Empire lacked transportation and communication networks. As Abdülhamid II consolidated his power, the main question in the Empire was whether or not he would continue the reform process that had officially begun with the Tanzimat Act in 1839.[53] He followed this act in a peculiar way that would ultimately change the political paradigm of the Empire. The Hamidian Era presented both continuities and ruptures with the Tanzimat Period. In terms of ruptures, Abdülhamid II ended the era of bureaucratic superiority in the state apparatus and shifted political power

51 Eugene Rogan, *The Fall of the Ottomans the Great War in the Middle East, 1914-1920* (Great Britain: Penguin Books, 2016), 1-28; Mostafa Minawi, *The Ottoman Scramble for Africa Empire and Diplomacy in the Sahara and the Hijaz* (California: Stanford University Press, 2016), 1-18.

52 In 1900, the population of the Ottoman Empire was around 25 million people.

53 The main goal of the Tanzimat Reforms was to strengthen the state apparatus and the military. To revive the Ottoman army, exhausted by defeats in the face of the Russian and Habsburg Empires, Ottoman statesmen were fully convinced that centralization and education were equally essential to strengthen the military. Centralization and the military were bounded to each other. The state had to strengthen its military capacity to gain victories, but to do so, it must raise the income of the treasury. Regulating the tax system and governance was essential to support the modernization of the military and the education system. In sum, the Tanzimat Period was a full-fledged modernization period. The process had its short fallings such as the inadequacy of human resources or communication and transportation networks. However, it was also the beginning of modern education and methodology in the Empire. The Tanzimat reforms were an irreversible process and marked the modern times of Turkey. New ideas and concepts entered the Ottoman Empire through the launch of Tanzimat (1839).

from the Sublime Porte to the palace. He moved the sultan's residence to Yıldız Palace. No other Ottoman sultan had lived permanently in this palace. The Mabeyin Office (his secretary in the palace) and the high-ranking bureaucrats chosen by him became the main political actors in governance and politics under his supervision. He preferred to keep the statesmen loyal to him rather than paying regard to the principles of merit. Bribery and corruption became widespread among high-ranking bureaucrats. Moreover, as he became increasingly paranoid and susceptible to conspiracy theories,[54] he established a wide range of espionage networks. From state officers to ordinary people, Ottoman subjects began to turn on each other and reported infractions even for minor offenses. Abdülhamid II's main aim was to track the opposition network rising within the bureaucracy and in high schools. The concepts of liberalism, constitutionalism, and parliamentarianism were his worst nightmares. For this reason, he held the press under his control and strictly censored the press during his reign.

In terms of continuities, the Empire's centralization, modernization, and incorporation with the European economy continued as in the Tanzimat period. Abdülhamid II promoted the modern system of education and continued to pursue the educational policies inherited from the Tanzimat Era. Modern educational institutions spread across the Empire. He extended the network of secondary and high schools. Girls' education was not neglected, with middle schools opening for girls.

54 The sultan's insecurities were not unfounded, because his uncle, Murad V, ascended to the throne through a coup d'état and then lost his sanity. Sultan Abdülaziz, another uncle, was suspiciously found dead. He also faced many assassinations attempts during his rule. See Selim Deringil, *The Well Protected Domains Ideology and the Legitimation of Power in the Ottoman Empire 1876-1909 (*New York: I.B. Tauris, 2011); Benjamin C. Fortna, *Imperial Classroom Islam, the State, and Education in the Late Ottoman Empire* (Oxford: Oxford University Press, 2002); Avner Wishnitzer, *Reading Clocks, Alla Turca Time and Society in the Late Ottoman Empire* (Chicago: The University of Chicago Press, 2015); Amy Singer, *İyilik Yap Denize At Müslüman Toplumlarda Hayırseverlik* (İstanbul: Kitap Yayınevi, 2008).

Abdülhamid II's modern educational system was among his most prestigious works and was partly representative of his rule. For example, a grandiose building at the entrance to the Bosphorus was constructed to house the Medical School in Haydarpaşa. However, the sultan also tightly controlled the curriculums of these modern civil and military schools to prevent young students from catching on to the liberal ideas of the era. He also kept enlisted soldiers (*alaylılar*) in the army to balance the officers who graduated from modern military schools.

In domestic policies, the Hamidian Era used modern representative symbols to his benefit. He reconstructed a traditional social state via donations and social institutions. His grants were visible and symbolic, which increased the legitimacy of his rule among his Ottoman subjects. Clock towers were one of the most important visible symbols in the Empire's growing urban spaces. His personal philanthropy worked toward social welfare issues, and health institutions held a new political function. He reconstructed the monarchy according to his own principles, creating a welfare regime developed through donations, social institutions, and philanthropy activities that were visible in the public sphere.[55]

At the end of the nineteenth century, the free-market ideology was the dominant economic ideology all over the world. During the age of liberalism, the role of the state shrinked in most of the countries, and the global economy spread across the world.[56] However, states adopted various policies to participate and protect themselves from the destructive impacts of the laissez-faire system. To this end, the Ottoman Empire continued to implement liberal policies until 1914. The Ottoman state focused on the treasury rather than the economy. With the lack of industry, industrial bourgeoisie, and labor class, the Ottoman economy

55 Nadir Özbek, *Osmanlı İmparatorluğu'nda Sosyal Devlet: Siyaset, İktidar ve Meşruiyet (1876-1914)* (Istanbul: İletişim, 2008), 35.
See

56 Quinn Slobodian, *Globalists the End of Empire and the Birth of Neoliberalism* (Massachusetts: Harvard University Press, 2018), 1.

depended on peasants and the merchant class growing through incorporating the European economy and privileges such as capitulations. Briefly, Abdülhamid II continued to implement liberal economy policies regulated by the Tanzimat Era.[57] Although he tried to implement minor changes a few times, he could not succeed or compromise in return. As mentioned above, the Great Powers, even rivals such as Britain and Germany, united against the Ottoman Empire to support their own economic interests. At the end of the nineteenth century, their main focus was to keep the Empire alive and in one piece in order to benefit from their economic expansion over the Empire's vast territory. In sum, although the Ottoman bureaucracy witnessed the equilibrium changing in favor of the Great Powers in the economy, it continued in its classical approach toward economy and finance.

Abdülhamid II had inherited a broken Ottoman financial system as he ascended to the throne. The state's budget deficit was huge, and the Empire had declared a moratorium in 1875–1876. After the Russo-Ottoman War, this financial crisis was solved with the Muharrem Decree, which established the Ottoman Public Debt Administration consisting of creditors of Ottoman loans.[58] Although this institution brought modern financial methods into the bureaucracy, it remained one of the most powerful symbols of European economic penetration in the Empire and the Republican Era. The Empire's loans remained low in the first decades of the Hamidian Era, despite the Empire enduring financial

57 Both economic liberalism and protectionism were on the rise in this period. Meanwhile, latecomer countries such as the United States, Germany, and Japan accelerated the protectionist policies. Yavuz Selim Karakışla, "Osmanlı Sanayi İşçisi Sınıfının Doğuşu, 1838-1923," in *Osmanlı'dan Cumhuriyet Türkiyesi'nde İşçiler 1839-1950*, ed. Donald Quataert, Erik Jan Zürcher, (Istanbul: İletişim Yayınları, 2011), 32; Deniz T. Kılınçoğlu, *Economics and Capitalism in the Ottoman Empire* (New York: Routledge, 2015), 43.

58 Donald C. Blaisdell *European Financial Control in the Ottoman Empire A Study of the Establishment, Activities, and Significance of the Administration of the Ottoman Public Debt*, (New York: Columbia University Press, 1929), 74-107; Zafer Toprak *Atatürk Kurucu Felsefenin Evrimi*, (Istanbul: Türkiye İş Bankası Yayınları, 2020), 187.

troubles. However, the construction of the Baghdad Railway and the momentum of other infrastructure investments accelerated the Empire's loan processes. The relationship between the debts and foreign investments was one of the financial dead-ends of the Ottoman Empire. Infrastructure investments were essential to increase the production-distribution-sale network in the Ottoman Empire and elsewhere in the world. However, there had been a lack of money in the Empire. For this reason, the new investments always came with "side-dishes" such as further concessions for construction firms and countries. Indeed, in the nineteenth century, investments, debts, and foreign policies were part and parcel of each other. These were also inherited by the Second Constitutional Era and became one of the most significant tasks of Cavid Bey.

After the Russo-Ottoman War, there had been an ongoing guerilla war in Ottoman Macedonia. This guerilla war became intense after the Greek War of 1897.[59] Despite drought and famine in some regions, economic wealth and the population increased across the Empire. Abdülhamid II gave importance to his philanthropic works accessible for the subjects of the Empire. The Hamidian Era was not disastrous for the Ottoman Muslim peasants regarding the quality of life compared to the previous eras: their quality of life got slightly better. Incorporation with the Western economy increased the value of the land, especially in the agriculturally cultivated regions. However, the possession of land caused new tensions and conflicts between Muslims and non-Muslim communities. Although there had been no great wars, there had been regional conflicts, especially between Muslims and non-Muslims, in Anatolia since the 1860s. As a result, the armed conflicts caused casualties, migration, and suffering in the south and east parts of Anatolia. The Van and especially Adana conflict in the 1890s drew the Great Powers' at-

59 The period between 1876 and 1900 was full of armed conflicts. After the 1877–1878 War, the Armenian conflict in 1895–1896 had profound implications on domestic and international scales. The Greek War ended with the Ottoman victory, but it de facto lost Crete during the negotiations. Georgeon, *Sultan Abdülhamid*, 405.

tention and led to a campaign against the sultan. During these conflicts, the land was handed over mostly from non-Muslims to Muslims. The problem of land disputes and human rights violations remained in the Second Constitutional Period and became one of the main political issues. These issues also became part of the financial negotiations.

Additionally, the vast censorship and espionage network of the sultan closed the Ottoman society to progressive developments in the world. Even in the military, his fear of a coup caused the navy to weaken as it spent most of its time docked in the Haliç shipyard. Thus, although Hamidian Istanbul and the Empire reflected a mystic and cosmopolitan environment containing traditional and modern elements, it lagged the modern world in many aspects. The sultan's attempts at modernization were significant for raising the new generation of Ottoman subjects; but in terms of progress and development, the sultan's attempts were insufficient. Port cities, however, became hot spots of trade and the exchange of ideas and benefited the most from the developments of this period. Selanik, where Cavid Bey was born and grew up, was the best example of this. It is important to keep in mind that Selanik was not only a port city, but it was also a vast territory controlled by the military and one of the administrative centers ofthe Macedonia region of the Ottoman Empire.

2.1.1 *The Charming Locality: Port Cities and Selanik*

The development of port cities was one of the most interesting patterns of the nineteenth century.[60] During this period, European expansion moved toward periphery countries, and port cities were the gateways to this expansion. Due to the acceleration of economic flows, port cities developed rapidly as had never been seen before comparing historical contexts. The two pillars of this expansion were free trade and the gold

60 Sotirios Dimitriadis, "Transforming a late-Ottoman Port-City Salonica, 1876-1912," in Well-Connected Domains Towards an Entangled Ottoman History, ed. Pascal W. Firges et al. (Leiden: Brill, 2014), 207-221.

standard[61] imposed by British hegemony. In the Ottoman case, incorporation with the Western economy and adopting the free trade system officially began with the Treaty of 1838 signed between the Ottoman and British governments. It opened the door for free trade for the Ottoman Empire by annihilating customs in favor of European merchants and creating new economic privileges. This was a major transition for the economy and economic actors. Foreigners and non-Muslim actors began to dominate the economic field. However, this does not mean that the Muslim merchants disappeared from economic life, and they mostly conglomerated in the hinterland. However, they were still in the port-cities although not dominant in the economic life. In brief, control over economic life shifted from bureaucrats to merchants, while the imperial bureaucrats' primary function became to smooth the way for trade. This situation was also reflected in the social fabric of the city. While the ethnic and religious diversity of the city was increasing, the city created new and diverse public spheres in which to come together such as social clubs, trade unions, department stores, printing houses, theaters, beer gardens, and coffee houses. The population was embraced and shaped by the city, which was gaining a more secular and autonomous character. It was modernization from below, although the catalyzer was the state with its colossal investments in ports, railways, urban planning, gas lighting, et cetera. However, the city's residents were eager to adopt the tenets of modern life, from business to private life. These were the essential characteristics of port cities in this period.

The Law of Provinces in 1864 triggered the transformation of urban spaces in the Ottoman Empire. This legal code enabled a local mayor to govern the city. An influential local governance structure strengthened the port cities and allowed them to gain relative autonomy from Istanbul. After this legal code was implemented, the local environment of Selanik changed drastically. In the 1860s and 1870s, urban spaces began

61 The global moentary system in the nineteenth century. Gold or a currency that is convertible into gold is used as the fixed price to make international payments.

to change after the old city walls that surrounded the city were demolished. This development opened a broader space to settle in the city without being confined within the narrow streets and tiny houses inside the old city walls. Shortly, new neighborhoods were constructed such as the Hamidiye neighborhood. The city's wealthy families in particular built new houses for themselves. Tram lines connected the neighborhoods, and gas lighting was used to light up the cities in the evenings. Selanik became a center of attraction in the region with its renovated port and newly constructed railways to both Istanbul and Macedonia's hinterland. Selanik was a landmark of nineteenth-century globalization. The city welcomed economic migrants who poured into the city after the 1877–1878 war. During the nineteenth century the "population grew rapidly in all port cities in a similar way to twentieth-century urban areas."[62] However, before going into the details of the population, it is worth noting the city's growing urban economy, which attracted many new actors. This economic development had two components: the interaction and transaction between Selanik and its hinterland and Selanik and the rest of the world. The city's economy is both related to agricultural production and its marketing and exporting to other countries and imports from different markets. Infrastructure investments during the reign of Abdülhamid II enabled the city to develop and expand much more than was expected. New economic sectors emerged in the city. Apart from industry, though the city was the most advanced industrial city of the Empire, services developed as commerce expanded. Unlike Istanbul, commerce and merchants were the determinant actors in the city and became the pioneers of urban life in port cities. The port cities became the hub of sociality, material culture and under the shelter of liberal economy in the age of empires. [63] The port cities were also the epicenters of the flows of money, goods, people, cultures, and moderni-

62 Çağlar Keyder, "Port Cities in the Belle Epoque", in *Cities of the Mediterranean from the Ottomans to the Present Day,* ed. Biray Kolluoğlu, Meltem Toksöz (New York: I.B. Tauris, 2010), 17.

63 Keyder, "Port Cities in the Belle Epoque", 15.

ty. The entrepôts, opera houses, banks, chambers of commerce, insurance companies, foreign schools, ports, unions were among the little actors of this scene that also contributed to the growth of the port-city.[64] The world economy penetrated agricultural empires through urban spaces and created a cosmopolitan consonant due to the structure of the port city. In this case, in a cosmopolitan city, there had been a strong connection between the flow of people, goods, and capital ties, local and global, regardless of religion and ethnicity. However, the cosmopolitan city started to establish horizontal linkages between communities despite the traditional social strata. This linkage is one of the critical points of the environment in which Cavid Bey was raised. This historical period, however, is not compatible with the character of the nation-state. Nevertheless, as seen in the following chapters, Cavid Bey fought to preserve his cosmopolitan way of life in all aspects, politically, socially, and economically. Selanik and its urban space left a deep mark on the generation of Unionists and Kemalists. According to historical circumstances, they adopted some of the main tenets of a secular urban lifestyle. Cavid Bey carried on the legacy of these cosmopolitan port cities throughout his life.

The impact of growing industry was also significant in terms of the economy and social movements. The working-class movement was strong in the city, especially after the 1908 Revolution. The city's Jewish population which constituted nearly half of the population was the chief actor among the city's capitalists and working class. The ideology of socialism flourished in Selanik. The first socialist labor federation, *La Federation Socialiste Ouvriere de Selonique*, was established in the city and supported mainly by the city's tobacco workers.[65]

64 Biray Kolluoğlu, MeltemToksöz, "Mapping Out the Eastern Mediterranean: Toward a Cartography of Cities of Commerce", in *Cities of the Mediterranean from the Ottomans to the Present Day*, ed. Biray Kolluoğlu, Meltem Toksöz (New York: I.B. Tauris, 2010), 6-13.

65 Donald Quataert, "Selanikteki İşçiler 1850 – 1912," 97-121.

Port cities are politically constructed and reconstructed spaces. These changing urban space brought together the diverse populations of Selanik both in neighborhoods and the public sphere. The vertical hierarchy of Ottoman social strata began to deteriorate, and different communities started to live closer to each other. This was also reflected in the urban planning of the city. Selanik had no monumental religious buildings but clock towers representing modernity. The children of different religious and ethnic communities started to gather in the same schools. The new schools adopting scientific methods attracted Muslim families, who started to send their children to the schools of the *Dönme* community such as Fevziye or Terakki schools.[66] Freemason lodges and the rise of civil society also created an environment in which people lived together closer than ever. However, the proximity of diverse communities and the accumulation of wealth in the city also triggered political tensions. The population of the city "in the middle of 1870s was 45,000; in 1907 it was 98,930. While the local population was 83,430, the foreign population was 15,500 people. The population of Muslims was 31,703. The Jewish population was 47,312, while the Greek population was 15,012."[67] The Jewish population accounted for almost half of all city dwellers. A large portion of city dwellers were Muslim *Dönmes* of Greek, Jewish, Bulgarian, Roma, Armenian, or Serbian origin, among others.

The diversity of city dwellers and new migration flows to the city brought different political and economic perspectives as well as various conflicting interests. Selanik was relatively autonomous and free from Istanbul's oppressive politics and became the site of competing elites and different classes such as the working class, *lumpen*, and intellectu-

66 Mustafa Kemal Atatürk was one of these students, although could not continue school for a long time due to the sudden loss of his father. Andrew Mango *Atatürk Modern Türkiye'nin Kurucusu*, (Istanbul: Remzi Kitabevi, 1999), 53-4; Şükrü Hanioğlu *Atatürk an Intellectual Biography* (New Jersey: Princeton University Press, 2011), 20.

67 Mehmet Ö. Alkan, *İmparatorluk'tan Cumhuriyet'e Selanik'ten Istanbul'a Terakki Vakfı ve Terakki Okulları 1877-2000* (Istanbul: Boyut Yayın Grubu, 2000), 52.

als. Selanik also became a nest for competing ideologies. Different ideologies such as Islamism, nationalism, Zionism, socialism, and Christian supremacy competed within the city. In a nineteenth century cosmopolitan city, nationalism was also a natural outcome of the period.[68] Greeks, Bulgarians, and Young Turks were the main groups competing over whose version of nationalism would reign supreme. In the end, the Young Turk movement would rise and, for a brief but crucial moment, dominate the others within the momentum of the Revolution. However, many new developments would quickly break the spell of the Revolution.

Selanik was the primary port city for intermediate agricultural producers and consumers across the sea. The pioneers of the city were the merchant class, who were the wealthiest figures. They also functioned as the creative class, as seen in today's societies, who triggered the modernization of the city. However, it should be noted that both the sultan and the governors adopted a coherent policy to modernize urban spaces. Selanik was the city that witnessed all of these changes together in the same period. The modernization of urban space, accumulation of wealth, expansion of transportation by both railway[69] and steamship, expansion of leisure and intellectual capacity, and fortification of the city's local governance were just some of the remarkable achievements of the city over this forty-year period, from the 1870s to 1912, until the loss of the city in the Balkan Wars.

Many groups enjoyed the relatively autonomous character of the city. One of them was the freemasons. At the beginning of the twentieth century, freemasonry was vibrant in Selanik. During the Hamidian Era, however, freemason lodges were closed due to pressure from the sultan. Selanik was an oasis for freemasons, despite the sultan's spies and surveillance network. Most of the Unionists were freemasons. Freemason

68 Mark Mazower, *Salonica City of Ghosts Christians, Muslims and Jews, 1430-1950* (New York: Alfred A. Knopf, 2005), 255-271.

69 See Basil C. Gounaris, *Steam over Macedonia, 1870-1912 Socio-Economic Change and the Railway Factor* (New York: Colmbia University Press, 1993).

lodges, which benefited from the protection of foreign consulates, could conduct closed meetings and facilities in Selanik. This situation enabled the Unionists to come together and openly and freely discuss ideas away from the Hamidian spy network.

Last but not least, the political and economic impact of *Dönmes* was one of the most critical identity issues in the Ottoman Empire. As mentioned above, the Jewish population made up almost half of the total population of Selanik. There had been a sizeable Jewish population living in the city since pre-modern times. The migration of Sephardic Jews from Spain and Portugal at the end of the fifteenth century was a turning point for the city's Jewish population. The city became one of the most important Jewish centers of the Eastern Mediterranean. Another milestone was in 1666, when Shabbetai Sevi announced that he was the messiah. For a brief period, he had a considerable number of followers from the Ottoman Empire and Eastern Europe. His movement drew the attention of Sultan Mehmed IV, who was skeptical of the new messiah. After a trial, he was asked to choose between conversion to Islam or execution. He then converted to Islam, which he claimed to have adopted as the final step in reaching the messianic prophecy. Shabbetai Sevi became a *Dönme*: a Muslim in public life but continued to practice Jewish rituals in private life. The *Dönmes* were the Empire's primary religious liminal community. They professed to be Muslims in public, but in private, they were Jewish. The Empire's Muslims harbored suspicion toward the *Dönmes*. On the one hand, the *Dönme* were able to enjoy their rights as Muslim citizens of the Ottoman Empire; on the other hand, they also gained the advantages connected to European non-Muslim circles. Their position had some advantages compared to the Jewish and Christian communities despite their economic power. *Dönmes* dominated the tobacco, textile, and silk businesses.[70] Moreover, as Muslim Ottoman citizens, they could ascend to higher ranks in the bureaucracy after the Tanzimat Period.

70 Cengiz Şişman *Suskunluğun Yükü*, (Istanbul: Doğan Kitap, 2016), 294.

There were three different sects in the *Dönme* community: the Yakubis, the Kapancıs, and the Karakaş. Cavid Bey's family belonged to the Karakaş group. The Yakubis were the most radical community in terms of their obedience to religious rules. The first *Dönme* mayor of Selanik, Ahmet Hamid Bey, was from the Yakubi group. The Kapancı and Karakaş groups had more secular ways of life, and both gave importance to education. The Terakki Schools were established in 1877.[71] While the Kapancı group founded the Terakki Scools, the Karakaş were the founders of the Fevziye Schools.

The Karakaş sect was the least wealthy sect of the *Dönmes*. However, their position had changed at the end of the nineteenth century, and they quickly accumulated wealth as the fabric of the city began to change. It is important to keep in mind that although Cavid Bey's father was a merchant, when we look deeper into his life, he does not appear to be the son of a wealthy merchant, because he constantly suffered from his economic position although he worked as a high-ranking bureaucrat. One should underscore that although Cavid Bey's way of life was very bourgeoise, it was typical of what he had seen in Selanik when he was growing up. His education, social life, way of dressing, social clubs, et cetera, were always a central part of his life and identity. As he suffered from personal financial problems all of his life, one should understand that he did not receive any income from his family. Although we do not know the precise details, it is evident from his diaries from 1909 to 1926 that his livelihood depended on his salary.

Dönmes, who were predominantly merchants like Cavid Bey's father, were also active in the fields of education and printing. The major turning point in terms of their position in local politics was the election of a *Dönme*, Ahmet Hamid Bey, as the mayor of Selanik. As Baer mentions, they raised their status in politics through positions in local governments. The fast-developing economic and urban fields allowed the *Dönmes* to gain new political positions at the end of the nineteenth centu-

71 Alkan, *İmparatorluk'tan Cumhuriyet'e Selanik'ten Istanbul'a Terakki Vakfı ve Terakki Okulları 1877-2000*, 72.

ry. They also gained strength from their power in local governance.[72] The development of the city also widened the world of the *Dönmes*. They became part of local politics, and due to the Empire's clashes with non-Muslims, their importance increased. They also enjoyed the rights entitled to Muslims. They were the wealthiest group among Muslims because of their centuries-long history in commerce. Ahmet Hamdi Bey's tenure as mayor transformed the modern landscape of the city as he built new neighborhoods and public areas, developed tram lines in the city, and enabled gas lightning at night. The Ottoman government and Hamdi Bey had started a construction business in the city, which built the New Mosque of the *Dönmes* in the Hamidiye neighborhood. The mosque is unique in that its architecture is peculiar to *Dönme* culture. The New Mosque can still be seen today in Selanik. Despite its success, the *Dönme* community was introverted, and interfaith marriages were not allowed. Although they were assumed to be Muslims in the public sphere, marriage with a Muslim was not allowed. The CUP was the first to challenge this tradition. The marriage between Sabiha and Zekeriya Sertel was the first mixed marriage in Selanik. As Dr. Nazım, one of the key figures of the CUP who was also a *Dönme*, told Zekeriya Sertel, this shattered the community's strict caste system.[73]

2.1.2 *The Two Pillars of Cavid Bey: Selanik and Mülkiye*

Selanik was a vivacious city with a high rate of growth, development, and lively urban lifestyle. Although Selanik was a significant military and administrative center for the Empire in Macedonia, it also was known for its active social and intellectual life. Cavid Bey was at the center of these developments and networks. His mother, Fatma Hanım, was born in 1857 (1274 according to the Islamic calendar) in Selanik. Fatma Hanım's mother was named Rakibe, and her father (Cavid Bey's mater-

72 Marc Baer *Selanikli Dönmeler Yahudilikten Dönenler, Müslüman Devrimciler ve Seküler Türkler*, (Istanbul: Doğan Kitap: 2011), 113-19.

73 Korhan Atay *Serteller*, (Istanbul: İletişim Yayınları, 2021), 99-101.

nal grandfather) was named Ali.[74] Cavid Bey's father, Recep Naim Efendi, was a merchant. According to Nazmi Eroğlu, Cavid Bey's father married more than once, and thus, Cavid Bey had two sisters and two brothers. His brothers' names were Şevkati and Kazım Gerçel. Cavid Bey was the eldest brother. As detailed above, Cavid Bey was born into a *Dönme* family from the Karakaş community. Unfortunately, we do not know many details about Cavid Bey's family and personal data about his early years. However, we know that he graduated from primary school at Şemsi Efendi School. It was the first primary school in Selanik, founded in 1872.[75] The school provided a modern education primarily to the children of the *Dönme* community. Şemsi Efendi was conscious of the necessity to provide a modern education that met the social, cultural, and economic needs of Selanik, a growing port city. As time went by, Muslim families who prioritized education enrolled their children at Şemsi Efendi School. One of these children would become the first president of the Republic of Turkey, Mustafa Kemal Atatürk. Education was one of the fields that demolished the strict social barriers within Ottoman society in this port city. Children from different communities had a chance to meet at an early age in this environment.

After graduating from Şemsi Efendi School,[76] Cavid Bey continued his education in Fevziye Schools.[77] Fevziye Schools officially opened on December 13, 1885. The original name of the school was Fevz-i Sıbyan, which was originally a primary school. In the first year, there were only four classes and fifty students. However, on the fifth anniversary, the middle school was opened. The students were taught French during

74 Salt Galata Archives, XKSO 073 146 97 00003, XKSO 07314697 00006 E001
According to Salat Galata Archives, Fatma Hanım was living in Istanbul when Cavid Bey was died, and she continued to live there afterwards.
Salt Galata Archives, XKSO 073 146 97 00009, XKSO 073 146 97 00003 E001

75 Mert Sandalcı *Feyz-i Sıbyan'dan Işık'a Feyziye Mektepleri Tarihi*, (Istanbul: Feyziye Mektepleri Vakfı, 2005), 30.

76 BOA_DH_SAİDd___00079_00235. "… he had his primary education in Şems-i Efendi school…."

77 BOA_DH_SAİDd___00079_00235. "… he went to the middle school of Fevz-i Sıbyan…"

their first years in primary school. In addition to education, appropriate dress, sanitation, and hygiene were among the school's priorities. At the beginning of the 1890s, the school experienced economic problems and opened a section for girls.[78] The Karakaş sect of the *Dönmes* were among the school's founders. The *Dönme* schools in Selanik were located at the city center. According to Baer, the schools belonging to the *Dönme* community were located around the government offices in Selanik. This situation indicates the community's strong ties with local government.[79]

Cavid Bey went to Istanbul for his high school education. He enrolled in Mekteb-i İdadi-i Mülki and graduated with honors on November 9, 1893. For higher education, he continued on to Mekteb-i Mülkiye-i Şahane and graduated with honors on August 1896.[80] He was ready to be a civil servant and spoke French and Greek fluently. His education at Mülkiye was the second factor that shaped his state of mind. Indeed, he adopted liberalism at an early age and did not change his stance despite groundbreaking developments such as the Balkan Wars, the Great War, or the National Independence War.

Mekteb-i Mülkiye-i Şahane was a symbolic institution of the Tanzimat Period. Âli Pasha, the Grand Vizier and one of the most prominent figures of the Tanzimat Period, opened the school on February 12, 1859.[81] Abdülhamid II visited Mülkiye in the 1870s and assigned two new professors to the school, Murat Bey (Mizancı Murat) and Recaizade Ekrem. They were among the prominent intellectuals of the Tanzimat. A classical liberal approach penetrated the curriculum of Mülkiye. Two professors of economics had a profound impact on the school's stu-

78 Mert Sandalcı *Feyz-i Sıbyan'dan Işık'a Feyziye Mektepleri Tarihi* 44-5, 50-51.

79 Baer, *Selanikli Dönmeler*, 118.

80 BOA_DH_SAİDd___00079_00235. "... later, he enrolled to the high school section of Mülkiye, and then to Mekteb-i Mülkiye-i Şahane. He graduated from the high school of Mülkiye with a good degree on November 9, 1893. He graduated from Mekteb-i Mülkiye-i Şahane and graduated with a very good degree in August 1896.

81 Ali Çankaya *"Son Asır Türk Tarihinin Önemli Olayları ile Birlikte" Yeni Mülkiye Tarihi ve Mülkiyeliler* (Mülkiye Şeref Kitabı), (Ankara: Mars Matbaası, 1969), 51.

dents: Ohannes Pasha and Portakal Mikhail Pasha. These two liberal economists based their work on two significant facts—first, the importance of economics and how international relations depended on economic power; secondly, how the origins of economic power affected the state's fiscal organization and work. Their critical approach reflected ideas such as realism and positivism as well as liberalism.[82] Mülkiye's curriculum extolled the virtues of the state's free trade policy and the abolition of international customs. However, while policymakers adopted liberal doctrine, the economy was deteriorating due to the state's enormous expenses and debts. Although there were many controversial ideas and discussions during the Hamidian era, liberal doctrine prevailed in the Empire's elite high schools. Several books by the critical economists of this period, Ohannes Pasha, Portakal Mikhail Efendi, and Ahmet Mithat Efendi, were published between 1879 and 1889. However, while the first two professors mentioned above advocated for liberal economic policies, the latter defended the newly rising economic doctrine of protectionism, inspired by Germany.[83] The books of Ohannes Pasha and Mikhail Pasha became the leading textbooks and the reference for economic doctrine in the Ottoman Empire. These works were so deeply embedded into the Ottoman education system that, despite many changes during the Second Constitutional Period, even the CUP government in the Great War could not withdraw the liberal doctrine from high school curriculum in Mülkiye. As a matter of fact, Cavid Bey was also the student of Ohannes Pasha and Portakal Mikhail Pasha in Mülkiye, where he learned of the liberal economic doctrine.[84]

82 Şerif Mardin, *Jön Türklerin Siyasi Fikileri*, 50-1.

83 Kılınçoğlu, *Economics and Capitalism in the Ottoman Empire*, 42.

84 The field of the economy was the weakest in the Ottoman schools. The economy was perceived as the state's finances until the Second Constitutional Period. However, this field would flourish during the Second Constitutional Period. In this new period, the liberal doctrine continued to dominate the Ottoman curriculum. This situation had begun with the Tanzimat Act. However, there had been exceptions as Musa Akyiğitzade, who was defending the necessity of protectionist policies. He was also the professor of Mustafa Kemal Atatürk. Citation?

Last but not least, in terms of the impact of Mülkiye in Cavid Bey's life, it is worth mentioning his friendship with Hüseyin Cahit Bey (Yalçın). They met in Mülkiye and became lifelong friends. After Cavid Bey's execution, his son was raised by Hüseyin Cahit Bey and adopted his surname. Throughout their lives, they worked together very closely. Hüseyin Cahit Bey was a journalist, but his journalism was intertwined with politics. His newspaper, *Tanin*, opened in the aftermath of the Revolution and became the mouthpiece of the CUP. Cavid Bey also pulled him into economic affairs, and Hüseyin Cahit became the Ottoman deputy of the OPDA. Their relationship was very close and intimate.

After his graduation from Mülkiye, where he also learned to speak French and Greek fluently, Cavid Bey started to work in the accounting department of the Agricultural Bank (*Ziraat Bankası*). His salary was 300 piastres. On January 1, 1898, he was transferred to the Statistics Office of the Ministry of Education with a salary of 250 piastres. Later on, his salary was raised to 300 piastres. He also became a teacher of mathematics in the Ayasofya High School (*Ayasofya Rüşdiyesi*) in Istanbul. The same year, he started to teach finance in the Teacher Training College (*Darü'l-Muallimin*) on April 13, 1899. This latter position was crucial for his career, because only experienced, high-ranking bureaucrats used to teach at the Teacher Training School.[85] However, Cavid Bey was an exception to this rule. According to Cavid Bey's interview with Zeki Pakalın, he had to convince Zühtü Pasha, the Minister of Education, to get the job. Although the Teachers College was looking for a new pro-

85 BOA_DH SAİDd___00079_00235. "… He read and writes in Turkish, French, and Greek… Although he was nineteen years old, he was assigned to the statistics office of the accounting department of the Agricultural Bank… On January 1, 1898 he was transferred to the statistics office of the Ministry of Education with a salary of 250 piastres. … his salary was raised to 300 piastres. He also became a teacher of mathematics in the Ayasofya High School (Ayasofya Rüşdiyesi) on June 27, 2898… The same year, he started to teach finance in the Teacher Training College (Darü'l-Muallimin) on April 13, 1899...." Why include the direct quote here? You had the exact same info a page ago within the text

fessor to teach its economy class, Cavid Bey had graduated just two years before. He applied to Zühtü Pasha with a well-prepared petition. In his letter, he stated that he was well prepared to instruct economy in the Teachers College. But he also underlined that the ministry should examine the candidates. Upon reading his letter, Zühtü Pasha invited Cavid Bey to meet him. Zühtü Pasha asked him many questions about his education, the books he read in Turkish or French, including *The Wealth of Nations* (*İlm-i Servet-i Milel*) by Ohannes Pasha. After the meeting, he was convinced that Cavid Bey had a comprehensive knowledge of the economy as he studied both local and international scholars, and he assigned him to the position. On October 18, 1899, he was transferred to the Department of Middle Schools. However, due to a "journal," a secret note against Cavid Bey sent to Yıldız Palace, he lost his teaching job. This had been a critical post for him as a new graduate. He resigned from Ayasofya Middle School, and on August 7, 1902, he left his job at the Department of Middle Schools.[86]

During his brief experience of working in Istanbul, Cavid Bey also published the first volume of his book on the economy, *The Science of Economics* (*İlm-i İktisad*), in 1896. [87] It was a manifesto on laissez-faire economics in the context of political economy. In his book, he alleges

86 Mehmet Zeki Pakalın, *Maliye Teşkilâtı Tarihi (1442-1930)* (Ankara: Maliye Bakanlığı Tetkik Kurulu Yayını, 1977), 256.

87 According to Seyfettin Özege Catalogue of Printed Works Published in Ottoman Turkish, the copyright of the İlm-I İktisad books are as follows: Is copyright the correct word? Editions perhaps?
Mehmed Cavid Bey *İlm-i İktisad, Vol I*, Istanbul: Karabet Matbaası, 1896.
Mehmed Cavid Bey *İlm-i İktisad, Vol II*, Istanbul: Mihran Matbaası, 1898.
Mehmed Cavid Bey *İlm-i İktisad Vol III*, (Istanbul: Karabet Matbaası, 1899).
Mehmed Cavid Bey *İlm-i İktisad, Vol IV*, (Istanbul: Âlem Matbaası, 1900).
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Mehmed Cavid Bey *İlm-i İktisad, Vol I*, Istanbul: Karabet Matbaası, 1315/1899-1900).
Mehmed Cavid Bey *İlm-i İktisad, Vol II*, Istanbul: Mihran Matbaası, 1315/1899-1900).
Mehmed Cavid Bey *İlm-i İktisad, Vol III*, Istanbul: Karabet Matbaası, 1316/1900-1901).
Mehmed Cavid Bey *İlm-i İktisad, Vol IV*, (Istanbul: Alem Matbaası, 1317/1901 – 1902).

that the liberal economy presents an opportunity for the Ottoman Empire to overcome its underdeveloped position.[88] According to his interview with Pakalın, Zühtü Pasha kept the parts of his books that had been censored.[89] Cavid Bey claims that, in addition to his job at the Teachers College, this was the second time that Zühtü Pasha had protected him. A concise version of his book was published as a textbook for high schools in 1910.[90] After the publication of this book, Cavid Bey became one of the most critical intellectuals in the field of economics after his graduation.

Hüseyin Cahit wrote the foreword of this book.[91] Cavid Bey begins his book with an introduction into the conceptual background of economics, political economy, and state finances. The first volume discusses issues such as the nature of the economy, work, different versions of capital, accumulation of capital, the organization of work, machines, property, and competition. The second volume of the book focuses on the distribution of capital. It covers issues such as property, population, interest rates, profits, wages, et cetera. The third volume discusses his research on the circulation of capital. It covers exchange, value, currency, currency value, credit, emissions, banks, prices, international commerce, and crises. The fourth volume covers issues such as the balance of commerce, expenses, savings, luxury, poverty and subsidies, taxes, and loans.

It is reasonable to believe that Cavid Bey followed the work of his contemporaries such as William Stanley Jevons and Eugen von Böhm-Bawerk. And as an opponent of socialism, he oftentimes criticized Karl Marx in his book. He was also influenced by both the British Manchester School and by classical French economists such as Jean Baptiste Say and Frederic Bastiat. In his opinion, the state was the common organ of society in the formation of a nation; and protection (defense), security,

88 Georgeon, Sultan Abdülhamid, 407.

89 Pakalın, Maliye Teşkilâtı Tarihi, 256.

90 Mehmed Cavid Bey *İlm-i İktisad. Mekâtib-i İdadiye*. Istanbul: Âmire Matbaası, 1911.

91 Mehmed Cavid Bey *İlm-i İktisad, Vol I* (Istanbul: Karabet Matbaası, 1899), i-vii.

and serving justice were amongst the primary duties of the state. Economically, he believed that the service of public works and infrastructural investments should be undertaken by the state. Freedom means the absence of the intervention of the state, as well as the prevention of doing what one desires. According to Cavid Bey, liberalism may encounter difficulties and diversions due to different levels of development between countries.[92] We can adopt the following framework to help further grasp Cavid Bey's economic view: first of all, he was engaged in liberal capitalism, and he thought that there should be universal laws independent of time and place. Cavid Bey, as an economist in favor of the market economy, emphasized private property, freedom, and competition. Furthermore, Cavid Bey was of the view that the role of the state should be limited in favor of the market and believed that capital should be free. He advocated for foreign capital; the state's support for the local bourgeoisie seemed suspicious to him. He was against the tradition of confiscation in Ottoman culture and stated that private entrepreneurs should be free. He also believed in the right to unionize, to strike and lock-out, but he also added that these rights should have a legal basis. Concerning labor-capital relations, he sided with capital and thought that Karl Marx's effort to provide general equality was delusional.[93]

In this book, Cavid Bey purely advocated for comparative advantages theory and asserted that the Ottoman Empire should develop through expanding its agricultural production rather than supporting infrastructure investments. He also believed that the allocation of resources to develop industry was gainless. He believed that the free trade system would be in favor of the Ottoman Empire, especially after it would complete the transportation networks within its vast territory. This was how Britain developed, he cited. Although the Great Powers were apply-

92 Diren Çakmak, *Osmanlı İktisat Düşüncesinin Evrimi: Societas ve Universitas Gerilimi* (Istanbul: Libra Kitapçılık ve Yayıncılık, 2012), 159.

93 Deniz Karaman, "Ulûm-i İktisadiye ve İçtimaiye Mecmuası," *C.Ü. Sosyal Bilimler Dergisi* 28, no. May (1) (2004): 73-4.

ing customs tariffs to protect their domestic markets, Cavid Bey was against higher tariffs, which could halt the commerce in the Ottoman Empire. Unlike List, his book was inspired by Émile Le Vasseur, Charles Gide, Henri Baudrillart, Paul Beauregard, and Paul Leroy-Beaulieu.[94]

In the 1890s, a new and popular economic debate focused on the dispute between liberalism and protectionism. Cavid Bey and Musa Akyiğitzade represented the two pillars of this debate. There were also other economists involved in this debate such as Ahmet Mithat Efendi, who criticized laissez-faire economics. Cavid Bey's books responded to the arguments in Musa Akyiğitzade Efendi's book that asserted the necessity of protectionism for the Ottoman Empire. Three years before Cavid Bey published his book, Musa Akyiğitzade Efendi published his book *Economics or the Science of Wealth: Freedom of Exchange and the System of Protectionism* (*İktisad yâhud İlm-i Servet: Âzâdegi-i Ticâret ve Usûl-i Himâye*). He discussed two rival economic approaches: liberalism and protectionism in his book. He was inspired by the German intellectuals, particularly Friedrich List. List was the pioneer of protectionism and the national economy in the economic literature. Akyiğitzade criticized the liberal argument that the Ottoman Empire should continue to develop as an agricultural economy due to its comparative advantage. Because agricultural production depended on various paradigms such as nature and external developments, he argued that industry should be protected, similar to in the United States.[95] Meanwhile, during the last quarter of the nineteenth century, states began to assume positive functions. The interventionist state was on the agenda at various levels, but in the Ottoman Empire, the most obvious example of such policies was seen only after 1913.

As a young officer and professor in various schools, Cavid Bey rose in the field of the economy with his hard work. However, despite his popularity at the Academy, civil servant life in Istanbul was not easy. Although Istanbul was a very lively city, it was under the strict control of

94 Kılınçoğlu, *Economics and Capitalism in the Ottoman Empire*, 68.

95 Kılınçoğlu, *Economics and Capitalism in the Ottoman Empire*, 64-6.

the sultan. Clientelism and bribery were widespread in the bureaucracy as well as the espionage system founded directly by the sultan. Cavid Bey was a very active and hard-working person. His professional life was based on modern principles such as meritocracy. As Cavid Bey told Pakalın, due to intelligence against him, he lost his job at the Teacher Training School. Then he resigned from his other posts and returned to Selanik in 1902.

Cavid Bey lived in Selanik, his hometown between 1902 and 1908. Fevziye Schools offered him the position of director in Selanik. Due to the insistence of his friends such as Süleyman Kani, Hasan Tahsin, and Hüseyin Cahit, he accepted the job. During this period, he was also a teacher of economics in the Selanik High School. According to his record in the Ministry of Internal Affairs related to his bureaucratic career, his petition to the ministry of education and the ministry's response is dated 1906.[96]

Cavid Bey directed the Fevziye Schools for almost six years. He was not a stranger to the order of the school since he was a graduate. However, the economic situation of Fevziye Schools was pretty dismal in these years. Remedying the school's budget deficit was the most significant task ahead of Cavid Bey. Cavid Bey was hopeful about the future of the school. He made significant changes as the director of the school and enabled tangible progress. His primary focus was on the quality of the education, bringing in more foreign teachers, and opening a boarding school as well as new branches. He also gave lectures on economy, economic geography, accounting methods, law, and ethics. He initiated monthly, tri-monthly, and annual reports on the school. The reports en-

96 BOA_ MF_MKT__00957_00003_001_001
"I am the director of the private school called Fevziye Schools. I request you to assign me to the vacant position of economics professorship tutorage at the Selanik High School…" August 8, 1906.
BOA_ MF_MKT__00957_00003_002_002
"Cavid Bey was assigned to the Selanik High Scool as the economics professor with a eighty piastre salary, …." August 13, 1906.

abled the state and the students to track the financial position of the school over short periods. He also initiated public relations for the school and prepared and distributed brochures for the school. His target group was wealthy families living outside of Selanik. His public relations work yielded good results, and children from as far away as Baghdad and Trablusgarp enrolled in the school. During Cavid Bey's directorate, Fevziye Schools became a full-fledged institution. He also organized social events such as local trips for the students. The developments regarding Fevziye Schools became major news in the newspapers in Selanik such as *The Century* (*Asır*). His efforts also yielded quick, positive results and were appreciated by the city's high-ranking officers.[97] Cavid Bey aimed to increase the number of students, open a new branch, and attract affluent students to the school. For this reason, he opened a new branch to the Yalılar neighborhood of Selanik in 1905. Yalılar was a wealthy neighborhood. The Yalılar branch of the Fevziye School would be successful very early on. He also wanted to make it easier for students who lived away from the school to reach the school. He also opened dormitories in 1905 for the students from distant provinces of the Ottoman Empire. He also opened a kindergarten at the school and a gymnasium for the students. Although the fundamentalists protested these kinds of activities, secular education continued without halting in Selanik.[98]

In 1904, the foundation of a business high school for Selanik was on Cavid Bey's agenda. The project was realized thanks to the initiative of Hüseyin Hilmi Pasha, the General Inspector of Rumelia, and Hasan Fehmi Pasha, the governor of Selanik. This initiative was carried forward through the cooperation between Fevziye and Terakki Schools, from two rival sects, the Karakaş and Kapancı, of the *Dönme* community. The process of founding the school proceeded very quickly. Even Abdülhamid II donated 150 lira to the school. A commission consisting of members from both schools was formed, and Cavid Bey became the

97 Sandalcı, *Feyz-i Sıbyan'dan Işık'a Feyziye Mektepleri Tarihi*, 73.

98 Sandalcı, *Feyz-i Sıbyan'dan Işık'a Feyziye Mektepleri Tarihi*, 92-8.

president of it. The business school was opened in September 1904. Cavid Bey gave the first class in the field of economics. Cavid Bey gave lectures on financial economy, translation, clerkship, and commercial code. In the first year, eight students were enrolled, and they received their education in a class in Fevziye Schools. Nevertheless, shortly after the school opened, the two religious sects began to argue with each other, and the school was not as long-lived as hoped for by the state officers. Later on, each sect opened business classes for students in their last two years of high school.[99]

While Cavid Bey was busy at work at Fevziye Schools, he did not keep a diary—at least that we know of. Therefore, it is not easy to follow his life step by step in the pre-revolutionary period. We know very little about him from secondary sources. The information we do know about him from these years is that he got married, he was the school director of the Fevziye Schools, he contributed to the publications that became the voice of the Ottoman Freedom Society such as *The Children's Garden* (*Çocuk Bağçesi*),[100] he was a freemason, and lastly, he became a member of the CUP.

First, we know that he married Saniye Hanım before the 1908 Revolution. However, she became very sick, and passed away on March 8/9, 1909. Cavid Bey mentions his wife's death at the beginning of his diaries. He had many kind words to say about his wife.[101] However, there is no additional information about his marriage with Saniye Hanım. Until his second marriage in 1921, Cavid Bey lived as a busy single man.

We can assume that Cavid Bey likely met his fellow Unionists through his social networks in Selanik, including the freemasons. In the freemason lodges in Selanik, like-minded people were able to come to-

99 Sandalcı, *Feyz-i Sıbyan'dan Işık'a Feyziye Mektepleri Tarihi*, 94-5; Alkan, *İmparatorluk'tan Cumhuriyet'e Selanik'ten Istanbul'a Terakki Vakfı ve Terakki Okulları 1877-2000*, 82-3.

100 Şükrü Hanioğlu, Preparation *for A Revolution: The Young Turks, 1902 – 1908*, New York: Oxford University Press, 2001), 213.

101 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 19 -20.

gether and met freely. The isolated environment of the freemason lodges enabled the Young Turks to meet and discuss changes to the political regime of the Ottoman Empire. They provided free spaces to network among the Unionists and protected them against the spies of the sultan, as the connections between freemasonry and the Young Turks could not be proven by the spies and officers of the regime.[102] Cavid Bey was a member of the Spanish mason lodge called the Perserveancia Lodge. His close friend Emanuel Karasso was the master of the Italian Obedience Macedonia Resort. Most of the prominent Unionists were members of this lodge. According to the list in Orhan Koloğlu's book, prominent Unionists began to join the freemasons in 1903. These included Mithat Şükrü (Bleada), Mehmet Talat, Fazlı Necip, Manyasizade Refik, İsmail Canbulat, and Hakkı İsmail.[103] In terms of the relationship between the Young Turks and freemasons, three people played vital roles. These were Talat Bey, Karasso Efendi, and Manyasizade Refik, who established a network among the freemasons and Unionists to expand the movement.[104] Talat Bey was the key person inside the CUP that Cavid Bey had worked with very closely until the end of the Second Constitutional Period.[105] Talat Bey was born in Edirne, and he worked at the post office in the same city. His secret group was reported to the authorities, and he was arrested in 1896.[106] After a short prison sentence, he was sent to

102 However, after the joy of the revolution passed, freemasonry became the target of the opposition. Notably, Cavid Bey became a target of the opposition due to his affiliation with the Dönme community and freemasonry following the 31 March Incident. Orhan Koloğlu, *İttihatçılar ve Masonlar* (Istanbul: Pozitif Yayınları, 2012), 67-77. Paul Dumont, *Osmanlıcılık, Ulusçu Akımlar ve Masonluk* (Istanbul: Yapı Kredi Yayınları, 1999), 63-70.

103 Koloğlu, *İttihatçılar ve Masonlar*, (Istanbul: Pozitif Yayınları, 2012), 23,24, 28; Eroğlu, *İttihatçıların Ünlü Maliye Nazırı Cavid Bey*, 33.

104 Koloğlu, *İttihatçılar ve Masonlar*, 51-7.

105 There had been different power groups in the CUP. Talat Bet was the backbone of the whole organization respected by both civil and military members. Although he was a civil man, his approach to politics was resembled with military wing of the CUP.

106 Hans-Lukas Kieser, *Talaat Pasha Father of Modern Turkey, Architect of Genocide* (New Jersey: Princeton University Press, 2018), 42-46.

Selanik in 1897–1898. However, these questions regarding the political system of the Ottoman Empire remained in his mind. He was believed that creating an organization should be a priority in the process of creating a new society. He began to work at the post office, which allowed him to know the city and the people because he had to distribute the posts by hand. He met new friends and started meeting them regularly at Beşçınar or Yonyo. His friends included Mithat Şükrü, İsmail Canbulat, Kazım Nami, Bursalı Tahir Bey, Naki Bey, Ömer Naci, and Edip Servet.[107] Cavid Bey is not among these names. However, it would be wise to recall that Selanik was Cavid Bey's hometown and now, he was one of the prominent school's directors. In addition, he was recently married.

Due to the secret character of the CUP and the Unionists, the lack of the archives related the CUP, and the lack of of ego-documents, we have very few details about Cavid Bey's early actions in the CUP. The earliest historical account on the CUP is dated 1903. According to Şükrü Hanioğlu, the Young Turks were worried about the revolt in Ilinden, August 1903. For this reason, Talat Bey, Major Cemal, Cavid Bey, Rahmi (Arslan), and Hacı Adil Bey visited a British diplomat. They ask for foreign support for their movement if they could gather more people. However, they were not one hundred percent certain that they had an adequate number of "sympathizers." The British diplomat responded that it was not the right time for a revolt, which is why they should leave it behind.[108] This anecdote belongs to a date long before the foundation of the Ottoman Freedom Society in 1906.

After the Illinden revolt in August 1903, the Great Powers asked the sultan to accept the Mürzsteg Plan on October 22, 1903. As Mazower states, it was "the last real cooperation between two major Powers, Austria-Hungary and Russia, involved in the Balkans."[109] This reform plan

107 Tevfik Çavdar, *Bir Örgüt Ustasının Yaşamöyküsü Talât Paşa* (Ankara: İmge Kitabevi, 2001), 42-66.

108 Hanioğlu, Preparation *for A Revolution: The Young Turks, 1902 – 1908*, 211.

109 Mark Mazower, *The Balkans: from the End of Byzantium to the Present Day*, (London: Weidenfeld&Nicolson, 2000), 105.

prepared by Austria and Russia has restricted the sovereignty of the sultan in the region via the assignment of European civil and military officers. Germany did not support the Ottoman Empire, and the sultan accepted the plan involuntarily. The main problem of the Ottoman Empire was that it did not have enough economic power to implement these reforms plans by itself.

This reform program covered the three provinces in Macedonia: Selanik, Manastır, and Üsküp. This program established foreign control in the region, including the foundation of a foreign gendarmerie under an Italian commander. Hüseyin Hilmi Pasha was assigned as the inspector general to the region according to the reform plan.[110] Meanwhile, the officers of the Third Army, who would later join the CUP, fought against the Bulgarian and Greek guerillas and the newly founded gendarmerie's abuses in the region. Although various steps were taken, armed conflicts continued. The Mürzsteg Plan was not sufficient to halt the conflicts across Macedonia. Until the start of the Balkan Wars, conflicts would continue in the region, helping to develop the Young Turk's program in terms of military methods and politics. Secondly, the nature of the armed conflict had changed, and the nationalist movements adopted guerilla (*çeteci - komitacı*) methods. These methods would be adopted by the Unionist soldiers, who briefly fought against them, and would later be used in the 1908 revolution. The conflicts in Macedonia functioned as a sort of field school for them.

During this period, when conflicts continued in the Balkans, Talat Bey and his friends founded the Ottoman Freedom Society in 1906.[111]

110 He remained in the same position until 1908 and ignored the Unionists' activities in the region. In the Second Constitutional Period, he became a Grand Vizier and worked closely with Cavid Bey. During the Great War years, he was the ambassador to Vienna.

111 The Ottoman Freedom Society was not the first opposition group or committee found in the Hamidian Era. The Ottoman Unity Society was founded by four students in the military medical college in 1889. Unlike the Committee, in 1906, they were mainly from the eastern territories of the Empire. The group aimed to restore the parliamentary regime, but the spies of the sultan discovered them on the eve of a coup d'état. Meanwhile, Ahmet Rıza, an agricultural engineer who went to Paris for the centenary

Selanik was the most appropriate city in which to establish such an organization in terms of social networks and human resources. The founders of the Society were ten people who emerged from the High Committee (*Heyet-i Aliye*). The founders were the District Governor of Bursa Tahir Bey, Major Naki Bey, Lieutenant Edip Servet Bey, Marshall Aide Kazım Nami Bey, Lieutenant Ömer Naci Bey, and Lieutenant Ismail Canbolat Bey. The civilian members included Mehmet Talat Bey, Rahmi

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of the French Revolution, stayed in Paris and became the strongest pillar of the opposition in Europe. He was a solid positivist inspired by the French philosopher Auguste Comte. The opposition movements also spread in the Ottoman Empire. The ones who were discovered escaped to Paris, Geneva, or Cairo. The Paris branch survived during these years until the 1908 Revolution. Ahmet Rıza would be the oldest Unionist in the CUP and hold the Ottoman Chamber's presidency for a long time. Murat Bey, or Mizancı Murat, was one of the pillars of the Young Turks in Europe. Mithat Şükrü, the general secretary of the CUP, also joined the Young Turks in Europe. However, the movement split up significantly after the emergence of Prince Sabahattin, the son of Mahmut Celalettin Pasha (son-in-law of Sultan Abdülmecid). Ahmet Rıza's approach depended on the centralization of the state against the intervention of the Great Powers in order to achieve the revolution. On the other hand, Prince Sabahaddin advocated decentralization in terms of governance and supported the Great Powers' help. However, he faced the challenges of both nationalist and centralist groups in the CUP and separatist leanings among the Muslim elements of the Ottoman Empire such as Albanians and Arabs. The Congress held in 1902 split up the movement. Prince Sabahattin established the Society of Ottoman Liberals, while Ahmet Rıza remained the CUP leader in Paris. Prince Sabahattin had established the League for Private Initiative and Decentralization as the third group in addition to those of Ahmet Rıza and Mizancı Murat Bey. Conflict and competition remained between the groups. In 1907, the Armenian Revolutionary Committee led a congress in Paris, and Ahmet Rıza Bey and Prince Sabahattain came together. In the meantime, Mizancı Murat had already returned to Istanbul upon the generous offer of the sultan. The second Congress of the Young Turks in Paris united all of the opponents in Europe. In September 1907, by the initiation of Dr. Nazım and Bahattin Şakir, the Paris and Selanik committees merged. In the end, the Committee of Union and Progress came into existence. Erik Jan Zürcher, "Who were the Young Turks?", in *The Young Turk Legacy and Nation Building from the Ottoman Empire to Atatürk's Turkey*, ed. Erik Jan Zürcher, (New York: I.B. Tauris, 2010), 97-8; Ahmed Bedevi Kuran, *İnkılâp Tarihimiz ve Jön Türkler* (Istanbul: Tan Matbaası, 1945), 234-243; Mardin, *Jön Türklerin Siyasi Fikirleri*, 303.

Bey, and Midhat Şükrü Bey. Members who joined the Committee were assigned member numbers beginning with 100. The organization of the Committee was inspired by the Italian Carbonari system and had a closed structure. The CUP tried to remain anonymous. Each member knew only a few other members. They each took a secret oath to become a member of the CUP. They were brought blindfolded to an unknown location and swore an oath on the Qur'an and a gun. It is worth mentioning that Cavid Bey was not among the founders of the CUP although he had participated in the meetings of the group since 1903. It seems that the "High Council" of the committee consisted of Talat Bey, İsmail Canbulat, and Mustafa Rahmi, and they excluded the *Dönmes* from the committee at the very beginning.[112]

In the same year, in a city far away from Selanik, a young soldier also established a similar society with the same intention: to form a constitutional regime. A young captain in Damascus, Mustafa Kemal Bey founded a committee called Homeland (*Vatan*) with his colleagues Müfit (Özdeş), Hacı Mustafa Bey, and Süleyman Bey. Mustafa Kemal Bey obtained permission from the military and tried to establish the Selanik branch of Homeland, where he gathered with his officer colleagues from the Third Army. Although he founded the Selanik branch, he eventually had to return to Yafa, where he was assigned. Meanwhile, the CUP would contact the Third Army, and at last, Mustafa Kemal Bey would become affiliated with the CUP in 1907.[113]

According to Kazım Karabekir's memoirs, *Ittihat ve Terakki Cemiyeti*, Cavid Bey was one of the members who were "taken in later," and he became member no. 295. Mustafa Kemal Bey became a member around the same time as him and was registered as member no. 322.[114] Aydemir wrote that Enver Pasha joined the committee in 1906, and in the

112 Hanioğlu, *Preparation for A Revolution,* 212.

113 Ernest Edmonson Ramsour, *Jön Türkler ve 1908 İhtilali* (Istanbul: Sander Yayınları, 1972), 114-19.

114 Karabekir, Kazım *Ittihat ve Terakki Cemiyeti* (Istanbul: Yapı Kredi Yayninlari, 2017), 106.

same year, Hakkı Bey, one of the committee's founders, had invited Mustafa Kemal to join them. It is possible to deduce from Cavid Bey's registration number that, as mentioned in Tunaya's work and Karabekir's memoirs, he joined before Mustafa Kemal.[115] Cavid Bey may have become a member at the end of 1906 or, according to the old calendar, March of 1907.

A main turning point toward the Revolution was the merging of the Selanik and Paris groups under the same organization, the Committee of Progress and Union, later the Committee of Union and Progress (CUP). This merger was the result of the extensive efforts of Dr. Nazım and Bahattin Şakir, two prominent Unionists. The two groups merged in the Congress of the CUP in Paris in 1907. This incident was a turning point for the durability and stability of the organization. The second important development toward the Revolution was recruiting soldiers from among the Second and Third Army officers. This incident also changed the equilibrium between civilian and military officers among the CUP members. It is possible to draw the portrait of the CUP's founders according to the profile of the Committee members. First of all, members were male, raised chiefly in urban centers, educated in the schools that provided a modern education in the Hamidian Era, and mainly from the southeastern Balkans such as Selanik or Manastır. As Zürcher states, "they are the children of the borderland."[116] Members of the CUP came from middle-class families. They were low-ranking military officers or civil servants or educators, doctors, or lawyers. Most members were part of the *petit bourgeois* who received their salaries from the state, the military, and civil service. Most of them grew up in the developing urban cities of Macedonia. The CUP was the movement of the generation primarily born in the 1880s. From the 1900s to 1908, they garnered support from the military and civilians in Macedonia. The CUP was representative of the officers of the state from both the mili-

115 Şevket Süreyya Aydemir, *Enver Pasha, Vol I* (Istanbul: Remzi Kitabevi,2003), 490.

116 Erik Jan Zürcher "The Young Turks: Children of the Borderlands?" *International Journal of Turkish Studies* 9, no. 1-2 (2003), 275-286.

tary and civilian wings. On the brink of the 1908 Revolution, Armenian groups such as the Armenian Revolution Federation, i.e. Dashnaktsutyun, were also one of the pioneer groups that participated in the 1907 Congress of the CUP along with the Bulgarian revolutionary groups who supported the CUP.[117] However, this honeymoon did not last long. As we will see in the next chapter, the post-revolutionary period was full of upheavals leading to the demolition of the coalitions founded to restore the parliamentary regime.

As Cavid Bey mentioned in his diaries the Young Turks had carried out the revolution with the aim of protecting Macedonia. On the one hand, the Young Turks closely and starkly observed the gap in the quality of life, accumulation of wealth, and privileges. On the other hand, life was rapidly developing beyond the classical Ottoman social strata. The development of transportation, social life, commerce, and education had shown that a different kind of life was possible for the Young Turks. It was irreversible. The Young Turks were the group of young man representing a dynamic and modern lifestyle and wanted to change the political system under the ideology of Ottomanism, the unification of all elements of Ottoman society. Ottomanism encompassed both Muslims and non-Muslims regardless of ethnicity and religion. Unlike the other Balkan nations such as the Serbs, Greeks, Bulgarians, and even Armenians from Anatolia, the Young Turks were still not influenced from nationalism at the time of the Revolution.[118]

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117 Zafer Toprak, *Türkiye'de Milli İktisat* 1908-1918, (Istanbul: Doğan Kitap, 2012), 103-04.

118 Erik Jan Zürcher, "Young Turks, Ottoman Muslims and Turkish Nationalists," in *Ottoman past and today's Turkey*, ed. Kemal Karpat, (Leiden: Brill, 2000), 150-79; Nader Sohrabi, "Reluctant Nationalists, Imperial Nation-State, and Neo-Ottomanism: Turks, Albanians, and the Antinomies of the End of Empire," *Social Science History* 42, no. 4 (Winter 2018), 837.

In the pre-revolutionary period, revolts occurred on both sides of Istanbul, in Macedonia and Anatolia. In addition to the revolts in the Balkans, there were several revolts across Anatolia. The tax revolts in 1906 and 1907 had shaken the foundations of the Empire. The income tax and cattle tax issues stirred reactions across Anatolia, from Kastamonu to Van, Erzurum, and Trabzon. Both Muslim and non-Muslim communities opposed these new taxes. Moreover, the tax issue was representative of the abuse of state officers in the Ottoman territory. This unrest brought the question of the restoration of the parliamentary regime to the public agenda. The CUP drew courage from the unrest of the people.[119]

At this point, we should briefly discuss why this movement stemmed from the Balkans in 1900s. The Balkans is a geography in which diverse national and religious identities co-exist. The idea of nationalism, the utmost output of the French Revolution in global politics, reached this area, the western lands of the Empire, in the beginning of the nineteenth century. Although the nineteenth century had witnessed such struggles, the ideology of the army officers that would later be involved in guerrilla warfare and restoring the constitutional regime, evolved in a different direction. The conflicts that began with the Bulgarian and Greek guerrillas escalated with the 1903 Uprising of Bulgarians. As a result, a whole generation, spanning from Enver Pasha to Ömer Seyfettin, was familiar with harsh waves of nationalism, and they developed their corresponding conceptualizations of this ideology. Even though "Ottomanism" was still in view after the 1908 Revolution, since the Empire's imperial heritage was still dominant, the fresh memory of the guerrilla warfare in the Balkans accelerated the Turkish nationalist movement. It would dominate the political, economic, and social arenas that were destroyed during the Balkan Wars.

The most important development toward July 1908 was the Ravel Meeting (June 10, 1908) between the British King and the Russian Tzar,

119 Aykut Kansu, *1908 Devrimi* (Istanbul: İletişim Yayınları, 2015), 95.

two archenemies of the Ottoman Empire, which changed the paradigm of international developments. Even though the Ottoman Empire was considered "the Sick Man of Europe" throughout the nineteenth century, it owed its existence to the success of the balancing game that took advantage of the competition between Britain and Russia. According to the outcomes of this meeting, these two rivals agreed to set up a new reform plan on Macedonia without the knowledge of the Ottoman Empire. This incident rapidly accelerated the movement of Rumelian revolutionaries and became the scene of a sudden rupture from the previous era.[120]

Enver Pasha left his house on the night of June 25, 1908, and Niyazi Bey on July 3, 1908, to join the guerrilla war.[121] They became the two leading figures of the revolution. In the meantime, the palace was certainly aware of the events taking place in Selanik and Manastır. As tensions rose, political assassinations became determinant factors in this process. The breaking point was the murder of Şemsi Pasha by a Unionist self-sacrificing volunteer (*fedai*) on July 7, 1908.[122] As one of the sultan's most trusted soldiers in the region, Şemsi Pasha was killed while leaving the post office after sending a telegram to the palace with the news that all was well under his control. Lieutenant Atıf had eluded the police and military officers and shot Şemsi Pasha. From this point on, local authorities continuously sent telgrams to Istanbul. The sultan decided to send the troops from İzmir to Selanik to support his army there. On July 8, 1908, the eight companies of soldiers who had been sent from İzmir to quell the insurgency in Macedonia switched sides after believing the intense propaganda promulgated by well-known Un-

120 Tarık Zafer Tunaya, *Türkiye'de Siyasal Partiler Vol. III İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi* (Istanbul: İletişim Yayınları, 2011), 45.

121 Aydemir, *Enver Pasha, I*, 521-26.

122 The self-sacrificing volunteers (Fedai) would be one of the peculiar characteristics of the Committee of Union and Progress. This group would evolve to a paramilitary group which would be used for secret missions under the Special Organization (Teşkîlât-ı Mahsusa) in the nationalist context.

ionist Dr. Nazim, who had infiltrated the soldiers disguised as a hodja. However, according to Aydemir, the soldiers did not shout "Long live Our Sultan!" but "Long live freedom!"[123] On July 20, 1908, thousands of Albanians gathered in Firzovik, and the Unionists worked to turn the gathering into a massive protest. They sent telegrams to the palace asking for the proclamation of the constitution. On July 22, Eyüp Sabir Tuncer and his group of men abducted Müşir Osman Pasha, who had been sent to Monastir as the commander of the state of emergency. Meanwhile, Abdulhamid II gathered his ministers in the palace. Abdülhamid II dismissed Grand Vizier Ferid Pasha and appointed Sait Pasha in his stead. Sait Pasha had to deal with the dozens of telegrams received from Macedonia on the proclamation of the constitution. The subsequent telegrams sent by people to the palace led to panic in the Imperial Court. Grand Vizier Sait Pasha tells the ministers that, because of the telegrams raining into the assembly from Macedonia, a "constitution" should be declared and that they should write a short but clear notice to the sultan. On July 23, without waiting for approval from Istanbul, Colonel Sadık Bey, head of the CUP Manastır branch, fired a salute for the proclamation of the constitution. This action was a step forward for the Selanik branch. Celebrations had started to spread in the provinces of Macedonia. On the same day, the cabinet wrote a notice addressing the sultan and signed it July 23, 1908 (July 10, 1324). This date is regarded as the birth of the Second Constitutional Period, since Abdülhamid II agreed to the cabinet's offer and issued a decree (*irade*) with the same date. According to the decree, all the governors of the provinces and Sanjak governors would prepare for elections. This announcement was published in short in the newspapers in Istanbul.[124] The announcement was made public the next day, on July 24, 1908, and

123 Aydemir, *Enver Pasha I*, 551.

124 Aydemir, *Enver Pasha I*, 557-58.

this news was published in the newspapers.[125] After thirty years, the constitution had been reinstated thanks to the insurgencies in Macedonia. It was a fait accompli.[126] However, it marked the beginning of a new era for the Ottoman Empire and for Cavid Bey as well.

July 23, 1908, was a turning point for the Ottoman Empire and all its subjects and individuals living in its territory. That day, the constitution was reinstated after it had been suspended for 30 years. It was a moment of happiness and freedom that was celebrated on the streets of Manastır (Monastir), Selanik, Üsküp (Skopje), and in other cities in Macedonia. This joy spread from Macedonia to Istanbul and then on to the other lands of the Empire. The revolution embraced four concepts, inspired by the French Revolution: "liberté, égalité, fraternité, et justice." After 30 years of absolutism, those who poured onto the streets were jubilant and felt free from spies, police, and military officers. It was a magical moment in which every subject of the Empire felt free and equal. Individuals from different ethnic and religious communities came up and hugged one another for the first time in the Empire's history. It was a revolutionary moment—and it was only the beginning. The joy and feeling of having such freedom of expression invoked strong feelings within both CUP members and ordinary civilians. Now, they hoped

125 Sacit Kutlu, *Didâr-ı Hürriyet : Kartpostallarla İkinci Meşrutiyet (1908-1913)* (Istanbul: Istanbul Bilgi Üniversitesi Yayınları, 2008), 359-60; and Tunaya, *Türkiye'de Siyasal Partiler Vol.III İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3*-112.

126 Aykut Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913* (Istanbul: İletişim Yayınları, 2016), 1-19.
Heller states that, "before July 1908, many of the Great Powers were not aware of the facilities of the Unionists. They hid themselves not only from the sharp eyes of the sultan but also from the embassies' widespread networks. At the time of the Revolution, the German Ambassador, Baron Marschall, was on vacation, and many of his officers were also out of Istanbul. Meanwhile, the UK Foreign Office, which kept an eye on incidents all over the world, was also unprepared for the Revolution. British diplomats had previously shown no interest in these young and passionate officers. It was the French Embassy that eventually supplied London with some sort of information about the Committee of Union and Progress (CUP)." Joseph Heller, *British Policy Towards The Ottoman Empire 1908-1914* (London: Frank Cass, 1983), 6.

that the constitutional regime would act as a cure for their problems. First, however, it was time to celebrate. After receiving an invitation from the Selanik branch of the CUP, Enver Bey—who had already proclaimed the constitution in Köprülü and Tikveş—arrived in Selanik by train, where he was met by his comrades Talat Bey and Cemal Pasha as well as a large crowd of people who greeted him as the "champion of freedom." Meanwhile, Major Niyazi and Major Eyüp Sabri (Akgöl) were stationed in Manastır. The base of the revolutionary movement had shifted to Selanik, which had become "the Mecca of Freedom" (*Kâbe-i hürriyet*).

When Cavid Bey first heard the good news of the revolution, he was in Bucharest having lunch in an open-air café. A newspaper seller informed him that Abdülhamid II had declared the constitutional regime, much to his disbelief. When he was able to confirm that it was in fact true, he arrived at the border via Sofia, overwhelmed with joy. He noticed how people on the roads or at the stations also seemed jubilant to hear the news, and he even sensed a feeling of celebration in the way they greeted each other. He encountered a similar crowd at the Üsküp station, as well. Meanwhile, at the station, he met two of his friends—Talat Bey and Hafiz Hakkı Bey—who were already aware of the responsibility that had landed on their shoulders. Cavid Bey and his friends continued their journey and arrived at night in Selanik, where a massive crowd had gathered at the station.[127] As in other areas, a wave of festive excitement also swept over Selanik. Muslim hodjas, rabbis, and Greek priests embraced each other in the streets, where they were joined by bearded Bulgarian revolutionaries, who had emerged from their hideouts in the hills. According to Mithat Şükrü (Bleda)'s memoirs, hundreds of thousands of people of all ages—young and old alike—were on the streets to celebrate. He writes, "People who did not know the meaning of the constitution were on the streets, singing La Marseillaise, spitting on the corpses of Abdülhamid II's spies who had been

127 Eroğlu, *İttihatçıların Ünlü Maliye Nazırı*, 38-40.

shot and laid down under the trees."[128] In Selanik, the enthusiasm of the people was extraordinary and unprecedented. The main roads and neighborhoods, including Iskele Street, the front of the White Tower, the main streets of Yalılar and Kerimefendi, and Paminonda, were decorated with flags. La Marseillaise was playing in the streets, and the photographs of Mithat Pasha, Enver, Niyazi, and Eyüp Sabri were being circulated. Several people, including Cavid Bey, gave speeches on almost every corner of the Turkish, French, Spanish, and Greek parts of the city. The police did not interfere with the celebrations, but the *fedais* (self-sacrificing volunteer officers) were on guard to protect the streets. Restaurants distributed free meals to the people, who were happy and already drunk. These French Revolution-style ideals jarred the officers of the Third Army. After all, when Hüseyin Hilmi Pasha announced Abdülhamid's decree to the masses in Selanik, this meant that the people were instantly transformed from 'servants' of the sultan into 'citizens.'[129]

The immediate impact of the revolution on Cavid Bey's life was his transformation into a public speaker. He found himself giving speeches on the revolution and its meaning, possible consequences, etc. Along with Ömer Naci, he became one of the CUP's most prominent spokespeople. As Hüseyin Cahit Bey stated, he never got tired of speaking, even when his face turned red or his throat hurt.[130] In Cavid Bey's own words, "I don't know how it happened, but I found myself as a spokesperson that day when I addressed the people for the first time in my life. I was preaching on every corner: at the station, by the Vardar River, at the Olimpos Square—the square of freedom—and finally in Hamidiye Garden, where a few thousand people were gathered... I spoke so much

128 Mithat Şükrü Bleda, *İmparatorluğun Çöküşü: Ittihat ve Terakki Kâtib-i Ûmumisi* (Beyoğlu, Istanbul: Destek Yayınları, 2010), 66-67.

129 Tunaya, *Türkiye'de Siyasal Partiler Vol. 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi*, 47.

130 Hüseyin Cahit Yalçın *Siyasal Anılar,* (Istanbul: Türkiye Iş Bankası Kültür Yayınları, 1976), 111-12.

that my voice was gone for two days, I couldn't speak. Then, many others followed this first day of ecstasy."[131]

The unfolding of events during this time leads one to ask how the revolution was received throughout the world. The Great Powers mostly supported the revolution—or at least it did not have a negative impact on them. First of all, the general atmosphere of peace in the Balkans allowed Russia and Britain, in particular, to postpone the Reform Package for Macedonia. Russia, which had set out to initiate a reform plan for Macedonia with Britain, expressed its pleasure at the proclamation of the constitution. However, Bayur contends that the Russian Ambassador to Istanbul was not content with the current situation and was not optimistic about its success.[132] Russia had multiple concerns: first of all, they did not want to see a strong Ottoman State; secondly, Russia did not want the constitutional regime to have an impact on its Muslim population. Austria-Hungary took this opportunity to annex Bosnia and Herzegovina.[133] Austria-Hungary also seemed content with the situation in the Ottoman Empire and showed its appreciation by pulling its soldiers out of the region. This move allowed the Ottoman Empire to advance into Macedonia for only a few months. Britain was also content with the revolution as it spontaneously increased the country's leverage due to its emphasis on liberal values. Britain would become an actor whom the Unionists wanted to win over after a decades-long period of strained relations during the Hamidian Era. France also appreciated the revolution, particularly at what was achieved by the Ottoman officers, who had embraced the ideals of the French Revolution. Furthermore, due to the possibility of strengthening their economic interests, France was focused on ensuring that the Ottoman Empire was not dismembered. Germany's position was a bit different in that the country held a strong position within the Empire during the Hamidian Era, particularly

131 Nazmi Eroğlu, *İttihatçıların Ünlü Maliye Nazırı* , 38-40.

132 Yusuf Hikmet Bayur *Türk Inkilâbı Tarihi Vol. I/II* (Ankara: Türk Tarih Kurumu Basımevi, 1991), 92-93.

133 Fahir H. Armaoğlu *Siyasi Tarih, 1789-1914* (Istanbul: Timaş Yayınları, 2013), 588.

since the Baghdad Railway agreement of 1903. Therefore, Germany's feelings and ideas about the revolution were a bit more mixed; on the one hand, they respected the revolutionary movement, which was led by German-educated officers. On the other, Germany was concerned about its investments.[134] According to the director of Deutsche Bank, Dr. Karl Helfferich,[135] "the German position had been built on friendship with the Sultan and they had fallen… completely beneath the wheels."[136]

The 1908 Revolution is referred to as the "reform" (*inkılâp*) by its contemporary witnesses as well as Turkish historians. However, I prefer to call it the revolution, because although few people were engaged in its fruition, it was widely acclaimed. On the one hand, the events of July 23, 1908, transformed the political system in Turkey irreversibly. Following considerable back and forth, the political system became participatory, inclusive, and part and parcel of the public sphere in which different classes and groups could negotiate and reconcile, although far from perfect. On the other hand, the Second Constitutional Era did not have the characteristics of a revolution that emerged due to economic pressure from various classes. The revolution did not embody changes to the regime's dimensions and structure—its only intent was to transform an absolutist reign into a constitutional regime.[137] As Toprak mentions, the 1908 Revolution was a movement started by the generation who ultimately established the Republic of Turkey. This generation witnessed and shared some essential experiences that allowed them to transform the country's political regime. First, this group was composed

134 Armaoğlu, *Siyasi Tarih, 1789-1914*, 93-4, 100.

135 Dr. Karl Theodor Helfferich (1872–1924) was a German financier, economist, and politician. He was the director of Deutsche Bank who worked on the Baghdad Railway issue. Cavid Bey had long worked and negotiated with him. He served as the German Minister of Finance and Minister of the Interior during the First World War and was noted for his firm opposition to the post-war Weimar Republic.

136 John G. Williamson *Karl Helfferich, 1872-1924: Economist, Financier, Politician,* (New Jersey: Princeton University Press, 1971), 88-9.

137 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 402.

of many smaller groups in terms of different identities and occupations. It was not a monolithic group or movement. The CUP included members from small provincial officers in salaried positions to laborers and military officers who tracked Macedonian revolutionaries. However, even most of these salaried employees could rarely receive their salaries on time due to the state's financial crises. The CUP emerged as a representative of these military and civil service officers in opposition to the current administration. Some non-Muslim and non-Turkish parties such as the Armenian Dashnaksutyun and the Bulgarian revolutionary factions also supported the 1908 Revolution to achieve their own goals. Most of the merchants of Selanik and the landlords of Serez also supported the CUP.[138]

The CUP aimed to transform the political system in order to resist foreign pressure in the Balkans. Particularly middle-rank soldiers who participated in the Committee had been fighting in the guerilla war against Bulgarian guerilla groups (*çeteci – komitacı*). Their primary sensibilities were the foreign forces supporting independence movements against the Ottoman state. These circumstances strengthened the CUP's primary goal of saving the state, which became representative of the core cell of the CUP in the very early period of the new political regime. Although the CUP sought political independence, this idea differed from the concept of national sovereignty adopted by the national forces during the Independence War (*Kuvvacı*). Moreover, it also lacked an anti-imperial approach. It is important to note that the CUP emerged from within the Ottoman Empire, which remained one of its core characteristics, at least until 1913. Nationalism did not join the ideological ranks of the Empire until the very end of the Ottoman era. After Ottomanism and Pan-Islamism had failed to unify the Empire, the Young Turks only adopted nationalism until after the revolution, thus raising it from an ideology of the ordinary people to that of the imperial elite.

138 Zafer Toprak, *Türkiye'de Milli İktisat, 1908-1918* (Istanbul: Doğan Kitap, 2012), 104.

For this reason, the Unionists first adopted Ottomanism to secure the survival of the Empire, which consisted of various identities. While the most significant works related to nationalism, although very few, had already been published by 1908,[139] the main motto of the revolution was Ottomanism, which was conceived in order to create a shelter to protect the Empire. However, as underscored in the literature many times, the CUP did not have a concrete program for the post-revolutionary era. In this way, the CUP had only imitated the French Revolution, which was compatible with the Committee's Jacobin character. Although the CUP had penetrated Ottoman society, they had difficulty maintaining their legitimacy, power, and unity against various interest groups.

Nevertheless, as Cavid Bey's biography points out, although the CUP did not have a cohesive program, its members who were experts in different fields proceeded with great determination. Its main obstacle was political opposition. After seizing power, the leaders of the Young Turks expanded its revolutionary ideas in order to further the constitutional programs of their predecessors. They prioritized policies covering mainly Westernization, secularism, and centralization, which had remained enshrined within the values of the Ottoman elite throughout most of the century.

Istanbul was initially in shock and disbelief due to the long period spent under the suppressive rule of the sultan, the city began celebrating the revolution on July 24, 1908. In the meantime, some new regulations were established under the auspices of the new regime. First of all, on July 24, 1908, government censorship was abolished. On July 31, an amnesty law providing amnesty for political criminals—which had already been adopted on July 24 by Abdülhamid II—was implemented. One of the most important developments was the abolition of the sul-

139 Yusuf Akçura published his work called *Üç Tarz-ı Siyaset* in Cairo, in 1907. However, it had to wait for the second publication in 1911 to be a magnum opus of nationalist ideology. François Georgeon *Türk Milliyetçiliğinin Kökenleri Yusuf Akçura 1876 – 1935,* (Istanbul: Tarih Vakfı Yurt Yayınları, 2005), 48.

tan's spy network, which had become an institution within the Empire. On August 1, Hüseyin Cahit, a very close friend of Cavid Bey from Mülkiye, started to publish *Tanin,* a daily which became the strongest organ of the press followed by the CUP during the Second Constitutional Era. The newspaper was composed of opinions and news on local and foreign actors and institutions.[140] Cavid Bey, who was the CUP's nominee for the Ministry of Finance from the very beginning, also contributed to political affairs at that time.[141]

According to a telegraph from the Selanik headquarters of the CUP, which was published in Ottoman newspapers dated July 31, 1908, a committee that included Staff Major Cemal and Hakki Bey, Necip Bey, Talat Bey, Rahmi Bey, Cavid Bey, and Hüseyin Bey arrived in Istanbul.[142] According to Bayur, who referred to the memoirs of Sait Pasha, the visit was made upon the request of the General Inspector Hüseyin Hilmi Pasha to establish ties between Istanbul and the Committee. Since the location of the CUP's headquarters was still a secret, the committee members would be taken one by one and brought to the upper floors of the printing office of *Ikdam* daily. Some differences between the Istanbul and Selanik branches also surfaced during the visit. For example, as cited in Hüseyin Cahit's memoirs, there were major differences between the "Istanbul" press and the free constitutional press that flourished in Macedonia.[143] During this time Cavid Bey was engaged in the issue of the new cabinet along with Talat Bey as mentioned below. Thus, Cavid Bey proceeded through the closed halls of politics, far from the boisterous voice of the streets.[144]

140 Tamer Erdoğan *II. Mesrutiyet'in İlk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909,* (Istanbul: Yapı Kredi Yayınları, 2018), 63-4.

141 Cavid Bey became the Minister of Finance on June 26, 1909.

142 Bayur, *Türk Inkilâbı Tarihi, I/II,* 68-69; Kâzım Karabekir *Ittihat ve Terakki Cemiyeti 1896-1909,* (Istanbul: Yapı Kredi Yayınları, 2017), 219.

143 Yalçın, *Siyasal Anılar,* 25.

144 Yalçın, *Siyasal Anılar*, 21-2, 31.

Even though the revolution had come about through strenuous and daring efforts, Abdülhamid II was still on the throne, and his loyal pashas retained their status. Moreover, Abdülhamid II seemed to resist handing over power to the government. On August 1, Abdülhamid II published a decree announcing his commitment to restore the constitution, which had established trust between the sultan and the CUP. On August 2, 1908, two decrees[145] were issued related to the elections, which provided instructions to public authorities.[146] The Unionists had also started their campaign for elections in various cities in Anatolia and Macedonia, which also trained the new members of the Committee. While the CUP started to expand its organization in Anatolia, it also pursued its dual structure. The dual structure consisted of a legal organization and a secret revolutionary society, and the latter carried out the illegal works on behalf of the Committee and its sacred targets. The distinction inside the organization of the CUP continued until the dissolution of the Committee.[147] During these days, Abdülhamid II also declared that the Sultan would appoint the ministers of war and navy as well as grand vizier and shaykh al-islam.[148] The CUP opposed this decision. Yet, they had already chosen their candidates for these positions. The CUP's candidate for the Minister of War was Recep Pasha, Governor of Trablusgarp. This issue became a long-term bargaining chip between the CUP and the government. For this reason, a group of Unionists, including Cavid Bey, visited Grand Vizier Sait Pasha in August 1908. In the

145 'Instructions About the Execution of the Law of Elections' and 'The Law on Elections of Members of Parliament'.

146 The elections were held according to a system on two levels. The election system was liberal but not democratic: groups that could not afford to pay taxes, such as women, could not vote. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 280-81.

147 In September, the CUP had started its campaign in the Anatolian cities. Cavid Bey probably participated in the election campaign. As seen from his life story, Cavid Bey always contributed to campaigns as spokesperson of the CUP. Following their campaign, the Congress of the CUP was held after in Selanik, between October 8 and November 17, 1908.

148 Ahmed Bedevi Kuran, *İnkilap Tarihimiz ve Jön Türkler,* 254.

meantime, Sait Pasha founded the new cabinet a few days ago but it was already worn-out. A group of Unionists visited Sait Pasha. Sait Pasha's first impression of the young Unionists, including Talat Bey and Cavid Bey, was that they were not very warm.[149] The Unionists expressed their loyalty to the sultan and emphasized that they would also work to keep peace and order in the country.[150] The assignment of these two important minsters became a total cabinet crisis. Besides the importance of their position, the Minister of War and the Minister of Navy would also control the army and the budget. It would also threaten the position of the Committee in the army. Ta*nin*, which began publishing on the same day, criticized the sultan's will to appoint the ministers of war and navy.[151] Sait Pasha could not remain in power for long. After a series of inconclusive meetings with two loyal politicians of Abdülhaid II, Sait Pasha resigned, and Kamil Pasha became the grand vizier on August 5, 1908. Although Kamil Pasha's cabinet was in keeping with monarchist tradition, it would also be filled with experienced, energetic, and famous figures.[152] In his article published in *Tanin*, Hüseyin Cahit claimed that the establishment of the Kamil Pasha cabinet ended the political crisis that had begun with the appointment of high-ranking military officers.[153] Kamil Pasha announced a detailed government program that promised fiscal reforms, efforts to balance the budget, as well as new regulations within the administration and the army. International

149 Sina Akşin *Jön Türkler ve İttihat ve Terakki İktidarı*, (Ankara: İmge Kİtabevi, 2014), 143. Aydemir, Şevket Süreyya. *Enver Paşa Vol. III* (Istanbul: Remzi Kitabevi, 2016), 52-3.

150 Bayur, *Türk Inkilâbı Tarihi, I/II*, 69. Eroğlu, *İttihatçıların Ünlü Maliye Nazırı Cavid Bey,* 40.

151 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 167-70.

152 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 175, 178-80; Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 48.

153 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 182.

agreements were to be reviewed, and certain measures would be taken to promote economic development.[154]

Cavid Bey started working on fiscal issues during the Kamil Pasha government (August 5, 1908–February 14, 1909) with Ziya Pasha, then Minister of Finance. New regulations were introduced right after the revolution, particularly after the dismissal of the staff of the Ministry of Finance. On August 10, 1908, the first draft bill was published on the dismissal of officers—the number of whom was approximately 100—in the ministry.[155] The number of departments in the ministry was reduced until only five remained. Cavid Bey also started to initiate reforms in the ministry such as the abolishment of "the Directorate of Tithe, Tax, and Treasury of Islam." However, more robust reforms would also be implemented during Cavid Bey's tenure as minister.[156]

In the early days of the revolution, the CUP faced two arduous challenges. The first was tightening its grip on the army in order to dominate the political system, and the second was to become a legal, constitutional political organization. While attempting to attract members of the top brass of the army through favorable appointments and the expansion of military autonomy, the CUP turned a deaf ear to requests that it should transform itself into a mere political party of the constitutional regime. The CUP had instigated an officer-led rebellion to force

154 Stanford Shaw and Ezel Kuran Shaw *Osmanlı İmparatorluğu ve Modern TürkiyeVol II Reform, Devrim ve Cumhuriyet: Modern Türkiye'nin Doğuşu, 1808-1975,* (Istanbul: E Yayınları, 1994), 333.

155 "Cemiyet-i rüsumiye azasının tenzil-i adediyle heyet-i teftişiye-i rüsumiyenin lağvu hakkında irade-i seniye", No: 10, Page, 39, 1908, 29. Düstur: Tertib-i Sani. (https://acikerisim.tbmm.gov.tr/xmlui/handle/11543/71), 13.

156 Those departments of the Ministry of Finance organized by Cavid Bey during the first months of the Second Constitutional Period were:
Defter-i Kebir Muhasebesi
Varidat Muhasebesi
Mesarif Muhasebesi
Duyun-ı Umumiye Muhusebesi
Hukuk Müşavirliği ve Ser Veznedarlık
See Toprak, T*ürkiye'de Milli İktisat, 1908-1918*, 397.

the sultan and his government to reinstate the Ottoman Constitution of 1876. Although this revolution was led by officers, it was not a coup. In fact, the top brass of the Ottoman army remained loyal to the Hamidian regime or was neutral between the two parties. While the CUP proudly boasted that the Ottoman army had paved the way for the reinstatement of the constitutional regime, the reality was that a rebellion was initiated by a civil political organization that relied on low-ranking officers.[157]

Apart from the consolidation of power over the army, the major problem of the Unionists was how they would take control of the government. As will be seen in the period between 1908 and 1913, the CUP remained only a supervisory power. Nevertheless, the CUP could not take control of the government nor was it able to fully cement itself on the political stage after the success of July 1908. First of all, the principles applied during the long experiment of Ottoman politics had excluded the inexperienced and naive Young Turks from the state apparatus—or at least from the top brass of the bureaucracy. The social background of the Young Turks, as was the case with Cavid Bey, meant that they were the graduates of new, modern schools and had rather new occupations, such as lawyers, journalists, professors, low-ranking bureaucrats, or they were graduates of the Western-style military schools and were still in the lower ranks of the army. Some of them had not even graduated from high school. What was common among the Young Turks was that they had no experience in the field of state affairs. After realizing that he could not halt the developments in Macedonia, Abdülhamid II quickly declared the proclamation of the constitution. This new, radical shift paved the way for the bureaucrats and the cabinet members to lose their power and control.[158] The "old hand" pashas, who had been grand viziers, would not let up in the face of this change and held onto their control of the mechanisms of power. However, the Young Turks, who

157 M. Şükrü Hanioğlu, "Civil-Military Relations in the Second Constitutional Period, 1908–1918," *Turkish Studies* 12, no. 2 (2011): 177-89.

158 Feroz Ahmad *İttihat ve Terakki,1908-1914 (Jön Türkler)* (Istanbul: Sander Yayınları, 1971), 39.

were not able to seize power, were not pleased at this moment in time. According to Feroz Ahmad, Cavid Bey said to the First Secretary of the British Embassy that the Young Turks were inexperienced in state affairs and that experience and seniority were more important in the Ottoman Empire than in other countries. However, later, Cavid Bey would contradict this sentiment: "I am only upset about one thing... That we did not take the matters of governance in our own hands at the time... However, we wanted to display to the public that we did not act upon any idea of interest." This interview, which Cavid Bey gave to Jean Rhodes of *Le Temps* newspaper, expressed his discontent and remorse about the choice of policy adopted by the CUP after 1908. A prominent journalist, Falih Rıfkı Atay, made a similar confession: "I don't know if there was any revolutionary party in history which overtook the whole of state power and yet let the government be run by men of the former order. *Ittihat ve Terakki* did not see itself worthy of this position up until 1913."[159] Hüseyin Cahit also mentions the oddness of the situation in his memoirs, in that the CUP elites questioned the lack of any program or plan after the revolution. This led to confusion among the citizens that, alongside a legal government, there was a committee that had an almost mystical and holy character. While this Committee had initiated a movement, it was not visible in the public sphere and not a political party. Unlike its counterparts in Europe, the CUP was unable to transform itself into an open and democratic political party. However, although the CUP entered the political arena by a revolutionary incident, it soon became part of the legal political framework.[160]

It was as if Ottoman society was waiting for a sign that the absolutist regime would come to an end. Just after the revolution, it was impossible to calm down people at work or at home; they were overwhelmed with a sense of joy and were looking for a magical remedy for their problems, which included economic and social woes. As mentioned ear-

159 Tunaya, *Türkiye'de Siyasal Partiler Vol. 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih*, 62.

160 Yalçın, *Siyasal Anılar*, 25.

lier, the revolution had a liberal character, as its motto was "freedom." With the contribution of the press and publishing sector, this "freedom" was interpreted in a very broad way. The surge in the press was seen in both the numbers and the variety of papers and magazines that were published. Hundreds of papers and periodicals came out. For instance, the Empire's Armenians published more than 200 papers between 1908 and 1914. As scholars refer to it, this was a period of cultural renaissance for the Ottoman Empire.[161] In particular, books and booklets on freedom allowed the ideas of a free society to spread among the people. However, in the summer of 1908, strikes broke out across different regions and sectors.[162] The first strike was carried out by workers on ferries who were carrying passengers to the Princes Islands on July 30, 1908.[163] Along with the increase in the number of journals and newspapers throughout the Empire, workers' strikes were among the most significant phenomena during these early days of freedom. The strikes were widespread throughout the Ottoman Empire, from Istanbul to Kavala, Samsun, Haifa, and İzmir. The strikes among workers in the public sector as well as the private sector gave the impression and fed the fear that socialism was taking effect in Ottoman lands, as well.[164] However, the main ingredient for socialism—the working class—was very limited and narrow in the Ottoman Empire. The CUP, which was rooted in Selanik, was one of the strongest centers of the labor movement and unionism, and initially, they considered the strikes after 1908 a positive development. In particular, it was the strikes by the railway workers after the revolution that compelled the CUP to support them through the

161 Çağlar Keyder *Türkiye'de Devlet ve Sınıflar* (Istanbul: İletişim Yayınları, 2015), 86.

162 One of the other key social groups was women besides the laborers who raised their voices after the Revolution. Gender and labor movements were rising in the Empire due to the basic motto of the Young Turks Revolution: freedom. Charles Issawi, *The Economic History of Turkey 1800-1914* (Chicago, Ill.; London: University of Chicago Press, 1980), 51.

163 Toprak, *Türkiye'de Milli İktisat 1908-1918*, 92-95.

164 Can Nacar, *Labor and power in the Late Ottoman Empire Tobacco Workers, Managers, and the States, 1872-1912* (Switzerland: Palgrave Macmillan, 2019), 107-134.

Committee. More than any other sector, the railway business was a burden on the Ottoman government, due to the kilometer guarantees that had to be paid to the railway companies. Trotsky's observation about the strikes is pretty interesting. First of all, he treats the Turkish proletariat as a "quantité négligeable,". Then, he depicts the first days of strikes after the first months of the Revolution as follows: "[t]he first weeks of the Turkish revolution were marked by strikes in the public bakeries, printing works, textiles, transport, the tobacco factories, the workers in the ports and the railwaymen. The boycott of the Austrian goods should have mobilized and inspired the young proletariat of Turkey even more – especially the dockers – who played a decisive role in this campaign. But how did the new regime respond to the political birth of the working class? By a law imposing forced labour for a strike. The program of the "Young Turks" does not have a word concerning any precise measure to help the workers."[165]

In August, Cavid Bey responded to the strikes by penning an article and publishing it in *Servet-i Fünun*. His article was short but comprehensive in terms of addressing different aspects of the strikes; his main point being that he considered that strikes were workers' natural rights. In the Ottoman Empire, strikes were ambiguous incidents, because reports of them having taken place were only seen in newspapers' foreign news pages. But, after the proclamation of the constitution, workers discovered that they had an opportunity to speak up against any unjust treatment. The workers had two main grievances: first, the unjust conditions of their work (long hours of work, low wages); second, the vulgar way in which the officers had treated workers. According to Cavid

165 Trotsky, "The Young Turks (January 1909)," in *The War Correspondence of Leon Trotsky,* Kievskaya Mysl 3, January 3, 1909, https://www.marxists.org/archive/trotsky/1909/01/1909-turks.htm
This paragraph means that they ran the risk of serious unexpected events. The power of the contemporary proletariat, even when its number is small, rests on the fact that it holds in its hands the concentrated productive capacity of the country and the control of the most significant means of communication.

Bey, the labor ought to have taken two things into consideration while organizing a strike: timing and not demanding too much. In this case, the timing of the strikes was not advantageous, because the reform process (*inkılâp*) was quite new, and the economic actors from various fields, such as industry and commerce, could not place their trust in the new regime. As elaborated upon by Cavid Bey, as in the case of Régie Tobacco,[166] the workers would succeed in their demands when their economic equality would be sustained on behalf of the labor. The implications of Cavid Bey's statement are very clear: first, the workers should clarify their demands in line with other or similar branches of industries. Furthermore, according to him, the workers should write out their demands for the company and allow the company some time to decide. At the end of the time allotted, if the company refuses to accept the demands or forces the laborers to work under unacceptable conditions, then they should go on strike. The workers should behave according to the principles of logic and keep reason in mind, as opposed to dreaming beyond the realities of the day. In this way, Cavid Bey argues that workers ought to achieve their demands from their employers by keeping a calm demeanor rather than using force and violence, which might put their cause in jeopardy.[167] His key points were the protection of both laborers and the constitutional regime, which had been established only a short time before. The strikes followed one another in quick succession from the beginning of August until Octobers. The strike carried out

166 In 1883, the Ottoman government granted a tobacco monopoly to a foreign company called the Société de la Régie Cointeressée des Tabacs de l'Empire Ottoman (Memâlik-ı Osmaniye Duhanları Müşterekü'l Menfa'a Reji Şirketi) – simply, the Régie. The Régie opened its largest factory in the Cibali district of Istanbul in 1884. The factory witnessed strikes as of 1908, and the labor movement reached their peak in 1911 when some 2,000 workers launched what would be one of the longest strikes in late Ottoman history. Can Nacar, "The Régie Monopoly and Tobacco Workers in Late Ottoman Istanbul," *Comparative Studies of South Asia, Africa and the Middle East* 34, no. 1 (2014): 206-19.

167 Mehmed Cavid Bey, "Tatil-i Eşgal Meselesi," *Servet-i Fünun, 15 August, 1908, in Erdoğan, II. Meşrutiyet'in İlk Yılı 23 Temmuz 1908 - 23 Temmuz 1909*, 103-04.

by tram workers on September 13–14, 1908 effectively put a halt to Istanbul's tram transportation system. Railway workers from different companies such as the Orient-Express Railway and the Anatolian Ottoman Railway Company also went on strike. The government neither approved of nor tolerated these actions. The CUP, though, was in favor of the workers and decided to put an end to the strikes as soon as possible; however, the strikes continued throughout September and October. For this reason, a decree on the Ottoman Strike Law was accepted by the government on October 8, 1908 based on Article 36 of the Constitution, without waiting for the consent of the parliament. This was the first decree law of the new era, and it was used more as a deterrent than a regulation. According to the law, the strikes concerning public services such as railways, ports, trams, electricity, irrigation, and gas services as well as the OPDA and Régie Tobacco were prohibited. It should be noted that the public sector was the main sector in the economy. A balance had to be achieved between strikes and the public good. Cavid Bey, who was a liberal economist, distanced himself from socialism. However, he did support the right to establish labor unions, which he had considered extremely beneficial for the economy.[168] In short, everybody—including Cavid Bey—faced a new dimension of social life after the revolution. Due to his liberal economic stance, Cavid Bey's priority was to respect freedom of association and strikes as well as sustaining the Revolution and the new regime.

September 1908 was a time of upheaval. First, Prince Sabahaddin, one of the opponents of the Hamidian regime but also contradicted with the Unionists mainly represented by Ahmet Rıza, returned to Istanbul on September 2 due to his father's death. He was welcomed by a cheering crowd, and he swiftly got involved in politics upon his return. Though Prince Sabahaddin looked for a way to approach the CUP, he was unable to garner the support from the CUP he had hoped for.[169] From this point on, he became one of the main figures behind the scenes

168 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 94-5.

169 *Kansu, İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 266-68.

leading the opposition to the CUP. On September 14, 1908, the Ottoman Liberal Party (*Osmanlı Ahrar Partisi*) was founded by a group of people that had been close to Prince Sabahaddin before the elections.[170] The party was organized around the prince's own ideological principles, which were in favor of private enterprise and decentralization.[171] So, an opposition party was established one and a half months after the strikes, which further indicates the pluralist and liberal character of this period. The party was established by Ahmet Samim, Bedi Kazanova, Nâzım Bey, Şevket Bey, Celaleddin Arif, and Mahir Sait. The two political parties resembled one another in terms of their liberal economic policies. However, they were quite different from each other when it came to the argument over centralization. While the Ahrar Party was based on decentralization – which was welcomed by minorities – the CUP followed a stricter centralist line. While Cavid Bey's economic approach was also liberal, he had aligned himself with the CUP's centralist policies.

After the revolution, the Young Turks had two different liberal approaches toward determining the economy's direction. First of all, during the first years of the Constitutional regime, the leading economic policy was liberal, depended on free-market, entrepreneurism via market means, extending infrastructure investments, resisting capitulations but hoping to save the economy despite the privileges and capituaştions. Overall, this economic policy did not have an anti-imperialistic approach and more or less continued in that way at least until 1914. As mentioned, there had been two versions of liberalism, Prince Sabahaddin's decentralized approach, and Cavid Bey's centralist approach.

170 Though Prince Sabahaddin was not one of the founders of the party, he was the head of the daily called Terakki, which was supporting the party. The party was brought economic liberalism and entrepreneurship to the forefront. On September 16, 1908, Prince Sabahaddin gave a speech at the Théatre des Variétés in the Haleb Passage on the Grand Rue de Pera. His thoughts on semi-autonomous regions with autonomous budgets were welcomed by the public, especially by Greeks, Armenians, and Arabs.

171 Mango, *Atatürk*, 218.

Interestingly, Cavid Bey did not lean towards decentralization even when he developed conflicts with the CUP. Prince Sabahaddin's approach is based on sociology and inspired by Le Play, a conservative thinker, to achieve the model of private enterprise and decentralization. Cavid Bey was inspired by classical liberalism, and he argued that the state should remain outside of the economic field and clear the way for the free market economy. While both ideologies supported economic individualism, Prince Sabahaddin's ideology was based on sociology, and Cavid Bey's was based on economic theory and had a more contemporary characteristic than the former. Cavid Bey's economic liberalism made sense in political terms where the CUP was the main actor. However, he was also never questioning the superiority of the Western economy. He also considered that they should imitate the economic policies of the Western countries to survive, sustain and develop sooner or later. This point was a presumed acceptance in the liberals' minds, whether from a decentralized or opposite approach.

Moreover, Cavid Bey had a vision for the country's economy, and according to him, this should be determined and implemented from the center, Istanbul. He would never ask the locals about their priorities, wills about their regions' economic future. His economic approach was also conceptual and was not intertwined with the politics and sometimes the real life. According to Cavid Bey, the local interest groups and notables should be represented in Parliament. However, then, there would be a conflict between the Parliament and the government, or in other words, between the executive power and legislative power. This dispute is one of the central conflicts of Turkish politics for centuries. In these cases, as his biography would indicate, he would also seek ways to pass the Parliament up sometimes.[172]

As Yeniay states, in September 1908, the Imperial Ottoman Bank gave out the first loan of the Second Constitutional Era to the amount of 4,711,124 Liras (net: 3,910,000 Liras) with 4% interest-rate, and 0,5 %

172 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 33-5.

amortization.[173] The Ottoman government urgently needed money to bridge the budget deficit and pay the term bonds of advances with high-interest rates. Besides, the government should realize the transition to the constitutional regime, hold the elections, pay the salaries, and sustain public life.[174] The French side had high expectations of the Revolution due to its liberal inclination. Stephen Pichon, the Minister of Foreign Affairs at that time, saw in the Young Turk revolution "a general movement of sympathy for liberal and republican France," and was convinced that the French government could achieve a privileged position in Istanbul. As a gesture of goodwill towards the new regime, he agreed to provide an unconditional loan of 25,000,000 francs.[175]

October 1908 was full of turmoil due to incidents in the international arena. On October 5, Bulgaria declared her independence and occupied the railroad passing through her territory, due to the strikes held in September. In February 1909, Russia mediated for reconciliation between the two states, which resulted in Bulgaria's independence.[176] The next day, Austria-Hungary declared that she had annexed Bosnia-Herzegovina.[177] On October 6, 1908, Crete declared that it had united

173 Yeniay, İ. Hakkı. *Yeni Osmanlı Borçları Tarihi* (Istanbul: Ekin Basımevi, 1964), 103.

174 Biltekin Özdemir, *Osmanlı Devleti Dış Borçları: 1854-1954Döneminde Yüzyıl Süren Cendere* (Istanbul: Remzi Kitabevi, 2017), 121-22.

175 Bruce L. Fulton, "France and The End Of The Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London: Frank Cass, 1996), 150. Though Cavid Bey was not involved in this loan agreement he always mentions it during his preliminary speeches on the loans or the budget.

176 The Ottoman Empire and Bulgaria signed two treaties related to this issue. First, Bul garia would pay 5 million in British gold as compensation in return for its independence. However, the Ottoman Empire did not receive this money because it was the same amount of money it owed to Russia through the Berlin Treaty. At last, Bulgaria became a fully independent state and the debt was cleared. Armaoğlu, *Siyasi Tarih, 1789-1914*, 610.

177 After the Berlin Treaty of 1878, Austria-Hungary had occupied Bosnia-Herzegovina and Yeni Pazar Sanjak. Austria-Hungary obtained the concession in February 1908 containing the Sarajevo-Yeni Pazar-Üsküp-Selanik route, as it also wanted to be the dominant country in the region. To achieve this aim, Austria-Hungary needed to annex

with Greece.[178] The Ottoman government recuperated its economic damage from the loss of its territories by accepting compensation. The Austria-Hungary Empire would pay 2.5 million Liras to put an end to the Ottoman invasion of Yeni Pazar Sanjak. In addition, Austria-Hungary accepted the removal of their capitulations, while the other European countries agreed to do the same. As mentioned above, Bulgaria also agreed to pay 5 million in British Pounds.[179] However, the biggest consequence was a huge economic boycott of Austria-Hungary after the calls for a boycott in the press. Though the first call was made in *Servet-i Fünun* on October 7, 1908, the main articles that pushed for the boycott were written by Hüseyin Cahit in *Tanin*. The strikes damaged the economy and were still ongoing when trade negotiations with Austria began. The boycott and the conflict between the two countries was not resolved until February 1909 when an agreement was signed by both parties.[180]

Bosnia and Herzegovina, particularly to stop Serbia, which also wished to gain access to the Adriatic Sea. Armaoğlu, *Siyasi Tarih, 1789-1914*, 610.

178 Although Crete had not been legally bound to the Ottoman Empire since 1898, it was still accepted as a territory of the Ottoman Empire. However, domestic turmoil in Greece in 1908 and 1909, including two coups d'état, meant that Crete was to remain under the sovereignty of the Ottoman Empire for a while longer. Armaoğlu, *Siyasi Tarih 1789-1914,* 610-11.

179 Akşin, *Jön Türkler ve Ittihat Terakki*, 151-53.

180 Y. Doğan Çetinkaya, *1908 Osmanlı Boykotu: Bir Toplumsal Hareketin Analizi* (Istanbul: İletişim Yayınları, 2004), 103-18. However, the annexation of Bosnia-Herzegovina was not only hastened by the Ottomans but also the Germans, who had lost ground in the Empire after the fall of Abdulhamid II. According to the biography of Karl Helfferich, a prominent figure in Germany before and during the Great War (1914–1918) and one of Cavid Bey's correspondents during the long negotiations on the loans and concessions, Germany had had better relations with the Ottoman Empire than at that time. As Helfferich states, "despite his advice and that of Marschall, von Bülow had backed Austria unconditionally in its annexation of Bosnia-Herzegovina. Second, most of the key German diplomats had been on vacation during the crisis. Third, the odium of absolutism was stuck as firmly to them as the aureole of parliamentarianism to the English. As Helfferich states, this situation was to the advantage of Britain. He accordingly proposed renewed efforts to come to terms with the English, suggesting the offer of the

October 6, 1908 had also proved to be a hectic day in Istanbul.[181] On October 6, the CUP started its campaign for the elections and published a program—which mainly addressed the constitution and political rights—consisting of 21 articles. The most important issue for the Unionists was for liberal democratic principles to become dominant in the political arena. In the field of economy, the election program covered the legal regulations on the relationship between employees and employers, as well as the development of the agricultural sector. The part of the program that addressed agriculture could be referred to as "agricultural reform." This included low interest rates for the peasants who possessed land, while preserving the property rights of more wealthy landowners (Article 14). Second, it also included the removal of the tithe and replacing it with a new kind of agricultural tax (Article 15).[182] When it came to labor, the program aimed to reorganize the relations between employees and employers (Article 13).[183]

Though there is a lack of ego-documents from Cavid Bey from before the revolutionary times, secondary resources help us to shed light on this period. Firstly, as can be gleaned from the state archives, he was appointed to Mülkiye as professor of economics (*İlmi-i iktisad*) and statistics on October 28, 1908. His salary was a total of 1,000 piastre. However, in June 1909, he discontinued his statistics class and hired another

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Baghdad-Gulf section of the railway. Marschall was not so inclined to despair as Helfferich. He believed that since the revolution was carried out by German-trained officers, who might will be expected to seek more instruction, Germany's position was more secure than it appeared. He recommended hammering away at the theme that the aim of the new Turkey and Germany being the same and letting events take their course. He was also less inclined than the bankers to parley with the English." Williamson, *Karl Helfferich, 1872-1924: Economist, Financier, Politician*, 88-9.

181 It should be noted that there were also some insurgencies in Istanbul such as the "Kör Ali Incident". These were the reactions of fundamentalist people protesting against the liberal and cosmopolitan atmosphere of the Revolution. *Ahmad, Ittihat ve Terakki 1908-1914 (Jön Türkler)*, 53.

182 *Kansu, İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 232-35.

183 *Erdoğan, II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909*, 173.

teacher, and for this reason he received only half of this salary, 300 piastre. However, he would get 5,000 piastres salary for being the deputy of Selanik.[184] Getting a job at Mülkiye is one of the first attempts of Cavid Bey for his future life in Istanbul. Secondly, he continued his political career as anticipated. The CUP held its first congress in Selanik between October 17 and November 8. It is fair to say that it was an extremely important congress between the revolution and the elections (which were held in September and October). Prominent Unionists such as Talat Bey, Ahmed Rıza Bey, and Hakkı Bey moved from Istanbul to Selanik.[185] After the CUP's Congress, the organization accelerated their campaign. Undoubtedly, Cavid Bey contributed to the campaign process. As one of the most prominent figures and spokesperson of the CUP, he was qualified to be in the field and to promote CUP propaganda in places such as the CUP Clubs. The campaign and days leading up to the election were hectic, as the struggle was carried on not only by parties but also by the press, clubs, and organizations that supported the CUP.

In November and December 1908, the Empire experienced a combination of competition, excitement, and joy.[186] The candidates for the election of the Chamber of Deputies were from the CUP, the Ottoman Liberal Party, and independent nominees. The Liberal Party was the sole opposition party to enter the elections. The other opposition groups consisted of Arabs, Greeks, and Albanians, who neither joined the Ottoman Liberal Party nor established a party of their own. There were other independent candidates from minority groups and who individually ran against the CUP.[187] However, especially the Greeks—who had prior

184 For the original document, see BOA. DH.SAİD.d 79, (page 467), for a translation, see Mehmet Z. Pakalın *Maliye Teşkilatı Tarihi (1442-1930), Vol IV* (Ankara: Maliye Bakanlığı Tetkik Kurulu, 1978), 238.

185 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 246.

186 The elections were held according to the Election Law passed in 1876. The General Assembly consisted of two different assemblies: the Chamber of Deputies and the Senate. The elections were held for the Chamber of Deputies. *Tunaya, İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3,* 206-13.

187 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 274.

experience with elections according to the rules of their religious institutions—were the main opposition to the CUP, and they ran the Unionists close with their experience in this field, especially in Istanbul.[188] The first election of the Second Constitutional Era was held in November and December 1908. As Kansu states, the CUP had a strong position in western Anatolian cities in the coastal regions such as İzmir but was not very strong in the interior of Anatolia, where monarchists and conservatives were quite popular.[189]

Cavid Bey was elected as a deputy for Selanik, which was a seat that had a primary electorate of 26,000 and a secondary electorate of 60,000. The total number of deputies elected for Selanik was 13.[190] The candidates from the CUP who were elected as deputies included Cavid Bey, Mustafa Rahmi (Aslan), Dr. Nazım, Emmanuel Karasso, Midhat Şükrü (Bleda), and Rıza Bey. Cavid Bey was a well-known person in the city due to his occupation as both the director of Fevziye Schools and as an economics professor with a superior talent for public speaking. The election in Selanik province ended on November 8, 1908.[191]

The parliament opened on December 17, 1908. Of the deputies, 142 were Turks, 60 Arabs, 25 Albanians, 23 Greeks, 12 Armenians, five Jews, four Bulgarians, three Serbs, and one Vlach (Romanian). The Liberal Party, however, could not enter the parliament despite its strong candidates such as Ali Kemal, the editor-in-chief of *Ikdam* daily, who was

188 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 208.

189 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 307.

190 In 1908, the population of Selanik was approximately 922,000, consisting of 265,000 Greeks; 222,000 Muslims, 150,000 Bulgarians, 52,000 Jews, 22,000 Wallachs, and approximately 1,000 Armenians living in the city. *Kansu, İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 326-8.

191 The deputies for Selanik were Mehmed Cavid Bey, Mustafa Rahmi Bey, Midhat Şükrü (Bleda), Yunus Naşid Bey, Gheorghi Artas, Gheorghi Khoneos, Dimitri Vlahof, Dimitri Dinkas and Hristo Dalchev for Siroz, and Rıza Bey for Drama. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 331.

supported by Prince Sabahaddin and Kamil Pasha.[192] The only candidate elected from its ranks was Mahir Sait Bey, one of the founders of the party, who was elected from Ankara thanks to his own efforts.[193]

The new assembly consisted of heterogenous members who were ready to divide and could potentially split at any moment. The election was not held in an environment in which the multi-party regime had been well established. In this way, the group was temporarily united under the roof of the CUP, and the differences between the members would surface after only a short period of time.[194] One could make an argument for the differences between the Unionist MPs and the MPs supporting the CUP. However, there were approximately 281 deputies in the parliament, according to Kansu, and only 54 deputies out of the total were hardcore Unionists.[195] Cavid Bey fell into this latter group. That said, independent MPs usually supported the CUP during the legislative process. The deputies, who were also members of the CUP, disagreed on a framework of a solid program. The CUP's mission was to fight to keep its group united under its control.

The elections were met with celebrations and rejoicing. According to *Tanin* daily, in Istanbul, people were marching in the streets, with students accompanying these marches, and ballot boxes were paraded on horses. The celebrations were held in an organized way and carried out among every community. Muslims, Armenians, and Greeks took part in these festivities.[196] On December 17, 1908, Istanbul was also buzzing with a sense of enthusiasm and excitement. People were eagerly waiting in the streets or in the windows of their houses to wave to the MPs who would pass by in their carriages on their way to the parliament. Flags were flown, and people were cheering—not only for the MPs but also

192 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 57.

193 Erdoğan, *II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909*, 203.

194 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi,* 208.

195 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 356-59.

196 Erdoğan, *II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909*, 205.

for everyone throughout the Ottoman Empire. Beyazıt Square, Divan Street, and Sultanahmet were filled with ordinary people and students cheering for the MPs who were trying to access the parliament building, which was located next to the Hagia Sophia. The MPs were welcomed at Arifi Pasha's mansion in Nuruosmaniye, with a short tea break at the Ministry of War building in Beyazıt before finally going on to the parliament. As Hüseyin Cahit Bey stated, it was the happiest moment of his life, in which his childhood dreams became a reality.[197] We can probably assume that all the MPs who were wholeheartedly committed to the CUP held the same sentiment, including Cavid Bey. After they took their places in the parliament building, Abdülhamid II entered the parliament, and they listened to his speech read out by the Chief Clerk, Cevad Bey.[198] Abdülhamid's speech highlighted certain issues that are also vital to an understanding of this era. First, according to him, the responsibility for the prorogation of 1878, which had been assumed to be temporary, lay with the the leading figures of the state affairs. He claims to have adopted the constitution once again without showing any inconstancy despite the rejection of some of the ministers and high-ranking bureaucrats. He also claims that during the 30-year suspension of parliament, progress in education, which had improved the talents and knowledge of the people, had paved the way for the restatement of the constitution. Therefore, despite his actual rejection of the constitution, he argues that he approved the proclamation of the constitution.[199]

One of the first things that the parliament did was to elect the president of the Assembly.[200] The ideologue of the CUP, Ahmet Rıza, who re-

197 Yalçın, *Siyasal Anılar*, 56-57.

198 Erdoğan, *II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909*, 231.

199 Yalçın, *Siyasal Anılar,* 58.

200 On December 1908, 30 members of the Senate were appointed by Abdülhamid II. The previous grand vizier of Abdülhamid II, who would soon be assigned the same duty, Sait Pasha, became the president of the Senate.
Tunaya, İ*ttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi*, 3, 237; Erdoğan, *II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909*, 244, 250.

turned from Paris in September[201] along with other political exiles, was elected as speaker of the chamber.[202] As Hüseyin Cahit writes in his stimulating memoir, Cavid Bey lobbied for Talat Bey to hold the position of vice president. He asked Hüseyin Cahit to vote for Talat Bey. However, Hüseyin Cahit did not know Talat Bey closely.[203] While Hüseyin Cahit was from Istanbul, Cavid Bey was from Selanik and had lived in Istanbul during his high school and college years, which was why he also knew the milieu of both cities very well. This would enable him to expand his network even further.

Sultan Abdülhamid II gave a feast in the Grand Muayede Hall of the Şale Mansion at Yildiz Palace following the opening of the Assembly and to celebrate Eid Al-Adha. Abdülhamid II placed a great deal of importance in this event as he was granted the privilege of witnessing this occasion. The table and the chairs were arranged in a horseshoe shape, and Abdülhamid II had Grand Vizier Kamil Pasha sit on his right side and the president of the Chamber of Deputies Ahmed Rıza Bey on his left side. He directed his attention and compliments to Ahmed Rıza Bey, and he even personally handed water. At some point, he asked Ahmed Rıza about the representatives by his side. In a low voice, Ahmed Rıza told the Sultan "Talat, Mehmed Cavid, I mentioned them before; Lütfi Fikri, he studied in Europe; Hüseyin Cahit, the editor-in-chief of *Tanin*." The Chief Clerk Ali Cevat Bey read aloud another of Abdülhamid's speeches during dinner. When it was finished, the attendants shouted all together "Long live our Sultan!" and applauded him,[204] which was, to say the least, a shocking scene for some of the Unionists.

The dinner invitation meant a lot for the Unionists because they had fought for the reinstating of the constitutional regime. Abdülhamid II was the antagonist of the Young Turks. Now, they had been together at his palace as both deputies and Sultan's guests. Their main target was to

201 Erdoğan, *II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909*, 144.

202 Mango, *Atatürk,* 218.

203 Yalçın, *Siyasal Anılar*, 60.

204 Kutlu, *Didâr-ı Hürriyet : Kartpostallarla İkinci Meşrutiyet (1908-1913)*, 160-61.

reclaim the constitution and reopen the parliament. The Sultan was still there, and it was a constitutional regime with Abdülhamid II.



Figure 2.1 Young Cavid Bey. A photograph of Mehmed Cavid Bey from a magazine in French. The article is related to his visit to Paris in 1913. The author of the article is Mollah Zaadé Chukri Bey. The photograph should belong to his early years.

§ 2.2 Cavid Bey, Young Deputy with a Full Agenda

This section encompasses the period from December 1908 to June 1909, including the 31 March Incident. It covers Cavid Bey's first days as a member of Parliment until he became the Minister of Finance in June 1909. During this period, he faced five main professional issues:

- Preparing the budget with the Financial Commission, of which he was a member.
- The workflow regarding the ministry, including fiscal and administrative regulations.
- Increasing the options for the Ottoman Empire to obtain loans. rather than going through the Imperial Ottoman Bank (IOB) and OPDA.
- Establishing the National Bank of Turkey (NBT).
- Publishing a new journal called *Journal of Economic and Social Sciences* with a group of fellow intellectuals.

The Assembly opened on December 17, 1908 and operated based on the legislation enacted 30 years prior, during the First Constitutional Era.[205] The first legislative period—which lasted four years—began with an opening ceremony and was characterized as the most dynamic, efficient, pluralist, and multi-party period of the era.[206] What did the new parliament mean for the Ottoman state's political scene? The constitution and the parliament were to limit the power of the sultan, a po-

205 According to the Constitution of 1876, the Ottoman Parliament was comprised of three different chambers: As mentioned above, the General Assembly which consisted of the members of the two different parliaments underneath: the Chamber of Deputies and the Senate. The elections were held for the Chamber of Deputies. The members of the Senate had formerly been appointed by the Sultan. During the Second Constitutional Era (1908-1918) the two assemblies only opened together for five years which meant three legislative periods.

206 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 213.

sition that had been the sovereign power of the Ottoman establishment for centuries. Second, it was an essential tool of representation that awakened a strong desire and will in peoples' minds for both political reasons and economic ones, such as the paying of taxes. Third, the parliament was crucial because it was the main and key tool for the checks and balance to control the government. The superiority of the Parliament was quite significant for the Unionists between 1908 – 1913. However, they would see how hard it is to convince the Parliament and reconcile the deputies representing different ideas and interests quickly.

Cavid Bey had his own agenda as a MP, minister, and Unionist. In his case, his plan was to address financial, economic, and public works issues that covered various subjects and that aligned with the CUP's main policies such as independence. When the parliament opened, the CUP was aware that any shift in the Empire's economic system would be quite important in the evolution of the political system. Just after the revolution, various demands—such as for a strike law, increasing customs duty, etc.—from different groups of people came onto the agenda of both the CUP and the parliament. Cavid Bey was on the front lines confronting all of these issues and problems while trying to produce sustainable, or sometimes temporary, solutions to meet both the urgent needs of the state and to implement the necessary regulations and processes that had to be actualized. His main goals were modernizing Ottoman finances, rising rates of the customs duties, rate, developing the economy in line with free-market principles with new local entrepreneurs operating in it, expanding customs operations, and finding enough cash to fund the urgent needs of the army. He was at the beginning of a long and hard road, which was mostly obstructed by political incidents and upheavals or conflicts of interests. It should be acknowledged that he strived to achieve all these ends during this period.

Cavid Bey was a very active MP in the parliament from his very first day in office. As an economist who had graduated from Mülkiye, he was familiar with the administrative process of state affairs. He was not assigned as a spokesperson, but naturally, due to his enthusiasm to spontaneously share his ideas, he became one of the most prominent speak-

ers of the Committee. He also continued his speeches in the parliament. He was well known for making long speeches without even glancing at his notes. As can be observed in the minutes of the Assembly, Cavid Bey joined all the sessions beginning from the very first meetings. His first task was to prepare a certificate of appreciation for Abdülhamid II as a response to his speech during the opening ceremony of the Chamber. The draft prepared by the Commission was read out by Cavid Bey.[207] Cavid Bey complained about the slowness of the workflow during the first days of the Assembly. He insisted that the work that had been delayed by writing a response to the sultan's speech or responding to the celebratory messages from foreign parliaments should be done immediately.[208] This is also one of the key points of Cavid Bey's character: doing things properly and thoroughly in a very short period of time, without procrastination.

During this short period, the main tasks in the parliament were, first, to establish commissions, such as the Financial Commission and Budget Commission; second, to prepare the main budget and the provisional budget; third, new legislation; and lastly, other routine work. While in Istanbul, Cavid Bey often took the floor of the parliament to speak on several issues, including the operational processes of the parliament related to financial issues, such as debts or the Baghdad Railway. He knew the financial issues that were on the table of the Ottoman Empire very well, and thus he was able to provide concrete suggestions for dealing with them.

All the deputies were divided into different sections of the parliament. Cavid Bey was in the fourth branch, and he was immediately appointed to the Commission of "The Response to the Sultan's Speech" (*Nutku Cevabî).*"[209] He was one of the key MPs who contributed to pre-

207 Millet Meclisi Zabıt Ceridesi, Devre: 1, Cilt: 1, 15 December 1324 (28 December 1908), 64.

208 Millet Meclisi Zabıt Ceridesi, Devre: 1, Cilt: 1, 13 December 1324 (26 December 1908), 55-9.

209 Millet Meclisi Zabıt Ceridesi, Devre: 1, Cilt: 2, 6 December 1324 (19 January 1909), 11.

paring and finalizing the response to Abdülhamid II's speech during the opening ceremony of the parliament. These kinds of duties were among his secondary works he has to accomplish. From the first day, he was very much in the forefront on issues related to the legislative process. In his speech regarding the response to the Sultan's opening speech in the Parliament, Cavid Bey used the expression "national sovereignty" (*hakimiyet-i milliye*) and emphasized the supremacy of the nation's constitution over other institutions. Later, he would also use a similar term, "financial sovereignty," when discussing the first budget. In his speech responding to the sultan, he declared that economic reform would take top priority in the country and that the treasury would be managed in accordance with economic principles such as having a balanced budget and the necessary legal arrangements.[210]

One of Cavid Bey's jobs during his first days in parliament was to establish the Financial Commission (*Maliye Komisyonu*), which consisted of 15 people. The commission, which was established on January 13, 1909,[211] had two main aims: first, to examine the draft bill of the budget law; second, to prepare the draft bill related to increasing or decreasing the state's revenues or expenses.[212]

Cavid Bey's work focused on two main lines: administrative and fiscal regulations. Fiscal regulations included of the budget, the General Accounting Law, and establishing a financial reform commission. Administrative regulations dealt with reshaping the ministry, including the reorganization of the ministry, the Law of Severance, opening a school of finance, sending students and young officers to Europe, among other things—all of which had to be carried out both in Istanbul and in the provinces. Ziya Pasha had been the Minister of Finance since December 1905 and remained in his position until February 1909.[213] In other

210 Akşin, *Jön Türkler ve Ittihat Terakki*, 177-78.

211 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 31 Kanunuevvel 1324 (13 January 1909), 180.

212 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 17 Kanunuevvel 1324 (30 December 1908), 87.

213 Abdülhamit Kırmızı, "Tanzimat'tan Cumhuriyet'e Maliye Nazırları (1838-1922)," *Türkiye Araştırmaları Literatür Dergisi* 1, no. 1 (2003): 97-114.

words, he was the first minister of finance of the new regime and the last of the old regime. Cavid Bey was very active during his ministry, because Ziya Pasha, though not a Unionist, respected his young colleague's knowledge and capacity to introduce new regulations and establish new links with international actors in the field of economy. Ziya Pasha and Cavid Bey were the two ministers who made the most progress in the field of finance between 1908 and 1911.[214]

As a member of the Financial Commission, Cavid Bey tackled these issues one by one. Within this scope, the priority was to determine the extent of incomes and debt. Second, some autonomous financial institutions which had critical importance, attached to the Ministry of Finance, such as the Customs, Post, and Telegram General Directorates, the fiscal department of *Defter-i Hâkanî,* and the retirement fund of Hicaz. Moreover, reforms that dealt with the organization of the ministry needed to be put into practice. There were other issues that needed attention, such as dismissals, the collection of assets, or real estate tax. However, first on the list was the budget, which had needed to be addressed for decades.

One of the primary tasks of Cavid Bey was the preparation of the first modern budget of the Ottoman Empire. Although the work on the first budget would be interrupted by the 31 March Incident, it was an outcome of hectic and disciplined teamwork led by Cavid Bey. He started to work on and lead these critical issues even before he became the minister of finance. Work on the budget was accelerated after the opening of the parliament. The budget was calculated based on the gross revenue method. This means that there ought to be only one treasury, and it needed to be controlled by the Ministry of Finance, which was where all the incomes and expenses were regulated. The only thing that the ministry could not control was the share of incomes controlled by the OPDA to pay off foreign loans. The budget system and its legal background, which was mainly established by Cavid Bey, remained in force

214 Muharrem Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi* (Istanbul: Kitabevi, 2009), 5.

until 1927. This became the basis of state accounting. The main point here was to practice caution when it came to the budget deficit. However, military expenses and the share of the OPDA were the two main reasons for the Empire's chronic budget deficit. Another critical issue was that, during this period, the Ottoman financial authority tried to avoid any negative criticism that might come from European financial circles. Therefore, they were extremely careful about the budget deficit in the new budget of 1909.

Besides the preparation of the budget, a new law, the General Accounting Law, was also being prepared to implement the new budget rules.[215] Cavid Bey made the team among the ministry bureaucrats, and he worked day and night on this issue. But he was not all alone. According to Özavcı, Charles Laurent (1856–1939), a prominent French financier, was appointed as the advisor of the Ottoman Ministry of Finance before the 1908 Revolution. Laurent's mission was to help the financial difficulties of the Ottoman Empire. He stayed in Istanbul until the early omonths of 1911. Laurent could arrive in Istanbul on October 27 aftermath of the Revolution. Laurent was surprised by the traditional workflows in the Ottoman ministry of finance. It was a delicate period for the Ottoman Empire, with both a high level of enthusiasm and fear and a poorly organized imperial administration. On the other hand, the political atmosphere had a more nationalist point in the aftermath of the Revolution. Laurent started his work in the Ministry along with Cavid Bey, and their first task was to determine the debts of the state – domestic and foreign - to prepare the budget.[216] However, on January 16, 1909, Cavid Bey asked Abdülaziz Mecdi Efendi, MP for Karesi, to delay the budget deadline due to the lack of data. Cavid Bey had adopted a comparative analysis and approach based on examples from European

215 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 27-31.

216 Ozan H. Özavcı, "A Little Light in The Darkness': The Mission of Charle Laurent and the Young Turks, 1908-1911," in *Abdülhamid II and his Legacy: Studies in Honour of F. A. K. Yasamee,* ed. F. A. K. Yasamee, S. Tufan Buzpınar, and Gökhan Çetinsaya (Istanbul: The ISIS Press, 2019), 203- 206-8.

countries. The fundamental problem here was that the Minister of finance could not receive the budgetary documents that he requested from the other ministries, although European cases demonstrated that the minister of finance had political clout over other ministries. In the Ottoman case, this responsibility for maintaining control over the cabinet branches belonged to the grand vizier. Despite these bureaucratic difficulties, the budget should be ready at the end of March.[217] It was the end of the fiscal year. Since the Ministry of Finance could not obtain adequate financial information, the Council of Ministers declared a decree through which creditors in all provinces were asked to list the amount that the Empire owed them within one month. According to the hectic work in the ministry, "the budget deficit was no less than 13 million Liras (296 million francs)."[218]

In his first long speech in the Chamber on January 16, 1909, he spoke about the Baghdad Railwayissue. The deputy for Baghdad, Babanzade İsmail Hakkı Bey's subject of interpellation was on the delay of the Baghdad Railway. Sina Akşin points out that they questioned the Baghdad Railway as an outcome of the shift in foreign policy that led the Unionists to rapproach the United Kingdom.[219] While German investors wanted to keep their contracts as they were, the Unionists challenged the Baghdad Railway contract in terms of its fiscal dimension.[220] However, Cavid Bey's response was realistic and practical in that he knew that this could not be changed, though it could be modified in favor of the Ottoman Empire under the new political and international circumstances.[221] Cavid Bey took the floor and gave a lengthy and detailed speech starting from the construction process of the Baghdad Railway

217 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 15 Kanunuevvel, 1324, (28 December 1908), 65-6.

218 Ozan H. Özavcı, "A Little Light in The Darkness': The Mission of Charle Laurent and the Young Turks, 1908-1911," 208.

219 Akşin, *Jön Türkler ve Ittihat Terakki*, 349.

220 *Seda Örsten Esirgen, Osmanlı Devleti'nde Yabancılara Verilen Kamu Hizmeti İmtiyazları* (Ankara: Turhan Kitabevi, 2012), 189.

221 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 3 3 Kânunusani 1324 (16 January 1909), 64.

in the Hamidian Era. By looking at his speech, it can be Sait that he had been well-prepared about the subject beforehand. He further elaborated on his point by providing examples of other railway projects in European countries. Cavid Bey expressed his criticism of the construction of the Baghdad Railway through the financial lens. The reasons for his objections included the following: first, he considered that such an expensive project was a burden on the treasury, rendering it unnecessary. Furthermore, many useful and beneficial projects had been turned down because so much money was funneled into the Baghdad Railway. He claims that similar railway lines built in many other countries such as India were half the cost of the Baghdad Railway. In India, for a similar railway, the cost of a 1 km long line was 130,000 Francs. Whereas a 1km long stretch of the Baghdad Railway cost 269,000 Francs. And because it was slated to pass through zones that had a low population density and was a common nomad route, the Baghdad Railway would not be able to compensate for this amount of money. Another objection that he had was that the route of the railway would not pass through İskenderun and the fertile lands of the Amik Plain. His third objection was about the resources allocated for this project, which included the surplus of income allocated to the OPDA, surplus income from customs, the surplus that would be obtained by the increase in customs duties, and lastly, the income obtained from the prevention of abuse and reforms in the customs. If it was impossible to abolish the project, he says, his recommendations were quite brief: improve the route and the provisions. Moreover, if all the surplus obtained from various items would be spent on the construction of the Baghdad Railway, the government would need to get a loan, which would make it more difficult to improve Ottoman finances. In short, Cavid Bey claims that this project was a political project initiated for illegal or unjustified reasons.[222]

In a session dated February 4, 1909, Cavid Bey was elected to the Budget Commission (*Muvazene-i Maliye Encümeni*). He was also chosen

222 MM Zabıt Ceridesi, Devre: 1, Cilt: 2, 14 February 1324 (27 February 1909), 72-7.

to report to the commission.[223] Cavid Bey worked in the commission quite effectively and achieved many fruitful results. One of the long speeches that he gave at the Assembly touched upon the government bill regarding the "1908 Loans" (*1908 Senesi İstikrazının Esbab-ı Mucibe Layihası*).[224] This bill was essentially drafted by the Budget Commission and had been presented to the representatives a few days prior. Financially speaking, the government was in a difficult position. According to Cavid Bey, foreign indebtedness was starting to become a major issue since its first time in 1856. The attitude of obtaining loans to close the budget deficit, which also remained inadequate for investments, dragged the previous government to the brink of bankruptcy in foreign and domestic markets, which practically destroyed the reputation of the country both on the international and the domestic stages. Thus, the Empire's creditors founded the Ottoman Public Debt Administration (OPDA) concerning the loans for which neither the principal nor interest payments were being made. Thanks to the new administration, this damaging outlook was in the process of recovery to some extent; debenture bonds that had previously become worthless in London, Berlin, and on the Paris Stock Exchange were being reissued in those markets. However, still the situation was so desperate that the state was not even able to pay the salaries of civil servants without going into debt. The 1908 Reform took place just when all the paths came to a dead end. This did not do much for the Ministry of Finance since the treasury was prac-

223 MM Zabıt Ceridesi, Devre: 1, Cilt: 2, 4 Şubat 1324 (17 February 1909), 679-82.

224 The 1908 Loan was the first loan agreement of the Second Constitutional Period. It was realized for supporting the armed forces and navy; for making reforms to the gendarmarie and navy; innovation in the field of public works and education; for paying the budget deficit, advance payments, and short time debts. The provisions were some part of the income from customs; and km guarantees of some of the railways. The loan agreement was made by the Ottoman Bank amounting to 4,711,124 Ottoman Liras (net output was 3,910,000 Ottoman Liras). Özdemir, *Osmanlı Devleti Dış Borçları: 1854-1954 Döneminde Yüzyıl Süren Cendere*, 121. Though the 1908 Loan was realized on September 19, 1908, it would be valid when the Chamber of Deputies and the Senate approved the agreement. 99.

tically empty. Moreover, in the Second Constitutional Period, the relationship between the state, economy, and the people crystallized. The state began to realize that it was not sovereign over the people anymore but rather that its sole raison d'être was in fact to serve the people. As the state came to realize this, the people began to speak out about it and direct their demands to the state. Along with civil servants, contractors, and other unpaid groups, the provinces began to ask for money from Istanbul for their needs, whereas before that, they would have sent their surplus revenues to Istanbul. In the past, when a soldier received his discharge papers, he did not receive his salary in cash; however, at this juncture, to prove that change was afoot in the country, the soldiers had to be paid. Lastly, it was inevitable for debt to be taken on in order to reenforce constitutional governance. The debt talks had already begun before the opening of the parliament in 1908. The critical point regarding this debt issue was that, in addition to the Empire's three million Liras of debt, one million lira was also needed to cover the debts of the Royal Treasury (*Hazine-i Hassa*). As seen in this case, the constitutional regime had made the royal family and its institutions a part of the state just like any other institution. The palace's financial issues such as the budget, salaries, allocations, etc., were determined by the representative regime, which was the parliament. Some changes were made to the debt agreement such as the formal regulation that only the minister of finance could sign the state's debt agreements. The signatures of the grand vizier and OPDA were removed, and the minister of finance became the only authorized person to deal with and sign debt agreements. As mentioned earlier, the loan of 1908 exceeded 4 million liras at a 4% interest rate.[225] The Ottoman Bank received its share of criticism due to the debt configuration. In addition to this, the state made two more agreements: one with the Ottoman Bank and another on an advanced loan contract with French, German, and British creditors. A third

225 Although the the 1908 Loan agreement were signed between the Bank and the Government, it should be ratified by the Parliament. The Loan was taken right after the July Revolution to meet the urgent needs as the budgef deficit.

agreement concerned the 1.36 million-lira loan equally shared by British, German, and French groups. This agreement was significant as it made it possible for Ottoman bonds (*tahvil*) to enter the British market. At this point in time, Cavid Bey asked the Assembly to act quickly and approve the legislation concerning of the 1908 Loan as soon as possible.[226]

Although work on the 1909 budget had been mostly completed before March 1909, the 31 March Incident postponed its implementation. Consequently, Cavid Bey had to prepare a provisional budget covering April and May due to the end of the fiscal year having been in March. The financial situation after the 1908 Revolution was in complete chaos. The main problem was that for the last 50–60 years, there had consistently been an amount of debt close to 6–7 million Liras from the previous year. The amount of debt that passed on to 1909 from 1908 was around 7–8 million Liras. The situation was so complex that in 1909, the state was unsure exactly how much debt it owed. The government took a step forward by proposing an amendment to the law that would help to pay the salaries of civil servants, debt to contractors, and other debts from 1908. The debt from 1908 was going to be paid with the amount allotted for 1909. However, Cavid Bey opposed this attempt, as he thought that this move would run contrary to the principle of unity in the new budget that had been recently passed.[227] Aside from this, the economy was already in poor condition, both before and after the 1908 Revolution. State salaries were not being paid, both in Istanbul and in the provinces. Therefore, it was necessary to create a new budget so that these debts could be repaid.[228] Another significant development that points to the conflict between the government and the parliament is that the latter tried to build its own identity during the first months.

226 MM Zabıt Ceridesi, Devre: 1, Cilt: 2, 4 Şubat 1324 (27 February 1909), 651-721.

227 MM Zabıt Ceriedi, Devre: 1, Cilt: 2, 7 Mart 1325 (20 March 1909), 367-8.

228 MM Zabıt Ceriedi, Devre: 1, Cilt: 2, 7 Mart 1325 (20 March 1909), 373. Use Ibid in referring to the exact same set of sources please. Ibid should be in the style sheet for citations, no?

While Cavid Bey did not get involved in governmental affairs, he thought that it would be the parliament that would make the final decision on the provisional budget. Interestingly enough, the Assembly voted on and passed this article, with Cavid Bey among those who voted "yes."[229]

Cavid Bey prepared a draft bill entitled "The Bill about Defrayal in April and May and Using the Income of Duties Collected in May." He worked on this draft bill alongside French Counsellor Charles Laurent. It consisted of the provisional budget; however, the provisional budget for March had been rejected by both the parliament and the Senate due to the lack of detailed information and tables on expenses and incomes. Therefore, in the meeting held on April 10, 1909, the provisional budget, which consisted of the budgets of March, April, and May, was discussed. First, Cavid Bey read the commission's mandate. This draft bill gave permission to the Ministry of Finance for the payment of the salaries from March, April, and May and to collect the amount of 422,860,000 lira demanded by state offices. Though the budget draft was given to both the Chamber and the Senate, they were hesitant to approve it. Cavid Bey underlined the urgency of this situation and emphasized that provisional budgets were not typically regarded as good and positive things in financial affairs. He created a detailed table showing income and expenses. The only fault in the budget was that the salaries were not shown one by one. Because there was a strict time limit, the commission approved the expenses. Cavid Bey generally cut large chunks off the state expenses, including the salaries and expenses of the provinces.[230] In general, the highest costs belonged to buildings, the Ministry of War, and the Ministry of Navy. The highest cost cutting operation in the provisional budget was made in the budget of the Royal Family. Cavid Bey remarked that he was sure that the sultan would approve of it as ordinary officers had made sacrifices themselves. According to him, the most important aspect of this budget was cost cutting,

229 MM Zabıt Ceriedi, Devre: 1, Cilt: 2, 7 Mart 1325 (20 March 1909), 378-79

230 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 28 Mart 1325 (10 April 1909), 12.

which included the expenses of the palace, which was also symbolic of national sovereignty.

Cavid Bey, though pessimistic, declared that the budget would be completed in June.[231] He stated that in preparation for this provisional budget, they had worked three days and nights and that they had been working for one month on the budget.[232] This draft received its share of criticism, particularly from Krikor Zöhrap Efendi,[233] regarding the regulation of the income items. However, Zöhrap Efendi, one of the deputies who severely Cavid Bey in the Parliament – another deputy was Lütfü Fikri - was impressed by the extent of Cavid Bey's knowledge.[234]

As Toprak states, the Unionists revolted against the tradition of the concept of servants of the state (*kapikulu*), which represented wide range of people serving the state. This system was helpful at the beginning of the Ottoman Empire but now, due to radical changes in the military and political system of the Ottoman Empire, it became an obsolete system. The CUP brought a new understanding to society: individualism was the basic philosophy of the society, and the individual must be defended against the state. From this point onward, the individual would be transformed into the "entrepreneur," which would then become the main philosophy of the Ottoman society.[235] The CUP began the implementation of this policy through passing the Law of Severance. Cavid Bey was the architect of this law. Even before its acceptance into law, it was already de facto beginning to be implemented. Hüseyin Hilmi Pasha unwillingly and regretfully signed the decree.[236]

In February 1909, the Kamil Pasha government fell. When he became the Grand Vizier on August 6, 1908, he acted like a Tanzimat

231 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 28 Mart 1325 (10 April 1909), 10-11.

232 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 28 Mart 1325 (10 April 1909), 31.

233 Krikor Zöhrap Efendi (1861-1915): An Armenian MP for Istanbul. He was a lawyer but also an influential writer and poltician. He was not a Unionist. He lost his life in 1915.

234 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 28 Mart 1325 (10 April 1909), 42-3.

235 Toprak, *Türkiye'de Milli İktisat, 1908-1918,* 35.

236 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi Vol I-IV*, ed. Hasan Babacan and Servet Avşar, Vol I (Ankara: Türk Tarih Kurumu Basımevi, 2014), 30-3.

statesman during the new era. He wanted to conduct the government without any interference from the Unionists, who were a source of frustration for him. At the beginning, the Committee supported him, due to his Anglophile stance, his strong relations with Britain, and his attitude of caving into CUP demands, such as appointing Recep Pasha to be Minister of War. But after the opening of the parliament, the balance between the two parties had changed. This was a natural consequence of Kamil Pasha's character. Ahmad argues that he neglected to pay attention to the Unionists and underestimated the CUP. Although he later assigned Manyasizade Refik Bey as Minister of Justice and Hüseyin Hilmi Pasha, who was known to be close to the CUP when he was the Inspector General of Macedonia, as the Minister of Domestic Affairs,[237] the CUP was not pleased with Kamil Pasha, who was close to the Osmanlı Ahrar Party during the election period. Kamil Pasha was strongly supported by Great Britain, which is why the Unionists tolerated him as the grand vizier. However, things panned out differently in the end—as we will see below—as Britain kept its distance from the CUP and supported the March 31 Incident. The CUP had wanted to keep Kamil Pasha in power in order to keep him in check so that he could not usurp all the power.

On February 10, 1909, Kamil Pasha appointed a new person to hold the titles of Ministers of War and Navy. Nazim Pasha replaced Ali Rıza Pasha as the Minister of War, and Admiral Hüseyin Pasha replaced Arif Pasha as the Minister of the Navy. This caused a crisis and led to the resignation of Hüseyin Hilmi Pasha and other cabinet members. *Tanin* described this development as a coup against the government and an attack against the rights of the parliament and the Constitution. On February 13, 1909, the parliament gathered to ask for a statement from

237 Meanwhile, the leading military members of the CUP did remove themselves from the domestic political arena. On January 13, 1909, Major Enver was appointed military attaché in Berlin. Major Fethi (Okyar) was posted to Paris, Major Ali Fuat (Cebesoy) to Rome, and Major Hafız İsmail Hakkı to Vienna. The behavior of Major Niyazi, who was the first to raise the standard of revolt, was even more honorable and more disinterested. Mango, *Atatürk*, 217.

the grand vizier. The navy anchored near Dolmabahçe Palace and sent two petitions to the parliament asking the grand vizier to make a statement. On February 14, 1909, he and his cabinet were dismissed. This was the first and only time in the history of the Ottoman Empire that the cabinet had fallen because of a vote of no confidence in the parliament. The same day, Hüseyin Hilmi Pasha was assigned to the post of grand vizier (February 14–April 13, 1909).[238] In the end, the majority held by the CUP in the parliament was strong and could not be defeated within the scope of the constitutional order. According to his program read out in parliament on February 17, Grand Vizier Hüseyin Hilmi Pasha declared domestic politics were to be carried out according to liberal principles that would serve social needs, and therefore, this program was compatible with CUP policies. His cabinet was established according to parliamentary procedures even before the related amendments to the constitution were done.[239]

§ 2.3 Increasing the Leverage of Ottoman Finances

In addition to his work on other big issues in the arena of domestic politics, Cavid Bey had plans to improve the economic situation of the Ottoman Empire, which had been chronically in debt. As he emphasized in his parliamentary speeches, he also aimed to ensure the financial independence of the Ottoman Empire. However, it should be noted that despite his opposition to capitulations and the OPDA, his concept of sovereignty is much more permeable than that of the National Forces (*Kuvvacı*) that would dominate the scene in early 1920s. To achieve this aim, he had two specific targets: first, distangle the Empire from the Great Powers, especially from the OPDA's boundaries in terms of foreign loans. Secondly, annhiliate French financial control over the domestic institutions. Abdülhamid II's foreign policy was also similar. The Union-

238 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 58-66.

239 Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi*, *3,* 86-87.

ists more or less pursued his policies. Cavid Bey's target was to distance the IOB and especially the OPDA from the loan process and to entice Britain into the Ottoman financial game once again. His main aim was to increase the leverage and options of the Ottoman government in loan negotiations in order to achieve better conditions.

First of all, as I argue below, Cavid Bey tried to enhance the Ottoman Empire's opportunities to obtain more loans. After the 1875 bankruptcy of the Sublime Porte and the establishment of the OPDA,[240] partially because of increasing Turkophobia, British investors exited the Ottoman securities scene, and French investments in public works gradually replaced them. By 1880, three-fourths of the Empire's foreign debt was held by France. Meanwhile, the Imperial Ottoman Bank—which had been established in 1863 as an Anglo-French enterprise—had not only become predominantly French but also had come to serve as an "Ottoman" state bank. After the 1908 Revolution, Germany, and France, which had been prominent financial actors during the Hamidian era, stepped back from the financial scene, and Britain came forward to support the aspiring Ottoman democracy. As an Anglophile, Kamil Pasha was seen as someone who could facilitate matters for the Unionists.[241] However, as a French businessmen would complain very soon, the Empire's economic relations with each Great Power were as follows: "the Ottoman Navy Minister buys boats from England, the Ottoman Minister of War buys gun from Germany and the Ottoman Minister of Finance asks for loan only in Paris."[242] Cavid Bey was one of the key figures who wanted to

240 The Imperial Ottoman Bank was established in 1863 and functioned like a central bank. The Ottoman Public Debt Administration was established according to the Muharrem Decree in 1881 to collect income in the name of the creditors and syndicates that gave loans to the Ottoman Empire from different countries. The OPDA, which became a state body, also allowed the Ottoman bureaucrats to learn about the methods of modern finance. Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 251.

241 Özavcı, "A Little Light in The Darkness': The Mission of Charles Laurent and the Young Turks, 1908-1911," 205.

242 Jacques Thobie, "Finance et Politique: Le Refus en France de l'Emprunt Ottoman 1910," Revue Historique 239, no. 2 (1968): 327-50.

change the Empire's economic situation, which had been placing pressure on the Empire due to both high interest rates and concessions. His main policy was to challenge the dominance of the IOB and the OPDA. These institutions were like twins that had become the most ascendant institutions in the Empire.[243] The main question was why Britain, particularly the Foreign Office, supported a bank in Istanbul apart from the IOB when its partner, France, already had a strong position in the Empire. We should also examine what Cavid Bey's role was in the establishment of the bank.

The National Bank of Turkey was founded in 1909 by British capitalists who were supported by the Foreign Office. Despite the Entente Cordiale between Britain and France, the key British figure in Istanbul, OPDA President Sir Adam Block,[244] was anxious about the non-participation of British financiers in various railway enterprises and financial operations, which would ultimately place Britain in a weak political position in Istanbul. As Marian Kent states, from 1906 onwards, Block warned the Foreign Office to consider adopting new ways to secure Anglo-French financial cooperation in Istanbul.[245] Although the French did not fully understand this concern, the Ottoman Society was formed under the auspice of the Ottoman Bank.[246] However, this society did not remain intact, because the negotiations between British and French institutions broke down on November 14, 1908. As far as we know from secondary sources,[247] Boghos Nubar and Calouste Gulbenkian later prepared the first draft of the bank agreement. Both came from wealthy families involved in international finance and had investments worldwide and throughout the Ottoman territory. They held the talks in

243 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 251.

244 The British and Belgian representatives on the OPDA council.

245 Marian Kent, "Agent of Empire? The National Bank of Turkey and British Foreign Policy," *The Historical Journal* 18, no. 2 (1975): 367-68.

246 Jonathan Conlin, "Debt, Diplomacy and Dreadnoughts: The National Bank of Turkey, 1909–1919," M*iddle Eastern Studies* 52, no. 3 (2016): 528.

247 John Burman, "Politics and Profit: The National Bank of Turkey Revisited," *Oriens* 37 (2009): 225-36.

London in the name of the Ottoman Cabinet. However, Gulbenkian had doubts about a British Bank because it could approach the Ottoman Bank and become its satellite. After looking for partners, the Ottoman financiers partnered with Sir Ernest Cassel. In 1908, Cassel was also encouraged by the Foreign Office to establish the bank. The first meeting of the bank project was held in Istanbul on January 29, 1909, in which Cavid Bey was also present along with Şerif Pasha (1865–1951), former Ottoman ambassador to Stockholm, and Hasan Fehmi Pasha (1836–1910), president of the Council of State. Reşid Sadi, who edited the Young Turk newspaper *Ikdam*, and Meguerditch Essayan, Gulbenkian's uncle also participated to the meeting. According to Cavid Bey's memoirs, after his return from Selanik on March 15, 1909,[248] Cavid Bey visited his friends Mutrans and Mr. Cassel. On March 16, 1909, Cavid Bey and Adam Block worked on the founding principles of the National Bank of Turkey. The bank was formed by a decree dated on March 30, 1909. As Conlin states, "a total of £1m worth of £10 shares were issued, the vast majority of which were held by Cassel (32,918), Revelstoke (32,115), and Sir Alexander Henderson (31,116). The remainder were divided between Cavid Bey (500), Essayan (500), Gulbenkian (100), Reşid Sadi (100), Ahmed Cemal (100), and Cemal Pasha (100). Small holdings of 20 Founders Shares were given to Cavid Bey, Sait Pasha, Prince Sait Halim Pasha, Marshal Cemil Pasha, Reşid Sadi, and Hassan Fehmi Pasha." Sir Henry Babington Smity became the president of the Bank. A consultative committee was also set up. Hüseyin Cahit, Nail Bey, the future Minister of Finance, Block, and Ahmed Cemal Bey became the members of this committee.[249] The reason I narrowed my focus on the establishment of the National Bank of Turkey was to underline the role that Cavid Bey played in stirring up the market to increase the number of opportunities under which the Empire could take out loans with more appropriate conditions. The talks concerning the foundation pro-

248 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I, 20.*

249 Conlin, "Debt, Diplomacy and Dreadnoughts: The National Bank of Turkey, 1909–1919," 527-30.

cess of the bank had also accelerated after the opening of the parliament in December 1908.

§ 2.4 An Intellectual Hand

Another major accomplishment of Cavid Bey during this period was publishing the *Journal of Economic and Social Sciences*[250] (JSES) (Ulûm-u İktisâdiyye ve İçtimâiyye Mecmûası) along with a group of intellectuals including Ahmet Şuayip and Rıza Tevfik. The magazine featured articles that focused on liberal economic arguments, similar to the ideology of the Ottoman Empire.[251]

250 BOA DH.MKT 1282.40 (2.1) Fi 16 Recep 326/ Fi 31 Temmuz 324
"A legal permission should be granted to Cavid Bey by the Ministry of Police to publish a journal called "Journal of Economic and Social Sciences according to the third and fourth articles of the Press Law."
Permission for translation of the book from İdare-i Matbuat office of the Ministry of Interior Affairs."

251 Ahmed Şuayip, Rıza Tevfik, Mehmed Cavid. *Ulûm-i İktisâdiye ve İçtimâîye Mecmuası*. Istanbul: Tanin Matbaası, 1909.
Çakmak, *Osmanlı İktisat Düşüncesinin Evrimi: Societas ve Universitas Gerilimi*, 89.



Figure 2.2 Mehmed Cavid Bey and Rıza Tevfik. Taha Toros online archive.

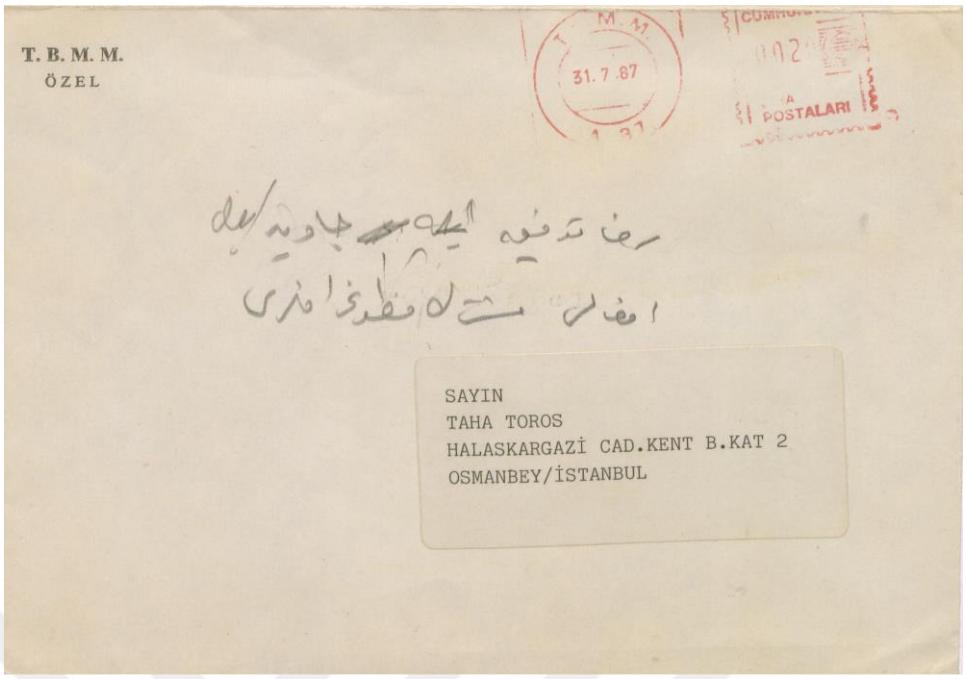


Figure 2.3 The envelope. The Envelope of the photograph indicate the source of this photograph.
http://openaccess.marmara.edu.tr/bitstream/handle/11424/139672/001561758008.pdf?sequence=3&isAllowed=y

As Toprak states, a new understanding of economics emerged with the Second Constitutional Era. The Ottoman state was seen from a new perspective, and economic development became the main trajectory of the state instead of fiscal policies, which meant that economic life would not be limited to providing the treasury with the best resources. As a reflection of nation-state ideology, the state's role was to reinforce the economy, allow for a free economic environment in which individuals could pursue entrepreneurial goals, and provide an indirect flow of income for itself by enhancing citizens' capacity to pay higher taxes.[252] In this way, concepts such as "individualism," "freedom," and "individual enterprise" were introduced into Ottoman social life during the Second Con-

252 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 35.

stitutional Era. However, the CUP was indecisive about its economic policy. This hesitation was increased by the lack of accumulation of capital in the country and the rising criticism of liberalism in Europe. Finally, the concept of state socialism (*socialisme d'état*) made its way into Ottoman intellectual debates through the CUP. Meanwhile, the JSES continued to voice the liberal perspective in its publications as opposed to state socialism. In the Assembly, non-Muslim MPs typically defended the socialist view, while the Muslim Union defended the liberal view.[253] Still, support for liberalism in Ottoman society peaked between 1908 and 1912.

The Ottoman Empire's role as the provider of raw materials to the capitalist world economy did not change during the Second Constitutional Era. Merchants and landowners were amongst those who benefited from this dynamic the most. This structure of the Ottoman economy occupied the ideas of economic thinkers, as well. Çakmak claims that Ottoman economic thinkers viewed the field of economy as an artisanal arena where the aim was to provide solutions to actual problems rather than a scientific field with abstract and universal laws. The reason for this is that Ottoman economists were initially concerned with saving the Empire from collapse. Therefore, Ottoman economic thinkers considered themselves closer to the German historicist school. In this context, they felt more aligned with Germany, which had the experience of late-capitalization, more so than with Britain, where capitalism was born and had advanced.[254] Cavid Bey's book entitled *The Science of the Economics* (*İlm-i İktisat)*—which was published in 1899 and had become a course book in high schools[255] and universities—reflective of his liberal economic view long before the publication of the journal. The

253 Toprak, *Türkiye'de Milli İktisat (1908-1918)*, 86-91.

254 Çakmak, *Osmanlı İktisat Düşüncesinin Evrimi: Societas ve Universitas Gerilimi*, 93-94, 102-03.

255 Mehmed Cavid Bey *İlm-i İktisad Mekatib-i İdadiyeye Mahsus*, Istanbul: Âmire Matbaası, 1911. The second print of the book was published by Kanaat Publishing House in 1913. Özege; 13120 – TBTK; 9743.

fact that Cavid Bey insisted on this liberal position despite the change in circumstances, even during the Lausanne Peace meetings following the National Struggle, constitutes one of the essential critical questions of this thesis. This approach, which became the main reason as to why he ended up on the side of the opposition during the Early Republican Era, was coherent from his own point of view, but it also jeopardized his situation.

Following the declaration of the constitution in 1908—and with it, the elimination of censorship of the media—there was an explosion in publishing activities. These publications ranged from humor to science, they had a limited number of pages, and their lifespan was rather short. Both Istanbul and the periphery enjoyed the richness and exhilaration of these publications, which mirrored the enthusiasm stimulated by the Second Constitutional Era. This was the environment in which the *Journal of Social and Economic Sciences* was born. It was among the journals consumed by the intelligentsia of the time.[256]

The JSES was published between December 29, 1908, and March 14, 1911, in 27 issues.[257] However, since issues no. 18–21 were published as a single volume, there were actually 24 issues. Cavid Bey, Ahmet Şuayip, and Rıza Tevfik founded the journal.[258] There were 22 signatures in the journal, and the most prolific writer was Ahmet Şuayip. Cavid Bey was the second most featured author with 27 articles.[259] Cavid Bey's articles were usually theoretical and mostly defended economic liberalism.

In a general sense, the JSES is considered to be the first liberal publication in Turkey. It should be added that the journal had a positivist

256 Çakmak, *Osmanlı İktisat Düşüncesinin Evrimi: Societas ve Universitas Gerilimi*, 159-79.

257 The articles of the journal also published like a book. Ahmed Şuayib, Rıza Tevfik, and Mehmed Cavid, *Ulûm-i İktisâdiyye ve İçtimâiyye Mecmûası* (Istanbul: Tanin Matbaası, 1910).

258 Karaman, "Ulûm-ı İktisadiye ve İçtimaiye Mecmuası," 65.

259 Haluk Alkan and Atila Doğan, *Osmanlı Liberal Düşüncesi, Ulum-ı İktisadiye ve İçtimaiye Mecmuası*, (Istanbul: Istanbul Bilgi Üniversitesi Yayınları, 2010), 66.

background. The ideas expressed within the framework of the JSES were drawn from four international sources: Le Play School, Comtean positivism, Spencerian evolution, and organism theory, in addition to the liberal approach toward parliamentarism as advocated by J.S. Mill. The common view of these sources is that social events and institutions can be understood through scientific methodologies. These thinkers sought ways to re-establish the stability that was jeopardized by the chaos ignited by the French Revolution, and they were, partially or completely, in favor of the implementation of scientific methods developed in natural sciences or the social sciences. The direction of the journal was presented in the preface to the first issue, which highlighted that economic and political event are two sides of the same coin and that countries that do not accomplish economic development cannot become political powers in the international arena. The journal also aimed to address economic and financial matters through comparative analysis.[260] The preface and the program declared that the journal would defend free trade and that it would support the abolition of all sorts of obstacles against international commerce.[261]

The articles in the journal, as is detected from their titles as well, were divided into two sections: articles on the economy and articles on society. The subjects addressed in the economic articles were money and finance, state debts, trade, agriculture, and the stock market crisis. Cavid Bey wrote extensively on the debts of the state, trade, and the stock market crisis. He published “debt agreements” on the past loans of the Ottoman State, and additionally, he provided information about the current debts of the state. When it came to commerce, he wrote about trading companies. He produced a series of articles on the subject of the stock market and gave detailed information about how stock market operations are defined and executed.[262]

260 Doğan and Alkan, *Osmanlı Liberal Düşüncesi, Ulûm-i İktisâdiye ve İçtimâîye Mecmuası* 7-8.

261 Karaman, "Ulûm-ı İktisadiye ve İçtimaiye Mecmuası," 67.

262 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 92-94.

Cavid Bey's articles underline the fact that a strong financial system is rooted in a strong economy. Since countries with advanced economic structures have reliable tax systems, according to him, it is mandatory to collect taxes on time and implement progressive methods of taxation. On the one hand, transportation is portrayed in his articles as one major problem that needed to be solved. He had two articles on railways titled *Our Public Works*. He argues that the insufficiency of the means of transportation was one of the main reasons why the production level in the Ottoman Empire did not surpass the level of subsistence. Railways were crucial not only for production but also for military purposes. Deniz Karaman argues, however, that Cavid Bey's articles were about the Rumeli and Selanik-Manastır Railways in particular. On the other hand, during his speech at the Assembly on February 27, 1909, Cavid Bey objects to the construction of the Baghdad Railway, stating that the expenditure is way too high and that the choice of route was also ill-advised.[263] According to Cavid Bey, "a railway, in fact, is not efficient. Each means of transportation should be chosen according to the benefit it will bring to the economy. What is good for one place may not be beneficial for another. What is beneficial for a period may not be beneficial at a later date. That is why when a state decides to make an economic enterprise, it should thoroughly research the time and placement, the general conditions, whether this project seems reasonable or not, and whether it would fit its interest or not."[264] Thus, it is possible to state that Cavid Bey may have approved of a matter that is important to him, such as the railways, in a certain situation; however, when it comes to political matters, Cavid Bey tended to make more ambiguous statements on the same subject.

Another significant issue in Cavid Bey's articles was corporatism. According to Cavid Bey, "trade is the highest form of human activity." The nineteenth century economy owed its success to the development

263 Karaman, "Ulûm-ı İktisadiye ve İçtimaiye Mecmuası," 68, 72-4.

264 MM Zabıt Ceridesi, Devre:I, Cilt: 2, 14 Şubat 1324 (27 February 1909), 72-7.

of corporatism and joint stock companies. However, in the Ottoman Empire, the Muslim community rarely established companies that went beyond mere artisans and craftsmen (*esnaflık*). In the early twentieth century, a propaganda campaign carried out by the press helped to encourage Muslims to enter new businesses. Publications such as the *Islamic Periodical* had the greatest impact on galvanizing Muslims to go into business. The main motive behind encouraging the Muslim community to open Muslim stores and companies had to do with the concept of "national patronage." However, the main problem for Muslim businessmen was the lack of capital, which meant that their efforts remained limited, and constitutional liberalism ended up making the rich richer. This left the Empire facing difficulties in the political sphere. The Unionists realized that they were unable to find solutions to political problems without overcoming the accumulation problem. Certain levels of the state were needed to intervene and direct the process of accumulation. National structuring required the separation of "national" and "the other."[265] These developments, however, were beyond Cavid Bey's vision that he wrote about in the JSES during the first years of the Second Constitutional Era.

In his articles, Cavid Bey also discussed financial matters. He wrote that the Second Constitutional Era had eliminated confiscation and drudgery and regulated taxation, and thus, people would be taxed based on their own economic capacity. Among the subjects he wrote about were parliamentary approval of the budget. Cavid Bey also published the list of loan agreements that were made, starting from 1885. Cavid Bey was the only person who conducted thorough, systematic research on economic history and published this in the Ottoman papers. He made comparative analyses looking at the economic evolution of the tribes that built Ancient Greece, the Roman Empire, India, China, and European societies, among others.

265 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 163.

In a series of articles that continued for seven issues titled "Economic Incidents and Publications," Cavid Bey investigates the economic agenda at that time. One of the most important issues was the necessity to reduce the number of civil servants. By opposing the excessive number of civil employees, he claimed that it created "hidden unemployment" and suggested that people should head for professions involving economics instead of the civil service. This stance resonated well with his liberal approach and the climate of the Second Constitutional Era.[266]

It may be useful to add one last point on the JSES and its writers, which is underlined by Toprak, Doğan and Alkan, who analyzed the journal. Most of the writers of the journal belonged to the Young Turks in the opposition who defended liberal ideas; however, they did not act in unison with Prince Sabahaddin and his group, who constituted the liberal wing of the Young Turks. The focus of Cavid Bey's liberalism was on economics, and Prince Sabahaddin's focus was on sociology. Cavid Bey's view of economic individualism was more contemporary than Prince Sabahaddin's view. Although both perspectives refer to different disciplines, they both bring the idea of individualism in the liberal age into question. According to Hilmi Ziya Ülken, the JSES circle opposed adjusting the social sciences to the field of politics. Hence, according to Toprak, in the late nineteenth century, it was practically impossible to reach liberalism via sociology since sociology itself was in search of a remedy for liberalism. For the writers of the JSES, the structures that fit in best with their understanding of society were shaped by the science and required a centralist political structuring.[267]

Cavid Bey published the JSES while he was a deputy and the minister of finance. As these periods of his life overlap, he utilized his articles to promote his work. Because of this, his words had more impact than ever. Furthermore, as mentioned throughout this dissertation, the press had a deep impact on Ottoman society. For example, one of the key rea-

266 MM Zabıt Ceridesi, Devre:I, Cilt: 2, 14 Şubat 1324 (27 February 1909), 72-7.

267 Karaman, "Ulûm-ı İktisadiye ve İçtimaiye Mecmuası," 68, 72-8. Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 91-95.

sons why Ahmed Midhat Efendi's protectionist views were welcomed was that they were published in the newspaper. As Ottoman society had been under pressure from censorship for three decades, it was exciting to read news and articles on various issues such as the economy. Therefore, the JSES was very important for Cavid Bey and promoting his views among the people.

§ 2.5 The "31 March Incident" from Cavid Bey's Perspective

The 31 March Incident holds an important place in Cavid Bey's diaries, although he does not deeply question the incident. In Hüseyin Cahit's memoirs, this event is elaborated upon in more detail, including inner monologues and discussions. However, Cavid Bey's diaries were written when his life was in full flow. Since his life was considerably intense and tumultuous, it was not possible for his diaries to feature profound and detailed arguments. But, of course, the question as to whether Cavid Bey would discuss such matters in his personal journal remains.

While domestic politics became an arena of war between the government and their opponents just before the 31 March (13 April) Incident, Cavid Bey's diary, *The Constitutional Journal*, begins after the death of his first wife Saniye Hanım on March 8, 1909. When Cavid Bey received a telegraph regarding his wife's critical condition, he left Istanbul for Selanik. Upon his arrival, he learnt that he had lost his wife. Rıza Tevfik also went to Selanik for the funeral. Hüseyin Cahit offered to accompany him, but Cavid Bey—suspicious of the genuineness of the offer—turned him down. In comparison with the pages filled with his work life, these first pages of the journal are rather emotional. He did not hide the tears he shed for his wife and the pain he felt for not being with his wife during her last moments. After a couple of days dealing with the funeral, Cavid Bey returned to Istanbul on March 15, 1909.[268]

268 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 20.

He visited his friends Mutrans and Cassel and returned to his daily life. Upon his return to Istanbul, he also met Adam Block, the President of the Ottoman Public Debt Administration, in his house, and they read and accepted the constitutional text for the foundation of the bank.

The 31 March Incident, like other social movements, did not emerge suddenly. As of February 1909, the opposition raises its voice more robust than ever. The upheavals started to take part in political life. February 6, 1909 marks the establishment of *İttihad-ı Muhammedi Cemiyeti*, which was supported by the *Volkan* paper run by Derviş Vahdeti.[269] As mentioned above, after the proclamation of the constitution, the press flourished, especially after the censorship of the Hamidian regime, which had lasted for 32 years. Dozens of papers and periodicals on various issues were spontaneously opened after July 24, 1908. The CUP had two papers reflecting its stance: *Şura-yı Ummet* and *Tanin*, a daily published by Hüseyin Cahit. The CUP's opponents had their own papers, including *İkdam*,whose editor was Ali Kemal, *Yeni Gazete*, *Serbestî*, *Osmanlı*, and *Volkan.* International papers such as *The Levant Herald*, *Eastern Express*, and *L'Indépendance Belge* also reflected the voice of the opposition, which consisted of the members of the Ottoman Liberal Party led by Kamil Pasha and Prince Sabahaddin. In general, the opposition favored a return to the monarchist regime, or at least did not want to maintain the representative, centralist, parliamentary system of the Unionist regime. While tensions heightened between the two groups, more actors got involved, including Dr. Rıza Nur, who published in *İkdam*, or Şerif Pasha, former Stockholm ambassador, who both joined the side of the opposition. These publications began levy direct attacks against the government, against Hüseyin Hilmi Pasha, and Ahmed Rıza, the president of the parliament. They accused the CUP of intervening in government policies. It was clear that tensions in domestic politics were rapidly rising.

269 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi, I*, 115.

On March 29, a troop of palace guardsmen—primarily Arabs and Albanians—were moved and replaced to Taşkışla. On April 5, the government issued the decree that reassigned these troops outside of Istanbul. However, the final straw before the 31 March Incident was the murder of Hasan Fehmi, editor in chief of *Serbestî* daily, on April 6. Although the CUP immediately declared that it was a political assassination, the opposition pointed to the CUP as the guilty party.[270] However, Cavid Bey did not accept that the CUP was responsible for the assassination and claimed that it was a smear campaign. Cavid Bey mentioned the events following the assassination of Hasan Fehmi on Galata Bridge before the 31 March Incident in his diary. According to Cavid Bey, Ottoman Liberal Party-supported newspapers placed the blame on the CUP and mourned Hasan Fehmi. Cavid Bey writes in his diary, "They are in mourning, but for whom?" Another problem arose after Ali Kemal, who taught at Mülkiye, went to the university following this incident and, in a panic, told his students that the Unionists were going to kill every opponent, himself included. He and his students went to protest in front of the Sublime Porte and the Ottoman Parliament building. Cavid Bey, who became angry upon hearing about this protest, then resigned from Mülkiye.[271] This was one among many events that revealed Cavid Bey's stubborn character and the consistency in his stance. He continued his lessons only after Ali Kemal resigned, and only with the third-year students that had not participated in the protests.[272]

The 31 March Incident was ignited by the articles published in *Volkan daily* (by Derviş Vahdeti) and the activities of the *Ittihad-ı Muhammedî Fırkası*. On the night of April 12/13, 1909, low-ranking soldiers of the Fourth Hunter Battalion in Taşkışla began the insurgency by holding their officers at gunpoint and then moving to Sultanahmet and the parliament building. According to Sina Akşin, there were approxi-

270 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 47-73.

271 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 24 - 30.

272 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 30-44.

mately 3,000 rioters in the morning[273] who were shouting "We want Sharia!" The rioters' demands, transmitted by the soldiers to the MPs in the parliament, were as follows; implementation of Sharia law; dismissal of some members of the cabinet, including Muhtar Pasha, commander of the Hassa Army; Cevat Pasha, commander of the 2nd Army; Esat Bey, commander of the Taşkışla; and Ahmet Rıza, president of the Chamber of Deputies; full immunity for the rioters. These demands were to be met as of 1:45 pm that day. The events unfolded into turmoil and violence on the streets of Istanbul. Nazım Pasha, the Minister of Justice, and Mehmed Arslan Bey, MP for Lazkiye, were murdered in front of the parliament. Arslan Bey was killed because the soldiers thought that he was Hüseyin Cahit Bey, whom the rioters targeted because he favored the Unionists and secular way of thinking.[274] The cabinet of Hüseyin Hilmi Pasha resigned, and, as a temporary council, Tevfik Pasha became the new grand vizier and formed a cabinet on April 14, 1909. In an imperial decree, Abdülhamid II warned that the Sharia authority should be taken more seriously.[275]

After the outbreak of the 31 March Incident, Cavid Bey hid in the area around Istiklal Street at the houses of his friends Mutrans and Mr. Buton. He communicated with his close friend Hüseyin Cahit Bey, who was the target of the opponents who constituted an extended front with various interest groups. As stated above, the 31 March Incident was not mentioned in detail in Cavid Bey's journals. Although the incident was chronicled in his diaries, Cavid Bey did not examine the reasons behind it. Therefore, in addition to Cavid Bey's journals, it becomes necessary to include details from the memoirs of Hüseyin Cahit, with whom Cavid Bey left Istanbul following the uproar. Hüseyin Cahit found out about

273 Sina Akşin *31 Mart Olayı* (Istanbul: Sinan, 1972); 53–54; and Erik Jan Zürcher, "1909 Istanbul'unda Köktenci bir Ayaklanma mı? Hollanda Büyükelçilik Raporlarında 31 Mart," in S*avaş, Devrim Ve Uluslaşma: Türkiye Tarihinde Geçiş Dönemi (1908-1928),* ed. Erik Jan Zürcher (Istanbul: Istanbul Bilgi Üniversitesi Yayınları, 2005), 103-20.

274 Akşin, *31 Mart Olayı,* 71, 72, 75, and 83.

275 *Tunaya, İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3,* 492.

the incident when he came across his friends Süleyman Fehmi and Hakkı Behiç on his way to *Tanin*. In search of a vehicle, a man on the street told him, "Go home! You should be lucky that no one knows you around here." Cahit Bey followed this man's warning. Sultanahmet and the area around Ayasofya were quite crowded. As fanatics and soldiers shouted, "We want Sharia," it was becoming obvious that this was an uprising against the government and the CUP. It was an insurgency against the constitutional regime. In retrospect, Hüseyin Cahit Bey thought about how they had laughed at the superstition in the provinces that freedom is "the infidel's invention" and about the tension that had been growing in Istanbul, which had finally exploded in an uproar. Cavid Bey arrived at Hüseyin Cahit Bey's house when he was taking stock of the incidents with Süleyman Fehmi and Hakkı Behiç. Cavid Bey recounted that Celal Bey had come to him early in the morning and told him what was happening. Cavid Bey also confirmed the presence of Ottoman troops who had become involved in the upheaval. After a while, Cavid Bey told them, "Let's go to the parliament, this is where our duty lies." Hüseyin Cahit disagreed, since he knew he would be the first one who would be in trouble in case things slid further into chaos. The parliament was to convene in the afternoon, and Cavid Bey told them that he would meet them there.

Cavid Bey and Hüseyin Cahit Bey then went to the house of their friends, the Matran family, who were living in the Saint Antoine Apartment in Beyoğlu. Their house was a popular place amongst politicians and journalists from different countries. When they arrived there, Victoria Matran, who was the central figure among the political activities of the Matran family, welcomed them. They stayed in a room at the back of the apartment while they heard people on the street talking about murdering Hüseyin Cahit Bey. However, because it was still early in the day, they were not able to get any concrete information at that time. Cavid Bey and Hüseyin Cahit then went to the *La Turquie* newspaper. The newspaper columnist Léon read them the news that they had received: soldiers and hodjas had united under the slogan "We want Sharia!" and were calling for the people to join them. They gathered in the parlia-

ment square, occupied every corner, and unfurled their flags. Among these developments, they heard that *Tanin* had been attacked and looted. Hüseyin Cahit was shocked by the immediate disappearance of the government forces and still believed that these incidents would be brought under control through precautionary measures.

Léon, Cavid Bey, and Hüseyin Cahit left the newspaper offices, as no updates seemed to be arriving. In front of the Matran family's house, Cavid Bey left Hüseyin Cahit, because he ran into an acquaintance. At the Matran residence, Hüseyin Cahit met with Mehmed Arslan, who was feeling anxious and wanted to go to the parliament building. Although they attempted to convince him not to go, he went and was killed that day after having been mistaken for Hüseyin Cahit. At the Matran residence, Hüseyin Cahit heard that Mehmed Arslan had died. That evening, Cavid Bey met him there to try to figure out what to do. It became apparent that neither the government nor the army in Istanbul were strong or decisive enough to suppress the insurgency. Tensions regarding the incident were escalating and spreading throughout the city. Cavid Bey offered to go to the Austrian Embassy with the help of Mr. De Witt, a journalist from *Frankfurter Zeitung*. Mr. Weitz came to the Matran residence to ask the Austria-Hungarian ambassador to help Cavid Bey and Hüseyin Cahit Bey escape from Istanbul. However, the ambassador refused. After that, Hüseyin Cahit Bey wanted to try his hand at the Russian Embassy. *Tanin* had recently defended the Turkish-Russian relationship, including the question of the Straits, which will be addressed later in this dissertation. His plan was to go there immediately and ask for asylum; however, Cavid Bey was opposed to going to the Russian Embassy. Cavid Bey then decided to go to the house of a freemason friend.

While Hüseyin Cahit Bey went to the Russian Embassy and was welcomed by Mr. Mandelstam, the dragoman of the embassy,[276] Cavid Bey stayed at the house of Mr. Buton, a masonic friend from Selanik.

276 Yalçın, *Siyasal Anılar*, 71-118.

Throughout the night, he heard gunshots from the streets and thought that the army from Edirne had entered the city and that there had been an armed conflict. In the morning, when he read the newspapers, he realized he had been wrong. Rumors had been circulating that Cavid Bey and Hüseyin Cahit Bey had been seen in Şişli and that they had then disappeared. He was able to get word from his friends Talat Bey and Rahmi Bey. He received a letter from Hüseyin Cahit mentioning his wish to leave Istanbul as soon as possible; however, Cavid Bey wanted to stay in the city a bit longer. On April 15, he received a second letter saying that a ship would set sail two days later and that Cavid Bey should join him. Though he was not willing to leave, he could not turn down his friend's offer and decided to flee Istanbul with Hüseyin Cahit. The same evening, he left for the Russian embassy in disguise. They heard from Mr. Mandelstam that the army in Selanik was ready to move toward Istanbul. This brought them some relief, and they decided to go to Selanik. On April 17, 1909, they embarked on a ship called *The Queen Olga* to Odessa. They met and spoke to people on the ship, who Cavid Bey depicted as "supporters of the Committee and against the Liberal Party." According to him, even this small observation indicated that the Liberal Party was involved in the incident.[277]

Hüseyin Cahit's observations about Cavid Bey are compatible with the impressions obtained from his journals, although Cavid Bey seemed to be much more hopeful. Hüseyin Cahit narrates his memory of the morning when they made their move.

> He notes to his memoir that, "Cavid was innately an optimist. He seemed upset in the morning as he was getting prepared. I asked:
> What is it?
> I don't have my comb with me.
> Oh, where is the hair you're going to comb with that?"

277 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 37-39.

They arrived in Odessa at midday on April 18, 1909. Although there was no news in Odessa, the city impressed them with its architecture and the wide layout of the city. After touring the city, they were off to Lemberg in the evening. Cavid Bey explained that Lemberg was a typical Austrian city but that it was much neater and cleaner than even the best Ottoman cities. Then, they proceeded to Budapest. However, they were still not able to get word from Istanbul. On April 21, 1909 they arrived in a place called as Zıpçaka, where the local officers and bureaucrats recognized and welcomed them. Cavid Bey then gave a speech to the people. They had heard that the Action Army had moved on and that Istanbul was immersed in chaos. They then took the train to Üsküp and went on directly to Selanik.

During this period, the Action Army—named by Mustafa Kemal Atatürk, who was chief of staff for Hüseyin Hüsnü Pasha—moved toward Istanbul and entered the city. Meanwhile, the deputies of the CUP, including Talat Pasha, Rahmi Bey, Ahmet Rıza, and the members of the Senate such as Sait Pasha, met in Ayastefanos (Yeşilköy) and held a "General Assembly" on April 22, 1909.[278]

When Cavid Bey and Hüseyin Cahit arrived in Selanik, they went to meet friends at the CUP Club, where Cavid Bey gave a speech. According to his diaries, he liked to give speeches and felt honored when he was asked to do so.[279] According to Hüseyin Cahit Bey, Cavid Bey was quite busy delivering speeches; he added that Cavid Bey was never like that before.[280] Selanik was Cavid Bey's hometown, which meant that both companions felt relaxed, and Cavid Bey in particular was pleased to be at home. Part of this can be explained by the fact that the political and social climate differed drastically from that of Istanbul, even after the 1908 Reform.[281] That night, Cavid Bey and Hüseyin Cahit stayed in Se-

278 Akşin, *31 Mart Olayı,* 253; Erik Jan Zürcher, *Turkey: A Modern History* (London; New York: Tauris, 2004), 95-99.

279 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 39-41.

280 Yalçın, *Siyasal Anılar*, 111-12.

281 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 71-118.

lanik. Hüseyin Cahit suggested that they follow the Action Army. But one of Cavid Bey's friends in Selanik told him that the army did not want civilians to be mixed in their ranks.[282]

On April 24, 1909, following a telegraph from Talat Pasha after the Action Army entered the city, they departed for Istanbul. On April 27, 1909, Hüseyin Cahit Bey and Cavid Bey entered the parliament as soon as they reached the city, and they voted to depose Abdülhamid II.[283] They first went to the parliament, where the Assembly was gathered, before moving on to the Ministry of War. Along the way, they were cheered on by the people.[284] Sultan Mehmed V swore an oath to become sultan at the age of 65 and remained on the throne for nine years. With the exception of the opposition period of the Committee between August 1912 and January 1913, the new sultan maintained good relations with the Unionists. According to Tunaya, the Unionists had quickly formed an understanding with him. The new sultan's main fear was the declaration of a Republic. He lacked talent in politics and governance due to his closed-off palace life during the Hamidian Era.[285] We should note that during his tenure in politics, Cavid Bey never abused his position or disobeyed the code of conduct and always paid a visit to the sultan. As stated by Halid Ziya Uşaklıgil, who the CUP had appointed as Chief Secretary to the palace after the 31 March Incident to monitor the sultan's routine, Cavid Bey always visited when necessary, or by invitation.[286]

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282 "So the two friends found themselves in Masonic lodges, since they could not go to Istanbul. The idea comes from Cavid Bey: "As we are here, will you become a Mason?" When Hüseyin Cahit replied that he did not like secret societies, Cavid Bey talked about the free and humanist ideals of the Masonry. Hüseyin Cahit agreed as well that the ones who paved the way to the constitutional era had been involved in Masonry." Yalçın, *Siyasal Anılar*, 115.

283 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 35-43.

284 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 43.

285 Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3*, 195-96.

286 Halid Ziya Uşaklıgil *Saray ve Ötesi: Anılar,* (Istanbul: Özgür, 2003), 282.

The 31 March Incident was a critical turning point in the Second Constitutional Era for both the members of the CUP and the founders of the Republic. Two very close friends, Cavid Bey and Hüseyin Cahit, were forced to flee Istanbul in fear of their lives. Istanbul was rocked by clashes and armed conflict for ten days. The opponents of the CUP thought that they could overcome the Committee and divide it due to their loose party discipline. Opponents of the government from various groups—e.g., low-ranking soldiers, the *ulema*, and students of religious schools, along with the Ottoman Liberal Party—had united under the same cause: to weaken the domination and power of the CUP in politics. The insurgents had a fundamentalist motive and were also committed to the constitution. They also opposed the supremacy of education (particularly those in the army), cosmopolitanism, and masonry, in addition to the idea of freedom, as well as the liberalization of women's daily lives. The Unionists had seen the power of the opposition with their own eyes, in addition to the leanings of the political actors, army, and society. Though the Liberal Party was abolished after the events of the 31 March Incident, its supporters remained in Istanbul.[287]

The 31 March Incident was overcome through the intervention of the army, namely the Action Army headed by Mahmut Şevket Pasha himself. However, this also impacted politics in the following period, as Mahmut Şevket Pasha maintained a strong influence in politics, including announcing a state of emergency that would last until March 1911 and interfering in civilian politics. The leading members of the CUP quickly became anxious about his actions and his attempts to manipulate the power of the Committee.[288] Cavid Bey would also get into conflict with Mahmut Şevket Pasha over the issues of the budget, in particular with regard to the issue of checks and balances.

When Cavid Bey returned to Istanbul following these incidents, Tevfik Pasha had established a new cabinet. He offered the Ministry of Justice to Sabri Bey and Ministry of Finance to Cavid Bey; however, both

287 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 82.

288 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 48.

refused these assignments. As Akşin states, they must have known that the cabinet would be short-lived.[289]

Tevfik Pasha's stint as grand vizier lasted only 21 days. He was replaced by Hüseyin Hilmi Pasha, who re-established his government on May 5, 1909. After the 31 March Incident, the Committee firmly believed that they needed to strengthen their executive power. Their general feeling was that if they were not directly involved, things would not improve. Their intention was to place Unionist MPs as undersecretaries within the ministries. They thought that they would be able to gain experience in state affairs without running counter to traditions. This strategy had not been implemented before, and for that reason, most cabinet members, including Mahmut Şevket Pasha,[290] opposed the idea. Cavid Bey supported the idea that older statesmen, such as Talat, Nazım, and Rahmi, should become undersecretaries. During these days, Cavid Bey returned to his routine and met with Mr. Karl Helfferich from Deutsche Bank who was previously an economics professor at the University of Berlin. Helfferich congratulated him on his article published in *Frankfurter Zeitung*.[291] Returning to the subject of the undersecretaries, Cavid Bey later writes in his diary that Hüseyin Hilmi Pasha also opposed this, arguing that the role of undersecretary was not seen in Europe. However, Cavid Bey and Talat Bey countered this, citing the case of Great Britain. During this period Cavid Bey worked on the budget, but due to the slow pace of the work, he was a bit pessimistic, which was a rare mood for Cavid Bey.[292]

289 Akşin, *31 Mart Olayı,* 301.

290 During a meeting he directly told Cavid Bey and Talat Bey that they were too young to be undersecretaries and advised them that they could be ministers when they got enough experience. Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 47.

291 From the first day, Cavid Bey made sure to keep closely connected to the press in order to voice the thoughts and concerns of the Committee, the Ottoman Empire, and his own. His interviews and articles were published in various papers and magazines in different European countries. However, until today, these have not been collected in one volume.

292 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 48.

The 31 March Incident had revealed the fragility of the constitutional regime and the Committee's modernizing policies. Therefore, it was also a lesson that would not be forgotten,[293] and several measures were taken to prevent a second one. Before his assignment as the Minister of Finance, Cavid Bey faced several serious issues. These issues overlapped with each other, as he was shaping Ottoman finances and its executive body from top to bottom. Cavid Bey needed to revise legislative procedures to initiate and carry out these endeavors. The budget of the Ottoman Empire in 1909 was bounded with the Ottoman Strike Law related to a public law or the Law for Severance, which had reorganized both the whole state apparatus and the Ministry of Finance. These issues new legislations were all related directly to Cavid Bey and indeed, affected all citizens' lives in the Ottoman Empire. First and foremost was the parliament's right to form a budget, which was enshrined in the constitution. The Budget Law was accompanied by the General Accounting Law, which allowed for the implementation of the former. Law of Severance affected many people's lives working in the state and initiated a wave of layoffs. The main aim is to relieve the state's burden and fulfill the state's position with the private sector in daily life.

In terms of politics, the period after the 31 March Incident also marked a new era in that the Ottoman army appeared as a strong force in the political life of both the Ottoman Empire and Turkey. As mentioned above, Mahmut Şevket Pasha, who became commander of the Third Army during the Revolution, was the hero of the 31 March Incident. However, the Committee was soon preoccupied with two pivotal moves by Şevket Pasha: declaring a state of emergency from April 25, 1909, to March 1911 (which lasted until July 15, 1912) and assigning himself as the General Inspector of the first three armies, which allowed him to act without checks from the government. It should be noted that the Committee's military wing was quite content with Şevket Pasha's strong position and keeping close ties with the army for two reasons.

293 Zürcher, Turkey: *A Modern History*, 99.

First, this was beneficial in maintaining close ties with the young officers who supported the CUP. Second, this was also beneficial in order to control the senior officers who did not directly support the Committee. However, the Committee was not pleased with Mahmut Şevket Pasha's move to forbid military officers from getting involved in politics. Despite the ban on young officers, he himself was in the midst of politics as commander of the army.[294] Moreover, as we will see below, from the first day he took the chair at the Ministry of War, he would clash with Cavid Bey (three times over the budget and auditing issues in 1910) about auditing and the extra expenses he demanded for the army. As a result, neither he nor his position could be challenged by Hüseyin Hilmi Hakkı or his successor, Hakkı Pasha.[295]

> As Feroz Ahmad quotes from Halide Edip, "both Mahmut Şevket Pasha and the Committee were 'men of the Empire' who were uniting to preserve the Empire's territorial integrity."[296]

As far as I understand, this was also Cavid Bey's priority; as a civil Unionist, he wanted to allocate funds to the fields of education, public utilities, agriculture, et cetera. As mentioned above, after the 31 March Incident, the Committee sought to strengthen its position in both the parliament and the palace. For this reason, the CUP created two new positions in the palace to secure their position. Halit Ziya (Uşaklıgil) was assigned as Chief Secretary to the Sultan[297] and Lütfi Simavi as the Chamberlain.[298] However, when Tevfik Pasha had prepared his own list and included Cavid Bey as the Minister of Finance and Hayri Bey as the Minister of Justice, the Committee did not give its consent to this cabinet, which had been formed without its approval. The cabinet was then

294 Akşin, *31 Mart Olayı*, 274-78.

295 Zürcher, *Turkey: A Modern History*, 100.

296 Ahmad, *Ittihat ve Terakki, 1908-1914 (Jön Türkler)*, 83-84.

297 Ali Fuat Türkgeldi *Görüp İşittiklerim,* (Ankara: Türk Tarih Kurumu Basımevi, 1987), 34.

298 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 143.

established without any Unionists but with the approval of the Committee. In short, the cabinet was stillborn and did not live very long. Three days later, due to the insurgency in the provinces, Ahmet Rıza Bey and Talat Bey convinced Tevfik Pasha to resign, and Hüseyin Hilmi Pasha entered the Sublime Porte as the Grand Vizier for the second time on May 5, 1909.[299]

Cavid Bey was tirelessly at work on financial and political matters bafter the storm of the 31 Incident. The Unionists were willing to enter the cabinet as undersecretaries. Their main aim was to enter the cabinet to control procedures and decisions while gaining experience. On May 6, 1909, Talat Bey and Cavid Bey first visited Mahmut Şevket Pasha to discuss this issue; however, the meeting was not fruitful, and Mahmut Şevket Pasha regarded them as too inexperienced in the field of politics. They then visited the Grand Vizier who Sait that having undersecretaries in the cabinet was not a regular implementation in the political system. Though they were disappointed, they refused to give up and attempted to carry out a constitutional amendment (Article 67) in the parliament. According to Article 67, a deputy who did not hold ministerial power could not take official charge in state affairs. The issue first came to the agenda of the parliament on June 12, 1909. Though the CUP held a majority in the parliament, the Committee was split into two parts on the position of undersecretary. A heated debate took place, and they could not meet the two-thirds rule during the vote. Due to the resistance of the opposition in the parliament, Talat Bey had to withdraw the motion. After this defeat, the Unionists changed their position and decided to fight for their friends to enter the cabinet. The first Unionist to get appointed to the cabinet[300] would be Mehmed Cavid Bey in June 1909.[301]

299 Türkgeldi, *Görüp İşittiklerim,* 38-41.

300 Indeed, the first Unionist in the Cabinet was Manyasizade Refik Bey as the Minister of Justice. But due to his early death, he could neither work for long nor was he able to leave a mark on politics.

301 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 86-88.

On May 16, Cavid Bey delivered a long speech in the parliament on the provisional budget for April and May. He tells the parliament that although this budget was prepared before the 31 March Incident, it was revised by the Ministry of Finance after the cabinet rejected it. The main discussion on the budget in the parliament was cutting the salaries of bureaucrats. The state's cost-cutting policy after the revolution became a central part of the new regime. The idea of the revolution was also to challenge the structure of the state and transform it into a transparent, modern state with checks and balances.[302]

Cavid Bey addressed the parliament on the decision to delay payments to merchants whose businesses were damaged during the insurgency in Adana and Aleppo. On April 14–16, there was an appalling massacre of Armenians in Adana, which spread to Kozan and Maraş. Approximately 17,000 Armenians lost their lives, and 1,900 attackers were killed by Armenians while they were trying to prevent the massacre.[303] Parliament discussed the economic recovery from this sad and brutal incident. Cavid Bey, speaking on behalf of the Budget Commission, announced that the costs in relation to insurance and exchange, apart from personal debts, would be delayed in Adana. The administrator of the Ottoman Bank had notified the government that it was an emergency in terms of both the conflict and the loss of the region due to the incidents. The situation in Aleppo would be concluded following an investigation about the consequences of the conflict.

Although Cavid Bey was new to state affairs, he understood quite well how the state operated and how regular procedures were carried out. Cavid Bey's attitude toward minor problems was quite pragmatic and practical. Cavid Bey also dealt with the Budget Commission's mandate of distributing seeds to immigrants. He was against allocating money for seeds in the provisional budget but not in the annual budg-

302 MM Zabıt Ceridesi, Devre:1, Cilt: 3, 3 May 1325, (16 May 1909), 543-5.

303 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 121-22.

et.[304] Though Cavid Bey dealt with even more issues than what has been listed above, the most important was the Law of Severance, which reorganized the bureaucracy from the top down. The Budget Law hinged upon this law's ratification; therefore, he wanted this process to be accelerated.

§ 2.6 Mehmed Cavid Bey, the Minister of Finance

During those days, Rifat Pasha, who was then Minister of Finance, resigned due to the clash with Mahmut Şevket Pasha. The origins of the conflict lay in the amount of money that remained in Yıldız Palace. Rifat Pasha wanted to give the money to the Ministry of War after legal proceedings; however, Mahmut Şevket Pasha insisted on taking the money without these proceedings. At last, Rifat Pasha resigned from the office ministry of finance.[305,]

Cavid Bey became the Minister of Finance of the Ottoman Empire on June 26, 1909.[306] He had been the first Unionist to enter the cabinet on July 23, 1908.[307] While the Unionists forced both Hüseyin Hilmi Pasha and Mahmut Şevket Pasha to enter the cabinet as undersecretaries, the path to the ministry was instantly paved for Cavid Bey after Rıfat Pasha resigned. As the Unionists slowly began to assert their political power, Talat Bey joined the cabinet in July 1909 as Minister of the Interior. After the 31 March Incident, the CUP had strengthened its position, and as Tanör describes, it became a "party in power," although it was still not ruling but keeping the government under its thumb while climbing to

304 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 1, Cilt: 4, İnikad: 81,16 May 1325 (29 May 1325), 10-12.

305 Türkgeldi, *Görüp İşittiklerim*, 45.

306 İ__DUİT___00008_0000010_001_001
".. due to the regination of Rifat Bey, Cavid Bey was assigned as the finance minister ..." June 27 1909.
His oath-taking ceremony was held on July 17, 1909.

307 Indeed, Manyasizade Refik Bey became Minister of Justice before the 31 March Incident but unfortunately, he passed away.

the top.[308] Though the CUP would fall to the opposition in the summer of 1912, this period would bear witness to exceptional legal reforms that strengthened the legislative organ along with key institutional reforms inside the state apparatus, which were also led by Cavid Bey. The key issues that Cavid Bey dealt with and played a major role in while in the Ministry of Finance include the situation of the ministry, legal and institutional reforms, and the 1910 loan negotiations.

How was Cavid Bey received within both local and foreign political and financial circles as the Minister of Finance? After the revolution, Cavid Bey was very well received in foreign circles, particularly for his liberal, positive approach. His modern and scientific background fit with the European way of doing business. He was raised in a very modern city, fluent in French, and was a self-made man. Cavid Bey believed in the importance of statistics and the economy in addressing the problems of the Empire. His liberal outlook, perfect command of French, and links with the French financial circle would allow him to easily cooperate with all of the consultants and officers of European embassies and companies. According to Mehmet Zeki Pakalın, although local and foreign observers and actors sometimes criticized Cavid Bey for his superficial knowledge of the economy, they always respected his intelligence and honor. His high level of intelligence and prompt reasoning and judgment evoked admiration.[309] Everyone that knew him criticized Cavid Bey for his grandness and arrogance. But, perhaps a self-made man such as Cavid Bey, who had climbed to the top and was able to take on the role of Minister of Finance at only 33 years of age through his own efforts.[310]

308 Bülent Tanör *Osmanlı Türk Anayasal Gelişmeleri,* (Istanbul: Yapı Kredi Yayınları, 2011), 198.

309 Pakalın, *Maliye Teşkilatı Tarihi(1442-1930) Vol IV*, 242.

310 Erdoğan, *II. Mesrutiyet'in ilk Yılı: 23 Temmuz 1908 - 23 Temmuz 1909,* 464.

2.6.1 The First Modern Budget of the Ottoman Empire

The budget issue was the most significant issue for both the state and for Cavid Bey. Though the budget was a collaborative effort, it was Cavid Bey's magnum opus. Since 1909, Cavid Bey was referred to as "the person who prepared the first modern budget of the Ottoman Empire."

This was the first time in the whole lifetime of the Ottoman Empire that a general budget had been transparently prepared and put to a vote in the parliament, which legitimized the parliament's authority over state finances. The right of the parliament to approve the budget was enshrined in the constitution. However, the parliament was unable to enact this right between 1876 and 1878 under the influence of Abdülhamid II. But now, under different circumstances, the parliament had the authority to carry out checks and balances and audit the state's income and expenditure for the whole year. The Ministry of Finance had a duty to prepare the budget as well as receive authorization to control the budgets of other ministries. The Ministry of Finance received additional permissions throughout the years, such as permission to make loan agreements for at most five years in 1912 and the power to authorize money for building roads. During the Second Constitutional Era, between 1909 and 1919, ten general budgets were prepared; however, only three of these (1910, 1911, and 1912) were calculated based on more concrete financial data. Later on, due to the Balkan Wars and the Great War, it became impossible to obtain concrete financial data, due to the conscription of officers and a lack of communication between the center and the periphery.[311]

Preparations for the Draft Law of the Budget of 1909 began long before it made its way through parliament. Ziya Pasha, the Minister of Finance during the Kamil Pasha government, was the first to start working on it. It was then presented to the parliament under Rifat Pasha's Ministry. Cavid Bey dealt with it as a member of the Budget Commission. During this period, Cavid Bey made some adjustments to the

311 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 27-31.

budget due to the high budget deficit in the draft budget dated March 15, 1909. Prior to this, Mr. Laurent had recalculated the budget. To figure out the estimated income—because they were not sure about the exact data of either the state's income or expenditures—he estimated an amount based on the budgets over the past five years, rather than an average of the preceding three years. Moreover, having prepared emergency and provisional budgets—in other words, redistributing the deficit—the new draft law was sent to Hüseyin Hilmi Pasha, the Grand Vizier, on March 4, 1909.[312] As Öztel states, during the Second Constitutional Era, the government had tried to avoid any criticism from European circles regarding the budget issue. This is why the government calculated the budget once again: to increase income and to decrease both expenditure and the budget deficit.[313] Those measures, the emergency budget, provisional budget, and utilizing the compensation of Austria-Hungary were all a part of this effort.

Talks on the Budget for 1909 began in the parliament on June 22, 1909.[314] According to law and precedent, the budget negotiations consisted of two parts. The first part included income and the conditions for expenses, and each article of the law was to be put to a vote. The second part contained the facts and figures of the budget, and each section was put to a vote.[315]

On June 22, 1909, Cavid Bey presented the budget to the MPs as the representative of the Budget Commission. He started his presentation by underlining that this was the first time in 600 years that the MPs had the power to allow for taxes to be collected from the nation to be spent for the state's general expenditure. The key concept behind the budget was "financial sovereignty," which was the widest exercise of "national sovereignty." According to him, financial sovereignty meant a sovereign

312 MM Zabıt Ceridesi, Devre: 1, Cilt: 2, 4 March 1325 (17 March 1909), 320.

313 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 31.

314 MM Zabıt Ceridesi, Devre: 1, Cilt: 4, 9 June 1325 (22 June 1909), 548.

315 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 28.

treasury, which had been lacking in the Ottoman Empire until the Second Constitutional Era.

During his speech Cavid Bey championed the cause of the Empire's peasant class. He pointed out that the peasant—who was the primary citizen in the economic and social structure who paid taxes—was weary and miserable. It was because of the conditions of the peasant that the revolution had occurred so swiftly and easily. As always, Cavid Bey remained quite realistic. He states that the peasants did not care about discussions on the constitutionality of the Law of the Press, etc. According to him, the only thing that the peasant is concerned with is their own economic interest, which had long been neglected. Cavid Bey then went on to state that the budget was prepared by the government and that he and the Commission had checked the budget from the top down and prioritized the situation of the peasants, many of whom had been on the front lines as soldiers, perished in battlefields, and sacrificed themselves for the peace of the Empire for hundreds of years. On top of this, he argued, the peasant was oppressed during each harvest. In his speech, Cavid Bey proclaimed, "Survival is not better than happiness." He claims that the parliament will aim to diagnose societal ills and begin to treat them rather than carry out drastic reforms. He recommends slow but efficient treatment to modify taxes in a very moderate and cautious way. At the end of the year, as the expenditures and deficit increase, Cavid Bey predicts that they will need to take out another loan in order to cover them.

Under the conditions at the time, the Ministry of Finance was unable to make reforms and adjustments in terms of finances and budget. Instead, they were obliged to present the budget showing that the state had 25 million liras in income and 2.5 million liras in deficit. This did not differ from previous periods, including during the Hamidian Era. What did differ, however, was cutting the expenditures, such as the extravagant costs of the ancien regime, of both the state and the palace.

In terms of income, Cavid Bey told the parliament that the state had collected 30 million lira per year from among the Empire's population of 30 million. According to Cavid Bey, there were three ways of raising

the state's income; firstly, new taxes, secondly, raising tax rates, and at last, improving the methods of collecting taxes. Cavid Bey states that, they would instead raise tax rates and improve tax collection methods. This would be the main tax policy of the Second Constitutional Era. In terms of tax rates, the government would aim to raise the rates of customs duties, which hinged upon the approval of the Great Powers. Enhancing methods of tax collection necessitated providing security, which was a massive challenge in Ottoman territory.

In his speech, Cavid Bey also depicted the role of the Minister of Finance. According to him, a Minister of Finance has successfully completed part of his role after preparing a transparent budget—with or without a deficit. He underlines the importance of transparency and accountability in terms of financial and state affairs. He reemphasizes that this is a new approach that had become part of the literature of state affairs in the Second Constitutional Era.

Cavid Bey went into detail about how he and his colleagues had prepared the budget, which I previously outlined above. During his speech, Cavid Bey paused and allowed the deputies to applaud Mr. Laurent. Cavid Bey, as an MP, states that he had also asked the Minister of Finance, Rıfat Bey, to arrange the figures in the budget in a clearer and more explicit way so that he could understand the amount of taxes and leftovers from previous years. According to him, this was the worst part of putting the budget together, as it was not possible to learn the exact facts concerning the Empire's income, expenditure, and loans. Cavid Bey continued to criticize the situation, as they were still not certain about the loans taken out by the state, and because the debt balance had been inherited from previous periods. While the debt had been rolled over into the following years, there were new expenditures that were also added to this amount. Then, of course, it was inevitable that there would be an increase in the deficit. According to Cavid Bey, one of the most urgent and necessary implementations should be abolishing outstanding taxes as tithe.

Another regulation that was put into force during the Second Constitutional Era was the aboliition of the authority of state offices to collect

their own income and spend this money; in other words, this meant abolishing treasuries in each state office. These treasuries were regarded as the ministers' personal treasuries, and they did not accept the power of the Minister of Finance over them. Thus, this old practice had to be abolished, as they had led to corruption and abuse of power. Without providing names, Cavid Bey openly criticized ministers for not accepting the Ministry of Finance's authority to control the state's budget. According to him, even the amount used to purchase a chair that cost five piastre should be taken from the general budget. All of the ministries from the Ministry of War to Education or Public Works were to be subjected to this new rule of the constitutional regime. This new regulation would be implemented through the Budget Law, which would soon be put to a vote among the MPs. In terms of income, though the state had not been able to increase its tax revenue during the previous 30 years, the OPDA had increased its income from taxes in the last 20 years. For example, stamp duties increased by 200%, tax on alcoholic beverages increased 90%, tax on silk increased 600%, et cetera. According to Cavid Bey, the problems related to the collection of taxes were due to, first, the misbehavior, abuse, and violence of government executives in the provinces; second, a lack of public security; and third, a lack of public works such as railways and ports. One of the main reasons for the deficit was due to the Empire's inability to recover from its debts. As mentioned above, the lack of an efficient auditing system and a central budget were the key obstacles to establishing modern finances. The equality in tax collection was another challenge. According to Cavid Bey, taxes should be compatible with the wealth of the people; however, taxes, particularly the tithe, was a heavy burden on peasants. The tithe was officially 10% of the peasants' income. The tithe then increased to 15.5% after the budget commission had included additional provisions for various expenditures such as military equipment, official costs, etc. According to Cavid Bey, if illegal additions were taken into consideration, then the tithe would be much more than 15.5%. The first step to be taken regarding the tithe was to decrease taxes by 2.5%. However, he pointed out that the constitutional regime could not afford to do this

that year. As it was one of the biggest sources of income, the tithe was extremely critical for the Empire's finances. Although Cavid Bey was quite aware of the unfairness of the tithe, the general budget was not strong enough for him to make any changes.

In further effort to reform the Empire's tax system, Cavid Bey aimed to change the laws exempting foreigners from taxes, particularly from the dividend tax. Cavid Bey also aimed to change the fact that residents and businesses in Istanbul were exempt from paying taxes. One of the new taxes that he thought should be implemented was the forest tax, which was common in Western countries such as France. He argued that the customs[316] tax needed to be increased from 11% to 15%—which would later become an issue that would be subjected to long discussions and negotiations between the CUP governments and the Great Powers. An increase in customs duties by 4% would increase the state's revenue by 1.5 million liras annually, which was almost half of the yearly budget deficit. Cavid Bey argued that the export tax needed to be abolished to in order support local producers. His argument could also be evaluated as protectionism. Monopolies such as Régie Tobacco also needed to be abolished as their income was equal to 25% of the Empire's total income. Thus, Cavid Bey would seek to abolish the Régie after its expiration date in 1912, which will be discussed in the following chapter. And the continuation of the heavy export duties could potentially harm or discourage the endeavors of people to become entrepreneurs. Entrepreneurship was an idea that the MPs attempted to infuse into the people when they visited their homelands.

316 At last, by 1906, the Ottoman government, with German support, had proposed to meet the bulk of its monetary needs through a three-percent customs surcharge. This was made in light of the Macedonian reforms and to erase the sultan's Macedonian deficit, although this was not enough to pay for it. Fulton, "France And The End Of The Ottoman Empire," 147. On the other hand, the control of the surtax was in the hands of the Ottoman Public Debt Administration, which marked the entrance of the Council as an official body into the political arena. Donald Christy Blaisdell European Financial Control in the Ottoman Empire (Columbia University Press, 1929), 180.

In terms of the education budget, Cavid Bey drew a road map based on the country's current economic and social situation at that time. He advocated that primary schools should be opened in every village of the Empire and should be free and widespread. He also argued that high schools in the urban areas should be paid. Peasants' children should remain engaged in agriculture. However, he also wanted the state to extend the scope of its scholarships to provide opportunities for poor children.[317]

Cavid Bey continued to provide information on the budget's general framework on the first day of the talks. While parliament was in session, the budget needed to be discussed and voted on section by section. The parliament ended the meeting and would begin their next meeting discussing negotiations on the budget.[318]

On July 3, 1909, the parliament began debating the budget's expenditure items. During this session, the discussions differed greatly from the first, because expenditure was more controversial than income and covered a wide swath of people, including those in the bureaucracy. The expenditures were related to the expenses of the state: salaries, retirement funds, grants, and debts. During these days, the Law of Severance was also on the agenda. Thus, Cavid Bey was quite impatient about the budget process: if the budget was not ratified by the parliament, then the budget could not be implemented.[319]

In terms of expenditures, there was also the issue of the Empire's Floating Debts (*Düyun-ı Gayri Muntazam*),[320] which consisted of the

317 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 1, Cilt: 4, İnikad: 98, 9 Haziran 1325 (22 June 1910), 548-562.

318 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 1, Cilt: 4, İnikad: 98, 9 Haziran 1325 (22 June 1910), 578.

319 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 1, Cilt: 4, 11 Haziran 1325 (24 june 1910), 627.

320 Apart from borrowing and advances, the Floating Debts consisted of outstanding irregular debts from the former period (but which also grew during the Second Constitutional Period) to contractors and civil servants in the domestic market. The Young

debts the state owed to individuals such as contractors or institutions. However, Cavid Bey was unsure as to how much the state owed the people.[321] Another problematic issue was the accumulated debts of retirement funds—in particular the military's retirement funds—which were very high, even though they were paid annually. According to Cavid Bey, this amount was approximately 25 million Liras. The expenditures of the OPDA were another hotly debated topic during the parliamentary talks. Due to its abnormal but robust existence as an entity in the state apparatus, the MPs wanted to restrict the autonomy of the OPDA.[322]

One of Cavid Bey's major successes was paying the salaries demanded for the Financial Inspectors, which were very high comparatively as Inspectors of the Sadaret. In fact, the inspectors of the Sadaret were one

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Turk government worked hard to prevent such debts from being collected. It was one of Cavid Bey's targets to revive the domestic market.

321 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 31.

322 According to Tunaya, Cavid Bey found the existence and facility of the Ottoman Bank more easily digestible than that of the OPDA. He acknowledged this institution as "a member of the family." However, he always questioned whether or not the OPDA was a state institution. He was aware that the OPDA was like a state within a state established by foreigners and that it held the keys to obtaining loans by enabling guarantees for the Ottoman Empire in global markets. As we will see below, he tried to bypass the patronage of the OPDA at the earliest opportunity. But we should also mention that Cavid Bey was not alone in his opinion about the OPDA. Parvus Efendi. who was also a very interesting figure who contributed to the economic debates of the Ottoman Empire during the Second Constitutional Era, considered the financial situation of the Ottoman State before and after 1908 as "financial slavery." In his articles from 1911/1912, he writes that the origin of this financial slavery was the Empire's allegiance to the OPDA. Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 405; M. Asım Karaömerlioğlu, "Helphand-Parvus and His Impact on Turkish Intellectual Life," *Middle Eastern Studies* 40, no. 6 (2004): 145-65;[Alexander Lvovich] Parvus Efendi, Cihan Harbine doğru Türkiye (Istanbul: Ayrıntı, 2013), 80-81. According to Parvus Efendi, in 1911/1912, the OPDA received one-third of the main sources of the state's income. These revenues include 23% of direct taxes, not only indirect taxes. The OPDA had become a parallel structure to the state's supervision of finance and was almost a state within the state.

of the highest ranks in the bureaucracy in terms of responsibility and amount of salary. Especially during these days of cutting costs and layoffs, the acceptance of this demand also indicated the trust bestowed upon Cavid Bey as a financier and statesman. I might assert that, though there were not very qualified human resources in the circles of the CUP or the state, the fervent and harsh negotiations indicated that the parliament was against very critical to Cavid Bey. Therefore, under these circumstances, it is possible to consider that Cavid Bey, a man of just 33, garnered respect and inspired confidence among the MPs on the eve of this new period.

Lastly, during his speech Cavid Bey warned the parliament that they needed to speed up their work, particularly when it came to ministers conveying information about their budgets. Failure to do so would mean that the 1910 budget would not be ready in time in November. While the parliament was in negotiations over the 1909 budget, the ministry had already begun work on next year's budget. According to the proposal from the MPs, Cavid Bey's speech was to be printed and distributed to governors throughout the Ottoman Empire.[323] Distributing his speeches would become a parliamentary tradition during the Second Constitutional Era.

In sum, the 1909 budget was the first modern budget prepared based on the principles of generalization and unity. From then on, rather than having multiple budgets prepared by various departments, the state would have a single budget listing all of the state's income and expense items, including debts. Contemporary fiscal methods were also reflected in the budget for the first time. According to the general data, the state's expenditures in the 1909 budget amounted to 3,059,954,572 piastre: the state's income in the 1909 budget amounted to 2,507,896,200 piastre, and the deficit was 552,058,372 piastre.[324] Alt-

323 MM Zabıt Ceridesi, Devre: 1, Cilt: 4, 9 Haziran 1325 (22 June 1909), 547-62.

324 T.C. Maliye Bakanlığı Araştırma Planlama ve Koordinasyon Kurulu Başkanlığı *Osmanlı Bütçeleri, 1909-1918* (Ankara: T.C. Maliye Bakanlığı Araştırma, Planlama ve Koordinasyon Kurulu Başkanlığı Yayını, 2000), 3.

hough many new financial measures were implemented, the deficit increased during the upcoming years rather the other way around.[325] Unfortunately, during the Second Constitutional Era, due to the military crisis and wars, the deficit remained and widened with the loans provided by the Great Powers.

Cavid Bey combined the budgets of various institutions and established a supervisory power over the departments of the state. This financial supervision was particularly important for two institutions: the palace and the army. Although the army was particularly difficult to deal with and Cavid Bey would clash with them on this issue, he stood out as a figure who tried to restrict the authority of the army in the name of a democratic and modern state. He conveyed his own particular message to foreigners operating in the financial sector of the Empire: first and foremost, that a new, modern, and accountable administration was now governing the Ottoman Empire. Second, he had given the message that the Empire would raise customs duties to maintain this new regime as they saw fit. His speeches included promises to European markets that the Ottoman economy would improve.

2.6.2 *Legal Reforms and Cavid Bey*

The 31 March Incident demonstrated the fact that, despite the long road to the revolution, the parliament was very fragile. The raid on the parliament, which rendered it dysfunctional, with MPs fleeing Istanbul, was a pivotal moment for the Unionists. They decided to reinforce the legislative branch after the 31 March Incident and focused on this during the summer of 1909. Bülent Tanor describes this process that "the Constitutional amendment of 1909 limited the monarchy, modernized the executive power, and liberalized fundamental rights." In short, the amendments to the constitution in 1909 enabled the Second Constitutional regime to regulate the state apparatus and enforce the rights of the in-

325 Özdemir, Os*manlı Devleti Dış Borçları: 1854-1954 Döneminde Yüzyıl Süren Cendere,* 132-35.

dividual. This story is indicative of the inherent dynamics in Turkish politics: the struggle between legislative and executive power would be one of the main fields of power politics in which the army or fundamentalists tried to disrupt. Cavid Bey supported these legal reforms, and, in the field of finance, he contributed to the democratization of both the political regime and society.

After the revolution, the parliament was not very active or successful in terms of legal reforms due to the lack of experience among its MPs. However, after the 31 March Incident, the parliament began to make significant reforms in reaction to the counter-revolution. These legal reforms aimed to solidify the constitutional regime and to strengthen the state apparatus by allowing it to be free from the capitulations in both the economic and judicial systems. These legal reforms lasted from the beginning of May to the end of August 1909. A total of 21 articles from the 1876 Constitution were changed; one article was abolished, and three articles were added. Though the aim of this work was not to write a new constitution, it was almost like the new constitution of the new political regime.[326] Cavid Bey played an important role in the prep-

326 Tanör, *Osmanlı Türk Anayasal Gelişmeleri*, 192-97.
The most important constitutional amendment was ratified on August 21, 1909. It transformed the system into a real constitutional regime by defining the authority and responsibilites of the sultan, grand vizier, parliament, and MPs along with senators very clearly. Though it seemed that the list of items on the authority of the sultan in article 7 was longer than the previous one, strict restrictions were imposed. This included three important restrictions related to the appointment and dismissal of ministers, the dissolution of parliament, and approval of treaties concerning peace, trade, concession of territory, annexation, essential and ad hominem rights of the Ottoman subjects, and agreements needed for state spending by the parliament. According to Tanör, this amendment indicates the understanding of "national sovereignty" and also demonstrates sensibility toward the authority of the sultan to make agreements such as capitulations. The amendment of articles of 30–35, 36, and 38 subordinated the government to the parliament. This legal reform process continued and was entrenched in new laws on various areas of state affairs. These laws included the principles of the new political regime, which should be carried out for the regulation of it. Akşin, *Jön Türkler ve Ittihat Terakki,* 229; and Erkan Tural, *Son Dönem Osmanlı Bür-*

aration and implementation of many of the new laws, such as the Law of Severance and the budget, which strengthened the structure of the 'new state.' Although it was a new regime, it was not a democratic one, even though elections were held, and the parliament was opened. However, these amendments did point to a more democratic regime and strengthened the legislative body. Part of these legal reforms consisted of amending the constitution, and the other part was a range of laws that were ratified in the parliament, which mostly concerned Cavid Bey.

The institutional reforms in the Ministry of Finance began and were extended in terms of scope during the period of Ziya Pasha. Ziya Pasha divided the ministry into five sub-units; however, Cavid Bey reorganized it into 10 sub-units.[327] Every directorate was also divided into sub-units. Taxes and title deed transactions were transferred to other departments.[328] Cavid Bey also sent young inspector candidates to France for occupational education and for internships. These candidates returned to Istanbul at the end of 1909. Their performance was appreciated by M. Cochery, France's Minister of Finance.[329] He also strengthened the Inspectors Committee, and this structural base of the Ministry of Finance was passed on to the Republican Era. [330]

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okrasisi: II. Mesrutiyet Dönemi'nde Bürokratlar, İttihatçılar ve Parlamenterler (Ankara: İmge Kitabevi, 2016), 51.

327 Office of the Private Secretary (Kalem-i Mahsus Müdüriyeti), Office of Officers and Supply (Memurin ve Levazım Müdüriyeti), Office of Accounting and Finance (MuhaseBeyi Maliye Müdüriyeti), The Office of General Accounting (MuhaseBeyi Umumiye Müdüriyeti Umumiyesi), Ottoman Public Debt Administration and the Office of Financial Transactions (Duyun-ı Umumiye ve Muamelatı Nakdiyye Müdüriyeti), The Office of Incomes (Varidat), The General Office (Umum Müdüriyeti), The Office of Property of the Emir (Emlak-ı Emiriyye Kalemi), The Office of the General Treasury (Vezne-i Umumi Müdüriyeti) , The Inspectorship of the General Financial Transactions (Muamelat-ı Umumiyye-i Maliyye Müfettişliği), Fiscal Refom Committee (Islahat-ı Maliyye Komisyonu).

328 Toprak, *Türkiye'de* Milli *İktisat, 1908-1918*, 397.

329 Tural, "*II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu*," (PhD diss., Dokuz Eylül University, 2006), 64–68.

330 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 397.

One of the most controversial laws incorporated into the framework mentioned above was the Ottoman Strike Law, which was discussed in the parliament on May 26, 1909. According to Cavid Bey, this was the first time the parliament had discussed such a crucial issue.[331] As mentioned above, the strikes were among the immediate consequences of the revolution. Since the draft law needed to be approved by parliament before becoming law, this issue was revisited at the beginning of 1909 and covered by Cavid Bey in JSES. He supported the idea of establishing unions and going on strike, which would lead to an improvement in working conditions for laborers. Because of his ideas, he was accused of being a socialist in the liberal press in Pera.

When the Ottoman Strike Law made it onto the agenda of the Chamber of Deputies in May 1909, it caused a stir. The liberal and socialist MPs who supported the right to strike were against the government, who wanted to implement a strict ban on the labor movement. As Toprak states, between 1908 and 1913, the parliament had strong factions such as socialists and liberals who were effective in influencing parliamentary commissions. In terms of the Ottoman Strike Law, the impact of the commission was obvious in the related articles (i.e., Articles 8 and 11) as institutionalized unions were seen as legitimate bodies. However, the government's policy ran counter to this regulation.[332] This was because the strikes of workers from the railways, harbors, ports, electricity, lighting, and irrigation sectors disrupted the flow of daily life. The strikes also strained relations between the Ottoman government and foreign companies, such as the Anatolian Railways or Rumelia Railways.

As mentioned above, Cavid Bey delivered his opinion on the issue via two platforms: in his articles published in JSES and through the parliamentary speeches he delivered. While discussing labor actions, he delivered a long speech on May 26, 1909, and submitted a proposal on the subject. He began his speech by saying that this had been the most

331 MM Zabıt Ceridesi, Devre: 1, Cilt: 3, 13 Mayıs 1325 (26 May 1909), 678.

332 Zafer Toprak, "1909 Tatil-i Eşgal Kanunu Üzerine," *Toplum ve Bilim* 113, no. Spring (1981): 141-56.

important matter of discussion since the parliament first convened. The right to strike, for him, was legitimate both in the public and private sectors, and the right to unionize could not be separated from it. However, the government skipped over this issue, as there were no significant strikes in the private sector. But, in his opinion, the government should have made a legal arrangement on the right to strike, which would then serve the interests of the workers and the public good instead of investors. For Cavid Bey, regardless of their sectoral engagements, workers should be free to unionize, as this was the only way to gather together workers' interests and demands and to engage in negotiations with qualified people from companies in order to produce results. In this process, according to him, the state needed both to look after foreign capital and protect the labor laws. According to Cavid Bey, unions needed to be functional not only during strikes but also in general; this would have a positive effect on the morale of the workers, the advancement of labor, the intellectual development of the workers, and the public perception of strikes. In other words, the encouragement of unionization would be tremendously beneficial by way of elevating the status of the laborer, even though the position of the workers was not a top priority in the country at that time. Moreover, as Cavid Bey stated, these unions were not revolutionary ones as they simply aimed at establishing sustainable relationships between the two parties. If a union abused its position and its economic function, then the government would punish it. Finally, Cavid Bey explained that if they could not agree upon a general law regarding strikes, then economic and social life would never be able to function properly.[333]

In his articles published in the JSES, Cavid Bey responded to the accusations of the "opposing press," which was active on the other side of the Galata Bridge in Pera. They represented the interests of foreign companies and the Ottoman bourgeoisie, mostly non-Muslims. Cavid Bey's articles were very clear: according to him, believing in the necessi-

333 MM Zabıt Ceridesi, Devre: 1, Cilt: 3, 13 Mayıs 1325 (26 May 1909), 677-717.

ty of labor unions does not arise from the belief in socialism but from human rights. He added that liberal economists agreed with him as well and that the right "not to work" was as much a right as "to work." He claimed that the unions had been perceived as a reason for the outbreak of mayhem in the Empire, when in reality they were beneficial in encouraging workers to act with common sense. For him, the conflicts were rooted in miscommunication about mutual responsibilities, the abandonment of duties, and human rights.[334] Despite his reservations, when it was time to vote, Cavid Bey voted for the Strike Law. As from the beginning of the Second Constitutional Era, when his opinion conflicted with the CUP on major policies, though he spoke up against them, he voted in line with the CUP—with the exception of the Empire's entrance into the Great War in 1914. In this context, it is observed that although Cavid Bey had always defended his ideas, he would always fall in line with his fellow Unionists. Sometimes, this meant remaining silent when it came to the CUP's economic policies, voting in favor of the CUP, or carrying out his duties in the background instead of coming to the forefront.

In terms of Cavid Bey's stance toward socialism, as Zafer Toprak argues, he was never in favor of it, although he was pro-union. Cavid Bey advocated for nineteenth century liberalism and for this reason, he gave priority to liberal economic principles when considering production and social relations. According to him, social welfare was improved on the shoulders of individuals who prioritized personal interests. As Cavid Bey viewed it, while liberalism embraced freedom and its various aspects such as free trade and free speech, socialism was used to constrain the individual and control them in all spheres of life: political, social, and economic. On the other hand, the only limit to freedom in liberalism is the other person's own freedom.[335] Therefore, Cavid Bey

334 Zafer Toprak, *Türkiye'de İşçi Sınıfı 1908-1946* (Istanbul: Tarih Vakfı Yurt Yayınları, 2016), 153-65.

335 Toprak, *Türkiye'de Milli İktisat, 1908-1918,* 92, 94, and 95.

had not warmed up to the idea of socialism when it came to universal values and the private sphere.

Following the budget, the next major subject for the young minister of finance to tackle was the General Accounting Law. This law was complementary to the budget, which would allow it to be enforced in an orderly manner in the following years. It was adopted from the French judiciary. As Toprak states, the law enforced the budget in practice. It also allowed all incomes to be transferred directly to the treasury and control of the treasury over every item of the income of state departments. The treasury had gained authority to audit the income and expenditures of the state departments including the ministries. Cavid Bey also made reforms to the General Directorate of Accounting (*Divan-i Muhasebat*) and started to control the expenses of all of the state deartments. In sum, as Toprak emphasizes, during the Second Constitutional Era, the Ministry of Finance was transformed into a respectful and orderly institution rather than a "cash desk" as it has been used for decades.[336] The General Accounting Law was the first step toward modern accounting in the Ottoman Empire and remained in force until 1927.[337]

Cavid Bey also concentrated on the modernization of the ministry by collaborating with M. Jolly, another French consultant to the Ministry of Finance. Cavid Bey initiated a reform package for the organization of the ministry. As Toprak states, the principles of the Board of Auditing were established for the first time during this period.[338] During his time in the ministry, there were some steps taken that greatly improved the ministry's workflow, such as the removal of red tape and the simplification of registration for citizens. Newspapers and foreign observers alike took note of his improvements and success. The bureaucrats of the Ministry of Finance also updated the criteria for recruiting workers in the ministry, and they even sent some young officers to France for internships. In the context of the unification of finances as seen in European

336 Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 341.

337 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 8-11.

338 Toprak, T*ürkiye'de Milli İktisat, 1908-1918*, 341.

countries, some departments from other offices such as the customs office, the whole body of the Ministry of Post and Telegram, and the financial part of the Royal Treasury were transferred to the Ministry of Finance.[339]

Another key law that affected Cavid Bey's workflow was the Law of Severance. The Law of Severance (Tensikat Kanunu) was ratified by the palace on July 26, 1909 before entering into force. Layoffs would start as of August 30, and commissions were established in every state department in both the capital and the provinces to begin implementing the law.[340] This law aimed to shrink the number of state officials in order to help balance the state's budget. This worked in favor of the Unionists, including Cavid Bey, whose goal was to motivate people to begin engaging in entrepreneurship instead of working for the state. In other words, this law was the outcome of the Unionists' new way of thinking and the extreme measures of the state's financiers. Cavid Bey wholeheartedly supported and contributed to this law. In terms of entrepreneurship, Cavid Bey depicted commerce as the most important economic activity. In the nineteenth century, several companies helped to develop industry and commerce within the Empire; however, the main problem in the Ottoman Empire was the lack of companies and the people who were able to establish them. Cavid Bey and his colleagues believed that companies with Muslim partners should be founded during this period—which was already quite late compared to developed countries.[341] For this reason, the Law of Severance was crucial in conveying the message to the people that the state was no longer their employer. In practice, the implementation of this law began right after the revolution. In terms of the Ministry of Finance, Ziya Pasha had started the severance process in the

339 Erkan Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu" (Dokuz Eylül Üniveristesi, İzmir, 2006).

340 Tural, *Son Dönem Osmanlı Bürokrasisi: II. Mesrutiyet Dönemi'nde Bürokratlar, İttihatçılar ve Parlamenterler,* 105.

341 *Toprak, Türkiye'de Milli İktisat*, 1*908-1918*, 119.

very early days of the Second Constitutional Era.[342] Talks in the parliament began after the 31 March Incident. Cavid Bey was in a hurry to ratify the law, because it would act as a legal basis for layoffs and cost cutting, which would lift some of the burden off the budget in terms of expenditures and the budget deficit. During the talks, the atmosphere in the parliament fell in favor of the bureaucrats.[343] The Chamber of Deputies began discussing the Law of Severance on May 29, 1909. Cavid Bey had taken to the floor as chairman of the commission[344] that prepared the draft law. According to Cavid Bey, the parliament, the commission, and the government agreed on the law and underlined that though its implementation would be difficult,[345] it was extremely vital for the budget in terms of detecting the number of expenditures. Under the law, the number of employees in all ministries would be determined so that the ministry could more easily calculate expenditures. Cavid Bey asked the deputies if they could rush to iron out the final details and finalize the law. The law would be implemented in Istanbul first and then in the provinces. During the talks, the main conflict was about determining the members of the severance commissions in the provinces. As always, Cavid Bey remained steadfast in his demeanor and was realistic, centralist, and practical. According to him, only the mayors should be able to join the commission in the provinces, not the people or the muftis ecause they are representing the people through legitmate elections.[346] After long discussions, the Law of Severance was ratified by the Chamber of Deputies. When the Law of Severance was put into force, the schedule of the ministry intensified. Severance payments would be executed by the councils elected from the Chamber of Deputies and the

342 Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu," 59.

343 MM Zabıt Ceridesi, Devre: 1, Cilt: 4, 11 Haziran 1325 (24 June 1909), 627.

344 MM Zabıt Ceridesi, Devre: 1, Cilt: 4, 16 Mayıs 1325 (29 ay 1909), 22- 80.

345 According to Tural, the severance issue was implemented with a very wide scope and therefore met with severe public criticism. Tural, *Son Dönem Osmanlı Bürokrasisi: II. Mesrutiyet Dönemi'nde Bürokratlar, İttihatçılar ve Parlamenterler,* 23.

346 MM Zabıt Ceridesi, Devre: 1, Cilt: 4, 16 Mayıs 1325 (29 May 1909), 22- 80.

Chamber of Notables. In the Ministry of Finance, a controversial procedure was being carried out by Cavid Bey: while the layoffs were ongoing, new personnel such as inspectors were being hired for new positions. According to reports from the Ministry to the Sublime Porte, the number of staff members in the Ministry of Finance decreased from 957 to 467. The number of staffs who were retired was 133. The main dispute had to do with non-permanent staff, whom Cavid Bey promised would be paid.[347] After the Law of Severance was enacted, the Ministry of Finance began executing it.

Last but not least, one of Cavid Bey's most important projects was establishing the Financial Officers School (*Maliye Mektebi*) in May 1909 to train students to work in the Ministry of Finance.[348] The courses included geometry, literary composition, the method of recording, rules of submission, French, mathematics, calculation of financial transactions, economy and statistics, common and administrative law, the history of the Ottoman Empire, and geography. The number of students admitted was 150. The aim of the school was to provide young students with a modern financial education, as part of a broader effort to modernize the Ottoman Empire's finances, so that they could catch up with their contemporaries in developed countries.[349]

The legislative period, especially the amendment of the constitution, changed the character of the regime and transformed it into a modern constitutional regime through a series of legal reforms. Part of these reforms was related to the fiscal issues that Cavid Bey worked on. As Tanör has discussed, with the Senate's decision, the principle of "national sovereignty" became part of the constitutional discourse and his-

347 Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu," 264-66.

348 Muzaffer Albayrak and Kevser Şeker, eds. Ar*şiv Belgelerine göre Osmanlı Eğitiminde Modernleşme*, (Istanbul: T.C. Başbakanlık Devlet Arşivleri Genel Müdürlüğü Osmanlı Arşivi Daire Başkanlığı, 2014), 4.

349 Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu," 270-73.

tory, and the 1909 legal reforms established a real parliamentarian and constitutional regime in terms of the regulation of the state apparatus and immaterial rights.[350] As a young minister who was only 33 years old, Cavid Bey was full of passion and had intricate plans to improve the country. As many academics have claimed, the CUP had no concrete plans to govern the Ottoman Empire; however, it seems that Cavid Bey had his own plans related to the economy and fiscal affairs. He adapted very quickly and implemented his agenda. In those early days, he did not try to initiate his own plans, especially in the ministry but also in other areas, as he moved in concert with the CUP (as can be seen in the case of the Ottoman Strike Law). This was true even though he openly discussed his own arguments but followed suit and aligned himself with the CUP when it came to voting on the law.

§ 2.7 A Game Changer? 1909 Loan and Its Consequences

As discussed in the previous chapter, Cavid Bey played a significant role as the "game changer" in Ottoman finances—perhaps the first to play such a role in a very long time. His intelligence, courage, strong intuition, and energy allowed him to play his cards carefully.

Cavid Bey informed the IOB that he would begin a loan operation in September 1909. Besides, he pointed out that he did not want the OPDA to be the guarantor of this loan, as used to be. Cavid Bey might have three different aims in his mind. Firstly, he aimed to divide the European market; secondly, he favored the National Bank of Turkey contraty to the IOB; thirdly, he aimed to distance the Empire from financial control.

As a matter of fact, in early September, Cavid Bey initiated the new loan process. He also invited well-known international banks like Deutsche Bank, London Bank, and Crédit Lyonnais. However, the NBT has not been invited to the transaction of this new loan. While Cavid Bey refused the IOB's conditions, the NBT offered to consider the conditions

350 Tanör, *Osmanlı Türk Anayasal Gelişmeleri*, 196-97.

of Cavid Bey. However, the London market's situation was not in its good days during those days. However, still, the NBT heated the bargaining. In the end, 1909 Loan agreement was signed with the IOB with better conditions than the 1908 Loan.[351] 1909 Loan was approved by the decree on August 14, 1909 and the agreement was sign by the parties on October 13, 1909. The loan was allocated to the budget deficit, layoffs in the army, and the payments to the Orient railways. The capital of the loan was 7,000,004 Liras. Its interest rate was 4% and its amortization was 1%.[352] The net amount of the loan was 5,845,000 Liras.[353] In the meantime, the NBT failed to meet the conditions of the loan because neither the City of London nor the Foreign Office supported the NBT. However, at the end, this loan operation was a success for Cavid Bey to increase the leverage of the Ottoman finances by increasing the number of the players in the market.[354]

Cavid Bey achieved this operation without the help of Mr. Laurent. Moreover, Cavid Bey evaluated that Mr. Laurent's authority should be reduced step by step. Cavid Bey was also under attack from members of the cabinet, mainly Mahmut Şevket Pasha, who had postulated that Cavid Bey would accept the French treasury or French demands at any time. In the meantime, a Financial Reform Committee was about to be established, and who would become its president and members became a conflictual issue between Cavid Bey and Mr. Laurent. The committee was formed to pioneer the ministry's institutional reforms, which aimed to modernize budget work and the employment system.

In terms of the emergence of the Committee, Cavid Bey did not allow Mr. Laurent to be the president, and instead, the finance minister would

351 Özavcı, "A Little Light in The Darkness': The Mission of Charles Laurent and the Young Turks, 1908-1911," 216-17.

352 Yeniay, *Yeni Osmanlı Borçları Tarihi*, 103-4.

353 *Özdemir, Osmanlı Devleti Dış Borçları: 1854-1954 Döneminde Yüzyıl Süren Cendere*, 121-22.

354 Özavcı, "A Little Light in The Darkness': The Mission of Charles Laurent and the Young Turks, 1908-1911," 216-7.

be the president. Secondly, he preferred that the Committee be constituted of half foreign delegates, half Ottoman delegates.[355] As we will see below, during the 1910 loan period, Mr. Laurent continued his tactics of dividing the European market and preventing French control over the Ottoman treasury. Cavid Bey's attempt was part of his plan of liberating Ottoman financial institutions from the penetration of the Great Powers.[356] Cavid Bey supported the idea of financial sovereignty from the first day of the Second Constitutional Era and emphasized that this concept was just as important as national sovereignty. However, he was also aware that the Ottoman Empire needed to continue to ask for foreign capital for a while longer in order to accelerate the infrastructure reforms it so desperately required, something that could not only be accomplished with domestic resources. While carrying out the legislative and administrative reforms to enable an improvement in the financial, economic, and administrative systems, he was also trying to place the Ottoman government in a more independent position in terms of loans, which was something that had never been done before. As had been seen during the establishment of the NBT and the 1909 loan, Cavid Bey wanted to be a game changer and enhance the opportunities of the Ottoman Empire by increasing the range of financial dealers and trying to eliminate current actors such as the IOB or, particularly, the OPDA—the largest guarantor of Ottoman debts since 1881.[357]

355 The members were Abdurrahman Ara Bey, Bitalis Efendi, Mr. Maissa, Mr. Steeg, Mr. Garves and M. Jolly. The chairman of the Committee was Mehmed Cavid Bey, the Minister of Finance. Toprak, *Türkiye'de Milli İktisat, 1908-1918*, 397.

356 Feroz Ahmad, "Vanguard of a Nascent Bourgeoisie: The Social and Economic Policy of the Young Turks 1908-1918," in *From Empire To Republic: Essays On The Late Ottoman Empire And Modern Turkey*, (Istanbul: Istanbul Bilgi Üniversitesi Yayınları:2015), 29.

357 According to Blaisdell who wrote on the Ottoman Public Debt Administration in 1929, the role of the debt in the later period was that of the link between European financial resources and Turkish economic potential. However, an factor, imperialism, caused acute international rivalry and the final dismemberment of the Ottoman Empire. Blaisdell, *European Financial Control in the Ottoman Empire*, 208.

§ 2.8 Toward the End of 1909: Knifepoint Laws

Following turbulent months, on August 21, 1909, the Ottoman parliament adjourned for a summer break until November 14, 1909. However, the political scene was about to reach its boiling point. Toward the opening of the second parliamentary term, the opposition began raising its voice. It was rumored that a new political party called the Moderate Liberal Party (*Mutedil Hürriyetperveran Party*) would soon be established. The CUP's response was quite clear: once the constitutional order was established, they would be pleased with the existence of an opposition party. One of the reasons they welcomed an opposition party is because they were upset by the influence of the army and Mahmut Şevket Pasha in the political arena.[358]

On October 22, 1909, the Congress of the CUP was held in Selanik. The CUP continued to keep its headquarters in Selanik due to the turbulence of politics in Istanbul. They remained distant from both Istanbul and power politics and kept themselves as a holy, sacred, and secretive organization. The Committee had two main priorities regarding political life: first was the role of the army in Ottoman politics. According to Mustafa Kemal Pasha, who participated in the Congress as a delegate of the CUP branch in Trablusgarp, the ongoing involvement of officers in the CUP had a negative impact on the army and on the public sphere. He proposed that officers whose services were needed by society or who wished to remain in the CUP should resign from the armed forces, and that a law should be passed banning the military from membership in any political organization. This idea was opposed by the delegates, who argued that the 31 March Incident had revealed the need for close links between the army and secret? society.[359] This might be described as the first clash between Mustafa Kemal and the Unionists. First, the CUP aimed to leave the high-ranking soldiers out of politics while including the lower-ranking soldiers in the field and keeping them close to the

358 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 149-50.

359 Mango, *Atatürk,* 240.

Committee. Second, they aimed to restrict the sultan's authority to within the framework of the constitutional regime. Furthermore, the Congress decided to unveil its secret structure as mentioned above. For the first time, the CUP announced the members of the Central Committee and removed the principle of secret membership.[360]

Despite opposition from the CUP, the Moderate Liberal Party was established on November 22, 1909, and became the first opposition party established within the parliament during the Second Constitutional Era. Mostly Albanian, Greek, and Arab MPs had joined the new party, and İsmail Kemal Bey was the leader of the party[361] until it decided to merge with the Freedom and Accord Party in 1911. The party's leading figures included many and speakers who used to criticize and attack Cavid Bey including Lütfi Fikri, Boşo Bey, and Şefil El-Müeyyid. The party was active mainly during the Hakkı Pasha and Sait Pasha cabinets, which were some of the liveliest periods of the day. The Moderate Liberal Party carried corrosive opposition into the parliament, particularly during the time of Mahmut Şevket Pasha.[362] Adapting to the liberal atmosphere that had been established in the political arena, the CUP also modified itself and became a more liberal organization.

Before the new year, Cavid Bey was involved in two issues that were also related to the survival of the government. The first one was the Lynch issue, which paved the way for the crumbling of the cabinet. The second was the withdrawal of the Alcoholic Beverage Law. The Lynch Project was a multi-dimensional subject that led to the fall of the cabinet and uncovered the cleavages within the CUP in the parliament. It had an international political dimension that was bound to local politics. Although the palace had held the navigation rights to the Euphrates and Tigris rivers, the British firm Lynch—which was a Euphrates and Tigris

360 Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi,* 286.

361 *Kansu, İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 149-53.

362 Tarık Zafer Tunaya, *İkinci Meşrutiyet Dönemi, Vol. 1, Türkiye'de Siyasal Partiler* (Istanbul: İletişim Yayınları, 2007), 241-45.

Steam Navigation Company[363]—had dominated the shipping business since the mid-nineteenth century, including mail concessions. Before the 31 March incident, Lynch had made an agreement with the government for the renewal of its concessions, which encompassed a 75-year shipping concession on both rivers on the condition that Lynch would contribute 50% to establishing the Hamidiye Company, an Ottoman company. The Hüseyin Hilmi Pasha government approved the agreement without putting it to a vote in the Chamber. Thereupon, Babanzade İsmail Hakkı Bey, MP for Baghdad who was also a lawyer specializing in constitutional law, interpellated the government about the approval of the concession agreement without first asking the parliament.[364] While the government supported the agreement, it was severely criticized by the Iraqi people, MPs for province of Iraq, and Mahmut Şevket Pasha, as well as by some other Unionists. The opposing MPs claimed that there were local companies that could do the same work as the Lynch Company. Meanwhile, some MPs such as Zubeyrzade Ahmet Pasa (Basra) held shares in the project.[365]

Apart from the concession itself, governmental approval of such an important agreement without asking the parliament was a massive concern for both MPs and the Senate. However, the Senate had decided that until a new law was prepared on the issue, all the agreements regarding the concessions were bound to approval by the Parliament. In terms of international politics, the Unionists—who clashed with both Mahmut Şavket Pasha and Hüseyin Hilmi Pasha, but especially with Mahmut Şevket Pasha and his Germanophile policies—preferred to lean on British policies to balance the position of the Ottoman Empire. Akşin states that while this policy might have been useful in the short term, in the long term, it would be harmful for the Empire due to the Entente Cor-

363 Camille Lyans Cole, "Precarious Empires: A Social and Environmental History of Steam Navigation on the Tigris," *Journal of Social History* 50, no. 1 (Fall, 2016), 74-101.

364 MM Zabıt Ceridesi, Devre:1, Cilt: 1, 16 Teşrinisani 1325 (29 November 1909), 140.

365 Tunaya,*Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 432-33.

diale between Britain, France, and Russia. Moreover, rumors related to Mahmut Şevket Pasha and German General Von der Goltz Pasha's plans to overthrow the CUP to set up a military dictatorship devoted to German interests had begun to circulate.[366] As a result, *Tanin* was closed by court martial on December 22, 1909, due to its reporting of news related to the issue.

As Kent claims, the Foreign Office pressed the Porte in June 1909 to allow the Lynch firm to confirm the concession for its monopoly on the Tigris and Euphrates that was granted by Abdülhamid II. However, so strong were local protests in response to the news of this scheme—which appeared to presage a resumption of the company's former, crushing monopolistic freight rates—that the Ottoman cabinet had to resign, at least partly, due to this issue.[367] This incident was the one of the outcomes of the rivalry between Britain and Germany. However, Britain declined to pressure the Ottoman government, at least in this instance.[368] The deputies for Iraq pursued an influential lobby in the parliament. However, the Unionists were stuck between Hilmi Pasha supporting the Lynch project and Arab public opinion. Soon, the Hüseyin Hilmi Pasha government would fall, and the Lynch project would be one of the reasons for this.[369]

Cavid Bey made a long speech addressing the parliament on the Lynch issue. However, his point was neither on concessions nor on competition between the Great Powers in the Ottoman Empire. The main point was that, as mentioned above, the CUP supported Hüseyin Hilmi Pasha and his stance of backing the Lynch agreement. During his speech Cavid Bey stated that there was no such legislation ordering that

366 Feroz Ahmad, "Great Britain's Relations with the Young Turks 1908–1914," *Middle Eastern Studies* 2, no. 4 (1966): 161.

367 Marian Kent, "Great Britain and The End of The Ottoman Empire 1900-1923," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London: Frank Cass, 2005), 172 and 75.

368 Ibid? Kent, "Great Britain, T*he Great Powers and the End of the Ottoman Empire*, p: 172, 175.

369 Ahmad, "Great Britain's relations with the Young Turks 1908–1914," 163.

agreements on financial engagements should be voted on in parliament. Due to this fact, the government had acted according to current legislation. The opposition claimed that all the agreements should be voted on in the parliament, and furthermore, some of the MPs argued that the Lynch project consisted of financial engagements. According to Cavid Bey, the main issue was that the operations needed to be urgently implemented. For the first time, Cavid Bey did not point out European examples and argued that "We have to reach the level of progress through quick steps." According to him, if the parliament were to engage in long debates about every article of every agreement, it would both slow down the legislative process and decrease the government's capacity to execute laws. Cavid Bey spoke about the economic, financial, legal, and political dimensions of the Lynch project. He argued that contrary to Mahmut Şevket Pasha's opinion, if the concessions were given, the number of ships would increase in accordance with the increase in commercial transactions on the rivers. Also, according to Cavid Bey, the key issue was not navigation but the irrigation project that also lay within the scope of the agreement with Lynch. Moreover, small businesses would be able to continue transporting their own products in their own ships, which meant that the monopoly was not very strict. Fiscally, Cavid Bey pointed out that the agreement incorporated a tax allowance, something that was very common according to the principles of a liberal economy. If they removed this, then it would be impossible to discuss any kind of fiscal undertakings. Politically, the key issue was the navigation of foreign—mainly British—ships in Ottoman waters. However, as Cavid Bey states, the government did not have any political, legal, economic, or financial conflicts regarding the Lynch agreement.[370] While supporting the government's decision on the Lynch project, Cavid Bey also pointed to the irrigation projects that the German already offered alongside with the Baghdad Railway project. Cavid Bey underlined that alongside the Baghdad Railway and the irrigation project, the Brit-

370 MM Zabıt Ceridesi, Devre 2, Cilt: 1, 28 Teşrinisani 1325 (11 December 1909), 253-257.

ish concession on navigation rights was not overly problematic, as small businesses could still use their own ships. He also underlined the fact that if the parliament would negotiate every concession agreement, then perhaps they would only be able to finish negotiations for four agreements in a six-month time period—and this would be the case only if they were to work day and night.

Following the Lynch decision Hüseyin Hilmi Pasha threatened the CUP by saying that he would resign if the parliament would not provide a vote of confidence. Therefore, the Committee got involved, and Halil Bey tabled a motion that it would not be a concession if the Lynch company accepted the government's offer.[371] He also proposed that until there was new legislation concerning the new concession agreements, the current ones should be ratified only by the government. He, among others, chose Halil Bey's motion, and the parliament provided a vote of confidence in him.[372]

The second big issue that Hüseyin Hilmi Pasha dealt with before his resignation was the Spirits and Alcoholic Beverage Law. On December 18, 1909, this law, which had already been passed by the Chamber of Deputies during the first term and mainly regulated the import of beverages, made its way onto the parliament's agenda. Haydar Bey, MP for Saruhan, had asked for a delay in the implementation of this law.[373] This issue had extremely important impacts and consequences. First of all, it revealed once again the negative impact of capitulations on Ottoman legislation. In the face of local interests, the capitulations forced the government to accept the terms of the Great Powers. Second, the proposed law was contrary to Cavid's Bey's discourse on "financial sovereignty." According to the law, the import of alcohol, which was mostly imported for industrial consumption but was also used to make beverages, would not be banned outright but rather limited; second, imports on beverages made from grapes and other fruits would be prohibited to

371 MM Zabıt Ceridesi, Devre 2, Cilt: 1, 30 Teşrinisani 1325 (13 December 1909), 289.

372 MM Zabıt Ceridesi, Devre 2, Cilt: 1, 30 Teşrinisani 1325 (13 December 1909, 292-293.

373 MM Zabıt Ceridesi Devre: 2, Cilt: 1, 16 Teşrinisani 1325 (29 November 1909), 143

support local production. The Hüseyin Hilmi Pasha cabinet brought this law back to the parliament's agenda, which created conflict between the Ottoman government and the Great Powers. And as one might expect, it stirred controversy. According to Tunaya, Rifat Pasha, the Minister of Foreign Affairs, had confessed that this law, which aimed to look after local producers, had been met with protest from the Great Powers, and it demonstrated how capitulations humiliated the honor of the government.[374] Cavid Bey addressed the MPs upon the parliamentary question of Haydar Bey. Although this act had protected local producers around İzmir, according to the agreements signed in 1861 with the Great Powers—which were still enforced though their duration had expired—items such as salt, tobacco, gunpowder, and military equipment could not be limited or banned. Therefore, it was not possible to prohibit the import of beverages made from grapes. According to Cavid Bey, the new act could cause an economic war between the Ottoman Empire and the Great Powers. He criticized the MPs, arguing, "We had broken the political despotism but not the fiscal one."[375] The government was also warned by the embassies of the Great Powers about the consequences of withdrawal from the agreement.

After these two incidents Hüseyin Hilmi Pasha resigned, though he had just obtained a vote of confidence. He left office on December 28, 1909. İbrahim Hakkı Pasha—an intellectual, professor of law, and the Empire's ambassador in Rome—filled his shoes on January 10, 1909. The next day, he obtained a vote of confidence.[376] Cavid Bey and Talat Bey kept their offices as the Minister of Finance and Minister for Internal Affairs, respectively, while there was a total of eight Unionists in the cabinet.[377] In terms of the economy, the program of the new cabinet aimed to prepare a more solid budget and began a cost cutting process for public spending. As Tural quotes from the *Journal of İhsaiyyat-ı Mali-*

374 *Tunaya, İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi,* 91-93.

375 MM Zabıt Ceridesi, Devre: 2, Cilt: 1, 16 Teşrinisani 1325 (29 November 1909), 143.

376 MM Zabıt Ceridesi, Devre: 2 Cilt: 1, 11 Kanunisani 1325, (14 January 1910), 617-643.

377 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 168.

ye,[378] which began publication in 1909, the economic situation had both positive and negative sides. According to the journal, despite the decrease in allowances, expenses in the public sector were increasing, which he claimed was worrisome. Cavid Bey's search for a foreign loan to close the budget deficit in 1910 indicated only incremental growth.

§ 2.9 1910 Budget and the Audit Wars

During the first half of 1910, Cavid Bey was mostly in Istanbul and preoccupied with the legislative proceedings for the provisional and general budgets, loans, expenditures, taxes, etc. He would address the parliament and sometimes found himself in tough ideological discussions, such as during the property tax discussion. Due to a break in Cavid Bey's journal, I will attempt to shed light on events in 1910 by referencing his minutes in the Assembly as well as using secondary resources.

The Cretan question, the dispute with the Austrian-Hungarian Empire over Bosnia and Herzegovina, and Bulgaria's declaration of independence would put the CUP in an uncomfortable position toward the end of 1909. Against the new additions to the Greek Navy, the Ottoman Ministry of the Navy immediately initiated the purchase of new battleships. Meanwhile, Mahmut Şevket Pasha set out plans to increase the Ottoman land forces up to 2.5 million soldiers. This political environment, which was inhospitable to financial progress, was partially why the budget for 1910–1911 showed an estimated deficit of 4,421,914 lira. The deficit made it essential for a 4% increase in customs duties in order to achieve a balanced budget. However, Cavid Bey's attempts in Berlin, Paris, and London were fruitless because they wanted reconciliation on the Baghdad Railway issue to help the Ottoman Empire by a loan

378 İhsaiyyat-i Maliye, Birinci sene, 1325, İstanbul, 1327, s. 421. For a study and detailed statistics on Ottoman finances, see Engin Deniz Akarlı, "1872-1916 Bütçeleri Işığında Osmanlı Maliyesinin Sıkıntıları," *İstanbul Üniversitesi İktisat Fakültesi Mecmuası* 38, no. 1-2: 225-53; and Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu," 269.

or increase customs duties.[379] However, Cavid Bey and the Ottoman government had to wait for this until the spring of 1914.

On February 5, 1910, Cavid Bey started the year by dealing with palace expenditures. He submitted a legislative proposal to the parliament in February 1910 for 2.4 million piastre in additional subsidies for the renovation of the imperial palace.[380] Though he had allocated money for this item, it had already been spent to the needs of the state. This draft law also contained some extra allocations for the Ministry of War and Navy. According to Cavid Bey, this was an urgent draft law that needed to be approved immediately. He also submitted a proposal for an additional subsidy for the *Sadaret* and the Ministry of Internal Affairs. In the Parliament, Cavid Bey explained the need for these extra allocations: in 1909, while they were preparing the budget, the ministry had been unsure about the facts and figures, and therefore, they needed more money for some departments than they had expected. Cavid Bey also requested money for other needs, such as the travelling expenses of the officers who had relocated during the Law of Severance and the reorganization of jails, among other things. At that point, they still had a month and a half until the new budget, and these expenses needed to be paid within 37 days.[381]

On February 7, the draft law concerning the loan for the Municipality of Istanbul was discussed in the parliament. According to Cavid Bey, the amount of the loan, 1.1 million Liras, was not exorbitant for a country that owed 120 million Liras in debt. This was the first time that a municipality had signed a loan agreement with a foreign entity. The loan agreement was struck between the Istanbul Municipality and Perrier Bank for 1.1 million Liras at a 5% interest rate. The main problem was that the bank decided to give 86% for the loan, which is why the rate

379 Özavcı, "A Little Light in The Darkness': The Mission of Charles Laurent and the Young Turks, 1908-1911," 218-19.

380 During this period, the Palace still lacked a heating system.

381 MM Zabıt Ceridesi, Devre: 1, Cilt: 1, 20 July 1325 (2 August 1909), 125-27.

increased to 5.8%. Perrier Bank accepted the payment of the money in several tranches.[382]

By 1910, the revolts in Albania proved to be one of the Ottoman government's major problems. At the end of March 1910, a revolt occurred in Albania in the district governorship of İpek, an Albanian province in Kosovo. The reasons for the revolt varied but centered on the spread of the tax called octroi (octruva) from cities to rural areas. The aim of the tax was the reconstruction of the city, a population census to create mapping for the new taxes, compulsory military service for non-Muslims, et cetera. During the revolt, the military commander of İpek was murdered, and the lieutenant of İpek was injured during an assassination attempt. A state of emergency was declared in the region, and the issue of the revolt spreading throughout the region came to the parliament's attention. Some Albanian MPs in the CUP, including Necip Draga, resigned from the CUP. Considering the situation, the government sought and obtained a vote of confidence.[383] However, this revolt was the beginning of the road toward Albania's independence. During the Second Constitutional Era, three revolts had taken place in Albania, and at the end of the Balkan Wars, Albania would separate from the Ottoman Empire.

On March 12, 1910, Cavid Bey submitted the "Provisional Budget for March and April." The general budget was late, as he continued to have difficulties in collecting data from the state's various departments. One of the key problems was the amendments to the Law of Tithe and Cattle. On March 25, 1910, Cavid Bey stated that it took too long to prepare the amendments and that the task seemed nearly impossible. At the same time, he experienced difficulties in putting together the general budget. One of the main discussion topics in the parliament in the spring of 1910 was the state's loans and where the government had spent them. According to Cavid Bey, the government should make revisions, particu-

382 The shares were exempted from an official stamp in the loan agreement contracted by the State. Parvus Efendi, Cihan Harbine doğru Türkiye, 80-81.

383 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 176-78.

larly on high revenue items. He also argued that the state's property tax was prepared in a just and methodical manner. Cavid Bey states that though they had already begun work on the tithe law, they would not be able to finalize it until the following year. He further claims that he simply did not have the strength to make changes to the tithe law in only two months, as it would be an impossible task.[384] The subsidies that the Ministry of War and Navy had asked for were provided in the provisional budget. According to Cavid Bey, while the state's financiers were preparing the budget of 1909, they had no precedent to look back on and thus were unable to foresee the amounts of some expenditures. For example, Cavid Bey claimed that the expenditure foreseen in the budget in 1909 was 240,000 Liras; however, as they realized later, the military alone had expenses of 214,000 Liras. During the parliamentary talk of the provisional budget, Lütfi Fikri opposed Cavid Bey for spending all of the money without thinking because Cavid Bet yhinks that he can seek for loans. After a long round of negotiations, the parliament accepted the provisional budget.[385]

On March 16, 1910, the parliament began negotiations on the Empire's property tax. This was also a major accomplishment for Cavid Bey as well as one of the main goals of the constitutional period. The brand-new points of the law were that it separated property tax and land tax; it excluded property tax from education and military equipment taxes; it calculated tax based on income, not value; it identified property tax as 12% of national income; it called for the recording of properties and putting new regulations into force, etc. According to Cavid Bey, the Second Constitutional Era had changed the situation of local notables, who had not paid taxes before. While addressing the parliament, he stated that on certain points, the government and the commission had conflicted on some issues. In other words, even at the last stage of the legis-

384 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 12 March 1910 (25 March 1910), 74-91.

385 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 2 March 1325 (15 March 1910), 158-83.

lative process, the parliament and government might not share the same opinion of certain points within the law. Cavid Bey also underlines the fact that they favored the peasants within the scope of this law. Some agricultural groups such as farmers were excluded from paying taxes. He claims that the field of agriculture was the state's priority. Cavid Bey recommends discussing this draft law article by article without any rush.[386] In response, Ohannes Varteks Efendi, known for his socialist views, agrees with Cavid Bey about making tax rates proportionate to income. He also adds that 95% of the population of both Muslims and non-Muslims were religious people, and therefore they should help the poor to pay their taxes.[387]

According to Cavid Bey, different ideas came onto the agenda in terms of the fiscal issues to address in the second budget. The first was the Ottoman Strike Law, and the second was the Property Law. During discussions of the first, although there were many different points of view within the parliament, they were ultimately able to agree on the same basic point: the right to unionize and strike. However, when it came to the Property Law, their ideas and roadmaps completely diverged. While Zöhrap Efendi insisted that taxes should be collected from people based on their income, Cavid Bey argued that it was impossible to calculate how much an individual should pay and how much they could sacrifice. Cavid Bey further stated that compulsory expenses and the degree of sacrifice were socialist principles. What was a more fundamental problem, however, was that they could not arrive at the same definition of taxes. According to Zöhrap Efendi, everybody should be required to pay the provision of his/her social status as rent to the government. Cavid Bey responded that the only outcome would be the inequality of wealth and that concepts such as social status and rent should

386 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 3 March 1325 (16 March 1910), 192-8.

387 MM Zabıt Ceridesi, Devre: 1, İçtima senesi: 3, Cilt: 3, 6 March 1325 (19March 1910), 223-55.

not be the sole focus. This way of implementing the tax would also be arbitrary in practice. He claimed that the duty of the government was not to create more inequality of wealth in society. He further stated that people are not equal, and their intelligence levels are not equal: "If so," he joked, "we could not take Zöhrap Efendi's intelligence for granted." Cavid Bey added that "enabling equality in society would cause calamity, as Spencer once stated." Cavid Bey believed that taxes should be determined according to a certain proportion of income that was to be provided to the state for its services or for its losses as well as for the loans it had to make to protect its citizens.

Cavid Bey was criticized in the parliament for not protecting small enterprises, a criticism he did not agree with. He claims that he had never negatively affected these enterprises; on the contrary, due to the lack of big industry in the Ottoman Empire, they were the only enterprises through which to raise levels of production.[388] Zöhrap Efendi, Varteks Efendi, Hasan Fehmi Efendi, and İbrahim Efendi presented a bill to the presidency of the Parliament opposing the draft law, which had aimed to collect a 12% tax on income without considering the amount of income. In the end, the parliament accepted Cavid Bey's draft of the Property Law.[389]

Cavid Bey brought the General Accounting Law to the parliament. On April 11, 1910, negotiations began, and on April 12, 1910, its general provisions were accepted. The General Accounting Law gave authority to the Ministry of Finance to audit other departments and control their budgets and expenses, including that of the army. On June 6, 1910, the parliament passed the General Accounting Law, which would be one of Cavid Bey's greatest accomplishments. Cavid Bey argued that it was an urgent law that needed to be ratified as soon as possible and sent to the

388 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 7 April 1326 (20 April 1910), 271-274.

389 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 7 April 1326 (20 April 1910),: 279.

Senate.[390] However, the legislative proceedings were anything but quick due to the clash between Mahmut Şevket Pasha and Cavid Bey. Mahmut Şevket Pasha—who was then Minister of War, the General Inspector of the three armies of the Empire, and the victorious commander of the 31 March Incident—was again the CUP's biggest obstacle. Worse, the revolts of 1910 in Albania and Yemen had further strengthened Mahmut Şevket Pasha's position. The modernization of finances within the Ministry of War had directly created this personal conflict—the crux of which was the General Accounting Law. However, against all odds, the Ministry of Finance was able to accelerate the audit process all around the Ottoman Empire with the help of the inspectors who had just returned from training in France. The press was satisfied and praised the developments in the ministry. While the Empire's subjects appreciated the parliament's authority to check the budget as one of the merits of the Second Constitutional Era, they also applauded the persistence of the staff working at the Ministry of Finance.[391]

The budget of 1910 was brought to the parliament on April 2, 1910, following the report of the Budget Commission.[392] In accordance with procedures, Cavid Bey presented the budget as the Minister of Finance. In 1910, the state's estimated total income was 2,601,010,000 piastre.[393] As previously mentioned, the 1909 budget was the Ottoman Empire's first modern budget, and Cavid Bey contributed to its preparation as a member of the Budget Commission. It was prepared under difficult circumstances, notwithstanding the hardship of creating such a complex document for the first time. While preparing and presenting the 1910 budget, however, Cavid Bey had been Minister of Finance for one year,

390 MM Zabıt Ceridesi, Devre: 1 İçtima Senesi: 2, Cilt: 3, 12 March, 1326 (25 March 1910), 59-73.

391 Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu," 272-76.

392 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 20 March, 1326 (2 April 1910), 293.

393 T.C. Maliye Bakanlığı, *Osmanlı Bütçeleri, 1909-1918*, 202-209.

meaning that he had experience and knowledge under his belt. Still, several controversies came forward regarding items, such as the salaries of the French counselors,[394] the privatization of state businesses, loans, etc, which will be detailed below.

Cavid Bey prefaced his speech to the parliament with an introduction that encompassed stories from preparing the 1909 budget on April 2, 1909. He also underlined that the treasury's coffers were empty following the revolution and that they had borrowed advances in 1908, which was later transformed into a loan. According to him, this loan was a necessity since it was signed to ensure the sustainability of the revolution. However, this loan was also inadequate to pay the accumulated loans that amounted to two million Liras, and for this reason, they had gotten into more debt in 1909. However, the government was insistent on paying off the loan of 1908, because it was a loan made for the constitutional regime and was reflective of the state's honor. To pay the loan, the government had prepared an extraordinary budget, something that Cavid Bey was usually not in favor of. The new expenses belonged to various departments, but mostly to the army, due to its mobilization expenditures after the 31 March Incident. According to Cavid Bey, the budget deficit in 1909 was 5 million Lira; however, once taking into consideration Abdülhamid II's debts, the money spent on the Adana incidents, the payment for the Oriental Railways, etc., the amount reached 8 million Liras. The amount of the loan was to be 9.5–10 million Liras, but due to the timing of the budget, the 1909 loan amounted to seven million Liras. According to Cavid Bey, the importance of the 1909 loan was that they could sign off with the IOB without the guarantee of the OPDA. Moreover, they were able to get a better interest rate at 6%, which was the lowest rate obtained in 60 years. For the first time, in

394 According to Tural, the main discussion was on the issue of salaries of both the staff of the ministry and French counsellors such as Count Ostrorog, Charles Laurent, or M. Jolly. Though the budget relating to the salaries was approved, the parliamentary vote of 101 to 50 and indicated the power of the opposition. Tural, "II. Meşrutiyet Döneminde Devletin Restorasyon Bağlamında 1909 Teşkilat ve Tensikat Kanunu," xxx.

1910, the Ottoman government started the new fiscal year in March without a loan. It also succeeded in raising its incomes from 24 million to 26.5 million lira from 1908 to 1910. This increase not only covered the state revenues but also the OPDA and Régie.

Cavid Bey provided information about how the budget was prepared. The reason for the increase in the deficit was that every time the government changed, each ministry would ask for more in allocations. In terms of expenditures, the army's (Ministry of War and Navy), OPDA's (for the Baghdad Railway), and Ministry of Finance's expenses also increased. In terms of revenue, income from the Tithe and Cattle Tax had increased. According to Cavid Bey, the worst position to be in was financial turmoil, as a country defeated in a war might recover in 3–5 years, but a bankrupt country would need 30–40 years to recover. Cavid Bey suggested that they ought to make loan agreements for the next two years, because the military, education, and public works expenses were urgent and needed to be completed to avoid a huge trouble in the state finances. The only ways were to take out a loan, increase revenues, or to enact more cost cutting measures. He further underlined that cutting out major expenses was out of the question and that the most efficient thing to do was to undergo a reform of taxes and regulate them.

One of the most significant aims of the Unionist government was to increase customs revenue by 4%, which was bound to the approval of the Great Powers. The surplus gained from the rise in customs duties would be funneled into the budget deficit or invested in public works such as the railways. This issue was very much related to the utilization of the surplus of OPDA revenues for the Baghdad Railway. The Ottoman government also did not want the Baghdad Railway Company to seize the revenue gained from this rise in customs duties. This 4% increase would amount to approximately 1,5 million Liras per year: 75% of this amount was to be transferred to the government, while 25% would be transferred to the OPDA. However, as Cavid Bey highlighted, the most crucial argument regarding this issue was that asking for a rise in customs duties could alter the Ottoman government's political economy. In other words, the government should not raise customs at the risk of giv-

ing up its free economy and free trade policies. Cavid Bey argued that this 4% increase would not be sufficient to raise develop a sustainable industry in the Ottoman Empire. According to Cavid Bey, the free market economy and a protectionist economic policy could never align with one another. Cavid Bey also complained about the capitulations and concession agreements that stifled the Ottoman government to the point where they had no choice but to place a tax on imports. He stated that even though he was a stringent supporter of the free market economy, the Ottoman government needed to raise the import tax from 11% to 15%.[395]

Another topic that we should mention here that Cavid Bey touched upon while addressing the parliament is the issue of privatization. Cavid Bey believed that states are neither industrialists nor farmers; therefore, the Ottoman government ought to sell some businesses of its own such as the armory, gas works, or the Hidjaz Railway. He further underlined that while there were some developed countries that gave up operating similar works, other governments still held onto them. He underlined that the Ottoman government could not afford to build the railways by itself, especially when the budget deficit was so high. Generally speaking, Cavid Bey was known as an optimist with regard to the Empire's economic outlook: he did not believe that the Empire's economy was in danger and being challenged. He underlined those revenues would rise very soon.[396]

After his lengthy speech, Cavid Bey confronted those who had criticized him. On May 8, 1910, the second phase of the budget talks commenced, and many MPs declared that they were at odds with the general framework of the 1910 budget, including members such as İsmail Hakkı Bey (Gümülcine), Emanuel Karasu (Selanik), Krikor Zöhrap

395 The first protocol was made with the Austrian-Hungarian Empire, and it had to then be approved by the other Great Powers. This issue would be the top priority on Cavid Bey's agenda until the Great War in 1914.

396 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 25 April 1326, (8 May 1910), 293-317.

Efendi (Istanbul), İsmail Kemal Bey (Berat), Ahmet Ferit Bey (Kütahya), and Varteks Efendi. In speech, Cavid Bey stated that he would respond to Zöhrap Efendi last, since he was considered the worst amongst his critics.[397]

The main topics that the MPs who were critical of Cavid Bey focused on were privatization, loans, the delay in the budget, monopolies, and Régie Tobacco. In terms of privatization, Cavid Bey claimed that privatized companies had lost money and that the government should take it upon themselves to sell them off to local companies. He added that the budget would not be ready at the beginning of March due to the lag in communication between Istanbul and the provinces, which led to delays in the data reaching the ministry. In fact, Cavid Bey agreed with Varteks Efendi regarding the high expenditures of the army compared to public works and education, and further emphasized that the army was the main power of the Ottoman Empire. Though disapproving of the army's expenditure, Cavid Bey adopted a populist tone in the parliament, which was compatible with the government. Moreover, he complained that there were no records that pinpointed the exact amount of the floating debts.

When it came to the issue of loans, Cavid Bey replied to his critics who opposed low-priced loans by arguing that whether a loan is big or smaller is of no importance; what is important is whether the Empire needed it or not. He went on to say, "I did not say that we have to borrow; I Sait that the ones who need it do so in order to survive will collapse one day. But we need a loan just for a couple of years to survive." Zöhrap Efendi criticized him for quoting from Spencer and accused him of supporting the rich and crushing the poor. In response to this, Cavid Bey stated that he was against delivering state funds to the poor, which harms their sense of honor. Instead, what he was trying to do was to increase the capital and wealth of the rich by combining small enterprises, which was why he wanted small and medium-sized businesses to merge

397 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 25 April 1326, (8 May 1910), 373.

together so as to purchase big factories. While his main economic policy was based on the free market, Cavid Bey took a centralist approach when it came to politics. However, what should be pointed out here is that he was not an overly strict centralist. For example, İsmail Hakkı Bey, MP for Gümülcine, asked for taxes to be abolished on bridges and highways. Cavid Bey offered to leave the decisions to the municipalities instead of abolishing them altogether. According to him, this would encourage local governments by giving them both the authority and responsibility to decide what is best for their area. [398]

Despite these criticisms of Cavid Bey and the budget, the 1910 budget was one of the easiest budgets to implement during the Second Constitutional Era, as both Cavid Bey and his team were experienced and there were no wars or serious revolts in the country. The year 1910 and the beginning of 1911 (at least until the Tripolitanian War) proved to be a calm and tranquil period of the Second Constitutional Era. After his victories in passing legislation and successfully negotiating the 1909 loan and reforms, Cavid Bey was quite confident, optimistic, and hopeful. In terms of the big issues, his main targets included increasing revenues via strict supervision of taxes, raising the rate of customs duties, investing in public works to revive the internal market, and continuing to borrow money from Western markets for another couple of years. On the one hand, he was quite the realist when it came to taking concessions and capitulations into consideration. On the other hand, he was aware that it would be a while before the Empire could avoid taking out additional loans. In terms of the Empire's economic policy, he worked tirelessly, as far as he could to carry out the principles of the free market economy in the Ottoman Empire, by encouraging small and medium-sized enterprises and by trying to sell factories to local companies. While Cavid Bey had an impressive capacity to take on a large workload, he was limited due to the budget deficit, foreign control, low tax revenues, demands of the military, etc. But, in the end, he became more self-

398 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 6, 9 June 1325 (22 June 1910), 488-490, 498.

confident while addressing the parliament on the second general budget as the now 34-year-old Minister of Finance.

Before discussing the 1910 loan issue—which happened to be an extremely important endeavor in Cavid Bey's professional life—it is worth painting a picture of Istanbul's domestic political scene in 1910. As mentioned above, during the autumn of 1909, the Moderate Liberal Party was established. However, their organization was inadequate, and therefore, they were not strong enough within the parliament. Şerif Pasha, former Ambassador to Stockholm, and Prince Sabahaddin, who were key figures in the opposition parties, simultaneously began to publish a French-language newspaper called *Mechrouitte*. In this paper, they voiced their support for a new party called the Fundamental Reform (*Islahat-ı Esasiye)*. This party strengthened its organization with the help of Şerif Pasha and his entourage, which consisted of Kemal Bey, Dr. Nihad Reşad (Belger), Halid Bey, Yahya Kemal, and Hoca Kadri Efendi, among others. As Kansu states, Gümülcineli İsmail Hakkı Bey and Miralay Sadık Bey were directly supported by Şerif Pasha. With the formation of this new party, the opposition increased its activities during the parliament's summer recess (from June 28 to November 1).

While the opposition was being strengthened both inside and outside of parliament, the Albanian revolt was oppressing the government. Under these circumstances, the opposition pressured the CUP in the parliament by raising issues such as how their letters were delivered already opened. While tensions were growing in the political arena, one assassination in the summer of 1910 hit like a bombshell in Istanbul's political scene. Ahmet Samim, a journalist from *Sada-yı Millet* newspaper, was killed on June 9 while he was walking with a friend from *Tanin* daily. *Sada-yı Millet* supported the absolutist regime. During the middle of July, a secret organization called Cemiyet-i Hafiye was revealed. This organization was a department of the Isalahat-ı Esasiye organization and Prince Sabahaddin, Şerif Pasha, Mevlanzade Rifat Bey, Nihad Reşid Bey, Colonel Sadık Bey, and Rıza Nur Bey, MP for Sinop, were among its members. After a wave of arrests and judicial proceedings, 19 people were punished, including Dr. Rıza Nur. This movement played a key role

in Cavid's Bey life as he was later forced to resign from his position due to pressure from this group. Behind the scenes, Colonel Sadık Bey was also supported by Mahmut Şevket Pasha, who had been disgruntled with the Unionists over fiscal issues.[399]

§ 2.10 1910 Loan Operation and Its Impact

As mentioned above, the Empire's main lines of foreign policy did not change drastically during the Second Constitutional Era when compared to the Hamidian Era. Similar to Abdülhamid II, the Unionists also tried to strike a balance with the Great Powers. While Abdülhamid's preference was to engage with Germany, the Unionists prioritized relations particularly with Britain, which had been the founder of parliamentarism and liberalism. During the Second Constitutional Era, on the one side, the Unionists attempted to get closer to Britain directly or by supporting Anglophile statesmen, such as Kamil Pasha. On the other side, this Entente power had two major priorities: finding mutually beneficial interests and penetrating the Ottoman economy, which included territorial competition among the other Great Powers. This competition was accelerated after the Baghdad Railway agreement in 1903.

While the 1910 loan issue was an outcome of domestic politics, particularly due to the urgent needs of the army, it also became an issue at the European level. While the Great Powers were trying to implement strict financial control over the Ottoman government, Cavid Bey presented new opportunities for the unions and attempted to change the rules of the game. Unfortunately, Cavid Bey stopped writing in his diary between May 11, 1909 and December 18, 1910, a crucial period in his life. Thus, I will continue to utilize secondary resources in order to attempt to shed light on this issue from the perspective of Great Power competiton.

399 Akşin, *Ittihat ve Terakki, 1908-1914 (Jön Türkler),* 280-90.

What compelled Cavid Bey to look for a new loan, though he had preferred not to, was the demands of Mahmut Şevket Pasha for the renewal of the army. Mahmut Şevket Pasha and Cavid Bey dealt with one another on several occasions regarding the issues of military expenditures and auditing the Ministry of War. Mahmut Şevket Pasha asked to receive an additional subsidy in the amount of 5 million lira in addition to the Ministry of War's his annual budget of 9.5 million lira. During the budget talks of June 16, 1910, Mahmut Şevket Pasha argued that without ensuring security, the regulation of public affairs or finances would be useless. Though Cavid Bey objected to the demands of Mahmut Şevket Pasha due to the state's chronic budget deficit and additional new expenditures, the Pasha's argument was simple: "Without security both public works and the reorganization of the financial system would be a futile exercise."[400] He continued to argue that the relationship between expenditure and imperial prestige must not be neglected, and as a result, his argument prevailed over Cavid Bey's with the unanimous vote of the MPs to increase the Ministry of War's budget. Even after the 1909 loan, it was not a surprise that a new Ottoman loan would be necessary due to the runaway rate of expenditures.[401] In May 1910, Cavid Bey met with M. Maurice Bompard, the French Ambassador to Istanbul, to discuss acquiring a new loan. The French government was very clear and direct on this issue. On May 22, Mr. Bompard provided Cavid Bey with a list of economic and financial concessions, including from the treasury. Cavid Bey, of course, rejected the idea of including the treasury in the loan agreement. However, after receiving the list, Cavid Bey decided to go to Paris to discover what options he had. While he was on his way to Paris in June 1910,[402] surely considering the complicated dimensions of the loan issue process, he told journalists that he was going to Paris not

400 Feroz Ahmad, "The Late Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London: Frank Cass, 2005), 22-23.

401 Burman, "Politics and Profit: The National Bank of Turkey Revisited," 229.

402 Ahmad, *Ittihat ve Terakki, 1908-1914 (Jön Türkler)*, 111.

for any loan negotiations but just to check the availability of the European markets.[403]

Why did Cavid Bey find himself on the train to Paris, but not to London or to Berlin? In 1910, the Paris market was more open than those of London and Berlin. Although in 1910, about one-third of the world's securities were quoted on the London market, the city had blacklisted the Sublime Porte due to its bankruptcy in 1875 and successive incidents, such as the Bulgarian massacres in 1877. In addition, Berlin's financial situation was also seen as an advantage for Paris, which had its own plans in mind about this loan. Cavid Bey, known as a Francophile, had his own objective reasons as Minister of Finance to first seek out loans within the French market. First of all, as previously mentioned, the Ottoman Empire had been taking out loans via the Imperial Ottoman Bank since 1856. Though the bank was established by both British and French investors and had offices in both capitals, the role and weight of France gained importance over time. As Thobie states, between 1881 and 1914, out of 34 major operations (19 loans, seven conversions, eight treasury bill issues), the Paris market was directly involved in 25 (respectively, 12, six, and seven of these issues). Of these 25 operations, 19 were controlled by the IOB and its partners, and six were handled by various French groups. In terms of economic value, close to 70% of all Ottoman issues and 90% of those involving the French market concerned the Ottoman Bank. In 1903, the French government's share in consolidation had increased very sharply. Between 1903 and 1914, the government share in management surplus with a real annual average amounted to 93.3 million francs. During this period, the French provid-

403 B. Bayrakdar, Karabulut, "İkinci Meşrutiyet Döneminde İstikraz Politikası üzerine Bir Basın Tartışması: "Londra İstemez Berlin Yapamaz"," Çağdaş Türkiye Tarihi Araştırmaları Dergisi (Journal of Modern Turkish History Studies) XVII/35, no. 35 (2017): 42; and Özavcı, "A Little Light in The Darkness': The Mission of Charles Laurent and the Young Turks, 1908-1911," 221.

ed 56,2% of all money loaned to Europe.[404] It was a common occurrence to register on the Paris Bourse, the stock exchange, when the Empire urgently needed a loan.

As of the last quarter of the nineteenth century, the developed and industrialized European powers accelerated their imperialistic competition, searching for "surplus" capital. The Ottoman Empire was still an undeveloped market full of investment options with a huge territory at the beginning of the twentieth century. In terms of France, two cardinal principles had been essential in French foreign policy since 1880. First was governmental control of foreign loan issues, and second was an increasing conviction of the oneness of private and national interests abroad. In sum, the foreign and financial relations were bounded to each other. On December 28, 1909, Mr. Pichon, in the debate on the budget of his ministry, made the statement that, "As a minister of foreign affairs, I utilize my country's outposts of action and of influence wherever I find them." Thus, the railways, ports, mines, and industries became agencies of French foreign policy.[405] It is not very difficult to understand then how the French policy toward the Ottoman Empire in 1910 aligned with this state of mind.

According to Jacques Thobie, France's intention was to obtain more concessions for French industrialists and businessmen and change the perception about France, which was seen as just a "bank" in the eyes of the Ottoman governments. Besides this, increasing competition in the world markets caused French businessmen and politicians to have a bitter opinion of the Empire, particularly the idea that "The Ottoman Navy Minister buys boats from England, the Ottoman Minister of War buys guns from Germany; the Ottoman Minister of Finance knows only the road of Paris to ask for money." On this point, Stephen Pichón, the Min-

404 Jacques Thobie, "French Investments in Public and Private Funds in the Ottoman Empire on the Eve of the Great War," in *East Meets West: Banking, Commerce and Investment in the Ottoman Empire*, ed. P. L. Cottrell, Monika Pohle Fraser, and Iain L. Fraser (Burlington: Ashgate Publishing Company, 2008), 128-31.

405 Blaisdell, *European Financial Control in the Ottoman Empire*, 209.

ister of Foreign Affairs, and Georges Cochery, the Minister of Finance, agreed about obtaining serious and unusual guarantees for French industry. In Paris, Cavid Bey met M. Pichón and M. Cochery with the list given to him by M. Bompard remained in his hands. The list covered the telephone concessions for the Western Electric Company in Istanbul; concessions for French groups interested in the construction of the Samsun-Sivas railway and a new network of lines in Anatolia; and large military orders for Schneider. On the financial side, the reform of property legislation needed to be accelerated in order to allow for the establishment of a Credit Foncier in the Ottoman Empire. Finally, the imperial government needed to have the approval for a treasury plan prepared by French counsellor M. Laurent, which would hand over control of Ottoman finances to the IOB and the French counsellors in the name of a profound reform. The last condition was the most critical one for both Cavid Bey and the Ottoman government. As Thobie states, Cavid Bey's trip to Paris surprised both parties. He met the representatives of other French banking groups to seek out an opportunity to arrange a loan. The new talks were carried out mainly with Crédit Mobilier, a French bank that already had a stock loan from 1908. The company offered a better price than the Imperial Ottoman Bank to buy bonds, which vexed the latter. The draft of the loan project was concluded on August 8, 1910 between Cavid Bey and the syndicate, known as the Bénard Group. This group included companies such as the Bénard and Jarislowsky Houses, Crédit Mobilier, Louis Dreyfus et Cie and Société Centrale Compagnie, plus provincial banks. The loan was issued at 4% interest rate, with a total sum of 11 million lira, or 253 million francs, with a solid guarantee: the customs revenue of Istanbul province. However, Article 17 of the agreement specified that "the Ottoman Imperial Government shall make steps necessary to obtain the admission of the loan to the stock exchange official on the Paris Stock Exchange." The execution of the contract by the bankers was particularly dependent on obtaining the offi-

cial côte of the French government.[406] In order to be quoted on the market, any loan had to have the approval of the French state granted by the finance and foreign ministries since 1873. This gave the French government leverage to insist that issues, as in this case, should be spent on orders from French firms such as Schneider rather than German ones like Krupp.[407] Nevertheless, the French Ministry of Foreign Affairs hindered the French group from accomplishing the loan agreement with the Ottoman government. Mr. Pichon informed the banks that, unless the Ottoman government would let a French consultant manage the Ottoman budget, the loans would not be granted.[408] On September 3, Mr. Pichon told Hakkı Pasha that under these conditions, it was impossible to issue the loan. According to Pichon, only if the Sublime Porte would give more concrete and stronger guarantees for the loan and win the trust of French investors would the loan be issued by the French government. As a result, the Sublime Porte had to end the negotiations in Paris.[409] Cavid Bey could not accept these kinds of heavy conditions, especially when they had been rejected by the parliament. Cavid Bey was in a dilemma, caught between these weighty conditions and the urgent need for money, in addition to the strong opposition campaign against the CUP and himself on the loan issue carried out in the Turkish press.

As can be understood from secondary sources, the plan Cavid Bey had in mind consisted of two steps: first, eliminating the OPDA and IOB from the loan process; second, dissecting the European capital market for increasing options and de-escalating the heavy terms put forward for the loan. Without having a monopoly on the Ottoman loans, the IOB was effectively the preferred choice for matters concerning Ottoman state loans. However, the bank succeeded in foiling the two attempts by

406 Thobie, "Finance et Politique: Le Refus en France de l'Emprunt Ottoman 1910," 329-350.

407 Conlin, "Debt, Diplomacy and Dreadnoughts: the National Bank of Turkey, 1909–1919," 523, 25-45, and 47.

408 Zürcher, Turkey: *A Modern History*, 124.

409 Ahmad, *Ittihat ve Terakki, 1908-1914 (Jön Türkler)*, 121.

Crédit Mobilier (1908 and 1910) to establish an independent policy on Ottoman securities.[410] Unfortunately, Cavid Bey's attempt to eliminate the IOB remained inconclusive and drew a reaction from the French government. When Cavid Bey understood that there was nothing he could do in Paris, he left for London to look for a loan. Istanbul was waiting for money while the young minister of finance was tilting at windmills.

Cavid Bey went to London to meet Sir Ernest Cassel to search for other options. He was well received in London in July 1910. The main issues on the table were the loan issue and the 4% increase in customs duties. According to Conlin, Sir Ernest held a dinner in Cavid Bey's honor that was attended by David Lloyd George, Chancellor of the Exchequer; Winston Churchill, Home Secretary; Lord Revelstoke, a British financier; and Mr. Arthur Henderson, former iron molder and Labor party leader. Mr. Churchill and Cavid Bey, who both spoke French to each other had a nice chat.[411] Mr. Gulbenkian hosted Cavid Bey in London and let him to meet politicians and financiers who could be beneficial for him.[412] He was in a very fragile position in London because he must have felt that he was in the lion's den—if he failed to secure a loan, then he could have lost his position in the ministry. The fall of ministers had become the norm during the new political period, though Cavid Bey's

410 As Thobie sums up, the IOB policy, as Cavid Bey knew very well, was as follows: under the cover of a loan option contract or any other system, steady advances at a high interest rate (8 to 9 percent) were agreed, giving the issue, when the time came, the character of a consolidation. Thus, the careful management of timescales allowed conditions to be dictated for all orders from an Ottoman government that was less and less in any position to oppose the bank. The major part of its profits were from its participation in state loans. Thobie, "French Investments in Public and Private Funds in the Ottoman Empire on the Eve of the Great War," 129-30.

411 According to Burman's articles referencing the papers of Babington Smith, Churchill then spent 12 September to 14 September 1910 in Istanbul, where he was received by Cavid Bey.

412 Conlin, "Debt, Diplomacy and Dreadnoughts: the National Bank of Turkey, 1909–1919," 523, 25-45, and 31

position was unrivalled but challenged by strong actors such as Mahmut Şevket Pasha and all the CUP's opponents. As there is a lack of personal testimony to this effect, we might never be certain if he really was frightened and, if so, to what extent he was anxious. On the other hand, although some of the British financiers were also as anxious as Cavid Bey, Sir Edward Grey was only concerned about not offend France, the entente of Britain. An example of this was the Foreign Office's active restraint of the National Bank of Turkey in 1910 from making the loan agreeement.[413]

While in London Cavid Bey also met Mr. Alwyn Parker, a junior clerk in the Foreign Office, to discuss intertwined issues of the customs duties and railway investments. Mr. Parker repeated the British government's demands for absolute control of the last phase of the Baghdad Railway (between Baghdad and Basra) or to grant the concessions for an alternative railway line along the Tigris. Mr. Parker stated that if neither of these were accepted by the Ottoman government, the British Government would not let the customs tariff be increased by 4%. In response to this, Cavid Bey proposed that the Ottoman government would build the railway in the Gulf region itself. Britain then brought forward the condition that Kuwait be the terminus of the railway line, including construction of a port concession. This condition originated due to the Empire's key importance in Indian trade and its convenient location for transit trade. The British officers expected that the Ottoman government would accept British control over the terminus location.[414] During the negotiations with the British officers, Cavid Bey's emphasized that,

> "It was a prerogative only of the Ottoman government to determine whether the conditions of construction and management of

413 Kent, "Great Britain and The End of The Ottoman Empire 1900-1923," 165-98.

414 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire: Industrialization, Imperial Germany and the Middle East*, (London: I.B. Tauris, 2016), 121.

the Baghdad Railway were beneficial or detrimental to Turkey."[415]

On the loan issue, due to the Entente Cordiale between Britain and France, London could not take steps against the Quai d'Orsay. Their cooperation was much more important than with Cavid Bey and the Ottoman Empire. Even the founders of the NBT realized that they faced stiff competition from French interests, largely in the form of the Imperial Ottoman Bank, and that the Foreign Office would not jeopardize the Entente Cordiale by supporting competition with French business. In September, Sir Ernest Cassel met Hakki Pasha, Grand Vizier, to negotiate a loan, but due to a number of reasons, he gave up on September 24. These reasons included, first, his inability to find the huge amount of money necessary for the loan, even for this portion, and second, the influence of the Foreign Office, which advised him to withdraw from the loan issue.[416] Sir Ernest Cassell informed Hakki Pasha that they should ask the Foreign Office to mediate between them and the French.[417] Thus, talks between the French and Ottoman governments restarted in September between M. Cochery and Mr. Gulbenkian, Financial Counsellor to the embassies of the Ottoman Empire to London and Paris.

The press was a very influential actor during this loan negotiation. It became a tool utilized by the governments to manipulate the circumstances. Most major Paris newspapers campaigned for asking solid guarantees in return of the French loan. According to Thobie, especially The *Journal des Débat*s asserting it but also *Le Temps, Le Matin, La Libre Parole, l'Aurore,* and l'Humanité following the same path. Their argument based on that the Ottoman government would use the French

415 Edward Mead Earle, *Turkey, the Great Powers, and the Bagdad Railway: a Study in Imperialism* (New York: The Macmillan Company, 1923), 224.

416 Thobie, "Finance et Politique: Le Refus en France de l'Emprunt Ottoman 1910," 341-42.

417 Conlin, "Debt, Diplomacy and Dreadnoughts: The National Bank of Turkey, 1909–1919," 531.

money for its purchased from Germany.[418] Meanwhile, in the Empire, *Tanin* was claiming that the British and French had united to dethrone Cavid Bey. Besides, Cavid Bey should learn that public relations were one of the most şmportant components of his business. Indeed, when he would go to Paris in 1913, his first job was meeting with the French press.

The political atmosphere was quite stressful in Istanbul during that autumn. The second phase of the French negotiations began in October in both Istanbul and Paris. As Thobie states, the final failure at this last stage was due to the parallel negotiations conducted respectively by the Minister of Foreign Affairs and the Minister of Finance. The two ministers had very different priorities. For Pichón, the talks that were taking place in Istanbul followed traditional patterns and were approaching their end. On October 10, with the consent of his minister, M. Bompard met with Cavid Bey. According to his new offer, the Ottoman Ministry of Finance decided to give the loan. However, they asked for new demands as military orders from French companies as 5 gunboats and 36 mountain guns. In the meantime, another level of talks started between the financial consultant of the Ottoman government, Mr. Gulbenkian, and the French Minister of Finance, assisted by Charles Laurent. "The talks were related to the "management guarantees" that the Ottoman government was able to provide." In agreement with the French government, the Ottoman government would appoint two officials, one of whom would be in charge of the General Directorate of Public Accountancy, the other of the Presidency of the Court of Auditors. It was a success for the French government who would enable the treasury over the Ottoman finances. On October 18, 1910, Mr. Gulbenkian, accepted the French offer, but four days later, the Ottoman Council of Ministers rejected the proposal unanimously. The negotiations with the French government were completely over on October 25,1910.[419]

418 Thobie, "Finance et Politique: Le Refus en France de l'Emprunt Ottoman 1910," 345.

419 Thobie, "Finance et Politique: Le Refus en France de l'Emprunt Ottoman 1910," 345-47.

The collapse of the financial negotiations in Paris and London offered Deutsche Bank an opportunity that its directors could not overlook. Karl Helfferich was dispatched to Istanbul immediately.[420] French observers were sure that at that moment Deutsche Bank group would not be able to float a loan from the German market. However, a consortium of all German, most Austrian, and some Swiss banks was created and gave a short-term six-month credit to the Empire in the hope of ensuring long-term stabilization. A loan agreement signed between the Ottoman Governmnet and the Deutsche Bank who was representing a consortium of 31 German and Austrian banks. At first the loan covered to parts; the first was 7,040,000 Liras and the second was 3,960,000. However, the parties gave up having the second part of the loan. The capital money was 7,040,000 Liras, its interest rate was 4%, and its amortization was 1%. The provision of the loan was the 550,000 Lira annualy from the income of the Istanbul customs. The loan would be used to meet the bıdget deficit of more than eight million Liras.[421] This loan is titiled as the 1911 Customs Loan. Cavid Bey later commented on Germany as having acted "with great intelligence and tact" and setting no conditions "inconsistent with the dignity of Turkey." According to his biography, Karl Helfferich described the loan as the Empire's "greatest diplomatic victory" between the Young Turk Revolution and the First World War.

Once the loan was out of the way, the next step for Germany was the construction of the Baghdad Railway. However, the loan stretched the capacity of the German market to lend Ottoman notes beyond its limits, meaning that the issuance of additional Baghdad bonds during the first half of 1911 was out of the question.[422]

Although these lengthy negotiations for the loan were over, the dispute between Cavid Bey and Mahmut Şevket Pasha was not over. They were holding key positions in the government. Mahmut Şevket Pasha

420 Earle, *Turkey, the Great Powers, and the Bagdad Railway: a Study in Imperialism*, 225.

421 Yeniay, *Yeni Osmanlı Borçları Tarihi*, 105-6.

422 Williamson, *Karl Helfferich, 1872-1924: Economist, Financier, Politician*, 93-94.

was in urgent need of money. Cavid Bey was the minister who would subsidy the money to the ministry of war. Although Cavid Bey's excuses to cut the expenses of the ministry of war were quite acceptable, it was impossible to decline Mahmut Şevket Pasha during the ties of insurrections and wars. However, the political atmosphere was stressful for both. In September over Mahmut Şevket Pasha's demand for an advance of 400,000 liras from the Ministry of War for certain military stores he had recently acquired for the army from different contractors. In October, the situation was more serious. They both obstinate with each other. While Mahmut Şevket Pasha was refusing to get involved in the audit law for the Ministries of War and the Navy, Cavid Bey was threatening to resign if Mahmut Şevket Pasha acted in kind.[423] The situation was too complex in Istanbul.

Before writing the closing remarks and comments about the 1910 loan issue, I would like to comment on the parliamentary discussions on the program of the Hakkı Pasha government at the beginning of December 1910. During the talks in the parliament on December 5, 1910, the loan issue was discussed. Cavid Bey held the floor to give information about the previous six months. According to Hakkı Pasha, the main reason for obtaining a loan was to close the budget deficit. He told the story of the loan process in detail: there had been two phases of negotiations with France and an agreement with Germany. While he was mentioning the breakdown of the negotiations with France, he referred to Mr. Laurent's treasury plan that the parliament had objected to. However, he classified this as an issue of legal precedence. He skipped over the negotiations in Britain. He also mentioned the difference in the price of the loan, as the German price was much higher. Hakkı Pasha claimed that this was due to the period that had elapsed between the two negotiations.

As Hakkı Pasha underlined, the Ottoman government could not accept France's offer; however, despite this situation, relations with

423 Özavcı, "A Little Light in The Darkness': The Mission of Charles Laurent and the Young Turks, 1908-1911," 224-25; and Akşin, *Jön Türkler ve Ittihat Terakki,* 118-23.

France had not deteriorated. As Hakkı Pasha claimed, French investments in the Ottoman Empire, including in the OPDA, French industry, and enterprises, amounted to three billion francs.[424] The opposition MPs then held the floor and questioned Hakkı Pasha while also expressing their criticism. Rıza Tevfik, Şefik El Müeyyit, Boşo Efendi, and Lütfi Fikri harshly criticized both the government and Cavid Bey. Their criticism mainly centered on why the government had issued a guarantee for the loan, while the loan of 1909 did not require any securities. They were critical of the fact that the state suffered a loss due to the contract with the German consortium, which was a few thousand liras more (some claimed 300,000 while others claimed 500,000 liras more). They questioned why Sir Ernest Cassel and Mr. Gulbenkian were involved, why Cavid Bey was rejected in both Paris and London, and why the interest rate on the loan had increased from 4% to 5.5%. Lütfi Fikri Bey questioned the securities and why customs duties were issued as guarantees though this had never happened before. Lütfi Fikri Bey placed an extraordinary amount of pressure on Cavid Bey, claiming that Cavid Bey had done this just to save face. The MPs continued to complain that this loan was more expensive than the one offered by the French. As an interesting side note, none of these criticisms mentioned the treasury issue. Their priority was the price of the loan and good relations with France, the IOB, and the OPDA.[425] Hakkı Pasha responded to this while supporting and defending Cavid Bey. As we have seen above, especially during the second phase, the Grand Vizier was also involved in these negotiations. He was quite clear in explaining the negative attributes of the offers from the French government. In terms of the first one, M. Laurent had prepared a financial scheme as requested; however, the parliament had rejected it. The Minister of Finance could not implement a scheme that the parliament had already objected. The French govern-

424 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 1, Cilt: 1, 22 Teşrin-i Sani 1326) (5 December 1910), 304-47.

425 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi 3, Cilt: 1, 22 Teşrin-i Sani 1326 (5 December 1910), 339-90.

ment did not allow French banks to accept any agreement with the Empire due to the rejection of the government's proposal to have a French officer working in the Ottoman Ministry of Finance and another one in the Accounting Office to implement the General Accounting Law. Hakkı Pasha stated that they could not confidently accept these conditions. He also blamed the press in both Paris and Istanbul. Last but not least, according to Hakkı Pasha, the French influence over the treasury was worse than the existence of the OPDA. He claimed that though Sir Ernest Cassel wished to lend money to the Ottoman government, the British government did not allow him to do so because of the Entente Cordiale with France.[426]

The 1910 loan process is mentioned in various sources that examine the final days of the Ottoman Empire from the perspectives of fiscal and judicial policy. This issue additionally deserves mention as part of Cavid Bey's biography, as he acted courageously and independently to secure the loan despite increasing opposition in Istanbul. Although he was in a vulnerable position as the minister of a country that was seeking a loan to cover its budget deficit, he first tried to eliminate the strongest institutions such as the IOB and the OPDA, which used to hold the bonds of the Ottoman Empire within the European markets; second, he attempted to divide the European markets in order to create a space in which he could negotiate more independently to receive better options. However, France insisted on including the treasury condition in line with its strong imperialist financial policies that sought to create a wider space for itself in the Ottoman Empire. Cavid Bey's attempt to secure a loan with France failed due to French government's authority to give cote, in other words official permission to lend money. When he could not obtain the loan and felt the pressure of the budget and the opposition, he went to London. Though he met many important politicians and financiers, his negotiations regarding both the loan and the increase in customs duties were fruitless due to the strong ties between Britain and

426 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi 3, Cilt: 1, 22 Teşrin-i Sani 1326 (5 December 1910), 420-48.

France. When the Ottoman government realized that they needed to try their chances with France again, a second phase of the negotiations began. Alhough M. Pichon had softened France's conditions, the terms set out by M. Cochery prevailed, and the Ottoman cabinet refused France's heavy terms once again. When the negotiations collapsed with both of the Great Powers, Germany was waiting at the gate. After Mr. Helfferich arrived in Istanbul, a loan agreement was signed in under two weeks, which did not hurt the dignity of the Ottoman Empire. This case allowed the French to adopt a new policy toward the loan issue while also accepting its failure. From now on, the French policy was built on the rejection of German demands as Deutsche Bank noticed from the very beginning. Cavid Bey, a Francophile, was not a statesman with whom his French colleagues easily compromised. He showed that he was a force to be reckoned with and was not to be underestimated. As will be discussed in the next chapter, when Cavid Bey went to Paris again in 1913, he was apprehensive about the French statesmen's reaction toward him due to the failure of the 1910 loan negotiations.

In terms of domestic politics, what is interesting is that the main opposition figures in the parliament heavily criticized Cavid Bey and even tried to humiliate him by questioning his knowledge regarding the state's finances. Both the government's and his insistence on objecting to the conditions of the treasury were not appreciated. Instead, they were accused of causing the deterioration of relations between France and the Ottoman Empire. They also criticized Cavid Bey's and the government's displeasure with the IOB and OPDA. The opposition also made many negative comments toward Cavid Bey regarding the price and conditions of the securities in return for the loan. The foreign capital was a part of Unionist economic policy; besides they were aware that they needed it for the infrastructure investments. On the other hand, they were skeptic about the heavy burdens in return of the loans which would put a pressure on sovereignty.[427] I agree with Ahmad that the Un-

427 Ahmad, "Vanguard of a Nascent Bourgeoise: the Social and Economic Policy of the Young Turks 1908-1918," 32.

ionists were naïve in refusing to accept foreign loans with bitter reciprocities, as they desperately needed a loan. However, was Cavid Bey as naïve in regard to this issue? On the one hand, domestically, he was very brave to try his chances at obtaining the loan at the cost of endangering his position as minister. However, in the end, he was able to show his colleagues in the CUP that he would not accept being tightly bound by Europe's financial strings. On the other hand, his European colleagues, despite welcoming and accepting him as the new actor with whom they could easily communicate and negotiate, were equally surprised by his move to challenge their plans. Cavid Bey faced many challenges in 1910 in addition to his inability to secure a loan from Paris and London; he had undergone very difficult times and had many clashes with Mahmut Şevket Pasha in which he had to compromise his position. Although he managed to initiate many legislative and administrative reforms within the state apparatus, it was anything but an easy year for him in both the international arena and in domestic politics.

§ 2.11 Chapter Summary

As mentioned in the introduction to this dissertation, both biographies and other research covering Cavid Bey's political and economic thoughts have already been published. Therefore, what I attempt to do in my dissertation is to approach Cavid Bey's life story covering the flow of political, economic, and international incidents during his life. His position as a negotiator is the least researched area in his life. I also try to focus on his role and capacity to change the flow of events on behalf of the Ottoman government. This kind of research also allows us to understand the role of the individual in domestic and international politics.

This chapter, covering the period between 1908 and 1910, details Cavid Bey's first two years as an MP and later the Minister of Finance. This could be identified as his political apprenticeship, though in many ways he was not really an apprentice. His policies were well designed and planned in the field of finance. Contrary to general opinion, the Unionists and CUP had no concrete plans for the post-revolutionary peri-

od. However, in contrast Cavid Bey had his own plans concerning the financial steps that needed to be taken to modernize the state. After the parliament was opened, he became a member of several commissions and implemented the CUP's financial agenda. He quickly developed his relations with foreign representatives in the financial world.

The period from 1908 to 1913 in the Second Constitutional Era corresponds with the liberal and pluralistic character of the new regime. For this reason, Cavid Bey's position was firmer than ever between 1908 and 1913. This period thus cemented his credibility as a leading financial figure. This was for two reasons: his knowledge and his Unionist character. Though the Committee and Cavid Bey disagreed on certain issues such as economic policies or the Empire's entrance into the Great War, he did not waver in his convictions of being a Unionist. In my opinion, this is important, because this also makes him a man of duty. Although he had adopted liberal economic views, like Prince Sabahaddin (although their approach was different, as mentioned above), he did not support non-centralized policies. He was a centralist in terms of both politics and the economy—but not a strict centralist like Talat Bey. For example, he supported the expansion of the authority of the municipalities. The Istanbul municipality arranged a loan for the first time during this period. He supported the municipality's desire to seek loans as long as good conditions were obtained. He was also more realistic and addressed local demands when it came to Ottoman investments. For example, if there were ongoing negotiations with the French to construct a port or railway cheaper and faster than the Ottomans could do so, then he did not want to give that business to Ottoman citizens merely because they were Ottoman citizens. He focused on business and negotiations, because from his perspective, the Ottoman Empire was in urgent need of public works to improve and develop its economy. On the modernization of state affairs, he believed that the construction of ports and railways would improve agriculture. This was the leading economic sector of the Ottoman Empire and related to centralization, a policy of Cavid Bey's that was compatible with the CUP. However, Cavid Bey was one step ahead of the Unionists in terms of implementing financial ac-

countability and restricting the army. He clashed with Mahmud Şevket Pasha over the budget and the authority of the army in 1910 and 1911. In 1910, Cavid Bey threatened to resign when Mahmud Şevket Pasha insisted on increasing the military's budget. In 1911, they clashed again on the General Accounting Law. This conflict was even written about in the newspapers. This situation also points to Cavid Bey's strong character when standing up to a successful and impressive commander like Mahmud Sevket Pasha. However, in the end, as in many cases, the last word belonged to the Committee, and Cavid Bey had to step back without losing respect. The army was always a priority in the eyes of both the Unionists and the rest of the government. However, despite these clashes and retreats, Cavid Bey continued to act as a figure who tried to restrict the authority of the army in the name of democratic order. As even contended by Mahmud Sevket Pasha, there was no one to replace Cavid Bey.

Returning to the beginning of this period, 1908–1910 was one of Cavid Bey's strongest moments as the most influential financier of the Empire. Both the Unionists and opposition groups held him in high regard for his knowledge, even though he also often faced criticism. The CUP treated him with great respect until the end of the Second Constitutional Period. The financial and economic agenda had both long- and short-term targets such as preparing the first modern budget of the Empire or creating an Ottoman bourgeoisie among the Empire's Muslim community. Following the Young Turk Revolution, Cavid Bey engaged in work immediately by focusing on the Budget Commission. Although parliamentary control of the budget was a right granted by the constitution, between 1876 and 1878, this right could not be implemented for political and administrative reasons. However, in 1908, the political system and conditions were ripe to allow for the implementation of a budget formed by the parliament. Cavid Bey was a leading figure in the preparation of the budget. He was the one who presented it to the parliament, and thus, as the presenter, he was the one responsible for it. The Empire's first modern budget was confirmed by the parliament in the summer of 1909, and it was based on the universal principles of uni-

ty, generalization, accountability, and transparency. Cavid Bey was the key person who led the modern budget process, the legacy of which was carried into the Republican Era.

Secondly, the beginning of the constitutional regime marked the beginning of a struggle between the legislative and executive powers, which lasted until the Republican Era. This clash was exacerbated by the 31 March Incident, which showcased the dysfunctionality of the parliament. Thus, following this incident the CUP prioritized legal reforms restricting the authority of the sultan and executive power. These reforms were collected into a comprehensive package that encompassed an amendment to the constitution in favor of the parliament and new laws that aimed at modernizing the state.

At this point, it is possible to argue that Cavid Bey stood at the head of the constitutional regime. As a liberal man, two things were very important to him: law and institutions. He implemented several changes in the Empire's legislation and institutions in order to establish a modern state model. In terms of legislation, factors such as legal reforms, transparency, accountability, checks and balances, and supervising the budgets of institutions such as the army and the palace made the state more democratic. On the one hand, Cavid Bey supported legal reforms such as the Law of Severance, of which the Budget Law was also part and parcel. On the other hand, as seen in the Lynch project, in order to proceed swiftly, Cavid Bey sided with the government, which was supported by the CUP, to try to avoid bringing certain issues related to international agreements to the parliament. Cavid Bey declared that the government's approval of such concessions was not related to the future of the entire country; otherwise, they would not be able to proceed easily and rapidly. In fact, he also rationalized avoiding the parliamentary process. He knew that the government might not get the approval of the parliament at all. Cavid Bey was a pragmatic person who was focused on the outcome. As will be seen in the next chapter, bypassing parliamentary approval was a trick up Cavid Bey's sleeve that he often used against the Great Powers on issues to do with the railways, which were subject to international agreements. However, as the CUP still did not hold abso-

lute power, Cavid Bey was constantly anxious about opposition from various actors.

In terms of institutions, commercial institutions were more prominent in determining Cavid Bey's economic policies. Capital was in short supply in the Ottoman economy. To remedy this, the CUP attempted to allow Ottoman citizens to establish joint stock companies, which would then proliferate commerce and capital. They aimed to ensure a secure political environment for the business world. For this reason, they were anxious about strikes so as not to scare off foreign and domestic capital. On the other hand, such legislation as The Law of Severeance aimed to free people from bureaucracy and make them entrepreneurs. However, due to the lack of capital among the Empire's Muslim community between 1908 and 1914, joint stock companies in the Empire were mostly established between Muslims and non-Muslims. Nevertheless, economic policies that focused on creating a Muslim entrepreneurial class were implemented from the first day. Cavid Bey pushed these policies through and developed propaganda in hopes of creating this new Muslim entrepreneurial class. Cavid Bey's reforms of the laws regulating commerce—an essential part of the economic field—were significant. He made changes to these laws in order to promote the establishment of new companies and a new merchant class. Cavid Bey was in favor of increasing the number of merchants, not tradesmen (*esnaf*). However, when merchants and tradesman were in conflict, the CUP always stood on the side of the tradesmen as the CUP's national economy policy relied on their support. Thus, Cavid Bey's ideals of Ottomanism and liberalism had limited success in improving the national economy in the short term.

One of Cavid Bey's major tasks in this period was modernizing the Ministry of Finance. He implemented new measures to modernize the procedures and processes in the ministry, including human resources. He opened a financial school to raise new officers for the ministry and sent young officers to Paris as interns. These efforts were part of his major administrative achievements. One of the main obstacles he encountered was the lack of financial data. In 1909, Cavid Bey was still not very

certain about the exact figures when it came to income, expenditures, and loans that the state owed to the domestic market. This was because the state did not have an institution that collected and analyzed data. Cavid Bey thus used the data that he received from the IOB and the OPDA to determine the state's budget. The state did not use statistical calculations until the Second Constitutional Era. It is obvious from examining Cavid Bey's diaries that he was a very meticulous and well-organized person.

During the first years of the Second Constitutional Era, Cavid Bey became a key figure in domestic politics. The role he played was not only limited to being a financier. The 31 March Incident was the first shock in his political life, which ended in a short-term period of exile for Cavid Bey. This break also delayed the completion of the 1909 budget as well as his work at the international level. First of all, Cavid Bey was someone with whom the European diplomats, financiers, and statesmen could very easily communicate, do business, and negotiate. He could not be replaced as either a domestic or foreign actor. Even when there was a rupture in his position as minister, he continued his meetings with European representatives. One of the most crucial aspects of this dissertation is its emphasis on his role in international negotiations, which lasted through the spring of 1914 and covered the rise in customs duties and the resolution of problems over the Baghdad Railway. This process concluded with the emergence of economic penetration in the Ottoman lands and inspired the secret agreements of 1916, such as Sykes-Picot. Though these negotiations were multilateral, Cavid Bey was the main actor who led the negotiations with unrivaled authority.

During this period, the treasury was empty, and the state could not pay the salaries that it owed. It should be noted that the lack of cash money in the treasury was a significant issue throughout the Second Constitutional Period. From what we can glean from his diaries, Cavid Bey attempted to find solutions to pay these salaries, or at least part of them, on time. As of 1908, the government started to accept loans from European markets. Although Cavid Bey was not involved in the first loan process, he was active in the second loan process in 1909. His main aim

and policy was to rule out the OPDA as the main guarantor of Ottoman debts, as it had been since 1881. Although he saw the IOB as a part of the Empire's financial family, he tried to keep the OPDA from getting involved. He was able to accomplish this in 1909 and received a loan without the guarantee of the OPDA. He emphasized this success in his talks in parliament. This was a major success for the CUP in domestic politics, as well. Second, Cavid Bey tried to increase the leverage of the Ottoman economy in the European markets. This strategy had two components: first, in terms of foreign policy, the Unionists followed Abdulhamid II's strategy, which was to play off one European group against the other. While Germany was the most influential Great Power during the Hamidian Era, the Unionists turned toward Great Britain, which was at the forefront when it came to parliamentarism and liberalism, to solve the Empire's problems. They even supported Kamil Pasha as the grand vizier, who despite his ties to Britain was an old-school politician from the Hamidian Era. Cavid Bey initiated the establishment of a bank called the National Bank of Turkey with British financier Sir Ernest Cassel. He and some of his fellows were also among the founders of this bank. As mentioned before, I assume that Cavid Bey aimed to increase the Empire's options. Cavid Bey became close to prominent figures such as Sir Ernest Cassel, Gulbenkian, M. Maurice Bompard, Sir Adam Bloch, and even with Sir Winston Churchill. His international values, fluency in French, strong rhetoric, and consistent character (though he was also known as arrogant and of acute intelligence) no doubt helped him along the way.

The 1910 loan issue was the first chaotic incident at the international level in Cavid Bey life. This transformed him into a real game changer in Ottoman finances. It was a bold move to try to exclude the IOB and France's demands for the treasury. Moreover, he tried to gloss over this by making a new deal with other French banks. However, the French state, which had considered their economic agreements as part of their imperialist aims and intentions, hindered his plan. Cavid Bey had taken the initiative to divide the French market and tried his chances at getting the best option for the Ottoman government to release it from for-

eign ties to the treasury and the OPDA. Even the Entente Cordiale between Great Britain and France stood as an obstacle to Cavid Bey's attempts to receive a loan from London. As Cavid Bey was desperate due to the lack of money in the state treasury and the fear that he might lose his position, the Germans came to his rescue. One of the most interesting points for me was that during the parliamentary talks, the opposition did not mention the treasury issue, although Cavid Bey himself and Hakki Pasha, then the grand vizier, referred to it. Although he was not successful, Cavid Bey became a game changer in Europe as he attempted to establish his own policies in the new political era.

Cavid Bey had achieved or tried to achieve goals that nobody had dared to attempt before. For instance, he wanted to abolish tax exemptions for foreigners that had been set up because of the capitulations. He drew support from the Unionists, who wanted to redefine the rules through a more nationalist approach and widen the tax range for foreign companies, which opposed by foreign capital circles.

As seen in this chapter, Cavid Bey's life and character had multiple dimensions. He was a financier, politician, negotiator, professor, and overall, an intellectual. Despite the turmoil and upheaval after the revolution, he was able to publish one of the first liberal periodicals on economic and social issues. This magazine was published between December 29, 1908, and March 14, 1911, and it ran for 27 issues. Cavid Bey wrote several articles in the magazine on different subjects, including loans, public works, the OPDA, the stock exchange, among others. In my opinion, he also utilized the magazine and his articles to promote his policies, which were compatible with the CUP. This magazine provided a great contribution to the intellectual life of the Ottoman Empire and reflected the vividness of the Second Constitutional Era. It should also be mentioned that Cavid Bey was "a gentleman of the press." From the beginning of the Second Constitutional Period, he wrote articles in several papers such as *Tanin*, *Sabah*, and the periodical of the Istanbul Chamber of Commerce, which was known for its liberal character. He had also given many interviews to several French and German papers and maga-

zines. His main subject was the Great Powers, and his messages directly targeted these European capitals.

The chapter covering 1908–1910 depicts Cavid Bey's first years rising through the ranks as a statesman and a game changer in both domestic and international politics. The events of this period also show the many dimensions of his role as a state financier. Last but not least, it should be once again pointed out that he was welcomed and held in high esteem by the CUP regarding financial issues. He was primarily supported by Talat Bey until the end of the latter's life. Cavid Bey was someone who was not restricted to dealing with financial issues such as taxes, loans, and budgets; he was also engaged in politics and the balance between the legislature and executive, legal reforms, and international negotiations. The modernization of the state apparatus and later secularization of social life were one of his priorities in state affairs.

From July 23, 1908, he was one of the CUP's most fervent spokespersons and gave speeches wherever he visited, including during campaign periods. His rhetoric, policies, goals, aims, and methodology were all well-organized in his mind. On the other hand, his economic policy was not compatible with real life. It was more conceptual and had a more fiscal base. Yet still, his efforts contributed to the modernization of Ottoman finances. Political upheaval constantly interrupted his work, but as an optimist, he continued to believe that he could overcome every obstacle. Cavid Bey bravely attempted to change the institutional order of the Ottoman Empire with new codes and regulations. From the summer of 1909 through to the 1909 codification and 1910 loan operations, he bravely and wholeheartedly tried to change the accepted image of the Ottoman political and economic order, both internally and internationally. Due to the rapid and revolutionary nature of these changes, is it possible to call Cavid Bey a radical? I do not think so, but this idea will be discussed in the conclusion of this dissertation once again.

Cavid Bey was 33 years old when he became the minister of finance. Although he had limited experience in state affairs, he had adequate knowledge of these issues. Thus, the period from 1908 to 1910 can be seen as Cavid Bey's period of apprenticeship. As we will continue to see

in the next chapters, Cavid Bey's life is the story of a self-made man who was a positivist, liberal, and optimist intellectual and hardworking, disciplined, rational, and practical.

3

“No One Can Replace Cavid Bey”: Domestic Turmoil and the Loss of the Balkans

“… The children of the CUP are never afraid of surveillance and blockade. The children of the CUP are not afraid of fire and thunder… the CUP is never afraid of death….”

– Mehmed Cavid Bey, Parlimantary Speech, August 5, 1912.

When I was initially planning the framework of my dissertation, I considered writing the main chapter about the 1908–1914 period. But then I realized that 1908–1910, 1911–1913, and 1913–1914 could be evaluated in different chapters of the dissertation. Indeed, the 1911–1913 period also engenders its own patterns and events. Firstly, a significant mark of this time was the rise of the opposition, which led to the fall of the Unionist-backed government and a struggle between the two dissident groups. As a unionist minister, Cavid Bey was in the middle of this conflict, which challenged the established financial order. He was also distinctive among this group as he was a freethinking, secular freemason and cosmopolitan. Secondly, this period covered the insurrections and wars from the Albanian Revolt to the Balkan Wars, events which spurred the Empire's dismemberment, transforming its structure and the CUP's policies. During this period, the tension between Cavid Bey and Mahmut Şevket Pasha on financial issues did not abate.

From 1908 to 1910, particularly in the summer of 1909, the CUP had implemented numerous legal regulations. However, beginning in 1911, the CUP became more isolated domestically and internationally and lost its support and legitimacy, despite support from the officer corps. The rise of the opposition, as well as the friction among the CUP in parliament, led the Unionists to try to change the constitution. In effect, the passage of Article 35 of the constitution would give the executive more power over the legislative branch. During this period, the CUP turned the tables: though the party had the authority to amend the relevant article of the constitution, it lost its legitimacy. As Cavid Bey repeatedly pointed out, neither parliament nor the government was decisive and confident enough to confront the domestic and international challenges. Thirdly, during this period, we observe that Cavid Bey dealt with domestic politics more than in any other period of the Young Turks era. At this time, support for the CUP in the chamber began to split, while Cavid Bey and Talat Bey remained strong figures in the CUP.

When the "Great Cabinet"[428] adjourned on August 5, 1912, Cavid

Bey's speech in the parliament attracted the full attention of all political actors. His political activities in Selanik, the congress of the CUP held in Istanbul, his brief imprisonment, escape from Istanbul, and thoughts on such incidents as the coup d'état of January 1913 provide us with insights into Cavid Bey's role as a Unionist and a politician.

Another dimension of this chapter involves the negotiations over raising customs duties and the Baghdad Railway. Although it was not easy to reconcile the Great Powers, who were rivals on these very critical issues, there was some reconciliation among Britain, Germany, France, and Russia.[429] At the beginning of 1911, Cavid Bey worked as the Minister of Finance in the Hakkı Pasha government until he resigned on May 8, 1911. Therefore, he was involved in the negotiations on the customs duties and concessions covering the Baghdad Railway until the entire process was interrupted due to the ensuing wars. Within the span of five months, his agenda was filled with challenging issues such as the Baghdad Railway, the 1911 budget, the military's ceaseless demands, and a fierce struggle for power.[430] After he resigned, Cavid Bey set out on two different journeys in opposite directions: first, he went to Macedonia as part of an imperial visit; second, he traveled to the Eastern provinces with a group of Unionists. It should be noted that even though his reforms and work were interrupted after Cavid Bey officially left the ministry, he continued to pursue the same issues and meet with key figures of the international financial or diplomatic milieu. During the period after 1911, Cavid Bey began to harvest the fruit of his work. As will be detailed below, the Empire's income increased following the implementation of the 1911 and 1912 budgets. During this period, Cavid Bey presented two budgets in the parliament and contributed to the codification of the financial area. At the end of 1911, he became Minister of

428 Gazi Ahmet Muhtar Pasha's cabinet was named as "The Great Cabinet," referring to the fact that its senior statesmen had taken charge.

429 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 136.

430 Cavid Bey and Talat Bey had received the first threats of resignation in January 1911, see Kansu, İ*ttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 204.

Public Works and then Minister of Finance in Sait Pasha's cabinet during the wars and revolts. Cavid Bey drafted the legislation for and implemented the war tax during the Tripolitanian War. However, due to his political activities in Istanbul and Selanik, opposing the Gazi Ahmet Muhtar Pasha government in the spring and autumn of 1912, Cavid Bey was forced to flee the country for the second time. With the help of the French embassy, he escaped to Marseille and then traveled to Lyon, Brussels, and Vienna. He was with Hüseyin Hilmi Pasha, the ambassador to Vienna, when he heard about the coup d'état in?.

Though Cavid Bey was known as a financier, this chapter will underline his role in domestic politics, lobbying alongside Talat Bey. I will share the conclusions that I reached while assessing this period at the end of this chapter.

§ 3.1 Siamese Twins

3.1.1 *Siamese Twins: Customs Duties and Concessions*

In 1911, Cavid Bey was a 35-year-old widower who was praised by both the CUP and the international milieu as the "star" of Ottoman finances. At the beginning of 1911, his task was quite difficult; however, he was enthusiastic and optimistic about achieving his goals. The year 1910 had been filled with turmoil due to the complicated processes involved in taking out the 1910 loan. The major issue of this period was the reorganization of the Baghdad Railway to meet the government's urgent need to permanently increase revenue. The only way to do this was by increasing customs duties by 4%, in order to take in an additional 1.5 million Ottoman lira in annual revenue.[431] This was in fact not a benefit but a natural outcome of sovereignty. Hence, the capitulations and bilateral agreements provided the Great Powers with the authority to determine whether or not the Ottoman government might raise its cus-

431 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 2, Cilt: 3, 27 Kanun-u Sani 1327 (9 February 1911), 45.

toms duties. The Great Powers were required to unanimously approve the rise in customs duties. Receiving their approval, which would take almost three years, entailed resolving issues such as the Baghdad Railway among the Great Powers (i.e., Britain, France, Germany, and Russia) and between the Great Powers and the Ottoman Empire. Cavid Bey, then Minister of Finance in the Hakkı Pasha government, initiated negotiations at the beginning of 1911 that would last until the spring of 1914.[432]

The railway market was revived after the Revolution of 1908. In addition to the Great Powers, American companies began flocking to the Empire in order to find investment opportunities following changes in American foreign policy. One of these investments was the project of the American company Chester, owned by Admiral Chester. This was a massive railway project, consisting of 3,218 km of railway lines, aiming to connect the Black Sea in Samsun to the Mediterranean lands through to Halep, all the way east to Van and Bitlis. The railway would cross areas rich in mineral deposits, and as per the agreement with the Empire, the company would be able to operate mines up to 20 km from both sides of the railway lines. According to Tunaya, Chester's company first applied for the project in 1909. The Assembly began discussing the project on July 9, 1909. Cavid Bey's argument was rooted in his liberal views that the state should not get involved in construction projects: "the state is not a miner, a merchant, or an artist. The state only takes taxes!"[433]
Although the Chester company signed a protocol with the Ottoman government and placed a deposit on the project, the European states were also involved in the issue. The Americans had decided to deal with this

432 In the end, the Ottoman government succeeded in increasing customs duties by 4%, and obtained a consolidated loan from the Great Powers. However, as a result the country was in effect divided into economic zones long before Sykes Picot, which determined the Great Powers' sphere of political influence in the Ottoman Empire before the Treaty of Sèvres.

433 Tunaya, Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 434-42.

case directly; however, it could not be solved within the life of the Ottoman Empire, and the issue would return to Turkey's desk in the Republican Era.[434]

The Baghdad Railway was the largest investment in the Empire and passed through critical routes that covered fertile areas as well as those rich in resources such as oil. Although the railway was a local investment, it was also a global issue from the beginning. The last section of the railway was the Baghdad-Persian Gulf stretch. This was one of the most important components of the negotiations between the Ottoman Empire, Germany, and Britain. The CUP and Cavid Bey's goal to raise customs duties was closely linked to the right to cruise on the Tigris and Euphrates, along with taxes on transportation and shipping, French shares in the Baghdad Railway companies, the Syrian Railways (as it would extend to the Mediterranean coast), and the utilization of incomes from the Baghdad Railway, among other issues. Nevertheless, due to capitulations, the Great Powers had to unanimously agree to increase the customs duties, which hinged on the Baghdad Railway. As Earle states, while the Baghdad Railway was the Empire's magnum opus project, it also led the Empire to make significant concessions. Due to this factor, it was a heavy burden on the Ottoman Empire.[435]

The negotiations between Germany, carried out by Mr. Gwinner, the representative of Deutsche Bank, and Britain, carried out by Sir Ernest Cassel in 1910, had deeply worried Mr. Izvolsky, Foreign Minister of Russia. British diplomat Sir Arthur Nicholson had met with Izvolsky in order to dispel Russian suspicions concerning the Gwinner/Cassel negotiations. He also affirmed that a compromise not approved by the Russians was out of the question. Nevertheless, as the Gwinner/Cassel talks would fail, Russia began negotiations with Germany. The new for-

434 Özyüksel, *The Baghdad Railway*, 123-29; and Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi*, 3, 434-42. Bilmaz, Bülent Can *Demiryolundan Petrole Chester projesi (1908-1923)*, (İstanbul: Tarih Vakfı Yurt Yyaınları, 2010), 154-166

435 Earle, T*urkey, The Great Powers, and The Baghdad Railway. A Study in Imperialism*, 236-37.

eign minister of Russia, Sergey Dmitriyevich Sazanov, showed interest in the Baghdad Railway issue and had reflected on the solution to this problem with the new foreign minister of Germany, Kiderlen-Waechter. Through the positive impact of these statesmen, Germany and Russia approached each other. Meanwhile, both were concerned with the Chester project. Kaiser Wilhelm II and Tsar Nicholas II met at Potsdam during the first week of November 1910. The Russian and German ministers of foreign affairs also accompanied them. The two groups had agreed on conditions and signed the Potsdam Agreement on November 4, 1910. According to the agreement, the Germans would officially recognize the Russians' sphere of influence in Iran, and the Russians were to withdraw their opposition to the railway and construct an ancillary railway line reaching Iran (the Baghdad-Hanekin line). The main problem in the international arena was that neither Britain nor France was informed about such a significant deal with their ally, Russia. Germany and Russia signed the final agreement on August 19, 1911. Both France and Britain were quite frustrated.[436] Istanbul also felt excluded and ignored, as did Britain and France. The Potsdam Agreement was a 'win-win' agreement for both Russia and Germany. On the one hand, Russia got the Germans to accept its sphere of influence in Northern Iran. On the other, it was a diplomatic victory for Germany. The influence of German trade and the Baghdad Railway in Iran could expand, since Russian opposition to the projected railway was removed. Russia's opposition led to French opposition, and therefore, with this treaty the most important obstacle obstructing a compromise with France had been removed. In sum, this agreement triggered the procedure of agreements and made it possible to open a blank page on the Baghdad Railway and to increase customs duties, which I refer to as the Siamese twins.

Shortly after the promulgation of the Soma-Bandirma railway contract (1910) and the Potsdam Agreement, the Ottoman government took additional steps to further extend French railway interests in Ana-

436 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 130-32.

tolia and Syria. Cavid Bey began talks with the French Embassy and the Imperial Ottoman Bank (IOB) after the end of the 1910 loan negotiations. The Bank carried out the negotiations and awarded the contract to the French-owned company La Société pour la Construction et l'Exploitation du Réseau de la Mer Noire in return for the construction of a comprehensive system of railways in Northern Anatolia. It was proposed that elaborate ports would be constructed in the Black Sea towns of Eregli, Samsun, and Trabzon and connect with inland towns such as Erzurum, Sivas, Harput, and Van. Connections were to be established in Bolu and Sivas with extensions to the Anatolian railways and in Elazığ with a branch of the Baghdad line going to Nissibi (close to Adiyaman) and Diyarbakır. Thus, a network of railways would be completed from the Aegean region to the Persian Gulf. Simultaneously, negotiations were being carried out between the Ottoman Ministry of Public Works and the IOB to provide extensive concessions to the French Syrian Railways, which were owned and operated by La Société du Chemin de Fer de Damas-Hama et Prolongements. Provisions were made for the construction of ports and terminal facilities in Jaffa, Haifa, and Trablusgarp. In Syria, a traffic agreement was negotiated with the Ottoman-owned Hijaz Railway, pledging both parties to abstain from discriminatory rates and other unfair competition. Tentative agreements were struck for the construction of a line from Homs to the Euphrates. Provisional agreements for the Black Sea and Syrian railway and port concessions were signed in 1911.[437]

For Britain, the liberal government of H.H. Asquith determined its main policy lines toward the Baghdad Railway and the rise in customs duties. The Baghdad-Hanekin railway was a threat to British trade in Iran. In terms of the Baghdad Railway overall, the key point about the German concession of building the Baghdad Railway on Turkish territory was giving the British consent to provide further sources of revenue to the Turkish government in return for the increase in customs duties.

437 Mehmed Cavid Bey, Meşrutiyet Ruznâmesi I, 50-51.

By this means, the Ottoman government might increase its income and continue to spend money on the Baghdad Railway. According to Grey, "the Turkish government should make it clear that the revenue would be used only for the government policies."[438]

As we can see from the above explanation, the main negotiation processes focused on lines going "from the Black Sea region, from Ankara to the east, from Northern Syria to the lines going to the coast, and from Baghdad to the Persian Gulf." Though a agreement was postponed due to the technical difficulties of surveying the lines and the political instability caused by the wars, the key points in negotiations on the railroads with all parties were more or less determined in 1911.[439] As seen in Cavid Bey's journal at the beginning of 1911, he had already started working on this issue with M. Maurice Bompard, the French Ambassador to Istanbul.[440]

One of the key issues Cavid Bey dealt with during this period was smoothing over relations with the IOB, particularly after the 1910 loan issue. The Ministry of Finance and the IOB started a series of negotiations, which were to be finalized in 1912, covering different issues such as changing the members of the executive board and opening a checking account for the Ottoman state with an amount of 1.5 million lira. Cavid Bey would accomplish these tasks rather quickly. In addition, the government wanted to take out a loan for roads and public works in 1911. For this reason, Cavid Bey began negotiations on these two issues with Mr. Revoil, the new director of the IOB. Meanwhile, on January 15, 1911, Cavid Bey finalized a trade agreement with Bulgaria.

Cavid Bey would meet Hakkı Pasha, the grand vizier and former ambassador to Rome, at his house to discuss the Baghdad-Persian Gulf section of the railway, the 4% increase in customs duties, and the Chester project. The cabinet aimed to take concrete steps toward increasing cus-

438 Özyüksel, T*he Berlin-Baghdad Railway and the Ottoman Empire,* 132-34.

439 Earle*, Turkey, The Great Powers, and The Baghdad Railway. A Study in Imperialism,* 245-47.

440 Cavid Bey, Meşrutiyet Ruznâmesi I, 50-51.

toms duties. The government attempted to avoid discussing the extension to the Baghdad Railway in the chamber. In return, they decided to ask for compromises from the Baghdad Railway company. After they agreed with the Baghdad Railway company, they would seek new ways to come to terms with France and Britain.

Another important issue that consumed Cavid Bey's time during this period was the future of Régie Tobacco. This is significant because, as he would underline in the budget talks, the tobacco trade concerned a wide range of people, from politicians to ordinary people in the coffeehouses. Tobacco was a popular product that provided massive revenue for the Empire. The state's agreement with Régie Tobacco would expire in 1914. The Unionists wanted to either transform the company into a state-held monopoly or adopt a counterband system (banderole system) to prevent smuggling in place of the Regie. Cavid Bey met with Dr. La Bouliniere regarding this topic and requested that the OPDA should not insist on the extension of the Regie issue.

On January 29, when Cavid Bey again met with Hakkı Pasha at his house, they heard about an incident in Rome concerning Trablusgarp, which was a harbinger of what was to come. Italian Prime Minister San Giuliano had said to the Ottoman ambassador that "if things continued like this, we would be obliged to conquer Trablusgarp."[441] The ambassasor referred to the neglect of Trablusgarp economically and politically by the Ottoman Empire. Ten months later, the Tripolitanian War broke out. While neither Hakkı Pasha nor Cavid Bey was surprised, the Unionists had been waiting for an attack on the Balkans due to the ongoing insurgencies, such as the Albanian revolt. At the time of his visit to Hakkı Pasha, Cavid Bey was carrying out negotiations on the railways in the Adriatic region, where the Serbs and Austrians had clashed on the issue. The Austrians rejected any line that would allow the Serbs to be economically independent. During a meeting, Mr. Pallavicini, Austria-Hungary's ambassador to Istanbul, asked Cavid Bey what the govern-

441 Cavid Bey, Meşrutiyet Ruznâmesi I, 59-60.

ment would do if they faced an attack in the Balkans, as the Empire lacked an adequate number of troops due to the riots in Yemen. Cavid Bey replied that Bulgaria would not take any action without the support of one of the Great Powers, showing that the Unionists were aware that support from a Great Power was necessary for an attack.

3.1.2 *Siamese Twins: The Budget Deficit and Military Expenses*

Between 1908 and 1913, Cavid Bey, alongside Talat Bey, was engaged in domestic politics as one of the leading figures in the CUP. He remained close to Talat Bey's faction in the CUP. In domestic politics, the CUP faced two main issues, Mahmut Şevket Pasha and the opposition. Both were related to each other and made Cavid Bey a target and an enemy. The most important clash with Mahmut Şevket Pasha in 1910 occurred over finances, particularly Mahmut Şevket Pasha's extra financial demands for the renovation of the army. The dispute centered on the General Accounting Law and the authority to check the accounts of the military through an accountant assigned by the Ministry of Finance. According to the law, a Board of Audit would be set up to audit the accounts of other ministries. Cavid Bey claimed that these extraordinary expenses should be paid for through the military budget. He was obstinate in his approach and claimed he would rather resign than accept the situation. *Yeni Ikdam* (*The New Effort*) reported on this situation as a crisis between the ministers, while *Tanin* described it as a mere dispute. A group of Unionists paid a visit to Mahmut Şevket Pasha at his house, and in the end the CUP was forced to compromise: The Ministry of War was excluded from the Board of Audit's authority. The aim of the board was to audit the accounts according to the annual budget, which was intended prevent misfeasance. There was already a dispute between high-level military officers and the Unionists over the missing money in the Yıldız Treasury after the March 31 Incident. The Unionists believed that the military officers were abusing their power. When the Board of Audit came to the table with the legislation on the General Accounting Law in 1910, the issue of the Yıldız Treasury came to the fore once again. The only obstacle that remained was the chamber's approval. Fi-

nally, Mahmut Şevket Pasha's demands for the allowance of military equipment were not mentioned in the annual budget. The situation became a cabinet crisis, which enhanced Mahmut Şevket Pasha's reputation. At the end of 1910, Mahmut Sevket Pasha asked to use 3 million in gold of the 9 million Ottoman Liras allocated to the Ministry of War in the way he deemed suitable. Though the chamber resisted, once again, he got the allocation he asked for. It was still the time of military hegemony, and Mahmut Şevket Pasha was a charismatic and irreplaceable commander for the CUP.[442] Mahmut Şevket Pasha consistently refused to obey the rules of the contemporary state that were put forward by Cavid Bey. While everybody agreed on the necessity for a strong army, the CUP did not have enough power to either negotiate or resist. The main question was that of who would steer governance of the Empire, the military, or the civil government.[443] The CUP was concerned about the power held by Mahmut Şevket Pasha.

The second issue in domestic politics for the CUP was the opposition, which had been gaining strength every day. The opposition — whose roots were found among the army officers — were particularly encouraged by the conflict between the Unionists and Mahmut Şevket Pasha. As a matter of fact, an opposition group called The New Party (*Hizb-i Cedid*), which was established under the leadership of Colonel Sadık Bey, had already threatened Cavid Bey and Talat Bey and demanded that they resign in January 1911. Sadık Bey, who had fired the first shot in Manastır on July 23, 1908, had fallen out with the Unionists after a short while. He participated in the opposition and became the leader of the New Party. Founded at the beginning of February 1911, the New Party differed from previous opposition parties[444] in how they recruited military officers: from the CUP. Moreover, they were supported by high-ranking officers such as Nazım Pasha. The Party had made de-

442 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler),* 111-116

443 See also Hanioğlu, "Civil-Military Relations in the Second Constitutional Period, 1908–1918," 177-89.

444 Referring to the opposition groups prior to 31 March Incident period.

mands on certain issues such as that the ministers who were not experinced should be demoted to undersecretary before holding the position of ministers.[445] Even Mahmut Şevket Pasha had protected them by not punishing the officers for their involvement in politics. This concerned the Unionists very much. According to Sina Akşin, Mahmut Şevket Pasha's reason for keeping the New Party close was related to his conflict with Cavid Bey regarding the budget.[446] The New Party targeted the CUP as the primary cause of the Empire's problems and accused the Unionists of being atheists and freemasons who spread their beliefs throughout the country.[447] But still, Cavid Bey would remain one of the targets of this new opposition movement. As Ahmad quoted Count Ostrorog, "the reasons for the separation between the CUP and the opposition were mainly economic instead of ideological." The Unionists were attempting to establish a contemporary, constitutional, and centralist governance that financed the state through state monopolies. For instance, when it came to the tobacco issue, Cavid Bey and the CUP argued that the production and sale of tobacco should be carried out by the state. Their formula was the implementation of banderole, which would mean that the state could easily collect taxes and increase income as well as ensure the liberalization of the tobacco business. This solution bothered the groups who had formerly had indirect interests related to the French institutions that had penetrated the Ottoman economy. Ahmad states that the conflict mainly had an economic base rather than a religious aspect.[448] The new opposition was composed of a group of people who would not likely benefit from the changes in the economy and society.

In 1911, the first significant national issue to arise was lifting the state of emergency that Mahmut Şevket Pasha had declared following the March 31 Incident. While Hakkı Pasha wanted to lift it permanently,

445 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 204 and 07.

446 Akşin, *Jön Türkler ve Ittihat Terakki*, 286.

447 Bayur, Türk İnkılâbı Tarihi, II/I, 55.

448 Ahmad, *Ittihat ve Terakki, 1908-1914 (Jön Türkler)*, 134.

both the CUP and Mahmut Şevket Pasha desired to keep it in place. Surprisingly, Cavid Bey also backed retaining the state of emergency.[449] This then became a problem among the Unionists, who feared that Hakkı Pasha would resign. However, Hakkı Pasha agreed to continue the state of emergency under one condition: a change in the cabinet. Talat Bey, Hallaçyan Efendi, and Emrullah Efendi were forced to resign from their duties.[450] Cavid Bey was angry at the idea of sacrificing Hallaçyan, as he was the only Armenian in the cabinet. Excluding Armenians, who were referred to as "the community most loyal" to the state, was wrong. Cavid Bey also thought that Nail Bey,[451] who was the candidate to replace Hallaçyan, was incompetent. In response, he offered his resignation alongside Talat Bey; however, it was rejected. A few days later, the CUP considered a total change in the cabinet, but Cavid Bey strongly opposed it. Cavid Bey became angry and declared, "I am remaining in this cabinet with Mahmut Şevket Pasha due to my respect for Hakkı Pasha. But, how could you expect me to enter any new cabinet under the same circumstances? I am very surprised."[452] In the meantime, on February 6, 1911, a fire broke out at the Sublime Porte, destroying several buildings and official papers of governmental institutions. According to Cavid Bey, the cause of this fire was accidental, not intentional.[453] Fires in Istanbul at that time were common, particularly during the summer.

In the meantime, Cavid Bey prepared the deed of consent for the Baghdad Railway with the grand vizier. The most delicate subject was the last section concerning the Baghdad-Persian Gulf stretch. His plan was to establish a company to run this business. The plan was that the business would be owned exclusively by the Ottoman Empire or collectively by an international group and the Ottoman Empire. Under the lat-

449 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 60.

450 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 205.

451 Nail Bey was also one the finance ministers in the Second Constitutional Period.

452 Cavid Bey, Meşrutiyet *Ruznâmesi I,*71.

453 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 60, 61.

ter plan, the shares of the international group could not exceed 50%.[454] Cavid Bey's main concern regarding the Baghdad Railway was completing the line as quickly as possible, which would free the state from this financial burden. Cavid Bey asked the Baghdad Railway company to accept the implicit article on not utilizing the surplus from the tobacco and patent taxes, and in turn, the government would deliver a series of loans to the company, even if there were no provisions for that. Cavid Bey gambled on the fact that they would not take this issue to the parliament, which bore a very important responsibility.[455] However, these negotiations would be interrupted due to the Tripolitanian War and Balkan Wars. In the 1913-1914 period they would continue but the parliament would be closed and then the outbreak of the Great War would cause them to be obsolete. The key point here is that, even a parliamentarist, a liberal man like Cavid Bey might use the card of avoiding a parliamentary discussion to proceed faster.

Currently, another important issue was the demands of the army, particularly of the navy. On February 7, 1911, during the Council of Ministers, two issues were discussed: Russian political influence in Iran and the Ottoman Navy program. Regarding the latter, the General Staff had adopted a new navy program worth 15 million Liras, which included plans to purchase six big and 20 small dreadnoughts, motor torpedo boats, and more. They wanted to purchase a UK-manufactured dreadnought that Brazil wanted to sell. The General Staff wanted to outfit the navy for the next ten years, and for this reason, they needed to purchase these military supplies, piece by piece. Cavid Bey strongly opposed this, stating, "In ten years the state's revenue will have increased to 40 million. But the expenditure is now 34 million." In other words, the country was not able to invest in these things. Cavid Bey complained that the soldiers did not understand accounting, even in its simplest form. He accused the military of not thinking about the repayment of loans, even the loan worth 1 million Liras that needed to be repaid in April. Cavid

454 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 57.

455 Cavid Bey, Meşrutiyet *Ruznâmesi I,*60-61.

Bey added that there was no competent naval officer to captain the dreadnoughts that had been purchased from Germany. Cavid Bey further underlined that the government could hardly afford to pay for the navy program, which had cost 5 million Ottoman Liras.

Cavid Bey met with M. Paul Revoil, the new head of the Ottoman Bank, to discuss the loans for the Ministry of Public Works. Their talks spanned the ongoing negotiations about both the railways and the increase in customs duties. Due to the Potsdam Agreement, he advised Cavid Bey against making it a fait accompli without informing Britain and France. Cavid Bey states that he was concerned with the reaction of Britain more than France. He also adds that delay in construction would not please the Germans.[456] Last but not least, the issue of the Eastern Anatolian Railway was related to the Siamese twins: customs duties and concessions. In 1900, Abdülhamid II had signed a concession agreement with the Russian government that relinquished the Ottoman government's right to establish a railway line in Eastern Anatolia close to the Russian border. The Unionists tried to get rid of this agreement by using an article in the agreement against Russia. According to the article, the Ottoman Empire could outsource the railway and, for example, ask the French to establish it. After all, the Russians would agree with their ally France building a railway from Sivas to Van. The Ottoman and French sides warned the Russian government that an American company called Chester was eager to build the railway line. For Russia, both the extension of the railway and the transfer of the Armenians who had fled from the Eastern provinces such as Van in the 1890s were important bargaining tools. According to a secret agreement signed between France and Russia on April 26, 1911, the railway line would consist of two routes. The first was the Samsun-Sivas-Harput-Diyarbakir line; the second was comprised of three shorter lines: Divriğ-Erzincan-Erzurum, Trabzon-Erzurum, and if necessary, Diyarbakir-Bitlis-Van, to be built by the Chester Group. In July 1911, the Ottoman government came to an agreement

456 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 71.

with a French company called Régie Générale de Chemins de Fer; however, the Tripolitanian War and Russia's attempt on the straits halted the railway negotiations.

After pressure from the opposition, Talat Bey finally resigned, creating confusion and shock within the party.[457] His centralist policies which left less room to manouvre for non-Muslim communities had already drawn attention to the Albanian, Greek, and Armenian MPs. It also indicated that the positions of the other Unionist ministers were not as safe and secure as many had thought.[458] Halil Bey replaced Talat Bey and the first thing he did was to publish a circular declaring that all of the Ottomans would enjoy freedom and justice enabling equality in society.[459] Two days later, on February 10, Hallaçyan Efendi and Emrullah Efendi resigned from their positions.[460]

Meanwhile, Cavid Bey received a letter from the Central Committee about Colonel Sadık, Bey claiming that Jewish people in Europe had immigrated to the Ottoman Empire, which Cavid Bey thought was groundless. Nevertheless, these claims would be discussed during the budget talks. Ismail Hakkı Bey (later Gumulcineli) directly accused Cavid Bey. One of the key points was the Law of Land Property,[461] which many feared would move the Jewish people to the sacred land of Palestine. Though Cavid Bey postponed this draft law, it was sent to parliament while he was in Europe. Talat Bey responded to the claims in parliament that both Cavid Bey and himself had declined the demands of the Zionist communities about moving the Jewish people to Palestinian lands.[462] In addition, Sadık Bey and his party still insisted that Cavid Bey should make a public statement about the 1910 loan. Cavid Bey stated

457 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 70.

458 *Kansu, İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 204, 204-7.

459 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler),* 130 and 31.

460 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 208.

461 "Eşhası Hükmiye'nin Emvali Gayrimenkuleye Tasarruflarına Dair Kanun", 16 February 1912. Düstur, 2. Typography, Vol 5, 79.

462 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 212.

that this would harm relations with France, which had been on the verge of recovering.[463]

Cavid Bey was the Minister of Finance who had given the utmost importance to education and apprenticeships. As mentioned in the previous chapter, he had already opened a school to teach modern methods in economy and finance to his staff. Second, he asked France to accept interns who would be part of this staff. In February 1911, the French Ministry of Finance accepted the Ottoman officers for six-month internships in Paris. Cavid Bey was quite pleased to hear this news.[464]

§ 3.2 The Budget of 1911

One of the most important incidents during this period was the 1911 budget talks, which lasted for two weeks in the chamber. Cavid Bey both presented and defended the budget, which was prepared under his leadership. The budget talks also witnessed the discussion of other political issues as seen above. On February 22, 1911, the budget talks began in parliament.[465] The expenditure items of the budget were 3,623,318,487 piastres, while the state's income was 2,844,579,500 piastres.[466] Therefore, the budget deficit was 778,738,987 piastres. In his diaries, Cavid Bey stated that though he spoke for the entirety of the two meetings, he still was not able to say everything he wanted to say. He mentioned that the majority of parliament happily and intently listened to him speak, and even the opposition kept silent.[467] As Ahmed Rıza states, during this meeting, he was able to speak for three and a half hours without looking at his notes. It was quite a lengthy speech that was broken up into several sessions. I will attempt to summarize the

463 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 61-65.

464 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 72-73.

465 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 3, Cilt: 3, 27 Kanun-Sani 1326 (9 February 1911), 45.

466 T.C. Maliye Bakanlığı, *Osmanlı Bütçeleri, 1909-1918*, 305.

467 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 77-78.

general information regarding the budget, as well as the aims and targets for the upcoming years. First, Cavid Bey provided information about the current economic and fiscal situation. His first remark was significant as he highlighted the importance of the army and the financial system. According to him, the first aim was to protect the country against attack, and the second aim was to govern the country. It could be argued that his emphasis on the importance of the army indicates that he had made peace with Mahmut Şevket Pasha. Second, he responded to the news and negative critiques published in European countries about the country's financial situation. He stated, "When I read the news, I assume that we are living in an Eskimo clan." He believes that the financial situation of the Ottoman government had been exaggerated in European circles. He alluded to Sir Adam Bloch's report on the Ottoman economy, which pointed out the positive facts about the economic developments.[468] Cavid Bey stated that they needed to view the entire picture that had emerged since 1908. On July 23, 1908, the treasury's coffers were almost empty, and people began raising their voices about their needs. Therefore, the government was forced to take out a loan of 4.7 million Liras in 1908. They entered 1909 without a budget and with approximately 191,000 Liras in the treasury, needing to pay their dues. In 1909, until the March 31 Incident, the government had prepared extraordinary and provisional budgets while also working on the annual budget. The first annual and general budget in line with the Constitution and General Accounting Law was presented that year. Cavid Bey underlined the rise in expenditures related to many factors such as the debts of Sultan Abdülhamid II, as well as the urgent needs of the army and Ministry of Finance. He also underlined that each year since 1908, the revenues gained from direct taxes had increased on the whole. The 1910 budget had a surplus of 2.6 million Ottoman Liras, as a result of a

468 Due to the lack of regular statistical work, even Cavid Bey utilized the data and reports of the OPDA and IOB. Statistics becames one of the key areas in the economy as of the Second Constitutional Period.

loan that had recently been taken out. He underlined that the budget would be balanced within four or five years.

As of 1910, according to the new legislation, the government started to receive short-term advances on loans of not more than five years.[469] In 1910, the government had to take out an advance that amounted to 2 million Liras. The advances were taken from the Banque Française, NTB, IOB, and Banque de Selanique. But these advances were not sufficient to cover the deficit, and for this reason, the government wanted to take out another loan. The loan issue became an international matter. While he was talking, the deputies asked Cavid Bey questions about the 1910 loan operation. Cavid Bey replied that although they had also shown allowance income from the Istanbul Customs before, the IOB had insisted on financial control. He then provided information about the loan taken out with the consortium of German and Austrian bankers. This agreement consisted of two different issues: a 1911 Customs Loan of 7 million Liras and a 5.5 million Liras advance, which would be paid off in 1911. Lütfi Fikri Bey pressed him with questions. According to Cavid Bey, relations with France had not deteriorated due to the 1910 loan operation, and the main conflict occurred between the IOB and the Ottoman government. Cavid Bey stated that "the IOB is a member of our family, and we will consolidate our relationship with a new agreement, which will be valid as of 1912." Cavid Bey also claimed that the economic outlook was quite optimistic based on the three-monthly reports of the OPDA and IOB. Agricultural production, and incomes parallel with it, were on the rise.

After discussing the budget's general framework, Cavid Bey moved on to talking about the details of the articles of the new budget law that were related to revenue and expenditures. With regard to loans, he stated that as of the following year, the government would only take out loans for big investments, not for general expenses. He had written a sentence at the beginning of the budget, which would later be changed

469 Moreover, according to the same law, the Ministry of Finance (Treasury) was the sole authority to mint coins. Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 29.

by the Budget Commission: "the budget deficit always has an expurgatorial merit." However, the Commission interpreted his phrase as "the governments that have to resolve budget deficits with loans limit their financial fortune." Cavid Bey was criticized for his statement, but he defended himself saying that he did not mean that the government should have a budget deficit.

Cavid Bey also presented information about the state's largest taxes such as the tithe, cattle tax, and customs duties. The 4% increase in customs duties would bring in an additional 1.5 million Liras of revenue annually. However, the government was unable to increase the customs duty by themselves as the matter was strictly tied to the Baghdad Railway issue. According to the Baghdad Railway Agreement in 1903, after the government's loans were paid off, all surplus revenue was to be used for developing the railway business. The rise in customs duties would lead to a rise in revenue. In turn, the Great Powers were disappointed that the surplus could be utilized by only one country, Germany. Cavid Bey announced to the parliament that, "today, both the Baghdad Railway and customs duty issues are being negotiated together. The only lines that should be constructed are the El Halif-Baghdad and Baghdad-Persian Gulf lines." According to Cavid Bey, the Ottoman government was negotiating to construct the Baghdad-Persian Gulf section but not to pay for the El Halif-Baghdad line with the revenue from the customs duties.

In his speech, Cavid Bey also made optimistic predictions about the future. Over the previous four years, the government had successfully increased revenue by 5 million Liras. It would aim to raise 35 million Liras in revenue over the following five years. According to Cavid Bey, the most urgent need was to construct more railways, which would provide support for agriculture and commerce. The three railway lines would be the Baghdad-Persian Gulf line, a line through the Black Sea region, and, a line on the Adriatic basin. The construction of these lines could be completed in eight to ten years. Moreover, irrigation projects in Adana and Konya remained on the agenda, as well as a project in El-Cezire for two years. There were also ongoing negotiations with a

French company to construct a port that would cost 100 million francs. On the one hand, according to Article 11 of the Budget Law of 1911–12, the Ministry of Finance was allowed to make a loan agreement of no more than 3 million Liras. However, on the other hand, Cavid Bey estimated that the Ministry would go 2.5 million Liras into debt building new roads,[470] the provision for which he had already made with the IOB.[471]

The process of reaching trade agreements with Romania and Bulgaria was also ongoing, while Cavid Bey expected that in two years they would sign a treaty with the Austria-Hungary Empire addressing the customs duty increase. The greatest show of opposition came from Lütfi Fikri as well as Şefik El Müeyyit, Rıza Tevfik, and Kozmidi Efendi. During the meeting, Cavid Bey continuously took notes and provided his counterparts with lengthy answers. The parliament appreciated his speech and responses to his counterparts so much that they allocated 60,000 piestre to publish his speech and distribute it to the provinces.[472] Cavid Bey's speech had painted the Empire's financial situation in a positive light. It further showed that Cavid Bey was ready to reconcile with his rivals, particularly with the military commanders. Though he was a liberal economist with a francophone background, he did not accept the terms that were provided to him by the Treasury of France, which gave him an air of dignity. Yet, the opposition still took issue with Cavid Bey on the topic. According to his notes, Cavid Bey seemed content following the budget talks. He noted that the majority of the parliament had listened with interest and the opposition stayed silent. He even claimed that the day after the budget talks, he was met with unprecedented applause in parliament.[473] Regarding the attacks levied on him by the op-

470 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 3, Cilt: 3, 27 Kanun-u Sani 1326 (9 February 1911), 159 - 189.

471 T.C. Maliye Bakanlığı, *Osmanlı Bütçeleri, 1909-1918*, 306.

472 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 3, Cilt: 4, 27 April 1327 (10 May 1911), 249.

473 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 77.

position, he states, "their claims were groundless and very personal and therefore infertile. But their policy humiliated the country in the eyes of the foreign public opinion."

After Cavid Bey presented the Budget of 1911, he returned his focus to the railway and customs duty issues. On March 1, 1911, Rifat Pasha, the Minister of Foreign Affairs, had sent a memorandum to the British ambassador informing him of the negotiations on the Baghdad Railway, concerning its completion, the 4% increase in Ottoman Customs, and the British interests on these issues. This note was the first step toward reconciliation and compromises on these issues. It is very clear, even from the softening of the attitude of the railway's opponents, that the key to the compromise had been the Ottomans' annulment of the Baghdad-Gulf concession granted to Germany. In return, the British had presented two red lines: firstly, safeguarding their interests in the Persian Gulf; secondly, not utilizing the revenue obtained from the rise in customs duties for the construction of the Baghdad Railway. The Ottoman government first considered constructing the last section of the railway line from Baghdad to the Persian Gulf by itself. However, they quickly realized that they would be unable to cover the cost. At this point, Cavid Bey was able to find a formula that would establish a consortium consisting of Ottoman, German, British, and French investors. The capital needed to be financed from London, Paris, Berlin, and Istanbul as it had been for the Konya-Baghdad section of the railway. The details of terminal stations in Kuwait and the Persian Gulf could be considered later. But Britain, before replying to the memorandum, provided a brief answer to two essential points. First, they did not find the Ottoman government's promise sufficient. Second, Sir Edward Grey added a precondition: giving authorization to Egypt for obtaining its own debts.[474] Egypt could still not obtain loans without the permission of the Sublime Porte and the sovereign Sultan. The British government formally replied to the memo on July 29, 1911.

474 Bayur, *Türk Inkilâbı Tarihi, II/I*, 470-71, and 75; and Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 137.

On March 20, 1911, Cavid Bey announced that negotiations with Deutsche Bank and the Baghdad Railway Company had been concluded. According to this supplemental agreement, Deutsche Bank agreed to construct the section between El Halif and Baghdad. The second article shows that the company gave up its right to use state funds to construct the railway line as per the 1903 agreement. Instead, the company would use only the surplus from Ottoman taxes and funds. Before this agreement, the managers of Deutsche Bank had announced "The Berlin Declaration" on March 7, 1911. According to this declaration, the railway company had abandoned the construction of the Baghdad-Persian Gulf section and the ports of Kuwait and the Persian Gulf. The Germans would construct the Osmaniye-Iskenderun railway and Iskenderun Port and would not ask for the allocation of Ottoman funds to build the El Halif-Baghdad Railway. This situation became official with the contract signed on March 20.

According to Cavid Bey, the agreement on the Baghdad Railway had an extremely positive impact on both domestic and international politics. His sole concern was to resolve the Kuwait issue without harming the honor of the Ottoman state.[475] After concluding an agreement between the Germans and the Ottoman government, the French sought new ways to solve the Baghdad Railway issue. However, the IOB's heavy demands made this attempt impossible. In March 1911, Mr. Helferrich, and Mr. Count Vitali representing the French railways in the Ottoman Empire had met. The meeting was inconclusive. As a matter of fact, the Germans adopted a blockage policy which meant to block the French unntile they would accept the German conditions.[476] The most difficult

475 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 84; and Bayur, T*ürk Inkilâbı Tarihi, II/I,* 470-75.

476 In Asiatic Turkey, the French were to have Syria and Northern Anatolia, while the Germans were to have the Baghdad Railway and the lines necessary to fill it out. The differences were mostly over the exact lines of demarcation. *Williamson, Karl Helfferich, 1872-1924: Economist, Financier, Politician*, 96-7.

negotiations in 1913–1914 were held between the French and Germans. Naturally they were the hardest part of Cavid Bey's work.

On March 21, 1911, Hüseyin Cahit was elected as the Ottoman delegate of the OPDA. Both the IOB and Régie voted in favor of him. Cavid Bey was concerned about the gossip which would emerge because of the political position of Hüseyin Cahit Bey.[477] Hüseyin Cahit would remain in this position until 1922, at which point Cavid Bey would take over, while both were in exile in Europe during the National Struggle. The two were close friends, a financier and a journalist, and their friendship became a shelter from politics or business. For example, as Hüseyin Cahit became the Ottoman delegate to the OPDA, the articles he wrote in *Tanin* were read by everyone. Cavid Bey owned the license for *Tanin* when it was shut down by a court martial. But it should be mentioned that *Tanin* would be shut down several times in the near future, and Cavid Bey would be a part of its story.

The railway talks started on the theme of the Baghdad Railway's spread into the vast Ottoman territory, which the French investors might be interested in. However, the Ottoman statesmen also had their own agenda. The Manager of Railways and the Undersecretary of Public Works proposed to Cavid Bey to construct all of or at least a part of the Samsun-Sivas line using Ottoman capital and to claim a 50% share in the managing company. Though he agreed that the state ought to hold 50% of the shares, Cavid Bey refused to use Ottoman capital to construct the Samsun-Sivas line, as long as the French company's offer was less generous. This decision aligned with Cavid Bey's liberal economic views as, first and foremost, Cavid Bey did not want to spend money on anything other than public works, administrative issues, and education. In particular, he did not want to spend money on something that could be done at a lower price. Secondly, he did not want to interrupt work or contracts already in effect. Thirdly, he did not want to scare away French investors. It should be noted that these are my own assumptions on the

477 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 84.

issue, not based on anything written by Cavid Bey himself or any other historian.

Aside from dealing with these challenging negotiations, Cavid Bey spent the majority of his time handling the military's ceaseless demands. As understood from his diaries, no cash money existed to pay off the state's debts. This meant that it was up to him to find solutions to the state debt crisis on a daily basis. For example, the former sultan's jewelry was to be sold to pay off an installment of a loan for dreadnoughts in April, only for Mahmut Muhtar Pasha to refuse to take responsibility for selling off a former sultan's jewelry. Situations like this caused Cavid Bey to resent military officers, particularly Mahmut Muhtar Pasha, who failed to take responsibility for their decisions on expenditures. According to Cavid Bey, the best thing to do was to resign and leave them to deal with their problems. Though he had attempted to solve this problem for four days, he was tired of their cavalier attitude. Cavid Bey was able to locate money for the Marine Commission from the IOB for the Commission's debt to Deutsche Bank. He approved the loan from the IOB and decided to discuss the conditions of the loan later. The money was delivered surreptitiously.[478] Therefore, Cavid Bey planned to use the former sultan's jewelry to pay the debt. Talat Bey and Şefik Bey found this plan reasonable. The most interesting point is that the Ottoman government purchased German dreadnoughts with French money. But when it comes to the IOB, Bompard did not become angry, and the French government did not intervene.[479]

In addition to the Budget Law, Cavid Bey initiated an amendment to the General Accounting Law adopted in 1909.[480] The decree law of 1911 laid the foundations for the state's system of accounting.[481] A commission was established to formulate these amendments. However,

478 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 92.

479 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 96.

480 The Decree Law on the General Accounting (Usul-ı Muhasebe-i Umumiye Kanun-ı Muvakkatı), No: 101. 9 Rebilevvel 1330, 14 Şubat 1327.

481 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 8-11.

Mahmut Şevket Pasha opposed these changes on the grounds that he did not want the accounts brought under control of the civilian government and state bureaucrats. Cavid Bey claimed that opponents to the amendment wanted to disrupt the spirit of the law. This eventually became part of the struggle to break military tutelage over civilian governments. In the end, Cavid Bey resolved the issue by proposing to Talat Bey that he would give up the article regarding the board's auditing of the Ministry of War if, in return, Mahmut Şevket Pasha was to give up on making changes to the general framework of the law. According to Cavid Bey, though Mahmut Şevket Pasha referred to this law as a burden, it did not impede the state's military expeditions to Havran, Yemen, and Albania.

During the railway negotiations, as Minister of Finance Cavid Bey was stuck between the Ottoman government and the French Ambassador. After the Council of Ministers decided on which railway lines were to be built, negotiations began with Ambassador Bompard. However, Bompard was not satisfied with the route of the railway. He stated that the French thought that Germany was the most predominant foreign actor in Turkey. In response to this, Cavid Bey claimed, "France had raised the position of Germans in the Ottoman public sphere due to the 1910 loan issue." Bompard was also against both the British getting involved in this issue, and Ottoman shares in the construction and management of the international company that would establish the Baghdad-Persian Gulf section of the railway.[482]

Meanwhile, the British had once more disappointed the Ottoman government. The British government refused the Ottoman request to introduce income tax for foreigners.[483] This news was very disappointing for the Unionists, because implementation of an income tax for foreigners was one of the main goals of the new regime, as well as of Cavid Bey himself. The British insisted that Ottoman-German shares should not exceed more than 50% of the company established for the Baghdad-

482 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*,92, 99 and 105.

483 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 138.

Persian Gulf part of the railway.[484] As stated in secondary sources such as Bayur, Britain attempted to get involved in many other issues that they had never been interested in.[485]

In addition to dealing with international financial issues, Cavid Bey was also tracking developments in domestic politics — in particular, the New Party. The New Party had strongly criticized the Unionists for being members of parliament and ministers in the Cabinet. Talat Bey was the first target of this criticism; however, this did not last long. On April 23, 1911, the New Party announced a declaration of ten articles that limited the criteria for becoming a minister. Meanwhile, the CUP asked Mahmut Şevket Pasha to reassign Colonel Sadık to a place far away from Istanbul. He refused the Committee's request, as he was losing power in those days. In a failed attempt, the CUP tried to reconcile with Colonel Sadık. During the meeting between Sadık Bey and Talat Bey, the former accused the CUP and Unionists of being atheists, freemasons, Zionists, and self-seekers. Colonel Sadık insisted that Talat Bey resign from the government and parliament.[486] But, on April 27, Hakkı Pasha received a vote of confidence in the parliament, which was a victory for the Unionists. After this incident, upon the request of the sultan, Colonel Sadık was assigned to Selanik. Yet, the upheaval in Istanbul continued.[487]

On April 14, 1911, Talat Bey, and Dr. Nazım convened at Cavid Bey's house. Hüseyin Cahit Bey was also invited to this meeting, and together they discussed the issue of Colonel Sadık in detail. Colonel Sadık and his supporters were in the process of establishing a secret political party, and it was rumored that members of the CUP would also join the party. Cavid Bey grew angry when he learned that Talat and others knew about this secret organization for 3–4 days but did not inform him. For Cavid Bey, one of the CUP's most fundamental flaws was its lack of communication. The aim of this new opposition group was to comply

484 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 96.

485 Bayur, *Türk Inkilâbı Tarihi, II/I*, 465-510.

486 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 131.

487 Akşin, *Jön Türkler ve Ittihat Terakki,* 286-88.

with religious principles and save the government from irreligious freemasons. The first thing they decided to do was to get in touch with the CUP members and ask them to join the new party. Following this news, Cavid Bey gathered with two members of the CUP who had joined Colonel Sadık's new party, Ali Osman Bey and Habib Bey. During the meeting, Ali Osman claimed that Shaykh al-Islam was a freemason and needed to be removed from the government. Cavid Bey criticized the men, stating that people who joined opposition groups followed their personal interests rather than political considerations. Habib Bey, for instance, was someone who was angry at the CUP because his family was never commissioned during the new era. Thus, Cavid Bey disapproved of Habib Bey's complaints as they related to personal interests.[488] Cavid Bey also learned during the meeting that the New Party opposed freemasonry because they believed that the freemasons would transform the Ottoman Empire into a Republic. Cavid Bey expressed his concern about how men with such narrow-minded beliefs wanted to rule the country. He was further worried that Mahmut Şevket Pasha may play an important role in this issue.

At the end of this crisis caused by the New Party, Cavid Bey resigned from his position, and the entire incident of removing Unionist members from the government lasted for almost a month. Meanwhile, a very long negotiation process took place regarding Colonel Sadık's dismissal. Cavid Bey observed that this issue remained unresolved due to Mahmut Şevket Pasha's weakness. Mahmut Şevket Pasha reportedly told people around him, "we have no other man to replace him."[489] The same sentiment was echoed by the sultan and many others. Cavid Bey criticized and blamed all three of parliament, the party, and the ministers for this crisis. He believed that they lacked confidence and power to reach a resolution before it turned into a cabinet crisis.

Many scholars such as Kansu mention that the British Embassy often criticized Cavid Bey. The dragoman of the embassy, Mr. Gerald W.

488 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 108-10, and 140.

489 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 136.

Fitzmaurice, criticized Cavid Bey at every turn. In his meeting with Bompard on April 20, 1911, Cavid Bey claimed that Fitzmaurice should be blamed for the Sadık Bey issue.[490] The Unionists considered that the British embassy and especially Mr. Fitzmaurice had a role in the 31 March Incident. For this reason, they were skeptical about the British embassy and their support to the opposition groups against the CUP. On April 21, the newspapers began writing about Cavid Bey's resignation. However, following his resignation, he continued to be involved in political developments and the corresponding financial issues. For example, after concluding the negotiations regarding the Bolu-Adapazarı track, Sir Adam Block and Cavid Bey signed a protocol.[491]

On April 25, 1911, the U.S. Secretary of State was notified that parliament would soon discuss the Chester project. Sure enough, the grand vizier submitted the project to parliament on May 14. Following two days of negotiations, the final vote on the project was postponed until the autumn, but eventually it passed with 77 votes in favor and 64 against. On the eve of the Great War, the world's navies had begun to use oil rather than coal. The demand for oil by both industry and transportation was increasing day by day, and the Great Powers knew that Mesopotamia had massive oil reserves. This led to a Great Power struggle within the Ottoman lands. In the end, while some newspapers presented the postponement of the vote as a victory for the Germans, the Ottomans had successfully played the Great Powers off against each other.

The Chester project's mining prospects and operating concessions for the area within a 20 km radius on both sides of the railway lines would increase the importance of the Baghdad Railway contract. On the international front, the Germans protested against the project; they did

490 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi 1908 – 1913*, 215. See also: G.R. Berridge *İngiliz Gizli Belgelerinde "Yahudi Dönmesi İttihatçılar" Gerald H. Fitzmaurice Türkiye'deki İngiliz Büyükelçiliği Baştercümanı'nın Anıları*, (Istanbul: Kırmızı Kedi, 2011).

491 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 213; and Akşin, *Jön Türkler ve Ittihat Terakki, 107-31.*

not want to accept that American capital would take over the construction rights that they had fought so hard for. On the domestic front, Ottoman deputy Pastırmacıyan claimed that from whatever economic, political, or strategic point of view, the "Oriental Anatolian Railway"—which would reach Eastern Anatolia via Ankara, Sivas, Erzurum and Diyarbakır — was much more useful for the country in comparison to the Baghdad Railway. To prove this, he prepared pages and pages of cost/advantage analyses. Moreover, there were hushed discussions in parliamentary corridors of the political problems that would arise with the construction of said network in these provinces, which were partially populated by Armenians; thus, fears of a new Armenian question arose. Another more serious danger, of a spiritual nature, was mentioned: according to rumors, the said lines were to be constructed with American missionary money, with the intention to convert both Muslims and Armenians to Protestantism. At first, the Americans were attractive to the Ottoman authorities, because up until then they had never asked for political concessions but rather aimed to pursue economic interests. However, these different railway projects revealed various approaches and interests in the Ottoman political milieu. While Mahmut Şevket Pasha was asserting that nothing could be replaced with the friendship of Germany, the deputies belonging to different campshad united under the same banner. On the other hand, these projects also revealed conflicts of interest in parliament, as many of the deputies were also businessmen, contractors, or merchants.[492]

At the end of April, Talat Bey met with Sadık Bey; however, their meeting was inconclusive. On May 1, Sadık Bey had gone into exile to Selanik after the cabinet took a vote of no confidence in him. At the beginning of May, the newspapers in Selanik and Manastir published propaganda against the CUP's liberal wing, including Cavid Bey and Hüseyin Cahit Bey. As will be mentioned below, Cavid Bey would face challenging times during the 1912 campaign due to the propaganda

492 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 123-29; and Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3,* 434-42.

against him. It is worth mentioning that this kind of propaganda was effective among the conservative social strata of the Selanik province outside the cosmopolitan city center.

In light of these developments, on May 8, 1911, Cavid Bey resigned from his position and asked parliament for permission to leave for rest and medical treatment.[493] Along with him, Babanzade İsmail Hakkı Bey also resigned from his position as Minister of Education. Nail Bey replaced Cavid Bey as the Minister of Finance. Talat Bey resigned from presidency of the party and was replaced by Seyyit Bey, a moderate figure on the Committee. In August 1911, Rifat Pasha, the Minister of Foreign Affairs and MP for Istanbul, was appointed as the ambassador of the Ottoman Empire to Paris. This assignment shifted the balance in the cabinet against the Unionists. This situation caused the CUP to lose power in domestic politics and put the CUP in a dire position. But now, losing power along with the resignation of its members. Mahmut Şevket Pasha played a direct role in the rise of the opposition, according to some historians, such as Sina Akşin, as he ignored the dissidents, especially those in the army such as Colonel Sadık Bey. Mahmut Şevket Pasha's power became absolute after the March 31 Incident as he became commander of the First, Second, and Third Armies. Moreover, as of 1909, insurgences in Albania, Syria (Havran), and Yemen (Asir) made it difficult to question the position of the army within the empire according to its budget, needs, and decisions. On the other hand, Cavid Bey was challenged by Mahmut Şevket Pasha more than once, and in return, Cavid Bey threatened to resign from the cabinet. In 1910, the newspapers had covered the conflict. Even in 1911, due to the Accounting Law, the conflict between the two was ongoing. According to Akşin, it is possible that the pasha used the New Party to take revenge on Cavid Bey.[494]

After his resignation, Cavid Bey worked as a deputy in Selanik and a professor at the Faculty of Political Sciences. Based on his journals, his financial situation was quite bad. However, the propaganda campaign

493 MM Zabıt Ceridesi, Devre: 1, İçtima Senesi: 3, Cilt: 4, 3 Mayıs 1911 (13 May 1911), 438.

494 Akşin, *Jön Türkler ve İttihat ve Terakki*, 286 – 287.

against him claimed that he was a rich (and corrupt) man. It was at this time that Cavid Bey wrote that it was the educated people — not the fanatical, religious segments — who were keeping the country from advancing in the name of freemasonry and Zionism. On May 10, 1911, Cavid Bey went to the palace, and the sultan told him again that there was no one else who could do his job. Mehmed Reşat invited Cavid Bey to travel with him to Selanik.[495] His journal entry dated Friday, May 12, 1911 contains Cavid Bey's comments about what people were saying concerning his resignation. In his entry, he wrote that within the course of one week, *Tanin*, *Sabah*, *Stanboul*, *Jeune Turc*, and *Osmanischer Lloyd* had all published wonderful articles about him. During that time, he received a telegraph from a meeting held in İzmir with 10,000 people, which made him happy. German, Austrian and even French newspapers published positive articles about him, too. In terms of his resignation, the papers of the opposition had reacted variously: *Yeni Gazete* was calm, *İkdam* was aggressive, and *Sabah* was untrustworthy. Moreover, the officers in the ministry expressed their grief regarding Cavid Bey's resignation. Supporters of Sadık Bey still claimed that Cavid Bey was extremely rich. In response to this, Cavid Bey wrote, "Corruption is so widespread in these lands, one cannot even envision an honest person." Following his time in Selanik, Cavid Bey went to Büyükada, where he spent his summer holidays and stayed for a while. After two years of hard work, he felt worn out. During this period, the dispute between the newspapers *Tanzimat* and *Tanin* ended in an unpleasant decision, as Mahmut Şevket Pasha ordered the newspapers shut down. *Tanin* was then published under a new name, *Cenin*, and the new license was extended to Cavid Bey. On May 21, the parliamentary term ended after a long meeting in Cavid Bey's absence. When Cavid Bey returned to Istanbul from Büyükada, he met with his acquaintances from political and economic circles. He met with Monsieur Schwabach, the General Manager of Bleichroeder Bank, to discuss why France had not given a loan to

495 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 138.

the Ottoman Empire in 1910. As Cavid Bey pointed out, even though the French denied the loan for financial reasons, it was known by everybody that politics and finance were intertwined. He also met Monsieur Bompard, who stated that the common belief in France was that the Ottoman Empire did whatever Germany asked them to do. He added that France saw Sadık Bey and his followers as a fundamentalist movement and asked whether the CUP was going to oppose them. Bompard went on to say that the Ottoman military was also a source of concern for the French.[496]

§ 3.3 The Summer of 1911: Two Journeys in Opposite Directions

After his resignation, Cavid Bey went on two trips during the summer of 1911. First, he joined the imperial visit to Macedonia. Second, he visited the Eastern Provinces along with a couple of Unionists and a journalist from *Tanin*. Both were part of the party's political moves to increase solidarity in these two regions, which had been mired in turmoil as mentioned above. Though Cavid Bey's diaries provide us with insight into the former trip, we have little information about the latter trip, although we do know that he set off for the Eastern Provinces at the end of June. Thus, we do not have enough information to determine what he thought about the most backward part of the country in terms of development and education, as well as about the Muslim communities there.

The situation in Macedonia on the eve of the Balkan Wars (1912–1913) was precarious and dangerous due to the insurgencies that began in Albania in 1909. Though the Ottoman army had taken harsh measures to control the area, a new rebellion flared up in 1911 in different parts of Albania. The CUP was also deeply worried about the situation in Macedonia, hence the imperial visit. The plan was to arrange for the sultan to take tours of the different provinces. Though these

496 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 141 - 150.

kinds of tours were not a part of the Ottoman monarchic tradition, Sultan Mehmet Reşat had already taken two official trips to Bursa and Edirne, both former capitals of the Ottoman Empire. The expedition to Macedonia — which included Selanik, Üsküp, and Manastır — was meticulously planned by both the government and the palace. For this reason, its leaders participated in the journey, including Talat Bey, Ömer Naci, Haci Adil, Rahmi Bey, and Cavid Bey. The sultan's imperial flotilla left Istanbul on June 4, 1911.[497] Cavid Bey was also in the ship with Sultan Mehmed Reşat, his sons, and the ministers of Interior Affairs and Education. It was an exciting event for each party. As Zürcher states, this tour served four political purposes: to cement ties with the Albanian Muslim population, which was regarded by the CUP as a crucial factor in retaining its hold over the area; to strengthen the policy of the Unity of Elements of Ottomanism (İttihad-i Anasir); to strengthen the political position of the CUP, which had been losing public support and political power over the past year; and lastly, to strengthen Ottoman national consciousness through historically significant symbols that were referred to during the visit.[498] However, the imperial visit to Macedonia failed to meet most of its objectives.

That summer, Cavid Bey's schedule in Selanik was also quite busy. Cavid Bey gave a speech in the public gardens of Beşçınar — which attracted a large crowd (10,000 people according to the Unionist newspapers) — in which he called for unity between the communities and praised the CUP. Cavid Bey also attended the ceremony held for the opening of the girls' section of *Fevziye School*, where he was the director between 1902 and 1910. Cavid Bey briefly left the imperial visit to return to Istanbul, to resume his business meetings. Afterwards, he re-

497 According to Cavid Bey's diary, they departed on June 4, but according to Erik J. Zürcher's article, they departed on June 5. I have taken the date as given in Cavid Bey's diary. Erik Jan Zürcher, "Sultan Mehmet V's Visit to Kosovo in June 1911," in *The Young Turk Legacy and the National Awakening: from the Ottoman Empire to Atatürk's Turkey, ed. Erik Jan Zürcher,* (London: I.B. Tauris, 2010), 86.

498 Ibid? Zürcher, "Sultan Mehmet V's Visit to Kosovo in June 1911," 85-6, 92-3.

turned to Selanik for the final leg of the imperial visit. He met the director of Deutsche Bank, Mr. Helfferich in Istanbul, and they continued discussing the French-German dispute regarding the railways. Helfferich expressed the opinion that the negotiations between the two countries about the railways, loans, and the ports would never come to an agreeable end.[499] Helfferich's statements during this meeting are indicative of the heightened tension between Germany and France over their interests in the Ottoman Empire. Cavid Bey returned to Istanbul with the members of the Central Committee on June 30. He had a week ahead to prepare for his second trip. During this week, he met Aram Efendi, a former manager of Baghdad Foreign Affairs (Baghdad Umûr-ı Ecnebiye) who was also very close to Nazım Pasha. This meeting was featured in the newspapers with a note that the Unionists' approach was not well-received by Nazım Pasha. According to Cavid Bey, Nazım Pasha was trying to take advantage of the dispute between the Committee and Mahmut Şevket Pasha, in order to get closer to the CUP. According to Cavid Bey, Nazım Pasha was willing to be grand vizier or minister of war in a Unionist cabinet. Cavid Bey also met with M. Bompard and M. Revoil, who complained that the Germans were held in higher esteem than the French. He also met with Grand Vizier Hakkı Pasha to convey a message from the French representatives. The government decided to award the concessions of the Samsun and Trabzon ports to the British, although based on the terms agreed upon in previous negotiations, the construction of the railroads and the ports should be given to the French. This arrangement would be best for Cavid Bey.[500] The policy was obvious: whoever builds the railways also builds the ports.

On July 8, 1911, Cavid Bey departed for the Eastern Provinces. As mentioned already, his diary does not include details of this trip. We do know that he visited the Black Sea coast, Erzurum, and Van. On September 7, 1911, he returned from the trip earlier than expected due to a cholera epidemic. Like the imperial visit, this trip had been planned in

499 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 152-53.

500 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 154-55.

order to strengthen the CUP's position in the Eastern Provinces. This was seen as a way to invest in the campaign for the upcoming elections. As Erzurum MP Şahin Efendi would state during the budget talks of 1912, during his trip Cavid Bey was able to witness the low quality of life in these areas in terms of lack of infrastructure. The road between Erzurum and Van known as the "Blade Breach" (*Kılıç Gediği*) was difficult to travel.[501] This was important for Cavid Bey to see as he would soon become the Minister of Public Works.

While Cavid Bey was in the Eastern Provinces, tensions were high in the political sphere in Istanbul. On July 10, 1911, Zeki Bey, a journalist working at a monarchist paper called *Şehrah*, was killed on his way home. The murderer was a CUP member and was arrested after the incident. This made things worse for the Unionists. Furthermore, the Armenian MPs were uneasy about the CUP's policies and the Chester project, which had led to an increase in attacks levied by the Kurdish *beys* against the Armenian people in the region. Though the grand vizier was careful to select an Armenian minister in the cabinet, these developments caused the Armenian deputies to drift apart from the government.[502]

Additionally, on July 29, Britain finally submitted its proposals to Tevfik Pasha regarding the shares of the new railway company in the route between Basra and Shatt al Arab; the British position in the Persian Gulf region, particularly in Kuwait; and authorization for Egypt to obtain loans independently. According to Tevfik Pasha, Britain's requests were much more onerous than he had been expecting.[503] The Ottoman response was submitted on April 16, 1912. The whole process proceeded very slowly.

Cavid Bey returned from his travel to the Eastern provinces at the beginning of September 1911. In September, the hottest issue in the capital city is the Trablusgarp issue, whether the Italians would attack

501 MM Zabıt Ceridesi, Devre: 2, Cilt:1, 19 Haziran 1328 (18 June 1912), 616.

502 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 236-38-39.

503 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 138-40.

the region or not. On September 23, 1911, Cavid Bey came across Mr. Huguenin, General Manager of the Baghdad Railway, at the office of the Minister of Public Works. He deduced from his words on the Trablusgarp issue that the situation was worsening. The interesting thing to note here is that he learned this from M. Huguenin instead of hearing it from the CUP administrators with whom he was always in contact. The same day he also met with German Ambassador Baron von Marschall. The latter criticized the Ottoman Empire's political stance regarding Trablusgarp and explained how economic privileges should be granted. In short, much to the chagrin of the Unionists, they could not expect any support from the Germans. He also met the grand vizier with Hakkı Bey, Talat Bey, and Nesimi Efendi. At this meeting, everyone in the room understood that the Western states were leaving the CUP to deal with the Trablusgarp issue on its own. As the military was in a desperate situation, one thing led to another, and the Empire found itself at war.[504]

At the beginning of October, the ominous hum of the Tripolitanian War could be heard in Istanbul. Cavid Bey met with Hakkı Pasha, the former ambassador to Rome, about the situation at that time. The grand vizier wished to broker conciliatory solutions to maintain the peace. Cavid Bey thought that losing Trablusgarp would lead to the loss of other parts of the empire as well. Similarly, on October 14, 1911, Cavid Bey talked to then Minister of Education Abdurrahman Bey, who supported peace, and told him how the loss of Trablusgarp would be as unfortunate as the loss of Rumelia. He further asserted how he believed that the Balkan issue could be resolved through military force.[505] The main question that preoccupied both Cavid Bey and the CUP was how to protect the other regions of the empire if Trablusgarp would fall. Cavid Bey lamented the fact that he was always the one blamed for conflicts, even

504 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 159 – 60.

505 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 154.

though the CUP was the party that dealt with the military and financial burdens of the war.[506]

§ 3.4 The Tripolitanian War

Cavid Bey supported the Ottoman forces in fighting against the Italians from the beginning as he believed that the loss of Trablusgarp may lead to the loss of other regions, first and foremost the Balkans. Libya was the Ottoman Empire's last remaining territory in Africa when the Tripolitanian War in 1911–1912 broke out. Apart from its loss, the war itself held great significance for the Ottoman Empire. The war did not come as a surprise to the politicians: Italy's ambitions in North Africa and investments in the region had shown the country's intentions long before. The war had far-reaching consequences not only for the Ottomans but also for the future of Europe.[507] In terms of the Ottoman Empire, the Italian invasion of Trablusgarp triggered other conflicts in other parts of the Empire, namely, the Balkans.

Since the 1909 Raccogngi Agreement between Russia and Italy, Italy had pursued its plan to invade Trablusgarp. The Banco di Roma began making considerable investments in Libya such as railways, shipping, port development, and agricultural modernization.[508] Britain, France, and Russia, the powers of the Entente rather than Italy's allies within the Triple Alliance, encouraged Rome to take action on Trablusgarp.[509] The Italian government was convinced that it was the right time for an onslaught on Trablusgarp. On September 29, the ultimatum that Italy had delivered to the Ottoman government expired. Italian troops and

506 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 163 - 66.

507 Christopher M. Clark, *The Sleepwalkers: How Europe Went to War in 1914,* (London: Allen Lane, 2020), 242-51.

508 R. Bosworth, J., "Italy and the End of the Ottoman Empire," in T*he Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London: Frank Cass, 2005), 55-56.

509 Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 245; and Armaoğlu, *Siyasi Tarih, 1789-1914*, 611, 12, and 17.

ships were already sailing toward the Libyan coast.[510] The Unionists understood that the Ottoman government was alone. Although Italy was a formal ally in the Triple Alliance, Berlin's efforts would be inadequate to help the Ottoman government.[511]

According to Halit Ziya, chief secretary to the sultan, the night of the invasion was unforgettable.[512] Hakkı Pasha had sent a message to Halit Ziya to approach the sultan before he went to sleep. Halit Ziya stated that Hakkı Pasha was no longer optimistic and that he had run out of options in asking for help. Hakkı Pasha's plan was simple: he had already asked Sait Pasha to come to the palace to consult him. Everybody was aware that it was impossible to win the war; moreover, the war could spread to other regions. With the help of the sultan, the plan proceeded as follows: Hakkı Pasha resigned, and Sait Pasha became grand vizier after the outbreak of the Italian War on September 29, 1911.[513] The Ottoman government responded to the ultimatum on the same day, informing Italy that it would not accept such an invasion but would tolerate Italy's economic facilities in Trablusgarp. The Ottoman Empire's military was weak due to the insurrections in Albania, Macedonia, and some of the Arab provinces. When the war began, there were only a few thousand soldiers in Trablusgarp. It was also not possible to send more troops to Trablusgarp after the war broke out due to the Italian navy presence in the Aegean Sea. The route between the Empire and Libya was also closed because Britain had declared Egypt's neutrality. Italy thought that the war would not take too long, but this is not how it panned out. The Italians could not proceed inland, and the Turks could not clear the Italians out of the coastal region. The Ottoman Empire sent its leading military staff — the likes of which included Mustafa Kemal, Enver, and Ali Fethi Bey — to Trablusgarp to engage in guerrilla warfare

510 Bosworth, "Italy and the End of the Ottoman Empire," 56.

511 Ulrich Trumpeter, "Germany and the End of the Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire (2016)*, 128-29.

512 Uşaklıgil, *Saray ve Ötesi*, 510 – 515.

513 Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3*, 121.

with the local tribes.[514] Enver Bey immediately left Berlin, where he had been a military attaché since 1909, to organize resistance in Libya.[515]

As mentioned above, Cavid Bey supported, at least publicly, the Ottoman Empire entering the war against the Italians. On October 29, 1911, Cavid Bey sent a letter to Winston Churchill, First Lord of Admiralty, whom he had met in London in 1910. Halide Hanım (Edip Adıvar) translated the letter into English.[516] His letter emphasized the necessity of cooperation between the two countries in the war and was meant to strengthen relations between the Ottoman Empire and Britain. The letter coincided with the memorandum of Tevfik Pasha, Ottoman ambassador to London, to ask for British support in the war on the side of the Ottoman Empire. The memorandum proposed economic concessions to Italy, which would be approved by the British, in return for the Ottomans' territorial sovereignty in Trablusgarp. While Cavid Bey's letter to Churchill was sent on behalf of him and, implicitly, the CUP, the note of the Sublime Porte and Cavid Bey's letter overlapped.[517] Churchill's response to this letter was mentioned in a note in Cavid Bey's journal on Saturday, November 25, 1911. Churchill politely turned down the offer and emphasized that Britain would maintain its neutral position in the war. Cavid Bey did not reply to this letter and went on to the next issue.[518]

Meanwhile, the outbreak of the war in Trablusgarp rescued the CUP from its shaky political position. If not for the war, the CUP could have

514 Armaoğlu, *Siyasi Tarih, 1789-1914*, 622.

515 Kieser, *Talaat Pasha: Father of Modern Turkey, Architect of Genocide*, 112. It is worth mentioning that the Tripolitanian War had brought about a novelty in the field of military: this was the first war to see aerial bombardments. The military searchlight was not a completely new piece of technology. Nonetheless, it was a high-tech weapon that figured prominently in contemporary accounts of the Libyan War. Clark, *The Sleepwalker: How Europe Went to War in 1914*, 243.

516 Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 186.

517 Bayur, *Türk Inkilâbı Tarihi, II/I*, 177, 78, 79, and 82.

518 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 195.

completely lost power in the face of rising opposition.[519] As mentioned above, Sait Pasha became grand vizier after the outbreak of the war and remained in power until July 15, 1912. The Unionists, who had a Jacobin character, had been trying to oust Sait Pasha since 1908; however, in 1911, they held tightly onto him like a life buoy as their power was weakening. In 1910, Cavid Bey and *Tanin* publicly pressed Sait Pasha over his tax obligations. Cavid Bey investigated Sait Pasha's tax loan when he became Minister of Finance in 1910 and accused Sait Pasha of avoiding paying his public debt. A committee was sent to his mansion and seized some of his belongings. Sait Pasha responded to the accusations, and paid his debt.[520] At that point, the CUP was not aware that they would need him, and my best guess is that Cavid Bey could not foresee that he would work with him again in the future. Unfortunately, though, while they tried to carry out the procedures according to the principles of equality, accountability, and transparency, the rigid character of politics drove them to different positions.

Following the establishment of the new cabinet, Cavid Bey continued to follow his routine and schedule. Cavid Bey met with Mr. Stead, a member of the Peace Association, to end the war in Trablusgarp on October 14, 1911 at the Pera Palace Hotel. Stead, who believed that the Italians should be forced to go to the Permanent Court of Arbitration in The Hague, made an interesting comparison to Cavid Bey. In London, there were rumors about how Cavid Bey and Chancellor of the Exchequer Lloyd George resembled each other in disposition. Nonetheless, Stead believed that there was a difference: while Cavid Bey always responded in a keen and cruel way, Lloyd George preferred gentler answers. It is possible to gain insight into Cavid Bey's arrogance and straight style here.[521]

519 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 136.

520 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi,* 120-21.

521 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 164-65.

On October 15, 1911, the parliament began the new legislative year with fierce and heated debates. The opposition's target was the withdrawal of the Sait Pasha government. Their aim was to appoint Kamil Pasha as grand vizier. On the night of October 16, 1911, some of the Armenian deputies from the parliament — Pastırmacıyan, Varteks, and Zöhrap — gathered at Cavid Bey's house with Talat, Hakkı and Halil. Though they discussed politics, the Armenian MPs also made their concerns known about the CUP's chauvinist attitudes. The topics discussed during this meeting would prove meaningful for Turkey in the upcoming years**.** According to the Unionists, the state faced two threats: fundamentalism and territorial integrity. As a matter of fact, as of 1911, the Armenian MPs began constituting an alternative group that would gain strength in 1913 and 1914. After the government's program was read out in parliament on October 18, 1911, the Tripolitanian War became a matter of discussion. In his notes, Cavid Bey commented that the parliament did not have the power or strength to handle this issue. Moreover, he added that the parliament did not know what to do about it.[522]

At a meeting on Wednesday, October 25, 1911, Sait Pasha declared his pro-peace stance. He was concerned that the war would go on and spread to other parts of the Empire. He was also concerned about the fact that the heirs to the throne now had the upper hand due to the old age of the sultan. In contrast, Cavid Bey stated that he was confident of victory in a tone mixed with determination, boldness, and delusion. He declared that the Ottoman Empire's intentions were to establish a governorship in Trablusgarp that was loyal to the sultan. An Ottoman garrison would also accompany the governorship.[523] For a politician who was in charge of economic policies and risk management, the fact that his predictions were so wrong indicates that he likely did not follow the local situation closely and thoroughly enough. Kieser claims that "Ottoman Libya had become an absorbing symbol of Ottoman patriotism and militant resistance against imperialist Europe. This unfortunately dis-

522 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 164 - 76.

523 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 182.

tracted even bright minds like Cavid's, not only from the main challenges and back-breaking work at home but also from fundamental interrogations of Ottoman versions of imperialism."[524] However, I do not fully share Kieser's ideas in terms of Cavid Bey's stance, because first of all, as a Unionist, his opinions were mostly parallel with the CUP's while addressing foreign representatives. Whenever he disagreed with his colleagues and grew angry with them, he wrote it down in his diary. In terms of the Trablusgarp issue, I assume that Cavid Bey looked at the picture from the perspective of the entirety of the Empire. He had just recently made two trips to the west and the east, which were the most problematic regions during that period. He noticed the fragile and volatile situation in the region and knew that losing Trablusgarp would trigger the loss of the Balkans. In the end, he turned out to be right.

Meanwhile, the opposition was able to establish a political party with a liberal character. The important figures of this opposition party were Ferit Pasha, Lütfi Fikri, İsmail Hakkı, Mahir Said, Sıtkı, and Rıza Nur.[525] As the Liberal and Entente Party (*Hürriyet ve İtilaf Partisi*, hereafter LEP) was founded on November 21, 1911, Cavid Bey filled the pages of his journal on this day with his opinions about the new opposition party. He spoke with many people whom he saw frequently about this issue, such as Zöhrap Efendi, who thought that the LEP was even worse than the Ottoman Liberty Party. Everyone seemed to be uncomfortable with Prince Sabahaddin and Ali Kemal stepping into the political arena.[526] Although five MPs affiliated with the CUP had transferred to the LEP, the party only had around 70 members, which was not adequate to establish a new government.[527]

On Friday, December 8, 1911, Cavid Bey met with Talat Bey and Hallaçyan Efendi at Asım Bey's house to discuss the memorandum received from Russia on the "Straits Question." The memorandum covered

524 Kieser, *Talaat Pasha: Father of Modern Turkey, Architect of Genocide*, 116.

525 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 175-76.

526 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 198.

527 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 269.

the following points were saving the Ottoman state from its commitments concerning the railways in the Black Sea Region; jointly determining the routes of the railways toward Van and Bitlis; Russia's consideration of projects related to the economic and financial benefits for the Ottoman government; the Ottoman government's willingness to open the Straits to Russian ships and offering a common defense policy under a possible attack on the Straits; preserving the status quo on the Straits; issuing the agreement to the Great Powers after signing the agreement (according to Cavid Bey, this was a fait accompli); drawing up an article on legal capitulations. While Asım Bey, Minister of Foreign Affairs, wanted to turn down Russia's demands, Cavid Bey thought that it was worth negotiating. According to Cavid Bey, the government should discuss the railways and economic capitulations; however, it remained an open question as to how Russia could help in the Balkans. The issue of the Straits was key to Russia being able to traverse all waters freely, and for this reason, the Straits were a European issue. The German ambassador clearly stated that approving this request was a matter of war for both Austria and Germany. This was also out of the question for Britain. Russia seemed to be a protectorate of the Ottoman Empire in the event of possible attack.[528] What is interesting is that almost a year before the Italian attack on the Çanakkale and the invasion of the Dodecanese, Russia had released a memorandum primarily concerning the Straits.

An election was held in Istanbul following Rifat Pasha's assignment as Ambassador to Paris on December 11, 1911. The competition between the CUP and the LEP became clear during this election. Tahir Hayreddin — who was the son of former Grand Vizier Hayreddin from Tunis — was nominated by the LEP. The CUP's candidate was Memduh Bey, the Minister of Interior Affairs. Although Memduh Bey was very confident about his position, Tahir Hayreddin won the election by a narrow margin. According to Cavid Bey, it was the CUP's first electoral defeat. He noted in his diary that since the March 31 Incident, he had nev-

528 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 204.

er been as sad as he was then. After the election, a smear campaign was run claiming that Tahir Hayreddin was one of the spies (*jurnalci*) for the palace during the Hamidian Era. He also admitted that he was a spy for the palace during this period. According to Cavid Bey, Tahir Hayreddin's certificate of election was illegally approved, and when it was announced, none of the Unionists were present. Cavid Bey criticized both Tahir Hayreddin and the CUP and compared the CUP with the Tower of Babel where no one could understand each other.[529]

In his writings from January 8–29, 1912, Cavid Bey recounts the abolition of the parliament and the senate, which he claimed was due to the CUP's defeat. In the days that followed Tahir Hayreddin's election, chaos ruled in parliament. The CUP had a difficult time controlling its members. The most frightening part was the power that the opposition gained within the party. Under these circumstances, the CUP decided to change Article 35 of the Constitution and to renew both elections and the cabinet. This meant that, in 1909, through constitutional amendments, the CUP made great strides toward parliamentary governance, giving the regime a democratic character. But when the Committee could not control parliament, including its deputies, the Unionists decided to change the system in favor of executive power. Though what they had done was completely legal, the move lacked legitimacy. For this reason, they lost public support. Cavid Bey also believed that the CUP's positive image was damaged due to its inability to efficiently accomplish tasks, a matter that annoyed him. In general, he was disturbed by its lack of principles and work ethics and thought that the party would be buried in irresolution and incompetency.[530]

Almost a year before Selanik fell, the city had become both an internal and international issue. The Central Committee of the CUP was still located in Selanik. The Unionists were discussing whether or not to relocate the Committee to Istanbul. Even the British Embassy got involved. Cavid Bey's decision was to keep the head office in Selanik, par-

529 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,*208.

530 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 221-26.

ticularly because of the upcoming elections; however, Selanik's situation was becoming increasingly critical and fragile. On the one hand, the CUP exiled some officers such as Colonel Sadık Bey to Selanik. On the other, the conservatives and *ulema* began to increase their facilities in the province, similar to what the church used to do. As Cavid Bey stated, the nominees for the 1912 election were not selected based on merit; rather, the CUP supported and prioritized those candidates who would support the change to Article 35[531] of the Constitution.[532] The main task of the Unionists was amending this article, even though it was the opposite of what they had done in the summer of 1909. The CUP thought it could fight the dissidents in parliament by making it easier to adjourn it.

As mentioned before, Cavid Bey's diary mainly focuses on his work rather than people. Sometimes he gives space to some minor incidents about people. There was one about Yusuf Akcura, the father of the national economy and his competitor in the intellectual field. But it should be noted that issues such as rivalry in those days did not mean hostility between people. While people might take positions at opposite ends of the spectrum, they still kept in touch. Yusuf Akçura visited Cavid Bey's house with Sahir on the evening of Saturday, February 2, 1912. At that time, Yusuf Akçura wanted to run as a CUP candidate. Cavid Bey said that he would pass this wish on to his friends, and that he would be happy if this happened.[533] The abovementioned incidents concerning relations with the press and the news about Yusuf Akçura's inclusion into the party signal the fact that Cavid Bey was quite influential in the CUP.

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531 Constitution Article 35: This article defined the authority of the Sultan to dissolve the Parliament when the Cabinet and Parliament would have a conflict between them. The approval of the Senate was necessary for the dissolution of the Parliament. The amendment of the CUP aimed to change the last condition: the approval of the Senate. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*; and Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3*, 200, 16, 89, and 494.

532 İttihat ve Terakki, *Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3*, 230. See also: Tanör, *Osmanlı – Türk Anayasal Gelişmeleri*,198 – 202.

533 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 234.

At the beginning of 1912, he had a heavy workload, working between the CUP, parliament, the palace, and Sublime Porte. For example, the government asked for his knowledge about issues such as the Baghdad Railway agreement and invited him to give conferences at the CUP's clubs. He accepted breakfast and dinner invitations and met people such as Sir Henry Babington-Smith, M. Revoil, and Mr. Lowther, at Circle D'Orient, or in private mansions.[534] Cavid Bey was a key part of both domestic and international politics during this period. When the government could not stop the amendment of Article 35, Sait Pasha resigned on December 30, 1911, but was then reassigned the following day. The sultan adjourned the parliament until the election to be held in the first month of 1912. Meanwhile, the government continued to work as a caretaker government. Though some neutral MPs aimed for reconciliation, it was fruitless. In the end, some Unionists — such as Talat Bey, Hacı Adil, and Sait Halim Pasha (President of the Council of State) — entered the cabinet. This meant that Mahmut Şevket Pasha partially yielded power to the Unionist ministers. Akşin states that this was because of the closure of parliament.[535] But I argue that Mahmut Şevket Pasha had solved his most important problem with the CUP already: the budget issue. According to Cavid Bey's diaries (February 10–17, 1912), Nail Bey, then Minister of Finance, was getting close to resigning due to the budget issue. However, instead of resigning, he came to terms with Mahmut Şevket Pasha and gave an 8.5 million Liras subsidy to the Ministry of War as well as allowing them to appoint an accountant.[536] It could be argued that Mahmut Şevket Pasha had already solved his main problem with the CUP, and for this reason, he did not attempt to prevent the Unionists from entering the cabinet.

534 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 243.

535 Akşin, *Jön Türkler ve Ittihat Terakki*, 303.

536 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 242.

On February 18 1912, Cavid Bey was appointed Minister of Public Works, which also overlapped with the election period.[537] He was called to the palace by the first secretary and met with Sait Pasha there. The decree related to the assignment that was given to him. Cavid Bey stated that Sait Pasha looked sick and tired, leading him to become a bit pessimistic about his health. He also had a positive, hour-long meeting with Sultan Mehmed Reşat. That was the first time that Cavid Bey had become Minister of Public Works. The main issues that he would deal with in this position included the following:

- Railways: (i) The Black Sea line (French capital); (ii) The Adriatic line (French); (iii) The Chester Project in Anatolia (American); (iv) The Baghdad-Basra line (British); (v) the line connecting Ankara with the Samsun-Sivas line (German)
- Ports: (i) Samsun and Trabzon under survey; (ii) the large harbor at Dedeagac (Alexandrapouli — lost to Greece in the Balkan Wars); (iii) a small port at Kavala; (iv) the enlargement of Selanik; (v) the ports at Jaffa, Haifa, and/or Trablusgarp
- Irrigation: (i) Contract for Mesopotamia to be opened to bids; (ii) plans for the Adana region as well as for the rivers Bardar, Boyana, Maritza, and the Jordan
- Highways: 9,655 miles to be constructed in four years.

Cavid Bey expected that provincial governors would mobilize local resources to carry out small projects. During February 1912, a note sent from the Russian Embassy in Paris to the French Ministry of Foreign Affairs reestablished the talks between France and Russia. They asked to research two kinds of railway routes, approaching the Ottoman-Russian border or not. They also wanted to investigate the financial dimension of the two kinds of routes. During the talks, the Ottoman Empire's domestic affairs were in turmoil. The line spanning Samsun-Sivas-Çalta-Erzincan-Pekeriç-Trabzon would be subject to long negotiations, which

537 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 242.*;* and Pakalın, *Maliye Teşkilatı Tarihi (1442-1930),* IV, 238.

would be carried over later into the 1913–1914 talks. It was planned that the line would be completed in 8–10 years. As Count Vitali stated, the Russians had consented to the construction after realizing that it would take a long time. They did not want a railway line close to the Russian border. Therefore, they willingly consented to the lines that ran from the shore inland. For them, a railway line from Ankara to the eastern part could not go beyond Pekeriç. Due to the Balkan Wars, the negotiations stopped and were delayed until the end of the war in 1913.[538] According to Count Vitali, such a line, which would cross Northeastern Anatolia, would be expensive and hard to build due to technical difficulties.

The pages of Cavid Bey's journal dated February 28, 1912 reveal his commentary on the ministry's workflow, as well as the current events of the day. Through these passages we are able to shed light on his capacity and potential as an administrator. He observes while hiring officers that the rules of awarding jobs based on competition and compatibility were never followed. He inspected processes such as filing, and ordered officers to work night and day to overcome operational deficiencies. These details indicate that he was serious, principled, and implemented his own system wherever he was in charge. The same day, he mentioned important news from Selanik. For the first time, a Greek mayor was elected, and the newspapers opposing the CUP had created a storm over this situation.[539] The CUP was accused of imprudence and recklessness. This situation came as a warning for everybody. In the next pages of Cavid Bey's journal, we see that Selanik comes to the fore several times and that he was closely tracking the situation over there. He heard from Ismail Bey and Abdurrahman Bey, who came from Selanik, that the Muslim community in particular was stupefied by the fact that the mayor was Greek. They feared that the next step was electing a Greek MP in the upcoming parliamentary elections. We can tell from the notes in his diary that the atmosphere in Selanik was not as peaceful and safe as the

538 Bayur, *Türk Inkilâbı Tarihi, II/I,* 493-510.

539 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 256.

year before. He received letters from other provinces that expressed dismay over what was happening in Selanik. Cavid Bey himself thought that the CUP had failed to manage its affairs well.

In March 1912, Musa Kazım Efendi Shaykh al-Islam wrote a declaration subjecting Muslim women to a strict dress code based on Sharia law. Secularism was one of the most important issues during the Second Constitutional Period, and Cavid Bey wrote that the declaration left a negative impression on the secular intelligentsia. Cavid Bey was both distraught and angered with the fact that Emrullah Efendi, one of the CUP's leading figures and Minister of Education, praised Shaykh al-Islam. Cavid Bey believed that women were negatively affected at the end of these popular political controversies. According to Shaykh al-Islam those measures were taken because the dissidents were going door-to-door telling people that wearing hats would become the norm and that the CUP would ban the hijab. Whereas Cavid Bey was against this sort of act, the people living in the city of Negvan-Langaza in Selanik province also claimed that they supported Sharia law after a dispute with military officers. This place was the birthplace of Sheikh Ömer, leader of the LEP in the region. These incidents were taken very seriously, especially since they happened only two hours away from the center of Selanik. These acts were considered to be a result of the opposition's influence in the political sphere.[540]

The parliament was called back into session on January 17, 1912 for the elections in three months. The news related to the election was announced in the press next day. The elections were to be held on two levels. The first one was to be held at the end of February and the second level was to be held in April. As a matter of fact, the election period went on so long. Meanwhile, Cavid Bey was assigned as the minister of public works on February 17. Cavid Bey's agenda was again very full, because this time he had to both pursue his work as the minister and on the other hand, he had to contribute to the campaigning during the election pe-

540 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 286-87.

riod in both Istanbul and his polling district Selanik, where the situation of the CUP was not as strong as it had used to be.[541] His campaign started very successfully in Istanbul, where he gave speeches at the CUP clubs in various neighborhoods such as Beşiktaş, Kadıköy, and Süleymaniye. In Beşiktaş, he gave two speeches due to public demand. As an impressive spokesman, a wizard with words, people loved to listen to him, and he was always able to gather crowds to listen to him speak. The organization of the *ulema* against the CUP proved to be quite effective, particularly in the rural areas of Selanik province. It was suggested that they should change his polling district; however, he did not accept this offer. Cavid Bey visited Selanik April 5–13, 1912, right before the elections.[542] He gave public speeches in favor of the CUP in many different locations including Langaza. He also joined the inauguration ceremony of a train station in Selanik. His speech targeted socialism. He believed that his speech had a negative impact on socialist circles due to the media coverage it received. Selanik was one of the Ottoman cities where socialism was adopted among the workers due to its industrialized economy, and port facilities.[543] This is another example of his anti-socialist commentaries. Another time, he wrote in his diary about a speech he gave at the Süleymaniye Club in Istanbul, where he addressed workers and underlined the importance of labor. Afterwards, he explained why he had adopted an anti-socialist approach.[544] These comments made by Cavid Bey, who believed in a liberal economy, should be used to evaluate his economic views as well as the status of socialism both globally and locally. In his speeches, Cavid Bey criticized Selanik as well. First off, he mentioned how bizarre the elections were, even in a city as civilized as Selanik. He also stated that the city was rather poor in terms of high-ranking military and government officers. According to

541 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 297.

542 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 296-98.

543 Ilham Khuri-Makdisi, *The Eastern Mediterranean and the Global Radicalism, 1860-1914* (California: University of California Press, 2010), 135-164.

544 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 240-41.

Cavid Bey, the main reason for this situation was the CUP's policy of exiling high-ranking officials from the city. Since Selanik was considered to be the center of the CUP, the city became the focus of opposition parties and fundamentalists. One of the main factors was that the CUP sent people into exile mainly to Selanik. As the CUP organized in the city in the pre-revolution period, the opposition strengthened itself in the city. This was beyond the projection of the Unionists. He mentioned in particular how the high-ranking soldiers behaved in a hostile manner toward the CUP in Selanik.[545] During the election period, he continued work at the ministry and complained about its disorganization and lack of a modern filing system, education, and authority. Another problematic issue, according to him, was the lack of qualified human resources. In effect, the implications and consequences of the Severance Law were not what he expected. It had a negative impact on institutional organization in terms of human resources. Meanwhile, he was working on a new loan agreement, the extension of the Régie, reconciling the Baghdad-Persian Gulf section of the Baghdad Railway according to the demands of the British, public works, and the railway agreement with the French. He worked at the ministry until midnight every day.[546]

Cavid Bey met Mr. Delaunay, representative of the French government, on April 20, 1912.[547] The French government asked him to reach a definitive agreement on the Samsun-Sivas railway line. They did this because the Russians would not permit a deal that would extend further than Sivas, based on the requirements in the 1900 Agreement.[548] Russia was the deterrent factor on the Eastern Anatolian lines due to this agreement. Cavid Bey also thought that his meetings with M. Bompard and M. Delaunay would pose a problem with the Russians in terms of the Eastern Anatolian railway lines; however, he believed that the

545 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 298.

546 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 252-56.

547 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 307.

548 Armaoğlu, *Siyasi Tarih, 1789-1914*, 627.

French government was trying to cover its own interests in case they fell out with the Russians.[549]

In the meantime, on 16 April 1912, the Ottoman government submitted the Ottoman proposals covering the Baghdad Railway in writing to the Foreign Office. The new package of British proposals was submitted on April 24, but the negotiations were interrupted because of the Balkan War. New talks began later during the London Conference in 1913.[550]

While the war with Italy was still ongoing, the cabinet discussed the possibility that the Italians could cross the Çanakkale. According to Cavid Bey, the measures in place to prevent such an attack were still not in place. Though the ministers did not think that it was possible for the Italians to cross the Çanakkale, they decided that the best course of action if such an attack were to occur was to stop the Italians in Istanbul.

The 1912 elections were known as the "election with the stick" due to the violence and intimidation used by the CUP to ensure its majority in parliament. As a result, the new chamber was an obedient instrument of the Committee, with only a handful of opposition candidates being elected. Though the CUP won a victory, it was of legitimation. For this reason, Colonel Sadık Bey and some of his friends totally cut their losses with the CUP and in May and June 1912, Colonel Sadık Bey and his friends established a new group called the Savior Officers (*Halaskâr Zabitan*). Very soon, they would demand the resignation of the government and threaten an armed intervention unless the CUP complied.[551] The Savior Officers had contacts with rebellious military officers in Macedonia, and in the Entente Party, and significant figures such as Prince Sabahaddin and Nazım Pasha. Their aim was to dethrone the CUP and to reestablish the government without the Unionists. Their other aim was for the military officers to stay out of politics.[552]

549 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 313.

550 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 140-44.

551 Zürcher, *Turkey: A Modern History,* 103.

552 Ahmad, *Ittihat ve Terakki, 1908-1914 (Jön Türkler)*, 154.

Cavid Bey was aware that the state's income needed to increase, and that the peasants' quality of life needed to improve. When he became the Minister of Public Works in 1912, he initiated a project on the irrigation of Mesopotamia. Deutsche Bank began conducting a massive research project around Adana province to look for new investments, hoping to create a second Egypt in the region.[553] Cavid Bey traveled to Adana for the inauguration of new train stations on the Adana-Mersin railway line from April 24–29, 1912.[554] According to his diary, the CUP had opened schools in some significant cities, which were quite important for both education and mobilization. Cavid Bey stopped by the city of Konya on his way to Adana and met the students there. Similar schools could be found in Tarsus and Adana as well. Cavid Bey also spoke to the students there about the current economic situation. During this trip, Cavid Bey visited not only Adana but also Tarsus and Mersin. Upon his arrival in Mersin, people publicly hung banners in the streets and carried signs demanding a seaport. Although Cavid Bey had promised the construction of a seaport, he told people not to expect the state to provide everything for them and praised the entrepreneurship, industry, and art in the city. On the train, he met notables from the city and listened to their complaints about the sale of the Çukurova Farm to a French company. They complained, "If we knew about it, we would raise the money, 350,000 Liras (to outbid the French)." Cavid Bey noted that the amount of money was not easy to collect, as the farm had already been sold to foreigners. While these anecdotes do not constitute definitive proof, they do support the argument that the center-local communication in decision-making processes was not perfect; decisions were made mainly from the center. In the same vein, we can observe important differences between central and local interests: the center acted pragmatically when in need of monetary resources, and the local acted to preserve local and religious concerns. In short, the fate of the farm had been determined by Cavid Bey's liberal economic policies for

553 Eroğlu, *Ittihatçıların Ünlü Maliye Nazırı Cavid Bey*, 172.

554 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 314-18.

the time being. He also paid a visit to an Armenian orphanage in Adana and noted that there the handicrafts made by widows and orphans were being purchased by the Americans. He left Adana on April 28, 1912, and arrived in Istanbul in record time, 41.5 hours.[555]

Accoring to Parvus Efendi, during 1911 and 1912, gross income had increased 30% compared to 1907/1908, rising to 242,792 Liras.[556] Cavid Bey's contribution to this was obvious, as the projects mentioned above were compatible with the economic approach of the Committee's liberal wing to which Cavid Bey belonged. According to this group, the Ottoman Empire did not have adequate means such as capital and technology to establish industries of its own. Any state effort to establish industries under the aegis of the public sector would be fruitless. However, the country had untouched forests and underground treasures, which became more appealing given the cheapness of land and labor as well as the fertility of the land. These factors favored agricultural expansion. According to Cavid Bey, the state should not attach an addition to the budget or raise taxes just to protect industry or agriculture.[557] Though if industry and agriculture clashed with each other, the state would need to choose agricultural development.[558]

On April 18, 1912, The Parliament was opened and Cavid Bey continued his office as the minster of public works. His salary was 15,000 piastres. On May 23, after Nail Bey resigned, he also became the deputy minister of finance. Nail Bey resigned due to the pressure of the military expenses. Cavid Bey continued to manage the economy full-fledged till the resignation of the Sait Pasha government on July 9, 1912.[559]

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555 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 318.

556 Parvus Efendi, *Cihan Harbine doğru Türkiye*, 114-26.

557 Eroğlu, *Ittihatçıların Ünlü Maliye Nazırı Cavid Bey*, 171-73.

558 Toprak, *Türkiye'de Milli İktisat, 1908-1918,* 335.

559 Eroğlu, *Ittihatçıların Ünlü Maliye Nazırı Cavid Bey*, 53;
BOA. İ__DUIT__00008_000056_002_001.
This document from the private secretary of the palace (*mabeyn-i humayun*) informs us that Cavid Bey will take the office of the ministry of finance as its deputy. BOA. I__DUIT__00008_000029_001_001.

Meanwhile, the war with Italy was in full swing and the turning point came when Italy attacked in Ottoman waters. On April 18, Italian gunboats bombarded the two outer forts guarding the entrance to the Turkish straits. This was a symbolic demonstration on the part of Italy rather than a real blow to the enemy's military strength. The Ottoman government responded by closing the straits to neutral commerce. Ten days later, there was another naval attack on the Dodecanese Islands, which lasted from April 28 to May 21, 1912, with the Italians eventually seizing control of the thirteen islands. After a lull, the Italians stepped up the pressure in July, sending eight submarines into the straits. The closure of the straits became a question between Istanbul and Petersburg. But this time, the Ottoman government was determined to distance the Russians from the straits and the government laid mines in the straits.[560] The Ottoman government also issued a harsh response by deciding to deport the entire Italian community within its borders. At that time, the Italian population in Istanbul was around 20,000, and the overall Italian population in the Empire had reached 50,000.[561] Salem Efendi, who had Italian origins and was working closely with Cavid Bey on several financial matters, was asked to leave Istanbul. Although Cavid Bey talked to Talat Bey and stated that Salem Efendi was a great help to him, Talat Bey insisted that there were no exceptions. Cavid Bey was frustrated by the way Salem Efendi was treated considering his contribution to financial affairs.[562]

Some members of parliament as well as Talat, Emrullah, and Prince Sait Pasha gathered at Cavid Bey's house on the night of May 11, 1912. Cavid Bey had differing views than the general opinion on two matters

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According to the document, Sait Pasha, the grand vizier, announced that Cavid Bey will take the office of the ministry of finance as the deputy due to the resignation of Nail Bey.

560 Clark, T*he Sleepwalkers: How Europe Went to War in 1914,* 248-49; and Armaoğlu, *Siyasi Tarih, 1789-1914*, 622.

561 Armaoğlu, *Siyasi Tarih*, 1789-1914, 323.

562 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 329.

concerning Trablusgarp. First, he thought that the battle ought to continue until the end. He believed that any peace offer that would give Trablusgarp to Italy and Benghazi to the Ottoman Empire should be rejected, although he did not go into detail on this matter. Second, his opposition to the deportation of the Italians put him in the minority opinion again. He wrote that exceptions should be made for the Italian clergymen working for the government. Three days after this discussion, the grand vizier began negotiations on a peace offer coming from the Austrian ambassador. Although the war raged on, it was nevertheless decided that the government should assess peace offers coming from Europe.

The Minister of Finance Nail Bey adopted many policies compatible with those of his predecessor. But there was huge pressure on him. First, he also had discussions with Mahmut Şevket Pasha due to the latter's persistence not to bring the Ministry of War under the control of the Ministry of Finance. Second, the lack of cash money was quite stressful for Nail Bey. On May 21, 1912, he presented his resignation to the grand vizier.The following day, Cavid Bey got in touch with Salem Efendi and asked him to find out to what extent their European partners could provide them with financial aid in the event he took office. On May 23, 1912, the imperial decree went out related to the deputation from the Ministry of Finance.[563] Around 6 pm that day, Cavid Bey took office to begin his active duty as Minister of Finance.[564] Bedros Hallaçyan became the Minister of Public Works as the successor to Cavid Bey.[565]

Cavid Bey met M. Bompard on Saturday May 25, 1912 to discuss the Tripolitanian War, among other things.[566] As Italy had captured the Dodecanese, Maurice Bompard stated that recapturing Trablusgarp and Benghazi was no longer an option for the Ottomans. He remarked that the Ottomans needed to focus their attention on the activities carried

563 Cavid Bey, Meşrutiyet Ruznâmesi I, 227,330, 345, 346, 349.

564 Pakalın, *Maliye Teşkilatı Tarihi (1442-1930)* IV, 238.

565 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 344.

566 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 357.

out by the Russians and Albanians in the Balkans and that hard times lay ahead for the country. At this point, Cavid Bey again asserted that the abandonment of Trablusgarp would destroy the country, and that Trablusgarp and Benghazi should not be given away. He added that it was not so easy for the Empire to perish, but that if it did, many other countries and nations would go down with it. Cavid Bey declared that such pressures on Trablusgarp and Benghazi would lead to immense xenophobia in the country following the war and that it would harm Europe the most, France in particular.

Cavid Bey's notes on May 27, 1912 paint a comprehensive picture of the general state of the Ottoman Empire's economic affairs. From this, we can further observe that the state's tendencies begin to take a different course under the influence of the CUP. On this day Cavid Bey notes that the company did not accept his corrections to the contract of the port of İzmir. He was irritated by the company's unwilling attitude. Again, on the same day, we get a glimpse of what he thought about the state's independent stance regarding financial administration. He declared to M. Weil from the Régie Company that he would not allow the company's contract to be extended, unlike Nail Bey had. He also noted that the French felt bad about Nail Bey's departure from office, namely because under Cavid Bey's administration, Ottoman interests would be prioritized over those of the French.

As Cavid Bey was in search of a loan worth 1.5 million Liras, Weil told him that the Régie Company would provide him with a loan of only 200,000 liras as a snub for not extending the deal with the Régie Company. Although the Ottoman government was trying to build a more independent economy, the financial situation at that moment did not fully permit it. It seemed that Western countries were not willing to allow this to happen, which is why they opposed the loan requests. Hence, Cavid Bey expressed to Weil that it was illogical to get 10 million liras into debt to France in order to obtain a loan that was worth 1 million. He complained about the problematic obligation of pleasing the foreigners and added that the Germans objected loudest to the situation with the Régie Company. Two days later, Cavid Bey sent Cahit Bey to M.

Révoil, chief of the IOB Istanbul office, to talk about the matter of advance loans.

The Unionists considered introducing a war tax for the Tripolitanian War in the form of a rise in the sale price of salt and alcoholic beverages. Cavid Bey discussed this with both Révoil and Block, asking for the latter's approval. We can deduce Cavid Bey's agenda by looking at his account of the meeting of the Council of Ministers in early June 1912.[567] He was working on loans and had hopes for a positive response from the bank. He stood firm on his decision not to extend the duration of the agreement with the Régie Company. He defended the war tax based on the conviction that another loan would not be possible in the near future.

Sait Pasha, Emrullah, Nesimi, Talat, Ziya Hayri, Dr. Nazım, and Mithat Şükrü gathered at Cavid Bey's house on the evening of Wednesday, June 5, 1912. They were pessimistic about the amendment to Article 35. Close friends of the Unionists such as Hallaçyan were also against this amendment. Although unrest in Selanik continued, Sait Pasha and Talat Bey stated that the government should change its mind about the amendment. Dr. Nazım spoke about Hüseyin Kazım's (the Unionist governor of Selanik) insolent behavior of engaging in counter propaganda against the CUP. This anecdote became significant in the sense that it signalled the situation in Selanik on the eve of the Balkan Wars.

On Wednesday, June 12, 1912, Cavid Bey wrote in his journal that the revenues had been collected from Istanbul and the provinces, and that the total sum reached 1 million Liras. He scoffed at the words of the former Minister of Finance, Nail Bey, who said, "We only have enough money left for four days," and thought that the tide was turning in matters of finance. But as the gap between income and expenses was narrowing, there was in fact only 200,000 Liras left in the Treasury, which had been borrowed from the Régie Company. Thus, on Sunday, June 16,

567 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 364-80.

1912, Cavid Bey's legislative proposal for the war tax was approved by the Council of Ministers.

That same evening, Cavid Bey hosted members of the Central Committee and ministers. They discussed at length the Tripolitanian War and decided to continue the battle with perseverance and resolution. However, Cavid Bey began to believe that this was not going to bring victory. He was taken aback by those who still hoped that Trablusgarp and Benghazi would be handed back to the Ottomans. The invasion of the Dodecanese was possibly a breaking point for him. After this incident, he lost hope—if he had really ever had any at all, that is.

Based on what we can glean from Cavid Bey's journals, his schedule seemed to be quite busy during the month of June 1912. He was preoccupied with certain issues such as the ongoing Tripolitanian War, negotiations regarding loans and advance payments, the Manastır (Bitola) Incident, projects such as railway construction (like the Black Sea, Syria-Hejaz, and Rayak-Leda lines), and El-Cezire. The war tax was also one of the top issues on his agenda.

The OPDA and mainly Britain were pushing Cavid Bey on several issues, specifically the perilous financial situation and excessive military expenses. The amount of military costs was one of the major concerns of creditor nations and foreign institutions; they did not like the fact that the loans given to the Ottomans were being funneled into military expenditures. On the other hand, the War Office kept asking for money without even the slightest cut, which could have been easily made. Sir Adam Block, on behalf of the OPDA, had cornered the Ottoman Bank and Cavid Bey in order to make a provision for OPDA revenues. M. Revoil, Chief of the IOB Istanbul office, considered giving the concession of the Black Sea railway construction to the French and asked whether Russia would be fine with the section in Van. Cavid Bey had to explain to him that it was not the Russians but the Armenians who might object to the project.[568]

568 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 387 and 407-08.

An important financial and economic gain during the Second Constitutional Era was the rise in tax rates. In fact the Germans, mainly Deutsche Bank, agreed on the increase of tax rates for salt. The events transpiring in Manastir (Bitola) and Albania were the Empire's most intricate internal problems at the time. The Albanian riots were in part caused by the CUP's increased taxation, recruitment, and centralization policies, such as the introduction of Latin script in Albanian schools. While the riots were spreading and gaining strength, the Ottoman soldiers who were members of the Savior Officers also participated in the riots. Cavid Bey was deeply affected when he heard from the Ministry of War that nearly 100 soldiers had defected and taken to the mountains. He thought that this was not a simple act of mutiny.

The advance payment contract was signed with the Ottoman Bank on Monday June 24, 1912. The advance payments kept coming and coming. Different advances were under discussion for different reasons, such as an advance for the Yemen issue or another one for the roads that were to be built.[569] Meanwhile, the Unionists were able to amend Articles 7 and 35 of the Constitution,[570] which gave the sultan the right to adjourn and dissolve parliament. The amendment was approved by parliament on June 24, 1912. Though rumors followed about a reshuffle of the government, nothing happened in this regard.

The Tripolitanian War remained one of the most important issues on Cavid Bey's agenda in the second quarter of 1912. For Cavid Bey, there were two significant aspects. First, the war was a matter of discussion and negotiation during the loan discussions with foreign institutions; second, Cavid Bey was one of the decision makers in this process, as he was very involved in domestic politics and actively participated in meetings on the war. In fact, Cavid Bey was a member of

569 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 409-10.

570 If there was a dispute between the government and the parliament on an article and if the government insisted on its claim and the parliament rejected it by a majority vote the government would be reshuffled or a new election would be held within four months. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 344-45.

the newly established war committee in the Ministry of Foreign Affairs. Although Enver Pasha declared to the committee, which consisted of the Ministers of War, Navy, Internal Affairs, Foreign Affairs, Post and Economy, that the war would continue for two more years, this declaration contradicted the news coming from the front. Neşet Bey wrote that the time for a truce had already passed as they fired the last cannons and urgently needed to come up with a solution. The only thing that the committee could do was to send Prince Sait Pasha to Britain and France.

On 27 June 1912, Cavid Bey met with the French envoy, M. Bompard, who told him that the Ottomans had lost Trablusgarp and Benghazi. Cavid Bey responded that they did not believe they would lose Benghazi, even though they had surely lost Trablusgarp. He further said that they would lose them both in the long run but that meanwhile damage would continue to be inflicted on the enemy as much as possible.[571] What is interesting is Cavid Bey's sharp statements on these sorts of military and political matters given that he was a civilian. His character as a statesman never faltered in foreign affairs.

For sure, the most important matter that would arise for Cavid Bey over the summer of 1912 was to immediately find money for the state, which only had enough until July 10.[572] During the meetings between the Ottoman Bank and the Régie, the company tried to impose political pressure on the CUP as it did not want to extend the term for the Régie, which was about to end. M. Weil, who was looking for loans in Paris on behalf of the Régie, had written to Cavid Bey that they faced a great deal of opposition about advance payments. It was understood during the meetings with the ministers of economy in Paris, Vienna, and Berlin, that the reason was that the Régie's period was not to be extended. According to Cavid Bey, Weil put the Régie's agenda back on the table in an attempt to bribe him with an advance.[573] This issue would be part of the discussions until the CUP gave in toward the end of the Balkan Wars. M.

571 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 410-14.

572 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 429-31.

573 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 412-13 and 16.

Révoil stopped by Cavid Bey's office to ask him about the state's debts before leaving for Paris. Like Weil, he also told him that it was difficult to find money. Cavid Bey stated that he expected a response by July 10, the day the Treasury would run dry.

As Kansu states, a series of incidents paved the way for the resignation of Mahmud Şevket Pasha government. On June 25, 1912, a group called the Safeguard of Land (*Muhafaza-i Vatan*) headed by Tayyar Bey in Manastır sent a telegram to the government with a list of demands. Their demands included joining the Albanian revolt and the trial of the Hakkı Pasha government, along with Talat, Cavid, Hüseyin Cahit, Ömer Naci, Dr. Nazim, Babanzade Ismail Hakkı Bey, and Rahmi (Arslan). Also on the list of demands was a ban on the CUP's political activities. A group of high-ranking soldiers had supported the Albanian revolt, which had turned it against the CUP. The Savior Officers also delivered their message to Nazim Pasha. The list from the Savior Officers also demanded the resignations of Cavid Bey, Talat Bey, and Mahmut Şevket Pasha as well as the closure of the Committee and dissolution of parliament. When this was heard, Mahmut Şevket Pasha recalled parliament in a plenary session in order to approve legislation prohibiting any kind of political activity for military officers.[574] Although parliament passed the bill, it could not save the government. As Cavid Bey pointed out, it was too late.

These developments paved the way for the government's resignation. On June 30, Mahmud Şevket Pasha (Minister of War), Mahmud Muhtar Pasha (Minister of Navy), and Talat Bey, Prince Said Halim Pasha, Cevat Bey,[575] and Cavid Bey attended a meeting in the residence of the Minister of War. First, they discussed the Tripolitanian War. Cavid Bey stated that it was as if during this meeting the cabinet was trying to legitimize their position against the General Staff, since there was a serious difference of opinion between the cabinet and the military. Although morale was low and ammunition was almost depleted, the cabi-

574 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 350-53 and 55.

575 Chief Representative and Vice President of the Commander in Chief, Staff Officer.

net refused to accept this and carry out the peace settlement. During a meeting of the cabinet, the issue of Manastır came up. Cavid Bey complained that nothing had been done, even though nine days had passed. This was a conflictual matter between Mahmut Şevket Pasha and the CUP. Cavid Bey in particular seemed frustrated with Mahmut Şevket Pasha for two reasons: the punishment of only two soldiers following the insurrection and the case of Galip Pasha, an enemy of the CUP who had withdrawn from Selanik and returned to active duty. Cavid Bey expressed these thoughts to Mahmut Şevket Pasha in person. That night, Cavid Bey's friends from the Central Committee and the cabinet gathered at his house. Cavid Bey and a couple of others believed that Mahmut Şevket Pasha should resign from his position, and this idea was supported by a vote. Meanwhile, Talat and Haci Adil were meeting with Mahmut Şevket Pasha, who claimed, "I'll resign the moment the bill is passed in the Parliament and the Senate."[576]

576 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 418-19.



Figure 3.4 Cavid Bey and his his friends. From right to left: Krikor Söhrap Efendi, deputy for Istanbul, Varteks Serengül, deputy of Erzurum, Hüseyin Cahit Yalçın, deputy for İsyanbul and Cavid Bey's very close friend, Mehmed Cavid Bey, deputy for Selanik, Bedros Hallaçyan, drouty for Istanbul, Bimen Şen (Der Ğazaryan), composer, an unknown person. Aras Yayıncılık (@arasyayincilik), "A photograph depicting the II. Second onstitutuional Period with prominent Armenian politicians and Unionists together." Twitter photo. 8 October, 2020. https://twitter.com/arasyayincilik/status/1314132086731792385

§ 3.5 The Budget of 1912

Before I mention the 1912 budget, I want to first discuss the important developments that took place in 1912. At the beginning of the fiscal year in March, the Decree Law in the General Accounting Law had come into force. This was the new version of the General Accounting Law of 1910 prepared by Cavid Bey. In 1911, he made some amendments to the law that also influenced legislation in this area during the Republican Era.

This decree law was also adopted in 1927 under the title "Fiscal Management and Control Act, No: 5018" and was implemented until 2006. This is one of Cavid Bey's main legacies in terms of financial regulation. Before going into details, I would like to wrap up details of the story from the beginning and touch on the points that might be missing from the previous chapter.

As emphasized above, the budget of 1909 — which was based on the principles of generality and unity — was prepared according to the basic rules of the budget of 1863–1864. In preparation for the 1909 budget, there was a need for a general accounting law. Important provisions that encapsulated principles related to a contemporary budget and accounting were first included in the 1909 budget. Thus, the concept of the modern budget and its implementation were a concept from the Second Constitutional Period. The most important person who initiated, prepared, and implemented this law was Cavid Bey. With the 1909 budget, state revenues distributed to other departments were transferred to the ministry of finance. The OPDA's income and expenses were also included in the general budget, as were the state's income and expenses. Only some special institutions were excluded such as The General Directorate of Foundations (*Evkâf)*, The Department of Border and Coastal Health (*Hudut ve Sevahili Sağlık*), et cetera.

Meanwhile, Cavid Bey made another contribution to Turkey's financial history. In 1909, Cavid Bey analyzed the accumulated documents that were related to state accounts under the Ministry of Finance's supervision. The Ministry of Finance prepared *The Financial Statistics* (*Ihsaiyat-ı Maliye)*, which depicts the state's financial situation during the preceding 23 years between 1887 and 1909. In particular, the document provides detailed figures and explanations related to all tax and non-tax government revenues and government debts for the period in question.

Cavid Bey sought to establish the principles of the budget and legally enshrine them in Ottoman law. The General Accounting Law was based on French Accounting Law of 1862, and the financial provisions were approved by the parliament on June 6, 1910. This law included calculating gross revenues in the budget, determining allowances for each state

department, and implementing regulations that prevent state departments from increasing their expenses through special income. In short, the law set out the rules for implementing the budget based on the principles of generality and unity. Furthermore, it also stipulated the budget's format concerning its content, appendices, and tables. Along with Cavid Bey, a team led by M. Charles Laurent, the French consultant at the ministry, contributed to preparing the law.

This was the first time the budget was explained in detail. Under the General Accounting Law, the Minister of Finance became the sole examiner of the state's revenues and expenses. All proceeds, except those from the OPDA, would go to the treasury. As a rule, all expenses would be paid by the treasury under the authority of the minister and his accountants. In other words, the financial officers were to be the key actors in state finances. As discussed in the previous chapter, their salaries had become a big issue during the budget talks. However, Cavid Bey succeeded in awarding accountants the highest salaries among state employees. The new regulations insured that all of the state's income and expenses were included in the accounting records of the treasurers affiliated with the finance minister. It became possible to continuously monitor the state budget's income and expense accounts on a monthly and annual basis.

Cavid Bey had made an amendment the following year. The amendment was completed on February 27, 1911, and came into force at the beginning of the fiscal year (March) of 1912. In 1910, while Cavid Bey was reorganizing the financial structure, the task of preparing "the general account of the treasury" (*hazine hesab-ı umumisi*) was given to the Directorate of General Accounting. Later on, this concept was added into the General Accounting Law in 1927. During the Second Constitutional Period, only the final accounts of the years 1910, 1911, and 1912 could be issued. Political insurgencies and wars prevented the government from following these basic regulations and measures taken for financial reform. However, the Constitution provided the government with power to issue decrees. With these decrees, the government was able to issue

appropriations as it wanted and put the previous year's budget into effect the following year.

After this summary, we can now proceed to discuss the 1912 budget. On July 2, budget talks began in parliament under the provisional name "The Draft Law of The Budget of 1912" (*1328 Senesi Bütçe Kanun Layishası*).[577] Cavid Bey presented this budget, but as he pointed out, it was prepared while Nail Bey was the Minister of Finance. Because parliament had adjourned, the budget of 1911 was simply used for 1912 instead of preparing a new one.[578] At the beginning of his talk, Cavid Bey's key message was as follows: "if you prioritize the interest of the state, then you might hurt your friends; but if you prioritize your friends' interests, you would be very welcomed but disregard the state's interest." After this message, he asked his colleagues (members of the cabinet) to ask for fewer allocations. The country was in a difficult situation, and the cabinet's constant demands could not be met all at once. As was typical of Cavid Bey's speeches, he began by mentioning previous budgets, to help bring the audience up to date with the new measures and steps taken. He started by discussing expenditures, which increased annually. As he stated, the current expenditures were 34 million Liras. He asked the ministers to withdraw their demands for new allocations. The main point here is that due to the dissolution of the parliament in January 1912, the previous budget was accepted by decree instead of issuing a new budget for 1912. Therefore, the expenditures were mostly from the previous year. The data from the two budgets did not match. The government showed each item's expenditure as less than it should have been in 1912. This was not compatible with the Court of Accounts. He stated that Nail Bey's intention was to prevent the ministers from spending money. However, unfortunately, they had received allocations via supplementary allowances. In the first quarter alone, their expenditures were almost 36 million Liras. He mentioned that the General As-

577 MM Zabıt Ceridesi, Devre: 2, Cilt: 1, 19 Haziran 1326 (2 July 1912) 585.

578 Erdoğan Öner *Osmanlı Devleti 1912 Yılı Hazine Genel Hesabı ve Kesin Hesap Kanunu Tasarısı* (Ankara: Maliye Bakanlığı, 2009), 209.

sembly's expenditure was 10,000 Liras more than the previous year. He warned his colleagues that they should ask themselves — not him — why this had happened. Due to the Tripolitanian War, the allocations to certain state offices such as the postal service had increased. He was very content with the Court of Accounts. Though their expenditure had increased, the auditing process had proceeded successfully. In general, he gave priority to three different institutions: the military, navy, and finances.

Cavid Bey pointed out that revenues had increased each year since 1909 in parallel with expenditures. He complained about the lack of a proper census. The revenue obtained from tithes was 6,260,000 Liras in 1908 and increased to 7,353,000 Liras in 1911. The general revenue had increased from 26.5 million Liras in 1909 to 28 million in 1910 and to 30 million in 1911. In 1912, he utilized a different methodology while calculating revenue: until 1912, he made calculations based on the average of the preceding three years. But in 1912, he used the data only from the previous year. The state's estimated revenue for 1912 was 30,514,000 Liras. He was quite optimistic about this rise, since revenue had increased despite the war. But, he said, the state's revenue would not be able to meet expenditures if they could not find new sources of income such as the 4% increase in customs duties, the patent tax, and the consumption tax. The foreigners who complained about the budget deficit needed to take this into consideration. Even the 4% increase in customs duties would not be enough to cover expenditures.

According to Cavid, 1911 was a good year: there was no war, and there was money in the treasury due to the loans taken out in 1910 and 1911. Though he was criticized for this loan, he argued that taking out the loan then was the right decision. In 1912, the Ottoman government received advances from the IOB. The IOB was quite helpful during this period since the stock exchange markets were closed to the government due to the war. The total amount of the loans was 140,950,000 Liras. He stated that by the end of 1911, approximately 15 million Liras had been paid off, while 115 million Liras remained. The largest debts were due to the Baghdad Railway, the Soma-Bandirma line, and the Yemen rail-

way. According to Cavid Bey, the 115 million that remained was not a massive amount of money for a country like the Ottoman Empire that had a huge territory full of above- and underground resources. Even during a war, they were able to pay off 1 million Liras in debt. Cavid Bey was against taking out loans to cover daily or unnecessary expenses. He announced that he would secure a loan of 20-30 million Liras for large investments soon. After the war, he foresaw that the state's revenue would increase and that they would first close the budget deficit and thereafter appropriately utilize the loans for public works such as by raising revenues and consolidating funds.

The value of Ottoman funds decreased after the Tripolitanian War. However, afterwards, it increased again, though not to pre-war levels. The most valuable Ottoman fund was the Ottoman Loans Union (*Düyun-ı Mübadele-i Muvahhade*). Its value was 93 francs in August 1911, 82 francs in September, and 91.55 francs in February 1912. He thought that, despite the war, the rate of reduction was not so bad. Cavid Bey wanted parliament to pass legislation in this regard such as the Law of Floating Loans. This legislation was to repay the state's debts to about 1 million of its citizens. One of the key issues was the Régie. Due to its expiration date, Cavid Bey filed with the OPDA to abolish it. According to Cavid Bey, a monopoly on tobacco controlled by the government instead of the existing private monopoly would be the most profitable structure. The Council of State (*Şura-ı Devlet*) was examining the draft law.

Some of the MPs criticized Cavid Bey on certain issues such as the inadequacy of public works, the methodology of tax collection, and failing to establish the railways using Ottoman capital — which was impossible, according to Cavid Bey. Also on the agenda were massive, problematic projects such as El-Cezire.[579] Cavid Bey focused on the Régie issue during the last months of his time in the ministry in 1912. He worked closely with M. Weil, although in his journals he admits that he

579 MM Zabıt Ceridesi, Devre: 2, Cilt: 2, 19 Haziran 1326 (2 July 1912), 614-616.

was irritated by him from time to time. He was particularly bothered by Weil's character and his pushy and manipulative techniques. The main issue was that France and Germany had begun railway negotiations, while the Ottoman government was to raise customs duties by 4% and determine the partition of the railways in Ottoman lands. The Régie company wanted to renew itself, and in doing so, went through complex negotiations, since it was in urgent need of money from the Ottoman government for its own interests. M. Weil pushed Cavid Bey during the negotiations and eventually stated that the French no longer wanted to give an advance that they had already asked for. The amount of the advance was 500,000 Liras. The government had already taken 200,000 Liras of it, and negotiations were still ongoing for the remaining 300,000 Liras. The Régie Company forced the government to ensure solid guarantees for the loan. In the end, Cavid Bey emphasized that they were in the midst of a war and would not have asked for the renewal of the Régie agreement if they had trusted in the future of Turkey and the Ottoman nation. Cavid Bey stated that the government did not need 300,000 Liras from the Régie.

Cavid Bey participated in the meeting of the Central Committee (CC), which decided to ask Mahmut Şevket Pasha for his resignation. While there were many reasons for this, the main reason was due to Mahmut Şevket Pasha's inability to quell the Albanian riot in Manastır and his reluctance to punish Colonel Sadık Bey. During the meeting, an issue related to the El Cezire project had bothered Cavid Bey. Rahmi (Arslan) had claimed that they had lost money because of Cavid Bey's obstinacy on the project. According to him, he wanted Karasu (Emmanuel) to profit from this project. Cavid Bey explained that the loss of money was due to the agreement signed between Jackson and Nazim Pasha. He warned them against getting involved in something they did not know about. After the meeting of the CC, Cavid Bey and Asım Bey met Nazım Pasha at Asım Bey's house. Nazım Pasha had several conditions for removing Sait Pasha and Mahmut Şevket Pasha from their positions as soon as possi-

ble.[580] The meeting was inconclusive. It seemed as if Nazım Pasha was humoring the Unionists, who were trying to hold onto power.

During those days, Cavid Bey had a heavy workload that included state affairs, meetings, inaugurations, etc. In the evenings, he met with the Unionists from the CC or the party to try to find the best solution for the course of events. Everything was rapidly changing, and they were developing contingency plans. But a new piece of news would change everything. Indeed, everything was changing in an expeditious manner. The flow of incidents determined the politics and economy between 1908 and 1913.

On July 9, 1912, the CC and party representatives decided that Mahmut Şevket Pasha should resign, and if he would not agree to resign, they would find a solution to force him out. However, when they were in the meeting, they heard that Mahmut Şevket Pasha had already resigned. According to Cavid Bey, the resignation was due to the weakness of his character, which came to the forefront during difficult times.[581] His resignation was related to a domestic crisis that covered many folds. At last, he could not handle the situation of both CUP and also its opponents.[582] The Unionists learned about his resignation as they were offering Hurşit Pasha the position.[583]

The following day, as always, Cavid Bey was extremely busy. First, he met with Mr. Huguenin, the Chief of Anatolian Railways for the Mersin port, Greek border, and Ankara, which the Russians had opposed. Cavid Bey asked M. Huguenin if there was an article related to Turkey in the Potsdam Agreement. They were both unaware of whether the agreement contained an article related to Turkey rather than Iran. M. Huguenin wrote a letter posing this question to Mr. Gwinner, an administrator at Deutsche Bank, to which the latter later responded that there was nothing in the agreement related to Turkey. That same day, parlia-

580 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 423-24.

581 Mehmed Cavid Bey,*Meşrutiyet Ruznâmesi I*, 424.

582 Naim Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse,* 182.

583 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 424-26.

ment began negotiations on the war tax, which the opposition strongly opposed. Cavid Bey also criticized the CUP's stance during these meetings; the bill was applauded in unison at the beginning, but later when the discussions shifted to the articles, the rhythm and collaboration left centre stage to the fierce discussions.[584]

§ 3.6 The Government Crisis, July–August 1912

After Mahmut Şevket Pasha's resignation on July 9, Nazım Pasha became the favored candidate for war minister who had sympathy and a positive reputation in the army. In effect, the Unionists had already appealed to him, hoping to find a swift solution to the crisis. Cavid Bey mentioned the conditions put forward by Nazım Pasha to become Minister of War: a general pardon, ending the state of emergency, meeting Albania's demands, holding powers of supreme military command as well as control of the war ministry. The CUP supported the punishment of soldiers who had taken to the mountains, keeping the military out of politics, and reforming the military. Nazım Pasha's demands, especially the last named, were unacceptable. Cavid Bey asserted that there was room for manoeuvre. Abdullah Pasha was then considered for the position. Meanwhile, the cabinet's possible resignation was mentioned in political circles.[585] If the government could not find a new Minister of War, the cabinet had to resign.

For the month of July, Cavid Bey stayed on Büyükada, as he did every summer. Cavid Bey received a message to go to parliament on Sunday, July 14, 1912, although there had been no session scheduled for that day. He realized that Abdullah Pasha had not accepted the government's offer — marking the beginning of a cabinet crisis. Although Cavid Bey wrote that he would not be able to make it because of a lack of transportation, Talat Bey told him to come no matter what time it was. Both the

584 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 426-27.

585 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 429-31.

Ministers of Interior Affairs and Foreign Affairs suggested the cabinet's possible resignation. In parliament, Cavid Bey argued that the impact of this decision would lead the county into great financial disarray. Tevfik Pasha was the only candidate left for grand vizier, and it was uncertain as to whether he would accept the position. It would take 15 days to form a cabinet; although in the meantime government funds would be sufficient, the new cabinet would not have any money left to pay wages. Cavid Bey said that he would not continue his position as finance minister, since the poverty of the state would become apparent: he did not want his reputation to be tarnished. He stated he had taken on his position amid very difficult times, and that he had persevered so that the cabinet would not be forced to step down. That night, there was a meeting at party headquarters. Cavid Bey stated that the first objective was preventing the cabinet's resignation. Many of his friends agreed with him. While they were in the meeting, good news arrived: Muhtar Pasha had accepted the position of Minister of War. He wanted to see the CUP members the following day. This was a positive development as the continuity of the government was now ensured.

The following day, Cavid Bey went to a meeting at Talat Bey's house. Manastır and Albania were among the main topics as were Trablusgarp and Benghazi — although the most urgent matter was securing a Minister of War to ensure the survival of the cabinet. However, as mentioned earlier, things were developing rapidly. Unknown to the cabinet, Mahmut Muhtar Pasha had negotiated with Nazım Pasha and thus stipulated the same conditions as him. The following day, Cavid Bey was quite busy and preoccupied all day with an article about keeping the old budget valid until the new one passed the Senate.[586] Hurşit Pasha stood before the sultan and resigned by saying that he was working as Minister of War out of obligation. Sait Pasha was frustrated by this news, and he resigned that night. The palace accepted his resignation, and by imperial decree, the cabinet remained as a caretaker government. Accord-

586 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 431-33.

ing to Cavid Bey, Hurşit Pasha and Asım Bey were responsible for the cabinet's resignation. Cavid Bey said that they were victims of a bluff: we paid the emotional price for not working with the people who were not on the same side as us.

On July 15, 1912, Sait Pasha and Asim Bey had given speeches in parliament on the impact of the turmoil in the country and its consequences for the international platforms. Two days later, on July 17, 1912, parliament gave a vote of confidence to the Sait Pasha government, 194 to 4. In spite of this, Sait Pasha resigned. Later, the sultan asked him, "they (the Unionists) trusted you, why did you resign?" Sait Pasha replied by saying, "They trust me, but I don't trust them."[587] Cavid Bey thought that the resignation had upset parliament; he added that the people who had recently given their vote of confidence were spiteful as they did not know the truth behind the resignation.[588] The Unionists' conciliatory stance was insufficient as they were unable to fill the most vital cabinet posts.[589]

The next day, Cavid Bey refused to participate in the opening ceremony for the Kırıkkilise Railway due to the cabinet's resignation; nevertheless, he kept on working. He met with M. Huguenin on the matter of the Selanik Central Station. He managed to get the war tax draft bill passed at the Senate and brought to a conclusion an issue regarding income tax.[590] The following day, the newspapers wrote that Hurşit Pasha, Hadi Pasha, and Nazım Pasha had appeared at the palace. Cavid Bey was unable to make any sense of it, and he had received no further information since he had been on the island. But the breaking news arrived quickly: the Italians had launched torpedoes in the Çanakkale overnight. Cavid Bey felt responsible for this and wrote:

587 Türkgeldi, *Görüp İşittiklerim*, 55.

588 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 434-35.

589 Turfan, R*ise of the Young Turks: Politics, the Military and Ottoman Collapse*, 182.

590. Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 435-36.

"They wanted to take advantage of our distraction, domestic conflicts, and the disorder of our military."

Later, news came that Hurşit, Nazım, and Hadi Pashas had visited the palace to submit the soldiers' petition concerning the adjournment of parliament and punishment of soldiers who contributed to the Albanian revolt. Cavid Bey wondered how these three could possibly implement discipline in the army. Furthermore, the government had been stirred by the statement Ismail Fazıl Pasha had sent addressing the Albanian community. It was quite difficult to comprehend who was who and who was against what.

On July 20 Cavid Bey presented a letter to the cabinet that addressed the grand vizier including the question of his resignation. While Sait Pasha kept quiet on the matter, Cavid Bey sensed that he would be more content if he did not resign, so he dropped his resignation threat. Cavid Bey spoke directly with the grand vizier since the expression "absence of a qualified Minister of Finance" in the resignation letter led to numerous rumors. Cavid Bey met Talat Bey and Hacı Adil Bey. They were bothered by the disorder within the ranks of the soldiers and the written statement. They immediately wanted a new cabinet to be formed, so that they could leave the government. The topics at the meeting were as follows:

- Negotiations between Said Halim Pasha and the Italians: Although Said Halim Pasha was informed that he could not continue the negotiations, they could still potentially reach an agreement.
- The Albanian issue: The situation was getting worse by the day, with revolting soldiers and helpless commanders. The Albanian people were concerned, and soldiers were sending telegrams to Istanbul. Cavid Bey said, "This is Mahmut Şevket Pasha's army." The commander-in-chief was irresolute and fearful. They had wanted to send in more troops; however, none could be found anywhere.
- A coup d'etat: Hurşit Pasha had suspected that there could be a coup d'état, but there were barely 50–60 soldiers involved. Hurşit Pasha said that he had been wrong.

■ Offering Tevfik Pasha the position of grand vizier [591]

The sultan's nominee for grand vizier was Tevfik Pasha, who was then the ambassador to London. But he put forward some reasons to justify Tevfik Pasha's rejection. Then, under Kamil Pasha and Hüseyin Hilmi Pasha's association and contribution, Gazi Ahmet Muthtar Pasha established a government on July 22, 1912.[592] Cavid Bey was content about Tevfik Pasha's rejection, because due to his extensive time spent in Europe, Tevfik Pasha was utterly ignorant and not at all familiar with the Constitution and the constitutional monarchy. He said that it was a shame to have previously put men like this in such important positions.[593] Political events and uncertainty were immediately echoed in economic relations and advance payment contracts. Cavid Bey had an appointment with Mr. Nias from the Ottoman Bank on Monday morning, July 22, 1912, for an advance payment of 250,000 Liras. However, Mr. Nias had already met with Reşid Saffet (Atabinen), a financial consultant who was close to Cavid Bey, and told him that the sum would be given in tranches due to the current political situation.

The opposition's candidate for grand vizier was Kamil Pasha. It turns out that Gazi Ahmet Muhtar Pasha's intention all along was also to hand the position over to Kamil Pasha.[594] Cavid Bey declared that the way in which this was handled would tarnish the country's name and reputation. Ziya Pasha became the new Minister of Finance and was assigned by the grand vizier for the sole reason that he knew how to keep an account book. The rest of the ministers were also arbitrarily chosen. Cavid Bey stated that the CUP was heavily defeated, according to public opinion. The representatives were puzzled at and critical of the CUP. Cavid

591 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 437-40.

592 Türkgeldi, *Görüp İşittiklerim*, 49; and Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 182-83; and Tunaya, *İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarihi, 3,* 140; and Akşin, *Jön Türkler ve Ittihat Terakki*, 325; and Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 365.

593 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 440-41.

594 Türkgeldi, *Görüp İşittiklerim*, 54.

Bey stated that now with Asım Bey out of office, his efforts amounted to nothing, because according to Cavid Bey the ones responsible for the fall of the cabinet were the ministers of Interior Affairs and Foreign Affairs.[595] Cavid Bey made a comparison between that day and the past year on the anniversary of the Revolution. It is possible to see what the future would bring by looking at his journals. Although martial law was finally abolished on July 24, 1912 after it had been in force since the 31 March Incident, this was somehow not satisfactory.[596] Subsequently, a political campaign against the CUP was carried out by the press. The newspapers that praised Kamil Pasha and Cemaleddin Molla accused the CUP of supporting a despotic regime, such as was seen during the Hamidian regime. It was claimed that the CUP oppressed conscience, freedom, and the press. Cavid Bey wrote that when you see such levels of corruption and injustice, one becomes pessimistic about the future. For him, they were too blind to see that it was the country that was shaking, not the CUP.[597] Meanwhile, the CUP was going through financial difficulties. With no more than 500 lira in its coffers, Cavid Bey met M. Huguenin to ask for a 20,000-lira loan in exchange for the Unionist (*Ittihad*) Garden in Selanik. To spite the CUP, the newspapers published the fact that the CUP had withdrawn "100,000 lira."

Another rumor working against the CUP was about a potential coup d'état. When Cavid Bey went to parliament, the atmosphere was chaotic. First of all, political and professional resentment of the Savior Officers publicly surfaced as soon as the freedom of the press was restored. For the first time the "Program of the Savior Officers," which had been circulating secretly prior to the resignation of Sait Pasha, appeared in certain newspapers. Their immediate demands — such as the dissolution of parliament and holding new elections — were intended to intensify the current anti-Unionist trend and were put forward to procure "… the observance of the fundamentals of real constitutionalism in the Govern-

595 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 441-42.

596 Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 184.

597 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 442-43.

ment administration." The Saviors wanted to turn society against those who had become prominent in restoring the constitution. The document implies that what this disillusioned group needed was just too difficult to obtain under the regime of the Unionists and their main supporters, the officer corps. On the evening of July 24, 1912, what are known as the "red-sealed letters" signed by the Savior Officers were received by officials such as the Chief Secretary to the Sultan Halid Ziya Bey[598] and the President of the Chamber Halil Bey. The letter to Halil Bey incited important developments. The Saviors threatened the president's life as revenge for his "harmful" and "underhanded" activities. They further warned him not to attempt to obstruct "… the dissolution of the present Chamber of Deputies or, more accurately, the Club and Theatre of Fındıklı, which constitutes the most important (and) just demand of the military…" According to Turfan,

> "Their derogatory reference to Parliament as a nightclub-cum-theatre seems to have derived from their resentment of the ineptitude and bickering of the politicians and from the soldiers' natural desire for coercive politics."[599]

This letter became the reason why everyone was afraid and expected the soldiers to swarm in to conduct a military coup: but no one arrived.[600] Halil Bey responded to the threat by reading the letter out loud on the floor in the chamber. Halil Bey, Talat Bey, and Seyyit Bey had given speeches underlining that they were ready to die for the Constitution. These talks solidified the government's legitimacy, especially since it had been backed by the army.[601] Over the next few days, the struggle

598 Halid Ziya Bey was dismissed on July 31, 1912 through the pressure of the government. The sultan accepted it without grace. Ali Fuat Türgledi was appointed instead of Halid Ziya as the Chief Secretary. Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 186; and Uşaklıgil, *Saray ve Ötesi: Anılar*, 600-12.

599 *Turfan, Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 184-85; and Cavid Bey, Meşrutiyet *Ruznâmesi I*, 185-86.

600 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 444.

601 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 376.

to keep the parliament open or to dissolve it was the main focus for both sides. One night, Talat Bey and Cavid Bey paid a visit to Hüseyin Hilmi Pasha to find out whether or not the parliament had been dissolved. Talat Bey and Cavid Bey suggested a parliamentary recess instead of its abolition. Hüseyin Hilmi Pasha stated that due to the severity of the news from Albania and the army, the dissolution of the chamber was absolutely necessary. As they left the meeting, they realized that the decision to dismiss the parliament had already been made. They also learned that Abdurrahman Efendi, who was known as a corrupt partisan member of the LEP, had become Minister of Finance (he would take on this role again in 1918).[602] The government's program, which was prepared and presented by Hüseyin Hilmi Pasha, was basically one giant complaint against the CUP. Hüseyin Hilmi Pasha insisted on calling a vote of confidence the same day. Though many deputies asked to have a voice and Gazi Muhtar Pasha agreed to postpone the vote (after being persuaded by Cavid Bey), Hüseyin Hilmi Pasha put the government program to a vote. Cavid Bey cast a "red" vote, which meant "no" to the government's program, because he was not given permission to take to the floor to voice his opinions. The reason behind this rush was the government's intention to amend Article 7 of the Constitution. The following day, Cavid Bey personally told Gazi Muhtar Pasha that they were not on the right track. Thereupon, Gazi Muhtar Pasha took him to the Chamber of Ministers to talk. Cavid Bey told him that the cabinet was not objective and mentioned the fact that Nazım Pasha, the Minister of War, and Kamil Pasha, President of the Council of State, supported his argument. Gazi Muhtar Pasha responded by saying that they had appointed Nazım Pasha because the CUP had called upon him. He added that Tevfik Pasha had been abroad for 25 years, and apparently, he was an appropriate nominee for this position. Cavid Bey suggested that there should be a parliamentary recess instead of adjourning it. But Hüseyin Hilmi Pasha, who was called there by Gazi Muhtar Pasha, stated

602 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 444-45; and Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 186.

that this was an irreversible decision, and that parliament would be adjourned until the new election. The sultan complained[603] and asked why his Chief Secretary (Halit Ziya Bey) and Chamberlain (Lütfi Simavi Bey) were being dismissed, indicating that the tide was turning toward an anti-CUP government.

On August 3, a group of deputies motioned to interpellate Nazım Pasha for his support for the Savior Officers by inviting them to the Sublime Porte. The motion indicated two things: first, a complex, historical process of the government oversight of the military; second, even if the Saviors allied themselves with the Minister of War, there were still sufficient grounds for arguing against their political interference in parliament. However, the interpellation was postponed. This development seems to have been a political maneuver designed to gain enough time to dissolve parliament through constitutional means.[604]

The Senate decided to dissolve the chamber. Only a few senators voted against it, including Mahmut Şevket Pasha. Fifteen to twenty people from the CUP gathered to decide on what to do next. Cavid Bey was tasked with giving a speech to parliament concerning the Senate's decision. On August 5, he gave a 45-minute speech that had repercussions in both political and military circles. The representatives were deeply moved by his emotional speech. While delivering his speech, Cavid Bey stated, "I could barely hold back my tears." The imperial decree for the adjournment was prepared that night, and the parliament was closed down.[605]

Cavid Bey offered a verbal proposal that described the government's move as a major blow to the Constitution. He also offered to adjourn the parliament with declaration of a no-confidence vote and demanded a new cabinet. He began his speech with a threatening letter to Halil Bey that not only addressed him but also the whole chamber and sovereignty of the nation. He underlined that the Empire's legal sovereignty was

603 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 445-46.

604 Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collaps*e, 187.

605 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I*, 448.

under threat, and for the second time since the March 31 Incident, parliament had again been threatened. He compared the two incidents and emphasized their similarities. Cavid Bey explained why the CUP had given a vote of confidence to the government: to ensure the atmosphere of security and peace that was lacking throughout the country. From the beginning, the government's policies had been far from achieving peace, justice, equality, and law. If the parliament were dissolved, the government would have much broader authority to act against the civil servants and military officers who supported the CUP. Cavid Bey criticized the government for immediately changing personnel in both the state apparatus and military and awarding people positions due to close personal connections. An example of this is the emergence of the Savior Officers instead of the Unionists.

Cavid Bey stated that though the government had lifted the state of emergency, the new government had reestablished it at the Sublime Porte. He described the cabinet as helpless and obedient. He accused them of being a group of ministers who obeyed the rules of the Minister of War without thinking, as they were both under pressure and under threat to obey. He warned that the state of emergency would come back, and it would come back stronger than ever. He further claimed that the members of the cabinet owed their status to the CUP, and it was the CUP's fault for not punishing people who had committed crimes and murders. The worst punishment was exile to an island (i.e., the earlier fate of Kamil Pasha). He continued by saying, "But the children of the CUP are never afraid of surveillance and blockade. The children of the CUP are not afraid of fire and thunder… the CUP is never afraid of death, … honest children's chests are not vulnerable to bullets and arms… We, as the CUP, are not to be frightened though they increased their torment." He underlined the fact that the CUP was the prime mover that had brought back the constitution and parliament to the country. Cavid Bey criticized the CUP's propaganda activities. He further warned that the party was condemned to death, and that they were the strongest when assumed to be the weakest. The Senate's decision in a closed-door meeting to dissolve parliament was made by those who were most ac-

tive in the 1908 period. Cavid Bey criticized them harshly because they had not been elected. This was illegal and reminded him of the days before the Revolution. Cavid Bey stated that Islamists and Armenians' activities had led to the constitutional revolution (*inkilâp*). He also addressed the Ottoman army and asked where the army of the 1908 Revolution was located, likely in the mountains of Rumelia at this point in time. According to him, the Ottoman army needed to be neutral. He stated that if the army wanted to be a savior of the constitutional regime, then it has to be the army of the entire Ottoman territory, not only the army of some small group. He stated that the rebels were not in Albania but in the Sublime Porte. This illegal government was under pressure from the Minister of War — even the sultan was under pressure from him.[606] The government had changed the first secretary and chamberlain without the sultan's consent through threats. Cavid Bey stated that the cabinet, the Senate, and the palace were all under threat. Only the nation still had free will. He further stated that the Senate's interpretation of the constitution was not valid. At the end of his speech, he proposed the dissolution of parliament without delay and to hold a vote of no confidence in the government. According to Turfan's work on the supervision and power of the military over politics, Cavid Bey's emphasis on the army during his speech indicated that Unionist civilians also needed the backing of an armed force before they could turn against the existing political regime.[607]

Cavid Bey's proposal was accepted by the majority.[608] According to Kansu, the meeting witnessed intense arguments and resulted in a vote

606 According to Turfan, the Unionists were not alone in their reaction. The pressure of the Saviors was the catalyst for change in the attitude of the other interested party. In fact, the officer corps found it necessary openly to repudiate the Saviors. Evidence of this may be found in the number of clearly-expressed views by officers., Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 184.

607 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 317.

608 MM Zabıt Ceridesi, Devre: 2, Cilt: 2, 23 Temmuz 1326 (5 August 1912), 648-654.

of no confidence in the cabinet.[609] According to the diaries of Cavid Bey and Celal Bayar,[610] the cabinet members, and particularly Nazım Pasha, grew angry because of Cavid Bey's speech. The CUP's situation became even more delicate. Under these circumstances, the Unionists had two tasks ahead. First, Istanbul was an inappropriate location for carrying out their political activities. Thus, they had to decide on a new location to meet. Second, they had to debate whether or not the CUP would participate in the elections. The latter issue was to be decided on in the Congress of the CUP held at the beginning of September 1912.

On the night of August 5-6, Cavid Bey received a telegram from Talat Bey about their departure to Selanik very late, and he barely made it to the train. Their main aim was to establish a chamber in Selanik and carry out their political activities against the government far from Istanbul. This was the decision taken by the Unionists in the meeting at the CUP headquarters located in Nur-u Osmaniye. According to the foreign press, including *TheTimes*, the Unionists aimed to declare Siroz or Selanik as the Vyborg of Turkey, as the Russians had done for the Duma.[611] But as we will see below, things did not proceed as planned. Their first stop was Edirne. They had already been warned on their way by a soldier sent by the General Staff and by Ahmed Abuk Pasha, Commander of the Corps in Edirne, to be careful of what they said in their speeches in Edirne. Ömer Naci's recent speech criticizing the officers had evoked frustration among the army. Cavid Bey was surprised that such a thing was said to them on the road instead of in Edirne.[612] Hüseyin Kazım, the Unionist governor of Selanik, met them at the Selanik train station.

609 The Parliament would reopen for the first time on May 14, 1914. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 395.

610 Celâl Bayar, *Ben de Yazdım: Millî Mücadeleye Gidiş, vol. 2* (Türkiye İş bankası Yayınları, 2018), 753.

611 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 400.

612 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 449. According to Kansu, Talat Bey and Cavid Bey were arrested for a short period before their journey to Edirne and Selanik, but there is no related information about the arrest in Cavid Bey's journal. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 401.

The CUP club asked Cavid Bey to give a speech, but he declined, because he wanted to give a conference that was open to the public in a few days.[613] However, this also turned out to be impossible, since upon their arrival, the government declared a state of emergency to prevent them from organizing activities against the government. Hüseyin Kazım received a call from the government to return to Istanbul. According to Cavid Bey, these were the first consequences of their arrival in Selanik.

As Hanioğlu states, the putsch of July 1912 marked the end of the Ottoman parliamentary experiment. The chamber of deputies would not meet again until after the elections of 1914. By then, the CUP had established a virtual one-party regime. Short of its most effective political weapon, an obedient legislature, and faced with opposition from within its main power base, the army, the CUP had no choice but to capitulate. Once again, the force of the opposition revealed the fragility of the CUP's control, both civilian and military, four years after the revolution. One of the new factors that contributed to the strengthening of domestic opposition at this juncture was the accumulation of foreign policy failures. Although the CUP attempted to capitalize on the heroic role played by CUP officers in the defense of Trablusgarp and Cyrenaica against the Italians in 1911–1912, on balance the criticism of the CUP over its role in the war strengthened the opposition immensely. For a brief period, from August 1912 to January 1913, the CUP, beaten and humiliated, rejoined the ranks of the opposition. The government of Gazi Ahmed Muhtar Pasha, and the succeeding one under Kamil Pasha, worked hard to crush the Committee. The state of emergency and panic surrounding the Balkan crisis of late 1912 provided the CUP with an opportunity. As the crisis reached an all-time high, the Committee organized mass rallies in support of the war and launched a large-scale propaganda campaign designed to underscore the government's lack of determination in the

613 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 449.

face of these threats. The campaign of the CUP paved the way to the Balkan Wars and supported the government's policies.[614]

Cavid Bey's observations on Selanik during his stay there are both important and interesting: they reflect the condition of the city right before the Balkan Wars. The city was on edge about these recent developments. Merchants from Selanik, for example, were worried about their business, which had already been in decline. Though they had appealed to the governor to enact a state of emergency, nothing could be done. The politics and political conflicts between opposing parties dominated society. The mood of the city was quite pessimistic and dark. On the one hand, the greatest concern in Selanik was the Albanian issue, as residents were under the impression that the Albanians could potentially attack the city. On the other hand, the CUP was preoccupied with dealing with dissidents (supporters of the LEP) and local political figures such as Kara Said and Galip. Some sense of exasperation and desperation about the CUP's incompetence had bubbled to the surface. The merchants who appealed to the government for the state of emergency had found a handful of supporters. There was no unity in the party, no peace in the army, and no sense of safety and bravery in the community. Talat Bey and Cavid Bey thought that this gloomy atmosphere could be turned around through fervent debates, publications, and a couple of conferences; but the state of emergency destroyed such hopes. Cavid Bey wrote in his journal that since his departure, his relatives and friends had become afraid of him walking alone in the streets and going out at night. He expressed that he had never felt braver because he knew how "vile" his enemies were. But he said that he had yet to encounter a single angry look.[615] As understood from this quotation, it is not difficult to construct a somewhat similar picture of the Unionists'

614 Şükrü. Hanioğlu, "The Second Constitutional Period, 1908-1918," in *The Cambridge History of Turkey*, ed. Reşat Kasaba (Cambridge: Cambridge University Press, 2010), 73.

615 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 449-53.

response to the repressive measures of the anti-Unionists.[616] Indeed, the measures would continue to worsen despite the outbreak of the Balkan Wars, eventually all but muting the Unionist opposition.

Despite the strict implementation of the state of emergency, CUP headquarters kept holding meetings every night at the CUP school. As mentioned earlier, important discussions were related to whether or not the CUP should participate in the next elections. Cavid Bey, Dr. Nazım, and Mithat (Şükrü Bleda) did not want to participate in the elections; Talat, Ziya, and Hayri argued against them. The CUP Congress was scheduled for earlier than usual, since it was an extraordinary congress. The Congress was to be held in Istanbul for the first time. Meanwhile, news reached Selanik that Hüseyin Cahit had shut down *Tanin*. Following Cavid Bey's parliamentary speech, the party took a revolutionary stance that was not in line with Hüseyin Cahit's views; he shut down the newspaper instead of displaying conflict with the CUP. But he quickly reversed his decision. Meanwhile, the main newspaper advocating for CUP policies, *Rumeli*, was transferred to the opposition. Under these circumstances, Cavid Bey began publishing the daily *Türkeli*, which was under his editorial direction for the first twenty days. According to Cavid Bey, despite mismanagement and a lack of news, there was interest in and a high circulation of his newspaper.

The Great Cabinet had a dispute over the level of pressure and measures implemented against the CUP. Gazi Ahmet Muhtar Paşa and Hüseyin Hilmi Pasha, Minister of Justice, argued that the measures against the CUP should not be severe, while Kamil and Nazim Pashas defended the implementation of harsh measures against them. The measures to be implemented against the CUP became a matter for public debate. On August 21, Hüseyin Hilmi Pasha resigned under heavy pressure due to his role in the Great Cabinet.[617] Upon his resignation, Talat Bey left for Istanbul, and Cavid Bey became busy with two things: obtaining funding for the CUP and drafting a statement that would be

616 Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 192.

617 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 408-09.

read at the CUP Congress, which was scheduled to be held in Istanbul at the beginning of September. M. Huguenin provided some money for the party, and since the above-mentioned Garden of Union (*İttihad Bahçesi*) was not given as guarantee in return for a loan, he delivered the money in cash directly. Cavid Bey praised his move as a sign of humanity and devotion. Cavid Bey prepared and handed over the report of the Central Committee, which would be read in the Congress, to Dr. Nazım, who returned to Istanbul by train before Cavid Bey. Unfortunately, due to poor weather conditions, the ship that Cavid Bey was meant to take back to Istanbul arrived later than expected, and Cavid Bey missed the first part of the Congress, which voted on participation in the upcoming election. He also missed the opportunity to deliver the speech he had given to Dr. Nazım. The Unionists decided to go forward with the next elections.[618]

According to Tunaya, the CUP Congress was groundbreaking. For the first time, it was held openly and in Istanbul, due to the state of emergency declared in Selanik. Furthermore, the Congress was held at an earlier date than usual due to the extraordinary circumstances and pressure on the CUP. The Congress was held at the CUP's headquarters at Nur-u Osmaniye on September 2. It was held in an extraordinary and heavy political atmosphere, as a clash between the two groups led by Talat Bey and Enver Bey had surfaced. Hacı Adil Bey was president of the Congress. All the deputies of parliament and the Senate had participated, which was above the quota set for the Congress. Two main issues were discussed: the situation of the Central Committee moving to Istanbul, and participation in the elections (which would not be held until 1914). A group of Unionists supported participation as the CUP needed to achieve its aims through legal and legitimate means, considering the present state and the interests of the country. The other group — which Cavid Bey supported — argued that the CUP should relinquish all responsibility to those who wielded power in the country and wait.[619] There were several key takeaways from the conference: first, the ad-

618 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 453.

619 Bayar, *Ben de Yazdım: Millî Mücadeleye Gidiş, 2,* 753.

journment of parliament was not legitimate, and thus, the CUP decided to move forward with elections. Second, the CUP now became a legal party not related to secrecy. Third, the CUP insisted that the de facto and de jure sovereignty of the Ottoman Empire should be upheld in Trablusgarp and Benghazi. Although the Congress was held during a time of turmoil, it did not devolve into ideological debates and problems. Finally, Sait Halim Pasha was elected as president of the CUP, and Cavid Bey became a member of the CC.[620]

§ 3.7 A Short Imprisonment

Istanbul's political scene was mired in conflict. After Hüseyin Hilmi Pasha's resignation, there was no unified opposition in the cabinet to prevent sanctions on the Unionists. In addition to the state of emergency, the Unionists also experienced layoffs of its bureaucrats, as well as police surveillance over the CUP's headquarters and clubs. Martial law had shut down *Tanin* due to an article written by Hüseyin Cahit that stated that there was no government in Albania and Macedonia. Instead, Cavid Bey began publishing *Cenin* newspaper, but it was shut down the following day as well. The military indicted Cavid Bey, Hüseyin Cahit, and Orhan Talat, editor-in-chief of the newspaper. During Cavid Bey's interrogation, he was asked why he had allowed Hüseyin Cahit's article on the Albanian issue to be published. The judges wanted to know how he could publish this article when this sort of writing was forbidden under the state of emergency. Cavid Bey declared that when the piece was published, he was in Selanik; however, he added that he shared the same opinions with Hüseyin Cahit. He said that he himself had wit-

620 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 289-92; and Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 414.

nessed the absence of government, especially in Rumelia. He said that there was no governor in Selanik for four weeks, and that every day there was news about how many bombs were planted in trains, and about the arrival of the gangs at the scene of the incident. There was no governor in Manastır. In Üsküp, the governor was afraid to leave his home. He added that the state had no power and no influence, and that the community had no trust and did not feel secure. Cavid Bey said that when the civilian government (*hükümet-i mülkiye*) was in such a state, they did not want to see the decline of the military rule as well. As Cavid Bey gave elaborate responses to each question, someone told Hüseyin Cahit, "One question has been asked, and he just keeps on going." On Saturday, September 7, Cavid Bey was interrogated, and he thought that he would be taken to court again on the Sunday or Monday. However, he was not summonsed to court until September 11, 1912. Once more, the chief judge asked Nazım Pasha about an expression he had used in which he claimed that "there is no government." At the end of the trial, the court found all three men guilty: one month in prison for Hüseyin Cahit and 20 days for Cavid Bey and the editor-in-chief. Cavid Bey, Hüseyin Cahit and the editor were taken to Bekirağa Division. They were welcomed by disheveled soldiers and placed in a dirty prison cell. The filthiest wards were particularly selected for them, making the situation even gloomier. Cavid Bey was upset that he had to stay there. The ward was supposed to be the cleanest spot inside the barracks, but he was placed in an extremely small and damp room. Two soldiers objected to the prisoners staying under these circumstances, and they were transferred to the general prison, where they were given a clean room with three separate beds.

While he was serving time, Cavid Bey had many visitors. This was his main form of entertainment while in prison. He even made a list of all his visitors. In his journal, he wrote that he received more than 1,500 visitors per day. Among them were students of Dar'ül Fünun from the faculties of commerce and medicine, Mülkiye, young groups from Ankara and Sivas, committees of 40–50 people, and even members of the CUP clubs. Medical students showed great interest in him. Cavid Bey

wrote that some of the things that the visitors said brought tears to his eyes. Cavid Bey also had many foreign visitors. He wrote that Sir Adam Block was the most courageous of the foreigners. He came to see him on the first day of the holidays. M. Pissard and other officers were too afraid to visit him. Concerning foreign diplomats, only Mandelstam, dragoman of the Russian embassy showed up at the prison. However, he was not able to gain access as he had arrived on the day that was reserved for female visitors. Count Ostrorog come to see him several times.[621] He was astonished that Sait Pasha did not visit him nor ask about how he was doing. He specifically wrote about visits from Rıza Tevfik, Ebüzziya, and Manizade, who was a fervent member of the Liberal and Entente group. Ebüzziya talked about the insolent manners of the Liberal and Entente group. Nevertheless, these visits were not well regarded. Lütfi Fikri wrote a column about this in his paper *Tanzimat,* and thereupon, the Ministry of Internal Affairs issued a notice prohibiting both visits from outside and Cavid Bey publishing articles from prison.

Cavid Bey was informed about the CUP's actions. Talat Bey met with Mahmut Muhtar, the son of Gazi Muhtar Pasha, at the Saffetî Apartmanı building in Beyoğlu. Nazım Pasha and Kamil Pasha promoted Kamil Pasha to the position of grand vizier under the pretext of war, which was soon to break out. Now, the government had to ask America for more loans, because they did not have any money, and no one else was willing to give them any.[622] The state's actions and the situation in which the members of the government found themselves made it easier for the party to gain the upper hand. It was said that the soldiers began displaying their discontent with Nazım Pasha's behavior.

Cavid Bey was released from prison on October 1, 1912. He met the following day with Sir Adam Block, who was deeply pessimistic about the situation. According to Block, the lack of governance in the provinc-

621 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 453-60; and Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 416-17.

622 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 459-60.

es, the scarcity of revenues, and their imprisonment by the government had all made it harder for the state to find money. He complained about the government's follow-up with the Régie issue. Upon Gazi Muhtar Pasha's request to support the Balkan War, the party headquarters agreed to publish a common statement. Despite these negative developments, Cavid Bey was quite optimistic about the future.[623]

The government thought that the Unionists would take a step back after the imprisonment of their members; however, this was not the case. Elections were about to be held, and the cabinet was already trying to manipulate them. First, they started to change the lists of candidates by applying pressure on the civilian authorities. Second, the detention of the Unionists, simply for carrying out their campaign, indicated the delicate situation in which the CUP found itself. Though Ottoman foreign policy was facing a deep crisis, domestic politics were in turmoil. On September 6, 1912, members of both the CUP and the LEP established the National Constitutional Party (*Milli Meşrutiyet Partisi*) led by Ahmet Ferit (Tek). Soon after, the Balkan states — namely Serbia, Greece, and Bulgaria — declared the mobilization of arms.

§ 3.8 The Balkan Wars (1912–1913): The Beginning of the End[624]

In this section, I will try to demonstrate the events that led to the Balkan Wars and Cavid Bey's perception of the Balkan Wars, including the loss of Selanik, his homeland. This chapter covers the First Balkan War, which started on October 8, 1912. Though the London Agreement, which concluded the war, was signed on May 30, 1913, this chapter ends with the coup d'etat on January 23, 1913. I will discuss the general

623 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 462.

624 Zafer Toprak, "Cihan Harbi'nin Provası: Balkan Harbi," *Toplumsal Tarih Dergisi* 18, no. 104 (2002): 44-51; and "Balkan Harbi, Düşman Algısı ve İkonografya," in *Savaştan Barışa Balkan Savaşları – 100. Yılı Ulusararası Sempozyum Bildirleri* (İzmir: Konak Municipality Publications, 2013), 17-34.

consequences of the Balkan Wars in terms of politics, ideology, and economy in the following chapter.

From a wider perspective, the Balkan Wars were the dress rehearsal for or the precursor to the First World War. The Balkan Wars were also the beginning of the 'war period' for the Ottoman Empire, which started in 1912, spanned the Great War (1914–1918), and ended in 1922 with the victory of the Turkish War of Independence. The war period lasted for nearly a decade and included the Empire's loss of European territory that it had held for nearly 600 years; the loss of Selanik, the CUP's heartland; the Turkish people's mass exodus from the Balkans to Anatolia; the siege of Edirne and threat to Istanbul; and a deplorable defeat on land and sea.[625] The Balkan Wars consisted of two subsequent wars: the First Balkan War, October 8, 1912–May 30, 1913; and the Second Balkan War, June 16, 1913–June 18, 1913. The repercussions of these wars lasted well into the post-war period, such as the situation of the Aegean islands, and the debts of the Balkan states under the Ottoman Empire.

The loss of the Balkans was traumatic for the Ottomans and particularly for the ruling class, including the CUP. Before we analyze why it was traumatic — including from Cavid Bey's perspective — I would like to emphasize the Balkans' importance as a region and social environment. From a very early period in the 15th century, the Ottoman Empire was seemingly a Balkan state, because of its policies of conquest and holy war against the West. The Ottoman Empire derived the bulk of its economic power and human capital from its Balkan provinces. Most Ottoman intellectuals were from the Balkans.[626] The Balkan region raised the literacy rate of the entire Empire. As mentioned above, the CUP was born in the Balkans, as was the ideology of Ottomanism, which enabled the diversification of the Ottoman identity.

625 Eyal Ginio, The Ottoman Culture of Defeat The Balkan Wars and Their Aftermath (London: C.Hurst & Co., 2016), 25-71.

626 Zürcher, " Children of the Borderlands?" 275-286.

The dissolution of the Balkans began with the Russo-Turkish War (1877–1878). The Treaty of Ayastefanos and then the Berlin Treaty paved the way for conflict to arise between Bulgaria and Serbia over sharing Macedonian land. Serbia wanted to expand its territory, Greece wanted to expand toward the north, and Bulgaria wanted to regain what it had lost after the treaty. In addition to local rivalries, Russia's support of the Balkan Slavs and Austria-Hungary led to increased Russian influence in the region (the annexation of Bosnia-Herzegovina had already united the Serbs against the country) despite Russian confrontation.[627] The Balkan Wars were fought over land that had for centuries provided the lifeblood of the Ottoman Empire. Istanbul and the very existence of the Empire were threatened, and no territory could be conceded without a struggle.

The 1908 Revolution had seemingly paved the way to win over the hearts of the Balkan states and to recover the state's strength in the region through the Constitution, a representative government, and the modernization of society. However, as Mazover states, the Young Turk Revolution could not reconcile the separatism in the Balkans; on the contrary, in a short time, it deepened the conflict between Muslim and non-Muslim subjects of the Empire.[628] As mentioned above, these efforts to modernize the Ottoman state alienated the Albanians, who were the one group that had traditionally been loyal to the regime. There were three revolts in Albania, and the last one occurred in the spring of 1912, immediately before the Balkan Wars. The Albanian rebellions presaged radical changes in the balance of power in the Balkans. They had three important outcomes: first, it showed that armed revolt against the Turkish authorities could succeed; second, it sounded an alarm for Serbia and Greece, which both claimed territories in Albanian-speaking regions where nationalism had risen tremendously; and lastly, it encouraged both Austria and Italy to dream of new footholds in

627 Toprak, "Balkan Harbi, Düşman Algısı ve İkonografya," 17-34.

628 Mark Mazower, *The Balkans: from the End of Byzantium to the Present Day*, (London: Weidenfeld&Nicolson, 2000), 108.

Southeastern Europe, which alarmed the Balkan states even more. As Mazower quoted from a French diplomat,

> "For the first time in the history of the Eastern Question, the small states acquired a position of such independence of the Great Powers that they feel able to act completely without them and even to take them in tow."[629]

As a matter of fact, at the end of the Balkan Wars, Thrace was the only European land that remained in the Empire. The loss of Selanik held distinct significance for the future of the Empire. As a multi-cultural, industrialized port city, it had established intense relations with the Western capitalist world and was also the home of culturally diverse communities. It was the homeland of the Young Turk movement, and the city was identified with the various independence causes. It had an important role in Ottoman intellectual life in terms of education and publications. Ironically, it was also in this multi-cultural city where the idea of the nation-state was born in the Ottoman Empire. The loss of the city had a deep emotional impact on the Young Turks, who both declared the Second Constitutional Period and founded the Republic of Turkey.

Ottoman territory in Europe shrunk from 169,845 km^2 to 28,282 km^2 in less than a year. It changed the map of the country and its population and, therefore, also the perceptions of essential concepts such as sovereignty, territory, enemy, identity, and demography. The Balkan Wars were the end of the Ottoman's "European" identity, which had consistently been a defining characteristic of the Empire since the 15th century. Different communities in the Ottoman Empire that had reconciled and coexisted for centuries began to hold conflicting national identities after 1912. While immigrants were arriving injured and traumatized from the Balkans, the multi-cultural and multi-national Anatolian land was also affected. As a consequence, boycotts against the Greeks during the Balkan Wars were followed by the deportation and massa-

629 Mark Mazower, *The Balkans*, 109-10.

cres of Armenians during the Great War. The notions of revenge, atrocity, xenophobia, and otherness became part of the national lexicon, while Turkish nationalism was on the rise following the Balkan Wars. Thus, it is possible to mark the Balkan Wars as the beginning of the construction of nationalism in Turkey.[630] Because of the war, the country fought for eight more years to defend first the Empire and then the Turkish nation in the Great War and the Turkish Independence War, which ended with the construction of a new Turkish identity.[631] As Şevket Süreyya Aydemir indicates, the people of the Ottoman Empire entered the Balkan Wars as Ottomans but exited as Turks.[632]

The war transformed the policies of the Unionists, especially when it came to Ottomanism. It caused the political regime to adopt an authoritarian character with the establishment of the single party era, beginning with the coup d'etat in 1913. The ideology of Ottomanism, which had been rooted mainly in the Balkans, was replaced by nationalism, while economic liberalism was replaced with the concept of the national economy. According to the generation of Young Turks, who were inspired by the French Revolution, the nation-state could still exist under the umbrella of an empire. The idea of the nation-state emerged alongside the concepts of sovereignty and territorial integrity.[633]

As Clark states, the war broke out in the Balkans in October 1912 and was foreseen by nearly all political observers. The only unexpected thing about it was the swiftness of a decisive victory of the Balkan states.[634] As mentioned earlier, the Tripolitanian War had an impact on Bulgaria, Serbia, and Greece, who had seen their alliance as an oppor-

630 Ramazan Hakkı Öztan, "Point of No Return? Prospects of Empire After the Ottoman Defeat in the Balkan Wars (1912-1913)," *International Journal of Middle East Studies* 50 (2018), 65-84.

631 Zafer Toprak, "Cihan Harbi'nin Provası: Balkan Harbi," *Toplumsal Tarih* 104, (August 2002), 44-51.

632 Şevket Süreyya Aydemir, *Suyu Arayan Adam* (Istanbul: Remzi Kitapevi, 2013), 44.

633 Ahmad, "Great Britain's Relations with the Young Turks 1908–1914," 302-29.

634 Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 252.

tunity to capture Macedonia.[635] For these reasons, in March 1912, Serbia and Bulgaria agreed to unite in opposition to any attempt by a Great Power to invade the Balkan territories of the Ottoman Empire. Around the Serbo-Bulgarian alliance, a secret Balkan League was founded with a clear target. It was the expulsionof Turks from Europe.[636] On May 29, 1912, the negotiations between Greece and Bulgaria concluded. In May, an agreement between Greece and Montenegro, and in August 1912, an agreement between Montenegro and Bulgaria were signed. However, Bulgaria — which was the most ambitious state regarding hopes for territorial gains — was a pivotal actor in the Balkan Alliance. In August 1912, conflict arose and spread among the Muslim communities. When the Turks responded, the Bulgarians reacted harshly. The Greek bands also accelerated their efforts. Montenegro was more fervent than the others. In September 1912, relations between Montenegro and the Ottoman Empire deteriorated.[637] As Hall states, on September 24, the Ottomans mobilized their European forces, 115,000 men in Thrace and another 175,000 in Macedonia. The following day, the Bulgarians mobilized their forces, amounted of 599,878 soldiers.[638]

As mentioned above, armed conflict had started long before the war. Three revolts had broken out in Albania since the Revolution. The Albanian issue was the Ottoman Empire's Achilles heel in the first part of the

635 The main interest was to capture the land of Macedonia: For Serbs it was the gateway to the Aegean Sea. On the other hand, Austria was on its way to the Aegean Sea region through Selanik. Serbia made an alliance with the Bulgarians to block Austria. For the Bulgarians, in terms of religion (the Bulgarian exarchate was dominant in Macedonia) and territory, the Bulgarians also wanted to expand toward Macedonia. Bulgarian bands were very active and powerful in the region. Bulgaria, Serbia, and Greece had their own plans for Macedonia, and Russia supported and provoked them to unite against the Ottoman State to force it to draw its frontier back to the Meriç river (Maritsa). Armaoğlu, *Siyasi Tarih, 1789-1914*, 634-35.

636 Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 252.

637 Armaoğlu, S*iyasi Tarih, 1789-1914*, 641.

638 Richard C. Hall, *The Balkan wars 1912-1913: Prelude to the First World War* (London: Routledge, 2010), 22-24.

Second Constitutional Period. As mentioned in previous chapters, resistance and guerilla movements were also very widespread in the Balkans, which also inspired the Young Turks before the Revolution. Armed exchanges had already started in the region in the summer of 1912, and assaults on Muslim people had begun in August and September. The Ottoman government responded to this in a very harsh manner. The Great Powers tried to intervene in the situation, only to be met with massive protests in both Sofia and Athens. The Great Powers asked the Ottoman Empire to initiate a reform process in the region.

On the eve of the First Balkan War, tensions were high in Istanbul. Cavid Bey explained people's mentality by saying: "We had guests in the evening… A big group swarmed in with torches and flags in their hands. They came and took me to the club… The club was full of people. They overflowed into the streets... I found out that the ones who came to my door were actually from the opposition. Everyone was thrilled. If it continues like that, it will be very difficult to get ahead of the community's fervor for war."[639] The LEP and the CUP continued to organize rallies in favor of war. Cavid Bey followed headquarters' decision not to address crowds in squares when there was a lack of effective governance, and he avoided rallies. He said that demonstrations were something "gigantesque". During these days, Cavid Bey met with M. Weil from Régie and Mr. Nias from the Ottoman Bank. They both complained about the nation's current state. They both appreciated the CUP's position, and Nias lamented that they wished Cavid Bey was in charge. He also complained about the Minister of Finance.[640] During those days, the news about the Bill of 1880[641] circulated. Gabriel Noradunkyan the minister of foreign

639 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 453.

640 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 463-64.

641 The Bill of 1880 was a law prepared concering all Rumeli provinces according to Article 23 of the Berlin Treaty. The Bill contained the reforms to be implemented in Rumelia. The Ottoman government prepared the reform program itself to prevent the foreign intervention to the local conflicts. The Bill aimed to establish local councils in Rumelia. Bayur, Türk Inkilâbı Tarihi, II/I, 401-02.

affairs had declared to Mr. Pallavicini, ambassador to Austria-Hungary, that the Ottoman government would implement the Bill of 1880.[642] The Unionists immediately called a meeting at CUP headquarters and consulted with Sait Pasha about the Bill of 1880. However, he did not have the original text to hand. They were able to obtain a copy from Sir Adam Block.

Cavid Bey wrote that from the beginning, he did not think that war was probable and that he was even more assured of his opinion on that day.[643] Despite his optimism, the voices on the streets presented another view. The demonstrations of students from the *Dar'ül Fünun* (University) accompanied by soldiers had a startling effect on the government. The demonstrators shouted, "We want war!" Gazi Ahmet Muhtar Pasha was afraid of these protests, because the government had already lost its power to initiate a war, and they were also aware that the youth trusted the CUP wholeheartedly.[644] Approximately 1,000 students and a group of people that included Unionists such as Dr. Nazım Bey, Muhittin Birgen, and Aka Gündüz had gathered at the gate of the Sublime Porte and asked the grand vizier to give a speech to enlighten the public. Though the protest was non-violent, it deeply impacted the government. Nazım Pasha failed to show up at his office, and he was nowhere to be found. Following that, a state of emergency was declared all around Rumelia. Cavid Bey explained that the government was trying to oppress the voice of truth and drown the dissidence of its opponents. The *Dar'ül Fünun* demonstration further aggravated the situation. All the CUP supporters who participated in the demonstration were interrogated, including Dr. Nazım, Gani, and Salim. The government believed that the rally was organized by the CUP in order to take down the government.[645] CUP supporters were taken from the streets, like in the old

642 Bayur, *Türk Inkilâbı Tarihi,* II/I, 394-95.

643 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 464-66.

644 Bayur, *Türk Inkilâbı Tarihi, II/I,* 409-10.

645 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 466-67; and Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 424.

days of Abdülhamid's rule. Cavid Bey stated that their anger had not faded.

The financial committee had a meeting at party headquarters, where they stated that they needed money and loans for the CUP's operations. Cavid Bey did not think that the current situation allowed for this, but he said that he would talk to the financiers.[646] Ibrahim Bey, the Istanbul governor, paid Cavid Bey a visit. He expressed the opinion that Nazım Pasha was furious with him due to the speech he gave in parliament. In fact, he was so angry that he said he could slap Cavid Bey when he ran into him. İbrahim Bey essentially explained to him that Istanbul's financial situation was in a shambles and that they needed 130,000 Liras. He added that in Rumelia, they were unable to pay wages and expenditures.

In the meantime, there were several other ongoing issues related to the war. Talat Bey had enlisted in the army voluntarily. His main aim was to check the circumstances and situation of the army and to give support to them. He was assigned to his homeland, Edirne. In turn, the press claimed that Talat Bey's aim was to provoke the army to start a mutiny against the government. Concerning Greece, Cavid Bey stated that annexing Crete would clearly be a pretext for war, but the government would see this as a fait accompli.[647] In case of a war with Greece, Abdülhamid II's return from Selanik to Istanbul was on the table. According to the account of Mecit Efendi, heir to the throne, it was the Senate which had asked for this; he said that even though the sultan did not agree to it, he could not do anything because he was dependent on the government's opinion. The CUP, including Cavid Bey, was worried about the possibility of Abdülhamid II's return to Istanbul and to power.

The Balkan states mobilized on September 30, with the Ottoman Empire following suit on October 1, 1912. The next day, the allied Balkan states — Bulgaria, Serbia, Montenegro, and Greece — issued a joint ultimatum to the Porte demanding far-reaching reforms under foreign control in Macedonia, Crete, and Albania. The Ottoman government de-

646 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 467.

647 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 467.

clared itself ready to implement all the reforms it had agreed on earlier; however, it refused to renounce its sovereignty. On October 4, 1912, a massive demonstration was held in Sultanahmet by approximately 20,000 people who supported the war. All of the prominent Unionists joined the protest. Protests were also organized in Konya and İzmir. Though public opinion was against the ultimatum, the government seemed willing to surrender under foreign pressure. On October 7, the *Dar'ül Fünun* demonstration was held in Istanbul.[648] The next day, on October 8, Montenegro declared war on the Ottoman Empire. On October 10, an ultimatum concerning a reform program in the region that was prepared by the ambassadors of the Great Powers to Istanbul (Austria-Hungary, Britain, France, Russia, and Germany) was presented to the Ottoman government. The Ottoman government officially accepted the proposal to make and implement reforms in the region. However, the Bulgarian, Serb, and Greek governments asked for autonomy in Macedonia. As a result, in the following days, the Ottoman Empire went to war with all the partners of the Balkan alliance.

When the First Balkan War broke out, the Tripolitanian War was continuing. The army was not ready for a war that had such a broad scope and some of the best officers such as Enver Bey, Mustafa Kemal Bey and Fethi Bey were in Trablusgarp. Concluding the Tripolitanian War was one of the first things that needed to be done. In October 1912, the Italian government threatened to launch a naval attack in the Aegean if the Ottoman government did not agree to a peace treaty. Under pressure from the Great Powers — particularly Russia and Austria, which were concerned by the disruption to shipping and the growing danger of the Balkans, respectively — the Turks finally caved in and signed a secret peace treaty. On October 18, 1912, the Ouchy (Lausanne) agreement was signed between the Italian and Ottoman governments in Switzerland. The Ottoman Empire accepted to pull back its military forces. Italy retained Trablusgarp but allowed the Porte to save face by

648 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 420-23.

permitting the sultan/caliph to retain the right to appoint the Qadi of Trablusgarp. His representative in Trablusgarp was also permitted to act as religious liaison between the caliph and his Libyan followers. Italy agreed to pull back its forces from the Dodecanese after the Ottoman military had left Trablusgarp. This remained a major issue until the end of the Great War. The situation of the islands had deteriorated from the Balkan Wars until the Great War, and it remained at the top of the Sublime Porte's foreign policy agenda. The next chapter will address this issue in detail, as it related to Cavid Bey's workload.

On October 19, 1912, Greece declared war against the Ottomans. The Ottoman government preferred to keep the Dodecanese under Italian governance temporarily during the Balkan Wars due to Greece's persistence. During the period before the Balkan Wars, the Ottoman Empire claimed its sovereignty over the Dodecanese. This would be one of the most significant issues before the Great War. Finally, according to Article 8 of the agreement, Italy would help the Ottoman Empire abolish capitulations.[649] In terms of the Ottoman forces, Cavid Bey's meeting with Adnan Adıvar a prominent political figure and doctor sheds light on the issue. Adnan Adıvar had recently returned from Trablusgarp with the latest news from the front. The military officers in Trablusgarp were more than ready to strike a truce, which was why they were furious about *Tanin* publishing articles in favor of extending the war. According to Adnan Bey, the war could have been ended earlier with a Unionist intervention, as the Italians were scared, and the Arabs were against the Turks. He mentioned that Fethi Okyar found it disturbing that the war had not been concluded earlier, and he disapproved of the CUP's actions.[650]

The Thrace became the main war zone between the Ottoman Empire and Bulgaria. Bulgarians mobilized approximately 300,000 men — around 15% of the country's total male population to this war zone.[651]

649 Armaoğlu, *Siyasi Tarih*, 624-25.

650 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 482.

651 Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 252.

It was very criticalfro the Empire's future in the region. However, prior to this the most fundamental and arduous battles for the Ottoman Empire had already taken place. The bitter loss of the Balkans was evident in about three weeks.[652] On October 29, 1912, the Bulgarian and Ottoman armies were positioned on either side of the Çatalca line between the lakes of Terkos and Büyükçekmece, which were 40 km away from Istanbul.[653] Meanwhile, Thrace became the main combat zone due to the siege of Edirne and its proximity to Istanbul. However, after the war had begun, devastating news began coming from the front lines. The news pointed to the army's weakness and the soldiers' lack of motivation. On his return from Edirne, Talat Bey announced that the soldiers were doing fine both physically and mentally.[654] The news from Macedonia reported that many important locations on the Serbian, Bulgarian, and Greek borders had fallen. It was particularly shocking to lose Kırcaali. Cavid Bey mentioned that what was most concerning was the lack of troops in crucial spots, insufficient supplies of food and fuel, and the absence of necessary strategies. He added that no one was entirely sure whether the mid-ranking commanders possessed enough competency in military matters. He wrote that many of the officers were

652 "The Ottoman plan of operations in the event of an attack such as had occured now envisaged a defensive war, with the army withdrawing to eastern Thrace in the east and Greater Albania in the west,while the troops in the Asiatic provinces were being mobilized. The new War Minister Nazım Pasha was unfamiliar with the plans, while the former chief of staff who had drawn them up, Ahmet Izzet Pasha, was now serving in the Yemen. The new plan envisioned a defensive posture in eastern Thrace until reinforcements from Anatolia could arrive. The German advisor to the Ottomans, General Colmar Von der Goltz, had also urged a defensive strategy that envisioned a battle along the upper Ergene River in northern Thrace where the battle of Lüleburgaz-Hisar Onu would be fought. Instead, Nazım Pasha pressurized his commanders into beginning an offensive. As a result, the Ottoman army did not withdraw but fought the Serbians and the Bulgarians simultaneously and with disastrous results." Hall, *The Balkan wars 1912-1913*: *Prelude to the First World War,* 25; and Zürcher, *Turkey: A Modern History*, 106-07.

653 Armaoğlu, *Siyasi Tarih, 1789-1914*, 649.

654 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 474.

strolling around Istanbul while their troops were on the battlefield. Nazım Pasha was not conducting himself properly as Minister of War; whenever there was an emergency, he could not be found, particularly at night. It was said that he spent his days with Panciri at *Tokatlıyan* in Beyoğlu and his nights at "Henriette's brothel". It was also said that Gazi Pasha did not receive telegrams until the morning so as not to interrupt his sleep. The party decided not to do anything about these issues or about Abdülhamid's return from Selanik to Istanbul.[655] One of the main turning points of the war was the battle at Kırklareli (Kırk Kilise), which lasted for three days along a 58-km front stretching eastward from the Ottoman fortress of Edirne. At the end of the battle, Kırklareli fell, and the Turkish army was forced to retreat toward Lüleburgaz. The Bulgarian victory was completely unexpected. Meanwhile, the Greek army was advancing toward Selanik. Üsküp surrendered to the Serbs on October 26.[656]

M. Piquard, after just returning from Paris, painted a picture of how France perceived the Ottoman state. According to him, France did not think that the Ottomans had any chance of winning the war, and they criticized the Young Turks for not doing what they were supposed to do. It seemed very difficult to find money at that moment; however, if the Turkish, German, and British could reach an agreement, there was a chance the Ottomans could obtain credit from foreign governments.[657] Bad news came from the front lines. After losing the battles of Kırklareli (Kırklareli-Lozengrad) and Lüleburgaz to the Bulgarians and Kumanovo to the Serbians, the army had to withdraw to the Çatalca lines just outside Istanbul. To the west, only a few fortress towns still held out: Yanya (Ioannina), İşkodra (Scuttari -Skhodër), and Edirne.[658] Cavid Bey wrote the following in his journal: "The inner resources have been drained; the soldiers are running away from the enemy; it is the first time in our

655 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 476.

656 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 432-34.

657 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 477.

658 Zürcher, *Turkey: A Modern History,* 107.

glorious history that we see desertion." The party decided that Hakkı Bey should meet with Mahmut Şevket Pasha and that Cavid Bey needed to meet with the heir to the throne.[659] Meanwhile, the Russians were making an odd political maneuver. Count Ostrorog told Hüseyin Cahit that the Russian ambassador stated that there was no power in the country other than the CUP, that the Ottomans should not think ill of them, and that the Russians preferred to see the Turks rather than the Bulgarians in Istanbul.

A meeting was held by members of the Senate and parliament under the leadership of Grand Vizier Gazi Muhtar Pasha to discuss the perils of the current circumstances. Gazi Ahmet Muhtar Pasha thought that there were four reasons for the Empire's defeat. They were as follows: since the military officers had been closely involved in politics for the last decade, they did not have enough time for military training; there was an insufficient number of officers in the field; the distribution of food and supplies was largely ineffective; there had been failings in the selection of the high rank of commanders. Cavid Bey noted[660] that the army's failures on the Greek and Serbian borders, as well as the flood of refugees into Istanbul every day, had allowed people to get a picture of the reality of the situation. Meanwhile, the government failed to make any official statements. The news that was coming in at night from the front lines caused the most despair. Kumanova, and Koçana had fallen; Ali Pasha's army had been left on the battlefield, Üsküp was about to surrender; and Kozana and Serfice had both fallen. The Bulgarians reached İskeçe and Gümülcine. People despaired that the glorious Empire was coming to an end, and they still had not heard about it from the government, as they were simply preoccupied with fighting their political

659 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 467.

660 On October 24/25, 1912, Kırkkilise (Lozengrad) had fallen. The army was ill-disciplined, and heavy rains added to the army's difficulties and low morale. The Ottoman losses were twice those of the Bulgarians. Cavid Bey, *Meşrutiyet Ruznâmesi I*, 478.

rivals. The masses were stagnant and lifeless.[661] This was one of the rare moments in Cavid Bey's life in which he was in the depths of despair, as opposed to being his normal optimistic self.

During these days, the only news from the government was that the elections might be postponed. Hüseyin Hilmi Pasha was assigned as the ambassador to Vienna, which indicated that the conflict between the moderate conservatives and the monarchists had intensified. On October 29, Gazi Ahmet Muhtar Pasha resigned, and Kamil Pasha established a government. Hüseyin Cahit severely criticized this change of cabinet in his column in *Hak*, which had begun publication after the closure of *Tanin*. Kamil Pasha declared that the upcoming elections were officially postponed for an indefinite period of time. This did not come as a surprise to anyone in politics.[662] Cavid Bey ran into Hafız Hakkı Pasha and found out that the sultan had appointed as grand vizier Kamil Pasha, whom the sultan had considered to be the only person who could save the Empire and bring peace to the country. This meeting took place before Kamil Pasha's official assignment. Hafız Hakkı attempted to warn the sultan that Kamil Pasha was not the person as he anticipated. He was open to Sultan, "the government will give Rumelia away and even you won't realize that it's gone."[663]

On the same day, when Cavid Bey was returning home in the evening, he noticed empty royal horse – carriages on the Galata Bridge. He assumed that it was Kamil Pasha being assigned as grand vizier.[664] Then, he saw a crowd gathered in front of the Sublime Porte. He stated that "after four years of work, they managed to make Kamil Pasha the grand vizier. The

661 Cavid Bey, *Meşrutiyet Ruznâmesi I,*479-81.

662 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 427-30; and Bayur, *Türk Inkilâbı Tarihi, II/II,* 36.

663 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 481.

664 Kamil Pasha was assigned as the Grand Vizier on October 29, 1912. Bayur, *Türk Inkilâbı Tarihi, vol. II /II* , 36.

poor and gullible Sultan who admitted Kamil Pasha's treason, appointed him as grand vizier."[665]

The Balkan Wars' impact was also very vivid and apparent in Istanbul. The capital was hit very hard by the effects of the war. Under the threat of Bulgarian occupation, the city dwellers witnessed thousands of downtrodden refugees pouring into Istanbul without possessions. It was possible for them to take shelter only in mosques. Meanwhile, the outbreak of a cholera epidemic exacerbated the situation for the refugees, as well as for the soldiers who became ill during the war. The Ottoman army's return to Istanbul, hungry, thirsty, and shaking from shock was a nightmare. As Halide Edip states, misery and poverty were more palpable in Istanbul than ever in the winter of 1912/1913.[666] In addition to the Ottoman Empire, another power wondered about the Bulgarian advance: Russia.

> The Russian foreign minister, Mr. Sazanov, stated to Sir George Buchanan, British ambassador to St. Petersburg that, "Russia would be obliged to warn them off, though Russia had no desire to establish herself at Istanbul, she could not allow any other power to take possession of it."[667]

Unsavory news arrived from Üsküp and Selanik. Üsküp surrendered without a fight, and Selanik was about to fall.[668] M. Bompard, the French

665 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 485-86.

666 Halide Edib Adıvar *Mor Salkımlı Ev,* (Istanbul: Can, 2017), 197, 201.

667 Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 264.

668 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 485-86. While the Bulgarians pushed into Thrace, the Serbian Army advanced south into northern Macedonia with around 132,000 men. On October 22, Kumanovo had fallen. On November 8, the Serbian Army advanced to Monastır. On November 17, the battle turned decisively in the Serbs' favor. From the beginning of the war, the Greeks had focused their attention single-mindedly on securing Selanik. The Greek Army of Thessaly marched to the northeast, overrunning Ottoman positions on the Sarantaporos Pass and Yannitsa on October 22 and November 2. The road to Selanik was now open. The Bulgarians sent their 7th Division when they understood that the Greeks had surrounded the city. As they approached

ambassador, told Cavid Bey that the Young Turks refused the intervention "par conviction"; and the government refused because they were afraid of the Young Turks. Cavid Bey stated that the situation in Macedonia was caused by the encouragement and provocation of the Great Powers, rather than the CUP and its inadequate policies. Bompard told him that the current situation was even worse than during the Russo-Turkish War. While back then there was a strong, capable government, now there was no governmental presence at all.[669] Cavid Bey grew quite frustrated with events of the Balkan Wars. He said, "The invasion of Macedonia in so little time, the case of Kırklareli (Kırkkilise) immediately turned Europe against us. They don't mention the maintenance of the status quo any more."[670]

Cavid Bey was still engaged in teaching. He was giving lectures at *Mekteb-i Nüvvab*, but he then wanted to send Hasan there as a professor. At that time, the students of *Mekteb-i Nüvvab* signed a petition and delivered it to the dean in order to remove this course from the curriculum - and the dean accepted the demands. It annoyed Cavid Bey that his course was canceled because of the demands of the students.[671]

Azmi Bey, Governor of Kırklareli, paid a visit to Cavid Bey. According to him, the desertion rates in the army were unimaginable. Such a high number of deserters was a new matter for the statesmen. The foreigners shared this view as well. Meanwhile, Cavid Bey wrote in his journal about an incident he was working on related to a corruption case inside the government. He wrote that the corruption and fraud from Abdülhamid's time had returned; Shaykh al-Islam Muhtar Bey, Ismail from Gümülcine, and even some high-ranking officials had all commit-

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the city, they sent messengers to the Ottoman commander to surrender the city to the Bulgarians. The answer of the Ottoman commander was: "I have only one Selanik, which I have already surrendered." The Greeks had arrived there first. Clark, *The Sleepwalkers: How Europe Went to War in 1914*, 253-55.

669 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 488-91.

670 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 486-87.

671 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 487-88.

ted a crime regarding the Metropolitan Affair. Cavid Bey touched upon this issue from time to time and stated that during the CUP's rule, such incidents had not occurred. He also included the foreigners he worked with in this statement. Cavid Bey was a strong advocate of the "rule of law," particularly when it came to essential matters such as corruption and debt services.

The fall of Lüleburgaz resonated in Europe. It also overlapped with Kamil Pasha's appointment. On November 3, the Ottoman government sent a diplomatic note to its ambassadors that the government wanted the Great Powers to intervene. Cavid Bey grew angry about the government's move, because the government was asking for help from the Great Powers who had already declared that they would not intervene. He complained that the government did not ask for any preconditions. He wrote, "This massive Empire remained silent. Rumelia, which was conquered through quite a lot of sacrifice, is now left with its fine fires and martyrs. Neither excitement nor signs of life in the country. A dead government is dominated by a dead tribe in a dead country."[672]

Cavid Bey also wrote that the police were watching his house. Merchants from Selanik visited Cavid Bey to discuss the general political and economic situation. On their way out, Cavid Bey was questioned about his guests' identity. The pro-government *Alemdar* newspaper wrote that Cavid Bey donated 10,000 Liras to the Red Crescent (*Hilal-i Ahmer*). But in fact, he had no income and depended on only a few liras he got from here and there. He said that this slander and suspicion caused him to give up hope not only for today, but also for tomorrow.[673] *Tanin* claimed that Mahmut Şevket Pasha was going to be assigned the position of Inspector General. Things began to heat up in the Sublime Porte following this incident. The headlines aimed to serve the CUP's efforts to reconcile with the government over the Balkan Wars, but nothing seemed to work. The purpose here was to enable mutual support between the two parties during the war and to get Mahmut Şevket

672 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 492.

673 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 492-94.

Pasha to visit the army as Inspector General. However, none of these goals was realized. Both the government and LEP were afraid that Pasha would come to Istanbul with his army and punish them for their misdeeds, as in the March 31 incident. Cavid Bey was among the decision-makers behind this process.[674]

On November 9, 1912, Cavid Bey wrote that the decision to shut down *Tanin* had been made and that he would not open another newspaper. Cavid Bey proposed that Talat Bey and Haci Adil should go to the Sublime Porte to meet Kamil Pasha. During their meeting, Kamil Pasha stated that he had met Mahmut Şevket Pasha very recently and did not think he was a better candidate than Nazım Pasha. Talat Bey told Kamil Pasha that he would pay him a visit from time to time. Kamil Pasha sneered at him and asked, "for your own interest and benefit?" Cavid Bey anticipated that these meetings would not be a complete success; however, he had not "expected such revengeful responses and animosity."

Cavid Bey was working on the Metropolitan Affair, which had involved a case of governmental bribery. He wrote that although everyone at the State Council and the Ministry of Public Works took money, this case of bribery involved delaying work processes. Meanwhile, Sadık Bey, now Vice President of the LEP, published a declaration stating that the party's institutions might be shut down. Cavid Bey wrote that he felt that the CUP may also be closed by the government. Meanwhile, the government finally mentioned the possibility of defeat in Çatalca. Cavid Bey met with the journalist Jean Rhodes from *Le Temps*. Cavid Bey told the paper that the CUP was in favor of the defense of Çatalca and that they wanted to maintain their honor. Rhodes responded by saying, "Your honor has been saved; the soldiers couldn't have fought more than that despite hunger and exhaustion." During this conversation, Cavid Bey told Jean Rhodes that if Rumelia was lost, then Ottomanism (*İttihad-ı Anasır*) would become insignificant and that they would have

674 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 500-03.

to change their policy. Rhodes told him that even if Rumelia was lost, there would still be many Greeks in Anatolia. Cavid Bey responded by telling him that they were safe. Cavid Bey's responses indicate that a consensus and discourse had been established in the party meetings and the meetings at his residence. From then on, Cavid Bey's discourse and politics during such meetings, especially with foreign representatives, was always in accordance with the CUP and the continuity of the state.

On November 8, 1912, *Tanin* published an article about Mahmut Şevket Pasha's visit to Çatalca to inspect the army. The day after, *İkdam*, supporter of the LEP, refuted this news. *Tanin* asserted that only Mahmut Şevket Pasha, as the Inspector General of the army, could save Turkey. The same day, the publication ban was imposed on the newspaper, and all of the copies of the newspaper were confiscated. There was also a ban put in place on newspapers being published with all articles written under pen names, which was something that Hüseyin Cahit had done in the past. The only newspapers that remained in print at that time, including *İkdam, Alemdar*, and *Sabah*, supported the government. The Kamil Pasha government was in a deep crisis due to pressure from the Unionists and Mahmut Şevket Pasha, who had supported the commanders who wanted to resist. As an Anglophile, Kamil Pasha was inclined to make peace as soon as possible. On November 10, the government strengthened its measures against the CUP and gave the party a deadline by which the CUP had to close its branches. On November 11, Sadık Bey announced that the LEP had committed itself to adjourn to support the government until the opening of the parliament once again.[675]

Last but not least, the financing of the Balkan Wars was another issue during the war. First of all, the Ottoman government did not take out any new loans during the war. The Ottoman government received an advance from the National Bank of Turkey that amounted to 33,000 Li-

675 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 443-44.

ras, which had been finalized before the outbreak of the war. After the war had broken out, the banks agreed not to give loans to both the Ottoman and the Balkan states. The banks criticized the Ottoman government for not repaying its debts during the war. As a result, the duration of the advance payments was renewed, while the interest rates increased.[676] In sum, both the Ottoman Bank and the OPDA closed its doors on the Ottoman government.

§ 3.9 Once Again in Exile…

In addition to the Balkan Wars, domestic politics in the Empire had been upended. The Unionists' efforts to both change Kamil Pasha's army's position and shuffle the cabinet were inconclusive. Moreover, the commander of the First Army had given an order to arrest Talat Pasha. The government's main aim was to get rid of the Unionists, particularly the leaders of the CUP, in order to eliminate any kind of opposition to the upcoming negotiations. The government had no choice but to turn a blind eye to members of the CUP fleeing the country. On November 12, Kamil Pasha asked for the conditions of an armistice with the Balkan states. Though the guns had not been silenced, Nazım Pasha, who would be in charge of negotiations, declared that the army could endure at most four days. While conflicting voices could be heard around Istanbul, a new wave of arrests had begun against the Unionists and members of the military on November 13. Meanwhile, on the afternoon of November 17, the navy disembarked from its ships to protect the embassies, schools, and hospitals.[677]

Hüseyin Cahit met with Cavid Bey and told him that he wanted to go to Europe with his family but that he did not want to leave Cavid Bey

676 Parvus Efendi, Cihan Harbine doğru Türkiye, 82-6.

677 Kansu, İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913, 445-46 and 61-63.

behind. Cavid Bey was unable to decide immediately and asked for some time to consider it.[678] According to his notes dated November 12, 1912, when Cavid Bey met with Talat Bey and Mithat Şükrü, they objected to Hüseyin Cahit's decision to leave. Cavid Bey told them about his hesitation and that as a precaution he would not stay at his home at night and that he would act accordingly. Cavid Bey accompanied Hüseyin Cahit to get on a boat to Romania, and he left despite the opinions of his friends. When Hüseyin Cahit got on, the coast guard did not ask him anything, stating there was no need for passport control. Following this farewell, Cavid Bey went home and while chatting with Babanzade Hakkı and Rahmi, first Kibar Fazıl, then Şükrü Bey stopped by and told him that Kamil Pasha had ordered that Cavid Bey and Hüseyin Cahit be arrested. He also ordered every Europe-bound ship to be stopped to search for fugitives. Cavid Bey left his house looking for a safe place to hide. He ended up at Count Ostrorog's house in John's Apartment behind the German Hospital on Sıraselviler. Ostrorog asked his secretary Mr. Pech and Head Translator of the French Embassy M. Ledoux to help with Cavid Bey's departure, especially in preparing his papers. Later, M. Ledoux came to the Count's house in person and told him that he had two spare rooms at the embassy and that the next day they would move Cavid Bey there and then get him on a boat to Odessa or Marseille.

In his journals, Cavid Bey wrote statements that reflected his anger and hurt —although his moments of sadness are not easy to discern. He wrote that when he was alone with Ostrorog, he cried; this is a rare personal moment outlined in his journal. He found it hard to grasp leaving his country behind, even despite the miserable circumstances and to ask for help from those who wanted to divide and destroy Rumelia. When he went to bed, he thought: "Is this why we have worked so hard to get rid of foreign domination? And is this the result we wanted when we declared constitutionalism? We declared constitutionalism in order to save Rumelia and look at how it ended up when it is passed onto

678 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 509-13.

greedy, disloyal hands. How unbelievable and unbearable it sounds to me, the idea of Turkey without Rumelia, the Ottoman state without Selanik!"

On 14 November, 1912, Cavid Bey and Babanzade Hakkı Bey boarded a boat bound for Marseille at 11:00 with the help of Count Ostrorog and the French. They were asked to remain hidden until the boat passed Çanakkale (the Dardanelles?). Sarım and Fazıl had accompanied them to the boat and informed them that 200 people had been arrested. Cavid Bey said that while the French had certainly done him a favor, they were now behaving like they had done something unimaginable. He added, "We will persevere!"[679]

Cavid Bey wrote that he found himself on a "second March 31 trip," escaping a feeling of catastrophe in the country. He hoped that they would be fixing their eyes on places from where they would be rescued, since now these places of hope were crushed under the enemy's boots. Babanzade Hakkı had 50 Liras in his pocket, and Cavid Bey had 100 Liras he had borrowed from Arif, in addition to a 50 Liras check from Hüseyin Cahit, bound for the Banque Nationale. He had exchanged the check for money from Sarım since he had no time to cash the check. Cavid Bey said that at that point he was much more indebted compared to before the Revolution. Despite his financial situation, he complained that the dissidents referred to his colleagues and himself as "thieves", and claimed that they all had farms in Romania, hotels in Selanik, and houses in Switzerland. Cavid Bey arrived in Marseille with anxiety and worrisome thoughts. Most of the passengers that were on board were Levantines who had left Istanbul due to political reasons. They arrived in Marseille on November 20, 1912 and settled at the Grand Hotel. Cavid Bey found Marseille to be much bigger than he had imagined, and he became emotional when he realized that the city's streets and the harbor were like Selanik. They received a letter from the prominent Unionist Ahmet Rıza, inviting them to Paris to have interviews with French

679 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 517-23.

politicians and journalists. Finally, they decided to go to either Genoa or Brussels; Cavid Bey would stay a few days in Lyon first, Babanzade Hakkı would go to Paris directly to get information from Ahmet Rıza and Rifat Pasha.

The news coming from Istanbul confirmed the news they received as they boarded the ship: many of their friends had been arrested. Strangely, they did not hear anything about Talat Pasha. They found out that the official reason for their arrest was the *Dar'ul Fünun* demonstration, which the government claimed was designed to throw them out of power. The government declared that the sole responsibility for the demonstration belonged to the CUP, which was said to have developed a program to unseat the government. Cavid Bey said that he was quite upset by this statement, because there was no truth in any of it. Ali Kemal and Diran Kelekyan, both journalists and antagonists of the CUP were the ones behind the demonstration. Cavid Bey and his friends penned a letter to *Le Temps*, and Andre Tardieu published an edited version of it.[680] From the European perspective, the situation had the potential to lead to a Russian-Austrian conflagration, which could easily set the entire continent ablaze. The Great Powers, accordingly, focused on forcing a ceasefire and convening a conference to discuss the future of the Balkans.[681] While Cavid Bey was in Marseille, an armistice was declared on December 3.[682] The following day, Cavid Bey and Babanzade Hakkı Bey caught a train early in the morning. While Hakkı Bey went on to Paris, Cavid Bey got off the train in Lyon. Cavid Bey was closely followed by the press on his trips in Europe. In Marseille, a hotel employee informed

680 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 523-30.

681 "The Armistice of 3 December paved the way for two parallel conferences in London. At the first, Ottoman and Balkan delegates met to discuss the future of European Turkey and the Northern Aegean islands. At the second, ambassadors of the Great Powers debated a general settlement in the Balkans." Hanioğlu, "The Second Constitutional Period, 1908-1918," 89.

682 On December 3, 1912, when an armistice was signed, the only points of continuing Ottoman resistance west of the Çatalca line were Edirne, Yanya, and Uskup, all of which were still under siege.

the newspapers, so a photographer was there when they arrived at the train station. An acquaintance stopped the photographer. The next day, they saw a cinematograph installed in front of the hotel on their way out. In this photo, he was seen with a hat on. He asked the papers not to send it to Istanbul. Despite his request this photo appeared in *L'Illustration* with his hat on. He then asked Pathé that another photo of him be taken with a "fez" on. They accepted his request.[683]

He left Lyon for Brussels on the morning of December 11, 1912, and arrived at the Palace Hotel in Brussels that night. Hüseyin Cahit was staying in Vienna, where he invited Cavid Bey. He wrote that he was disturbed by statements made by Raymond Poincaré, then Prime Minister of France, that claimed that the United Kingdom was not interested in Lebanon and Syria and that emphasized French interests in these regions. Cavid Bey said that the British press was not against Turkey, at least not as much as the French. Cavid Bey was quite taken by Brussels, he even said that it was possible for him to live there, while he was in Europe. They began looking for apartments, as staying at hotels was too cost prohibitive; however, they were unable to find anything. He was fond of the city, suburbia, and the green fields. He wrote to Gülbenkyan, a financial consultant of the Ottoman government while he was in Brussels and asked that they help Reşid Saffet (Atabinen), who would later be employed as a financial consultant at the London Conference.[684] Gülbenkyan responded that he had left his position. He added that all of the Ottoman institutions had fallen into disrepute, except for the OPDA.[685]

683 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 530-33.

684 The London Conference started at St. James's Palace on December 16. The president of the Ottoman delegation was Reşit Pasha. Reşit Saffet Atabinen, a very close fellow worker of Cavid Bey, was the legal advisor of the committee. Sir Edward Grey had given an opening speech emphasizing the importance of Edirne and the border between Turkey and Bulgaria. Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913,* 483,84, and 86.

685 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 533-37.

On December 17, Cavid Bey gave an interview to *Frankfurter Zeitung und Handelsblatt*. According to his statement in the newspaper, the worst thing the government had done was to make changes in the army right before the war. From then on, they needed a neutral government and a wise and brave general to command the army while the Bulgarian army was tired. On December 27, Cavid Bey provided a statement to *Neue Freie Presse.* He stated that it was unacceptable to surrender Edirne and that Kamil Pasha had become very old and was finished with politics. In addition, he pointed out that their task that had begun in 1908 — i.e., establishing the constitutional parliamentary regime and the modernization of the country —had remained unfinished. They had to face and address various crises and still had a lot to do in power.[686]

Cavid Bey arrived in Vienna on December 23, 1912 to meet with Hüseyin Cahit. In a letter from Talat Bey that addressed the two of them, there were three options as taking down the government with a military coup; maintaining the current situation; or striking an agreement with the government. The first option was not practical as it was both dangerous and would need to be done immediately. The second option was rejected, because it would lead to the nation's demise. The third, however, was possible. Talat Bey wrote to Cavid Bey that there was no danger in Istanbul and that he should come back. As mentioned before, Talat Bey had been in politics, at least in the CUP, with Cavid Bey for a very long time. Their relationship went back many years, long before the Revolution. While Talat Bey left the financial issues to Cavid, in politics, he usually involved him as well. Although we see that Cavid Bey sometimes complained about finding out about developments later than everybody else, he was nevertheless quite involved in what was going on. Moreover, he became the target of the dissidents alongside Talat Bey. He and Hüseyn Cahit were quite close to Talat Bey — so much so that he could ask them to return to Istanbul if he needed their friendship and companionship, and they would oblige.

686 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 505-06.

Following the correspondence, two more cards arrived from Talat Bey for Cavid Bey and Hüseyin Cahit. On Hüseyin Cahit's card, Talat Bey wrote that Nazım Pasha and Said Halim Pasha had met and had agreed in principle. He said Enver, Cemal, Fethi, and the other members of the CUP were in favor of going to war. They agreed that if the pashas could not reach an agreement, the cabinet would be changed by force. He told them not to waste time on their dreams and to come back. On Cavid Bey's card, Talat Bey wrote, "what you think (about doing from) over there is not possible to do here. Come to Istanbul for a few days, then you can go back again." He again stated that there was no danger in Istanbul. It seemed that Cavid Bey's arrival in Istanbul would uplift his friend's mood. Though Talat Bey asked both Cavid Bey and Hüseyin Cahit to return, he preferred that Hüseyin Cahit arrive at a later date as they did not want *Tanin* to begin publication soon after his arrival. After Talat Bey's letter, Cavid Bey received a letter from Kemal Bey. There is no information about the identity of Kemal Bey. He mentioned the fact that Talat and the others were in a hurry for him to return to Istanbul. According to his letter, a coup was being planned, and unless it was successfully carried out, they needed to remain in Europe for their own sake and the sake of the party. He added that Talat Bey had had a meeting with Nazım Pasha — it is likely that the Unionists had an offer for Nazım Pasha. Hüseyin Cahit replied to Talat Bey's letter. According to him, the CUP and the young politicians should either come into power via a putsch or remain neutral. Afterwards, Hüseyin Cahit and Cavid Bey received two different letters from Talat Bey. In the letter to Hüseyin Cahit, Talat Bey mentioned two things. First was that Nazım Pasha and Said Halim Pasha had agreed on essential conditions, including Fethi Bey's condition to see Enver Bey become Chief of Staff. According to Talat Bey, the army would not approve of this: Enver Bey, Fethi Bey, and Cemal Bey were all in support of the war. They would try to agree with Nazım Pasha and Izzet Pasha, or they would take up arms. At last, Talat Bey warned them both: "Do not fall into reverie and come back to Istanbul." In his letter to Cavid Bey, he had asked "What you are envisaging in Europe is impossible to realize here. There is no such dangerous situa-

tion here. If you were to come, it would have a very positive impact among our brothers." Talat Bey also stated that Mahmut Şevket Pasha had agreed with Nazım Pasha to overthrow the government. In his response to Talat Bey, Cavid Bey said that if they could not organize a mass movement, they would not be successful and that the incidents of the last four years would continue. He argued that striking an agreement with Nazım Pasha was betraying the CUP. He further added that he would agree with this plan, and if they were to follow through with it, he would leave politics. His second letter was to Kelekyan. He asked his advice about looking for a job in Europe if he could not reach an understanding with his colleagues. He decided that he would stay in Europe after leaving politics.

It should be noted that these letters were of great significance in observing the distribution of power within the CUP. In fact, before leaving Istanbul, Cavid Bey had been part of the decision-making group that determined the political direction. He took part in the discussions alongside Talat Bey between July 24, 1908 and November 1912, when the CUP was not the sole party in power. However, after Cavid Bey fled Istanbul, we see from his journals that Talat Bey was not content with this situation and asked Cavid Bey to return, at least for a little while. However, Cavid Bey preferred to stay in Europe and even considered leaving politics. When it came to armed political action, it was more logical that military officers be involved. Thus, Enver Bey was the leader of the planned coup along with Talat Bey. Following the coup, the civilian figures in the CUP, especially those in Europe, kept out of the decision-making process of the Committee.[687]

Just before the coup, the government removed Hüseyin Cahit from the position of Ottoman Deputy at the OPDA. This position was vital for several reasons: as long as someone from the CUP was in the institution, he was able to help out other people — including Cavid Bey — financial-

687 Erik Jan Zürcher, Young Turk Governance in the Ottoman Empire during the First World War, *Middle Eastern Studies* 55, no. 6 (2019), 897-913.

ly because of the large salary he received.[688] Cavid Bey returned to Brussels, where he published two articles: one on the OPDA for *Deutsche Revue* in Stuttgart, and the other one on "our financial situation in general." He wrote them to counter the rumors that Turkey was soon to be bankrupt.

The first set of peace negotiations on the Balkan War broke down on January 6, 1913. The second resulted in a note to the Ottoman government warning it to sign a peace treaty or face the consequences alone. All the while, Edirne was under siege.[689] On January 17, Gabriel Noradunkyan received the Great Powers' proposal from Mr. Pallavicini, the longest-serving ambassador among the ambassadors of the Great Powers. The note included the Great Powers' demands: handing over Edirne to the Bulgarians and allowing the Great Powers to resolve the conflict over the Aegean Islands. The note declared that if the Ottoman government was unable to accept these demands, then the war would be reignited, and the Ottoman Empire would not be able to appeal to the Great Powers for any kind of assistance. Meanwhile, on January 13, another governmental crisis had emerged. Even Lütfi Fikri and Mahir Said - the fiercest dissidents of the CUP - offered to appoint a minister from the Unionists.[690] Kamil Pasha wisely decided to convene the Council of State in order to share the responsibility for approving the terms laid out in the diplomatic note sent by the Great Powers. Luckily for him, in the meeting, the Council of State decided to approve the terms.[691]

While Cavid Bey was having dinner at Hüseyin Hilmi Pasha's house on the evening of January 23, 1912, one of the secretaries stormed in and cried, "There's been a coup in Istanbul! The CUP has raided Babıali (the Sublime Porte), and the cabinet has stepped aside!" Cavid Bey and Hüseyin Hilmi Pasha looked at each other. Hüseyin Hilmi Pasha was unsettled by the news. The real news started to stream in the following

688 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 537-44.

689 Hanioğlu, "The Second Constitutional Period, 1908-1918," 89.

690 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 504.

691 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler)*, 165-66.

day. They heard about the murder of Nazım Pasha. *Berliner Presse Tageblatt* declared that Nazım Pasha had got what was coming to him, whereas the French press fiercely condemned the incident and the CUP. For Cavid Bey, Nazım Pasha was responsible, both directly and indirectly, for the chaos that was unfolding across the nation. Cavid Bey waited for a couple of days in Europe, since he thought that they might ask him to sort out his financial affairs. Meanwhile, he penned an article for *Neue Freie Presse* arguing that the government could not be in favor of war but their main purpose was to save Edirne, and the honor of the people.[692] His stance and message was quite conciliatory rather than conflictual on the Edirne issue. He also stated that Turkey could find fiscal resources for public investments inside the domestic market if they could not secure funds from foreign sources. He added that the Baghdad Railway would be completed very soon, and afterward, they would begin construction on a new railway line from Ankara to Sivas. His key points were that they were focused on reconciliation and peace, but that this could not be achieved without Edirne.[693] Following the coup d'état, Mahmut Şevket Pasha formed a new government. He became both grand vizier and minister. Menemenlizade Rıfat Bey became finance minister, and Cavid Bey had no position in the cabinet.

Cavid Bey returned to Istanbul on the morning of February 3, 1913. Something had changed, he wrote down to his journal: there was hope in the air. After all this time, young and brave soldiers could finally do something for their country.[694]

692 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 537-44.

693 Kansu, *İttihadçıların Rejim ve İktidar Mücadelesi, 1908-1913*, 534.

694 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 549.

§ 3.10 Chapter Summary

Why was the period from 1911 to the beginning of 1913 of particular importance in Cavid Bey's life? Cavid Bey addresses two vital issues within this two-year period: first, at the beginning of the period, Cavid Bey began negotiations to increase the customs duty rate in return for the reorganization of the Baghdad Railway. Though he made progress on this issue — which was difficult enough due to its multiple, moving parts — both the Italo-Turkish and the Balkan Wars interrupted these negotiations until 1913. Second, Cavid Bey's political career and administrative reforms were interrupted due to increased opposition to the CUP in civilian politics and the military. Because of this, Cavid Bey was forced to resign from the ministry in 1911 after he had started international negotiations. He was personally attacked by the dissidents, who were backed by military officers. These conservatives — who had become annoyed with the revolution's liberal values — targeted his identity. In the new era after the 1908 Revolution, these conservatives either had lost their economic privileges or were unable to benefit as they wished. When Cavid Bey resigned from the ministry in the spring of 1911, thousands of people demonstrated in both Istanbul and İzmir. However, this period also showed that he was always the person whom both domestic and international economic actors preferred to contact — regardless of whether he was in office. After he left his position, he put his work behind him and set off to the Balkans and the Eastern Provinces for political purposes as a CUP deputy. At the end of 1911, he became a minister once again; however, this time, he became the Minister of Public Works. Cavid Bey's work as a financier encompassed public work issues and allocations for them. Hence, apart from the ministry's disorganization, he was familiar with the problems and issues of public works. As a professor endowed with reason and scientific methodology, he successfully organized the ministry. My guess is that he was quite adept at putting things in order and felt good when he did so. During this period, he also struck an agreement with the Ministry of Finance to start an internship program in Paris for young Ottoman officers. Occu-

pational training skills were always his priority. As an administrator, another of his goals was getting the finance school to send some students or interns to Europe. During this period, he presented two budgets in the chamber. Most importantly, here he was able to see that all his hard work from 1908 had paid off. The state's revenue had increased drastically. Meanwhile, he struck a deal with Mahmut Şevket Pasha regarding the audit issue. Though he only accepted an auditor from the military, Cavid Bey was able to establish a modern system of checks and balances.

Mahmut Şevket Pasha resigned due to the crisis related to the Albanian riot and the rise of the opposition in the army. The CUP was unable to convince any commanders to replace him, and the cabinet had to step aside despite the vote of confidence it had won a few days prior. This was the beginning of a six-month struggle between the government and the CUP that was full of oppression, new waves of arrests, and abortive negotiations in the shadow of the Balkan Wars.

Both the Italo-Turkish and the Balkan Wars were extremely significant milestones for the future of the Ottoman Empire. As Cavid Bey had underlined, losing Trablusgarp and Benghazi would mean losing the other regions of the Empire. Perhaps he perceived that the bitter loss of his homeland was right around the corner. Despite this, he was very optimistic on the eve of the Balkan Wars. During the outbreak of the Balkan Wars, the Great Cabinet and Kamil Pasha were in the power. Both pursued rigid policies against the Unionists. The Unionists first tried to reconcile with the government. But after the waves of arrest had started, they fell apart without with each other. Some stayed in Istanbul as Talat Bey, some escaped from Istanbul. Cavid Bey and Hüseyin Cahit had to flee, as did Babanzade Ismail Hakkı, Ahmet Rıza, and many others. Only Talat Bey stayed without being arrested.

The defeat of the Ottoman Army was horrific. In addition to the loss of Macedonia, the Bulgarian armies had reached Çatalca, 40 km from Istanbul. The army was battered, thousands of Ottoman citizens had fled from the Balkans to Anatolia, the cholera epidemic was widespread among the people and soldiers, Edirne was besieged, the treasury was

empty, the government had no room to maneuver, and the political arena was polarized into two camps. The defeat of the Balkan Wars and the siege of Edirne raised doubts about the current government among the soldiers in the army.

After the fall of the Unionist-backed cabinet led by Sait Pasha on August 4, Cavid Bey delivered a fervent speech in the Chamber against the adjournment of parliament. His speech captivated the civilian and military officers. The Committee had chosen him to make the speech, because he was already well known for his talent and enthusiasm for rhetoric. His highly politicized and critical discourse contained remarks about heroism and patriotism. The text did not seem to belong to a liberal politician. On the contrary, it represented the traditional values of the CUP such as patriotism, soldiery, heroism, et cetera. He traveled with Talat Bey to Selanik after the chamber was adjourned. They attempted to establish an alternative chamber, but they could not do so due to the government's rigid measures against them, including the declaration of the state of emergency in Selanik. Cavid Bey's close friends and family members were worried about him. Under these circumstances, the CUP held its annual congress in Istanbul, where they decided whether or not they would participate in the next elections. Cavid Bey was in favor of not participating in the elections, but the party decided they would participate after all. After a while, because of an article he published in *Tanin*, he was sentenced to a short term in prison with Hüseyin Cahit Bey. Thousands of people from various places and institutions visited him. The inclusive and warm attitude that people expressed made him extremely happy. He also kept a list of people who did not visit or send him a message. It should again be emphasized that this was a very polarized period in terms of politics, which in this case meant that many people abstained from visiting friends or colleagues in prison. It is also important to mention that as a spokesperson, Cavid Bey was quite close to mass politics. He was not untouchable, though he was still known for his arrogance among the political and diplomatic milieu.

Due to the government's rigid policies, particularly those of Kamil Pasha, who came to power on October 29, a wave of arrests had begun

in Istanbul. Hundreds of people were arrested as they were trying to leave the city. This time, the French embassy and Count Ostrorog helped Cavid Bey, who found himself on a ship to Marseille. He then went to Vienna, first stopping in Lyon and Brussels for a short period. He was constantly in contact with his contemporaries about the current situation. He also gave interviews to the foreign press about the First Balkan War and domestic politics.

Cavid Bey stayed in Europe until the coup d'etat held on January 23, 1913. Despite Talat Bey's letters that insisted he return to Istanbul, he stayed in Vienna. He supported a radical and strong move to prevent the CUP from repeating the same mistakes it had made since 1908. However, as Talat Bey warned him, what he thought was possible in European capitals was impossible for the Ottomans to implement in Istanbul. The implications of the coup resonated with Cavid Bey. When he returned to Istanbul, he was content with the psychology of the people in the streets: relaxed and refreshed. As we will see in the next chapter, Cavid Bey was ready to finish the work he had already started: increasing the customs duties, organizing the concessions of the Great Powers, and obtaining a consolidated loan. He was determined to free the state's incomes from the economic burden of infrastructure investments and establish a railway network that would connect the ports to the production areas. Until entering the Great War, he would spend most of his time undertaking negotiations abroad, mainly in Paris and Berlin. He would become the finance minister once again in the spring of 1914.

4

The Negotiator 1913–1914

In the global ocean all states were sharks, and all the statesmen knew it."

– Eric Hobsbawm, *The Age of Empire*[695]

This chapter tries to understand Cavid Bey's role in the critical negotiations on the eve of the Great War (1914–1918) and evaluates his work in the finance ministry as well as his other key roles during the developments prior to the Ottoman Empire's entrance into the war.

695 Hobsbawm, E. 1989. *The Age of Empire 1875-1914*. New York: Vintage Books, p: 318.

Cavid Bey lived to see the great competition between the imperial states throughout *La Belle Époque* (1880–1914). Contrary to its meaning in French, the period refers to the European empires' bloody glory over the other ancients, including the Chinese, Indian, and Ottoman Empires, reflecting the 'beauty' of the age for the European industrial empires. The majesty and grandeur of these empires had reached their peak through the rising up of industry, capital, science, culture, and colonies spread throughout the world. As Mehta summarizes, empires cannot be projected by the limits of perception: they extend the horizon.[696] During this period, empires defined themselves through their frontiers rather than the gravity of their center. Colonies, spheres of influence, and economic zones were vital for modern empires, the strongest of which could govern the areas farthest from their capital cities. During the same era, nationalism, socialism, and social movements had emerged in the heart of Europe and spread to other parts of the world following the French Revolution in 1789. Inevitably, these movements spread throughout the Ottoman lands and were mixed and compared with the Sublime Porte's governance (in)capacities. The Balkan states were the first to detach from the Empire in the nineteenth century, and the Balkan Wars were the last and the most catastrophic showcase of the rise of nationalism before the Great War. After the coup d'état of 1913, the Unionists, at last, grasped the power and control of the state. However, their power was not absolute. Until the assassination of Mahmud Şevket Pasha on June 11, 1913, the opposition to the CUP remained as a strong actor within the Ottoman state. Although the opposition lost power after the putsch, they still had an organization in which to raise their voice or possibly organize a counter-revolution.[697] In addition, the Ottoman army and society were in near ruins after losing the

696 Matthew P. Fitzpatrick, Uday Singh Mehta, and Jennifer Pitts, "Liberalism and Empire Reconsidered: A Dialogue," in *Liberal Imperialism in Europe*, ed. Matthew P. Fitzpatrick, (New York: Palgrave Macmillan, 2012), 249-250.

697 Ahmad, F. 1971, *İttihat ve Terakki 1908-1914 (Jön Türkler)*, 184.

Balkan Wars. For this reason, the future of the CUP was bound up in the future and salvation of Edirne. The Unionists had to pursue the Balkan Wars and recapture Edirne to legitimize the putsch and their rule. In their opinion, there was no greater need than the need for one resource: money. The treasury was empty, and the army was in disarray, desperate. To strengthen the Çatalca line, and the army as a whole, the Unionists had to find more money. Cavid Bey appeared in Istanbul after the putsch as the shadow minister of finance. A month later, the government asked him to leave for Europe. He packed his bags for an extended business trip to various cities in Europe: Vienna, Berlin, London, and Paris. In February, the former Grand Vizier Hakkı Pasha was sent to London with the Ottoman delegation for the peace talks. His main task was to begin talks on the Baghdad Railway and other issues related to Britain. Both Hakkı Pasha in London and Cavid Bey, mainly in Paris and Berlin, held official talks with the statesmen, diplomats, financiers, and bankers of Britain, France, Germany, and Russia. Their goal was to make new agreements on several complex, intertwined issues. Firstly, and more generally, this included raising customs duties, establishing monopolies of goods, and easing the capitulations procedure. Secondly, in relation to France, this also entailed obtaining a considerable loan from the Paris stock market to pay the debt incurred during the Italo-Ottoman and Balkan Wars, as well as other payments, including the budget deficit, and asking for help on issues like customs, monopolies, capitulations, and mediation related to the planned railways in Eastern Anatolia between Russia and the Ottoman Empire. Thirdly, in relation to Britain, this involved solving problems related to the Baghdad Railway's terminal point and the legal situation in the Persian Gulf, navigation rights on the Tigris and Euphrates, oil concessions, and concessions on postal services. Fourthly, in relation to Germany, this included resolving tough topics such as the Baghdad Railway, building other railway lines in Syria and Anatolia alongside the new ports, as well as Deutsche Bank's heavy demands. Cavid Bey was very busy during his trip, with day-long meetings, luncheons, and dinner invitations, where he met his counterparts and stakeholders. While negotiating with the most pres-

tigious politicians, diplomats, and financiers of Europe, he was also trying to find instant solutions to the Empire's urgent financial problems. To say that the loans and concessions negotiations on his agenda were intertwined with one another is an understatement. His work was critical for securing the future of the Ottoman Empire. Though the Great Powers' various interests clashed behind the closed doors of different ministries or banks, one thing was for sure: the Great Powers collectively supported the integration of the Ottoman Empire — for now. Many agreements between the Great Powers and the Ottoman Empire were signed in 1913 and 1914, though some could not be ratified due to the outbreak of the Great War. It is important to note that the main aim of the Great Powers was not to cause the disintegration of the Ottoman Empire. In order for the Great Powers to maintain the imperial status quo, the Ottoman Empire had to survive. Britain and France were skeptical of both Russia and Germany and their potential to dominate the Eastern Mediterranean, which is situated en route to India and China. Germany was also avoiding repayment of the vast amount it had spent on the colossal Baghdad Railway. Russia was still lacking a navy to dominate the Black Sea, Istanbul, and the straits. While the survival of the Ottoman Empire was favorable for all of the Great Powers, they believed that sooner or later the Empire would collapse. For this reason, they felt the need to intervene in the complex issues regarding the Empire and determine their areas and fields of influence.[698] The Unionists were helpless in preventing the Great Powers from making enormous investments, such as in ports and railways, which were necessary for the country's development. The Empire’s primary goal was to raise revenues through customs duties or monopolies, in addition to seeking urgent treasury loans. The meetings held in 1913 and 1914 were the last chance to settle the controversial topics with the Great Powers and focus on the seemingly bright future of the Empire after the trauma of the Balkan Wars. These agreements created spheres of influence in the Ot-

698 Bayur, *Türk İnkîlâbı Tarihi II/III*, 4-15.

toman Empire in different regions, including Anatolia. It is crucial to understand whether Cavid Bey questioned these agreements within their imperial context and, secondly, to understand whether or not they impacted the decision of the Unionist government to enter the Great War.

While Cavid Bey was trying to obtain a consolidated loan from France, he was simultaneously working toward the Great Powers' approval of a rise in the customs duties of the Ottoman Empire; in return, he was approving the Great Powers' concession demands that he thought would cause the least amount of damage to the Empire. These demands covered complex and various networks of interests such as merging the railways of different groups, oil concessions, or even concessions for future projects. As Cavid Bey states, these demands were meant to partition the country into different spheres. Meanwhile, these negotiations involved substantial side issues such as the Armenian question, the Aegean islands, the dreadnoughts, the Italian demands, a race between the Great Powers for the new military, and financial control over loans, among other issues. The worst problem for the Empire was perhaps the pressing need for money in Istanbul. When he finished his work in Europe, Cavid Bey returned to Istanbul. He was greeted with enthusiasm as he arrived at the station in the official finance minister's train. He presented the budget of 1914 to the parliament. He was hopeful, as always, for the Ottoman Empire's future and was optimistic about initiating new reforms to bring about the development of the country. Nevertheless, one gunshot changed everything for every individual on earth.

As Archduke Franz Ferdinand's assassination on June 28 led to the July Crisis across Europe, Cavid Bey insisted that the Ottoman Empire should stay neutral in a possible war. The French loan to the Ottoman Empire had one essential condition: it should not be spent on war. Between August 2, 1914, the date of the secret agreement between some prominent Unionists — excluding Cavid Bey — and Germany, and October 29, 1914, the Ottoman Empire's entrance into the Great War, Cavid Bey maintained his position in the cabinet as the finance minister. He

led the antiwar group in the cabinet and tried to convince the ministers to keep the Ottoman Empire neutral in the war. According to Cavid Bey, the financial and military capacity of the Empire was inadequate to participate in another war; he underlined many times that the state did not have enough economic resources. Within this short period, Cavid Bey carried out shuttle diplomacy for the abolition of the capitulations. However, when the CUP decided to enter the war, Cavid Bey resigned from his official duties. This was due, firstly, to Cavid Bey's belief that the Ottoman Empire's secret entrance into the war, which Enver Bey and Talat Bey orchestrated, was counter to the motto of Unionism (*İttihatçılık şiarı*); secondly, Cavid Bey strongly believed that the Ottoman Empire had to stay neutral to protect its territorial integrity, which was in a more fragile position due to the lack of financial resources. The Unionists reacted negatively to his resignation, and some even threatened him. However, as a man known for his stubbornness, Cavid Bey did not step back from his duties but remained a shadow finance minister until he accepted the office again in 1917.

With each passing day in 1913 and 1914, the European concert that was established in 1815 was becoming more and more vulnerable. The Baghdad Railway issue was one of the most challenging issues for the Great Powers outside of Europe. The Potsdam Agreement between Germany and Russia in 1910 became the cornerstone that paved the way for reconciliation on the Great Powers' interests in Anatolia and Mesopotamia. Although the Great War rivals had solved the problems regarding the Near East, this was not enough to prevent the war itself. As a result of the Balkan Wars, the Ottoman homeland had shrunk to Eastern Thrace, Anatolia, and the Arab provinces. Although the Empire had entered a brief period of peace, it was still not safe from the threat of war. The responsibility for protecting the integrity of the state rested on the Unionists' shoulders, including those of Cavid Bey. In the context of the Empire’s relations with the Great Powers in the lead-up to the Great War, this chapter seeks to understand whether Cavid Bey was, in the words of Hobsbawm, the shark or the bait in an ocean full of sharks.

§ 4.1 Waiting for the Storm, 1913–1914

From the beginning of 1913 until the assassination of Archiduke Franz Ferdinand on June 28, the countdown to the First World War had begun: a period of waiting for the storm. This period is aptly depicted by contemporary French novelist Jean Echenoz, whose satirical war novella, *1914*, depicts the Great War through the eyes of a French soldier. The novella begins with a call for the mobilization of the French army. The call is made using an unusual tune from the bells of a church — a tune that people instantly understand as a terrible omen of what is to come. Although everybody in that French village has been waiting for the bells to ring, they still do not want to believe that their predictions have come true.[699] The possibility of a war was deliberated upon throughout the foreign offices and ministries of war in Europe. However, international diplomacy could not prevent it. The voices of imperialism, nationalism, and militarism were so loud that it was hard to hear the voice of peace. I firstly suggest going back to before 1913 to understand how the winds of war were blowing in Europe and in the Ottoman Empire.

In the 1900s, the idea of war appeared as something impossible after a long period of peace in Europe. But, by the 1910s — with the Great Powers clearly defined between two blocs; the accumulation of finance capital; rising industrial sectors such as electricity, the railways, chemistry, aviation, and services; acceleration of the defense industry, intertwined with other industries and government interests; and rising nationalism — the world was competing in a global race that brought it closer to the idea of war. As Lenin states, who observed the circumstances at first hand, "the race between these opposite blocs originated from the state's passion for excessive growth, rising nationalism, and fixing social inequalities in European countries, which led to the colonization process in order to support the empires' need to gather speed,

699 Jean Echenoz *1914,* (Istanbul: Kitap Yayınevi, 2015), 7.

export finances and industries, and import raw materials."[700] At the beginning of the twentieth century, the world was dominated by Britain and France and, to a lesser extent, Germany and Italy, which were the latecomers to the idea of the new industrialized nation-states dominating world politics. Of these Great Powers, the United Kingdom was the clear hegemonic power of the 'long' nineteenth century, though its supremacy was challenged just before the war. At the height of its power, Britain controlled approximately 40% of global exports, which was the one third of the Western Europe's exports.[701] On the eve of the Great War, the growing economies of Germany and Denmark had joined the ranks of the wealthiest states of Europe, including Britain, Belgium, Holland, Switzerland, and France. In some of these countries such as Britain, most of the population was working in the field of industry. In contrast to these countries, more than 80% of the Ottoman population was working in the agriculture sector.[702] These developments in turn triggered competition and the expansion of colonialism. British economist and social scientist J.A. Hobson dubbed this process "imperialism," which soon became a near synonym for colonialism. Alongside Hobson, Nikolai Bukharin, Rudolf Hilferding, Karl Kautsky, Joseph Schumpeter, and Rosa Luxemburg also indicated that the monopolization of markets required the desperate need for new colonies and their raw materials and human resources.[703] Latecomers such as Belgium, Germany, and Italy, for example, were thus eager to establish their own colonies and spheres of influence in the early twentieth century.

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700 Vladimir Lenin, *Imperialism, the Highest Stage of Capitalism.* Lenin Internet Archive, accesed August 2, 2021. https://www.marxists.org/archive/lenin/works/1916/imp-hsc/index.htm

701 Ivan Berend *An Economic History of Twentieth Century Europe. Economic Regimes from Laissez-Faire to Globalization (*Cambridge: Cambridge University Press, 2017), 11.

702 Berend, *An Economic History of Twentieth-Century Europe*, 21-2, Quaatert, D.2017. Şevket Pamuk *Osmanlı Devleti'nde Avrupai İktisadi Yayılımı ve Direniş 1881-1908*, Istanbul: İletişim Yayınları, p: 29. See also, Şevket Pamuk *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, (Istanbul: İş Bankası Kültür Yayınları, 2017).

703 Berend, *An Economic History of Twentieth-Century Europe*,21, 22.

Europe gradually found itself divided into two opposing blocs of Great Powers at the turn of the century. The Triple Alliance composed of Germany, Austria-Hungary, and Italy was shaped in 1882 (although Italy would eventually join the Entente Cordiale camp in 1915). By the same token, Britain and France had already established ties in 1860 through the Cobden-Chevalier Agreement, which established the first free trade zone in Europe.[704] In the late 1880s, France and Russia had formed an informal alliance. International blocs were emerging against the rise of Germany. By the 1890s, the two blocs had been more or less formed, and between 1903 and 1907, Britain decided to join the anti-German camp. At the turn of the century, both the actors and the rules of international diplomacy had started to change. First of all, as seen in the Ottoman case, the rivalry between these two blocs had expanded and taken on a more global and imperial character. With the exception of the United States and its famous Monroe Doctrine, the main tenet of which was isolationism, international rivalries expanded across the globe, from Africa to China. This new situation challenged the Great Powers, especially the hegemony of Britain. By the end of the nineteenth century, Britain's navy was no longer the largest in the world.

The concept of war had become the biggest driver of economic rivalry and competition. As Hobsbawm underlined, "the shift from monopoly to competition was probably the most important factor that led to the endless competition between European enterprises, which served to separate the strong from the weak, and to give courage to the young, hungry nations at the expense of the old empires".[705] In 1913 Britain's allocated £77 million to military compared to £32 million in 1887. It is

704 As Berend argues, before the First World War, the laissez faire economy based on the gold standard was prevalent in the European economic system. This economic system had connections with ideological and political concepts such as personal liberty and democracy, which became expressions of universal interests and guarantors of universal liberty and harmony unless the national economy was endangered. Ivan Berend, *An Economic History of Twentieth-Century Europe Economic Regimes from Laissez-Faire to Globalization* (Cambridge: Cambridge University Press, 2006), 11.

705 Hobsbawm, *The Age of Empire*, 311-316.

more or less the same for the Germany, especially in the field of navy. The arms industry and the development of the state became so intertwined that we can liken it to the common "chicken or the egg?" dilemma. Armaments firms became an integral part of giant industries such as Krupp in Germany, Armstrong, or Whitworth in Britain, and, eventually, the "military-industrial complex" in the United States. The arms industry was directly supported by state subsidies and shaped by states' political aims. Another factor of this imperial development was very much related to the Ottoman Empire: redistributing accumulated financial capital from the center to periphery countries via loans or giant projects such as the construction of railways, ports, or urban services like gas and electricity networks.[706] During the 1910s, imperialism was accepted as the monopoly stage of capitalism, and it was identifed through the hegemony of financial capital by left-wing intellectuals.[707] The system of financial capital exported finance instead of industry through the banks.

> As Hilfeding sums up, "finance capital is capital controlled by banks and employed by industrialists".[708]

Over a very short period, the monopolies of financial capital had emerged in developed countries, which were often intertwined with the foreign offices of the states. Whether or not the financial capital of banks and industries had fully merged with states' foreign policy during the 'long' nineteenth century or on the brink of the twentieth century is still an open subject for debate. On the one side, Britain, even in 1914, did not give up its *laissez-faire* principle in the field of business. The Foreign Secretary was not involved in business negotiations unless it

706 Berend, *An Economic History of Twentieth-Century Europe*, 11.

707 On the other hand, this period overlapped with new developments that challenged European hegemony, such as the rise of the United States in the fields of industry and finance; increasing social movements and rising ideologies such as communism and socialism; and the rise of nationalism and challenges to colonial rule in Australia, New Zealand, Ireland, and in the Balkans. Berend, *An Economic History of Twentieth-Century Europe,* 39-42.

708 Lenin, *Imperialism, the Highest Stage of Capitalism, 33.*

was absolutely necessary. On the other hand, France, which had provided the majority of the Ottoman loans, had already became a usury state during this period through exporting its financial capital to its periphery, including to Russia and the Ottoman Empire. In France, the monopoly of four very powerful banks was much stronger and more developed than the financial oligarchy in the country. The monopolies had ensured their profits through bonds and through ensuring that borrowing countries could only get around 90 percent of the sum of their loans. The French had contested their perception as a "usury state" and demanded full financial control over Ottoman finances in 1910. In the same year, Great Britain, the United States, France, and Germany were the wealthiest capitalist countries, with the United States and Germany as the youngest players. During this period, these countries together made up nearly 80 percent of the world's financial capital. The rest of the world was, more or less, a debtor to these four countries. The 'long' nineteenth century witnessed a peculiar epoch of world colonial policy connected to the "latest stage in the development of capitalism" with the development of financial capital. Eventually, the more developed and aggressive capitalist states brought on the wild hunt for colonies. The rise of financial capital had created a foreign policy based on various new dependency models. As in the cases as Argentina and the Ottoman Empire, there were some examples in which territories could remain politically and formally independent but financially and diplomatically bound or dependent. The movement of financial capital from the center to periphery countries such as Russia, Turkey, India, Persia, China, et cetera, was in the form of international loans or foreign direct investments as loans.[709] Particularly, the railways were one of the key tools of spreading capital among the colonies or throughout independent or semi-independent states. Inspired by Rosa Luxembourg, Ülker underlines that investing in infrastructure facilities from railways to electricity was

709 Rosa Luxemburg *The Accumulation of Capital*, (London: Routledge amd Kegan Paul Ltd, 1951), 419. https://www.marxists.org/archive/luxemburg/1913/accumulation-capital/accumulation.pdf

a form of colonization, both directly and indirectly. As part of this process, the Ottoman state was more or less economically subordinate to European capital.[710] It became a gradually deteriorating international situation that had increasingly escaped from the government's control. The power of the press and public opinion leaders, who were the main influencers behind nationalist ideologies, often left no room to maneuver for the government officers.

The developments in the European continent had repercussions in the Ottoman territories. While the Ottoman Empire had occupied a huge territory, governing it, especially while facing subsequent military defeats, proved difficult. The 'long' nineteenth century had pushed the Ottoman Empire into a state of exhaustion, for which there was no medication. As of 1839, the Tanzimat Act and the implementation of steady reforms afterward, moved the Ottoman state toward centralization and modernization of the state apparatus and military. It also included the modernization of education, the press, et cetera. By the nineteenth century, the Ottoman Empire had been incorporated into the international capitalist economy via international land deals and foreign direct investments such as railways. The impact of imperialism on the Ottoman Empire has been widely recorded by many prominent scholars. The pioneer scholar in this field was the German economist Andre Gunder Frank,[711] who pointed out the imperialist links of dependence and exploitation between the metropolis and its satellites. The main contribution to this field that widened the discussion and can be applied to the case of Turkey came from American sociologist Immanuel Wallerstein

710 Ülker, E. 2019. "Ottoman Empire and Imperialism," in *the Palgrave Encyclopedia of Imperialism and Anti-Imperialism*, ed. I. Ness, Z. Cope, (London: The Springer International Publishing, 2.d. 2019), https://link.springer.com/referenceworkentry/10.1007%2F978-3-319-91206-6_163-1#howtocite .

711 Andre-Günder Frank, "The development of underdevelopment," *Monthly Review* 18, no. 4 (September 1966), 17 – 31.

and his masterpiece, *World Systems* (1974).[712] According to Immanuel Wallerstein, the modern capitalist world economy, born in Europe, and which existed before the sixteenth century, rested on the division between the core, peripheral, and semi-peripheral empires. These empires expanded until the twentieth century, by incorporating world empires and mini-systems as peripheral or semi-peripheral areas, where production processes were restructured in accordance with the necessities of capital accumulation. Wallerstein's theory has been applied by academics such as Donald Quataert, Huricihan Islamoğlu, Çağlar Keyder, and Şevket Pamuk's early works,[713] which approach the Ottoman economy from a wider perspective. The main works in this field have identified the Ottoman peripheralization process as one of the Empire's markers of the transition from a world empire dominated by the Asiatic mode of production to a peripheral empire incorporated into the capitalist world economy. The current studies underline that the Empire's incorporation began with the Balta Limanı Treaty (1838) concluded between the Ottoman and Britain Empires. This treaty prohibited all public trade monopolies from imposing local surcharges through specifying the rate and manner of collection of imports, transit, and local duties. These provisions were applied uniformly around the Empire and were to cover all its subjects. Though some high bureaucrats questioned the treaty, none of the ports were excluded from it, and no commodity or

712 Wallerstein, Immanuel. 1974. *The Modern World-System I: Capitalist Agriculture and The Origins of the European World-Economy in the Sixteenth Century.* New York: Academic Press.

713 Huricihan İslamoğlu, Çağlar Keyder, *Agenda for Ottoman history*, in The Ottoman Empire and the world-economy, ed. Huricihan İslamoğlu-İnan, (New York: Cambridge University Press, 2004), 42-62; Çağlar Keyder *Türkiye'de Devlet ve Sınıflar*, (Istanbul: İletişim Yayınları, 2005); Şevket Pamuk *Osmanlı-Türkiye-İktisadi Tarihi 1500-1914*, (Istanbul: İletişim Yayınları, 2007); Donald Quataert *Osmanlı Devleti'nde Avrupa İk-tisadî Yayılımı ve Direnişi (1881-1908)*,(Ankara: Yurt Yayınevi 1987); Zafer Toprak *Türkiye'de Milli İktisat 1909-1918, (*Istanbul: Yurt Yayınları, 1982).

trading group was exempted from its provisions.[714] As of the implementation of the Balta Limanı Treaty, liberal economic policies started to dominate the Ottoman economy as it was incorporated with the modern capitalist world. The Balta Limanı Treaty sealed the change in the character of capitulations, and these changes extended to other European powers through similar treaties over the next few years. During the 'long' nineteenth century (1789-1914) the Ottoman Empire was incorporated into the European economy and its classical economic system, and its closed economy started to dissolve. However, some regions adjusted to this process faster than others[715] due to various reasons such as geography, transportation networks, et cetera.

The Ottoman Empire was incorporated into the world economy primarily through two systems: public debts and financial capital flows to the Ottoman markets, such as in public projects like the railways. The Ottoman Empire acquired its first foreign public debt in 1854 during the Crimean War.[716] The amount of Ottoman public debts between 1882

714 Reşat Kasaba "Treaties and Friendships: British Imperialism, the Ottoman Empire, and China in the Nineteenth Century." *Journal of World History*, Vol. 4, No. 2 (Fall, 1993), 215-41.

715 Quataert, Donald. "Selanikteki İşçiler 1850 – 1912," *in Osmanlı'dan Cumhuriyet Türkiye'ne İşçiler 1839-1950*, 27.

716 Edhem Eldem, "Ottoman financial integration with Europe: foreign loans, the Ottoman Bank and the Ottoman public debt," *European Review*, Vol. 13, No. 3,(July 2005), 431-45.

The Empire obtained loans mainly from London, Paris, Vienna, and Frankfurt, primarily to cover budget deficits and military expenses. Until the 1870s, the Empire's public debt increased. After the stock market crash in 1873 in Europe, interest rates increased dramatically and created a solvency crisis in many countries such as Greece, and Egypt, where the Caisse de la Dette Publique (Public Debt Commission) was established as an international supervision committee over the Egyptian Finances in 1876. Due to the heavy burden of wars and high interest rate on accumulated debts, in 1876 the Empire declared bankruptcy. After the Russo-Turkish War of 1877–1878, the Ottoman Public Debt Administration (OPDA) was founded in 1881, and the OPDA oversaw collecting at least 30% of revenues and payments of public debt. The OPDA became a state within a state and functioned as the heart of the Ottoman fiscal system. Meanwhile, the Ottoman ministry of finance and other local institutions adopted new

and 1914 under the supervision of the OPDA totaled 83.5 million Liras. In comparison, the amount of money in the treasury totaled 70 million Liras, and the amount of money paid out as a principal and on interest rates was 113 million Ottoman Liras. During this period, the net fund outflow was 44.5 million Liras.[717] In 1914, the total foreign debt of the Empire was calculated at 162.1 million Liras, and half of these loans had come from France.[718]

Foreign Direct Investments (FDI) such as railways, ports, or electricity networks were another important channel of financial capital entering the Ottoman Empire. FDI poured into the Ottoman Empire after the establishment of the OPDA. As Birdal states, the estimated total net capital inflow arising from FDI (after the deduction of repatriated capital) from 1882 to 1913 was amounted to 63,684 million sterling, averaging around 1,996 million sterling annually. Between 1890 and 1914, FDI had increased threefold compared to the previous period from the 1860s to 1880s. The most important part of these investments was the railways, 63% of all FDI. Between 1888 and 1914, Ottoman loans were consistently higher than FDI, but in the same period, FDI grew faster than loans. In 1914, only 5% of FDI went to industries: the rest went to railways, ports, banking, insurance, etc.[719]

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taxes and modern fiscal methods from the OPDA. The OPDA radically changed financial relations between the Ottoman Empire and the West; while the Ottoman Empire gained financial stability and credibility, Western financial institutions started to penetrate the Ottoman market at an increasing rate. Ülker," Ottoman Empire and Imperialism", 4-5.

717 Between 1854 to 1914, the total amount of the Empire's debt was 280 million sterling, and the amount that entered the treasury was surprisingly 181 million sterling. The amount used to make payments on the debt, the principle, and interest rates was 196 million sterling, and the net fund outflow was 15 million sterling. Emine Kıray *Osmanlı'da Ekonomik Yapı ve Dış Borçlar,* (Istanbul: İletişim Yayınları, 1993), 37.

718 Necla V. Geyikdağı, "French İnvestments in the Ottoman Empire Before World War I," *Enterprise & Society*, 12, no. 3 (September, 2011), 527.

719 Murat Birdal *The Political Economy of Ottoman Public Debt. Insolvency and European Financial Control in the Late Nineteenth Century*, (New York: I.B. Taurus, 2010), 92-6.

Britain was the first European power to attempt to obtain railway concessions from the Ottoman Empire. In 1863, first the Smyrna-Kasaba Railway was established passing through the fertile agricultural areas between İzmir and Aydın. The second group consisted of French companies, which played an important role in the Chemins de fer Orientaux (railway line in the Balkans). The third group was the Germans, who entered the market by establishing Anatolian railways from Haydarpaşa to Konya with extensions to Ankara; Bagdadbahn – the Baghdad Railways from Konya to Baghdad with extensions to Mersin, Şam, and Iskenderun and investing in the Hicaz railway from Şam to Medina. The Deutsche Bank was the main financial institution supplied resources for these projects.[720] In 1903, the Baghdad Railway agreement was signed, much to the annoyance of Britain. The route passed through Mesopotamia, reaching the Gulf region. Several French companies also had shares in the Baghdad Railway Company; however, it was forbidden to buy or sell them on the Paris stock exchange. This problem would be solved during the agreements of 1913/1914. In 1908, the company had obtained the right to extend the Konya railway to Baghdad and the Persian Gulf in return for a certain amount of guaranteed revenue.

These railway lines had a positive impact on the Empire's economy. Between the 1840s and 1914, the foreign trade of the Empire's core regions had increased tenfold. The agricultural markets of Macedonia, Western Anatolia, and the Syrian coasts were opened to the world markets for both vendors and consumers.[721] According to figures from the Anatolian and Baghdad Railway companies, the amount of the agricultural products carried by the railway increased rapidly after 1893.[722]

Donald Quataert, "Selanikteki İşçiler 1850 – 1912," 28. See also, Blaisdell, *European Financial Control in the Ottoman Empire*.

720 Luxemburg, *The Accumulation of Capital*. 439.

721 Şevket Pamuk, "Osmanlı İmparatorluğu'nda Para 1326-1914", in *Osmanlı İmparatorluğu'nun Ekonomik ve Sosyal Tarihi*, ed. Halil İnalcık, Donald Quataert, (Istanbul: Eren Yayıncılık, 2004), 1083.

722 Issawi, *The Economic History of Turkey 1800-1914*, 192.

This development was enough to pay the bills for the railways, including the kilometer guarantees, which were one of the highest prices in the world. Ottoman governments evaluated these investments as the key tools to raise income and emanicapate the Empire from the European economic domination. [723] Meanwhile, the Ottoman Empire continued to take out loans to pay its debts and construct the Baghdad Railway. The income of of tithe of the provinces of Aydın, Baghdad, Mosul, Diyarbakır, Urfa, and Halep and sheep taxes in the provinces of Konya, Adana, and Halep were given as collotaral in return of the debts.[724]

As the Great Powers constructed the railways, they started to establish their respective spheres of influence on the routes they built. This situation caused conflict between the Powers as the number of railway lines increased. It was also one of the topics of the negotiations of 1913–1914. As Pamuk underlines, the European railway companies had initiated new investments in their regions and created monopolies in the regions in which they were establishing railway lines. As Britain began to establish the railway lines in the Aegean region in the 1850s, this region became part of its sphere of influence. Later, Germany established the lines between İzmit-Ankara (1892), Eskişehir-Konya (1896), and then in Southeastern Turkey in order to reach Baghdad. Germany had envisaged the regions of Ankara, Konya, and Adana as potential sources of grain and cotton to satisfy its needs.[725]As seen in previous chapters, though Cavid Bey had revived Ottoman fiscal policy through modern methods after the Second Constitutional Period, the situation of the budget deficit and the amount of the loans was overwhelming. However, by the beginning of 1910, the Ottoman ministry of finance was able pay its debts — the principal and the interest — only by receiving new loans. The situation resembled the period in the 1870s when the Otto-

723 Earle, *Turkey, The Great Powers, and The Baghdad Railway. A Study in Imperialism*, 267.

724 Luxemburg, *The Accumulation of Capital*. 441.

725 Şevket Pamuk *Osmanlı-Türkiye İktisadî Tarihi 1500-1914*, (Istanbul: Iletişim Yayınları, 2007), 236-237.

man Empire declared bankruptcy. Pamuk suggests that the Ottomans' entrance into the Great War saved the Empire from bankruptcy.[726]

Finally, before continuing to concentrate on Cavid Bey's biography, I would like to mention the position of the European states vis-à-vis the Ottoman Empire, because it is necessary to understand this in order to fully grasp the gravity of the negotiations of 1913–1914.[727] For this reason, I would like to summarize the political background related to Cavid Bey's story. The grand schemes and battles between the large European companies backed by their respective governments in Persia, China, and the Ottoman Empire were indicative of the deepening political conflicts developing through economic rivalries. Cavid Bey watched these conflicts unfold from the center.

However, France was financially the most powerful European state in the Ottoman Empire between 1898 and 1914. In terms of numbers, the importance of France is apparent. French investments accelerated after the 1890s enormously. French investments in Istanbul and Anatolia had increased sixfold between 1881 and 1909. In 1909, 45% of foreign investments in Istanbul and Anatolia belonged to France. France had also established the closest financial relations of any Great Power with the Middle East. In 1914, the French owned more than half of the shares in the docks' renewal throughout the Empire. In the same year, France was financing 70% of mining, and especially coal mining with

726 As Pamuk states, "long-term price movements affected the debt burden of the Ottoman Empire. Between 1896-1913, as an exception, prices for Ottoman exports to Central countries increased by 27%. The global prices of the manufactured goods were also increased during this period. Consequently, the period 1876-1913 was the only subperiod in which the actual value of the Ottoman external debt burden decreased due to price movements." Şevket Pamuk *Osmanlı Ekonomisinde Bağımlılık ve Büyüme (1829-1913)*, (Istanbul: Türkiye İş Bankası Yayınları, 2018), 63-64.

727 See also: Mustafa Aksakal. *Harb-i Umumi Eşiğinde Osmanlı Devleti Son Savaşına Nasıl Girdi?* (Istanbul: Istanbul Bilgi Üniversitesi Yayınları, 2010); Reynolds, M. *Shattering Empires. The Clash and Collapse of the Ottoman and Russian Empire, 1908-1918*. (Cambridge: Cambridge University Press, 2011); Clark, *The Sleepwalkers: How Europe Went to War in 1914.*

85%.[728] French businessmen focused on the Black Sea region — especially Ereğli, which is a town well-known for its rich coal resources — as well as on various new railway lines that would link Anatolian cities. Lighthouses, and gas and water supply of the big cities such as Istanbul and Beirut were administered by French companies. Among these investments, Syria had become a special sphere of influence for the French at the end of the nineteenth century in terms of its territory and French naval expeditions — although Germany had risen as a direct threat to France's interests in the Mediterranean and Near East by the beginning of the twentieth century. The territorial integrity of the Ottoman Empire also gained importance due to France's interests in its Muslim colonies in North Africa. France also noticed that aggressive policies towards the Ottoman Empire (as a financial treasury) as they tried to implement them in 1910 were not beneficial to their interests.[729] In 1913, France changed its foreign policy priorities under the presidency of Raymond Poincaré (President of France, 1913–1920) and focused on regaining concessions from the railways in Northern Syria. To achieve this, France was ready to sacrifice the whole or a part of the railways in the Black Sea region. In terms of French-Ottoman relations, the main problem was due to the loss of the Balkans, as the Empire had lost an important part of its income. This was especially concerning since these funds were needed to subsidize the construction of the Baghdad Railway. After the loss of the Balkan territories, French statesmen briefly reconsidered pursuing investments in the Ottoman Empire. However, France's investments in Syria, in addition to its new investment opportunities in the Black Sea Region due to the area's rich mining reserves, balanced the scale and kept up French investments in the Empire. French financial support was very critical for the Ottoman government.

On the eve of the Great War, Britain prioritized two objectives: first, its interests in Mesopotamia and the Persian Gulf, which were threat-

728 Quataert, "Selanikteki İşçiler 1850 – 1912," 28-29.

729 Earle, Turkey, *The Great Powers, and The Baghdad Railway. A Study in Imperialism* 244, Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire* 148-153.

ened by the construction of the Baghdad Railway; second, its adherence to the Entente Cordiale with France and Russia. In 1913 and 1914, the greatest concerns of British statesmen were the German threat against European peace and the status quo and Britain's strength in Mesopotamia, it being close to India. Such concerns directly affected the Ottoman Empire, aiming to prevent any further disintegration that would result in war, such as in the Balkan Wars. Britain's share in the Ottoman public debt was only 15%, and its share of investment in private enterprise was 14%, behind both Germany and France. Of all the Empire's loans, British financial institutions had facilitated only the Istanbul municipality loan of 1909 with the National Bank of Turkey, and the loan of 1913 with the National Bank and Armstrong Vickers for the construction of a naval base. British financiers were not eager to invest in or give loans to the Ottoman Empire, whose finances, they thought, were unstable. Despite its heavy interest in the region, British trade in the Persian Gulf region was low compared with other countries. British trade in the Gulf was 2.250 million pounds annually in 1906, which was not a significant proportion of British trade. However, the German threat was rising at the beginning of the new century. While German import-export trade was increasing, Britain's share was steadily declining until 1914. Economic life in Mesopotamia and the Gulf were crucial, especially the shipping lanes for the Manchester trading companies. The mainland communications route from Basra to Baghdad and navigation rights on the Euphrates and Tigris rivers were also very important, alongside concessions on postal services in the region. The only shortcoming was the lack of a British bank in the Ottoman Empire. To remedy this, Britain had been at the forefront in the establishment of the National Bank of Turkey in 1909. However, this bank would never become as important as the Ottoman Bank. In sum, the key points for the British were the Baghdad-Basra trade route, shipping entering Basra, mail trade from India, carrying trade on the Mesopotamian rivers, and Indian pilgrim traffic to religious shrines. In terms of the alliance between the Sublime Porte and London, though Britain had been sympathetic and encouraging in the eyes of the Young Turks in 1908, it lost its esteem soon af-

ter[730] and had been replaced by Germany in 1914. In Mesopotamia in particular, the British were forced out by German businessman, who, contrary to the British, were supported by the German government.

In 1909 and 1910, Britain refused to agree to the Ottoman government's request to raise customs duties by 4%. Britain's main argument was that the income obtained from this increase would be 'used,' whether directly or by liberating other revenues, to facilitate the prolongation of a railway which must, under present control, have a prejudicial effect on established trade interests in Mesopotamia. The key point was that 65% of this trade belonged to the British. Britain demanded an alternative railway line through the Tigris valley. Britain officially asked for the modification of the Baghdad Railway agreement concerning trade in Mesopotamia and the political situation in the Persian Gulf. After long negotiations, an agreement between Britain and the

730 After the Revolution of 1908, the Unionists looked to Britain as the new anchor of the international system rather than Germany. Even prominent figures like Ahmet Rıza and Dr. Nazım had visited London to build up good relations with British governments. But things had not progressed as anticipated. Though the Foreign Office was much more positive, the British Embassy in Istanbul was much more skeptical about the new actors in Ottoman politics. Particularly, the suspicion over the British embassy's role in the 31 March Incident had strained the relations between the CUP and Britain. The new ambassador, Sir Gerard Lowther, who was assigned the role during the days of the revolution, had promoted "anti-Turkish" policies in the embassy, which was a great disappointment for the Young Turks who were eager to get close to Britain. The Chief Dragoman at the embassy, Gerald Fitzmaurice, was well known for his prejudice against the Unionists and particularly Cavid Bey due to two reasons: he was *Dönme* and a freemason. Furthermore, the Unionists failed to work as expected with British supporter Grand Vizier Kamil Pasha. There was duality in the British policy toward the CUP: the Foreign Office and Sublime Porte had different views. During the 1910 loan operation, Britain had supported its ally France and its policy of financial control over the return on the loan requested by the Sublime Porte. Britain had closed its doors on Cavid Bey while he sought an alternative during negotiations in London. At a very desperate moment, while the government risked falling if Cavid Bey lost his ministerial seat, a consortium emerged of German and Austrian bankers who provided their aid without asking anything that was contrary to the honor of the government.

Ottoman Empire was initialled on August 12, 1913.[731] Last but not least, Britain had control of only one short railway line compared to the many owned by rival powers in the Ottoman Empire. The only British company was the Ottoman-Smyrna-Aydın railway company located in the Aegean region between İzmir and Aydın. This came under threat in September 1913, when the Ottoman government granted an Italian syndicate the right to survey possible concessions for a line from Burdur to Adana, which is south of the İzmir-Aydın railway. Italy, which had leveraged its control of the Dodacenese that it had invaded during the Tripolitanian War, was also eager to obtain concessions to establish an economic sphere in Anatolia, as the other European powers had. This put Italy in conflict with the British, who had also asked to extend the Smyrna-Aydın railway toward the east and obtain navigation rights on the Lakes Eğirdir and Beyşehir. With the British government's intervention and help in the long negotiation process, the problem was solved according to Britain's demands, and two agreements were signed between the Turkish delegation, Britain, the Italian syndicate, and the Smyrna-Aydın railway company on May 7 and May 19, 1913. Following this, the conflict between Britain and Italy also became a new subject in Cavid Bey's negotiations.[732]

Germany, despite being one of the youngest European states, was incredibly eager to catch up with its older European siblings. The German Reich had become one of the most powerful states in the world militarily, economically, and technologically in a very short period of time. When Kaiser Wilhelm II took the throne in 1888, he adopted a new foreign policy focusing on global expansion. This development overlapped with the period of dissociation of powers in Europe: an alliance between France and Russia and the alienation of Germany from Britain.

731 Marian Kent, "Great Britain and the End of the Ottoman Empire 1900-23," in *the Great Powers and the End of the Ottoman Empire*, ed. Marian Kent, (London: Frank Cass,2005), 165-176.

732 D. McLean. "British Finance and Foreign Policy in Turkey: The Smyrna-Aidin Railway Settlement 1913-1914," *The Historical Journal*, 19, no. 2 (Jun. 1976): 521-530.

Relations between Germany and the Ottoman Empire began to deepen with the first visit of the Kaiser to Istanbul in 1898. As mentioned earlier, the Baghdad Railway project came soon after this meeting, and German influence became a strong point of leverage for Sultan Abdülhamid II in applying his own foreign policy.

Germany's economic expansion into the Ottoman Empire was spearheaded by Deutsche Bank at the turn of the century. The Istanbul-Ankara and Ankara-Konya railway lines built in 1892 and 1896, respectively, were led by M. Huguenin from the Anatolian Railway Company. Germany had obtained new concessions between 1899 and 1903 and secured the right to build and operate an extension line running southeast from Konya through Adana, Mosul, Baghdad, and Basra. However, the construction of the new line was delayed due to economic downturn and the Great Powers' political objections. In 1911, as discussed in the previous chapter, the concession agreement was modified, and Basra became, at least temporarily, the terminus of the line. Through this agreement, Germany had extended an olive branch to Britain. It also had no other choice due to the economic difficulties in building the Baghdad Railway, and the fact that the Ottoman Empire needed to raise customs duties in order to take in more revenue. However, due to the difficult topography of the land, the construction was stuck in the Taurus and Amanus mountains. But, beyond these mountains, the railway continued. In 1914, trains ran to Halep and on to the almost finished Euphrates bridges at Jarablus and Tall Abyad. The Baghdad Railway carried approximately 600,000 passengers and 116,000 tons of freight annually. In addition to the railway and banking businesses, some other German companies such as Krupp were trying to enter the Ottoman market. However, German shares in Ottoman defense spending, as well as the oil business, remained much lower than British and French shares. Yet, against all odds, Germany had concluded several agreements with France and Germany on the Baghdad Railways, increases in customs du-

ties, et cetera, while solving other issues such as the role of the German military mission.[733]

In addition to the Baghdad Railway issue, the arrival of the German military mission commanded by General Otto Liman von Sanders caused a huge crisis between Germany, the Ottoman Empire, and Russia. Military cooperation between Germany and the Ottoman Empire dated back to the 1890s, and soliders from the highest ranks such as Ahmet İzzet Pasha and Mahmud Şevket Pasha had spent many years training in Germany. It had been Mahmud Şevket Pasha's idea to invite the German military staff to Istanbul to develop and professionalize the army, in order to distance it from politics. However, this project was not realized until after the assassination of Mahmud Şevket Pasha and was thus carried forward by Ahmet Izzet Pasha, the new minister of war. The appearance of dozens of German military officers in Istanbul and in the Straits had led to heightened Russian anxiety. However, to some extent, Russia's fears were unfounded as a British admiral had been leading the Ottoman army, while French and Italian commanders were administering the Ottoman gendarmarie. Nevertheless, the position of the German military team was criticial for Russia, which would later become a critical issue in Cavid Bey's negotiations.

Last but not least, it is important to discuss the Empire's relations with Russia due to its capacity to block negotiations on railways or customs duties, as well as its control of the response to the Eastern Question. Russia was a part of the Triple Entente following an alliance with France in the 1890s and the Anglo-Russian rapprochement of 1907. Russia's main policies focused on control of the Straits and domination over the Balkan region. The French-Russian alliance was strengthened in 1913 and 1914 due to French foreign policy's reliance on a strong ally to the east of Germany. This new paradigm also affected the negotiations brokered by Cavid Bey. During the negotiations in 1913 and 1914,

733 Ulrich Trumpener, "Germany and the End of the Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent, (London: Frank Cass, 2005), 107-136

France gave priority to the interests of its ally Russia, which squeezed the Ottoman Empire and Cavid Bey from time to time. Britain's alliance with Russia made things even more difficult for the Sublime Porte.

Following the Young Turk Revolution, Turco-Persian border clashes, the Austrian annexation of Bosnia, and then the closure of the Straits due to the wars of 1911 and 1912, Russia was increasingly vulnerable both economically and militarily. Of these, Russia's most serious problem was the closure of the Straits, which the Sublime Porte had closed during the Tripolitanian War due to the Italian bombardment of the Aegean coast. In 1911, the Russian ambassador to Istanbul tried to implement a rapprochement plan with the Sublime Porte on the Straits, but this effort did not work. As a consequence, the ambassador lost his position and was replaced by Mr. M. N. de Giers. In terms of commerce, more than half of all Russian grains went through the Straits. Extractive and metallurgical (coal, manganese, oil) exports also travelled through them. The Black Sea area was vital for the Russian population, and for this reason, the closure of the Straits had a very negative impact on the Russian economy.[734] Additionally, Russia's interests in the Caucasus — an ethnically and religiously mixed region including Abkhazians, Armenians, Azeris, Circassians, Georgians, Russians, and others — and in Persia on the Empire's borders were essential for its foreign policy strategy. The Russian-Persian border was on top of Russia's economic and security list.

Though Russia did not support the construction of the Baghdad Railway, the only tool it had against the railway was the 1900 railway agreement made during the Hamidian Era. This agreement prevented the construction of railways close to Russia's sphere of influence, par-

734 In 1911, prices fell by 15–20% in Russia's ports; in 1912, the situation became much more serious and led to a 1–1.5% increase in interest rates. Furthermore, it was not until 1913 that Russia launched its navy program. Thus, throughout the crisis, the Russian navy was still too weak to intervene in Istanbul directly. Russia's dreadnoughts would not be delivered until after the delivery of the Empire's (1913–1915). In 1913, the armaments race, especially within the navy, had accelerated.

ticularly east of Van Province, without Russian approval and capital. The Potsdam Agreement had brought new life into relations between Germany and Russia, which gave Russia confidence in the safety of its trade with Persia. Meanwhile, the American Chester Company appeared on the stage, eager to build railways in Anatolia in the "forbidden zone" of Sivas, Trabzon, and Erzurum Provinces. Russia was determined not to let any foreign power build a railway reaching Erzurum. Russia thus forced the French to get involved in the construction of this railway in return for removing Russian forces from the Western — i.e., German — front. As a result, in June 1911, the Chester Company was disqualified, and the concession was obtained by the French Régie Générale de Chemins de Fer, which would cover the railway lines in Eastern Anatolia. In September 1913, Russia signed an agreement to construct more railway lines in Anatolia. Accordingly, the French syndicate obtained concessions for the Samsun-Bafra-Sivas-Harput-Diyarbakır line, including a branch line to Pekeriç in the direction of Erzurum. However, the agreement stipulated that only a Russian company could build the lines to Erzurum, Trabzon, and the frontier. In October 1913, a general Ottoman-Russian agreement was signed on economic issues.

As aforementioned, Russia was chiefly concerned with the arrival of the German military mission to Istanbul. The assignment of General Otto Liman von Sanders as commander of the Turkish First Army Corps at the end of 1913, was perceived as a direct threat to Russia that endangered the Straits and Istanbul. After weathering the near conquest of Istanbul by the Bulgarians, Russia was once again on the alert. Russia preferred the Ottoman Empire not to be too strong but not to be too weak so that it would keep both Istanbul and the Straits under control. However, the issue of the German military mission's position was solved under high pressure from Russia, which was supported by its ally France, in a special conference on December 31, 1913. Kaiser Wilhelm II had modified General von Sanders's appointment, and he was assigned as the inspector-general of the Turkish army.

The final issue concerning Russia-Ottoman relations was the Armenian Question. Russia's intervention in this issue heralded the incidents

in 1915 that began the deportation of Armenians from the Empire. In addition to the Russian railway agreement, the convention between the Ottoman Empire and Russia on February 8, 1914 covered reforms in the six provinces in the Eastern region in which the Armenian population was a significant minority. The first draft agreement was drawn up by A. Mandelstam, the dragoman of the Russian Embassy in Istanbul. The Germans had intervened in the negotiations and after these talks the Russian plan was changed in favor of the Ottoman Empire. In the final agreement, it was decided that two inspector-generals from neutral countries such as the Netherlands and Norway would be assigned to the region.[735]

In addition to the aforementioned issues that most affected the Great Powers, there were other major issues affecting the Ottoman Empire and its international relations that were discussed under Cavid Bey's negotiations. First, the invasion of the Docadanese by Italy in 1911 had become a much greater issue after the invasion of the Aegean islands by the Greeks in the First Balkan War. According to the Ouchy Treaty, the islands would be given back to the Ottoman Empire after its troops had evacuated Trablusgarp. However, although Italy did not give back the Dodecanese, the Ottomans prefered that the Italians keep them rather than the Greeks, at least in the short term. The Unionists thought that they might one day have the chance to take back the islands from Italy but not from Greece. Meanwhile, the Unionist government was hastening the purchase of dreadnoughts to help take back the islands. The northern islands in particular, such as Chios or Lesbos, were geographically part of the Anatolian land and close to the Çanakkale. However, the ethnic and religious population of the islands was Greek. As the Ottomans waited for the Great Powers to give their final decision on the

735 Alan Bodger, "Russia and the End of the Ottoman Empire.", The Great Powers and the End of the Ottoman Empire, ed. Marian Kent (London: Frank Cass, 2005), 73-90. See also: Bayur, Türk İnkılâbı Tarihi, II/II, II/III. Bayur's huge volume of Türk Inkılâbı Tarihi gives detailed information about financial relations and foreign relations. It should be read carefully through a critical and analytical lens.

issue, meanwhile, the Unionists had carried out a large wave of purges and boycotts against the Anatolian Greeks in Thrace and the Aegean region. These developments forced hundreds of thousands of Anatolian Greeks to leave Anatolia.[736] The dreadnoughts issue also had a financial aspect. In the international arena, the Aegean Islands' legal situation remained ambiguous for a long time and was used as a weapon against the Ottoman Empire in the loan negotiations, as will be seen below. The Ottoman government's attitude and especially that of Talat Bey, to reoccupy the islands sooner or later, led them to purchase new battleships. This issue was one of Cavid Bey and Talat Bey's main disaccords reflected in Cavid Bey's diaries. Cavid Bey was against the operation of buying the dreadnoughts. According to him, purchasing every battleship on sale was accepting the defeat against Greece. Just as he used to do, he facilitated Talat Bey's work and helped him when it came to questions of duty and the CUP. For Talat Bey, the only way to reoccupy the islands was to modernize the Ottoman army, which was a time-consuming and vastly expensive operation. Nonetheless, the Unionists, mainly Talat Bey, did not give up and ordered two new battleships from Britain. Talat Bey had to convince Rıfat Bey to purchase the ships because the government did not have enough money in the treasury. In the end, the Society of the Navy bought the ships with money allocated from Ottoman citizens. The government ordered what would be called the *Sultan V. Reşad* at a cost of 2,304,712 Liras from the British Vickers Company. Then, the Ottomans gave a second order, for what would be known as the *Sultan Osman-ı Evvel*, from Britain. At the beginning of 1914, the Ottoman government ordered the third battleship from Vickers. Britain would deliver these battleships at the beginning of July 1914[737] — at the same

736 R.J. B. Bosworth, "Italy and the End of the Ottoman Empire," in The Great Powers and the End of the Ottoman Empire, ed. Marian Kent (London: Frank Cass, 2005), 61. See also: Doğan Y. Çetinkaya *Osmanlı'yı Müslümanlaştırmak. Kitle Siyaseti, Toplumsal Sınıflar Boykotlar ve Milli İktisat (1909-1914), (*Istanbul: İletişim Yayınları, 2003).

737 Şükrü M. Hanioğlu *A Brief History of the late Ottoman Empire,* (Princeton, N.J.: Princeton University Press, 2008),170, Toprak, *Milli İktisat (1908-1918),*160-172, Zafer

time as the secret agreement of the Ottoman government with Germany. Cavid Bey was shocked by this secret agreement, but he was not surprised by Britain's behavior.

Last but not least, due to its increasing importance especially as fuel for the navy, oil became a significant issue in the Middle East. However, the Foreign Office prioritized the protection of oil sources from the Germans besides the navigation rights.[738] In fact, the first step was taken by Mahmud Şevket Pasha on the oil business. He offered Britain a predominant share in a joint Anglo-German company for dividing Mesopotamian oil in April 1913. Meanwhile, an Anglo-Persian company had started talks with the German company. In March 1914, the Sublime Porte formed an Ottoman group for the exploitation of oil in the provinces of Mosul, Baghdad, and Basra. Finally, an agreement was signed which divided up the shares — 50 percent for D'Arcy and 25 percent each for Deutsche Bank and the Anglo-Persian Petroleum Company. Later on, Mr. Mallet and Mr. Wangenheim submitted to the Porte for the oil concessions in Mosul and Baghdad provinces, but the outbreak of the Great War broke off the negotiations.[739]

Separate from the international developments and negotiations led by Cavid Bey in Europe, the Ottoman government had taken some additional financial measures to secure the Empire's welfare. The government made two loan agreements in 1913. The first loan was for the irri-

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Toprak, "Osmanlı Donanması, Averof Zırhlısı ve Ulusal Kimlik," *Toplumsal Tarih*, No: 113, May 2003, 10-19. 2003. Çetinkaya, *Osmanlı'yı Müslümanlaştırmak. Kitle Siyaseti, Toplumsal Sınıflar Boykotlar ve Milli İktisat (1909-1914)*, 227-262. See also: Y. Doğan Çetinkaya*, 1908 Osmanlı Boykotajı.* Istanbul: İletişim Yayınları, 2004.

738 For further information based on a biography see: Johnathan Conlin *Mr Five Percent. The Many Lives of Calouste GulbenkianThe World's Richest Man*, (London: Profile Books Ltd., 2019). The book is the biography of Calouste Gulbenkian, the Ottoman Armenian who worked with Cavid Bey very closely and also represented the Ottoman government during the financial negotiations in London and Paris between 1910 and 1914, though not consistently. He is also known as "Mr. Five Percent" for his shares in the Middle East oil.

739 Heller, *British Policy Towards the Ottoman Empire 1908-1914*, 92.

gation of the Konya plain and the second one was for the docks. In keeping with their policy of improving agriculture, the Young Turks introduced a scheme to irrigate the plain of Konya under the direction of Deutsche Bank. The contract was related to the contract with the Anatolian Railway Company, which received the excess income from the irrigated land and other excess incomes in return for its loan. The main aim of the Unionists was to transform Adana into a second Egypt.[740] Another loan agreement was extended from the company to develop the docks. The government had borrowed 1,485,000 Liras from W.G. Armstrong Whitworth and Company in return for bonds. However, these agreements were not enough to meet the Empire's needs. The Ottoman government needed more money for its development, urgent needs, and the arms race. After a long period of negotiations, Cavid Bey finally managed to acquire a loan from the Paris stock market amounting to 22 million Liras. The new loans meant new, large compromises, which this chapter will try to cover later on. The revenues from the ports of Istanbul and Trabzon were the main guarantees of the loan.[741] The Ottoman government was able to take the first part of this loan just before the Great War. Despite his early success in negotiating these loans, a very long and complicated process of negotiating was ahead of Cavid Bey.

740 Ahmad, "Vanguard of a Nascent Bourgeoise", 37.

741 Özdemir, *Osmanlı Devleti Dış Borçları: 1854-1954Döneminde Yüzyıl Süren Cendere*, 123-124.

§ 4.2 Preparing for the Negotiations, Istanbul

In September 1913, Mark Sykes, the British diplomat who was one of the co-authors of the Sykes-Picot agreement, traveled with his wife Edith to Istanbul. According to the biography of Mark Sykes written by his grandson,[742] he came to Istanbul in 1913 and found that the city "was still the old one with the same cluster of shipping, the same glory of outline and color, the same perspective of villas, red-tiled roofs, ash-en-grey wooden houses, and masses of vast yellow barracks…the old noisiness and bustle." The last time he visited Istanbul had been during the reign of Abdülhamid II. However, though the city's physical appearance remained the same, Sykes notes that the mood and the city's political climate were not: "there is at the root of things a great change. In place of theocracy, imperial prestige, and tradition came atheism, Jacobinism, materialism, and license. Every beastly thought that the exiles of Abdülhamid II had picked up in the gutters of the slums and ghettos of the capitals of Europe burst forth in foul luxuriance. Cinema shows -vile, obscene and blasphemous -brothers filled to overflowing clubs where vice and politics rubbed elbows, scurrilous prints and indecent pictures flooded the city."[743]

Cavid Bey arrived in Istanbul on February 3, 1913, six months earlier than Sykes. He too noted in his diary that something had changed in Istanbul. "Hope is in the air," he wrote. He was hopeful that the young and brave soldiers, along with the Unionists, could do something fruitful to save the country.[744] He was also hopeful about the days ahead.[745] Meanwhile, on the day of his arrival, the truce between the Bulgarians and the Ottomans had expired, and the bombardment of

742 Christopher Simon Sykes *The Man Who Created the Middle East*, (London: Harper Collins Publisher, 2016)

743 Sykes, *The Man Who Created the Middle East*, 201-211.

744 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 549.

745 See also, Keiser, *Talaat Pasha*, 132.

Edirne began. In contrast to Cavid Bey, the prominent American newspaper *The New York Times* depicted a far more pessimistic portrait of the Empire just two days later. According to the newspaper, the Ottoman treasury was empty, and since December, the government could not pay its employees' salaries.[746] Although Cavid Bey's tasks upon returning to Istanbul were far from easy, he was at least full of energy and hope.

Cavid Bey stayed in Istanbul more than a month before departing in the middle of March to tour the European capitals of Vienna, Berlin, London, and Paris. His aim was primarily to investigate the European capitals' sentiments on the colossal amount of loans they had provided the Empire. When Cavid Bey arrived in Istanbul, the Unionists had already established the new government. Mahmud Şevket Pasha was both the grand vizier and the war minister. Only three Unionists in the cabinet were not partisans: Said Halim Pasha, Hacı Adil Bey, and Hayri Bey. Rifat Bey was the minister of finance, while Cavid Bey was the shadow finance minister, as a financier trusted by the Unionists on every issue in this field. The purpose of this modest government was to unite the people around the flag and to end party politics. On the other hand, Mahmud Şevket Pasha and the Unionists understood the troops fighting in Edirne consisted of soldiers who were supporters of Nâzım Pasha and Halaskâr Zabitan, who were the opponents of the CUP.

The new government had inherited big problems: an empty treasury, a demoralized army, and isolation in the international arena. After the putsch, the situation at the London Conference worsened,[747] and at last, on January 29, 1913, the Sublime Porte had received a note informing the government that negotiations had broken down. This incident was the first impact of the putsch on the foreign relations of the new government. On January 30, the Bulgarian embassy informed the Ottoman government that the armistice had expired. On the same day,

746 New York Times, February 5, 1913.

747 The British Embassy evaluated the coup as almost "seismic." According to the British, the CUP, which had a German character, would renew the war. Heller, *British Policy Towards the Ottoman Empire 1908-1914*, 78.

Mahmud Şevket Pasha's government submitted a note to Sir Edward Grey, who were mainly conducting the talks between the Ottoman Empire and the Balkan States. Indeed, the peace talks were held in London by the ambassadors. Anyway, Mahmud Şevket Pasha claimed that the Ottoman government could not surrender Edirne. The city had indissoluble ties with the Empire. However, the Ottoman government could cede the territory on the Meriç (Maritza) river's right side to the Great Powers.

The Ottoman government claimed that it could not compromise the Aegean islands, especially those risking the Çanakkale' and Anatolian coast's security. Furthermore, the note declared the abolishment of capitulations and the rise of customs duties by 4%.[748] This clause also hinted at the new period's economic policies and hopes of establishing an independent economy.

On February 19, 1913, the new government adopted a significant legal code, "Provisional law on the legal entities' ownership of the real estates", related to the field commerce.[749] According to this new legal code, the institutions as official institutions, municipalities, or private companies obtained the right to purchase real estate. This legal code was a step to revive the commercial field. The modern legal and institutional aspects of commerce were lack in the traditional Ottoman context. The Second Constitutional Period had changed this approach. Cavid Bey's vision was also crucial in achieving it. He promoted the legal capability of both companies and individuals. As mentioned in this dissertation several times, he couraged the individuals to be involved in the commercial field. However, one of the ways to achieve this aim was to establish joint-stock corporations. As a result of his and the governments' ef-

748 Armaoğlu, *Siyasi Tarih, 1789-1914*, 657, Ahmad, *Ittihat ve Terakki, 1908-1914* (Jön Türkler), 186; Bayur, *Türk İnkîlâbı Tarihi II/II*, p: 273, 280-281.

749 "Eşhas-ı Hükmiyenin Emval-i Gayrimenkuleye Tasarruflarına Mahsus Kanun-ı Muvakkat", Toprak, Türkiye'de Milli İktisat 1908 – 1918, 125 -185. Ali Akyıldız, *Osmanlı Dönemi Tahvil ve Hisse Senetleri "Ottoman Securtities"*, (Istanbul: Tarih Vakfı – Türk Ekonomi Bankası, 2001), 36-7, 81.

forts, the number of these companies increased considerably. During the first period of the Second Constitutional Period, 113 joint-stock companies were founded. The non-Muslims were also engaged in the joint-stock companies. They also had an advantageous position because they could establish these companies with foreign companies via long-lasting connections. Moreover, they also had an advantageous position in terms of capital accumulation. However, during 1914-1918, under the Great War circumstances, 123 companies were established, and they were found mainly by Muslim citizens.

It was possible to cover a distance in the institutionalization of the commercial area only in the Second Constitutional Period. Cavid Bey was a pioneer, and both liberal and Islamist circles adopted his approach. The field of commerce was beyond the ideological differences among the Ottoman citizens. Cavid Bey was boosting that the commerce should have an institutionalized character, the government should open schools of commerces and promote new newspapers targeting the commercial area. He was supporting the group of merchants rather than the artisans. The government embraced his attempts, and although they evolved to a more nationalistic way, Cavid Bey drew the main road map in terms of codification and institutionalization. Last but not least, as in February 1913, he did not had to be in the Cabinet to imply these policies. He used to be influential in economic policies even when he was out of the Cabinet.

Cavid Bey was quite preoccupied with the Ottoman Empire's financial issues including obtaining a loan from the Ottoman Bank (IOB), securing a loan for the empty treasury to fund the looming war, and extending the terms of the Régie. In relation to loans, Cavid Bey met Mr. Nias from the Ottoman Bank to secure a loan for the empty treasury. During the First Balkan War, none of the Great Powers had provided loans or advances to the Empire due to their neutrality declaration. They had also hindered the Ottoman Bank from doing so. At the beginning of the war, the Great Powers declared that they would not permit any change in Macedonia's status quo, which created disappointment among the Unionists. Against all odds, Cavid Bey asked for support from the Ottoman Bank on February 4. However, Mr. Nias responded that the

bank could not provide any loans since they still had to pay off significant advances. Cavid Bey claimed that this situation was related to the French and British influence, because the IOB had recently provided loans for Serbs and Bulgarians but not to the Ottoman government. This case also shows the discriminative policies of the Ottoman Bank.

During his time in Istanbul in early 1913, Cavid Bey often visited Mahmud Şevket Pasha to discuss financial and political issues. Although they had butted heads many times when they were together in the cabinet in 1910 and 1911, they worked harmoniously for the first and last time. During their first meeting on February 4, Cavid Bey told Mahmud Şevket Pasha that he was ready to take on official duties, internally or externally. Then, they discussed the current topics plaguing the government. Cavid Bey claimed that if they were to lose Edirne, this would cause an existential crisis for the government. He also added that if the war continued, he would personally find the money for the war. Cavid Bey advised the Pasha to remain discreet, cautious, brave, and resilient and told him not to let the European ambassadors know of the Empire's financial hardships. However, Cavid Bey did not feel content with Mahmud Şevket Pasha's overtly pessimistic discourse; he believed that the Pasha probably reflected his pessimism onto the Ambassadors of the Great Powers whom he met very often. Cavid Bey was afraid that he might reveal his fraud in front of the foreign representatives. Though the Great Powers were well aware of the economic and financial situation of the Empire, Cavid Bey preferred to seem strong in the negotiations. Around this time, Mahmud Şevket Pasha also asked for an extension of the Régie agreement, in order to find money, which Cavid Bey initially opposed because he planned to nationalize the tobacco business to raise income.[750]

During his visit to Istanbul, Cavid Bey met the new German ambassador, Baron Hans von Wangenheim. He was to fill the position of Baron Adolf Marschall von Bieberstein, the former ambassador of Germany

750 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 549.

who stayed in Istanbul from 1897 to 1912 and built up relations between the two countries, including enormous financial projects. During their meeting, Von Wangenheim asked Cavid Bey several questions related to the financing of the war, including the Baghdad Railway. Concerning international politics, Cavid Bey criticized France's overt support for Russia. Poincaré's policy prioritizing the Russian alliance with France drew an adverse reaction from the Ottoman Empire. Wangenheim asked Cavid Bey if his hostility toward France was something tangible or not. He also asked about the Unionists' favoritism toward Britain after the July revolution. Cavid Bey responded that "during the first days of the Revolution, they were inexperienced. However, today, whoever may see and think elaborately are aware of the reality: The Ottoman Empire should be aligned with Germany." Although Cavid Bey implied with this statement that the Ottoman government should draw closer to Germany, he noted that, in his meetings with Helfferich and Gwinner, the Germans had been hesitant to align with the Ottoman government due to Germany's political, financial, and social interests and aims. During their meeting, Wangenheim asked Cavid Bey how much money the Ottoman Empire needed. Cavid Bey responded that although the government urgently needed 3,000,000 Liras, borrowing 1,500,000 Liras from Germany would be sufficient.[751] Wangenheim also asked about the situation in Anatolia — as by the beginning of 1913, the Great Powers had all realized that Anatolia would become the new homeland of the Empire — and he committed the Germans to helping the Ottoman government financially and politically after the First Balkan War. Wangenheim also asked about the Ottoman government's plans if Edirne would fall. Cavid Bey stated that even if Edirne fell, they would not end the war. Even if Mahmud Şevket Pasha wanted to end it, the Unionists would assign a new grand vizier in favor of war. Cavid Bey evaluated the new ambassador as young and energetic but lacking information about the Empire.

751 1.5 million Liras was the amount of money needed to pursue the war and recapture Edirne.

A deal with an Italian bank for a loan was also on the table during Cavid Bey's time in Istanbul in 1913. Though the Tripolitanian War (1911–1912) had ended only a few months earlier, the Ottoman government was desperate for financial resources from any country. Karasu Efendi, Mr. Nogara, representing the Ottoman PDA, and Mr. Rupolo, representative of various Italian banks, paid a visit to Cavid Bey. Several Italian banks wanted to give a loan to the Ottoman Empire to establish an Ottoman Incorporated Company that would operate in the Empire. It was an offer admissible to Cavid Bey; due to the Empire's grave financial problems, Cavid Bey considered there was no harm in doing business with the Italians despite the war with Italy having been just one year before. Afterward, Cavid Bey visited Mr. Crawford, the British undersecretary at the ministry of finance, to discuss new options for loans.[752] Mr. Crawford stated that he was looking for a loan via the Ottoman Bank and the National Bank of England, but that he had also encountered obstacles either from the French government or French banks. One of the biggest obstacles was the extension of the situation of the Régie.[753]

On February 9, the Ottoman defeat at Bolayır,[754] which was largely due to the army's mismanagement, had caused grave concerns over the future of the Ottoman military. The incident also exposed the friction inside the army between Fethi Bey, Mustafa Kemal Bey, and Enver Bey,

752 Cavid Bey, *Meşrutiyet Ruznâmesi I,* ,552-557.

753 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 558-559.

754 On February 4, 1913, armed conflict had restarted at the Çatalca line. Mustafa Kemal Bey, Ali Fethi Okyar, and Enver Bey had just returned from Trablusgarp and were put in charge of the Bolayır clash (*Mürettep Kolordu*) on February 8. Envisioned by Enver Bey as both a strong military and political victory that would legitimize the new Ottoman government, the operation's main aim was to organize an attack from both land and sea, which battalions from Şarköy would support. However, the troops in Bolayır, led by Fahri Pasha and Fethi Bey (with Mustafa Kemal Bey as a staff officer), did not wait for Enver Bey's brigade to arrive. They mounted an attack on the Bulgarian army. The Bolayır defeat was one of the biggest disappointments for the Ottoman army. The grave mismanagement and miscommunication between the two commanders caused this failure. The impact of the defeat was a shock for the Unionists, who had been expecting both political and military success stories after the putsch.

which extended throughout the coming years. On February 9, 1913, Cavid Bey heard of the defeat at Bolayır while at Rifat Bey's house, where he had gone with Talat Bey. Both Cavid Bey and Talat Bey were shocked. Cavid Bey assessed that the incident might have occurred due to internal competition between the soldiers. Talat Bey stated that Fethi Bey was considering withdrawing from his military duties and working with the Committee after the war.[755]

The Balkan Wars had accelerated the militarization of the politics and mobilization of the society. The Balkan Wars were like a rehearsal for the First World War. The CUP ruling cadre discerned that the home front was as crucial as the front itself. However, they adopted a social mobilization policy right after the putsch and implemented it overwhelmingly from then on. As a first step, The Society of National Defense (SND) (*Müdafaa-i Milliye*), founded by Talat Bey on February 1, is regarded as the beginning of the Unionists' social mobilization policy.[756] In addition to the Society of National Defense, CUP Clubs became more critical for implementing social mobilization. The clubs became a meeting point for young people's socialization and education. The CUP increased the number of clubs, not only in Istanbul but also in Anatolia. Both the clubs and SNDs became tools to build up the CUP's capacities. However, this policy's success would take time to implement fully. As Mahmud Şevket Pasha would complain to Cavid Bey, the fundraising did not go as expected. He assessed that wealthy people lacked patriotism. Only the middle and lower classes contributed to the fundraising activities, which was not enough to fill the club's coffers.

On February 11, the IOB headquarters in Paris informed Rifat Bey, the minister of finance, that the French government would not allow the Ottoman Bank to make any transactions due to its neutrality in the Bal-

755 Due to this dispute, Fethi Bey resigned from his duty in the army and was assigned as the military attaché to Sofia. His close friend from Manastır Military High School, Mustafa Kemal Bey, joined him in 1913.

756 Akın, *When the War Came Home. The Ottomans' Great War and the Devastation of an Empire*, 25. Ahmad*, İttihat ve Terakki (1908-1914)*, 187.

kan Wars. The French government had hoped that the German government would support this policy. According to Cavid Bey's assessment, the French government had hindered both the British and the German governments from implementing their policies in the Ottoman Empire.

> Cavid Bey complained, "last year the banks were competing with each other to give loans to us, but now, they put very hard and harsh conditions for only a small loan."[757]

To find a solution, Cavid Bey visited Mr. Nias, director of the Imperial Ottoman Bank's Istanbul branch. Nias disclosed that he was dismayed at Paris's decision. According to Nias, Paris acted like a "usurer" and solely determined the loans' timing and conditions. Though Nias was disappointed with these conditions, including those surrounding the Régie issue, he could not influence the Paris office to favor the Ottoman government. A new team was assembled after all hope of receiving a loan from the French had disappeared. M. Huguenin, Mr. Witall, Mr. Black, Mr. Crawford, and the National Bank of Turkey manager, Mr. Kingham, applied to the British embassy to resolve the Ottoman loan dilemma. They claimed that casting the Ottomans adrift was also averse to their interests. They ask the British ambassador and then the Foreign Office for a loan from the Banque Nationale and Germany.[758] But French diplomacy had frozen British and German policies, which was a common occurrence in those days. However, the Unionists thought that Britain was taking sides with its ally France instead. It was a huge disappointment for the Unionists after Germany sided with France and turned down the Ottoman government's demands.

On February 13, 1913, the prominent figures of the CUP gathered at Cavid Bey's house to discuss the war. Though Mahmud Şevket Pasha predicted that Edirne might fall at the beginning of March, CUP leaders, particularly Hacı Adil Bey, insisted that the city might resist until the middle or even the end of March. They decided to start peace negotia-

757 Feroz Ahmad *Jön Türkler Osmanlı İmparatorluğu'nu Kurtarma Mücadelesi 1914-1918*, (Istanbul: Türkiye İş Bankası Kültür Yayınları, 2020), 42.

758 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 564-568.

tions only after the fall of Edirne and sent Talat Bey and Halil Bey to bolster Mahmud Şevket Pasha's morale. During the meeting, Cemal Pasha insisted that they should continue the war. To realize this aim, however, they first had to fill the treasury as soon as possible. Cavid Bey informed the men about the current situation of the treasury. He argued that the ministers' council should not postpone the approval of construction projects, which would help them take in money. According to Cavid Bey, the Empire could not afford to lose these projects.[759] He pointed out that these projects consisted of concessions for 20 mining projects and a tunnel project between Beyazıt and Şişli in Istanbul. The primary aim of the previous governments in prolonging the contract period was to ask for bribes, and thus they should be delayed no longer. It is impossible to tell if Cavid Bey's warning was effective, but the cabinet proceeded to approve the concessions. Thus, this is another example of cooperation between Mahmud Şevket Pasha and Cavid Bey during this period.[760]

At this time, Cavid Bey was also involved in the negotiations with Régie Tobacco. The Régie's concessions, meaning that the Ottoman government had granted the tobacco monopoly to them in 1883, would expire in 1913.[761] However, the Régie had developed tobacco production very rapidly and had profited much more than its loan share. In the Second Constitutional Period, the Unionists tried to abolish the Régie and end its privileges. Cavid Bey also tried to nationalize the tobacco issue to raise income. Nevertheless, in 1913, the Ottoman government was in desperate need of money to recapture Edirne. Cavid Bey, who had previously opposed the extension of the Régie monopoly, reversed his stance on the issue as he found the extension necessary to receive 1.5

759 Cavid Bey, *Meşrutiyet Ruznâmesi I*, 567.

760 Mahmud Şevket Paşa *Sadrazam ve Harbiye Nazırı Mahmud Şevket Paşa'nın Günlüğü*, (Istanbul: Arba Yayınları, 1988), 16.

761 Nacar, Can. (2014). The Régie Monopoly and Tobacco Workers in Late Ottoman Istanbul. *Comparative Studies of South Asia, Africa and the Middle East* 34. 206-219, https://doi.org/10.1215/1089201X-2648668

million Liras worth of advance payments from the French. Talat Bey was also an incredibly close follower of this issue. During his visit, Cavid Bey met with M. La Boulinière and M. Pissard to extend the duration of the Régie. The French delegation declared that they would not accept a period of less than ten years. Cavid Bey countered that the government and OPDA would only agree on a five-year extension, with the possibility of a ten-year extension later on. Further, the selling of local products should not be blocked. While the French agreed to the five-year extension, the Régie issue would come back on the agenda once again in 1918 with the Decree on Monopoly of Tobacco, which became an issue of conflict between Cavid Bey and Fethi Bey (Okyar).[762]

On February 22, 1913, while Cavid Bey was on his way to dinner in Beyoğlu, his plans changed suddenly due to an unprecedented call for a meeting from his Unionist fellows. He found himself in the middle of a government crisis. Said Halim Pasha, İbrahim Hakkı Pasha, Haci Adil, Talat, and Mithat Şükrü were at the meeting. Mahmud Şevket Pasha threatened to resign over the government's opposition to securing a peace deal before Edirne's fall. He favored making a deal with the Bulgarians and leaving Edirne, because the cost of non-delivery of the city was too high. The Unionists were waiting for the city to fall to make peace; otherwise, they would risk their position and legitimacy. According to Mahmud Şevket Pasha, postponing peace would be worse for the CUP. He had argued with Şükrü Bey, the minister of education, at the cabinet meeting earlier that day before threatening to resign.[763] Cavid Bey visited Mahmud Şevket Pasha the next day, on February 23, and found that the grand vizier had already backed out of the idea of resig-

762 Parvus Efendi, "Tütün Tekeli ve Tütün Rejisi Birinci Sonuç: Mısır Piyasasının Kaybedilmesi", 164. Tunaya,*Türkiye'de Siyasal Partiler İttihat ve Terakki, Vol. 3, Bir çağın, Bir Kuşağın, Bir Partinin Tarihi*, 77, 403-431. Stefanos Yerasimos. *Az Gelişmişlik Sürecinde Türkiye 2 - Tanzimattan I. Salt Dünya Savaşına*, (Istanbul: Gözlem Yayınları, 1977), 1097-1099.

763 Mahmud Şevket Paşa, *Mahmut Şevket Paşa'nın Günlüğü*, 29-30.

nation.[764] The Pasha insisted that there was no way to rescue Edirne, especially since there was not enough food there. On the contrary, Cavid Bey asserted that Edirne was still not suffering the miseries of a besieged city. The city still has lambs to eat, and the turn of dogs, cats, and horses had not yet come. Mahmud Şevket Pasha claimed that if they left Edirne now, the military budget would decrease by 1.5 million Liras. For the first time, Mahmud Şevket Pasha mentioned saving money, and Cavid Bey opposed it to defend continuing the war. Mahmud Şevket Pasha also expressed his concerns over a growing conflict between Enver Bey and Fethi Bey.[765]

Cavid Bey began to prepare for his visit to Vienna, Berlin, London, and Paris in March 1913.[766] His main aim was to investigate the conditions for receiving a loan of 1 million Liras from Vienna and then to meet French, German, and British politicians and financiers, to negotiate a new loan of 25–30 million Liras.[767] His only worry concerning this trip was that it would be the first time he had been to Paris after the loan operation in 1910. Hence, he talked to both the French ambassador, M. Bompard, and Mr. Nias from the Ottoman Bank about how he would be welcomed in Paris. They both told him not to worry and that the 1910 loan issue was buried in the past.[768] Cavid Bey's concern also indicates how the 1910 operation was something meaningful in his life and political circles. Usually, as a very self-confident person, Cavid Bey behaved much cooler during such events. The Ottoman government fully supported Cavid Bey's trip to Europe. Although Mahmud Şevket Pasha continued to underline the fact that the Ottoman government did not need money straight away in meetings with Cavid Bey, he was eager for Cavid Bey to secure future loans. In terms of the Balkan states' share of the Ottoman debts, Cavid Bey argued that they should pay their share,

764 Cavid Bey, *Meşrutiyet Ruznâmesi I,* 582-584.

765 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 586-588.

766 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 590-595.

767 Mahmud Şevket Paşa, *Mahmut Şevket Paşa'nın Günlüğü*, 33.

768 Mehmed Cavid Bey, *Meşrutiyet Ruznâmesi I,* 595-601.

and hence the Ottoman Empire could allocate money for future reforms and investments in Anatolia.

Before departing from Istanbul, Cavid Bey first went to the ministry of finance to receive his salary for two months. He had not taken his salary since the Kamil Pasha government was formed. He was the only person left who had not taken his salary. He lamented, "I signed the papers as the 'deputy for Selanik' for the last time. Six months ago, who could envisage a disaster like this?" His solemn demeanor indicates just how sad he must have felt about the loss of Selanik.[769] As usual, Cavid Bey made several courtesy visits to senior officials, ambassadors, the grand vizier, and the sultan before his trip. During his visits to the ambassadors of Germany, France, Britain, Italy, and the presidents of the Ottoman PDA and the Ottoman Bank, he discussed information about his trip to Europe, his main projects, and the current political and economic situation of the Empire after the Balkan Wars.

Cavid Bey's meeting with de Giers, the Russian ambassador, is quite interesting, especially as the Empire's issues related to Russia would occupy a large portion of Cavid Bey's talks in Europe, including the Armenian issue, the facts about a Russian delegate to the OPDA, and the railways in Eastern Anatolia. De Giers began the meeting by discussing the Edirne issue. Cavid Bey strongly emphasized that Edirne's fate was beyond the government's control, and it was a matter of politics. Cavid Bey complained about the injustice in Europe. Giers told Cavid Bey, "you (Cavid Bey) are a person who stands for his convictions. No one can change your thoughts, and that kind of an extreme feeling of Turkism deserves respect." Cavid Bey also told de Giers, with well-placed foresight, that the Macedonia issue was still unfinished, and he predicted that the Balkan states would fight against each other very soon. Then, they started to discuss the railways. Could railway lines reach Van and Bitlis? Would Russia allow this to happen? Interestingly, Van's railway construction is still a problematic issue in contemporary Turkey due to

769 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 588.

almost the same concerns. Russia claimed that it would break the 1900 convention, which gave Russia authority to build a railway in the region. However, in return no railway line to Erzurum could be built for the next fifteen years. Under these conditions, however, a railway to Erzincan was acceptable. According to Cavid Bey, the 1900 convention did not hinder the Van and Bitlis railways' construction. He added that new lines must also be built between Baghdad and Van. De Giers's response is interesting: "Do not mention the Baghdad Railway, which cost you a lot!" After that, the ambassador foreshadowed the events to come: "after the resolution of railways and Iranian issues, there would be no more conflict in between Russia and the Ottoman Empire unless you massacre Armenians!" Though Cavid Bey could not respond to Giers, he wrote his thoughts in his diary: "what can we do if Russian provocateurs work for it!" Cavid Bey would encounter more conversations of this nature very shortly afterward. Indeed, the events surrounding the Armenian issue in 1915 were not a surprise to anyone working in Near East diplomacy. More important than this, it was essential to see that already in 1913, the Armenians' future would be a serious issue of negotiation between the states, which were primarily concerned with their own interests.[770] Cavid Bey's diaries would demonstrate this to us very clearly.

During his visit to Sir Adam Block, president of the Ottoman PDA, Block warned Cavid Bey that he might encounter the issue of *contrôleur financier* of Ottoman finances in return for the loans. This issue was discussed up until the last phase of the agreements in April 1914. Ottoman investments in the military field were the primary concern of the French government. As will be discussed below, the main apprehension was rooted in the Ottoman navy's revitalization in hope of recapturing the islands from Greece. France forced Cavid Bey and the Ottoman government to purchase military equipment from France when they failed to submit to financial control.

Finally, before leaving for Europe, Cavid Bey went to the palace, thinking that it would be inappropriate not to visit the sultan as he would always pay a courtesy visit to him while he was formally in charge of affairs. According to Cavid Bey, Sultan Mehmed Reşad looked weary and exhausted, and he had already forgotten what had happened since the last summer with the fall of the Mehmet Sait Pasha government, the closure of parliament, and the events of both the Ahmet Muhtar Pasha and Kamil Pasha governments. Mehmed Reşad asked Cavid Bey what would happen to Edirne and Selanik. Cavid Bey writes in his journal that he is "not a sultan, but a caricature."[771]

Cavid Bey received his allowance for his trip — 250 Liras and 11 Liras per diem, the same amount paid to delegates assigned for peace talks. On March 3, 1913, he arrived in Vienna.

§ 4.3 The Negotiator

4.3.1 A Smooth Beginning to Negotiations, Berlin, March 1913

In March 1913, Cavid Bey stopped by in Vienna to meet Hüseyin Hilmi Pasha and some Austrian financiers and politicians. Though they asked questions about whether the putsch was necessary, Cavid Bey mainly discussed investment opportunities in Anatolia. Such meetings also indicate how the Young Turks and Cavid Bey had quickly embraced Anatolia as the new homeland of the Empire after the First Balkan War. After the war, Cavid Bey aimed to leave the Balkan states' share of the Ottoman loans for them to pay in order to save money for the development of Anatolia. After a short period in Vienna, Cavid Bey arrived in Berlin on the evening of March 5.[772] Osman Nizâmi Pasha welcomed him at the train station. Cavid Bey gave two interviews to *Berliner Tageblatt* and *Vossitche Zeitung* as soon as he arrived. Cavid Bey's first business meeting in Berlin was with Mr. Helfferich and Mr. Gwinner

771 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 595-601.

772 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 603-607.

from Deutsche Bank, who were assigned by the German ministry of foreign affairs to participate in the international talks about the Ottoman Empire. Meanwhile, the Germans also carried out negotiations with the French and British on the Baghdad Railways. Cavid Bey would become a mediator in the Franco-German talks. These talks covered several complicated issues. First of all, the two countries were hostile enemies. Secondly, though the Potsdam Agreement had annihilated Russian objections to the Baghdad Railway, the Anatolian Railways were still an open question for the Russians. France's priority was to solve the issues without betraying its ally, Russia. Nevertheless, Russia was putting new subjects forward on the table. Therefore, the Franco-German negotiations lasted for almost a year.[773]

The day after he arrived in Berlin, Cavid Bey heard about the fall of Yanya (Ioannina). He noted down in his journal that although everyone had expected the city to fall, it was still excruciating to hear the news. He added that the fall of Yanya would harm the peace talks.[774] While Cavid Bey was having negotiations with German and French politicians and financiers in Berlin, parallel talks were carried out in London by Hakkı Pasha and in Istanbul by Mahmud Şevket Pasha. During the negotiations in Istanbul, Mahmud Şevket Pasha was ignorant about the issue of oil. He considered Kuwait and Qatar as unimportant regions that could be given up for a deal with Britain as soon as possible. Thus, Mahmud Şevket Pasha approved British rights in the Persian Gulf, covering Qatar, Bahrain, and Kuwait. He saw no other alternative but to leave these lands to British domination. Sait Pasha, president of the Council of State, rightly objected to this, because giving up the sovereignty of territory required the parliament's approval. Mahmud Şevket Pasha insisted that they could not risk any dispute with Britain over these desert provinces. He decided to leave Qatar and Kuwait to Britain and focus on the province of Iraq, which was full of rich natural resources. The next day, the cabinet decided to permit Egypt to receive

773 Bayur, *Türk İnkîlâbı Tarihi, II/II*, 295.

774 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 607-610.

loans from Europe without the Ottoman Empire's permission. This condition was one of Britain's top requirements for a deal.[775]

Cavid Bey met Goltz Pasha in Berlin. Goltz Pasha told him that after the coup d'état in January, the impression of a Turkish awakening was increasingly discussed in Europe. He warned Cavid Bey that the Unionists should keep up a certain image in Europe. Goltz Pasha had heard from a German officer in Istanbul that Nazım Pasha had changed the war plans during the Balkan Wars. Goltz Pasha asked about the military budget, and he commented on the changing of the capital from Istanbul to Syria.[776]

In Berlin, Cavid Bey had to deal with Russia's latest condition in the negotiations: a Russian deputy on the board of directors of the OPDA. Although this idea would never come to fruition, Cavid Bey struggled against this issue for a long time. He argued that if Russia had a seat at the OPDA, then the other minor states would ask for the same. Then, the board of directors would become a political assembly where France and Russia would decide the majority of all issues.[777] However, as mentioned before, the Russian delegate issue would last until the Great War, and Cavid Bey would change his tactics and try to use this issue in favor of the Ottoman Government as a part of the negotiations.

The first step in the negotiations began on March 13, 1913, concerning the Régie. Cavid Bey, Mr. Weil from the OPDA, and Baron de Neuflize from the Banque de France met at the office of Mr. Schwabach, a prominent German banker and financier. Although the Ottoman government did not want to extend the Régie, the urgent need for money to fund Edirne's defense changed the paradigm. The talks were tough. Cavid Bey's main problem was that the OPDA was the most crucial party to the Régie businesses, and the decision was too political. The French asked for 20 years of concessions, but Cavid Bey stated that extending

775 Mahmud Şevket Paşa, *Mahmut Şevket Paşa'nın Günlüğü*, 39-40, 45-46, Heller, *British Policy Towards the Ottoman Empire 1908-1914*, 94.

776 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 611-612.

777 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 615-621.

the time from five years to ten years was difficult enough for the Empire. Weil personally accused Cavid Bey of objecting to their demands. Cavid Bey responded that it was not only him but all of the cabinet that objected. In terms of money, the OPDA asked for a 6% interest rate and offered less than 850,000 Ottoman Liras for the loan. Cavid Bey opposed the OPDA's share of this loan, which amounted to 14%, or 300,000 Liras, of profit. The Great Powers' demands were quite heavy and exploitative.

Cavid Bey attended a tea party at the Ottoman Students Club in Berlin, where he gave a brief speech. While he was comparing the Empire's position and mood from four years before to the current situation, his eyes filled up, and he puckered his lips. Cavid Bey forced himself not to cry and not to stop talking several times during his speech. As he writes about the day in his diary, he notes that six months before, nobody could have envisaged talking about the disaster of war and the loss of Selanik.[778] Though Cavid Bey does not give any personal details in his memoirs, he mentions the trauma of losing Selanik and Macedonia on different occasions. His words are full of patriotic feelings toward his country: maybe it is even possible to describe him as a patriot rather than a nationalist. He was an overt supporter of Ottomanism and multiculturalism rather than of Turkish nationalism based on ethnicity. It could be argued that factors such as his identity, childhood in Selanik, liberal stance, in fact his whole background might have affected his attitude in this episode. After the Balkan Wars, nationalism and militarism became the dominant ideologies behind the transition from Empire to nation-state. These inclinations had become more tangible in the Republican Era after the Independence War. However, Cavid Bey, who had an imperial background and stayed out of the war, became an outsider in the Republican Era. It is possible to claim that the transition from Empire to nation-state began with the Balkan Wars. The exact date when Cavid Bey started to become an outsider in politics, while maintaining his position as an expert.

778 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 627.

While in Berlin, Cavid Bey received a letter from the ministry of foreign affairs asking him to participate in the negotiations with Hakkı Pasha on navigation rights on the Tigris and Euphrates. Cavid Bey thus decided to go to London. However, before his departure, on March 17, 1913, Deutsche Bank informed the Foreign Office that they had reached a basic agreement with Britain. The main conclusion from the talks, as expressed by Sir Edward Grey, was, "You (the Germans) rule over the railways, and we (the British) over the waters."[779] This deal was the first step in the lengthy negotiations in London, with many more ups and downs, pros and cons. The final agreement would be signed later on June 15, 1914, only 13 days before the first indication of the First World War.

Cavid Bey's last day in Berlin was spent in inconclusive, long debates on the Régie. He arrived in London on the evening of March 18, 1913.[780]

4.3.2 *In London, March 1913*

Cavid Bey began his meetings in London on March 20, 1913. He first met Hakkı Pasha and Tevfik Pasha. Hakkı Pasha was hopeful about gaining the support of the British against the Russians. According to him, this was essential for the survival of the state. He was in favor of holding broad negotiations with the British government. Cavid Bey then met with Sir Ernest Cassel, founder of the National Bank of Turkey. They talked about treasury bonds, the Mesopotamia issue, the country's future, the post-war financial situation, and the coup d'état. Cassel suggested that the British and the Ottomans compromise on a plan to protect Istanbul. He argued that the Ottomans should not allocate extra funds for the city's defense; instead, the Ottomans should consider leaving Istanbul to the Great Powers' guarantee. According to Cavid Bey, these offers were impossible to accept. Cassel also warned Cavid Bey that the Ottoman government should shift the Empire's capital to a dif-

779 Williamson, *Karl Helfferich, 1872-1924: Economist, Financier, Politician*, 100-101.

780 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 631

ferent place. However, Cassel's statements about Istanbul's protection are quite interesting because he depicted what would happen five years later, after the armistice following the Great War.[781] He also added that the Empire would need to work very hard for the next 25 years to develop into a modern nation. In terms of loans, Cavid Bey told Cassel that he was not in favor of an international loan, because the loan would interfere in the Ottoman Empire's domestic affairs.

During his London visit, Cavid Bey met with the key British politicians who would be closely involved in the Ottoman Empire in the near future such as Sir Edward Grey, Mark Sykes, and Winston Churchill. Cavid Bey had an appointment with Sir Edward Grey on March 25, 1913. First, they talked about Edirne. Grey asserted that there would be no peace unless the Ottomans surrendered Edirne. Grey added that Edirne was an issue that could cause domestic upheaval. Grey also noted that Britain wanted a healthy Turkey in Anatolia, and that was why it did not accept any plan in which the Ottomans would pay war reparations to the Balkan states. He declared that he was anxious, because the Balkan states still did not understand this condition. He estimated that the Paris financial conference, which would be held to resolve the financial issues in the Balkans after the war, might carry on for a long time. He added that Britain, France, and Germany all agreed that the Balkan states should help pay the Ottoman debts. But the other states had not approved this yet.[782] As far as we understand from Grey's speech, the Great Powers —except Russia — had reached consensus on keeping the Ottoman Empire's territorial integrity intact in Anatolia and viewing the Ottoman Empire as an Asian Empire. The Great Powers had planned to implement the classical policies of foreign direct investment, loans, and concessions, in order to keep their hold and influence within the territory of the Empire. The Great Powers, including Russia, did not think that it was the right time for the Empire's dissolution.[783] At Cavid Bey's

781 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 631-632.

782 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 637.

783 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 636-637.

meeting with Mr. Sykes, the man who would "create the Middle East" with the Sykes-Picot Agreement in 1916, they talked about the Ottoman Empire's future, and Sykes's travels in Anatolia. Mr. Sykes argued that the best way to govern Anatolia was to establish a model administration that the European consultants would implement.[784]

The news of the fall of Edirne reached London on March 26, 1913. Edirne had fallen to troops waving Bulgarian flags on the eastern trenches at sunrise on March 26. The city had resisted the Bulgarian army's siege from November 1912 to March 1913, after the Serbian army had helped the Bulgarian army. Though Edirne's commander, Şükrü Pasha, had resisted and fought until the end, he could not stop the attack. The main concern after the fall of the city was that the Bulgarians would move toward Istanbul. According to Jean Frédéric Lucien Pierron de Mondésir, a French colonel who witnessed the Balkan Wars and siege of Edirne, the city had a significant role in weakening the victorious enemy and stopped its progress toward Istanbul.[785] The gunfight at Çatalca continued until April 2, 1913. On April 7, the Ottoman government proposed a truce, and on April 15, an armistice was signed between the parties. On April 22, Esad Pasha also surrendered İşkodra (Schkodër) to the Montenegrin armed forces. İşkodra (Schkodër) held a critical position in terms of the foundation of an independent Albania. The city was of interest to both Montenegro and the Austro-Hungarian Empire. However, Montenegrin forces left the city, and creating an independent Albania arose on the international powers' agenda.[786] Cavid Bey notes in his diary that Edirne's fall might worsen the peace terms for the Otto-

784 Mahmud Şevket Paşa, *Mahmut Şevket Paşa'nın Günlüğü*, 49, 68.

785 De Mondésir, J. F. L. P. *Balkan Savaşı'nda Edirne Muhâsarası. (1912 Teşrînisânî - 1913 Mart*), ed. Halûk Kayıcı (Istanbul: Ceren Yayıncılık ve Kitabevi, 2019), 11, 173, 192-193.

786 Hüner Tuncer *Trablusgarp ve Balkan Savaşları (1911-1913)*, (Istanbul: Tarihçi Kitabevi, 2018), 77-79.

man Empire. According to him, Grey's point on the implications of Edirne's fall on domestic politics was not a remote possibility.[787]

Cavid Bey attended a dinner with Hakkı Pasha at Ernest Cassel's house, where Winston Churchill was also present. Churchill talked to Cavid Bey, whom he had met before, about the letter he wrote to him concerning British support during the Tripolitanian War (1911–1912). Churchill claimed that he often defended the Young Turks against the Europeans and thought that Enver's last move, the coup d'état of January 1913, was patriotic. Churchill added that he believed that the CUP would rule the country for a long time. Cavid Bey noted that Churchill had followed the political developments in Istanbul closely, including the incidents of summer 1912 and Cavid Bey's resignation in 1911. According to Churchill, the conditions had changed, and now Britain was supporting a healthy Turkey in Anatolia. To reach this goal, Turkey should not pay war reparations and should share the Ottoman debts owed to the OPDA.[788] A few days later, after this short conversation, Cavid Bey was invited to Churchill's house for dinner on April 1, 1913. During their discussion, Churchill advised Cavid Bey to keep good relations with Greece, and warned him that Britain had much stronger ties with the Greeks than with the Slavs.[789] In return, Cavid Bey said that good relations with Greece depended on the situation of the islands. He repeatedly told Churchill that if the islands off the coast of Anatolia were given to Greece, there would be a war over them in the next five years. When Cavid Bey mentioned his concerns about Russia's position in Anatolia, Churchill told him that the British were more worried about a German occupation of the Anatolian provinces. Churchill also pointed

787 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 637-638.

788 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 638-639-640.

789 This situation had not only cultural implications but also indicated the direct interests of Britain in the Mediterranean. The islands on its way to the Suez Canal such as Argostoli and Cyprus were very critical. Andrekos Varnava "British and Greek Liberalism and Imperialism," in *Liberal Imperialism in Europe*, ed. Fitzpatrick, M.P. (New York: Palgrave Macmillan, 2012), 229-241.

out the position of the Ottoman army at Çatalca. He was also aware of the rise of Enver Pasha in the Ottoman army after the coup d'état, and that's why he was directly mentioning him as the commander of the battle in the Thrace. According to Churchil, Enver Pasha's. victory would be crucial in altering both domestic and European relations. Later, Cavid Bey left Churchill's house with Sir Ernest Cassel and went to Cassel's house to continue the discussions. Cassel told him that the National Bank could not keep working like this: he said that he had started the bank at the request of both the Ottoman and British governments, but now they did not provide the necessary support for the bank to operate. Cassel asked Cavid Bey whether he would always stay in politics and remarked that Cavid Bey would be happier and wealthier if he worked at the bank, and the bank would benefit from his presence. Cavid Bey, however, was a man of politics. Cassel told Cavid Bey that he still kept some of the bank's shares for Cavid Bey, hoping that he would like to buy them one day. Cassel stated that he had kept them for him since the foundation of the bank. Cavid Bey responded, "I don't think that I would ever have enough money to buy these shares."[790]

While in London Rifat Bey wrote to Cavid Bey and asked him to find a solution regarding the financial problems with France. Meanwhile, the French cabinet had changed, and M. Stephen Pichon became the French minister of foreign affairs. Pichon and Cavid Bey had had a conflict during the 1910 loan operation. Cavid Bey talked to Hakkı Pasha about whether or not he should go to Paris. Hakkı Pasha told him that he saw no harm in his going.[791]

Before departing for Paris, Cavid Bey corresponded with Istanbul on various issues. The topics of discussion were concessions on lighthouses, the Paris Financial Conference, the provision of old loans from the territories lost in the Balkan Wars, and the battleships ordered from Britain. Rifat Bey's telegram of April 20 mentioned that Britain had delayed the delivery of the battleships. He asked Cavid Bey not to endan-

790 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 643-646.

791 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 633.

ger the delivery of the ships. However, the Ottoman government still had to pay the last installment on the battleships. The Ottoman Empire would make the final payment for the battleships on April 14, but the dreadnought was not delivered due to the ministry of the navy's request to modify the ship. The main question was whether or not the Ottoman government should pay the money for the ships or not.[792] After dealing with this work, Cavid Bey visited Sir Ernest Cassel to bid him farewell, and he left for Paris on April 4, 1913.[793]

4.3.3 *April in Paris*

Cavid Bey set off for Paris on April 4, 1913. His schedule in Paris was more intense than in London and Berlin. His stay in Paris was more complicated and essential for the Empire, due to French dominance over Ottoman finances and the potential loan agreement. Cavid Bey was well-prepared for the next round of talks. To help gain support for their cause, he — and the Ottoman government — decided to make use of the French press, a powerful institution during the 3rd Republic of France (1870–1914). The most critical newspapers in France at the time were *Le Temps*, founded by journalist and politician André Tardieu*, Le Journal*, *Le Figaro*, and *Le Matin*. However, the Ottoman Government was not the only state peddling propaganda in the foreign press. Every government that had the capacity, including Russia and Greece, had given the utmost importance to public relations. But Cavid Bey and the Ottoman government were determined to fight against all odds. Cavid Bey worked with an intermediary, a French businessman named M. Delon-

792 There were primary sources on these issues. Cavid Bey noted in his diary.
BOA HR_ID___00210_000020_001_001
BOA HR_ID___00210_000021_001_001
BOA HR_ID___00210_000022_002_001
BOA HR_ID___00210_000019_001_001
BOA HR_ID___00210_000021_002_001
BOA HR_ID___00210_000023_001_001

793 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 645-646.

cle, to deal with the French press. M. Deloncle was very enthusiastic about working with the Ottoman government. A long bargaining process began between Cavid Bey and the French press during M. Deloncle's meeting with Cavid Bey on April 6, 1913. According to his offer, the Ottoman government would pay 20 million francs for news favoring the Ottoman loan to appear in the French press. Cavid Bey told M. Deloncle that this was too much. M. Deloncle returned to Cavid Bey's hotel at night with a counteroffer. His new offer was as follows: the French press would publish news arguing against war reparations and supporting the Ottoman Empire in distributing the Ottoman debts among the Balkan states, as well as articles in favor of the French loan. In return, the press would get 15 million francs. This amount, he added, was only 3% of the amount that the Bulgarian government had asked for in war reparations. M. Deloncle claimed that Russia would insist on war reparations. Cavid Bey was skeptical of M. Deloncle's behavior. Yet, the propaganda operation was set to start the next morning, and the French newspaper *Journal des Débats* would publish articles supporting the Ottoman government. This operation was the first step in the Ottoman government's new public relations strategy. The first agreement with the French press involved the lighthouse project. Throughout his stay in Paris, Cavid Bey continued to meet with Deloncle and some journalists, despite their increasing demands each day. By the end of his trip, Cavid Bey would become exhausted with their endless needs. In turn, Cavid Bey doubted that the French press had published enough good news and articles in favor of the Ottoman government to sway public opinion.[794]

Due to the crisis over the 1910 loan operation in France, Cavid Bey was still nervous about meeting French statesmen, especially Stephen Pichon, the minister of foreign affairs. He asked the embassy to set up a meeting with Pichon. The embassy talked to the latter and made implicit remarks about what had happened between M. Pichon and Cavid Bey. However, Pichon's response to Cavid Bey's request was very profession-

794 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 648-650; Bayur, *Türk İnkılâbı Tarihi, II/III,* 446-448.

al, highlighting that what had happened in 1910 was between governments; nothing was personal. Pichon's reaction was a relief to Cavid Bey, and they set up a meeting. Interestingly, Cavid Bey was concerned about coming to Paris and meeting M. Pichon or M. Cochery. This situation indicates that the situation had a profound personal impact on his life.[795]

Concerning the future Financial Commission in Paris, Cavid Bey said that if he became the committee chairman, he would not have time to follow other issues. Therefore, he wanted Nail Bey to be the Turkish delegation president, and he could be assigned as the vice president. He also wanted Hallaçyan Efendi and Mr. Crawford in the delegation.[796] However, two days later, Rifat Pasha was informed that the committee would be structured differently, and the Great Powers and the Ottomans would participate at undersecretary level. Cavid Bey was happy to skip the commission and work on the other things that he had to follow up in Paris.

Cavid Bey met the French Minister of Foreign Affairs, M. Pichon, on April 16, 1913. On behalf of the Ottoman government, Cavid Bey asked the French to allocate money for the development of Anatolia. Pichon told him that although the French would not prevent the development of Anatolia, reparations were not off the table, either. They talked about the Aegean islands, Arabia, Syria, and the Paris financial conference. Pichon made a comparison between the Ottoman Empire's current situation and post-1871 France. Although Cavid Bey responded that the whole problem was entirely different, Pichon asserted, "I lived through these times, France was on the verge of a cliff." In terms of the 1910 loan operation, Pichon commented that the economists had controlled the situation entirely and that he was not involved.[797] Although Pichon's words seem unconvincing, it was a polite gesture to Cavid Bey.

Cavid Bey met the French socialist leader Jean Jaurès. They talked for an hour on various issues regarding the Ottoman Empire, such as

795 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 653-656.

796 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 669-670.

797 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 662-665.

Macedonia, Istanbul's situation, relations with allies, Albania, the Arab provinces, Anatolia, and Armenia. Cavid Bey commented on each issue. Jaurès told him not to move the capital elsewhere and not to shed blood to preserve it. Jaurès said that he had also met Cavid Bey's CUP counterparts, and he was utterly surprised to see them talking so furiously. Jaurès offered to write an article about the Armenian issue in the French press if he was provided with more information on the topic. Cavid Bey's impression of Jean Jaurèswas as follows: "When you talk to Jaurès, you sense that you are in the presence of a sincere human being who speaks their mind."

During his stay in Paris, Cavid Bey found himself in the company of the French elite, who mediated his entrance into the French political and financial circles. The Countess de Montobello was one of these key members of the elite. Cavid Bey visited the Countess, who dedicated her time, energy, and connections to following political affairs. Cavid Bey was sure that everything had been prearranged, and whoever was present at the house that night would get a share from the agreement. However, Cavid Bey was not sure that she would deal adequately with his matter. He commented that when you encounter this society's inner parts, how social relations and business affairs were intertwined, he found it annoying and disgusting.[798]

In addition to international affairs, domestic affairs were growing increasingly complex while Cavid Bey was away in April 1913. The main domestic problem was about the different ethnic and religious groups in Ottoman society: the Anatolian Greeks, Arabs, and Armenians. First, the Unionist government deported 200,000 Greeks from Thrace and Anatolia in 1913 and 1914 after the bells of war began to ring out between Greece and the Ottoman Empire due to the loss of the islands.[799] Second, the significant implication of the incidents and wars of 1912 and 1913 was that the Empire's population became overwhelmingly Muslim. This

798 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 668-669.

799 Emre Erol, *The Ottoman Crisis in Western Anatolia, Turkey's Belle Époque and the Transition to a Modern Nation State* (London-New York: I.B. Tauris, 2016), 110-162.

situation had reframed the perception of the Ottoman Government in the Arabs deeply. While the Arabs were negotiating in Bayreuth and Paris for reforms that depended on decentralization, the CUP government welcomed the reforms that covered local language utilization – mainly Arabic – in the Arab provinces. However, the Arabs had organized an Arab Congress in Paris between June 18-24, 1913. The CUP managed to agree with the Arabs in the Congress. The most important step was that the Ottoman government accepted the assignment of Arab officers to the bureaucracy according to a specific quota. Later on, in 1913, the Arab reform movement was split into two by the vigorous efforts of the CUP. On the other hand, at the end of June, the CUP grasped power fully-fledged after Mahmud Şevket Pasha's assassination. While the central government under the CUP gained power once again, the new grand vizier, Said Halim Pasha, an Egyptian prince, had tried to take the Arabs under his wing. Until the Great War, the CUP had established a sustainable situation in the region. However, the War and the policies implemented by Cemal Pasha turned everything upside down in the region, and the Arab revolt began in 1916.[800] Finally, and perhaps most consequentially, the Armenian issue had spilled over into the international arena. Armenian representatives had started to visit European capitals to conduct public relations work through governments and civil society. During his stay in Paris, Cavid Bey met the Armenian Catholic leader Bogos Nubar Pasha[801] during a luncheon at Gülbenkyan Efendi's house. During the meeting, Bogos Nubar Pasha argued that foreign governors and civil agents should be appointed to the Armenian-populated regions in Anatolia by the Great Powers, not by the Ottoman Government. Cavid Bey disagreed with Bogos Nubar Pasha and stated that in the case of the Armenians, since they were not the majority in the Eastern regions, this form of governance, which had been the same as that

800 Hasan Kayalı *Jön Türkler ve Araplar Osmanlıcılık, Erken Arap Milliyetçiliği ve İslamcılık 1908-1918, (*Istanbul: Türkiye İşbankası Yayınları, 2003), 159-168.

801 Bogos Nubar Pasha traveled to the European states as the Armenian Catholic representative, to raise the issue in an international arena.

over Macedonia, would not fit Anatolia. He added that the Russians would stir up conflict between the Armenians and the Kurds, and that Armenia would be filled with British officials and military police. "We know how disorder in Armenia would damage the country," he tells Bogos Nubar Pasha. Cavid Bey was a bit tense and nervous during this meeting. He told Bogos Efendi that he could not fulfill these requests. Cavid Bey also insisted that Europe could not develop a formula for Armenia. He added that Turkey and Armenia should deal with this together, hand in hand. They both left, firm in their own opinions. From his notes, Cavid Bey was on the defensive during this argument. He was worried that what happened in the Balkans could occur in the Eastern provinces, as well.[802]

As a general note, the spread of the Armenian Question into the European political arena in 1913 further complicated the issue for the Young Turks. In terms of historiography, too much ink has been spilled on this issue.[803] According to Cavid Bey's diaries, it might be argued that the Armenian Question started in 1913, not in 1915. Discussion of the Armenian Question became a part of an international agenda as the Macedonian issue did at the beginning of the twentieth century. The Unionists and mainly Cavid Bey referred to this resemblance during his talks. Moreover, the way the Armenian Question became a part of the financial talks in 1913-1914 was uncongenial for the Ottoman govern-

802 Reynolds, *Shattering Empires*, 66-78.

803 See, Hans-Lukas Kieser, Mehmet Polatel, Thomas Schmutz, "Reform or Catalyscm? The agreement of 8 February 1914 regarding the Ottoman eastern provinces." *Journal of Genocide Research*, 17, no. 3, (Jul, 2015), 285-304; Thomas Schmutz ,"The German Role in the Reform Discussion of 1913-1914", in *World War I and the End of the Ottomans from the Balkan Wars to the Armenian Genocide*, edited by Hans-Lukas Kieser, Kerem Öktem, Maurus Reinkowski (London: I.B. Tauris, 2015), 188-209; Marcel Leart (Krikör Zöhrap*), Belgelerin Işığında Ermeni Meselesi, (*İstanbul: İletişim Yayınları, 2015); Mehmed Cavid Bey *Meşrutiyet Ruzamesi* Vol. II (Ankara: Türk Tarih Kurumu, 2015; Fuat Dündar *Modern Türkiye'nin Şifresi. İttihat ve Terakki'nin Etnisite Mühendisliği (1913-1918)*, (Istanbul: İletişim, 2008). The sources related to this issue could be proliferated.

ment.[804] According to Cavid Bey's diary, the incidents preceding the 1915 deportations began in 1913.

804 To bring the Revolution to fruition, the CUP collaborated with secret organizations of various ethnic stripes, notably the Armenian Revolutionary Army (ARF). After the Revolution, the ARF began to conduct negotiations with the CUP on the Armenian Question's resolution, which was based on the land dispute. The main problem was the land dispute and ongoing conflict between the Armenians and the local Muslims, mainly Kurds. The Armenians' land was occupied by the Muslim locals when they fled during the insurrection of the 1890s. The Adana Massacres of 1909 had interrupted this process and exacerbated the land dispute and obstructed dialogue. After 1910, the government began to settle Muslim migrants and nomadic Kurdish tribes in these disputed Armenian lands. In May 1912, the Sait Pasha government decided to establish a reform commission for the Eastern provinces. Although the state continued to promise to found commissions to solve land disputes, no substantial legal or administrative plan was put in place. During the First Balkan War, on December 18, 1912, the Ottoman government began preparing a draft reform plan for Van, Bitlis, Diyarbakır, and Ma'mûretü'l Azîz. This reform plan aimed to establish a general inspectorate. Foreign inspectors would work as advisors for the general inspectorate, and foreign inspectors would work as advisors for the inspector general. In late 1912, the Armenians in the Ottoman Empire and Russia started to take active steps toward the internationalization of the issue of reform in the Eastern provinces. The Armenian community sent a commission under Boghos Nubar Pasha's presidency to Europe to lobby for reforms. Armenian political parties acted together for the first time. Krikor Zöhrap Efendi, who was the arch-rival of Cavid Bey during the parliamentary talks, was one of the negotiations' key actors. He had written Lumières under the pseudonym Marcel Léart in 1913 and published "La Question Arménienne: À la lumière des documents" to discuss his arguments on the Armenian Question in the international milieu. According to him, this reform, particularly appointing a European governor of the region, did not mean "separation," "autonomy," or a "special regime" for the Anatolian Armenians. Instead, a new reform agreement would enable both the Ottoman Empire and Armenians' security and prosperity. He was well aware that the outcomes of the Balkan Wars would only lead to rage and discrimination between Muslims and Armenians. However, the CUP government had feared the reform issue from the beginning and argued that international involvement would decrease Ottoman sovereignty. The Macedonian reform process, the turning point for the Balkans' disintegration, was too recent in their memory. However, despite the CUP's apprehension, this issue would continue to develop rapidly through Russia and Germany's influence. The parties signed the Armenian Reform Act on February 8, 1914. Citation??

While Cavid Bey was in Paris, France's idea of financial control over the Ottoman Empire was brought up within the framework of the financial conference. Sir Adam Block and M. Bompard had already warned Cavid Bey about this issue in Istanbul. Though this conference was mainly related to the Balkan states' share in the Ottoman debt, the shareholders of the Ottoman PDA wanted to have more control over Ottoman finances in general. In many meetings, this issue was put forward to Cavid Bey implicitly or explicitly. For instance, during a meeting with French and British financiers, the bankers brought up the financial conference and its discussions on the Empire's military expenses. Cavid Bey responded that the Ottomans would not accept limitations on this matter. He explained that the Ottomans did not trust the Great Powers' guarantees of its territorial integrity and that they wished to defend the country on their own. At the time of this meeting, the Great Powers' primary concern was the dispute over the islands and the rising military expenses of the Ottoman Empire.[805]

In April 1913, the Unionists asked for two things from the Great Powers, which would affect Cavid Bey's talks in Europe. First, Mahmud Şevket Pasha requested a German mission to carry out the Ottoman army's modernization and organization. Mahmud Şevket Pasha conveyed his message to the German Ambassador, Baron Wangenheim. The Germans would accept his offer, thus beginning the German mission commanded by General Liman von Sanders that would enter Istanbul and cause a massive crisis at the end of 1913. Mahmud Şevket Pasha aimed to strengthen the army and prevent the politicization of military officers, which had harmed the country heavily during the Balkan Wars. Talat Bey made the Empire's second request to the British government, which was to assign British general inspectors to the gendarmerie, ministry of agriculture, ministry of public works, and an advisor and inspector general for the ministry of the interior. He also asked for inspectors for the Eastern provinces. However, Britain rejected the Ottoman re-

805 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 680-682.

quest in order not to anger Russia. Britain wanted to avoid sending inspector generals to regions close to the Russian border.[806] The British government was aware that the reform issue would likely snowball out of control, especially if the Armenians brought their issues into the international arena. In the meantime, Talat Bey began his meetings with Armenian deputies in Istanbul to find a solution. However, these meetings remained inconclusive.

On April 29, 1913, Cavid Bey attended Pierre Loti's conference in Anmale Hall in Paris, an event which was not friendly to the Ottomans. Pierre Loti, a French writer who lived in Istanbul for many years and was known for his love for the city and its people, focused on the atrocities in the Balkans. He pointed out the bias in the Paris newspapers and read a bit from letters and his writings. Cavid Bey noted that women were impressed by this performance, and he thought to himself that if Loti had given a full performance in favor of the Ottoman Empire, he would appeal to the hearts of these women. He complained that there was still no strong voice in Paris defending Turkey.[807]

Meanwhile, after almost four months of talks between Hakkı Pasha and Sir Edward Grey related to Mesopotamia, the British and the Ottomans reached an agreement on May 7, 1913 in London. Soon after, the German embassy, including Herr von Kühlmann, Prince Lichnowsky, and the German ambassador to London, were informed about the details of the agreement. These were the last diplomatic agreements between the Ottoman and the British governments before Anglo-German talks would begin to replace the economic and political questions concerning the Empire's future. The agreement followed the prelimary terms that had been outlined earlier in March between the Foreign Office and Deutsche Bank. In brief, the agreement decided that Basra would be the terminus of the Baghdad Railway. The construction of the Gulf section of the railway was postponed, and the Baghdad Railway company would appoint two British directors to the Konya-Basra Rail-

806 Heller, *British Policy Towards the Ottoman Empire 1908-1914*, 84.

807 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 683-684.

way board. On the navigation issue, Germany would not object to Britain's navigation rights on the Tigris and the Euphrates. The Shatt-al Arab would be open to allow all flags' access to Basra.[808] In return for these and other assurances and concessions, Britain consented to support an increase of 4% in the Ottoman Empire's customs duties. Implementing this article was the main goal of the Ottoman government. Britain and the Ottoman Empire would reach subsequent agreements on the navigation of rivers and oil concessions in 1913 and 1914.

Cavid Bey's agenda in Paris also consisted of various issues concerning the Ottoman Bank. The new director of the IOB Istanbul branch, and the future of the Ottoman Bank branch offices in Macedonia were the most problematic issues. The French were considering the possibility of a Russian Bank taking control of IOB branches in Macedonia.[809] Mr. Nias from the IOB had come to Paris to meet the Ottoman Bank's administrative board. When the administrators of the IOB in Paris asked him questions about the Turkish economy, Nias responded that the Ottoman government had repaid its debts even in the darkest of days, even if that meant it had no money to buy bread for its soldiers. He added that the Ottomans needed new additional sources of income, i.e., customs duties. Cavid Bey met with Mr. Nias and told him that since he had arrived in Paris, the Ottoman Bank had still not been willing to discuss business with him. This situation shows that Cavid Bey had to overcome several obstacles, including the Ottoman-French and French-German agreements, as well as Russia's various demands, in order to solve the loan issue on schedule.

Cavid Bey met Mr. Steeg to discuss his notes with Mr. Harvey, the British delegate to the Paris Financial Conference. Harvey had stated that Turkey should commit to making improvements in the administrative field. Mr. Steeg objected to Mr. Harvey's proposal, saying that Turkey had already committed itself to the deputies and shareholders of the OPDA through the "Muharrem decree" in 1881. For this reason, Tur-

808 Heller, *British Policy Towards the Ottoman Empire 1908-1914*, 93.

809 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 691-695.

key only committed itself to the bond holders but not to the states. Cavid Bey commented that each delegate to the conference had a different idea of financial control in their minds. Steeg suggested finding a solution to issues such as the employment of foreigners (i.e., foreign bureaucrats) before the Great Powers would ask for reforms in this field. Cavid Bey agreed with Mr. Steeg[810] and he wrote a letter to Mahmud Şevket Pasha telling him to publish a reform program as soon as possible. He insisted that if his colleagues should hesitate to follow him, he would leave them. However, he received a telegram from Mahmud Şevket Pasha complaining that the government was penniless. He asked Cavid Bey to deal with the Régie and Necip Asgar's farms issue as soon as possible.[811]

As noted in Cavid Bey's journal, the Russian Minister of Foreign Affairs, Sergei Sazanov, had allegedly told Count Vitali that a ruined Anatolia would not be suitable for both French and Russian interests. Therefore, the Ottoman Empire should go into debt to secure the state and pay its debts through loans. In his journal Cavid Bey underlines, "we are not seeking loans under the guarantee of the Great Powers"; instead, he thought, Russia should consent to a 10–12-year contract on the Black Sea Railways.

In Paris, the issue of financial control was on the agenda once again. Cavid Bey was squeezed between foreign control of the Ottoman Empire and the loan issue. Cavid Bey restated in various meetings that the Ottoman government and he himself would never accept such a thing. On the other hand, Mr. Steeg from IOB and Hallaçyan Efendi, who was in Paris then, supported Great Power control of the Empire. During a meeting, Salem Efendi told Mr. Steeg that if the Great Powers were to implement international financial control over Ottoman finances, Cavid Bey could not return to Istanbul. The Young Turk government would collapse, and such a situation would go against France's interests in

810 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 698.

811 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 704-705.

Turkey.[812] Nevertheless, these debates did not surprise Cavid Bey. He was acquainted with the fact that the French government might push him on financial control.

During 1913 and 1914, another key issue for the Empire was the leaking of the secret correspondence between Ottoman politicians. These secret letters were published in French newspapers, or the French-language newspapers published in the Ottoman Empire such as *Mechroutiette*.[813] The CUP opponents tried to pressurize Cavid Bey in Paris and cause doubts about reliability by using the most dangerous tool, the press. France was also using its press as a tool in negotiations to strengthen its hand against the Empire. According to M. Deloncle, by the end of May 1913, the Empire's propaganda campaign was going well, although *Le Temps* continued to propagate negative news about the Empire.[814]

Karl Helfferich from Deutsche Bank arrived in Paris unexpectedly at the end of May 1913. Cavid Bey immediately understood that there should be a reason for his sudden visit. Mr. Helfferich wanted to discuss the railway issue here in Paris, because there was no one to discuss this issue with other than Cavid Bey or the grand vizier in Istanbul. The main problem was that the Germans did not want to commit to the timing as outlined in the Baghdad Railway contract; they prefered to commit to building new lines when they had the money for each one. Cavid Bey asked why the Ottoman government should give the Germans concessions, especially when the Ottomans could find an American company that would build the railway (i.e., the Ankara-Sivas-Harput-Diyarbakır-Bitlis line) in a shorter amount of time. Besides, the Ottoman Empire had already committed France to constructing the Harput track. As Cavid Bey was discussing these issues with Mr. Helfferich, he was also carrying out negotiations with both France and Germany on the rail-

812 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 713.

813 Mechrouiette was belonged to Şerif Pasha, an opponent of the CUP. He would be accused of the assassination of Mahmut Şevket Pasha.

814 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 714.

ways and the farm issue, as the Sublime Porte had requested him to do. He was also corresponding with Mahmud Şevket Pasha and Said Halim Pasha on the current developments in Istanbul.

On June 5, 1912, the Paris financial conference[815] met for the first time on the premises of the French Ministry of Foreign Affairs. Cavid Bey met the delegates there, including French journalist and politician Andre Tardieu. According to Cavid Bey's notes about the conference, M. Tardieu confessed to Cavid Bey that the Paris financial conference had political aims rather than economic ones. He admitted that he was not expecting anything from the Ottoman Empire because "it is sitting on Germany's lap." Tardieu did not care about French investments in the Ottoman Empire.[816] Tardieu's words reflect the general French sentiment toward the Empire. The Paris financial commission had two aims: firstly, to determine the Balkan states' share of the Ottoman debts; secondly, to decide and calculate the amount of a consolidated loan to be given to the Ottoman Empire. After the first meeting, the conference was postponed due to the outbreak of the Second Balkan War. Cavid Bey notes that there were many critics of the Ottoman Empire's position at the conference. According to Parvus Efendi, the Ottoman Empire's total debt, including debts, advances, bonds, and floating debts, was 173.7 million Ottoman Liras. It was expected that, if the conference were to continue, the Balkan states would pay around 20 million Ottoman Liras

815 The Paris Financial Conference was held to determine the Ottoman debts, the Balkan states' share of the debts, and to find a solution as to how much Balkan states would pay. Another issue was to confirm how much the Ottoman Empire would need from a loan and how it would be given. Though the first meeting was held after the outbreak of the Second Balkan War, the conference was delayed.
According to Parvus Efendi, the total debt of the Ottoman Empire including debts, advances, bonds, and floating debts was 173.7 million Ottoman lira. The expected share of the Balkan states was 20 million Ottoman lira. If we consider the income of the Ottoman Empire, the total debt of the Ottoman Empire was 150 million Ottoman lira. Parvus Efendi. 2017, p: 141.

816 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 734-735.

of this debt. Thus, the Ottoman Empire's total debt would still have been around 150 million Ottoman Liras.[817]

While participating in the financial conference, Cavid Bey carried out negotiations on an individual level. He met with French politicians including M. Pichon, M. Grandjean, M. Revoil, and others to discuss various railways and schools. The French politicians perceived Mahmud Şevket Pasha as a German tool. Cavid Bey assured M. Pichon that he wanted to resolve all of the conflictual issues in Paris.[818] Meanwhile, Cavid Bey's efforts to publish pro-Ottoman articles in the French press had resulted in two well-received articles in *LeMatin* written by M. Regnier, who was M. Delonce's colleague.

According to his journal entry dated June 12, 1913, while he was working with Nail Bey, Cavid Bey received news about Mahmud Şevket Pasha's assassination. He was devastated when he heard the news. He noted that Mahmud Şevket Pasha was killed at the very moment when he could serve his country best.[819] During Mahmud Şevket Pasha's last cabinet meeting, he and Cavid Bey had been able to behave harmoniously for the first and the last time. Mahmud Şevket Pasha had personally assigned Cavid Bey to be in charge of the international negotiations and Hakkı Pasha to push for reconciliation with Britain on essential issues such as Kuwait. Over the last six months of his life, Mahmud Şevket Pasha had been working with the Unionists. Mahmut Şevket Pasha was once more complaining about the Unionists, such as Hacı Adil Bey and Şükrü Bey.[820] It is possible to argue that Mahmud Şevket Pasha was the last person who encompassed the values of the Ottoman Empire as a statesman and a soldier. Following Mahmud Şevket Pasha's assassina-

817 Parvus Efendi. *Cihan Harbine doğru Türkiye*, 141.

818 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 734-736.

819 Cavid Bey, Meşrutiyet *Ruznâmesi I, 745*-746.

820 Mahmut Şevket Paşa, Mahmut Şevket Paşa'nın Günlüğü, 56. Türkgeldi, *Görüp İşittiklerim*, 99.

tion, Said Halim Pasha became the grand vizier,[821] and at last, a fully Unionist government was established. Talat Bey became minister of interior affairs after some secret discussions in the Committee. Halil Bey became the president of the Council of State, İzzet Pasha the minister of war, Osman Nizâmi Pasha the minister of public works, and Süleyman Bostani Efendi the minister of agriculture and commerce. The rest of the cabinet was the same as Mahmud Şevket Pasha's cabinet. Due to fears of opposition, Cemal Bey and Fethi Bey did not enter the cabinet. Though Cavid Bey was considered the shadow finance minister, Rifat Bey was assigned as the finance minister due to Cavid Bey's work in Paris. Five years after the Young Turks revolution, this was the first cabinet of the CUP.[822] The new government's first priority in domestic politics was to find and arrest Mahmud Şevket Pasha's assassins. The assassins were tried in the Empire's military courts. Damat Salih Pasha, a member of the royal family, and 11 others were executed for their roles in the incident. Prince Sabahaddin, Şerif Pasha, and Ahmet Reşid (Rey) were sentenced to death, but they had already fled Istanbul and escaped punishment.[823]

June and July 1913 were critical months for the Ottoman government. On June 10, 1913, the Ottoman Empire and the Balkan states signed the London Treaty. According to this agreement, the Ottoman Empire's Northwestern border now extended to the Enez-Midye line between the Aegean and the Black Seas. The Ottoman Empire lost Edirne to Bulgaria. Albania became a separate country, but its legal status was under the Great Power's authority. Furthermore, the legal status of the Aegean islands would be determined by the Great Powers; Turkey would withdraw and renounce its rights of sovereignty in Crete, and the

821 İhsan Güneş *Meşrutiyet'ten Cumhuriyet'e Türkiye'de Hükümetler Programları ve Meclisteki Yankıları (1908-1923)*, (Istanbul: Türkiye İş Bankası Yayınları, 2012), 151-170.

822 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 748. Çavdar, *Bir Örgüt Ustasının yaşamüyküsü Talat Paşa*, 332-333.

823 Türkgeldi, *Görüp İşittiklerim*, 103.

Ottoman Empire would not pay indemnity.[824] However, the London Peace Treaty did not solve the Empire's problems; on the contrary, it created new tensions. In Cavid Bey's terms, the status of the Ottoman debts, the largest share of which fell to the Balkan states, remained ambiguous.

Meanwhile, the First Balkan War was ending, and Germany had announced the appointment of a German military mission to Istanbul under General Liman von Sanders. Between June 18 and 21, an Arab Congress met in Paris. On June 19, the Ottoman government applied to Paris for a new loan. Five days later, the French government asked for further concessions, in particular for the Hedjaz railway. The new grand vizier was skeptical of the construction of this railway. On June 21, the same day, Britain conveyed the Anglo-Ottoman agreements to Russia, France, and Germany.[825]

While Cavid Bey was in Paris, the Second Balkan War broke out on June 29/30, 1913. The central conflict occurred due to the partition of Macedonian lands among the victor states of the First Balkan War. The primary battle pitted Bulgaria against the rest of the Balkan states. First, Bulgaria fought with Greece over Selanik; second, Greece fought with Serbia, which had captured most of Macedonia. Greece, Serbia, and Montenegro then accused Bulgaria of unnecessarily extending the First Balkan War to conquer Edirne. The Great Powers also benefitted from this rift in the Balkans and utilized it for their own interests. However, the participation of Serbia and especially Romania changed the balance of the alliance. In the end, Bulgaria found itself alone. Bulgaria made a surprise attack on Serbia and Greece, igniting the second war. Meanwhile, the conflict between the Bulgarian king and the army over their support for the war had weakened the latter. Romania's surprise recon-

824 Armaoğlu, *Siyasi Tarih 1789 - 1914*, 658. Zürcher, *A Modern Turkey*, 108. According to Bayur, the London treaty was signed on May 30. Bayur, *Türk İnkilâbı Tarihi, II/II*, 313.

825 Bayur, *Türk İnkilâbı Tarihi,II/IV*, 742-745.

quest of South Bulgaria in Dobruca after an immediate attack and advance into Bulgaria's interior further weakened the Bulgarian army.[826]

Following these events, the CUP leaders, including Talat, Cemal, Adil, Midhat, Eyüp Sabri, and Ziya İhsan, held a meeting to discuss whether or not they should declare war on the Bulgarians in Edirne. Talat Bey was very decisive and stated that he would resign if they would not decide to take Edirne back. Talat, Cemal, Adil, Mithat, Eyüp Sabri, and Ziya İhsan gathered in Arnavutköy. Apart from Ziya Bey, they all agreed on a declaration of war.[827] However, the cabinet had not fully decided on recapturing Edirne. Despite the division in the cabinet, Talat Bey and Enver Bey's opinions prevailed. The Ottoman army occupied Eastern Thrace on July 21 and moved into Edirne. The Ottoman army did not meet with any resistance, as the Bulgarian army had withdrawn its troops in order to fight its enemies on the western front. On July 22, the Ottoman army entered Edirne under the command of Enver Pasha, "the Conqueror of Edirne." Edirne's recapture by the Young Turks and especially Enver Pasha instilled the government with the confidence that they might save the Empire through their commitment to action, not diplomacy alone.[828] The reconquest of Edirne gave Cavid Bey strength and morale during his talks in Europe.

Finally, one of the most critical issues of July 1913 was the Yeniköy Conference, which was conducted by the dragomen of the Great Powers from July 3–23. The conference had been initiated by the Russians and was held in the Austrian embassy's summer cottage in Yeniköy. Mr. Johann Markgraf von Pallavicini, the Austria-Hungary ambassador, was the eldest ambassador in Istanbul, and for this reason he hosted the conference. Though Britain and Germany had argued that the Ottoman government should participate in the conference, Russia rejected this

826 Armaoğlu, *Siyasi Tarih 1789-1914*, 659-673; Tuncer, *Trablusgarp ve Balkan Savaşları (1911-1913)*, 90-91. Shaw, II, 357-358.

827 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 791.

828 Mustafa Aksakal *The Ottoman Road to War in 1914. The Ottoman Empire and The First World War, (*Cambridge: Cambrdige University Press, 2008), 23.

proposal. Therefore, the Great Powers decided that the Ottoman Empire could not attend an international conference that was held on the Empire's own territory to discuss its domestic affairs. During the conference, the reform plan of Mr. Mandelstam, the Russian dragoman, was discussed.

The Yeniköy Conference was ultimately inconclusive. While the Entente Powers supported the Mandelstam plan, Berlin, Vienna, and Rome opposed it. According to the plan, one general inspectorate would be appointed for the six eastern provinces and would be supervised under an Ottoman Christian inspector (similar to Lebanon's special status) or a European inspector. Mandelstam prepared the plan according to the reform plan of 1865 that was outlined in Article 61 of the Berlin Treaty. However, obviously unlike 1865, all of the states in 1913 belonged to two different pacts, the Triple Alliance and Entente Powers, and were to agree on the plan. Mandelstam's plan was ruled out, and Germany became Russia's counterpart in handling the Armenian Question, due to its policy of dominating the region as a part of the Baghdad Railway project.[829]

4.3.4 *Anglo-Ottoman Talks, London*

Cavid Bey was in London from July 25–30, 1913, accompanying Hakkı Pasha during the last phase of the Anglo-Ottoman agreement. They also discussed the recent developments in the German negotiations. In return, Cavid Bey asked Hakkı Pasha to discuss issues such as the octroi and monopolies with the French, since these issues were outside of his expertise. He also met with British financiers such as Sir Henry Babington Smith concerning the matter of the Ottoman dreadnoughts.[830] His first impression of Ottoman political matters in London was that although the British government was not opposed to Edirne's recapture,

829 Hans-Lukas Kieser Et Al. Reform or Catalyscm? The agreement of 8 February 1914 regarding the Ottoman eastern provinces.", 295, Kieser, T*alaat Pasha: Father of Modern Turkey, Architect of Genocide*, 158.

830 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 787-789.

they did have concerns about Russia.[831] She could object to it because of her interests in the Ottoman Empire. Meanwhile, it was obvious to Cavid Bey that France felt excluded from the negotiations between Britain, Germany, and the Ottoman Empire.[832]

When Cavid Bey met Sir Henry Babington Smith, the president of the National Bank of Turkey to discuss the dreadnoughts that the Ottoman government had ordered, the NBT seemed like it was procrastinating on the delivery or trying to stop the delivery of the warships. The academic sources prevail in the opinion that the Ottoman Naval Society, a non-governmental society funded by Ottoman civilians, sponsored the purchase of the dreadnoughts, Reşadiye and Sultan. Jonathan Conlin argues that the NBT also subsidized the ships.[833] As a matter of fact, Sir Henry Babington Smith offered to sell the ships on the Ottomans' behalf. Cavid Bey assessed that his British counterparts were being unhelpful and overly risk-averse. According to him, they might find a good customer now, but next year they might lose money. The National Bank of Turkey appeared similarly hesitant. Sir Henry openly told Cavid Bey that the British did not see a bright future for the Empire. This warning might be a predictor of the future of the dreadnoughts, which the British government requisitioned in time of war. They evaluated even slight suspicions of a delay in the payments. Moreover, they asked for more securities for the payment dates. He complained that they were not helpful. According to Cavid Bey's diary, there was a conflict between the Foreign Office and the NBT. The NBT wanted to retreat from the liquidation operations of Turkey. The Foreign Office let them withdraw without any insistence on their part.

The Anglo-Ottoman Treaty was signed by Hakkı Pasha and Sir Edward Grey on July 29, 1913. However, the British and French agreements were renewed once again, and their scope was enlarged by new

831 Cavid Bey, Meşrutiyet *Ruznâmesi I,* 787.

832 Cavid Bey, Meşrutiyet *Ruznâmesi I*, 788.

833 Conlin, *Mr Five Percent. The Many Lives of Calouste GulbenkianThe World's Richest Man*, 103.

areas or issues. However, the British Agreement of July 29, 1913 was renewed in technical details once again on December 12, 1913.[834] Although the British had approved the 4% increase in the Ottoman customs duties (from 11% to 15%), the British had approved this on two conditions: first, that Germany ratify the treaty and, second, that the Ottoman government lift its veto over the Egyptian rights to obtain foreign loans. While the latter had already been lifted, the only thing that remained was Germany's approval.

In July, Britain and the Ottoman Empire had resolved many conflictual issues, with the exception of ongoing discussions on navigation rights and oil issues. With the treaty coming closer to conclusion, France began accelerating negotiation processes with the Ottoman Empire with great enthusiasm and appetite. Its sole concern was to prevent Britain from coming to terms with Germany before France.[835]

4.3.5 *The End of the Balkan Wars*

As mentioned above, the Second Balkan War was a brief war between Bulgaria and its erstwhile Balkan allies, which ended in the massive defeat of Bulgaria. As Cavid Bey foresaw, the Balkan states waged a war to redistribute the southeastern Balkans, which had expanded in Bulgaria's favor. One of the leading causes of the war was the territorial disputes over Selanik, which went back and forth between Greece and Bulgaria. The war pitted Greece, Serbia, Montenegro, and Romania, while the Ottoman Empire took advantage of Bulgaria's weakened position to win back territory. On the Ottoman front, the Çatalca and Gelibolu armies led by Enver Bey (now Pasha) advanced toward Edirne and the Enez-Midye line. On July 23, the anniversary of the Revolution, the Ottoman army reoccupied Edirne. The small Ottoman units led by Kuşçubaşı Eşref and Süleyman Askerî proceeded to Western Thrace to

834 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire,*146, 147.

835 Yerasimos, *Az Gelişmişlik Sürecinde Türkiye 2 - Tanzimattan I. Dünya Savaşına*, 1094.

prohibit the terror of the Bulgarian guerrillas from spreading.[836] They established the Temporary Government of Western Thrace to use as leverage. Soon after, in August 1913, the Bucharest Agreement between Bulgaria, Greece, Montenegro, and Serbia ended the fighting between these states. Greece deployed Greek troops in Selanik and assumed direct control of the city at the end of the war. Serbia became a protectorate of Russia, while Bulgaria approached the German-Austria-Hungarian alliance. One month later, the Istanbul Agreement between the Ottoman Empire and Bulgaria officially ended the war on September 30, 1913. Edirne remained within Ottoman territory, and in return, the Ottomans evacuated Western Thrace and left Gümülcine and Dedeağaç to Bulgaria.[837] According to the Great Powers, the treaty was a fait accompli, which obtained many advantages for the Sublime Porte, especially compared to those won in the London Treaty. The only remaining issue was the Greco-Ottoman peace agreement. Britain complained and even protested the agreement's delay because of its negative impact on British trade and shipping. However, the Ottoman Empire and Greece signed the Treaty of Athens on November 14, 1913. Finally, the Ottoman Empire and Serbia ratified the Treaty of Istanbul on March 14, 1914.[838]

The consequences of the Balkan Wars were met by a society already mobilized and politicized after the Revolution of 1908. Nevertheless, the two subsequent wars changed Ottoman society irreversibly and perhaps even more drastically. The Balkan Wars led to the collapse of the Ottomans' traditional imperial policy that had lasted for almost 500 years: to expand toward the West and use the Balkans as a gateway to

836 This was one of the critical incidents in which the self-sacrificing soldiers, who were loyal to the CUP, played a role. They would play a significant role in both the Great War and National Struggle to combat domestic and foreign enemies.

837 Sacit Kutlu *Milliyetçilik ve Emperyalizm Yüzyılında Balkanlar ve Osmanlı Devleti, (*Istanbul: Istanbul Bilgi Üniversitesi Yayınları, 2018), 382-393.

838 Heller, *British Policy Towards The Ottoman Empire 1908-1914*, 82. Hall, R.C. "Ottoman Empire in the Balkan Wars", "Salonika", "Second Balkan War" cited in *War in the Balkans*, p: 122-123, 215-220, 262. Mark Mazower *Selanik Hayaletler Şehri Hıristiyanlar, Müslümanlar ve Yahudiler, 1430-1950, (* Istanbul: Alfa Tarih, 2013), 387.

Europe. On the domestic side, the wars harmed the monolithic framework of the transcendental empire, which constituted the sultan, his loyal subjects, and the Empire's territorial possessions. Moreover, it triggered the anxiety of survival to keep the state unified. The only remedy to save the state was to adopt and implement new ideologies and policies such as nationalism and solidarity.[839] From the European side, the Ottoman Empire was no longer the 'other' of Europe. For the first time in almost 500 years, the Balkan states, as independent agencies, could unite against the Ottoman Empire in 1912-13 without the Great Powers' overt support. After first losing the Tripolitanian War and then the Balkan Wars, the main question in the European milieu was if the 'sick man of Europe' was falling to pieces.[840] On the other hand, Unionists, who were mostly born and had grown up in the Balkans. The shock of the defeat and loss is also very apparent in Cavid Bey's diaries. In many entries, he writes about his sorrow over the loss of his homeland. Despite these losses, during the Balkan Wars, the Unionists had finally ascended to the apex of power within the Ottoman state. As detailed in the previous chapter, following the coup d'état of January 1913 and then Mahmud Şevket Pasha's assassination, the CUP established a single-party government. The Committee, for the first time, had the chance to shape the politics, military, economy, and society of the Ottoman Empire. Although they had suffered immense losses, they embraced their new Ottoman homeland in Anatolia and left their bitter experiences in the past as they ascended to power. As seen in Cavid Bey's memoirs, the Unionists immediately started negotiations to seek investments for the new Anatolian homeland at the beginning of March.

The Balkan Wars had changed Ottoman politics, society, and economy profoundly. The new circumstances necessitated the establishment

839 Mehmet Arısan, "Loss of the Lost," in *War & Nationalism the Balkan Wars, 1912-1913, and Their Sociopolitical Implications*, ed. M. Hakan Yavuz and Isa Blumi (Utah: The University of Utah Press, 2013),716

840 Sean McMeekin *The Berlin-Baghdad Express. The Ottoman Empire and Germany Bid for World Power*, (Massachusetts: Harvard University Press, 2012), 80.

of modern and nationalist policies rather than sustaining the policies of Ottomanism and liberalism. Throughout its five hundred years' history, the Ottoman Empire had waged war primarily with outsiders like Russia and Austria-Hungary. However, the independence movements in the Balkans led to either internal wars or revolts. The Balkan Wars were large-scale wars against the Empire's *millets* or former *millet* nations. Thus, it changed the perception of the enemy within the Empire. The wildness of the war, the atrocities, and stories of the refugees made a great impact on the population. Moreover, Greek superiority in the Aegean Sea due to its ownership of only one battleship, *Averof*, which had been previously owned by Italy, was a real disappointment for the Ottoman Empire. What made matters worse was that prior to Greece's purchase of the ship, the Fratelli Orlando brothers in Livorno had first asked the Ottoman Empire to buy the ship. However, the Empire could not afford to buy it. After the Ottomans declined the sale, with the financial aid of an Egyptian-Greek named George Averof, the Greek government purchased the ship. During the First Balkan War, Greece was able to use this battleship to occupy all the Aegean islands except for the Dodacanese. Moreover, she hampered the Ottoman Empire from dispatching soldiers from İzmir to Beirut by sea. Thus, in large part due to the success of the *Averof*, after the war the Anatolian Greeks were seen as the enemies of the Empire. Rumors that they had helped the Greek government during the war spread widely. The loyalty of non-Muslims to the Ottoman Empire began to be questioned.

Developments during and after the Balkan Wars overlapped with the rise of Turkish nationalism. Further, the supporters of the national economy dominated public opinion. One of the key aims was to establish a national Muslim-Turkish bourgeoisie independent of the Empire's non-Muslims. For this reason, it was not difficult to organize protests and boycotts against non-Muslims, particularly the Anatolian Greeks. As mentioned above, the society had had experience of protests and boycotts since 1908, but this time the protests had stronger ethnic and religious undertones. Though Turkish nationalism would fundamentally rise during and after the Great War, the homogenization of Anatolia be-

gan in 1913 and 1914. One of the key tools of this policy was the "Islamic Boycott". The boycott was against the Anatolian Greeks who were accused of helping the Greeks during the First Balkan War and seen as the scapegoat for the war's defeat and its losses. The Islamic boycott was held in April 1914. It was carried out in various towns where the Anatolian Greeks lived with various societies and voluntary organizations. In 1914, they were also linked to the Special Organization (*Teşkilat-ı Mahsusa*), the CUP's paramilitary group. As a result, approximately 200,000 Anatolian Greeks from both Thrace and the Aegean region (between Edremit and İzmir) left Anatolia without a significant incident.[841]

The Balkan Wars spurred the social mobilization of the Empire. It resembled the Great War in many aspects, almost like a dress rehearsal for the Ottoman Empire. One of the Great War's crucial points was that the home front was as critical as the military front itself. The Ottomans had experienced and noticed its importance in the Balkan War. The CUP mobilized the society, especially young people, through propaganda and education via the National Defense Society[842] and CUP Clubs. The concepts of nationalism, militarism, and solidarity were spread through these institutions. Furthermore, the nationalist discourse of the Ottoman press in outlets such as *Tanin* and other new publications helped to spread nationalists' messages across Istanbul and Anatolia. The new mindset would also help the ruling elite create a more resilient and stronger army, which was lacking during the Balkan Wars.[843] The intellectuals of the day became the main proponents of nationalism as they

841 Doğan Y. Çetinkaya *Osmanlı'yı Müslümanştırmak Kitle Siyaseti, Toplumsal Sınıflar, Boykotlar ve Milli İktisat* (1909 – 1914), 13-27, 167-226, 227, 55. See also, Tunaya, *Türkiye'de Siyasal Partiler Vol. 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih, 3*, 576-580.

842 The British Embassy considered the National Defense Societies to be similar to the French revolutionaries in 1793 and the Communards in 1870, both of which supported launching terror campaigns. Heller, *British Policy Towards The Ottoman Empire 1908-1914*, 78.

843 Aksakal, *Harb-i Umumi Eşiğinde Osmanlı Devleti*, 21.

tried to mobilize society.[844] This was an institutionalized and standardized transformation with the ruling party's establishment of social clubs, paramilitary forces, and legal codes. Alongside society, the economy was given a national character. The loss of Selanik was independently a trauma for the Young Turks born there, and who gave birth to the CUP. Until the Balkan Wars, the Central Committee was located in Selanik, far from Istanbul's political conflicts, to protect and sacralize the Committee. Selanik, the city of multi-culturalism, cosmopolitanism, industry, leisure, and commerce, had educated the Young Turks on how to be modern. The city itself was a role model for the generation of the Young Turks. Though Istanbul was also a center of commerce with its multi-cultural structure, it was the Empire's capital, the Sultan, and the Caliphate. After the fall of Selanik, the CUP moved its center to Istanbul.

After the loss of Selanik during the Balkan Wars, the ideological and economic capital of the Unionists and the whole country shifted from Selanik to Istanbul. Istanbul had a more homogenous commercial life based on local merchants, artisans, and labor than Selanik's international business milieu. The end of the Balkan Wars precipitated the Ottoman government's adaptation to nationalism and national economy policies that had begun in the pre-war period, were implemented during the Great War, and were inherited by the new Turkish state during the Republican Era. After the loss of the Balkans, a new identity was established, which founded Turkish nationalism. It was end of Ottomanism and the awakening of the Ottoman-Muslim economy. The ethnic and religious feelings were intertwined with each other. The press supported the new inclinations of the Ottoman government.

The new political and national consciousness after the Balkan Wars aimed to achieve economic independence both domestically and internationally. The liberal economy and Ottomanism were losing im-

844 Şirin Funda Selçuk "The Traumatic Legacy of the Balkan Wars for Turkish Intellectuals" in *War & Nationalism the Balkan Wars, 1912-1913, and Their Sociopolitical Implications*, ed. M. Hakan Yavuz and Isa Blumi (Salt Lake City: The University of Utah Press, 2013), 679-703.

portance, while the national economy and national solidarity were gaining impetus. When such a fundamental national transformation occurs, the actors in power also typically change. However, Cavid Bey, though a liberal economist, did not lose importance due to his power as a financier at the international level. Although new, strong critics of liberalism confronted him, Cavid Bey's role and ideologies were still relevant amid the ascent of Turkism and the transformation of the national economy. During this period, new economic ideologues including Ziya (Gökalp), Yusuf (Akçura), and Muhlis (Tekinalp Moiz Kohen) rose to popularity in the public sphere. New periodicals such as Türk Yurdu, Genç Kalemler, and Halka Doğru had been the intellectual groundwork for this new formation. [845]

During the Second Constitutional Period (1908–1918), three main economic philosophies developed and competed with each other: liberal economic thought, led by Cavid Bey; corporatism, which aimed to strengthen and organize Turkish and Muslim artisans and was led by Kara Kemal and Mamhut Şevket (Esendal); and the national economy pioneered by Ziya Gökalp, the leading ideologue among the CUP, and Munis (Tekinalp). The leading periodicals supporting the national economy's idea were *The New Magazine* (*Yeni Mecmua*) and *The Economics Magazine* (*İktisadiyyat Mecmuası*). The three ideas were similar in one respect: they all aimed at establishing a bourgeoisie in the country. From his first days in office, Cavid Bey argued that the main economic outputs of the Ottoman Empire ought to be agriculture and commerce. He promoted foreign direct investment to increase efficiency in these fields. Cavid Bey was aware that the Ottoman Empire was lacking resources to invest in its own industries. Therefore, he did not support state intervention, especially for industrial development. He adopted the economic and political tenets of liberalism and established modern financial institutions in the Empire under this framework. From 1908 to 1913, Cavid Bey's liberal economic framework was the dominant

845 Toprak, *Türkiye'de Milli İktisat (1908-1918),* 161-64.

framework within the Empire, though other ideas were flourishing. However, between the end of the First Balkan War and the beginning of the Great War, nationalism and the national economy were elevated both in context and practice. By the outbreak of the Great War, the Unionists had fully adopted national economic policies. One of the main questions here is to what extent Cavid Bey had adopted this new economic policy and embraced nationalism and protectionism rather than individual competition and the free market. As I would argue in this dissertation, Cavid Bey was a man of duty: he followed the CUP's instructions, as we have witnessed in the previous chapters. While he was promoting foreign investments, he was critical of the existence of the Ottoman PDA, and also tried to force through new legislation to promote the local production of alcoholic beverages. While Cavid Bey did not personally adopt national economic policies, his financial expertise was essential for the Unionist government. Despite differing economic philosophies, Cavid Bey was called from Europe many times to draft the state's budget or balance the budget deficit while he was dealing with loan issues.

New disciplines and concepts such as sociology and solidarity inspired the newly emerging economic policies. Rather than being market-oriented, they focused on social issues. These sociological and economic ideas were inspired by French sociologist Émile Durkheim and German economist Friedrich List, respectively, in particular List's motto of "No individual but a society." It was a drastic change that affected the way the economy operated and the actors involved, as well as the relations between actors, both entrepreneurs and institutions, and their relations with the state. One of the key concepts during this period was the concept of the state. The Empire encompassed a huge territory, with Muslims and non-Muslims living together. Especially in the Balkans, non-Muslims were the majority. However, after the Balkan Wars, Muslims became the majority, and non-Muslims were perceived as an obstacle against the foundation of a national economy and sovereignty, due to their strong historical, cultural, and economic ties with the Great Powers. This transformation started with the Balkan Wars and accelerated

during the Great War. Thus, the will to establish a unified state consisted of unified nationality, language, religion, culture, economy, and social harmony after 1913.[846]

Ziya Gökalp was the prominent intellectual shaping this new era. Originally from Diyarbakır, he became a Unionist at a very early age. He joined the CUP and lived in Selanik after the Revolution and wrote articles for the *Young Pens* (*Genç Kalemler*). On the eve of the outbreak of the First Balkan War, he returned to Istanbul. He joined "Türk Ocağı" and started to write in *Türk Yurdu* with Yusuf Akçura, until the two authors began to argue about the primary role of Russian Turks in the awakening of nationalism among the Ottoman Turks. His writings focused on whether it was possible to unite the concepts of Turkism, Islamism, and modernization. Gökalp was a professor in the Faculty of Literature at Istanbul University between 1913 and 1918, the most vivid period of the CUP. In 1917, he began publishing *The New Magazine* (*Yeni Mecmua*) under the auspices of the CUP.[847] Ziya Gökalp was the primary intellectual who elevated the concept of sociology in the Ottoman Empire. Inspired by Auguste Comte and Emile Durkheim, he attributed organic totality to society. According to him, the nation was *"toute complète*."[848] Gökalp shaped the new ideology of the new spatial context of the Empire. The Balkan Wars had changed the place, the scale of the place, and the people living in that new place. Hence, a new ideology was necessitated for the creation and survival of the Turkish nation. According to Gökalp, the development of the Turks was bound to "national consciousness." As mentioned above, nationalism was seen as the only exit from the current situation of the Empire. The

846 Though there had been debates on nationalism, a national economy, and Turkism, the possibility of implementing such a policy emerged only after the Balkan Wars.

847 Umut Uzer, *An Intellectual History of Turkish Nationalism Between Turkish Ethnicity and Islamic Identity* (Salt Lake City: The University of UTAH Press, 2016), 1-91.

848 Toprak, *Türkiye'de Milli İktisat (1908-1918),* 94. For more information: Mehmet Emin Erişirgil, *Bir Fikir Adamın Romanı Ziya Gökalp*. Ankara: Nobel Yayın Dağıtım, 2007. Parla, Taha*. Ziya Gökalp, Kemalizm ve Türkiye'de Korporatizm*. Istanbul: Metis Yayınları, 2018.

ruling elite embraced it in various ways; some remained Turkish nationalists, some became the supporters of pan-Turkism or the idea of pan-Turanism aims to unite the Turkish communities all over the world. It is crucial to understand that Gökalp's nationalism was not only based on ethnicity: it also encompassed secularism, gender, modernism, social mobilization, and science. It created 'a new life' for the people and the country. The new life's goal was to make the society independent from its traditional and imperial bonds.[849]

According to Gökalp, nationalism and the economy were intertwined. A new Turkish state could not re-adopt the old governance style and could no longer deny the role of nationalism in politics. It was essential to awaken Turkish nationalism, as well as modernize and nationalize the economy. In a new society, the only remaining socioeconomic strata inherited from the Ottoman Empire would be the peasantry and the civil/military bureaucracy. Notably, a national bourgeoisie, which was a prerequisite for the development of society, was absent. According to Gökalp, the idea of a national bourgeoisie was essential; otherwise, there could be no common conscience between Turks and non-Muslims due to the *millet* system under the Ottoman economic system. For this reason, Gökalp's main aim was to create a Turkish bourgeoisie.[850] Turkey should be both an agricultural and an industrial country, an idea that was contrary to Cavid Bey's liberalist views and the Ricardian comparative advantage approach. Gökalp believed that Britain was the only country that could adopt an open market economy, because it had initiated the Industrial Revolution. According to Gökalp, the Germans, a latecomer to modernization, had adopted the protectionist economic theories of German economist Friedrich List and American economist John Rae, through implementing policies protecting domestic markets, supporting local industries, and raising cus-

849 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih, 3*, 560-561.

850 According to Toprak, he preferred to use the terms "tradespeople or craftsmen" instead of the bourgeoisie. Toprak, *Türkiye'de Milli İktisat (1908-1918)*,100-101.

toms duties. However, in contrast, Ziya Gökalp's national economy would engage with socialism. According to his model, to enable the accumulation of wealth, all of the resources must be mobilized regardless of income equality; then, in the second stage, a social state would be established for all citizens to benefit from wealth accumulation. By adopting Durkheim's concept of "social division of labor," Gökalp noted that the economy and sociology were intertwined and should be discussed together. Although these ideas were pursued by the CUP, they became more widespread during the Republican Era.[851]

Another key figure standing in opposition to Cavid Bey's liberal economic approach was Yusuf Akçura. Hailing from Russia, he was a member of a bourgeois Tatar family. He was a prominent intellectual during the Second Constitutional Period who supported Turkism and the national economy. His book, *Üç Tarz-ı Syaset*, was published in 1904, and made a critical comparison of Ottomanism, Islamism, and Turkism. Later, his magazine, *The Homeland of Turks* (*Türk Yurdu*), was first published in 1911, and he quickly succeeded in gathering together preeminent scholars such as Halide Edip, Celal Sahir, Mehmet Emin, Köprülüzade Mehmed Fuad, Ahmet Ağaoğlu, Ömer Seyfettin, and Ali Canip, as well as Parvus Efendi, who began writing for the magazine. The magazine is still regarded as an essential source in documenting the history of Turkish political thought. Akçura made significant contributions to the emergence of Turkish nationalism, its strategy, and its implementation. His activity and role in the movement would increase after 1914, as he challenged the state's liberal economic policies and championed a new paradigm in the field of economy and politics right before the Great War. He maintained a populist approach and praised the peasantry, while emphasizing the importance of the bourgeoisie. His articles gained popularity after appearing in the magazine *Toward People* (*Halka Doğru*). Like Gökalp, Akçura maintained that the only way for a society to survive was to create a bourgeoisie.

851 Toprak, *Milli İktisat (1908-1918),* 94-99. Hilmi Ziya Ülken *Seçme Eserleri I Ziya Gökalp*, (Istanbul: Türkiye İş Bankası Yayınları, 2007), XVII-XVIII.

Tekinalp was also among the rising stars of the economic literature in the Second Constitutional Period. He became the editor-in-chief of the *Economy Journal* (*İktisadiyyat Mecmuası*) in 1915, which advocated for the national economy. He was the assistant of Dr. Fleck, professor of finance at Ottoman Imperial University (*Darülfünun),* one of the most prolific writers on the subject, particularly between 1913–1918. He became one of the foremost intellectuals influencing economic policies. According to Tekin Alp, protectionism was almost invisible before the Great War. He took inspiration from his favorite economists, List, Wagner, Schmoller, and Philippovich.[852]

We should note that Cavid Bey's concept of the bourgeoisie departs from the economists above and also the sociologists, because he believed that the bourgeoisie should not necessarily be Muslim but local. If local companies were challenged by foreign companies, Cavid Bey's main concern would be choosing the one which offered a better price. While Cavid Bey's political discourse was nationalist, especially in negotiations with foreign representatives, in economic terms he was in favor of developing the concept of the local "Ottoman" rather than the "Turk."

The last person whose ideas and comments shook the ruling and intellectual elites in the pre-war era was impressive; a man of his time in terms of his origins, experiences, activities, intellectual capacity, and transactions — Alexander Helphand Parvus. Parvus Efendi, as he was known, was a Russian Jew, a member of the Russian Socialist Party, a prominent Menshevik revolutionary, the mentor of Leon Trotsky, a merchant millionaire, and an economic adviser to the Young Turks between 1910 and 1914. He had a significant impact on the Young Turks, who were advocating for a national economy. He wrote on various issues, including Ottoman governance, the importance of the peasantry and its neglect by the Unionist leaders, general economic problems in Turkey, budgets, loans, floating debts, et cetera. His thoughts aligned with international discussions from both the communist and liberal wings. He

852 Toprak, Toprak, *Milli İktisat (1908-1918),* 100-102.

wrote for various newspapers and journals such as *Türk Turdu*, *İçtihad*, *Tasvir-i Efkar*, *Büyük Mecmuası*, and *Jeune Turc*. As Karaömerlioğlu[853] mentions, he also wrote a book on the Empire's foreign debts, directly related to Cavid Bey's field.

Parvus had criticized the implementation of liberal policies in the Ottoman Empire for decades, claiming that they damaged the economy and resulted in the absence of industry and increased dependency on the Great Powers. For this reason, he argued, the Ottoman Empire should establish a national economy to break free from European domination. Parvus Efendi claimed that the Ottomans did not focus on the economy at large but only on state finances. He criticized the Ottoman bureaucracy for spending money inefficiently. He warned the Young Turks of their foreign debts and how these debts and other means were utilized by the Europeans as the instruments of imperialism. He highlighted the fact that the European financial powers, especially Germany and the Baghdad Railway, controlled the country's destiny — not the Ottoman state, not the nation, not the Muslims. Nevertheless, the Empire's dependency on foreign markets and its financial burdens continued to increase, and the Empire's economic policy continued without direction or aim.[854] Parvus Efendi emphasized that foreign banks in the Ottoman Empire not only offered standard banking services but were also waiting to profit off the shares of the ruins of the Empire once it collapsed. While they made large profits in promoting their home country's trade, none of these banks had worked for Turkey's prosperity.[855] Parvus Efendi also asserted that capitulations were threatening the independence of the Ottoman Empire economically and politically. Examining the events in the years 1913 and 1914 is quite crucial in order to understand his claims. Parvus also depicted Ottoman finances from an

853 Karaömerlioğlu, "Helphand-Parvus and his Impact on Turkish Intellectual Life," 145-165.

854 Vedat Eldem, *Harp ve Mütareke Yıllarında Osmanlı İmparatorluğu'nun Ekonomisi*, (Ankara: Türk Tarih Kurumu, 1994), 316.

855 Geyikdağı, "French İnvestments in the Ottoman Empire Before World War I," 540.

international perspective, including imperialism and democracy, which he advocated that the Ottomans implement. However, otherwise, Parvus asserted that European imperialism could hinder the development of domestic economic life. From this perspective, he criticized the dominance of the Great Powers over the Ottoman Empire and their use of various tools to manipulate it. He drew attention primarily to loans, investments such as railroads, and the existence of the OPDA. According to him, the OPDA was so powerful that it alone could control the Ottoman economy. While Cavid Bey had worked to find solutions to avoid the OPDA, he did not have enough room to maneuver. Still, Parvus Efendi criticized the limits in this field. As Karaömerlioğlu notes, Parvus Efendi's intentions were quite clear: to build an anti-liberal national economy. This solution was contrary to Cavid Bey's ideas, particularly the anti-liberal part. Unfortunately, it is unclear if Cavid Bey paid any attention to Parvus Efendi and his arguments. Did they ever meet, or did he read Parvus's articles? Since Cavid Bey is well known for his self-confidence, he might not have paid attention to Parvus Efendi's columns.

In sum, these discussions had repercussions in the daily lives of people across the Empire. In 1913, the abovementioned ideas and actors reshaped the Empire’s economic policies. The process began in the summer of 1912, with the Gazi Ahmet Muhtar Pasha Cabinet and his attempt to adjourn the Cabinet, and the inevitable defeat of the First Balkan War changed the states of mind of especially the ruling elite. The Unionists became the opposition and followed by the government even during the Balkan War. The Kamil Pasha government's priority seemed to be to pursue the war and get rid of the Unionists. These challenges created a shift for the CUP, indicating how strongly they should use the power of state and central government to come to government once again. The possibility of surrendering Edirne was the last point at which they felt like intervening directly. It must have been a mixture of feelings of despair and courage. However, after the coup d'état of 1913, policies from a different political arena were implemented, which caused radical changes. The economy had a central position in this change.

However, the note submitted to the Great Powers right after the putsch included the abolition of the capitulations. The foundation of the national economy was more precise and planned in the minds of the Unionists.

Especially after the putsch of 1913, liberal economy policies ceded the floor to nationalist and protectionist policies (or at least intentions to enact these policies). These radical changes were ushered in right before the Ottoman Empire's entrance into the Great War and led to the abolishment of capitulations. With the emergence of a single-party era in 1913, the CUP and the state apparatus were intertwined, which enabled the CUP to begin to find entrepreneurial cadres from within its ranks. The members of the small-town gentry (*eşraf*) as well as artisans (*esnaf*) and small merchants (*tüccar*) joined the party. In the countryside, the CUP attracted landlords and the landowning peasantry.[856] The Great War would be the real stimulus that created what would become the Turkish national economy.

Finally, the Balkan Wars revealed the weakness and fractured political and military structure of the Ottoman Empire for both domestic and international actors. The profile of the Empire was fragile in every aspect. The CUP ruling cadre was aware of this situation and took quick steps to strengthen the state, military, and society. The intellectual transformation was the basis of this process. The founding elements of the Empire, which had lasted for five hundred years, changed or collapsed suddenly. It was a total transformation of the Ottoman Empire, which led the way to the Republican Era. In domestic policy, the Balkan Wars led to considerable changes in every aspect of life. In international politics, it also caused a change of paradigm in the Great Powers' behavior toward the Ottoman Empire. After its terrible defeat, the possible division of the Empire entered the Great Powers' minds. Nevertheless, none of them were ready for the Empire's total disintegration in 1913. As Sir Edward Grey assured the Germans, the Great Powers did not in-

856 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler),* 42-44.

tend to establish Arabian, Armenian, and Syrian spheres of influence. However, as the previous experiences such as France's annexation of the Magreb, British occupation in Cyprus and Egypt, Italian occupation in Libya, and Austria-Hungary's annexation of Bosnia had shown, it became increasingly possible that one of the Great Powers might absorb certain territories within the Empire as its colonies.[857] This situation brought some Ottoman issues to the international level such as the Armenian Question. As of January 1913, it was evident that the Armenians were not content with the Empire's palliative measures. and carried this issue to the international arena under Russia's auspices. Though a forceful intervention was out of question, the Armenian Question was added to the list of issues that occupied both the Ottoman government and Great Powers, which also affected the loan process. In addition to the Armenian Question, the Aegean islands, the Russian delegate to OPDA, et cetera, were among the reasons to postpone the Ottoman loan in 1913-1914. The Great Powers wanted to squeeze the most benefits from the Ottoman Empire, which urgently needed money. Thus, this 18-month period included many stiff negotiations on different issues. As will be discussed below, the agreements of 1913 and 1914 would create an implicit division — in other words, spheres of influence — for each Great Power. The Ottoman loan that Cavid Bey was running after was simply a carrot for concessions and privileges.

In 1913-1914, while the Unionists regulated and reorganized the state apparatus, military, society, and economy, the negotiations with the Great Powers deepened the trauma of the Balkan Wars. The acceleration of imperialism on the eve of the Great War triggered nationalism and protectionism among the ruling elite. However, the ruling elites' ability to fully implement nationalist policies and support independence in the new homeland was hindered by several obstacles, including financial difficulties as the Great Powers' endless demands in return for loans; investments and the rise in customs duties; internationalization

857 Heller, *British Policy Towards The Ottoman Empire 1908-1914*, 79.

of minority issues; the Great Powers' attempts at financial control; the Armenian Reform Act; the Aegean Islands. All these developments coalesced within a short period of time, which increased the perception that the imperial elites were losing control and independence. This had a negative influence on the ruling elites during the age of nationalism and total wars. However, in the end, the whole process brought into existence the beginnings of the nation-state that would be inherited during the Republican Era.

4.3.6 *Ottoman-French Agreement, August–September 1913*

After staying in London for a couple of days to assist Hakkı Pasha in finalizing the Anglo-Ottoman Agreement of July 29, 1913, he returned to Paris once again to continue the Franco-Ottoman talks on July 30, 1913. However, first, I would like to draw a brief picture of the Franco-Ottoman talks, which were critical for the Ottoman Empire. The general outline of the Ottoman demands from France included, first, a vast loan; second, French support for the development of the Ottoman economy; third, political assistance from the French government on the abolishment of monopolies, capitulations, raising of customs duties, and enabling Russian support for all of these critical matters. In return, the French demands were as follows: determination of the legal status of various French institutions such as schools and hospitals; legal capitulations such as the imprisonment of French citizens; concessions on railway networks in the Eastern provinces, particularly the section of the Hedjaz Railway covering Şam-Der'a and Şam-Hayfa, Şam-Hama, and the Rayak-Lida railway. Moreover, the French also asked for dock privileges in Trablusşam, Hayfa, and Yafa in Syria (and Palestine). The French demands on the Hedjaz railway, which was established by Muslims worldwide, were difficult for the Empire to accept. However, in order to get the loan, the government had to accept these conditions. The main problem was that the last line of the Şam-Medina railway, which was established by Sultan Abdülhamid II, was a rival to the French railway from Şam to Beyrut. For this reason, France also wanted to receive privileges on that line, too. On a broader level, the intentions of the French

were obvious: they would like to have concessions in Syria so as to dominate the whole region.

Two groups carried out the Ottoman-French talks simultaneously in Istanbul and in Paris. The political and legal issues were discussed by Said Halim Pasha and M. Bompard in Istanbul. Cavid Bey conducted financial negotiations with the French ministry of foreign affairs and French financiers in Paris. These negotiations were brought about following Said Halim Pasha's request from the French government for a loan after Mahmud Şevket Pasha's assassination. After assuming office, Said Halim Pasha was in a state of panic when he saw the Empire's financial situation. He decided to ask for a loan immediately, and thus applied to the Empire's strongest financial partner, France.

By the summer of 1913, the Ottoman economic situation was near disaster, and the government could not even pay officers' salaries for three months. Meanwhile, the Ottoman Bank and Ottoman PDA were afraid that the Ottoman Empire might collapse and decided to give small advances to the government. In July and August, the Ottoman government obtained 1,700,000 Ottoman gold liras. The loan was mostly taken from the Régie and was used to finance the Edirne operation. These small loans, however, were not a part of the larger loan that Cavid Bey was negotiating. Though the agreements were signed, as will be seen in later sections of this chapter, the French government delayed the loan due to various reasons until April 29, 1914.

During this period, as we may guess, Cavid Bey worked like a full-time diplomat who primarily operated in the financial arena. Cavid Bey was also in the know about political and international issues, which were part of the financial negotiations. In Paris, apart from the French talks, Cavid Bey was also dealing with other issues such as the Russian talks, German issues, the Armenian Question, et cetera. The negotiations with Russia, the peace talk on the Balkan Wars, the Franco-German talks, and many other issues were discussed. The Russian talks covered the railways and docks in the Black Sea region and the railways in the Eastern provinces, the rise in customs duties, the Armenian Question, the case of a Russian deputy to the OPDA, and the German mission's ar-

rival in Istanbul. These issues occupied most of Cavid Bey's time. However, some of these discussions remained inconclusive until the outbreak of the Great War. Firstly, on August 14, 1913, Cavid Bey was shaken by a Russian demand to leave the construction of the Trabzon-Pekeriç line exclusively to Russia. He was surprised at this request, because the 1900 Note did not cover the area they mentioned. Edirne was also one of the Russians' critical issues in the region of her influence. Regarding Edirne, Cavid Bey gave the Russian officers a clear message that they would not leave Edirne, and the Ottomans would persist until they could take back Edirne. Following these meetings, Cavid Bey hoped to finish the negotiations with France and return to Istanbul. As mentioned before, during the official negotiations, Cavid Bey's discourse was always compatible with the Unionist approach, and he was loyal to his party and country.

The top issue on Cavid Bey's agenda was the loan issue. For France, the amount and timing of the loan depended on both the privileges it obtained from the Ottoman Empire and the other negotiations it was carrying out. For the Ottomans, Cavid Bey was under pressure, because the treasury was empty. Ottoman monetary needs were increasing day by day. In the winter of 1913–1914, the need for cash was at its greatest. However, Cavid Bey never expressed this in his talks with the French, although the French knew the situation. The terms of the general agreement between the two countries covered the topics of the railways and docks. The negotiations on the railway lines were divided into two: the railways in Syria and those in Anatolia. Syria was the priority of France, and that is why the Syrian railways were more important for them. Cavid Bey was aware of this situation. The talks covered the Black Sea and Syrian lines, including the Haifa-Jaffa-Jerusalem-Trablusgarp, and Rayak and Lida lines.[858] The docks were also a part of the construction plans. In terms of the loan, Cavid Bey made a new offer to his French counterparts as follows: to decrease the interim interest interest

858 Meşrutiyet *Ruznâmesi II*, August 14, 1913, p: 5-8.

rates from 6 to 5%; to decrease the interest obligation to 5%; amortization of the loan by half; and a barrier on building new lines over certain distances. Cavid Bey stated that since they could not predict the next 60 years, it was better to prioritize the French. In terms of the port of Haifa, the French could only commit to construction work. The French would not have privileges on the railways that would connect to the port of Ereğli. The Ottoman government could not extend the privileges for the duration of construction of the Jaffa-Jerusalem line, but the expiration date might be delayed. For the port of Trablusgarp, Cavid Bey offered the French subsidies from the railway company. Cavid Bey tried to change the conditions of the concession in favor of the Ottoman government. The negotiations would continue like this for a very long time.

While in Paris, Cavid Bey met the journalists whom the Ottoman government was paying for pro-Ottoman propaganda in the French press. Cavid Bey told them that the money would be paid after the loan agreement. As time went on, he became better at bargaining. Cavid Bey met Jean Herbette, a well-known journalist and a politician. According to M. Herbette, since Cavid Bey did not compromise on the agreements in 1910, he thought that Cavid Bey would be unsuccessful in receiving a loan this time, too. M. Herbette stated that he was mistaken about Cavid Bey, who was an unpopular person in France. They discussed many issues from Edirne to the Balkan shares in the Ottoman debts, and Jean Herbette published a very positive article about the Empire in the Echo de Paris the next day. However, this article did not mention Cavid Bey by name, because the foreign office had given an order to the press not to mention his name while the negotiations were ongoing.[859] In the meantime, the French Minister of Foreign Affairs, M. Pichon, announced that France had approved of Edirne's legal status under the Ottoman Empire, as long as the Ottomans left Western Thrace and did not cross the Meriç River. On August 21, Cavid Bey met with an influential banker from the

859 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 12.

Paris milieu, Baron Jacques de Gunzburg[860], in the building of the ministry of foreign affairs. According to a confidential letter Baron de Gunzburg had received and shown Cavid Bey, the Minister of Finance, M. Dumont, and M. Pichon had agreed that the ministry of finance would follow up on the projects that were already under the control of the ministry of foreign affairs, as they were a political priority. According to the letter, M. Dumont would also follow up on the farm issue. Cavid Bey stated that this letter showed that French bureaucrats obeyed political orders. Baron de Gunzburg also told Cavid Bey that, except for Russia, the Entente powers approved of the Ottoman government's claim on Edirne. Cavid Bey also met M. Bopp in his office. He asked for help with unsettled issues such as the Hedjaz railways. M. Bopp stated that they had agreed on issues concerning schools and churches. Only the Tunisian and Algerian issues were waiting to be settled.

Cavid Bey met the French diplomat M. Maurice Paléologue, who worked on Russian affairs within the ministry of foreign affairs (and who would later be appointed as the ambassador to St. Petersburg before World War I and until the Bolshevik Revolution in 1917[861]) to discuss the French demands on the railways and ports close to the Russian border. France needed coal resources, and therefore, the Ereğli-Zonguldak area was a vital area for them to control. France had also strengthened its presence in the Black Sea region and Eastern Anatolia, a primarily Russian-controlled zone. The main problem was to settle the agreements according to the 1900 note of Abdülhamid II given to the Russians, which approved Russia's contract for the extensions of the Baghdad Railway. According to the note, if the Ottoman Empire wanted to establish railways in the Black Sea region, it should construct them independently. If not, then Russia would build these railways, but no

860 Peter Fraser *Lord Esher A Political Biography* (London: Hart-Davis, MacGibbonp, 2013), 346-347.

861 "Maurice-Georges Paléologue", accesed August 3, 2021, https://www.britannica.com/biography/Maurice-Georges-Paleologue.

third party could. The Adapazarı-Ereğli-Kayseri-Sivas, Sivas-Harput, Harput-Diyarbakır, and Diyarbakır-Van lines were excluded.[862] However, in 1913–1914, Russia abandoned its right in favor of its ally France, which had greater financial assets to build it. Therefore, Russia joined the negotiations on these lines along with France and the Ottoman government. The main problem was the railway line to Van. Cavid Bey offered that a company consisting of Ottoman, French, and Russian shareholders could construct the Van line. Nevertheless, the Russians were anxious about France's greater financial and technological capacities.

One of the most important topics on Cavid Bey's agenda was the French loans to Russia and the other Balkan states. Cavid Bey had put pressure on the French politicians to prioritize the Ottoman loans in Paris. Cavid Bey conveyed the revised Russian railway project offer to his French colleagues. On the same day, August 18, 1913, Cavid Bey met Mr. Izvolsky, the Russian ambassador to Paris. Izvolsky, however, did not find Cavid Bey's offer acceptable. According to Cavid Bey, the Russians would prefer to protect their commercial interests in the region. Nevertheless, Izvolsky asserted that the 1900 note did not cover the railway between Diyarbakır and Van. Cavid Bey asserted that only the Ottoman Empire itself could construct the line, but Izlovsky responded that, "if you cannot construct it by yourself, the Russians would do it. However, this condition is not in the proposal." Cavid Bey did not lend credit to his statement. Another significant point of discussion was that the Russians wanted to have a deputy on the board of the OPDA. Indeed, it was France's idea for Russia to make this demand. Cavid Bey stated that if Russia sent a delegate to the Assembly of the OPDA, then smaller states such as Belgium, The Netherlands, or Switzerland would also send delegates, and then the board would become obsolete. Then, they discussed the Ottoman government's demands. Izvolsky did not want to accept the 4% rise in customs duties, due to the probable harm it would cause to Russian merchants. The straits issue was brought to the agenda because

862 Bayur, Türk İnlîlâbı Tarihi II/III, 434.

of its harmful impact when the Ottoman Empire closed them during a state of war. Cavid Bey claimed that the Straits had only been closed to commercial shipping during the Tripolitanian War in 1911. After this meeting, M. Paléologue asked Rifat Pasha to ask Cavid Bey to be more tolerant of the Russian railways.[863]

Cavid Bey solved the problem of the Rayak-Lida railway line with the French officers. Hemon told Cavid Bey that M. Bompard, the French ambassador to Istanbul, has asked the Lebanese government for a concession for the port of Jounieh. Cavid Bey was surprised at this request, because he had been dealing with the same issue in Paris. He informed the French government that the concession for Jounieh would only be given by the Ottoman government. Since these negotiations were multilateral, France wanted to guarantee its interests and tried to reach its goals through several channels. M. Pichon summoned Cavid Bey to meet him in the ministry. Pichon asked him to complete the negotiations with Izlovsky and sacrifice fiscal concessions in favor of Russia in order to save Edirne. Pichon asked Rifat Pasha the same, as he believed that it would be challenging to keep Edirne without providing any concessions. Cavid Bey discussed the issues he was having with the assignment of a Russian deputy to the OPDA with Izvolsky and M. Pichon separately, and, in turn, he received the same questions from them.

In the end, M. Pichon stated that when he read the minutes from the Franco-German negotiations, he was reminded of the 1910 loan operation, which caused significant problems for Franco-Ottoman relations. He regretted that they had missed the opportunity in 1910. He stated that the Ottoman Bank's insistence on financial control was hindering the loan agreement. Moreover, in the end, even the Ottoman Bank had understood that it was a huge mistake not to make that agreement.

Cavid Bey met M. Pierre de Margerie from the ministry of foreign affairs, who would lead the negotiations from now on, instead of M. Paléo-

863 Meşrutiyet Ruznâmesi II, 14-22

logue. Though Mr. Margerie had not read the file on the negotiations yet, Cavid Bey objected to many significant points in the file:

- The permanence of the rise in the 4% tax rate (customs duty)
- Continuing customs reform
- Other points about customs
- Ottoman-French customs issues
- Abolishing the stamp of Hedjaz
- The postal service
- Shares of loans and compensation
- Borrowing
- Collateral

Cavid Bey made comments on certain issues, which the French had rejected. In terms of the postal services which covered using only Ottoman stamps in the post offices, he argued that Britain had accepted it. On the matter of borrowing, Cavid Bey told him that French capitalists should include borrowing in a wide range of issues. Cavid Bey was avoiding the option of an international loan. In terms of collateral, Cavid Bey stated that the control and assurance of the OPDA would be more appropriate for Turkey.

As might be seen from this list, Cavid Bey's agenda was pretty long, and from postal services to loans, many issues were linked to each other. While the French insisted that they would not give any loan before determining these conditions, Cavid Bey was trying not to restrict the Ottoman Empire's sovereignty. Cavid Bey was resisting the demands of the French, which were putting more restrictions on the capitulations. The Unionists aimed to save the independence of the state in various fields restricted by the capitulations.

Cavid Bey requested that M. Margerie hurry up with the agreement, because he said that he had to return to Istanbul. Cavid Bey stated that while he was in Paris, he could not acknowledge and accelerate things in Istanbul and, therefore, maybe the Paris financial conference should be delayed. M. Margerie thought that it may not be held until October. Later, Cavid Bey received a telephone call from Izvolsky. The main prob-

lem was that though the French companies and syndicates were ready to establish the railway lines, the Russians were not ready. There was also a second issue between the Ottoman and Russian governments: the Armenian question. He accused the Turks of approaching the Germans and warned Cavid Bey that Germany did not want the Ottoman Empire to survive. Cavid Bey stated that they agreed with the need for reforms in the Armenian region; however, they rejected foreign control because once it was accepted, it would be implemented in other regions, including the Arab provinces. Izvolsky stated that the Armenian people would not trust the Ottoman officers to implement the reform. Cavid Bey responded that they would assign foreigners who knew the situation in detail, and for this reason, they had already asked Britain to appoint British inspectors in the region.[864] Nevertheless, Britain had refused, because the region was very close to its allies' borders. Other than the allies' inspectors, the officers from the neutral states also became a current issue. However, he underlined the fact that inspectors from neutral states would also be pointless in this case.

Cavid Bey prepared a new project according to Izvolsky's plan and sent it to him. According to Cavid Bey's proposal, if the Ottoman government needed to extend the Trabzon-Pekeric and Harput-Diyarbakir railway lines toward the Russian border, the government would construct it alone or give concessions to Russian companies for the construction. If the Ottoman government constructed it, it would unify the railway tariffs' incorporation with the Russian Railroad administration.[865]

Cavid Bey met Izvolsky almost every day. He warned Cavid Bey that the reform process on the Armenian Question needed to be sped up: "*It is time for reconciliation and a sustainable peace process*." Cavid Bey stated that the Ottoman Empire had made mistakes in domestic politics, and some of its politicians, such as those in the Kamil Pasha government, had harmed the country's unity. Izvolsky asked Cavid Bey about

864 Bayur, *Türk İnkılâbı Tarihi, II/III*, 60-61.

865 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 26-34.

Mr. Mandelstam, who had helped Cavid Bey and Hüseyin Cahit Bey to flee from Istanbul during the March 31 Incident, and was now preparing the controversial reform project on the Armenian Question. Izvolsky reminded him of Russia's favor to them during this period and warned him of the dangers of diplomacy.

Cavid Bey met with Count Vitali and discussed the amount that the Empire was planning on borrowing. Vitali stated that the loan might be around 700 million francs, and the payment would be divided into two between the current year and the following year. Cavid Bey objected to the payment schedule. In terms of public opinion, the press, and government position, the payment should be made all at once. However, Cavid Bey had similar talks with various French officers until the loan agreement would be signed in April 1914.[866]

Cavid Bey met Salandrouse, Hemon, and Frederic to discuss the three different railway projects' contracts. Cavid Bey noted that Salandrouse was an annoying person and hard to tolerate. The main problem was fixing the collateral, blocking the railways, and increasing the collateral on certain lines such as Halep-Hama.[867] Hakkı Pasha asked Cavid Bey to go to Berlin to meet German bureaucrats and bankers for the negotiations. The Germans wanted to meet Cavid Bey before the beginning of the Paris financial conference. However, he did not want to go to Berlin, because firstly, he had to be prepared and well informed before meeting the Germans; second, meeting with Gwinner was not pleasant; third, Cavid Bey needed at least 12 or 13 more days to finish work with the French and Russians; and finally, he had to go to Istanbul to complete these two negotiations.

The main reason that the Germans wanted to speak with Cavid Bey was on account of the Franco-German talks, which were held on August 19–20 and September 24–26. These talks covered issues such as the Baghdad Railway lines, Baghdad Railway shares in the Ottoman Bank, et cetera. The most exciting part of these talks - Franco-German, Anglo-

866 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 42.

867 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 43-45

German and Russian-German - is that the Great War's hostile parties had reconciled on the Ottoman Empire's conflicts, but the Great War had already broken out before they were ratified. If we get back to the Franco-German talks, the first round of the negotiations failed. Nevertheless, the Germans were hopeful at the beginning. Mr. Helfferich thought that there might be a "clean break" between French interests and the Baghdad Railway after he met French financiers in Paris in June 1913.[868] During the talks, Mr. Gwinner and Mr. Helfferich represented Germany and Baron de Neuflize of the Banque de France, and M. de Klapka of the Ottoman Bank represented France. As Özyüksel states, the negotiations succeeded in gathering the rival countries' officials around the same desk. It was not a simple task, especially when concerning the German and French rivalry. The German's were anxious that Cavid Bey might accept the French demands due to the pressure of the French. He might grant a concession that could be controversial with Germany's interest because all the actors were aware that new debts meant new concessions and privileges.[869] The Germans' assumption that the French related the loan to concessions was correct. They also squeezed Cavid Bey, who was concerned about the timing of the loan issue. The French officers reminded him that the loan was related to concessions based on French demands. France was conditioned to completing the general agreement in order to start negotiating the loan contract.[870]

Following the Paris financial conference, which focused on the Balkan states' share in the Ottoman debts due to the Second Balkan War, the next step in the negotiations was the Franco-German talks. Mr. Klapka visited Cavid Bey and mentioned the forming of an alliance between France,Britain and Germany. However, his main aim was to discuss the loan conditions that the Ottoman government would soon obtain from Germany. He asked to increase the interest rate from 4 to 5%, decrease the amortization from 1 to 0.5% and set the net price at 84.

868 Williamson, *Karl Helfferich, 1872-1924: Economist, Financier, Politician*, 103-104.

869 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 150.

870 Cavid Bey, Meşrutiyet *Ruznâmesi II*,, 50-51.

Cavid Bey objected to these conditions because it would harm the consolidated loan. However, France asked the Ottoman government to finalize the Franco-German talks as soon as possible. Being an intermediary during these talks was one of Cavid Bey's roles. He also underlined the fact that the Germans would buy the Baghdad Railway's French shares, but they may lose money on this operation. If so, the Ottoman Empire should grant new concessions on the loss.[871] Mr. Klapka also told Cavid Bey that they were preparing a loan for Serbia, and therefore, they should hurry up if the Ottomans wanted to receive their loan first.[872]

On September 3, Cavid Bey met Mr. Izvolsky, following his invitation on the phone. When they met, Mr. Izvolsky stated that the negotiations on the railways could not be concluded in Paris, and that it would be better to transfer these discussions to Istanbul. However, Cavid Bey stated that due to the dragoman's mentality, it was impossible to continue the talks in Istanbul. The future of the Aegean Islands was another crucial question in Paris. Cavid Bey stated that the Great Powers', mainly Britain's and France's, respect and admiration for Greece was an essential factor to be considered, as they hoped that Greece would maintain loyalty to them. Cavid Bey added that they would prefer to see the islands under Italy's control rather than that of Greece. Cavid Bey attempted to prioritize Ottoman borrowing. Meanwhile, Serbian, Bulgarian, and Greek borrowing were also on the minister of finance's agenda. Cavid Bey met M. Sergant, vice-director of the Banque de France, who stated that he was hoping to resolve this issue with the Ministers of Finance and Foreign Affairs. He also underlined the fact that borrowing should be done as a whole, not piecemeal. Concerning the Van railway,

871 Özyüksel states that "The Ottoman Bank had Baghdad Railway shares, but she could not cote them in the Paris stock market because of political objections. They were like a dead investment. During the French-German talks, the Deutsche Bank was on the agenda to purchase the shares of the IOB. Consequently, according to the agreement signed on 15 February 1914, Deutsche Bank agreed to buy them. The value of the shares was 69.4 million francs." Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 150.

872 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 54.

Cavid Bey told M. Paléologue that Turkey did not want to leave those lines to Russia. Then, he showed the maps to M. Paléologue, who agreed that Cavid Bey's concerns were justified, and he agreed with him. Cavid Bey occasionally criticized the methods of his European colleagues.[873] When he met M. Margerie on September 4, 1913, he saw his desk covered in official paperwork on Turkish affairs. He complained that even in Turkey, people used to work more regularly and quickly than the French. During the negotiations, the French always had the Baghdad Railway on their mind. Margarite stated that the French industrialists were complaining that the Ottoman government was spending its money on this railroad. Cavid Bey replied that the consumers funded this.[874] During the last days of his stay in Paris, Cavid Bey continued his negotiations: the Franco-German talks with M. Margerie; negotiations on the railways with Count Vitali, Chenu, and Hemon; and negotiations on the farming issue with Baron Gunzburg of the Banque de Salonique.

M. Margerie handed the first draft of the French-German negotiations over to Cavid Bey. He had objections to almost every article, including the rise in customs duties, monopolies, stamp tax, octroi duties, privileges for the postal services, the borrowing issue, assistance for Turkey's economic and fiscal improvement, intellectual property rights (which would be included in a separate accord), and the partition of the Balkan debts. Cavid Bey stated that he preferred to settle all these issues while abroad rather than in Istanbul.[875]

Cavid Bey discussed the future of the Ottoman Bank with Mr. Klapka. France wanted to extend the duration of the Ottoman Bank. Cavid Bey stated that they might extend the duration of the concessions. However, the conditions should be changed, including the bank's Ottomanization, dismissing Greeks from the head office, assigning a general manager through an imperial decree, appointing an assistant manager in the Is-

873 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 56-58.

874 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 60-66.

875 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 66-72.

tanbul branch office, and providing advantages for the government and merchants.

M. Margerie re-sent the reviewed draft agreement. Cavid Bey wrote that his objections remained intact. There would be a separate agreement on the general public works and the ports[876] (i.e., Samsun, Trabzon, Haifa, and Jaffa). While reviewing the draft agreements, Cavid Bey not only edited the contents of the agreements, he also amended the legal vocabulary used in the agreement. For instance, he preferred to use another word instead of "reformation" to describe the customs duties or "*arrangement d'ordre financier*" instead of "ordre" to discuss the posts.[877] Finally, on September 11, Cavid Bey and M. Pichon initialed the agreement.[878] Mr. Margerie told Cavid Bey that they would like to give him the Legion of Honor. They asked for Cavid Bey's help on the issues and he had left for Istanbul. Cavid Bey affixed the seal of the embassy on the treaty related to the railways and customs issues. He thanked M. Pichon for solving the conflictual issues between the two countries. M. Pichon also told Cavid Bey that he felt happy to have solved this, especially when he considered the unsuccessful attempt three years before. Cavid Bey said that if the negotiations were solely up to them, they could overcome the situation in a much more manageable way.[879]

The next step for Cavid Bey was to eliminate the barriers to the loan agreement. Unfortunately, even as he would eliminate these barriers, the French would put up new ones in front of him. The main problem now was the interest rate on the loan. The Ottoman government insisted on a 4% rate, but Russia wanted to increase it to 5%. Though there were questions in his mind concerning the coming days, Cavid Bey positively evaluated his time in Paris. In his diary, he writes that "a lot of (positive) changes happened in French public opinion, press, govern-

876 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 72-74.

877 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 74-77.

878 This agreement would not be considered as the final version. The final version would be signed on April 9, 1914.

879 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 88-89.

ment, finance department related to the Ottoman Empire. I came here with an overwhelming concern, and I was afraid of a huge pressure against me. On the contrary, I return to Istanbul content and with a sense of accomplishment."[880]

Cavid Bey had faced tough times in Paris. Upon his arrival, he was anxious about how he would be welcomed after the 1910 loan operation. However, Cavid Bey regained his reputation in the political and financial milieu. He worked with many prominent French diplomats, bankers, and politicians. He met many new people from the upper class of Paris and witnessed how business and politics intertwined with each other. During the dinners or meetings, he was appreciated for his profound intellect. The Ottoman-French negotiations mostly depended on the French demands on Syria and the loan issue. However, the loan issue was conditional upon the number of concessions granted by the Ottoman Empire. The Syrian railways and ports were more critical than the railways in Anatolia. In Anatolia, France gave priority to the Black Sea railway lines and the Eastern lines built with Russia. Cavid Bey eventually accepted France's demands in Syria. He was aware that if there was no concession, there was no money.

On the other hand, there had been many other issues on the table that had concerned Cavid Bey, such as that of the islands, the Armenian Question, the French press, et cetera. In this dissertation, I consider that these agreements created spheres of influence in the Ottoman Empire's various lands. The main question was whether Cavid Bey was aware of Europe's intentions, or if he questioned the establishment of an imperialistic circle around him.

4.3.7 *In Istanbul: Between Paris and Berlin*

Cavid Bey departed from Paris on September 13, 1913. When he returned to Istanbul, he encountered a domestic crisis. *Tanin* had been closed by the military censorship office due to the news it had published

880 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 91-93.

regarding the reorganization of the army. Izzet Pasha, Chief of the General Staff, had seen to the matter personally. He was resisting the reorganization of the army, while Enver Bey was the main supporter of this policy. Although Tanin had been closed many times before, Hüseyin Cahit Bey insisted on closing down the publication permanently. Cavid Bey and Talat Bey tried to get him to change his mind. However, when Cavid Bey criticized Hüseyin Cahit Bey for his persistence in closing the paper, his reasons for wanting to close the newspaper seemed fair to Cavid Bey.

Cavid Bey met the General Staff, minister of the navy, and the grand vizier the next day. They were all satisfied with the agreement that Cavid Bey had negotiated in France. According to Grand Vizier Said Halim Pasha, Berlin wanted Cavid Bey to go there immediately. Cavid Bey had even received a telegram from Berlin on the train, but first, he had come to Istanbul. Without Cavid Bey, the cabinet would not approve the agreement with the French. Moreover, Cavid Bey would ask Said Halim Pasha for his consent to carry out the negotiations with Mr. Michel de Giers, Russian ambassador, on the Ottoman-Russian conflicts. After he finished his work in Istanbul, he would be ready to go to Berlin. After he departed from Paris, the French newspaper Journal de Debats published an article about Cavid Bey. The paper had written that due to the unsettled negotiations such as the Jaffa-Jerusalem railway line, the agreement required further political negotiations. Though M. Margerie had guaranteed that Journal de Debat would support the Ottoman government, they had carried out a "coup d'état," as Cavid Bey called it.[881]

Cavid Bey met Baron von Wangenheim. They discussed many issues, but first, he teased Cavid Bey because of his extended stay in Paris. He laughed about the fact that Cavid Bey could be impressed by the "charm of Paris." As mentioned above, the Germans were anxious about Francophile Cavid Bey's willingness to grant concessions that could harm German investments in the Ottoman Empire. Cavid Bey responded, "I

881 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 97.

was not trounced." Wangenheim asked Cavid Bey, who had initiated the reconquest of Edirne: Talat Bey or Halil Bey? Wangenheim was questioning Talat Bey's intelligence. In response, Cavid Bey praised Talat's talent, intelligence, and patriotism. On the Greek issue, the King of Greece's visit to Berlin and his speech had a very negative impact on Istanbul. As seen from Cavid Bey's diaries, Germany favored Greece over the Ottoman Empire or the Ottoman Empire and the French alliance. France's alliance with Russia was far too in-depth and comprehensive, including the railways, the Straits, Armenian Issue, etc. In terms of the island question, Wangenheim stated that Chios and Lesbos, the islands just opposite the Çanakkale, should be returned to the Ottoman Empire. On the Armenian Issue, the German ambassador suggested that Russia appoint a governor elected by the Great Powers. Cavid Bey responded that the Ottoman Empire could not accept a governor elected by the Great Powers. Cavid Bey also complained to him about Russia's refusal of the British officers who would work in the region. He considered that Wangenheim and de Giers should collaborate and resolve this issue together. Wangenheim told Cavid Bey that the Germans had started to become interested and involved in the Armenian Issue. He praised the talents of the Armenians living in the villages. He stated that Germany would not leave the issue to Russia alone, and if Russia wanted to seize any place in Anatolia, Germany would oppose Russia. Though Russia would not want a neighbor like Germany, Wangenheim considered that Russia's Armenian policy must change.[882]

Cavid Bey met the grand vizier. His aim was to carry out the negotiations with Russia by himself. Cavid Bey considered that, if Said Halim Pasha conducted the negotiations, the Ottoman government would obtain fewer advantages. Not only was Said Halim Pasha a rather amiable person, but he also did not have comprehensive information about other negotiations such as those with the French or Germans. Following this, Cavid Bey met Talat Bey, and they discussed the Armenian issue.

882 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 101-5.

Talat Bey asked for Krikor Zöhrap Efendi and Hallacyan Efendi to be intermediaries between the Ottoman government and the Armenian society. According to Hallacyan Efendi, the Armenians insisted on determining the issue. Cavid Bey warned Talat Bey about Wangenheim's offer, which seemed appropriate but could cause harm when adopted. Cavid Bey told Talat Bey that he should warn Said Halim Pasha about this.[883]

The Foreign Ministry formed a special commission to examine the Ottoman-French agreement, which had been initialed by Cavid Bey. The commission members were Halil Bey, Osman Nizami Pasha, Talat Bey, Rifat Bey, Mahmud Pasha, and Ahmet Izzet Pasha. On September 25, they accepted the articles related to the Black Sea railways.[884] Although there were disputes over certain articles, Cavid Bey, who as we know was a successful orator and negotiator, successfully eliminated the criticisms of the agreement. During one of the meetings, Osman Nizami Pasha, the minister of public works, objected to the Rayak-Lida railway line construction and suggested that France construct another railway line in a different part of the Empire. Cavid Bey got angry because, according to him, the minister did not understand the political factor in the financial negotiations, namely that Syria and other territories were not equal in France's eyes. The MPs also objected to the "farming issue." Cavid Bey claimed that their objections were too late. Meanwhile, the Ottoman government wanted to make some changes to the French agreements; however, there was a direct message from Paris that none of these changes would be accepted. The commission continued to criticize the agreement. Halil Bey's criticisms were much harsher because of his political stance in the CUP. Halil Bey and Cavid Bey were thought of as "rivals" seeking loans across Europe during the First World War. While Halil Bey pointed to differences between the benefits obtained and the compromises made in the agreements, Cavid Bey claimed that he was "making a fuss." He stated that this concern should have been considered much earlier when the negotiations had begun. According to

883 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 106-7.

884 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 108-9.

Cavid Bey, the benefits that the Ottoman government obtained in terms of the numbers were obvious: a 4% rise in customs duties, monopolies, octroi duties, consumer tax, loans, shares in the Balkan states in the OPDA, and later on, the removal of postal concessions, capitulations, railways, et cetera. As Cavid Bey writes, "making comparisons is just observing the issue from a narrow perspective." Another objection from the commission was to signing the agreement with France before beginning negotiations with the Germans and the Russians. Cavid Bey stated that the negotiations had already ended with the Russians and that he would go to Berlin very soon.[885] However, two days later, Halil Bey objected to the agreement being signed before finalizing negotiations with other states. Talat Bey replied that under these conditions, Cavid Bey could not go to Paris again, although he needed to go to France in order to sign and conclude the agreements. Cavid Bey complains in his diary that it is impossible to be appreciated even after all his hard work.[886]

Talat Bey visited Cavid Bey and mentioned a possible change in the cabinet. Izzet Pasha insisted that Cavid Bey should be the official finance minister. However, Cavid Bey preferred to be the minister of public works and found it more appropriate to keep Rifat Bey as finance minister. Talat Bey disregarded Cavid Bey's proposal, because complaints about the ministry of finance were becoming a target in the news, claiming that the ministry was corrupt and its organizational structure weak. On the same day, September 28, Cavid Bey met Michel de Giers, the Russian ambassador to Istanbul. They discussed general issues at first. On the railway issue, the Russians' new formula was to contract out the railway line of Trabzon-Pekeriç-Sivas-Harput-Diyarbakır. Russia was ready to give up its rights mentioned in the 1900 note in favor of France. On the Armenian Issue, Giers mentioned that the Armenians were insisting on a governor elected by the Great Powers to administer the reform process. He warned Cavid Bey that they were facing revolutionary

885 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 166-67.

886 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 116-17, 125.

fire in Armenia. Cavid Bey replied that, on the one hand, accepting a foreign governor elected by the Great Powers would be calamitous for domestic policy. On the other hand, as the Great Powers had shown from experience in Eastern Rumelia, Crete, and the Balkans, if Russia would intervene in the Armenian Issue, this would serve neither their own nor the Armenians' interests. This situation would result in hostility toward the Empire, which would harm Armenians' businesses and commercial activities. In the end, de Giers requested Cavid Bey's help to solve the Armenian conflict as soon as possible.[887] This conversation, in turn, shows us how the Armenian problem was intertwined with power politics and financial problems at the international level once again.

Cavid Bey met the grand vizier and asked him to appoint Cavid Bey as the negotiator in the Russia talks. The next day, Cavid Bey and M. de Giers start the negotiations on railways and other economic and fiscal issues. Cavid Bey accepted that the Ottoman government would establish the railways without using the capital coming from loans. They agreed that the French would construct the Van-Bitlis line. The Russians would establish the lines close to the Iranian border. Russia insisted on assigning a Russian delegate to the Assembly of the OPDA. They also included the issue of customs duties on the agenda. There were even more issues in the negotiations, which are noted below. Cavid Bey then met M. Bompard after his visit from M. de Giers. He claimed that the Russian delegate to the OPDA was France's idea. According to Bompard, France wanted to preclude Russian demands over the Empire. Moreover, now it was impossible to refuse France. Cavid Bey understood that it was a sine qua non for France. Cavid Bey states, "You are proposing things that we never commit to." On the issue of the Aegean islands, Cavid Bey insisted that they wanted to solve the problem peacefully, but if not, he stated that the Empire would struggle for control of them.

Cavid Bey met the director of the IOB Istanbul branch, Mr. Arthur Nias. He asked for a 300,000-lira loan from the Ottoman Bank in order

887 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 109-116.

to demobilize the soldiers of the Balkan Wars. Mr. Nias said that the bank would respond positively to this move, and therefore, he would recommend this to the bank's administration.[888] Talat Bey considered aligning with Bulgaria under a trade agreement, which would be negotiated by Cavid Bey. Cavid Bey met Talat Bey and several Bulgarian diplomats such as Andrei Tochev, the Bulgarian representative in Istanbul. Cavid Bey wondered how they felt considering that five or six months before they were planning to come to Istanbul as victors. Now, they seemed to have forgotten how they had fought against the Ottomans. He assessed that this kind of a political cooperation would draw them closer to the Empire's greatest enemies.

Cavid Bey began official negotiations with Mr. de Giers in the Russian embassy in Büyükdere, Istanbul, on October 11, 1913. Although they had informally discussed most of these issues, there was a long list of clauses to discuss, from customs duties to stamps, from the official price of French bread (Francalı) to the monopoly over oil and alcohol, as well as appointing a Russian delegate to the Assembly of the OPDA. On the issue of the OPDA, Cavid Bey argued the following points and made an unexpected offer. If the OPDA would accept a Russian delegate, they would also have to have Dutch, Belgian, British, or American delegates. Therefore, the assembly of the OPDA would be like a small parliament that could not solve any issues. Because the Ottoman Empire could not authorize a change in the 'Muharrem Decree,' the right to appoint a new delegate belonged to syndicates, not the states. Therefore, the Russian government should apply to the syndicates. If the 'Muharrem Decree' were to change, other countries would ask for more changes, such as Germany being president of the OPDA. In the end, Cavid Bey offered that if the Russians supported the Ottoman Empire's finance minister becoming the president of the OPDA, they could assist the Russians in their quest to obtain membership of the OPDA in return.[889]

888 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 118-24.

889 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 131-37.

In addition to the fiscal issues, de Giers asks for a concession on churches. St. Petersburg wanted the Russian negotiations to extend into the religious sphere, including discussions on Assyrian churches converted to Orthodoxy and plans to convert Greek churches into Russian churches. Cavid Bey refused to hand over the churches, because the Russian and Greek religious institutions were very different from each other.

Mr. Nias, Director of the IOB Istanbul branch office, informed Cavid Bey by letter that the IOB could not find any financiers for the Ottoman loan regarding the soldiers' demobilization due to delays in the armistice with Greece. Cavid Bey was bothered by this news from the bank, especially since the government had asked for a relatively small amount of money.[890] The next day he visited Sir Adam Block, to ask for a loan from the OPDA. Sir Adam stated that the OPDA could only loan 100,000 liras in return for a loan guarantee. Moreover, the OPDA would borrow the money bit by bit due to the risk of war, which could break out any moment. Sir Adam would also like to be sure that the money would be spent on soldiers' demobilization. They hesitated to give money to the Ottoman Empire in case of a war with Greece. Moreover, the Ottoman economic situation did not seem bright, especially its cash flow.

Cavid Bey also worried about Enver Bey's health problems. After becoming a colonel on October 15, 1913, he struggled with appendicitis. He was having a hard time, and the doctors were quite anxious. He would have successful surgery on December 18, 1913. Cavid Bey noted that "we were all shaking in the face of a loss that would be worse than any kind."[891]

On October, 20, 1913, Cavid Bey came to terms with Russia on a railway agreement. They agreed that there would not be any railway line constructed parallel to the Trabzon-Pekeric line in the east, close to the Russian border. However, the issues regarding the Russian delegate

890 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 147.

891 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 148. Aydemir, Ş.S.2003. Makedonya'dan Ortaasya'ya Enver Paşa, 1909-1914, Vol II. Istanbul: Remzi Kitabevi, p: 418-20.

to the OPDA remained ambiguous. The Russians forced the Ottoman government to commit to accepting the Russian delegate.[892]

At the end of September 1913, Russia and Germany reached an agreement on the Armenian Issue. They agreed on the appointment of two Inspectors General for both the Muslim and non-Muslim communities, to select and dismiss the high officials, established an elective council for each community in equal numbers, and supervision by the Great Powers, through their ambassadors. Nevertheless, after a short while, Talat Bey asked Sir Robert Graves and Sir Richard Crawford, who were serving as advisers in the Customs and Finance departments, to accept the offices of inspector-general in the Eastern provinces for five years.[893] However, once again, the British government did not accept Talat Bey's offer. Cavid Bey offered to appoint a chief inspector to the region as the last option left, and as a fait accompli for the British. Though Talat Bey agreed with him, the main problem was the lack of competent officers to appoint as inspectors. The disorganization of the bureaucracy, including the ministries and the lack of human capital, was the CUP's primary problem as of 1913. I consider that the government policies in 1912, mainly Gazi Ahmet Muhtar Pasha and Kamil Pasha's policies, had destroyed the progress achieved since the beginning of the Second Constitutional Period. The modernization and capacity building of the state apparatus that the Unionists aimed to achieve was beyond repair by 1913. According to Cavid Bey's diaries, this was to become a major problem in the years ahead. Cavid Bey writes that the state of the bureaucracy was topsy-turvy. The ministry of foreign affairs was also suffering from disorganization. Most of the state offices were the same. While the grand vizier insisted on controlling foreign affairs, Cavid Bey suggested that he should find an undersecretary to help organize the ministry. As Cavid Bey's closest colleague in the CUP, Talat Bey was passionately focused on the islands issue. He insisted that Rhodes, Lesbos,

892 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 161, 164.

893 Bayur, *Türk İnkîlâbı Tarihi, II/III*, p: 149.

and Chios should not be given to the Greeks.[894] Talat Bey sought ways to strengthen the Ottoman navy. He had meetings with various companies from different countries. He agreed to order six torpedo boats from a company in Livorno, and purchased a Marco dreadnought from the Italian government. This deal would make the Ottoman Empire and Greece equal powers in the Aegean Sea. Moreover, after the arrival of the battleships Reşadiye and Osman-ı Evvel from Britain, the Empire might dominate Greece in terms of maritime power. Cavid Bey evaluated this agreement as a threat to the loan agreement: the IOB and OPDA hesitated to give small amounts of money to the Ottoman government when there was the danger of war with Greece. Cavid Bey requested that Talat Bey keep this agreement as a state secret during the loan negotiations.[895]

At the beginning of October 1913, the CUP held its annual Congress in Istanbul. Though Tunaya mentions that Cavid Bey was busy seeking a loan in Paris, according to his diaries, he was in Istanbul those days. Tunaya mentions that there was little news about the Congress in İkdam and even in Tanin. The 1913 Congress was an essential congress at the beginning of a massive transformation in politics and society, especially in urban areas.[896] The Congress had a nationalist and anti-imperialist discourse for the first time and emphasized the significance of Turkism and nationalism in various fields such as education and the economy. Though Cavid Bey wrote nothing specifically about this, intellectuals such as Yusuf Akçura were enthusiastic about the paradigm shift. According to Tunaya, the party's anti-imperialist discourse extended to the economic arena. In contrast to this Congress, the negotiation process led by Cavid Bey was an example of pure imperialism par excellence. It

894 Heller, *British Policy Towards The Ottoman Empire 1908-1914*, 89-90.

895 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 160.

896 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 292. Hakan Yavuz "Warfare and Nationalism," in *War & Nationalism The Balkan Wars, 1912-1913, and Their Sociopolitical Implications*, ed. M. Hakan Yavuz and Isa Blumi, (Utah: The University of Utah Press, 2013), 75.

is possible to argue that 1913-1914 was still a hybrid period covering old and new concepts but forging on to the new. As mentioned in the previous sections, the Empire fundamentally changed after its defeat in the Balkan Wars. For the first time, the idea of the motherland and a national economy had entered the CUP's discourse. In terms of developing the national economy, the Agricultural Bank (Ziraat Bank) pioneered a reform project in agriculture, new credit opportunities for farmers, and the establishment of credit financing. Improvements to the industry were also on the list. Implementing the Industrial Promotional Law was one of the main aims of the CUP. The Unionists also aimed to increase the number of local economic organizations for different occupations. Moreover, the CUP had let the members of these organizations become members of the party. This decision enabled the CUP to act as a bridge between the economic actors and the state. This attempt was something new in the Ottoman Empire: the state was now open to most of its people via the CUP. Membership of a local economic organization meant having a stake in the Ottoman economy. This would accelerate social mobilization throughout the Empire, especially in the Great War, with many long-lasting effects.

In sum, we may argue that by 1913 a new era had begun for the CUP and the whole country. This era had its own policies, discourses, methods, and means conducted mostly by the decision-making team of the CUP.[897] I argue that "saving the empire" had a different meaning in 1913 than in 1908. By 1913, "saving the empire" could be likened to "saving the state," which has a more unified identity in nationality and culture. While 1908–1913 was a much more liberal, inclusive period in which the legislature had relative freedom and superiority, the 1913–1918 single-party era featured less opposition but a weak parliament. The

897 The methods had changed in both the civil and military fields. As mentioned above, local organizations were boosted to trigger social mobilization. On the military field, the Special Organization (*Teşkilat-ı Mahsusa*) of Enver Pasha looked much more like a secret service of a modern state, which was unique in terms of its existence and methods, compared to other empires.

economic policies would be more protectionist and inward-oriented. The idea of creating an Ottoman bourgeoisie was transformed into that of creating a Muslim bourgeoisie, and now, the CUP had even more power to achieve this. Though this was something counter to Cavid Bey's principles, he preferred to be a Unionist and keep quiet about his liberal tendencies. Nevertheless, of course, these were times of war.

At the end of October 1913, Cavid Bey was preparing to go to Berlin for the Franco-German talks. Before his departure, he met German ambassador Baron von Wangenheim, and they begin to talk about the key issues of the negotiations. These included opening German schools in the Ottoman Empire; Germany's request for a second delegate on the OPDA if Russia was going to insist on the delegate issue; and foreign inspector-generals, regarding the Armenian issue. Cavid Bey told Wangenheim that the Ottoman government was not willing to assign a foreign inspector to the region. The Ottoman government would choose its own delegates. Cavid Bey proclaimed, "we will announce the situation to the public opinion of the civilized world and appoint our civil servants by ourselves. Nevertheless, we will not allow even the smallest form of European control. Europe cannot make us a toy and does not have any means for that." Wangenheim responded that the rise in customs duty would be related to this issue. Cavid Bey replied, "We have received guarantees on the 4% increase of customs duties from each state at a prohibitive cost. However, the Great Powers could not give it up." According to Cavid Bey, Wangenheim was not well-informed about the Armenian issue. He had based his argument on the Berlin Treaty, which allowed for control over the region.

Cavid Bey participated in the negotiations with Admiral Yet and Mr. Vincent Caillard, who had been sent on behalf of the British firms Armstrong and Vickers to establish a shipyard in Izmit. Cavid Bey carried out the negotiations, but he was critical of the British company's conditions. Cavid Bey thought that the conditions outlined in the contract were too severe, such as the company's monopoly of the shipyard for 30 years. As the negotiations proceeded, he found this length of time too

long and disproportionate to the company's services. He told them this frankly.[898]

Cavid Bey made an exciting offer to Said Halim Pasha. Cavid Bey asked to be assigned as the ambassador to Paris, where all the primary financial transactions were made. Rifat Pasha could move to London. He argued that this was a good idea, since France was the most critical of the Ottoman Empire's economic partners. He noted that Said Halim Pasha agreed on this matter. Said Halim Pasha mentioned a private request from the Russian ambassador concerning the Armenian issue. According to the Russians' request, the Ottoman government would ask the Great Powers to assign two General Inspectors to the region. These inspectors would be assigned for five years, and after the expiration date, their tenure would be extended. The inspectors would offer the government the judges and officers they wanted to be assigned. They would also have the authorization to dismiss officers. The general local assemblies should be divided fifty-fifty between Muslim and non-Muslims. According to Cavid Bey, the Grand Vizier's response to the Russians was well-prepared: "though we would like to benefit from the assistance of Europe, we would in no sense and under no circumstances, let it infringe the independence of our country and let it sustain a loss of sovereignty." The main negotiations and discussions between the Ottoman government and the Great Powers would be carried out concerning the articles and conditions above.

Cavid Bey sent a memorandum to Talat Bey concerning the demands from the government to conduct negotiations on the following issues: Authorization for negotiations with Germany considering works and loans; announcement of the decision considering the signing of agreements with the French; return of the verified version of the agreement from the Ministry of Public Works; an authorization for the contracts of the French specialists; sending Muhtar Bey, the general

898 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 169-81.

manager of the railways, with Cavid Bey to Berlin; assigning a secretary to Cavid Bey and Muhtar Bey; the issue of travel expenses.

The Ottoman government authorized Cavid Bey to both conduct negotiations and sign the agreements. Though the cabinet would approve the final agreements, he had the authority to go back and forth and move freely without debating every issue with Istanbul. Nevertheless, the cabinet disapproved of the travel budget he had prepared for his long trip. The cabinet's objection hurt Cavid Bey. He noted in his diary that this was the first time in his life that he was talking about his personal financial issues: "I had told Talat that because I will have to visit many cities and have to make more expenses for private loans, I asked for much more for travel expenses and daily wages, which should be at the same level with Hakkı Pasha." He also talked to the grand vizier about this issue. Talat said that rather than increasing his travel expenses and daily wages, they would decrease Hakkı Pasha's expenses. Cavid Bey did not believe him and thought that his colleagues had found his demands too high and, therefore, rejected them, and Talat Bey was hiding this situation. Cavid Bey complained that the members of the cabinet thought that he was jealous of Hakkı Pasha. Cavid Bey complains about the situation in his diary: "They assign the most significant loan agreement to me, exceeding 30 million Ottoman liras. Unlike me, who does not have a moral compass, a man could find a way to earn thousands of liras very easily. They know that I would not do such a thing… my debt consisted of 150 liras, which got even bigger during this period. However, it is not worth pondering this. I am angry at my friends' approach to me." In the end, Talat Bey succeeded in providing Cavid Bey with what he asked of him and officially approved his travel expenses and daily wages.[899]

On October 27, 1913, the government announced that Cavid Bey was assigned to negotiations in Berlin. Before leaving for Berlin on October 29, 1913, Cavid Bey dealt with many issues. As he noted in his diary,

899 Cavid Bey, Meşrutiyet *Ruznâme, II,* 173-83.

though he hoped to rest a little bit in Istanbul after the busy and stressful days in Paris, he was more tired in Istanbul and did not have time for himself. In the last days in Istanbul, he met German ambassador Wangenheim. They discussed the Armenian issue, which would undoubtedly be one of the most vital political issues accompanying the loan agreement in Berlin. Wangenheim stated that the Russians were committed to formally protecting the Armenians after the Adana Incident.

Cavid Bey also met the French ambassador, M. Bompard. The main issue with the French was the detention issue related to the judiciary. At last, the Ottoman government and France agreed on whether or not there would be room for French citizens in Ottoman jails. Cavid Bey also complained about the Great Powers' positions on the Armenian Question to M. Bompard. Though insisting on reform, Britain had not provided any officers to the Ottoman Empire as it had promised. Russia was also insisting on reforms in the region, though it was financially supporting the Kurds and Armenians to lead an insurrection. Cavid Bey admitted that the Ottoman governments had mishandled this issue, but he accused Europe of not behaving sincerely towards the Empire. Bompard replied, "I see that you are suffering, my dear (azizim)." However, Cavid Bey informed Talat Bey about his conversation with M. Bompard and warned him to assign inspector generals before it was too late.

Until his last day in Istanbul, he continued the negotiations with Mr. Caillard on the Izmit shipyard issue. Cavid Bey's main concern was to change the article related to the duration of privilege, which was 30 years. Caillard was worried about Cavid Bey leaving Istanbul, because, as he said, there was no one else with whom he could discuss this issue. Cavid Bey asked Mr. Crawford, the British undersecretary in the Ministry of Finance, to deal with this issue, but Crawford refused because he did not support the agreement due to its oppressive monopoly condi-

tion.[900] Cavid Bey appreciated Crawford's sincerity and his straightforward language and approach. Interestingly, the Germans were also aware of this agreement.

Cavid Bey met Said Halim Pasha, Talat Bey, and Mahmud Muhtar Pasha to discuss the navy issue. Wangenheim sent a private letter to the Grand Vizier about the Izmit project. If the Ottoman government granted Britain a 30-year concession for building the ships of the Ottoman navy, this would be putting the navy under the influence of Britain for such a long period. Cavid Bey offered to guarantee contracts to Britain for a certain number of ships. Nevertheless, for the rest of the orders, the Ottoman government would be free to apply to other countries. This offer was accepted by the Grand Vizier, Talat Bey, and Mahmud Pasha.

Cavid Bey, in line with his traditions, met the ambassadors of the Great Powers one by one. When he met Mr. Giers, he told him that the Paris Commission might be delayed and, in return, Cavid Bey stated that he could deal with the share of the debt that the Balkan states should pay before the opening of the Commission. Cavid Bey took the train to Berlin on the evening of October 29, 1913. He stopped in Sofia where the undersecretary at the Minster of Foreign Affairs of Bulgaria came to greet Cavid Bey at the Sofia train station. By coincidence, Cavid Bey bumped into the Prime Minister of Bulgaria, Mr. Radoslavof, at the station. In his diary, he criticizes the prime minister's French and adds that his face lacked any sign of intelligence.[901] Certainly, Cavid Bey had a harsh way of criticizing people, especially for their level of intelligence and for their French language skills.

4.3.8 *In Berlin: Financial Independence vs Armenian Reform*

As mentioned above, Cavid Bey left for Berlin on the evening of October 29, 1913. He stopped in Vienna first to meet Hüseyin Hilmi Pasha and

900 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 182-92.

901 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 193.

Salem Efendi. Salem Efendi told him that there was still an option of the Empire receiving an international loan from Paris. Cavid Bey was surprised and asked himself how the French could consider approving of such a large loan after all these compromises they had made. The Ottoman government preferred to obtain loans from the French markets instead of the international markets. Cavid Bey arrived in Berlin in November 1913. Mahmud Muhtar Pasha, son of Gazi Ahmet Muhtar Pasha, former Grand Vizier in 1912 and Ottoman ambassador to Berlin, gave Cavid Bey a warm welcome. Cavid Bey was anxious to meet him, because they had belonged to opposite blocs in domestic affairs since 1912. In his diary, Cavid Bey writes that journalists and photographers surrounded him in Berlin. Both the Germans and the French were paying attention to the negotiations in Berlin. He notes that up to eight or ten photographers were waiting for him in front of the building. They followed Cavid Bey, though he tried to escape from them, and according to him, they — not him — were worth taking photographs of. He also appreciated the German photographers'' seriousness, because neither the Turks nor the French could resist laughing at this situation.[902]

The next day he met Mr. Gwinner and Mr. Helfferich to discuss general issues such as the Russian delegate to the Ottoman PDA, Britain's contract, loans, et cetera. Mr. Helfferich informed Cavid Bey that he would carry out the negotiations with Mr. Zimmerman, the Ministry of Foreign Affairs undersecretary in Berlin. Thereupon, Cavid Bey met Mr. Zimmerman without delay. They mainly discussed the Aegean Islands and Armenian issues. Cavid Bey asked whether there was an option of bilateral reconciliation with Greece. Zimmerman's response was negative, and that the issue had to be resolved by the Great Powers. During his first visit to Zimmerman, Cavid Bey raised the following key points: the lack of peace and security emerging from Russia's policies in supporting both the Kurds and Armenians in the region; Russia's objections to the railways, mainly the Baghdad Railway, passing through the East-

902 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 191-92

ern provinces; the threat of execution of the Ottoman leaders if there were a massacre in the region; Russia sharing the bulk of the responsibility in any incident. According to Cavid Bey, the Sublime Porte showed its goodwill by asking Sir Edward Grey for British inspectors in the region, but he refused after accepting the offer, due to Russia's concerns. Regarding the decision to assign European inspectors from small states, Cavid Bey stated that he saw no benefit in hiring such men who had no influence even in Europe. He added that the Empire had asked for inspectors from Britain because they wanted Europe to understand what was going on. According to the Ottoman government plan, they assigned officers to the region, and they would never accept European control and intervention in the region. Zimmerman asserted that Russia was involved with the Armenian Question because the Armenian had asked directly for their assistance on this issue. Cavid Bey responded that although maybe a few Armenians might have initiated the Russian interference, generally the Armenians were unaware of their autonomy. He asserted that if the Ottoman government resolved the disputes over land, security, and justice, the Armenian Question would be solved.[903] Though Arthur Zimmerman seemingly agreed with Cavid Bey, he added that the Germans should be involved in the Armenian Question, because Russia would never want to return with empty hands, and for this reason, their excessive demands should be limited by the Germans. Finally, Cavid Bey thanked him and stated that they would not make any concessions in return for all these efforts.

Cavid Bey received two telegrams from Talat Bey, the first telling of the Empire's need for money from the Ottoman PDA, because they had no money to pay the salaries before the Bayram holiday. In his second telegram, he informed Cavid Bey that the government had decided to purchase a dreadnought that was previously ordered by Brazil from the British company Armstrong. He also informed Cavid Bey that they were planning to buy an Italian dreadnought called the Saint Marco and six

903 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 199.

more torpedoes for two million liras. While the treasury was empty, they would raise the money through property taxes, which would amount to around five million liras. Talat Bey asked Cavid Bey to do his best to realize this plan. Cavid Bey noted that it was both an impossible and irrational plan to purchase every dreadnought before Greece could. With every purchase, the Empire would stand to lose a war against Greece. He was against entering such an arms race with Greece.[904] Moreover, the loans and dreadnoughts were connected. Cavid Bey was anxious that the new orders would endanger the loan process if the French heard about them. He did not want to face an incident like that of 1910. That is why he cautioned the Sublime Porte, especially Talat Bey, to keep these negotiations confidential and announce them only after receiving a loan.[905]

Cavid Bey had his first meeting at Deutsche Bank with Gwinner, Helfferich, and Huguenin. In November 1913, the main issues relating to Ottoman-German relations were as follows:

- The interest rate on the Baghdad Railway should be 5% and the company's profit margin should be 15%, the same as in the agreement with France.
- The negotiations between the French and German governments on the Halep-Maskanah Railway line
- The rapid construction of the Hanikin and Baghdad Railway lines
- The Diyarbakır line and Ankara, Kayseri, and Sivas lines, which were very significant in military terms
- The Bolu railway line
- The Baghdad-Basra railway line
- The docks
- The contents of the concessions for the ports according to the French and Germany request for the rights to the ports from Silifke to Lazkiye.

904 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 201.

905 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 226.

- Germany's commitment to building the Mersin docks under the same terms and conditions as the French.

After three hours of negotiations, Cavid Bey writes that "according to my experience, these negotiations will not be easy and quick."[906] The Ottoman-German negotiations would be coordinated with Istanbul, Paris, and London. In terms of the issues, the German negotiations were not carried out on their own; the Ottoman-French contract, French-German contract, British-German contract, the peace negotiations between Turkey and Greece, and Armenian Reform were all hanging on these negotiations. Therefore, Cavid Bey spent some part of his time corresponding with various people on different issues. In this context, the French tried to postpone the loan until after the peace agreement between Turkey and Greece and the Financial Conference in Paris. The French newspapers such as Echo *de Paris*, *Le Matin*, and *Le Journal*, published "semi-official" news on the postponement of the loan. Count Vitali, who dealt with the railway business on behalf of the French government, stated that the French markets changed dramatically after Cavid Bey's left Paris. It seems that if Cavid Bey was in Germany, the French were anxious, and vice versa. As mentioned above, the French-Ottoman agreement was related to Germany's demands from the Ottoman Empire. To cite the most significant issue, the Baghdad Railway, during the negotiations Mr. Gwinner was anxious that the French had gained many more advantages over the Anatolian and Syrian railways. The Germans estimated that the French had received undue advantages. They aimed to convince the parliament to allow them to build a railway to Basra at a reasonable price. Though Cavid Bey tried to explain why the Ottoman government had to make additional promises to France, the Germans wanted to receive the same advantages. According to Cavid Bey, the Germans' main goal was to obtain a concession for the railways in Baghdad-Syar and Syria: in other words, concessions for a second Baghdad Railway. They tried to hinder the French from obtaining the conces-

906 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 196-204.

sion during the time of the Ottoman government's difficult financial situation.[907]

During Cavid Bey's stay in Berlin, there was a paradigm shift after the arrival of the French negotiators, M. Cambon and M. Klapka, in Berlin. This incident increased the tension in Berlin because, as Mr. Huguenin told Cavid Bey, Deutsche Bank was very skeptical of Cavid Bey. They believed that Cavid Bey had already agreed on the terms with the French and that he aimed to object to the German demands and cheat them. Thus, Cavid Bey followed a very open policy in the negotiations, such as reading some parts of the correspondence between him and Hakkı Pasha. Nevertheless, that behavior did not ease Germany's skepticism. Huguenin told Zimmerman that if Cavid Bey had an uncompromising attitude, he would go so far as to abruptly cut off the negotiations.[908]

The Germans' concerns continued to increase day by day due to various reasons such as the purchases of Standard Oil, the American oil company that bought land as extensive as 15,000 m2 around Iskenderun Port, to build oil storehouses. The Germans asked Cavid Bey to intervene for the sake of the Ottoman government. They recommended nationalizing the area for the construction of military bases. The Germans argued that when the Ottomans put a monopoly on the oil into force with the Americans, the Ottoman government would have to pay compensation to Standard Oil. For this reason, they asserted that Cavid Bey should have prevented this earlier. Cavid Bey committed to writing to Istanbul.[909] There were many issues, such as that the Germans had made plans about some places and informed Cavid Bey, including the steps he should take or sometimes as over the Mersin–Adana and Ye-

907 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 212, 220, 235.
German talks are also carrying out in London, which also affects the talks in Berlin, such as combining the railway lines of Aydin and Anatolia Railway line or navigation rights on lakes Eğridir and Beysehir. Cavid Bey, Meşrutiyet *Ruznâmesi II,* 232.

908 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 236-37.

909 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 240-41.

nice-Mersin railway issues, they were reinterpreting Cavid Bey's offer according to their own plans. Cavid Bey was surprised by their actions; he even writes in his diary, "I felt distrusted."

One of the intersecting issues between the French and German interests was that of the ports between Lazkiye and Silifke. Even though they already had railway concessions north of Trablusgarp, Germany's primary purpose was to connect their railway to the docks. They also did not want to leave Silifke to Austria or Italy. The Germans used to compare the French and German benefits from the Syrian railways and Baghdad Railways. During the negotiations, they asked if the Ottoman government did not understand the importance of Germany's three or four harbors, because they had fewer concessions than the French. Cavid Bey, at the end of the discussions, told the Germans that he would prove that the Germans had better concessions according to the numbers. He told the German team that they could not have any rights in Jaffa, Iskenderun, or Haifa. He pointed out that politics was central to the negotiations.

> Cavid Bey replied that Germany's place in the Empire was of high importance due to the Baghdad Railway, and it was in vain that they considered that some other state would replace Germany. However, Helfferich resented Cavid Bey's words and replied, "*I do not think that we are quick-tempered*." Cavid Bey stated, "*not you, but Germany!*"[910]

Cavid Bey met Mr. Zimmerman to discuss various issues from the economy to politics. The issues related to the economy and contracts included navigation on the Shatt al-Arab and on the Tigris and Euphrates; the timeline of the commercial agreement for the 4% rise in customs duties; the renewal of commercial agreements; alcohol imports into Turkey; the difficulties of oil and tobacco exporters; a German company that wanted to build a private port in Basra or Baghdad; issues concerning schools, sanctuary, and citizenship; securing German oil in-

910 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 245-46.

terests and Russian shares; the ports between Silifke and Lazkiye; the railway line between Halep and Meskene; giving priority for the orders concerning the navy to Britain for 30 years of monopoly. On political issues, the Armenian Question was the most important one in the discussions between Zimmerman and Cavid Bey. According to the new plan, two councils for the two communities would be established, and two inspector generals would be assigned. Their duration in office would be ten years. The inspector generals should take decisions to the local councils. If a dispute occurred, Istanbul would be the judge but could take decisions to the Great Powers' ambassadors in Istanbul. The officers and judges must be appointed by the inspector general and local councils. According to Cavid Bey, these conditions were heavier than the previous ones. His suspicion is obvious: "We do not want you to make another Macedonia in Anatolia," he writes. Cavid Bey pointed out that the collaboration on the Armenian issue between Germany and Russia, while exceptional, was specifically related to the Baghdad Railway issue. The Russian ambassador even announced to the Great Powers that the rise in customs duties would not be accepted before the Armenian issue was settled. Zimmerman was anxious that Russia may cause incidents in the provinces if they did not settle this issue. In response, Cavid Bey stated that the Ottoman government was not afraid of Russian attacks and was ready to keep the peace in the region. Moreover, he states that on the fiscal issue, "Europe is more advantageous for us, and for this reason, I do not think that they [the Russians] would sacrifice their interests for the Armenians. As a result, these kinds of announcements will remain as a threat."

In the meantime, Cavid Bey had a new problem in the situation of the French market, which was rapidly shrinking. This situation affected the Ottoman loan in terms of the amount and its interest rate. The French might decrease the amount to 300 or 350 million liras. Cavid Bey's greater concern was the rise in the loan's interest rate, from 4% to

4.5%, which would be challenging for the Ottoman government to repay.[911]

As expected, Mr. Cambon arrived in Berlin on November 13, 1913. Zimmerman told Cavid Bey that Mr. Cambon's arrival was only to assist in the negotiations between the Ottomans and Germany.[912] However, the next day, Cavid Bey visited Mr. Cambon and discovered why Mr. Cambon had arrived in Berlin: to reshape the Ottoman-French agreements. Mr. Cambon stated that the Ottoman Bank wanted to modify the agreement initialed on September 11. The French delegates wanted to discuss the details in Berlin, together with German delegates. Cavid Bey found this incident very worrisome. They wanted to discuss the division of the loan between the Ottoman Bank and the Ottoman PDA. In the end, the Armenian issue came to the table. Cavid Bey repeated his key arguments and added that the Ottoman government was capable of instigating an insurrection, although Russian agents should not be involved in this issue.

After Mr. Cambon's arrival, Cavid Bey's agenda mainly focused on the French-German and Ottoman-German negotiations. Both were interrelated issues concerning common points for each party. The Germans were very demanding in the negotiations. For example, for the new railway lines, they asked for 99 years of concessions and wanted to extend the period for older lines including those to Ankara, Konya, and Bolu. According to Cavid Bey, the Germans wanted to add new benefits to the basket while preserving the old ones. Prior to Mr. Cambon's arrival, France and Germany had already started talks on the following issues: The extension of the construction period of the Baghdad Railway; the Ottoman PDA bonds; the allocation of 3–4% of the revenues of the railways for general necessities; the internationalization of borrowing; and keeping the Lazkiye-Silifke line attached to the Baghdad Railway in order to reach the Mediterranean coast. On the last point, they could not

911 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 246-53.

912 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 253.

agree on the provisions for the Baghdad Railway and Anatolian railways in exchange.

During the meeting on November 15, Cavid Bey told Mr. Gwinner that German-Russian cooperation on the Armenian issue had harmed Istanbul. For this reason, the Ottoman Empire would not act according to the European demands. He asked Mr. Gwinner to act on behalf of the German government to support the Ottoman government.[913]

Cavid Bey received a telegram from Talat Bey concerning the Armenian issue on November 19, 1913. The telegram stated that the Grand Vizier was inclined to accept inspectors from small and impartial countries chosen by Europe, and to employ them as Ottoman officers, although the majority of the cabinet was opposed to this. If the Empire objected to this offer totally, they should deliberate the additional challenges which would be created by the Russians and Bulgarians in domestic and international politics.[914]

Cavid Bey had a hectic schedule while in Berlin. He wrote letters or telegrams to the Grand Vizier, Talat Bey, Rifat Bey, and Mr. Crawford on various issues. He was constantly in touch with Hakkı Pasha in London and Rifat Pasha in Paris. He was aware of all of the international negotiations covering both economic and political issues. In terms of the Anglo-German talks, the construction of ports in Baghdad and Basra had priority. In terms of the French-German talks, the Halep-Meskene railway line was the most crucial point. Mr. Helfferich and Mr. Gwinner were exhausted by the heavy demands of the French. Cavid Bey pointed out that an accord could serve the aims of the Ottoman government and the provisioning issue could be solved, as the Germans would let the French railway reach Sivas, and the French would let the German railway reach Ergani. The Germans, of course, asked for an early privilege for the Ergani mines. During this meeting, Cavid Bey read the telegram concerning the Armenian issue from the Sublime Porte. According to the telegram, the responsibility for implementing reforms did not be-

913 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 258-61.

914 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 275.

long to the Empire. The Ottoman government would be independent in choosing officials from neutral countries. In the evening, Cavid Bey attended a dinner at the house of Mr. Zimmerman on November 20, 1913. At the dinner, Cavid Bey and Zimmerman had a long talk on the same issue. Zimmerman described Cavid Bey as a "radical" for his approach to this issue. Cavid Bey articulated that they did not want to create another Macedonia or Rumelia in Anatolia. Cavid Bey explained the situation to him very honestly and gave insightful information. Cavid Bey pointed out the impact of this issue on domestic politics. He explained that the intervention of the Great Powers would mean the fall of the government, which would cause chaos in the country. Zimmerman warned Cavid Bey that the Armenians would not keep quiet. In reply to him, Cavid Bey said that there were Armenians working in favor of the Empire and, at the same time, against Russia. Cavid Bey also added that it was tough to resolve such a critical issue before the opening of parliament.[915] Mr. Cambon also joined this conversation and stated that the Ottoman government must make concessions. Cavid Bey responded that this was impossible. Cambon said, "If both Germany and France are pointing out the same thing, it means that it is something good." To this, Cavid Bey replied, "This happens very rarely!" The three of them laughed. Cavid Bey also met Mr. Rosenberg, an officer in the German Ministry of Foreign Affairs, to discuss the islands and the Armenian issue, during the dinner. Rosenberg said that they were aware that the islands might be a reason for war in the Ottoman Empire.[916]

After dinner with European representatives from various countries, Cavid Bey received a detailed telegram from Talat Bey the next day. He underlined the fact that if they could not eliminate the Armenian chal-

915 During the autumn of 1913, the CUP declared that the general elections would be held in the winter of 1913/1914. After the elections, the parliament opened on May 14, 1914. The Reform Act, which the government signed on February 8, 1914, solved the Armenian Question. This was signed before the opening of the parliament. Ahmad, F. *İttihat Teraki (1908-1914),*212.

916 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 276-83.

lenge in domestic politics, they should accept the European intervention. In terms of the Russian financial challenge, Talat Bey pointed out that the Europeans could not give up the benefits they were getting from the Ottoman government. Cavid Bey conveyed the messages that he had relayed to his counterparts in Berlin, and asked Talat Bey to send some delegates to Berlin that were equal in status to Zöhrap Efendi and Varteks Efendi.[917]

The budget deficit and the situation of the treasury were quite dire and complicated. Istanbul needed cash in fragmentized small amounts. On November 25, Talat Bey asked Cavid Bey to borrow 1 million liras from Deutsche Orient Bank as soon as possible for the country's sake. Mr. Helfferich told Cavid Bey that he would talk to France about making an urgent payment to Turkey. Cavid Bey received information from Mr. Bloch about the recent debts of the Ottoman Empire.The debt relating to the Ottoman PDA was 1,193,675 liras, which would be paid back on November 20. The Empire was planning to pay back 230,000 liras before November 1 and 190,000 liras on March 1. For the next year, 773,645 Liras would be transferred as a continuing debt.[918] Meanwhile, Mr. Helfferich's attempts at reconciliation were yielding fruit. Mr. Klapka mentioned that bons de tresor transactions amounted to 18 million liras at a 7% interest rate. Nevertheless, this money would not go directly into the treasury, as it first had to pay off the Empire's debts. If the Ottoman government first paid some shares of both its public debts and what it owed to the Ottoman PDA, then only 1.5 million liras would be left for the treasury. Cavid Bey stated that these conditions were difficult for the Sublime Porte. He also stated that while the Greeks, Serbs, and Bulgarians had finalized their loan agreements with the Great Powers, it was also strange that the Ottomans could still not get a loan despite their vast compromises. Cavid Bey informed Talat Bey that he would sign the contract with Deutsche Orient Bank to give the assur-

917 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 283-85

918 Cavid Bey, Meşrutiyet *Ruznâmesi II*, 302.

ances he had already been asked for. However, there was no way to find a few hundred thousand liras in Berlin.

Meanwhile, the negotiations with Deutsche Bank continued throughout the last week of November, 1913. On November 23, 1913, Cavid Bey attended a meeting at Deutsche Bank. Mr. Helfferich put forward an offer on the railway lines. However, this offer was not accepted, and they continued to negotiate. The most challenging negotiations concerned the prices of railway lines per km. They met on November 26 once again. Muhtar Bey, the manager of the railways, accompanied Cavid Bey to the negotiations. Deutsche Bank's new offer covered the prices for the general lines as well as the Ulukışla-Kayseri-Sivas, Ulukışla-Sivas, and Ankara-Kayseri lines. They offered two figures: on guarantees and construction prices. Helfferich's offer is shown in the table below,with interest up to December and the issues not related to the railways relatd to the current talks (*mevadd-ı müteharrike dahil olmaksızın*).

Guarantee	Price of construction	Destination of the Railways
12,380	197,000	The General Lines
11,560	185,000	Ulukışla-Kayseri-Sivas
10,310	165,000	Ulukışla-Sivas
13,430	215,000	Ankara-Kayseri[919]

Table 1.1 Deutsche Bank's offer for railway lines (November 1913).

Cavid Bey and Muhtar Bey found these prices very high according to their calculations. Moreover, Cavid Bey stated that these lines were generally easier to construct than the Sivas lines given to the French. The negotiations on prices continued without any tangible results. The Germans wanted the Rayak-Lida line, which had formerly been very

919 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 295

profitable; the negotiations froze after the Germans compared their position to that of the French. However, as Cavid Bey stated, the fiscal conditions of these agreements were very different from each other. While the Ottoman government gave the French state bonds, the stock bonds issued to the Germans could be sold at a 4.5% interest rate a few years later, which was more profitable for the Germans. When Cavid Bey spelled out these issues, even Mr. Helfferich accepted the reality of the situation. However, the negotiations with the Germans were still tenser than those with the French. The Germans raised their voices, left the room, took more breaks. However, Cavid Bey believed that there was still time to come to terms with the two groups.[920]

The German military visit to Istanbul resulted in an international crisis that affected the financial negotiations. A German commander in the Straits directly threatened Russia's interests, and for this reason, this issue also disturbed France, Russia's ally. The French daily Echo de Paris evaluated this issue as a matter concerning all of Europe on November 27, 1913. According to the French press, Istanbul, a city of capitulations and embassies, could not be protected by a German commander. According to Cavid Bey, this kind of news was published under Russian pressure from its most influential ambassador, Mr. Izvolsky. Meanwhile, even the French journalists whom Cavid Bey met in Berlin were complaining about the Russian influence over the French press, particularly Le Temps.[921]

On December 27, 1913, Cavid Bey continued negotiations with Deutsche Bank representatives, which took around four and a half hours. The German team put the Baghdad Railway project's new conditions forward. This meeting was very tense. During the meeting, the Germans once again claimed that the French had obtained tremendous benefits and that their position would cause trouble with the public. They also claimed that Britain had obtained vast concessions on navigation rights. Cavid Bey again emphasized that the benefits Germany was

920 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 294-95

921 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 312-13.

obtaining were greater than those of the French. Mr. Helfferich stated, "We want what is possible from you; but you ask impossible things from us." Cavid Bey replied, "We asked for nothing impossible from you." Mr. Helfferich left the room. Cavid Bey told Mr. Gwinner that they should carry on negotiations with relative silence and moderation: "Until today, even on the issues we disagree on, we were always friendly, and you have to do the same again, especially when you have a guest in your home." However, Helfferich returned to the room to continue the meeting. Cavid Bey comments in his diary that "it would be wiser for them if they did not tell what they told."[922] In the end, the meeting lasted until eight o'clock in the evening without any concrete results. According to Cavid Bey, what the Germans asked for was like a second Baghdad Railway contract, which he did not dare sign.

Cavid Bey received a call from Muhtar Pasha on various issues, including Bogos Nubar Pasha's arrival in Berlin. According to Muhtar Pasha, Nubar Pasha had visited the Russian ambassador before visiting Muhtar Pasha last. Nubar Pasha claimed that the Grand Vizier had accepted that the Ottoman government would choose the inspectors from among the lists of the European states. He also claimed that Cavid Bey had avoided meeting him. Cavid Bey writes in his diary that they had met once in Paris, but that after understanding that it was impossible to change his mind, he did not try to meet him. Cavid Bey thought that Nubar Pasha believed that the inspector general should stay in Istanbul. Cavid Bey found Bogos Nubar Pasha misguided in his ideas.[923] Cavid Bey sent a telegram to Talat Bey related to his concern about Nubar Pasha's claim. He also asked for further information. While dealing with these issues, Mr. Crawford sent him a telegram and asked whether he might secure a loan in Berlin. The financial situation was bleak in Istanbul. Cavid Bey was also helpless in his efforts to change the general situation in Berlin.[924]

922 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 319-25.

923 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 327.

924 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 328.

Cavid Bey met Mr. Zimmerman on November 28. What is interesting is that Zimmermann had given a note to Cavid Bey on the rise in customs duties. The Germans had accepted the increase of 4% from June 28, 1914 to December 31, 1917. They would also implement a most-favored-nation tariff on Ottoman goods. He also brought extra demands to discuss with Cavid Bey, such as the tax on sugar, the German schools, et cetera. They also requested a solution to the issues by exchanging finalized notes because they would bring these issues up in parliament. Cavid Bey also expressed his concern about the German military mission. They also discussed the Armenian issue. Cavid Bey handed him a copy of the article on the Armenian issue that had been published in Tanin and stated that it reflected public opinion. He stated that nobody could understand why Germany and Russia were standing together; understandably, Russia would delight in ruining the Empire, but why Germany?[925] An article related to Cavid Bey's position had also been published in Le Temps. The article discussed his position on the Armenian issue and the German military mission. According to Le Temps, Cavid Bey had agreed to accept a German commander but resisted the Armenian Reform Act. The French press once again escalated the situation against Cavid Bey and the Ottoman government. Cavid Bey also participated in the monthly meeting of the German-Asian Foundation. He was invited to talk with Mr. Zimmerman. He noted that he firmly defended his argument on the Armenian issue. He told Zimmerman that, if he had advocated for the Russian claims, he would move away from his moral compass. He considered that Zimmerman was trying to play for time on this issue.[926]

The negotiations in Berlin continued without any solution and with mutual threats between the parties.[927] In his letter, Rifat Pasha from Paris also complained that the Franco-German talks were prolonged, although he tried to speed them up. He was also aware that the Ottoman-

925 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 330.

926 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 331-32.

927 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 337.

German talks were not going very well. He was pessimistic about the loan for 700 million liras. Rifat Bey had consulted Cavid Bey on the preparations for the budget. The budget deficit outlined in the 1914 budget was less than that of previous years, because the military budget was two million liras lower. Nevertheless, the main problem was the increase in retirement pay. Under these conditions, Talat Bey rebuked Cavid Bey for his point of view on the purchasing of a new dreadnought, the Rio de Janeiro, which would subsequently become the Sultan Osman. Talat Bey instructed Cavid Bey to find 1 million liras because, according to him, it was meaningless to discuss the situation of the islands if they did not purchase the Rio or another dreadnought from Italy. As Heller states, the Great Powers and especially Britain, from which the Empire had purchased the dreadnoughts, were aware of the Ottoman government's intentions. For this reason, they did not change their policy regarding the islands.

> These incidents had implications in the loan processes as Mr. Parker, representing the Foreign Secretary stated "financial pressure would lead the Turks away from any adventurous foreign policy."[928]

An essential piece of information on the Armenian issue arrived via a telegram from Talat Bey. In Istanbul, a Unionist group including Talat Bey had met with Armenian deputies, the meeting including Hallaçyan Efendi, Malumyan Efendi, Varteks Efendi, Talat Bey, Halil Bey, and Mithat Şükrü Bey. They met at Halaçyan Efendi's residence until three o'clock in the morning. The Unionists tried to persuade the Armenians to make reforms without Europe's intervention. According to Talat Bey's telegram, the Unionists offered the Armenians the following conditions: The CUP would accept the Armenian community's conditions on elections, and the numbers of policemen, and officers; consultants from neutral countries would be assigned to the Eastern provinces; the Armenians would not ask for Russian assistance any more. Talat Bey agreed to give

928 Heller, *British Policy Towards the Ottoman Empire 1908-1914*, 119.

authority of governance to the consultants from the neutral states and proportional representation of Armenians on local councils as well as in the police force. He also wanted to tell the ambassadors from the Great Powers about this agreement.[929]

The conflict over the German mission exploded into the international arena. Rifat wrote a letter to Cavid Bey mentioning direct threats from M. Pichon and M. Paleologue regarding support for Italian and Austrian demands and, of course, the delaying of loans. Cavid Bey's notes are essential to understand his point of view on these matters. According to him, this was not a question of the German command of the Ottoman army but a matter of national sovereignty. Russia, which objected to the appointment of an inspector from a strong country, naturally objected to a German commander at the head of the Ottoman army. According to Cavid Bey, a German general and eight to ten Germans accompanying him did not mean that the German possessed the whole Ottoman army. He noted that these were the ideas of Izvolsky in Paris. Cavid Bey claimed that the French were linking these incidents to each other, when they were not related. Russia's pressure on France insulted the honor and dignity of his country.[930] Following this, Cavid Bey gave an interview in Le Temps in which he defended himself against the reports of his conduct. In addition to these issues, Cavid Bey's letter to Talat Bey also allows us to understand his consideration of the Great Powers. First, he mentions in it that he has some concerns about the German schools and institutions' privileges, which might result in capitulations sooner or later. Secondly, he states that he objects to the purchase of the Rio, because this would negatively affect negotiations. He also points out that there are not enough commanders in the navy. Thirdly, he points out the miscommunications between the Sublime Porte and Rifat Pasha in Paris, who is conducting negotiations on the islands. Fourthly, he asks why the Martial Court does not judge the commanders defeated in the Balkan Wars. He mentions that the German Emperor had dis-

929 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 338-41.

930 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 350-52.

missed Goltz Pasha. Fifthly, he writes that he had told Talat Bey that preparing a budget with a budget deficit was as essential as announcing the Constitutional regime. He details how his honor was damaged while asking for money in Europe. If the Empire has no budget deficit, then the tables would turn and the Europeans would be asking them for favors. Sixthly, he writes that he has asked Talat Bey whether they could give up the German mission at the expense of the Armenian Reform and the Russian delegate to the Ottoman PDA. Finally, he voices his opinion about the cabinet. According to him, it would be more appropriate to assign Enver Bey as the minister of the navy and Cemal Bey as the minister of war. He also adds that they might change all of this and make Cahit Bey a minister. After Cavid Bey's letter to Talat Bey, the French newspaper Echo de Paris published an article against the Ottoman government and claimed that the government was utilizing the German military mission in return for the Armenian Reforms, against Russia and France. As Cavid Bey envisaged, the politics of the day were defined through these bargainings. In the meantime, Cavid Bey complained about the increasing demands of the Germans. On December 2, 1913, he met Mr. Huguenin. Cavid Bey stated that he could not accept the conditions, which were much more severe than at the beginning of the negotiations. The negotiations had stalled. However, according to Cavid Bey, Huguenin was aware that there was no one else with whom they could compromise.

The French press published news about the Armenian Congress. Against the issue of the German Military Mission, they presented the Armenian issue and the Treaty of Berlin in 1878 to public opinion. Cavid Bey was angry that no Armenian from the Ottoman Empire had participated in the Congress in Paris. Cavid Bey met Zimmerman on December 4. Zimmerman told Cavid Bey that the Kaiser, prime ministry, and the ministry could not bear the losses of the Baghdad Railway project. He underlined the fact that they should find a solution. Cavid Bey informed him about the sacrifice he had made on behalf of the Ottoman government; the Germans would give up the operation and accept 3 million Liras to construct the Baghdad Railway. Cavid Bey stated that the Otto-

man government had not forgotten Germany's political and economic support for the Baghdad Railway. He asked them not to demand something unfair that would cause them to revoke the agreement. Cavid Bey expected that the Germans would demand a discount on the price of the railway. Cavid Bey told Zimmerman that he could not accept their new offer, because he had already made compromises and that none of the negotiators could do more. Cavid Bey added that he was obliged to account to the parliament and the public. As if he had not heard Cavid Bey, Zimmerman interjected that the Baghdad Railway company should make more than 10% profit. Zimmerman insisted that that issue could be solved very quickly through the German military mission. On the Armenian issue, they discussed the consequences of the Armenian Congress. Zimmerman told Cavid Bey to think of humanity and civilization. Cavid Bey gave a sharp response: "The Great Powers have benefitted from us very much. If the Great Powers, including Russia, would like to show their humanity, they can give up the benefits obtained from us. They could give us our financial independence in return for the Armenian reform." Zimmerman laughed and implied that none of the Great Powers would accept this.[931]

The French team including M. Klapka and M. Ponsü arrived in Berlin on December 5, 1913. M. Klapka informed Cavid Bey that Paris foresaw giving the Empire a loan in February or March, but unfortunately not as large a loan as expected. He said that it might be around 350 million liras. The Germans insisted on the acceptance of their new offer and on their receiving concessions from the Rayak-Lada railway, which the French had also asked for. Over the next few days, several incidents overlapped with each other. The Echo de Paris published an article on the views of the Italian delegate to the Armenian Congress, Don Dantiya. In the interview, he stated that Italy supported the reform project, and if the loan were international, Italy would insist on making the implementation of the Armenian reform conditional upon receiving the loan.

931 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 364-67.

Cavid Bey complained that the French dailies never interrogated whom they were really interviewing. Furthermore, Don Dantia had personally obtained a railway concession in Antalya, and thus he was interested in this issue because Armenians were living in the region. Cavid Bey noted his personal bias and remarked that “this is the way history is written.”

As mentioned above, Cavid Bey was under great suspicion in Berlin. M. Deloncle wanted to meet Cavid Bey in Paris, Cologne, or Frankfurt. Cavid Bey preferred to meet him in Frankfurt, because he could not go far from Berlin as the negotiations were ongoing. He met Mr. Huguenin the night before his meeting in Frankfurt. Huguenin told him that Deutsche Bank had received an anonymous call stating that "Cavid Bey is going to Frankfurt to meet a French man, do not trust him!" This unknown person informed the bank that they would follow Cavid Bey the next morning. Cavid Bey adopted a policy based on openness to all parties. He was again surprised, because he was not aware that espionage had reached this degree. He met M. Deloncle in Frankfurt on December 7, 1913. They discussed the cabinet reshuffle in France. Stephen Pichon, the minister of foreign affairs, was replaced by Gaston Doumergue. Cavid Bey emphasized that the agreement made with Pichon should still be valid. Mr. Deloncle asked for money for the French press, since the loan agreement with Perrier Bank was about to finish. Cavid Bey told him that the Ottoman government would give bonds to the journalists, but they couldnot turn them into cash before the great loan and the end of the Paris Financial Conference. Cavid Bey assessed that there had been nothing serious enough to bring him to Frankfurt for this meeting.[932]

Cavid Bey makes a note about what in our day would be termed ‘political correctness’ in his diary. In his entry on December 8, 1913, Cavid Bey notes that Talat Bey has sent a telegram to Cavid Bey asking for a correction on his article published in Paris in which he used the term “black” to describe Arabs. He says that during the Arab reform and ef-

932 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 369-72.

forts to stabilize relations with the Arabs, the government should be sensitive to this issue. In general, Cavid Bey, as a liberal person who adopted Ottomanism, had no discriminatory or racial discourse. This was the accepted way of describing people in the days before political correctness was invented.

On the same day, the government signed a loan agreement with Perrier Bank amounting to 350 million liras for 100 million francs of French treasury bonds at a net price of 80%. The bank paid the money in cash immediately. However, Rifat Bey stated in his telegram that, as Cavid Bey might have guessed, this amount would not be the remedy for the treasury's hardships.

On December 8, 1913, Cavid Bey again started a long meeting with Deutsche Bank. The main problem was that Germany wanted a profit of 12%. They also wanted a guarantee of 220,000 francs per km. Cavid Bey complained that the Germans always raised their demands because of the agreement with the French. For instance, during the meeting, Gwinner claimed that in 1909, the French had won far more concessions than Cavid Bey claimed they had. The files of the French agreements were brought into the meeting and in the end, they understood that Cavid Bey was right on his claim. Cavid Bey said they would rather shut up than confirm what he said. Although Helfferich said that the Germans were making sacrifices for the Empire, Cavid Bey said that this was not the case. He stated that he could not agree these terms, which he found harmful for his country. Cavid Bey stated that he would inform the Sublime Porte, but if they could not agree in Berlin, he would leave, and they should continue the negotiations with the Ottoman government, who could give more for political reasons. During the meeting, the Germans asked about the Empire’s large loan from Perrier Bank. Cavid Bey emphasized that, due to the delay in payment of the French loan, because of the French-German talks, they had had to borrow this sum to take care of their urgent needs.

Cavid Bey was bored and exhausted from listening to the Germans talk. He was amazed at how patient he had been at the meetings. Cavid Bey did not even respond when the meeting ended. He complained that

Germany put forward the same issues at every turn, even though the Empire rejected them every time. Cavid Bey stated that this was the first time in his life that he had witnessed such weird negotiations. He commented to Helfferich, "I hope this man who is known as the finance genius of Germany was not like this when he was young." Huguenin and even Helfferich also complained about the situation. The negotiations with the Germans were deadlocked. The Germans offered to go to arbitration. Cavid Bey responded, "If you go to the Hague, you will not get half of what I gave you." Cavid Bey stated that he would make his final offer and then would pack his bags. Huguenin asked Cavid Bey if he was still willing to accept the French formula, to which Cavid Bey agreed. However, Cavid Bey warned that ending negotiations with him did not mean ending negotiations with the government. The government may reassess the negotiations in line with its political views. In the meantime, on December 12, 1913, Hakkı Pasha had signed the agreement on navigation rights with Inchcape. As Grey envisaged, the Germans ruled the railways, and the British ruled the waves.[933]

Cavid Bey was again angry at the news in the French newspapers. L'Echo de Paris wrote that Europe should ask where its money would be spent in exchange for paying the Empire's debt and argued that Europe should control its money. Cavid Bey wrote that journalists were not honest. In addition, Le Matin argued that France should hide its money, since Turkish borrowing would negatively impact Russia. Le Temps and Figaro reported on the German military delegation in Istanbul. They wrote that Istanbul should settle this issue, not Berlin. They also criticized Cavid Bey for not resolving the issue in time. L'Echo de Paris's story was quite abrupt and personal. According to the article, General Otto Liman von Sanders was sent to Istanbul because he was not popular in Germany due to his Jewish roots. A few days later, L'Écho de Paris again published news about the German military delegation. The article asserted that Russia and France were not afraid to fight against Germany.

933 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 376-84.

Cavid Bey noted that France had not even fought with Germany over Alsace-Lorraine, so why would they raise a conflict over the German military mission?

On December 16, 1913, Cavid Bey received a telegram from Said Halim Pasha asking him to return to Istanbul immediately. Talat Bey also called him back to Istanbul. They both wanted Cavid Bey back in Istanbul to discuss the heavy fiscal burden. Cavid Bey considered that his sudden departure would harm the negotiations with the Germans. He had reached a critical decision. He decided to depart for Istanbul during the Christmas holidays, but he also asked to be told the real reasons for Talat Bey calling him back to Istanbul. He also offered to discuss the German issues in Istanbul. Though Cavid Bey informed Talat Bey that he would go to Istanbul in the Christmas holidays, Rifat Bey, the minister of finance, departed from Istanbul to meet Cavid Bey in Berlin. Cavid Bey criticized this move, because it could cause much gossip in the French press. According to Cavid Bey, Istanbul did not know what it was doing. He said that he did not expect them to make such an inappropriate decision.

Cavid Bey met Mr. Zimmerman for the last time before his departure. Overall, Cavid Bey's meetings in Berlin were inconclusive. The Germans wanted to implement the same conditions as the French, in order to improve their own circumstances. They also increased their demands in the hopes of receiving at least 10% of the profits from the Baghdad Railway. Additionally, the Empire's political issues became the most critical part of the negotiations in Berlin. Cavid Bey discussed the Armenian issue as much as financial topics. Nevertheless, they could not reach any conclusions on these matters either. Meanwhile, the French arrived in Berlin and allowed Cavid Bey to renegotiate their agreement before its ratification, although this meant that the French would increase their demands. While the Ottoman government's primary needs were rising and they were borrowing money from smaller banks at a high interest rate, the loan process and the Paris financial conference were consist-

ently postponed. Under these circumstances, Cavid Bey left Berlin on December 20, 1913, at the beginning of the Christmas holidays.[934]

4.3.9 *Field Research in Istanbul*

While Cavid Bey was preparing to return to Istanbul, he was informed that Rifat Bey would come to Berlin. However, he did not change his plans and wait for Rifat Bey. Cavid Bey wanted to meet his fellow Unionists and the members of the cabinet in Istanbul. Meanwhile, he received a telegram from Rifat Pasha informing him that the French government had decided to give loans to Russia (800 million liras), Serbia (364 million liras), and Greece (300 million liras). Cavid Bey thought that he should go to Paris directly after his stay in Istanbul. He saw no reason to return to Berlin, because the negotiations were bogged down by Germany's demands. His main apprehension was the loan issue, which affected the government's prestige both internationally and domestically. He immediately sent a telegram to M. Klapka arguing that issuing other loans before the Ottomans received their loan would harm the Ottoman Bank's honor.However, he was still not sure about going to Paris. He asked whether he should go or not to both M. Klapka and M. Bompard. If he could not obtain the loan, it would be a political failure for the CUP and Cavid Bey. However, while he was deliberating the circumstances in detail, the news about Rifat Bey travelling to Paris made him unsettled. He remarked, "This kind of an odd situation only happens in our country."[935] On his way to Istanbul, he met Fethi Bey in Sofia. Fethi Bey stated that he would prefer to see Cemal Pasha as the minister of war, and this situation must pass. Unfortunately, there are no further details on this significant issue in Cavid Bey's diary.

Cavid Bey arrived in Istanbul on December 25, 1913. These were busy times in Istanbul. In terms of domestic politics, the preparations for the elections was one of the top issues of winter 1913–1914. The

934 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 390 - 416.

935 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 416-18.

most critical issue was the representation of the Armenian, Greek, and Arab minorities in the parliament. There had been lengthy negotiations among the leaders of the minorities and the CUP leaders. Indeed, what to do with the Empire's minority subjects became the central issue of the CUP. In terms of the Greeks, the traumatic impact of the defeat in the Balkan Wars and the islands situation led to boycotts and the deportation of Greek citizens from Thrace and Anatolia. The Ottoman government pursued policies to strengthen its navy, and Europe was alarmed at the prospect of a Greco-Ottoman war. The Armenian Question had already been a significant part of the international arena since the Armenians had applied for aid from Russia in 1912.[936] Lastly, the Arabs had organized a conference on reforms in the summer of 1913 in Paris, which due to France's plans in Syria, heightened the Unionists' anxiety.

In sum, as a result of the parliamentary elections, 256 deputies were elected in 1914 during the elections held between January and April. There were 144 Turkish, 84 Arab, 14 Armenian, 13 Greek, and four Jewish deputies in the Ottoman parliament. The number of Arab deputies had increased from 68 to 84 compared to the last elections in 1912. Both the reform project and the changes in geography and population of the Balkan Wars affected this result.[937]

Another crucial issue in these days was the position of the German military mission in Istanbul. After an international crisis that lasted for a couple of months, Germany had developed a January solution that pleased each party. Kaiser Wilhelm promoted Liman von Sanders to Marshal in the Ottoman army, and he became too senior to command the First-Army Corps. Then, the Kaiser appointed von Sanders as the Inspector-General of the Army. According to Heller, in March 1914, there had been 47 officers serving in the German Military Mission, all of whom had important tasks and positions.[938]

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936 Keiser, Polatel, Schmutz, "Reform or Cataclysm? The agreement of 8February 1914 regarding the Ottoman eastern provinces, 285-304.

937 Ahmad, *Ittihat ve Terakki,1908-1914 (Jön Türkler),* 229-30.

938 Heller, *British Policy Towards The Ottoman Empire 1908-1914*, 112-16.

When he arrived in Istanbul, Cavid Bey attended a funeral for Hakkı Bey, a professor and one of his friends. Though Cavid Bey does not mention his private life or friends in his diary, he notes his sadness upon his loss. He depicts his death as a loss for the country. [939]

The next day, he notes in his diary that "political concerns were calling me to work" and pays a visit to Talat Bey. His notes concerning this meeting update us about what was happening in Istanbul in those days. One was Liman von Sanders's demotion of his title. Cavid Bey considered that attempting it would be harmful to the government's future attempts and risk the national honor. Although Talat Bey also disagreed with Rifat Bey's visit to Paris, he brushed off the topic and exclaimed, "It is already done!" This reaction was typical of Talat Bey; he acted like this when he could not or did not want to intervene. Cavid Bey did not feel comfortable with this kind of fait accompli. Nevertheless, there were many situations like this. The purchase of the dreadnought Rio was also a kind of a fait accompli according to Cavid Bey. He was anxious because he knew that France would hear about it very soon, and then the loan issue would become more difficult. He would be the one who had to untie the Gordian knot. On the Armenian issue, Talat Bey thought that they would be able to lance the boil and negotiate with the Great Powers. Talat Bey told him that the Armenians had demanded a new compromise with the government. As for the inspector question, the public needed to see that the Ottoman Empire could choose the inspectors itself. According to the recent plan, they would ask for the Great Powers' decision on the inspectors privately, and then the Ottoman government would publicly choose the inspectors and declare the names to the Great Powers. On the cabinet reshuffle, Talat Bey told him that the resignation of İzzet Pasha was certain. He knew that Fethi Bey supported Cemal Bey becoming the minister of war. However, Talat Bey added that Cemal Bey had also become a very arrogant person, hardly

939 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 418.

bearable, like Said Halim Pasha. He ended the discussion by telling Cavid Bey that Enver Bey was slated to become the minister of war.[940]

The purchase of the new battleships occupied much of Cavid Bey's time while in Istanbul. The French had heard about the Empire's plans to purchase additional dreadnoughts. On December 31, when Cavid Bey met with Mr. Nias at the Ottoman Bank, Mr. Nias had received a telegram informing him that the Ottoman government had purchased the Rio de Janeiro. According to the telegram, the French government might postpone the loan. Furthermore, the Ottoman Bank could now only give the Empire 100,000 liras with a guaranteed return. Cavid Bey became even more nervous. The European political and financial milieu feared a war between Greece and the Ottoman Empire. What was worse was that the European political circles would support Greece. Moreover, they did not want their loans to the Empire spent on war. Financial control over the Ottoman treasury had been on France's mind for a long time as, once again, they thought that such moves strengthened their argument for controlling where the money would be spent. Therefore, the Ottoman government felt obliged to reduce the budget of the ministry of war in the 1914 budget. This would be Enver Pasha's first task when he would start his position on January 4, 1914. Nevertheless, Cavid Bey continued to emphasize to the French that the dreadnought issue had arisen because Europe implemented the wrong policies toward the islands. It was the Great Powers' policies that had prompted the government to act like this. He told M. Bopp that if Europe had paid attention to the Empire's interests, then they would not have incurred hefty expenses. He wrote to the French ministry of foreign affairs that although he opposed it, he had failed to prevent the purchase of the dreadnoughts despite his hard work.[941] Cavid Bey delayed his departure from Istanbul. After the dreadnought issue, the French government wanted him to delay his departure, and he considered that agreements with the French had priority (compared to the Germans), and he should go to Paris to finish this

940 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 418-20.

941 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 430-31.

business. On the other hand, he did not want to go to Paris with doubts about the loan.

Another issue that Cavid Bey dealt with while in Istanbul was his negotiations with the Russian embassy. This time, he carried on the negotiations with Mr. Gul'kevich, chargé d'affaires. Cavid Bey frankly stated that France had a weapon in its hands, including a financial boycott against the German military mission. He claimed that his country could not exist for one year without any loan. Cavid Bey stated that he would blame Russia for any financial crisis.[942] The next day, he met Mr. de Giers and Mr. Gul'kevich together in the Russian embassy to discuss various issues such as the Armenian issue, assignment of a Russian delegate to the Ottoman PDA, and the German military mission. On the Armenian issue, they discussed the details of how the inspectors would be assigned. According to the recent negotiations, the general inspectors would be assigned by the Ottoman Empire but their identity would be negotiated privately. If a situation arose such as the vacancy of the office in the future, then Europe would assign an inspector "same contest welcome so much" (meme Concours Bienvenue tant). Cavid Bey was opposed to using the word "meme." The discussions focused on this word. Both sides insisted on their claims.

Cavid Bey invited Zöhrap Efendi and Varteks Efendi to a wedding in Tokatlıyan. He gave no further information about the wedding. They discussed the details of the reform plan concerning the officers. They offered to split the number of Muslim and non-Muslim officers fifty-fifty. Zöhrap Efendi asked Cavid Bey to transcribe the Armenians' demands.[943] Interestingly, Cavid Bey was taking charge of the Armenian issue. This situation also indicates his position as a Unionist, a civil Unionist whose intervention in domestic affairs was wider than the scholars assume. However, it is astonishing that he did not hear about the consequences of the Armenians' deportation in 1915.

942 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 420-25.

943 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 425-27.

Cavid Bey visited the Grand Vizier on December 30. He told Cavid Bey that he wanted to conclude the negotiations with the French first. According to him, the Germans would remain weak if the Ottomans signed the agreements with the French. Said Halim Pasha was concerned with the Sivas-Harput line, but Cavid Bey told him that he had no reason to be worried. Moreover, he underlined the fact that the compromise they were making was with the German government, not with Deutsche Bank. The bank could never secure these advantages by itself. He thought that if they finished the Bagdad Railway business, they could get Germany's support on the islands issue. Cavid Bey pointed out that this would help them justify the compromises they made with Germany to the public. On the islands issue, the Grand Vizier was very determined not to accept the British offer, which was leaving the islands to Greece. The Ottoman Government might wage war against Greece if they were forced to.[944]

Cavid Bey made an offer to Gul'kevich, the Russian delegate. According to his offer, the OPDA would accept the minister of finance of the Ottoman government as an equal among the other delegates, and in return, the Ottoman government would start negotiations with the syndicates for the acceptance of the Russian delegate. Gul'kevich accepted this as long as Cavid Bey would also commit to convincing the Germans that they should not demand a second delegate.

According to Cavid Bey's diaries, a problem had emerged in Enver Pasha's assignment to the ministry of war, as İzzet Pasha had changed his mind about his resignation. But Talat Bey, who supported Enver Pasha, threatened to resign on the Saturday if Said Halim Pasha could not resolve this issue. After this incident, İzzet Pasha resigned on Thursday, January 1, 1914. During the night, Cavid Bey gathered with his Unionist friends at İbrahim Bey's house. Enver Bey, Talat Bey, Halil Bey, İsmail Bey, and Mithat Bey were all at the meeting. Cemal Bey insisted on promoting Enver Bey to brigadier-general. However, although they all

944 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 428-29.

agreed on this promotion, it was not certain. Cavid Bey was hopeful about Enver. He noted in his diary that he had great ambition and excitement and hoped that he would do a great job.[945]

The French government sent Cavid Bey a message that it was not the right time to go to Paris, because the government was busy with complex issues such as the Aegean islands, the German military issue, and the French agreement signed with the previous government. The message was sent by the new prime minister, Gaston Doumergue, who entered the office on December 9, 1913. Though the fiscal situation was in hardship, the Ottoman government and Cavid Bey insisted on the return of Midilli (Lesbos) and Sakız (Chios) to the Empire.

Cavid Bey continued to work on the text of the reform act. Meanwhile, the French press wrote about the dreadnoughts issue. Le Temps and L'Echo de Paris published articles criticizing the Ottoman government. Cavid Bey also criticized the government for its purchase of all of the dreadnoughts and for not leaving any for Greece. Moreover, battleships, motor torpedo boats, et cetera, were not included in the navy's budget. This attitude toward spending could lead the Empire into bankruptcy.

As mentioned above, Enver Bey's promotion was not concrete yet. Enver Bey moved against Ahmet İzzet Pasha, who resisted the call to resign. According to the news in Tanin, İzzet Pasha, the minister of war, had resigned, and Enver Bey would replace him. Izzet Pasha commented that he was forced to resign under these circumstances.[946] Cavid Bey was hopeful about Enver Bey's new position and notes in his diary that "He is like an iron hand, which would force most rebels to leave or obey."[947]

During the final days of his stay in Istanbul, Cavid Bey continued his negotiations with different parties. The most exciting and unpredictable moves came from Russia. Russia wanted to voice its approval of the tar-

945 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 432-34.

946 Turfan, *Rise of the Young Turks: Politics, the Military and Ottoman Collapse*, 531.

947 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 434-36.

iff agreements contingent upon receiving a Russian representative in the OPDA. Cavid Bey disapproved of associating these two issues. According to him, the Ottoman PDA was under the control of the debtors rather than the states. For this reason, it was not reasonable to agree with Russia on such an issue. The Russians tried to force Cavid Bey by every means to get what they wanted. However, Cavid Bey tried to reconcile with them, because he wanted to come to an agreement with the Russians before his departure. During his visit to Gul'kevich, Cavid Bey talked to him about the Armenian issue and claimed that Russia's Armenia policy was deprived of humanity and the laws of civilization. Gul'kevich asserted that Russia wanted to protect the Armenians, but they also wanted to forestall railway construction in the region. According to Cavid Bey, if Russia left the stage, the Ottoman government could come to an agreement with the Armenians.

On the evening of January 6, 1914, Said Halim Pasha organized a meeting in which Talat Bey, Enver Pasha, Halil Bey, Mahmud Pasha, Rifat Bey, and Cavid Bey came together. First, they discussed the issue of the budget, which the cabinet would present in the chamber after its opening. Cavid Bey did not take this meeting seriously and thought that they had decreased the military budget by two million liras for no reason. He openly expressed his idea at the meeting. They decided that Cavid Bey should leave for Paris as soon as possible. Regarding the Syrian railways, if the French insisted on receiving concessions from the Haifa-Rayak and Lida-Beirut-Şam lines, the government would grant the concessions of these lines to France, expect for Haifa. Cavid Bey stated that he did not care about Germany's reaction to the French agreement.

After this meeting, he paid a visit to M. Bopp. He told him about the reduced military budget. It was vital that he finalize the loan in March, in order to prepare a proper budget for the next year. His aim in Paris was to take care of the unsettled issues and obtain the loan. M. Bopp asked him to postpone his departure due to the change in public opinion toward the Ottoman government following recent developments. Cavid Bey stated that he should go to Paris before Berlin; otherwise, the German agreement would cost them a lot. He stated that the cabinet

wanted him to be the minister of finance, but he preferred to take office after the loan agreement. In terms of the political situation, Cavid Bey was persistent on the islands issue and insisted that the dreadnoughts were necessary for the defense of the islands. He stated that "they (the Empire) cannot live without the islands" and that they did not need money to fight. The Ottoman navy would be stronger than the Greek navy.[948] As we might see, Cavid Bey's discourse in international discussions is not so different from Talat Bey's, although he often disagreed with him and got angry with him in private. Nevertheless, when it came to international negotiations, Cavid Bey always followed the government's discourse and that of the CUP.

Cavid Bey made his farewell courtesy visits, including to the sultan, Mecid Efendi, and the ambassadors, before his departure. He also visited Gul'kevich, who again pushed him on the issue of the Russian delegates to the Ottoman PDA. Though Cavid Bey tried to compromise and come to terms with Russia, they insisted on associating the issue with the tariffs. They also asked the Ottoman government to negotiate with the syndicates on behalf of the Russians. On the Armenian issue, he was against the community's authority to collect taxes on their own behalf. M. De Giers accused the Ottoman Empire of not satisfying the Armenians; Cavid Bey responded that their Armenian policy was relatively new and that it was a consequence of Russia's Caucasus policies. The Russians were not in compliance with Ottoman policies. The Russian ambassador did not even pay a courtesy visit to Enver Pasha to congratulate him according to diplomatic customs. Cavid Bey complained that for the last year, Russia had hampered the Empire's growth more than any other Great Power. He added that Turkey would not be divided into pieces easily; if so, Russia could not take the lion's share. De Giers replied that Istanbul should belong to the Ottomans, not one of the Great Powers. Cavid Bey responded that such a thing could happen only after a world war.

948 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 436-41.

According to Cavid Bey's diary, on January 10, Enver Pasha sent a message to the ambassadors about the reduction in the military budget. Moreover, he informed the Great Powers that they were neutral and open to taking orders from all countries for the army. Before leaving Istanbul, Cavid Bey paid a visit to Mecid Efendi and met Burhaneddin Efendi there. The latter was the husband of Cavid Bey's future wife. Burhaneddin Efendi was the son of Abdulhamid II. He was married to Aliye Hanım, and they had a son named Osman Ertuğrul. Cavid Bey writes that Burhaneddin Efendi "left a great first impression on us with his smart eyes."[949]

4.3.10 *The Public Debt, 1914*

On January 13, 1914, Cavid Bey departed for Paris. While he was on his way, the Kaiser promoted Liman von Sanders to marshal, and he became general inspector instead of the First Army commander. Cavid Bey arrived in Paris with one less issue weighing on his shoulders — though new surprises were awaiting him in Paris.

Cavid Bey had his first meeting with the representatives of the Ottoman Bank in Paris. From his first day in Paris, Cavid Bey remarked that he saw no light at the end of the tunnel of the Paris loan process. The French government continued to postpone the loan issue.[950] A letter came from Deutsche Bank addressed to both Cavid Bey and the Ottoman Bank. The bank threatened that if the Ottomans rejected the agreement, the results would be catastrophic. There were five main issues that Cavid Bey would address while in Paris: the negative impact of the German military delegation on French public opinion, the Armenian reform project, the Russian delegate to the OPDA, the Aegean islands issue, and the Paris Financial Conference. However, new issues and problems would be added to this by the French. In 1914, the French stood against Cavid Bey, with new demands in return for the loan.

949 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 442-47.

950 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 450-52.

Cavid Bey met M. Doumergue, the French prime minister, for the first time. This meeting was his first official talks with the French government. They spoke on several issues, covering the current agendas of the Ottoman Empire and Europe. However, in Paris, the loan, the Aegean islands, Italian demands, and France's new demands come to the fore. As Cavid Bey told Mr. Doumergue regarding the islands issue — which he would continue to tell representatives of the Great Powers until the end — he thought that Europe's decisions were working against the interests of the Ottoman Empire. These decisions had paved the way for Ottoman-Bulgarian cooperation. He noted that while they protested Europe's decisions, this protest would not be a declaration of war. Doumergue said that the Ottoman government's purchase of a warship had fostered a negative opinion of the Empire in France. Cavid Bey said that the issue of the islands had also caused turmoil within Ottoman public opinion. He added that if the Ottoman government did not buy the ships, the Greek government would buy them. Cavid Bey's impression after this first meeting was that the French government would not give the loan quickly. During his visit to Paris, Cavid Bey met a lot of people from various circles, including Gaston Doumergue, George Clemenceau, and Sir Thomas Barclay, a British liberal politician. They all believed that the islands would not be returned to the Ottoman Empire.

Cavid Bey negotiated with the French about the Ottoman debt. In the meeting with Steeg and Weil, the date of the loan and its use were discussed. Cavid Bey stated that the loan would be spent on state affairs such as the civil servants' salaries. The expenditure of the loan would be covered by the Ottoman Bank. Weil noted that the French government should approve where this loan would be used. Cavid Bey objected to this claim and said that such views, which offended the Ottoman government, should not be challenged by the French government. Count Vitali stated that the French government might loan the Ottomans 400 million liras, as long as it does not spend it on a war. However, Cavid Bey

aimed to borrow 700 million liras, although it may be divided into two installments.[951]

Cavid Bey met another critical person in the French government, M. Joseph Caillaux, the finance minister, on January 20, 1913. They discussed almost every issue related to the relations between Europe and the Ottoman Empire. On the islands issue, they discussed the mutual claims to the land. However, Cavid Bey added that the loss of the islands would mean the end of the government, which would cause anarchy and would not positively impact Europe. On economic issues, it seemed that the French would ask for new concessions. The Russian delegate to the Ottoman PDA was still a hot-button issue, but none of the related states seemed to agree on the issue. Cavid Bey also asked for French officers to work in the Ottoman ministry of finance for consultation purposes. Lastly, he underlined the fact that he would be in the ministry of finance once again very soon, and for this reason, he would have to return to Istanbul. He asked to set the date of the next meeting soon — too soon to finish off the negotiations and obtain the loan. This process would take longer than he expected. After this meeting, Cavid Bey sent a telegram to Talat Bey asking him to avoid purchasing a gunboat. Cavid Bey continued to participate in luncheons or dinners given by various people, both men and women. He met French politicians and intellectuals on occasion. He noted in his diary, however, that he started to be afraid of these kinds of invitations because, at the end of conversations, the price issue might come up. He was also afraid of being questioned about Ottoman inclinations toward the Germans. He repeated his classic lines: that the Ottomans' frustrations were based on the French governments' wrongful policies and diplomacy, especially during the 1910 loan operation. However, of course, it is natural to ask why he accepted these invitations. First of all, the person who invited him was always a member of the French political or financial milieu. During these occasions, prominent figures from the French and European political and financial mi-

951 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 452-61

lieux came together. Cavid Bey had the chance to meet both his counterparts and other stakeholders, and he often found himself defending the Ottoman Empire against French propaganda.

Cavid Bey met Eleftherios Venizelos, the prime minister of Greece, in Paris on January 24, 1914. Sir Thomas Barclay, a British liberal politician whom Cavid Bey had met in Paris, arranged the meeting. Venizelos said that the islands were important to Greece, but that they did not have any ambitions on the Anatolian coast and certainly did not want to be neighbors with Russia. Cavid Bey said that the islands were essential because of their population, breadth, and political impact. He underlined the fact that the Greeks in Anatolia would believe the Greek propaganda. Cavid Bey stated that, due to the islands issue, the Ottoman government was obliged to cooperate with Bulgaria. Venizelos said that the Greeks had never coveted the Anatolian Coast. If a government that did came into power, it would be a disaster for Greece, because the Ottomans would win, he said. He said that the Greeks in Anatolia and the Turks in Macedonia should be exchanged; a commission should be established to appreciate the value of the real estate in both countries, and such an operation should be started, which would last five to ten years. Cavid Bey responded that the islands should be under Ottoman control. According to Venizelos, Enver Pasha was an adventurer, but Talat Bey and Cavid Bey were the Empire's aspiring young minds. Cavid Bey also mentioned the complaints of the Ottomans living in Selanik and their negative impact on Istanbul. Cavid Bey's impression of Venizelos is that he was a man who had acquired the temperament of a Greek or Albanian "millet" like himself. He was smart but not arrogant like the other Greeks.

Cavid Bey received a telegram from Rifat Bey in Istanbul. For 12 weeks, the civil contractors had not received any money. He wanted Cavid Bey to get an advance on the loan. Cavid Bey complained that Istanbul did not understand the seriousness of the work in Paris.

Cavid Bey was to carry out negotiations with M. Margerie. According to Cavid Bey's diary, M. Margerie was very cool during the talks. He did not panic or show any anger despite Cavid Bey's threats not to leave

Paris until the loan was given. On the contrary, he asked for more at each step. At last, due to the need for money, Cavid Bey had to accept his demands. However, there was a government crisis in France, and Cavid Bey had to wait until it was over.

After several meetings with French statesmen, Cavid Bey hoped that he would be able to secure a loan amounting to 700 million liras in February. More realistically, he wrote that he hoped that they could get 500 million liras in April, which would fulfill most of the Ottoman government's needs.[952]

Cavid Bey met Wilhelm von Schoen, the German ambassador in Paris for the Franco-German talks. The Germans asked the French not to sign the agreement with Cavid Bey before they had finalized theirs. The most controversial topics in these negotiations were the Sivas-Harput-Ergani and Halep-Maskanah railway lines. Cavid Bey always claimed that the Germans had no right to the Sivas-Harput-Ergani lines, and if they wished, they could submit the issue to arbitration. On the Halep-Maskanah line, the contract to give the French priority had already been signed. Cavid Bey always asserted that Deutsche Bank's conditions were burdensome. For this reason, he first preferred to finalize the contracts with the French. On the other hand, as previously told to the Deutsche Bank representatives, due to French investments in railways from long ago, he considered that the French had received greater benefits from the railways. The Germans suggested that the Ottoman government should give orders for military equipment to Germany instead of France. These orders would be the last step before a significant loan. France's last condition would counter this: the French wanted the Ottoman government to purchase military equipment from France with the money they lent to it. However, in return, Istanbul sent him telegrams mentioning the urgent need for money for both the army and the country.

France asked the Ottoman government to respond to the Great Powers' note on the islands without protesting. They invited the Great Pow-

952 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 469-83.

ers to find a solution to the issue. They should mention that they would never threaten the peace in Europe. Cavid Bey conveyed this message to Said Halim Pasha.[953]On the one hand, such a solution was vital for the loan because, as mentioned above, one of France's concerns was that the Ottoman government should not spend the money on war with Greece. On the other hand, though the Great Powers were asking the Ottoman government not to protest, they felt obliged to protest to some extent. Otherwise, there would be massive domestic opposition to the government. Moreover, the Ottomans also deeply cared about the islands issue. Cavid Bey always tried to fully depict the picture from a Unionist perspective to the French and German state representatives. He also optimistically added that, in the future, the Ottomans and Greeks would be friends. Although France was afraid of a war between the Ottomans and Greeks, they had still asked the Ottomans to buy military equipment from them. It was one of the dilemmas for the French. In the meantime, the Sublime Porte carried out talks on military orders with Krupp, the German industrial giant. Cavid Bey met Jean Herriot and stated that the Ottoman government did not understand why France was postponing the loan issue. Therefore, the Ottomans needed to seek temporary solutions. During a dinner at the Ottoman embassy, the controversy of the French cabinet was discussed among the guests. Raymond Poincaré, the French president, stated that France needed to be one hundred percent sure that the loan would not be spent on war. Cavid Bey responded to Poincaré that, "there is no need to provide money for war; we are used to fighting without money." Cavid Bey tried to secure the first part of the loan for April.[954]After the Krupp crisis, news about the seizure of customs was heard, which was a part of the Sublime Porte's policies to push the French for the loan.

Cavid Bey paid a visit to Georges Clemenceau, the prominent French politician and president. Cavid Bey found him very fit despite his age (He was 73 years old in 1914). They discussed the islands and the loan

953 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 484-88.

954 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 493-500.

issue. The Great Powers' note and the loan overlapped with each other. Clemenceau stated that the Cretan policy toward the Ottoman government was so misguided that it led Greece to ally with other Balkan states. He also accused the Ottoman government of seeking German support. Cavid Bey responded to him that this was France's fault, especially on issues such as the Baghdad Railway and the 1910 loan operation. The best and most enjoyable part of the conversation was at the end. Clemenceau stated that "it (supporting Greeece) is related to the knowledge and civilization accumulated for thousands of years." Cavid Bey asked him about the connection between the Ancient Greeks and the contemporary Anatolian Greeks. Clemenceau responded, "If the Greeks do not like their ancestors, this is all because of the Turks!" Cavid Bey's impression was that he would not change his mind. Clemenceau did not have complex and deep thoughts. Cavid Bey discerned that even the newspapers had influenced this great man.[955]

On February 8, 1914, Said Halim Pasha and the Russian diplomat Konstantin Gul'kevich signed the Armenian Reform Act. Due to the German intervention, the reform act was quite different from Mandelstam's plan. Unlike the first plan, the plan envisaged two sectors and two inspector-generals. A census would be held in the two sectors to enable a proportional representation between Christians and Muslims. The inspector-generals would be chosen by Europe, mainly from neutral countries, after the parties had signed the treaty. Except for the Armenians, none of the other communities were satisfied. The Kurds, who had lost their political position in the region, started riots in Bitlis in the spring of 1914. On April 2, two inspector-generals were chosen from then neutral countries. The Porte chose Mr. Louis C. Westenek (Dutch) and Nicolai Hoff (Norwegian). However, when they arrived in Istanbul, they faced many obstacles that emerged mainly due to Talat Bey. Though Mr. Westenek was able to reach the Eastern provinces, Mr. Hoff could not arrive in the region. Due to the outbreak of the Great War, the

955 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 507-9.

inspector-generals had to leave their home posts and departed for their home countries. On December 31, 1914, the Ottoman government announced that the Reform Act was invalid.[956]

The Ottoman government tried to obtain 250,000 liras from the Ottoman Bank and the Ottoman PDA.[957] Nevertheless, later on, Mr. Sergant from IOB stated that the Ottoman Bank could not loan this amount of money. Cavid Bey noted in his diary that "even my unbreakable courage is shaken."[958]

Cavid Bey asked Talat Bey to send a note to Russia on the islands. The next day he read the details of the note in the papers. The Ottoman government did not even wait 24 hours, and submitted a response before the Greeks. They did not consider that the solution to the issue must be foundby peaceful means. Cavid Bey criticized the government for their undue haste: “In places that need to be rushed, they walk with fortitude, and in places that come to save time, they rush.” He met M. Margerie with Rifat Pasha in Paris. The Franco-German agreement was finalized and initialed. This development was in accordance with Germany's wishes, and they finalized it before the Franco-Ottoman talks. Cavid Bey asked Margerie for a copy of the agreement because there were words and sentences that needed to be amended. Margerie told Cavid Bey that France had a new list of demands spanning several pages. Cavid Bey, on the other hand, said that the loan should be issued in April before discussing the demands. "This is in the hands of Caillaux," Margerie said, adding that the Afula-Jerusalem railway line was particularly important to him. Margerie also said that among the new demands there were more serious things. This situation annoyed Cavid Bey.

Cavid Bey wrote to Talat Bey telling him that the government had put them in a difficult position. Rifat Pasha and he himself had guaran-

956 Hans-Lukas Kieser et al, Reform or Catalyscm? The agreement of 8 February 1914 regarding the Ottoman eastern provinces.”, 295, Kieser, *alaat Pasha: Father of Modern Turkey, Architect of Genocide*, 298-299.

957 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 510-13.

958 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 515-16.

teed the French government that there would be peace. He asked why they had responded so quickly without waiting for the Greeks' answer. The Greeks would now take advantage of this and extend the issue by giving a cautious response, which would hurt us, he said. Meanwhile, Talat Bey informed Cavid Bey that they would get a loan for Edirne, and they would choose the loan option from the bank of M. Doumergue, though the conditions were worse than the others. Nevertheless, he was the prime minister of France and they preferred to give this business to his bank. In response, Cavid Bey disagreed with accepting a loan from Doumergue's bank. Their prices, including subscription prices, were very high. In the end, Talat Bey postponed this loan. Meanwhile, Cavid Bey wrote to Talat Bey about his next step: to Istanbul or Berlin? He did not want to leave Paris for Berlin before the beginning of the loan negotiations. He also did not want to spend his time with Mr. Helfferich. In terms of the diplomatic note on the islands, Talat Bey informed Cavid Bey that though they had tried to solve the problem through peaceful means, he and Enver Pasha revised the note considering public opinion. He agreed that perhaps they should not have rushed into submitting the response.[959]

Cavid Bey heard that Britain and Germany had come to terms over navigation rights on the Euphrates and the Baghdad Railway. However, there was still no agreement on the İzmir-Aydın line and Anatolian railway companies. The merger of the two railway lines was being discussed, but there was still no apparent result. Cavid Bey met M. Doumergue to discuss the islands issue and the upcoming loan. M. Doumergue mentioned his disappointment about the note, and he asked Tanin to publish an article in favor of “peaceful means” to solve the islands issue. Doumergue asked about the concessions on the Afula-Jerusalem and Haifa railway lines. In terms of Hedjaz, Cavid Bey stated that they could not hurt the feelings of the Muslims. Faced with new concessions, Cavid Bey frankly stated that the Empire had nothing left

959 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 518-21.

to give. The new demands that were added to the agreement that was finalized in the previous September had put him at a disadvantage. The parliament would not ratify the agreement before receiving the loan. Therefore, the loan should be provided in April. Moreover, the Greek loan should be awarded after the Ottoman loan.[960]

As mentioned above, Cavid Bey followed the Anglo-Ottoman talks carried out by Hakkı Pasha in London. They were currently discussing the oil monopolies in Mesopotamia. He did not seem to approve of British participation in the oil monopoly. Hakkı Pasha also asked Cavid Bey's opinion on the navigation issue. Meanwhile, Said Halim Pasha asked for Cavid Bey's assistance on the appointment of a Russian delegate to the Ottoman PDA: although Germany was opposed to the idea, Russia insisted on it. Cavid Bey noted the importance of this issue. He responded that the signing of the agreements with the other Great Powers could solve the Russian delegate issue.

Another hot-button issue before the Great War was the Italian demands in Antalya. The Italians offered to leave the islands in return for concessions around Antalya. Talat Bey asked for Cavid Bey's opinion on the issue. Meanwhile, the French-German agreement was signed officially between Mr. Sergant, M. Ponsu, and Mr. Rosenberg. This agreement bound both states and their financial corporations. In sum, it had both a political and financial meaning. Cavid Bey discussed this with Count Vitali, who followed up the railway issue on behalf of the French government. Vitali did not think that the contract was disadvantageous for France. According to Vitali: The Germans declare that they would demand the Halep-Iskenderun and Magreb railway lines from the Ottoman government; the Germans state that they consider asking for concessions on the Halep-Maskanah line, and for the line that merges it with the Baghdad Railway. The French demand a new line that merges at the basin of Humus-Deir Ez-Zor and the Euphrates and Baghdad Railway. For each line, both parties want to preserve a region of 60 km.

960 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 524-28.

Cavid Bey heard that the Italians had asked for concessions in return for their occupation and public works investments on the island of Rhodes. Meanwhile, Britain put pressure on Italy to evacuate the islands by March 31. For this reason, Italy had tried to obtain concessions up until that day.[961] Cavid Bey sent a telegram to Talat Bey asking him to demand the return of the islands from Italy at the end of March. Mr. Ponsu visited Cavid Bey and informed him about the details of the French-German agreement on February 15, 1914.[962][963] After he read the articles of the agreement, Cavid Bey thanked him, because the agreement, especially the financial aspect, was in line with Ottoman interests. Though Cavid Bey was pleased about the conclusion, Mark Sykes was quite critical of the agreement.

961 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 528-31.

962 In sum, the agreement determined that Northern Anatolia would be part of the French sphere of influence, and the railways in the region would merge with the Baghdad Railway; Zonguldak dock would be built; and the regions through which the Baghdad Railway passes were accepted as the German sphere of influence. In Syria, a French sphere of influence would be established. Yerasmios, *Az Gelişmişlik Sürecinde Türkiye 2 - Tanzimattan I. Salt Dünya Savaşına*, 1102.

963 Several bilateral Franco-German talks were held throughout the early 1910s. They were among the most highly contested bilateral debates in Europe at the time. After several gatherings in different cities attended by various officers, German Chancellor Bethman-Hollweg and Kaiser Wilhelm II finally appeared in one of the conferences. The chancellor's direct speech particularly impressed the old French diplomats such as Jules Cambon, and France modified its demands. As a result, France had won the right to construct the Hama-Halep and Trablusgarp-Homs lines. In return, Germany took much of the French railway network in the Black Sea Region and agreed to eliminate industrial zones. France was disappointed that it did not obtain the link to the sea from the Hama-Halep line and a northward extension. Furthermore, in 1914, France loaned the Ottoman Empire a large industrial and military order of artillery, submarines, and destroyers. These were given to offset German control of the Baghdad Railway, which enabled Germany to control the route in Northern Syria and its link to the sea in Alexandretta and its port built by the Germans. Bruce L. Fulton, "France and the End of the Ottoman Empire," in *The Great Powers and the End of the Ottoman Empire*, ed. Marian Kent (London: Frank Cass, 2005), 137-54.

> Mark Sykes made a speech in the British Parliament, stating, "the concessions obtained from Turkey means the foundation of a French monopoly in Syria by all means."[964]

By 1914, the foreign debts of the Ottoman state had reached 160 million British pounds. The Ottoman state was again in a serious financial crisis, and it became necessary to find new loans in order to pay the principal and interest on the old loans. For this reason, the Unionist government tried to take advantage of the competition between Germany and France to sell new bonds and find new loans in the European financial markets. However, this also meant that they were forced to make new concessions to the European states for each new loan. France was the top country from which the Ottoman government sought to obtain a loan and, in return, extend concessions. As Özdemir sums up, in 1914, the largest private foreign capital investment in the Ottoman Empire was owned by the French. Overall, the French held a 53.5% share of total private capital in the Empire. The Germans held a 32.7% share of total private capital and the British a 13.7% share. The foreign powers placed the largest share of their investments in railways, due to the assurances on projected collateral per kilometer. Approximately 93.4% of German investments in the Ottoman Empire were in railways. The large majority of French investments, approximately 75%, were made in either railways or ports. Mines were also a significant area of investment, attracting 3.7 million lira in investments in 1914, with the French holding the greatest share in mining investments.[965]

Cavid Bey met M. Margerie to discuss the new demands of the French government before the loan agreement. The list covered 13 articles and their subsections. Cavid Bey was opposed to the following articles: a French manager for the Hedjaz railway; merging the Rayak-Ramle line with the Şam-Hama line; the new lines to the south of Haifa-Der'a; building railway lines, İzmir-Kasaba-Afyonkarahisar in the south,

964 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire,* 151.

965 Özdemir, *Osmanlı Devleti Dış Borçları: 1854-1954 Döneminde Yüzyıl Süren Cendere* 130-31.

Anatolia and Bursa-Mudanya in the east, Marmara and Çanakkale in the north, and the Aegean islands (*Cezayir-i Bahr-i Sefid*) in the west. Cavid Bey stated that they could not accept these conditions, because it meant dividing the country into pieces. The Ottoman government needed room to act, and this would trigger the feeling of partition of the country.[966]

Margerie listed the demands covering the Çukurova issue, the extension of the İzmir-Kasaba railway line and the companies dealing with the port of İzmir, Taksim land and barracks, oil concessions, et cetera. Cavid Bey stated that he would check the list of demands but asked for a specific date for the loan. Cavid Bey objected to the use of the market shrinkage argument to further delay the loan, especially while the French had already approved loans to other countries. He stressed that the loan was between the Ottoman and French markets, not the French government. Cavid Bey pointed out the excessiveness of the French demands, which left nothing for the Empire to give in the future. He stated that France should also declare that it would not ask for anything in return for future loans. Of course, Margerie objected to this point. The next day, Cavid Bey sent telegrams to Mr. Crawford, Talat Bey, Said Halim Pasha, and Rifat Bey to get information about France's demands over each article.

On February 24, Cavid Bey formally began the negotiations with M. Margerie. They discussed the same conditions, including removing the rise in customs duties, the implementation of the octroi and consumption tax, and the date and amount of the loan apart from the new demands. M. Klapka brought the draft of the loan contract, but some articles were absent or changed, such as those relating to the collection of customs by the Ottoman PDA officers. In the meantime, Talat Bey sent a telegram to Cavid Bey that there was almost no money in Istanbul. He asked about the French demands and wanted Cavid Bey to return to Istanbul. Cavid Bey informed Istanbul about the contents of the articles, according to the briefing he had received from the cabinet. This includ-

966 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 541-44.

ed the extension of the Afula-Jerusalem railway line to Nablus and French ownership of the Hums-Deir ez-Zor line, if the Ottoman government could not build the line. Cavid Bey also disapproved of the offer related to the İzmir-Çanakkale-Havsa line and rejected the oil concessions. The French also insisted on new conditions such as on building the port of Haifa; new lines from the Hicaz line to the Mediterranean and to the East between Rayak Ramle and Homs-Ma'an; in the allocation of lines to the French with an extension. The French insisted that they needed engineers in the field and thus the French government would like to appoint the manager of the Hedjaz line.

Count Vitali gave a speech in the ministry of foreign affairs. When Vitali insisted on the date of the loan, the officers in the ministry stated that "Cavid Bey will finally go from here to Berlin, where he will find enough money to manage Turkey for three or four months, and then he will apply to us again." Cavid Bey notes in his diary that he doubted the sincerity of these words. He considers that they verbalized these bitter words about him only to observe the impact on him. Cavid Bey stated that he could not stay in Paris for more than one week and needed a specific answer from the government immediately after the cabinet meeting. He insisted on obtaining the loan at the beginning of April. Nevertheless, he felt bored under those circumstances. He told Vitali, "You think that the Turks are good and naïve people who are ready for everything; you are mistaken."

He received a telegram concerning the budget for 1914. The state's total debt was 7.2 million liras. The budget deficit was around 1.5 million liras. After Cavid Bey met with Count Vitali, the French gave the green light for the Ottoman loan and asked Cavid Bey to apply to the Ottoman Bank.[967] However, France was still concerned about the Ottomans spending the money on arms and ordering British dreadnoughts; they still wanted to sell military ammunition to the Ottomans. This situation was especially evident during Cavid Bey's second trip to Paris.

967 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 561-63.

Cavid Bey met M. Margerie to discuss the details of the Franco-Ottoman agreement. Cavid Bey made changes to several articles. For example, Cavid Bey rejected concessions related to the merger of the İzmir-Kasaba and Mudanya-Bursa railway lines, because it was against the Ottoman government's freedom of action. He stated that the government would give the concession to whomever they chose but could not bound themselves until that day. He reminded Margerie that all of these concessions and the conditions of the loan still needed to be ratified by the cabinet and the sultan in Istanbul. Several other negotiations continued, which was not easy for Cavid Bey, especially under pressure from Istanbul.

Meanwhile, there were some exciting developments. Rifat Pasha conveyed an unofficial statement, perhaps only gossip, to Cavid Bey. According to the gossip he had heard, Cavid Bey was less powerful in Istanbul compared to previous times. Cavid Bey was skeptical about Cemal Pasha as the source of the gossip, as he might be strengthening his own position. Nevertheless, Rifat Pasha did not reveal his source. During the negotiations, M. Margerie showed Cavid Bey a copy of Mechroutiette, the newspaper of Şerif Pasha, which would publish his private letter to Talat Bey on the Russian policy and the threat of Mr. de Giers. According to Margerie, the letter was stolen in Istanbul. Cavid Bey warned Talat Bey that someone around him was stealing his documents. Cavid Bey continued the negotiations on the French contract. They also discussed other issues such as the implementation of the customs duties. At last, they agreed to start the implementation of the duties two months after the agreement entered into force. Cavid Bey wanted the commercial agreement to be subject to "general law." However, Margerie hesitated on this issue. There were also ambiguous issues such as the registration of French imports. In terms of the loan, Cavid Bey stated that it was a crucial and vital issue for the Ottoman government. M. Klapka brought the draft of the loan agreement. Cavid Bey revised this and asked for 800 million Liras. The first part would amount to 500 million and the second 300 million. The net price of the loan was 94.50% but what the Ottoman government would get was 85%. Cavid Bey

claimed that this margin was worse than the Serbian margin. He wanted to renegotiate it. The French government wanted the Ottoman Empire to purchase military equipment from France. Cavid Bey claimed that since they had decreased the ministry of war's budget, it was not possible to give them this new order. Cavid Bey stated, "I have to solve the budget deficit; I dedicated myself to this aim." He complained that the French were adding new items to the list each day.[968]

This was a stressful period for Cavid Bey. An expected but sudden incident added another responsibility on his shoulders. On March 12, 1914, Talat Bey sent him a telegram that Rifat Bey had resigned due to health problems and Cavid Bey had become the minister of finance. Cavid Bey considered that Rifat Bey had not resigned due to his health conditions but because of pressure from Talat Bey and Enver Pasha.[969]Nevertheless, Rifat Bey did not send a message to congratulate him. Cavid Bey received congratulatory messages from the French officers. In return, Cavid Bey stated that he had to return to Istanbul due to his new position.[970] Talat Bey stated that they would wait for Cavid Bey's arrival to open the parliament. In the meantime, he continued the negotiations, but there were still many points that remained ambiguous including the military orders, the docks in Istanbul, and most importantly, the İzmir-Çanakkale railway line. Cavid Bey did not want to give any concessions because otherwise they would be condemned to the companies' will. On the other hand, France tried to delay the loan as long as possible, although Cavid Bey insisted on receiving it in April.Talat Bey asked him to return to Istanbul because being a deputy was a weighty responsibility. Meanwhile, Cavid Bey heard that Armstrong had pre-

968 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 574-600.

969 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 602-04.

970 İ___DUIT___00008_000095_001_001
According to the decree of the sultan, due to Rifat Bey's resignation from the ministry of finance, Cavid Bey, the ex-minister of finance, was appointed to the office. However, until he arrives in Istanbul, Talat Bey, the minister of domestic affairs, would be the deputy minister of finance. 10 March 1914. The Grand Vizier, Mehmed Said.

vented the delivery of the battleship Sultan Osman. According to Arif Bey, the president of war in the ministry of navy stated that this was most probably on orders from the British government.[971]

Cavid Bey's diaries are not available for several months after March 13, 1914. The notebooks covering the period between March 13, 1914, and August 1, 1914 (notebook numbers: 8-114-23) are lost, according to the Türk Tarih Kurumu (Turkish Historical Society). According to the Ottoman archives, on April 11, 1914, a decree-law authorized a loan agreement amounting to 35.2 million liras. The interest rate on the loan was 5%. Cavid Bey was authorized by the Council of Ministers to sign and exchange the agreement. He signed the final version of the Ottoman-French agreement on April 9, 1914.[972][973][974]The 1914 loan is the

971 Cavid Bey, Meşrutiyet *Ruznâmesi II,* 606-12.

972 Düstur, Tertib-i Sani, Vol 6, p: 351. "A degree Law on the Loan of 35,200 Liras." Sağlam, M. H.2011. II. Tertip Düstûr Kılavuzu. Osmanlı Devleti Mevzûatı (1908-1922), Istanbul: Tarih Vakfı Yurt Yayınları, p: 186. Bayur, II/III, 431.

973 I__DUIT___00188_000005_001_001
"From the ministry of war to the Grand vizier. The loan of 1914 amounts to 35 million two hundred thousand with a 5% interest rate.
The degree related to the first installment of the loan amounts to twenty-two million Liras issued on April 15 April 1914…"

974 According to Bayur, the General Agreement's significant articles are as follows:
"On customs duties: 1- The French government agrees to an indefinite continuation of the 3 percent increase it adopted on April 25, 1907, and a new four percent increase.
Instead of receiving customs on value from goods entering the Ottoman country, the French government agrees to pass a special tariff. A) this special tariff shall be accepted by the two governments b) shall enter into force only one year after its announcement
The French government consented to the imposition of excise duties on objects such as liquor, oil, matches, sandpaper, cigarettes and playing cards, sugar and colonial food (such as spices, cocoa, etc.) and the establishment of a monopoly, except for the last two.
5-6-7 Octroi and income tax adopted by the French.
8- It has been accepted that French Mail can be used under certain conditions, and Ottoman ouls can be used in these post offices during this time if some conditions become true.

9-10- It is about the abolition of capitulations and the acceptance of reviews so that Ottoman trade is subject to international law.
11- For the financial and economic development of the Ottoman Empire, the French government will provide friendly assistance to Turkey
12- The Ottoman government accepts that it has established a borrowing called the Ottoman magnificent liquidation borrowing of 1914 with a five percent interest rate and declares that it has allocated the kind of income managed and collected by the OPDA in exchange for this borrowing. At the end of April, the Ottoman Bank negotiated the release of the first part of 500 million (francs). The release of the second part to the market has been put forward. Because of the beliefs that the money that will be generated from this financial work has received about the consumables, the French government declares that it cannot object to this.
The General Agreement has two appendixes. First covers two letters. Cavid Bey's letter about the armaments. Rifat Pasha's letter covers that the French consultants will ve brought to the directorates as cadastre, forest and statistical.
The last appendix covers the Cavid Bey's letter stating that no one can claim in the future that General Agreement's articles violates the sovereignty of the Ottoman Empire in the future.
The Subsidiary Agreement on Railways and Docks:
The concession for the Black Sea Region railways
Samsun-Sivas-Pekeriç railways, the new lines to Tokat and Harput
Sulusaray-Yozgat railway to the water Section line betweenYyeşilırmak and Kızılırmak
Havza-Bolu and then another line towards Ereğli
Pekeriç-trabzon railway
Harput-Ergani-Maden railway line. A new railway lines towrds Birlis and Van
The same French company, which will be established in the form of the Ottoman operating company, will operate these Railways for 30 years
İzmir-kasaba (Turgutlu) railway: This railway would not be purchased by the government until 1943.
İzmir-Town, Mudanya-Bursa railway extension (Soma-Bandırma to Bursa) to give the French the right of priority under the same conditions; The concession to build a coastal railway between İzmir and Çanakkale was also given to the French.
Damascus-Hama Railway: new railways: today's company will build a normal-width railway from Rayak South to the Yafa-Jerusalem railway and will be able to extend it further. As long as the Ottoman government does not agree with this company, it will not take the narrow railway it is building beyond Afule beyond Nablus. The Ottoman government will give the same company the right to build the Homs-Der ez-Zor railway unless it does it itself.
On Beirut-Damascus-Mezerib railway line

The Damascus-Hama railway would not be purchased by the government until 1943.
Lebanese railway concession to be extended as Damascus-Hama, Tel Aviv-Trablusgarp and Beirut-Sayda railway concession to be repeated.
For the Yafa-Jerusalem railway company to deal with the construction of a port in Yafa, the Ottoman government waives the right to reclaim this line ahead of time and grants the company the right to extend the railway to the Sea of Lot in the future.
Damascus-Maan and Der'a-Hayfa railways and their tributaries. These names have been used to refer to Hijaz railway.
If the Ottoman government wants to use foreign directors and engineers on the state railways that have received Damascus-Hama and its annexes, it will choose them only from among the French.
For the next ten years, the Ottoman government will give the entire administration of the Damascus-hayda railway and all its branches to a French general manager.
Ports of Yafa, Trablusgarp, Ereğli, Inebolu, Hayfa: the concession of the first four ports will be given to a French company, it will make the port of Hayfa a French company, but its administration will be provided to the French, who will become the general manager of the Hejaz railway.
12 Related to the Istanbul and Beirut ports belonged to the french companies.
According to the appendixes of the General Agreement the French government willinform the Russian govenrment to persuade them for the articles between 1-9.
Another article of the appendix is about the consumable place of borrowing. The first tranche of borrowing will be used for the liquidation of the financial duurm in the Balkan war. That are not intended to be released before the end of 1914 to the state budget and the second part of the Samsun-Sivas railway and port agreements require the money to be made attempted to provide help. Money provided from customs increases will be considered the guarantee of this second tranche of debt.
The Ottoman government will not prevent the operation of the agreement reached between Franco-German companies on February 15, 1914.
The Ottoman government consents to the merger of the National Bank of Turkey and the Bank of Thessaloniki. If the first bank does not do this work in accordance with the concession to build the Port of Samsun, which was granted to it in 1911, the concession will be given to a French company.
As for the Badat Railway on both sides of the İzmir-Kasaba Railway, the protection area was considered an area where other companies could not build railways."
Said Halim Pasha-Mr. Bompaad Agreement: The most important articles of this agreement belong to the French institutions as schools, hospitals, churches, et cetera in the Ottoman country. They will be exempt from all kinds of state and municipal taxes and customs duties for the goods they bring." Bayur, Türk İnkılâbı Tarihi, II/III, p: 424-41.

second largest loan following the loan received in 1875. The Ottoman Empire's actual debt, including floating debts, was 33 million liras (in gold). Most of it was borrowed from the French markets. The first tranch of this consolidated loan was 22 million liras; however, it was insufficient to pay off the Empire's debts. Moreover, some of this loan had already been allocated for French investments in public works. I mentioned the process of borrowing, especially the stiff negotiations between Cavid Bey and the French statesmen and financiers, throughout this section. However, I would briefly like to mention the importance of this loan. The bulk of this loan was used to pay the advances received to cover the costs of the Trablusgarp and Balkan wars, to provide civil servants' salaries that were not paid for four months, to cover the costs of the Baghdad Railway, and to cover the budget deficit of 1914. The French insisted that the loan be used in these areas as specified by law. After these payments, the Ministry of Finance allocated some money to immediately start the construction of the Samsun-Sivas railway and the ports of Jaffa and Hayfa. The collateral on the loan was the current and new customs duties and revenues from the provinces and ports. The debt was fully paid off in 1962. The net money, which the Ottoman Empire would get as cash was 88 Liras per 100 Liras. The Ottomans finally received the loan from France on May 9, 1914. This loan enabled France to obtain concessions for the new railways in Anatolia and Syria and new docks in Yafa, Hayfa, and Trablusgarp, as well as many other advantages.[975]

Lastly, I should note the situation of the agreements. The Ottoman Empire and France had signed three agreements, all linked to each other. The primary agreement was the General Agreement signed between Cavid Bey and M. Gaston Doumergue, the French minister of foreign affairs, on April 9, 1914. Prior to this, two subsidiary agreements, "Railway and public works in Asiatic Turkey" and the "Subsidiary agreement

975 Öztel, *II. Meşrutiyet Dönemi Osmanlı Maliyesi*, 238-239. Özdemir, Osmanlı Devleti Dış Borçları: 1854-1954 Döneminde Yüzyıl Süren Cendere, 123-124; Bayur, *Türk İnkılâbı Tarihi, II/III*, 431-32.

on Railways and Docks" were signed by Cavid Bey and M. Doumergue on September 11, 1913, and by Said Halim Pasha and M. Bompard on December 18, 1913, respectively. Both entered into force with the General Agreement. On June 21, 1914, Cavid Bey started the budget negotiations in the Parliament. In his speech he gave very long and detailed information about the public debt and its long process, covering the incidents and conflicts in Europe.[976]

§ 4.4 The Finance Minister on the Brink of the Great War

Cavid Bey returned to Istanbul to serve as the minister of finance. Upon his return, the government of Said Halim Pasha had been in office for nearly one year. However, the government was still struggling to cope with the Ottoman Empire and its new imperial form. The Unionists were not ready to relinquish the Empire; however, the new concepts of nationalism were better suited to states, not empires. Additionally, the Ottoman Empire was still an ethnically and religiously multi-cultural empire. The short period between the Balkan Wars and the Great War was a conceptual transition period. The ruling elite's state of mind was still confused and ambiguous. Political structures such as the sultanate existed alongside a strong political party in power, a national economy, liberalism, Islamic policies, and secularism. After the Great War, the Ottoman Empire's collapse gave the Kemalists the chance to establish a modern, secular nation-state. Despite the Empire's sudden transformation in 1913 and 1914, it was still very early for a nation-state to emerge. Although grew up long before, the intellectual roots of the Republican Era had found a crack to come to the surface after the Balkan Wars. The new government boosted national solidarity in various fields, including society, education, and the economy. On the other hand, they tried to balance minority issues, including launching a reform program

976 Millet Meclisi Zabıt Ceridesi, Devre: 3, Cilt: 1, İnikad: 25, 8 June, 1330 (21 June 1914), 555-579

to satisfy the Arab nationalists, not fully successful. In the spring of 1914, just before Cavid Bey's arrival in Istanbul, the Islamic Boycott caused thousands of Anatolian Greeks to flee to Greece. As mentioned above, the Armenian Reform Act occupied the government's agenda in 1913 and the beginning of 1914. Although the Act satisfied the Armenians, it increased polarization between Muslims and Armenians, especially in the Eastern provinces, just before the Great War. In the economic field, local Muslim merchants were gradually uniting and strengthening their hold over the economy. The CUP was the main actor who helped them organize, whether or not they were members of the Committee. The national economy was gaining visibility both on the streets and in the press. The newspapers and periodicals covering the economy such as The Economics (İktisadiyyat Mecmuası) argued for a stronger national economy and protectionism. This was the current situation of the Empire when Cavid Bey returned to Istanbul. His main task was to complete the budget for 1914.

According to the minutes of the Parliament, on July 4, the parliament began negotiations on the budget of 1914.[977] Cavid Bey, as the minister of finance, made a speech on behalf of the government. He gave general information about the current fiscal situation and the budget itself. He began his speech with the Empire's defeat in the Balkan Wars. He underlined how deep this loss was for the country but also gave a message of hope and resilience to the audience. As usual, he was an impressive orator, speaking fluent Ottoman. His parliamentary speeches also revealed his character as a politician, as he discussed both political developments and financial issues.

Cavid Bey then explained why Mahmud Şevket Pasha had decided to receive a consolidated loan from France. The first thing he did was to extend the duration of the foreign companies' terms, in order to get some money for the Anatolian railways, the lighthouses, and the Taksim barracks. The most controversial issue was the monopoly of Régie To-

977 MMZC, Devre: 3, İçtima Senesi: 1, Cilt: 1, İ: 25, 21 Haziran 1330 (4 July 1914), 555-579.

bacco. Cavid Bey stated that he was also against the extension of the concession and that he supported the state's monopoly in the tobacco business. However, the need for money to recapture Edirne forced the government to extend the Régie's monopoly. Though they had negotiated the agreement for two years, they finally had to accept the extension of the concession. According to Cavid Bey, before the Balkan Wars, the region was the most fertile region for tobacco production. However, most of that land was now lost. He stated that during this period, some associations hindered the Ottoman government from obtaining loans from France. He emphasized that the Ottoman government needed money for the army; otherwise, the army could not be mobilized to recapture Edirne. Cavid Bey underlined the fact that the government had extended the Régie's concession while he was in Paris. Despite Cavid Bey's efforts to convince the French government, France claimed that it could not get involved in a private company's business. He was disappointed that the Régie did not pay the 1.5 million all at once and initially paid only 500,000 liras. The rest would be paid to the Ottoman government each year from its revenues.

In terms of the consolidated loan, Cavid Bey stated that the government's primary goal was to secure the Empire's future. He described the many preparations they had made for the loan negotiations. First of all, they cooperated with the French press to increase their leverage. They wanted to ensure that the news organizations supported the claims of the Ottoman government. He had heard from various officers that the Great Powers wanted financial control in return for the loan; therefore, the loan amount decreased to from 400-500,000 liras instead of 700,000 liras. Cavid Bey emphasized that the financiers and the French politicians wanted financial control of the Ottoman Empire. Their goal was to deprive the Ottoman government of a strong army and navy.

Cavid Bey emphasized that it was also not easy to manage the Ottoman Empire, especially since the state's revenues had been reduced due to the shrinkage of its territory. He argued that the Empire should increase its revenue without any outside financial control. He explained how Anatolia's resources were rich but untouched. Although the Otto-

man government was deprived of investment tools, it is had sincerity and goodwill on its side. He stated that they should reform the Ottoman fiscal system and make agreements to improve its public works network, such as the railways, docks, and roads. The Ottoman government could save its reputation and preserve the Empire for the generations to come. As Mehmet Arısan points out, Cavid Bey's words also reflected "the formidable struggle of the Unionists to save the Ottoman state as reflective of a wish to restore the empire's lost dignity to avoid the huge weight of losing an empire."[978]

Cavid Bey told the parliament about the talks with France that had begun in February 1913. France had insisted on making a consolidated loan. The Ottomans had planned to obtain a loan in October 1913, but the Ottoman government had to postpone this due to the reshuffling of the French cabinet, among other reasons, including the German military mission. Afterward, they needed two to three months to restart the negotiations with the new French government. The developments in January, February, and March hindered him from negotiating the loan, which was for 800 million liras. According to Cavid Bey, even the people they had trusted produced propaganda against the Ottoman government. The Ottoman government's opponents in Europe, particularly Russia, had claimed that they would spend the money from the loan on the military. He also emphasized the fact that the Ottoman government's loan was much better than the Russian, Greek, and Serbian loans. He reminded the parliament that, in order to obtain such a large sum, the Ottoman government had had to give assurances. Cavid Bey shared the details of the loan, including its installments, with the deputies. The first installment was 500 million liras, and another 100 million liras of it would be paid in advance. The interest on the advance was lower than the interest on the loan. According to Cavid Bey, this was the largest loan that France could afford. The conditions of the loan were the best under these circumstances. In return for the loan, the French would re-

978 Mehmet Arısan, "Loss of the Lost," 722.

ceive tax revenue from İzmir and customs tax revenue from Trabzon and Istanbul. However, the government would obtain less money compared to the actual agreement, due to the high interest rates and debts. Cavid Bey thanked the French government in his speech. He stated that the government paid back its debts via treasury bonds and advances. Then, he gave information about the rest of the debts. He stated that the government was trying to pay off its domestic and international debt with the new loan, but the amount was insufficient. He stated that loans were not only financial interactions but also political operations. They not only asked for money and interest but also political benefits. He stated that whoever gives money can invest in public works.

Moreover, he highlighted the crisis in the European markets. It was the first crisis since the 1870s. He stated that the value of money on the markets was costly due to the Balkan Wars situation. He underlined the fact that all of the markets were intertwined with each other, and he was anxious about the future. He mentioned that the timing of the loan was successful. He gave further information about the Paris financial conference and the indemnity from Trablusgarp. In terms of the Paris financial conference, his point was also essential for us to understand the events detailed in the next chapter, the Lausanne negotiations in 1922-1923. Unlike the future events in Lausanne, Cavid Bey claimed this time that the Balkan states should pay their share, which amounted to 23–24 million liras. The indemnity from Trablusgarp and Benghazi was held by the OPDA and had still not been paid to the Ottoman government. Cavid Bey also informed the deputies about the state's agreements with the Great Powers. According to him, the most significant success of the government was to raise customs duties. This would be implemented two months after the signature of the French agreement. After a long briefing, he ended his budget speech.

The parliament approved the 1914 budget after a long debate. The budget expenses were 3,401,200,396 piastre. The incomes outlined in the budget totaled 3,260,749,078 piastre. The largest change from the

previous year's budget was the reduction in the budget of the ministry of war.[979]

Although the Ottoman Empire had received the first installment of the French loans, a severe economic crisis had begun in July. A group of members from both the Chamber of Commerce and a delegation of bankers requested a moratorium from the government. In a period of two to three days, Wiener Bank Verein was forced to withdraw all of its assets, which gravely affected the markets. Cavid Bey thought that it was necessary to call a meeting of the parliament and act on the moratorium proposal, even though it was a Sunday. According to Cavid Bey, there would be so many attacks on the banks on the Monday that there would be no money left in the banks by the evening.[980] Cavid Bey and his team prepared the draft law, but many of the deputies objected to it. The following day, the Unionist government decided to prorogue the parliament and announced a moratorium by decree.

On August 28, 1914, the Archduke Franz Ferdinand of Austria and his wife Sophie were assassinated by a Serbian nationalist. This incident brought the Austria-Hungary Empire and Russia to the brink of war. Germany, the ally of Austria had intervened in the conflict. This is known as the July Crisis in European history, which opened the age of catastrophe between 1914 and1945. On July 28, 1914, Austria declared war on Serbia and this set-in motion the First World War. During the era of the alliances, the Ottoman Empire was trying to find the best for herself to preserve her territory and win back the losses of the recent past. Though they approached the Entente Powers, and in May Talat Bey had visited the tzar and Mr. Sazanov in Livadia, at the tzar's summer residence, none of the Entente Powers had given the assurances the Unionists had sought. Although Germany was not very interested or optimistic about the situation of the Ottoman Empire, Kaiser Wilhelm II changed his mind about an alliance due to the intervention of Mr.

979 T.C. Maliye Bakanlığı, *Osmanlı Bütçeleri (1909-1918),* 358-359.

980 *Cavid Bey, Meşrutiyet Ruznâme, II*, 613.

Wangenheim. However, a group of the Unionists and Mr. Wangenheim reached an alliance agreement behind closed doors.

On the morning of August 2, when Cavid Bey went to the Grand Vizier's mansion to sign the moratorium law, he found Mr. Weber from the German embassy waiting there. The Grand Vizier was hurriedly writing something down, and Enver Pasha, Talat Bey, and Halil Bey were also there. Cavid Bey, sensing an extraordinary situation, asked Talat what had happened. Talat Bey said that he could not tell him. Cavid Bey was surprised at this answer and immediately asked Talat Bey whether they had allied with Germany. The Grand Vizier handed Weber the paper he had signed, and the Unionists entered the Grand Vizier's office. Cavid Bey considered that they would not be so stupid as to keep secrets from their cabinet members. The Grand Vizier read out the paper to the Unionists in the room. It announced an Alliance between Germany and the Ottoman Empire. Cavid Bey listened to the Grand Vizier in shock, as he read out the terms of the agreement, which were as follows:

In the battle between Serbia and Austria-Hungary, both sides to declare absolute neutrality.

The German military mission to remain in the Ottoman Empire. In return, the Empire to ensure that this delegation be active in the battle de facto.

The pact to be for five years. Then to last another five years, provided neither side objected.

The pact to be valid as soon as signed by the two parties' representatives (Grand Vizier and Wangenheim), and the final documents signed by the sovereigns to be exchanged within a month.

In any war between Russia and the Ottoman Empire, Germany to defend the Empire's territory with arms if necessary.

When they asked for Cavid Bey's opinion, he could not answer because he was still in shock. He stated that he could not decide on such an essential issue instantly. He observed that the others were happy to become an ally of a Great Power. Cavid Bey was very worried. Moreover, when he learned that Talat Bey and Enver Pasha had known about this issue for four days and they had met in Yeniköy without informing him,

this saddened him. He noted in his diary that "if only the situation were not very delicate." Cavid Bey was still not aware that the agreement had already been signed.

During the evening, Cavid Bey went to Enver Pasha's home with Talat Bey. On the way, Cavid Bey told Talat Bey that this situation would cause hardship. He suspected that the Germans would not send troops to the Ottoman Empire. If they were subjected to an attack by Russia, the country would be devastated. If the German victory was not absolute, or if the Russians won, the Ottoman Empire would be wiped off the map. In response, Talat Bey stated that if the Germans were victorious, they would not hurt us. Clearly, he did not want to be held responsible. Cavid Bey understood from his behavior that the agreement had already been signed, and they were afraid of his resignation. When they were out of the car, Talat Bey asked, "What do we do? It is over; the Grand Vizier has signed it; it is our destiny." Cavid Bey responded that he did not bow down to fate. Halil Bey and Cemal Pasha were also in Enver Pasha's house. Cemal also heard of this incident after the fact, like Cavid Bey. Cavid Bey understood that neither Talat Bey nor Halil Bey clearly understood the meaning of the agreement. According to Cavid Bey, while there were no conditions in our favor in the agreement, the future of the state was in Germany's hands.[981]

Cavid Bey and Talat Bey visited Said Halim Pasha. After Cavid Bey expressed his concerns, Said Halim Pasha asked them to leave these issues to his mediation. Cavid Bey was nervous about the Grand Vizier's promise; however, he saw no reason to say anything. Talat Bey's only answers only was to purse his lips. Cavid Bey said that Germany had not made any specific commitments related to the war with Russia. Following the conversation, Talat Bey was not as excited as he had been in the morning. Meanwhile, news from London also arrived stating that Brit-

981 *Aydemir, Enver Paşa, II*, 520-527. This anecdote in Cavid Bey's diaries also points out the changing character of the decision-making process in the CUP. As Zürcher underscores, while Halil Bey was included, Cavid Bey was excluded. Zürcher, "Young Turk Governance," 908-912.

ain would not give up its ships. Moreover, the Ottoman ambassador had already handed over the money without receiving the ships.[982]

Cavid Bey's notes from August 4, 1914, include a meeting about a telegram to be sent to the Germans. A draft list covering five articles was prepared:

The Ottoman Empire not to act before Bulgaria acted. Romania's neutrality should be assured.

The border of Eastern Anatolia should be expanded to enable communication with the Caucasus Muslims. Expanding the border with Rumelia up to territory occupied by Turks.

The abolishment of both financial and judicial capitulations and committing to convince the other states of the abolishment of the capitulations in the pre-war period.

Were the enemy to enter Ottoman land, there could be no peace concluded before the invaders leave Ottoman territory.

Sharing war reparations.

Cavid Bey notes in his diary that they should have thought of these points before they signed the agreement. In the meantime, the market was also in great distress and shrinking. In the days following the moratorium, the banks were outraged. There were police everywhere. The Empire's cash shortage and the number of banknotes in circulation became a concern. Cavid Bey claimed that two million pounds were withdrawn and hidden from the banks and the market within a few days. On the other hand, the ministers were not aware of anything; they only talked about neutrality.[983]

Cavid Bey notes in his diary on August 10 that the warships of Germany, Goeben and Breslau, had entered Canakkale without encountering resistance from the Ottoman government. There could have been an incident that would have violated this degree of impartiality, according to Cavid Bey. Cavid Bey believed that the Germans had the right to enter friendly territory, having signed the alliance agreement, as they careful-

982 Cavid Bey, Meşrutiyet *Ruznâme, II*, 613-616.

983 Cavid Bey, Meşrutiyet *Ruznâme, II*, 616-17.

ly implemented their plans to bring the Ottomans into the war. He assessed that those who had not thought about it before could not avoid thinking of it now. Wangenheim was threatening the government. The Unionists offered to buy the ships. The government informed the newspapers that they had bought the ships for 80 million Liras. This situation showed his friends that the road to friendship is not without thorns, he said. During these days, the situation in Istanbul was tumultuous as was Cavid Bey's personal world. He was always squaring off about the accounts with his fellow Unionists. The matter of the ships continued for three or four days. He found the Grand Vizier on his side.[984]

Finally, the Germans agreed to hoist the Ottoman flag and entered Istanbul. The French, British, and Russian ambassadors were the only ones who had made a declaration against this incident. However, they did not insist on the ships leaving Istanbul. Cavid Bey criticizes Enver Pasha: "The Germans want us to join the war as soon as possible, and Enver is ready to be thrown into the fire. Enver is most loyal to his profession; he wants to either sink or swim." Enver Pasha seemed fully confident in a German victory. All he thought about was walking alongside them and joining his fate to theirs. Talat's enthusiasm for the war was almost gone. The Ottoman government had two conditions for entering the war: Bulgaria's entrance into the war on the German side and Romania's neutrality. Talat Bey and Halil Bey went to Bucharest to convince Romania to take part in the alliance with Germany. Bulgaria's position was a priority for the Empire. According to Cavid Bey, if the Bulgarians did not enter the war and Germany did not win a victory against the French, then Enver would not be able to move on.[985]

The Ministry of War imposed war taxes on the whole of the country. This situation caused many complaints among local and foreign businessmen. Cavid Bey wrote that the minister of war and the cabinet did not think about the country's needs in any way. He said that the city's

984 Cavid Bey, Meşrutiyet *Ruznâme, II*, 613-16.

985 Cavid Bey, Meşrutiyet *Ruznâme, II*, 620, Aydemir, *Enver Paşa, II,* 536-42.

needs and people's hunger were not considered. Because of the war taxes, many shop owners stopped importing products. The war taxes affected the import and export of goods, even those in the ships already in the ports.

The ministry of war began censoring the press. The papers only mentioned the German military expeditions. There was no news from French sources. M. Bompard complained that the Ottoman government did not obey the rules of neutrality. He stated that the Ottoman government would enter the war very soon. Cavid Bey replied, "As long as I am in the cabinet, I will stop the war supporters." Meanwhile, Cavid Bey met the Great Powers' ambassadors and tried to convince them that there was a clash within the cabinet over the war. The Great Powers' ambassadors all declared that they would protect the Ottoman Empire's sovereignty. However, Cavid Bey responded that an oral declaration was never enough. Cavid Bey believed that Said Halim Pasha did not support the war. Halil Bey was also skeptical. On the financial side, the Ottoman PDA was very pessimistic about the situation. Cavid Bey thought that they were exaggerating the situation, but even he admitted that the state's income would decrease by seven or eight million liras if the Ottomans joined the war. Cavid Bey's counterparts in Paris, including Count Vitali, sent messages advising the Ottoman Empire to remain neutral. Said Halim Pasha asked Cavid Bey to meet the ambassadors of the Triple Entente in order to abolish the capitulations. He considered that they might obtain this kind of advantage in return for staying neutral.[986] However, Cavid Bey was indecisive about how he would correlate this with the German agreement. According to him, the influence of the antiwar supporters had increased.

Cavid Bey met M. Mallet, Mr. Konstantin Gul'kevich, and M. Bompard. He told him that they should give written assurances to the Ottoman Empire and abolish the economic and judicial capitulations. He claimed that the Germans had offered them perfect conditions, and the war sup-

986 Cavid Bey, Meşrutiyet *Ruznâme, II*, 621-25.

porters were one hundred percent sure about a German victory. However, he also added that there was still hope in the air. Russia put forward the fact that they also had conditions for such an alliance, including total neutrality and the German military mission withdrawing from the Empire. Mallet evaluated the offer as the offer of a victor state to a defeated one. Britain was frustrated at the harm that the war had already caused to commerce. Cavid Bey stated that the Ottomans wanted the Triple Entente powers to abolish capitulations. Mallet stated that they found the judges incompetent to give decisions on the foreign citizens. Cavid Bey replied that they had already abolished the capitulations in the territory left to the Serbs, Bulgarians, and Greeks in the Balkan Wars. Mallet warned Cavid Bey that if Britain waged war on Greece, they would do the same to the Ottoman Empire. Bompard leant toward abolishing the fiscal capitulations, and giving a written warrant to protect the Ottoman Empire's sovereignty.

Cavid Bey renewed the law of 'military service by payment' against a strong objection from the cabinet members. He got angry with the army; he claimed that they needed money for the army but that they abolished every regulation to ensure money flowed into the Empire. He was also mad about the war taxes, the call for mobilization, et cetera. He had already stopped every kind of payment from the state.[987] The Central Committee wanted to meet with Cavid Bey, to get information about the current financial situation. The first issue was the quarrel between the ministries of finance and war. Cavid responded to the accusation that the ministry of finance did not allocate money to the army. He stated that there was no money in the treasury, that the timing of the mobilization was terrible, and he himself had only learned about it two days before. In brief, the state did not have adequate resources to pay 800,000 soldiers: they may go naked and hungry. Secondly, he responded to the accusation that the moratorium was made in favor of the banks, which harmed the people financially. Cavid Bey responded that they should

987 Cavid Bey, Meşrutiyet *Ruznâme, II*, 627-30.

not believe in rumors. According to his explanation, none of the banks had sent gold outside the country. It was futile to force the banks to pay; by that logic they should also force the merchants to pay. Bankruptcies might happen, but they should protect the banks in order to save the market. He stated that he would regulate the moratorium during the extension of the moratorium conditions. Thirdly and lastly, he gave his opinions about the war. He mentioned the negotiations with the Triple Entente. Cavid Bey opposed a war with Russia. He stated that if he had been informed about the alliance with Germany before it was signed, he would have done his best to restrain them from signing it. He openly stated that the war was against the country's interests; moreover, it would lead the country into disaster. He believed that the Romanians would stay neutral in the war. The Central Committee (CC) mentioned that the conflict inside the cabinet had created a negative image of the government. Cavid Bey notes in his diary that, "the CC is right: but whose fault is it?"

Cavid Bey received a copy of the agreement that Talat Bey had signed with the Bulgarians. Bulgaria would mobilize whenever it thought was the best time. However, Cavid Bey considered that Bulgaria did not want to commit to this agreement and would rather maintain their freedom of movement. Romania did not want to commit to anything in writing. According to Cavid Bey, Said Halim Pasha did not support entering the war; instead, he wanted to follow the Romanians and avoid entering the war. Cavid Bey criticized him for his lack of foresight; it was Said Halim Pasha himself who had signed the contract with the Germans. The Unionists claimed that Germany had cheated them in regard to their alliance with Bulgaria and Romania.

Cavid Bey notes in his diary that the Empire's financial situation was terrible. The army asked for more money every day, and they had stopped payment. Those working on construction projects did not receive their salaries. The central government wanted to make new military orders amounting to 34,000 liras each day. They also asked for cannons, animals, and military equipment that amounted to hundreds of thousands of liras. Cavid Bey complained that they were asking for

this though they knew that the government was penniless. Cavid Bey worked on the regulation of the moratorium with Salem Efendi. According to his notes, during the moratorium, the banks paid 750,000 liras to people; before the moratorium, they paid 1,200,000 liras. However, the merchants paid only 22,000 liras.[988]

In the meantime, Cavid Bey continued to work very hard under these circumstances. On September 5, 1914, Cavid Bey, Enver Bey, and Talat Bey discussed the payments of the OPDA. Enver Bey objected to receiving installments from the Perrier Bank or the OPDA. Cavid Bey stated that he would continue to pay off the state's debts first, because paying the state's debt meant protecting the state's honor. Cavid Bey told them that he must first pay off the state's debt and then give the remaining amount to the army. He told Enver Bey to find a new minister of finance if he disagreed with him. He told Enver Pasha, "If you recruit 800,000 soldiers for the army only on principle; this is also the same for me. I will not drag the country into a disaster. You have to think about the country tomorrow." As Cavid Bey asserted in various interrogations at the court-martial in 1919 and the Independence Tribunal in 1926, he did not support the war; on the contrary, he opposed it. According to his diary, he shared his thoughts with the other Unionists on every occasion.[989]

On September 9, 1914, the Ottoman government abolished the capitulations. Cavid Bey also worked on this issue with Count Ostrorog and Hüseyin Cahit Bey. Cavid Bey and Hüseyin Cahit Bey drafted the text of the decision. On the same day, Said Halim Pasha submitted a note to all of the ambassadors of the Ottoman government, telling them that they were abolishing all financial, administrative, and judicial capitulations as of October 1, 1914, though the ambassadors protested against the decision due to the multilateral character of the capitulations. In September, the Ottoman government also increased customs duties to 15%. By a decree law of October 15, 1914, the capitulations also be-

988 Cavid Bey, Meşrutiyet *Ruznâme, II*, 631-35.

989 Cavid Bey, Meşrutiyet *Ruznâme, II*, 642-43.

came invalid in terms of the domestic law.[990] After receiving the note, all of the Great Powers' ambassadors gathered at Said Halim Pasha's office. Unsurprisingly, Cavid Bey argued with Mr. Wangenheim. According to Cavid Bey, Mr. Wangenheim was furious and was barking instead of talking. They quarrelled for around two hours. He notes in his diary that those who supported Germany should have watched this scene. Wangenheim stated that they should not have done something like this without consulting with him first. He said that if the British and French navies came to the mouth of the straits, the Germans would not help the Ottoman government. He threatened that the German military mission would leave Istanbul the next day. Cavid Bey replied, "However you wish!" Finally, Wangenheim told Cavid Bey that the Ottoman Empire would never enter the war and would not keep its word; the Ottomans' main aim was to fight against Greece, but Germany would have nothing to do with this. At the end of the meeting, Cavid Bey was not surprised at Wangenheim's reaction, which was the worst of all the ambassadors. The next day they met again at the Grand Vizier's office. According to Cavid Bey, Wangenheim was very calm, because he had been informed that the Triple Entente was committed to abolishing the capitulations if the Ottoman Empire stayed neutral. This was the game of the Unionists; they had abolished the capitulations within the scope of the negotiations with the Triple Entente.

While Cavid Bey advocated for the advantages of staying neutral in the war, he also struggled with financial issues, as usual. Paying the installments of the debts was one of his policy goals, in addition to saving the honor of the state. Enver Pasha called for a cabinet meeting in order to request an additional two million liras per month for the army. In return, Cavid Bey stated that he could not give money that was not there. According to Cavid Bey, even the revenue from the war taxes would not help under these circumstances. Cavid Bey stated that people could not afford to pay these taxes. Finally, they agreed to allocate 500,000 liras to

990 Toprak, *Türkiye'de Milli İktisat (1908-918),* 227.

the army. However, in return Cavid Bey also accepted that the military officers might take the fiscal tithe (aşar-ı mali) as the war tax, it would be included up to this amount.[991]

Cavid Bey also conducted talks with the ambassadors after they responded to the note on abolishing the capitulations. The French ambassador's note stated that France could not accept such a force éxecutive. While the French demonstrated their disappointment, Russia's reaction was milder. Cavid Bey joined the cabinet meeting in Said Halim Pasha's office. The cabinet discussed the position of Admiral Souchon, who was the commander of the two warships and receiving orders only from the German headquarters. Under these circumstances, Enver Pasha's offer for the launch of the Ottoman navy with two German battleships in the Black Sea was not accepted. Though Enver Pasha insisted that Souchon had promised not to attack Russia, none of the cabinet members believed him. The cabinet stated that if Admiral Souchon entered the Black Sea and bombarded Russian commercial or military bases there, they would not take responsibility. They discussed the next steps as to whether or not the German ships could enter the Black Sea. Although Enver Pasha did not let Admiral Souchon sail into the Black Sea, he also knew that he could not stop him by force. The cabinet decided to send Halil Bey to inform the Germans in order not to lose their trust and sympathy. They also discussed the capitulations at this meeting. If the Great Powers agreed to abolish the economic capitulations immediately, they would extend the duration of the judicial capitulations.

Until their entrance into the Great War, the Unionists continued to clash during the meetings of the Central Committee. Enver Pasha condemned Cavid Bey and Cemal Pasha for not supporting the Empire's entrance into the war. According to Enver Pasha, the main reason that Bulgaria stayed neutral was because of Cavid Bey and Cemal Pasha. Cavid Bey stated that he would not meet the Bulgarian ambassador any more. Cavid Bey noted in his diary that although Enver Bey wanted to enter

991 Cavid Bey, Meşrutiyet *Ruznâme, II*, 646-51

the war on the German side, he never took into consideration the possible financial and military disadvantages.

On the evening of September 20, Cavid Bey learned that the ships had already sailed into the Black Sea. Next day, Cavid Bey heard from Mr. Toschev, the Bulgarian ambassador to Istanbul, that the Goeben had sailed into the Black Sea.[992] Cavid Bey then met Cemal Pasha upon his invitation. But Souchon changed his mind and returned to Istanbul. Cavid Bey noted in his diary that, if the ships had not returned to Istanbul, he would have resigned immediately. The danger was over for now, and the government would continue negotiations with the Great Powers on the conditions of neutrality and abolition. Finally, October 1, 1914, arrived, and the capitulations were officially abolished throughout the whole of the Ottoman Empire. Only the judicial capitulations remained, e.g., if a foreigner was arrested, they would be summoned to the Sublime Porte. The government decided to lay off the foreign consultant representatives from the Health Commission. If the delegates of the Great Powers wished to stay, they may continue to work as Ottoman officers. Another significant issue was the postal service. The postal services were also nationalized, and the opening of foreign post bags became a new issue. However, Britain accepted their being opened by the Ottoman officers.

The government also negotiated with the German government to obtain a loan. The Germans proposed loans within the scope of the alliance between the Ottoman Empire and Germany. They offered to give five million liras each year at a 5% interest rate starting in 1915. This sum would be given each year on December 31. At the beginning of October 1914, the ambassadors of the Triple Entente were very anxious and pessimistic. On October 29, 1914, Mr. Crawford told Cavid Bey that Britain had recalled its officers back to Britain because they were expecting an Ottoman assault on Egypt. Said Halim Pasha then called on Cavid Bey for. Enver Pasha and İbrahim Bey were also in his office when

992 Cavid Bey, Meşrutiyet *Ruznâme, II*, 656-58.

he arrived. When Cavid Bey entered the room, Said Halim Pasha read out a telegram stating that the battle in the Black Sea had started. The Grand Vizier asked, "What are you hiding from me?" Cavid Bey responded, "I knew that it would happen, I told you this before, and therefore, I have nothing more to say." Enver Pasha was smiling in a way that left no doubt that he knew what was happening. Then Talat Bey entered; it seems that he did not know what was happening. But Cavid Bey did not believe him. He was sure that Cemal, Talat, and Enver, who were soon to be known as the triumvirate, knew about this incident, because they showed no sign of surprise or worry in their faces. The only option they offered was to call back the battleships. Said Halim Pasha stated that since he had not been informed about this, the war supporters should lead the cabinet from now on. Enver Pasha claimed that he had also not known about it.

When Cavid Bey returned home, M. Bompard called him on the phone. Neither man believed that the Russians had attacked the Ottomans. Bompard considered that it had been planned earlier and that Enver Pasha was involved in it. He was surprised that Talat Bey, such a clever man, became an instrument in this game. Cavid Bey was decisive and raged against the war supporters until the end.

The next day, the Grand Vizier did not participate in the Bayram holiday ceremony, in open defiance of the Unionists' support for the war. In contrast, everybody in the palace was having a great time and considering themselves the victors of the war. In the evening, the cabinet and the CC members met in Said Halim Pasha's office. Cavid Bey told them that he was against the alliance with Germany. He said that if they entered the war, he would resign from office. During this period, the strongest opposition to Cavid Bey came from Dr. Nazım. He stated that he had no right to resign, and this was not compatible with CUP policy or with partisanship. He added that if he objected to this, he should have objected when the Goeben arrived. Nobody could change his mind. They assigned him to write an official letter to the Russian ambassador with Halil Bey, but Cavid Bey did not accept this. He wrote in his diary, "How can we agree on the text of the note while we are so divided?" He also told Talat

Bey and Cemal Bey privately that he would resign. Cavid Bey noted that, although they would like to enter the war, the Caucasus army would not be ready until six weeks later. He asked why they were in such a hurry to go to war. Why did they drag the country into a disaster in the wintertime? Cavid Bey notes in his diary that "nobody doubts the graveness of the danger… There is no doubt that this means war…"[993]

From October 30 on, Cavid Bey did not intervene in governmental issues directly. He only paid a visit to M. Bompard. M. Bompard was about to leave Istanbul. After discussing political issues, Bompard wondered whether or not the last five years' efforts had come to nothing. Until the last round of negotiations, he thought that they were working for the development of the Ottoman Empire. Cavid Bey responded that he was also sorry that all of his work had ended up like this. The next day the Unionists, including Cemal Pasha, Midhat Şükrü, and Rıza Tevfik, visited him at home. Dr. Nazım paid him a visit also. He accused Cavid Bey of betraying the CUP. According to Dr. Nazım, his resignation meant that he opposed the Committee's decision. The CUP had kept Cavid Bey's resignation from the public. Dr. Nazım said that this was for Cavid Bey's benefit, since a patriotic young man could kill him with a revolver. He accused Cavid Bey of leaving the government because of his close relations with the French. Dr. Nazım said that people would remember Cavid Bey as a "traitor" (hain çıfıt) and he also believed it. The people of Biga, which he represented in the Parliament, may not want him as their deputy any more. Cavid noted in his diary that he was relatively quiet during the conversation, though he often ridiculed Dr. Nazım in the way he looked at him. Only Hüseyin Cahit and Zöhrap Efendi appreciated Cavid Bey's decision. Zöhrap Efendi visited Cavid Bey at his house. On November 4, 1914, the newspapers at last published news of his resignation. Cavid Bey received information from his old friend Kani Bey that people might harm him. However, he thought that nobody would dare to. Cavid Bey noted in his diary that there had been many rumors in Is-

993 Cavid Bey, Meşrutiyet *Ruznâme, II*, 671-78.

tanbul upon his resignation. Dr. Nazım was the worst slanderer of Cavid's name; he told others of his 'betrayal' and insulted his Jewish heritage, even calling him "David" Efendi. Cavid Bey noted that a single incident that they did not like was enough to tarnish that person's reputation. Throughout his extensive diaries, this was the first time that his identity had become an issue of discussion like this. Moreover, the person who had insulted him the most was Dr. Nazım from Selanik. It is also interesting to evaluate the position of dönmeler in the CUP. Regardless of their religious background, they were as committed to being Unionists as their Muslims fellows.

Cavid Bey talked to someone called Adnan, who visited him. This person could be Adnan Adıvar, but there is no precise information on this. Adnan Bey mentioned that Talat Bey was saying that Cavid Bey was wrong to resign. According to Talat Bey, he should have stayed in his position, because due to the actions of Cavid Bey there had been two riots against the CUP in 1909 and 1911. The opposition targeted Cavid Bey and his identity in both incidents. Cavid Bey disagreed that he was the only reason for both attempts at counter-revolution.

Meanwhile, Cavid Bey did not entirely stop pursuing his interest in financial matters. He met with Salem Efendi at his house to discuss the Ottoman Bank's decision to issue more banknotes. Talat Bey planned to give five million liras to the Ottoman Bank in exchange for 15 million liras in banknotes. Although this was nearly impossible, Talat Bey did not want to accept this. Cavid Bey also wrote a note to Talat Bey about how the Germans should supply the money the Ottoman government needed. Cavid Bey told him that his behavior surprised and disappointed him. Talat Bey was likely to have been angry at Cavid Bey; his steps indirectly went against Cavid Bey's advice. Nevertheless, ten days later, Talat Bey paid Cavid Bey a visit to discuss the financial issues. Cavid Bey convinced him to issue banknotes amounting to 15 million liras in return for 5 million liras of gold. Cavid Bey met Mr. Wangenheim for lunch on November 14. This meeting indicates that he had not distanced himself from the financial business of the Ottoman Empire. Mr. Pritz and Mr. Kühlman, undersecretaries in the German embassy in London, were al-

so present at the lunch. Wangenheim wanted to directly resolve and deal with the economic issues during the war. First off, he told Cavid Bey that, although they knew that he had great sympathy for France, the Germans wanted him to remain in office. Germany's main concerns were that the delays in the financial measures and foreign ownership of the Ottoman Bank, railways, and other companies. It was obvious that the Germans wanted to change ownership of the investments belonging to the Triple Entente. London had already confiscated their branch of the Ottoman Bank, and Istanbul should do the same. They want to establish a commission within the ministry of finance to directly control financial matters. But Cavid Bey did not favor such harsh changes to the market. Cavid Bey also did not favor the confiscation of foreign companies that were not facilitating the war; in terms of the railways, the French and British officers might be laid off at most. In terms of the Ottoman Bank, he told Wangenheim that the bank could not send money outside the country, and the Ottoman government ordered the money to be kept in the country. He directly stated that he did not support German control of the Ottoman Bank. The Germans also prefered that the Ottoman government pay the loan coupons of the Germans and Austrians, but not to the Triple Entente citizens.[994] The nationalization or Germanification of the Ottoman Bank and OPDA would be one of the hottest topics for Cavid Bey during the Great War.

§ 4.5 Chapter Summary

This chapter, titled "The Negotiator," covers the period between the coup d'état on January 23, 1913 and the Ottoman Empire's entrance into the Great War on October 29, 1914. This period was a hectic one for both Cavid Bey and the Ottoman Empire. Cavid Bey mainly dealt with the official negotiations in Berlin, London, and Paris on behalf of the Ot-

994 Cavid Bey, Meşrutiyet *Ruznâme, II*, 683-95.

toman government. In 1913, he was only 37 years old: young in terms of age and experience compared to his counterparts in Europe. During his time in Europe, he met many European diplomats and financiers, as well as the politicians who led their countries into the Great War including Winston Churchill, George Clemenceau, and Raymond Poincaré. The reasons and the scope of these negotiations have been evaluated in detail throughout this chapter. However, I want to emphasize their significance and implications for the Ottoman Empire here.

Cavid Bey departed Istanbul and arrived in Europe on March 3, 1913, and he returned to Istanbul after he signed the loan agreement with France on April 11, 1914. He had gone to Europe to help solve the Great Powers' conflicts surrounding their investment projects such as the Baghdad Railway and, in return, to get the Great Powers to agree to raise the Ottoman customs duties by 4% and provide a consolidated loan, which the Ottoman Empire needed. As Hobsbawm's quotation points out, in the global ocean, especially in the lead up to World War I, all states were sharks. As a financier and negotiator for the Empire, Cavid Bey certainly faced the sharks' bites. However, the main question of this chapter is whether Cavid Bey thought of the Great Powers as the sharks, or was it business as usual for him in the age of empires. Was he perhaps a shark himself? Because the Ottoman economy was stuck, it is clear that he could not have been a shark himself; instead, he was a fish trying not to be bitten. Cavid Bey complained very often that the endless and ceaseless demands of the Great Powers were dividing the country into de facto spheres of influence. These attempts could be described as a dress rehearsal for Sykes-Picot (1916) and the Sèvres Agreement (1920). Cavid Bey's voice merely reflected his concerns on the situation. However, due to the situation of the Ottoman economy and the opportunity to raise the customs duties, he accepted all of Europe's demands, especially those of the French. He could only resist financial control over the Ottoman finances in terms of the treasury and controlling how the money obtained by debts was spend and repaid. We cannot be sure about how the other Unionists perceived the agreements that Cavid Bey concluded or their implications for the Empire. Parvus Efendi had

raised his voice in opposition to this loan agreement. He criticized the whole loan negotiation and the loan itself in his articles. Parvus Efendi claimed that the securities, the method, and the outcome of the loan might be harmful to the finances of the Ottoman Empire and its independence, as mentioned above. A month after the loan agreements, the Unionists also sought to secure an alliance with Germany in May 1914 for the inevitable Great War to come; this indicates that they neither trusted these agreements nor the temporary atmosphere of peace in Europe.

In the wake of the Great War, the economic, financial, political, and military rivalries among the Great Powers both deepened and became increasingly intertwined. Progress in technology and communication accelerated with the boom of the Second Industrial Revolution, and the rise of Social Darwinism fed the imperial race. During the turn of the twentieth century, the world map was reshaped, particularly in Africa. However, styles and approaches toward imperialism and colonialism also began to change. Apart from the direct control enabled by military power in the colonies, informal and financial control over non-European territories led to the establishment of imperial spheres of influence. The Great Powers adopted this policy in various regions such as the Ottoman Empire, Egypt, and Venezuela.

In the age of empires, while political concerns became increasingly intertwined with economic concerns, international financial corporations began operating in the field alongside the state. The Baghdad Railway is one example of such cooperation. Due to the complex network and structure of the global economy between 1880 and 1914, Britain, Germany's main adversary in Europe since the beginning of the century, actually helped Berlin solve its conflicts in the Ottoman Empire on several occasions. The resolution of conflicts outside of Europe through economic and financial compromises was also a tool for defusing political tensions in Europe. The negotiations in which Cavid Bey was involved developed within this context.

In terms of the Ottoman Empire, the negotiations held in 1913 and 1914 had two dimensions. Firstly, negotiations were conducted be-

tween the Ottoman Empire and each of the Great Powers, including Britain, France, Germany, Russia, Italy, and Austria. Secondly, the Great Powers negotiated amongst themselves to solve their conflicts on huge investments such as the Baghdad Railway, docks, oil, et cetera. The agreements detailed in this chapter concluded complicated and contentious negotiations just before the Great War. However, none of the negotiations were ratifed by the relevant parliaments before the war broke out. The considerable time and effort that Cavid Bey spent on these negotiations was reduced to nothing. As he confessed to M. Bompard, no one, including Cavid Bey, expected such a large-scale war between the Great Powers. The negotiation process had proved that although the belligerent countries could be reconciled on conflicts such as the Baghdad Railway, such cooperation was not enough to prevent a war inside Europe.[995]

As mentioned above, between 1880 and 1914, the Great Powers also used their financial capacity to control other countries and regions outside Europe, including the Ottoman Empire. These attempts were partially successful during this period. As the Ottoman Empire's need for cash increased, especially in 1914, the Great Powers' list of demands grew longer. Although the Great Powers were never able to establish direct financial control over Ottoman state finances, they tried to determine where the Ottoman government would spend its money. Cavid Bey, as seen above, was acutely aware of this situation, and he was constantly disturbed by this issue. The French were particularly successful in prolonging the negotiations with the Empire in order to get more concessions and oppress the Sublime Porte. The height of French financial influence over the Empire was seen when the French managed to obtain concessions from the Hedjaz Railway, which not only competed with the French railway line but had also been established through do-

995 Bayur, *Türk İnkılâbı Tarihi*, II/III, p: 411-55.

nations from the Empire's Muslim population, as it had been built on sacred lands.[996]

The Great Powers also competed with each other over the concessions in the Empire. By 1914, the negotiations resulted in de facto spheres of influence under the guise of the Great Powers' investment zones. The Franco-German negotiations, for example, could not finish at one time because German financiers, representatives of Deutsche Bank, wanted to receive the same concessions as the French. On the one hand, while the Unionist government had to accept these harshly imposed conditions, this helped boost nationalism, solidarity, and protectionism within the Empire. On the other hand, because Cavid Bey, Hakkı Pasha, Said Halim Pasha, and Talat Bey accepted the heavy demands of the Great Powers on the Empire's behalf without much resistance, the central dilemma of the Unionist government prior to the Great War was how they could save the state. The Empire was in urgent need of money to close the budget deficit and would thus provide as many concessions as it could, in order to receive this money. The government had to increase its income, which was bounded by the Great Powers' approval of raising customs duties. Cavid Bey explained these conditions very briefly in his budget talk in 1914. He also thanked France, which although it had strictly forced him into accepting the harsh negotiation terms, especially between January and April 1914, had also financed major loans for the Empire. Fortunately, the outbreak of the Great War had rescued the Unionist government from these agreements and, more importantly, had given the Empire the chance to abolish the capitulations and establish the national economy.

Cavid Bey fought with Europe both at the negotiation table and in the press. The European press was relentless and manipulative during this period. Furthermore, public opinion, which was steered by the jingoistic press, was increasingly affecting the governments' policies. This

996 Önder Kocatürk, *Osmanlı-İngiliz İlişkilerinin Dönüm Noktası (1914-1918) Sorunları Çözme Çabaları İlişkilerin Kopması Vol II (1913-1914),* Istanbul: Boğaziçi Yayınları, 2013), 142-222

was seen in many cases in Europe from the Boer War to the Dreyfus Case. Cavid Bey, who had given interviews to the press from the first day of the July Revolution, was aware of the power of the press in world politics. He also had experienced the wrath of the press in both Paris and London in 1910. For this reason, he prepared himself to encounter the French and British press during the 1913 and 1914 negotiations. Cavid Bey was perhaps the first Ottoman statesman who invested in public relations in the hope of changing public opinion in Europe. However, although the government allocated money for public relations in Paris and London, and Cavid Bey met with several journalists and even hired an intermediary for this operation, the Ottomans could not get what they had hoped for from the press.

Cavid Bey carried out negotiations with various parties by himself including with the French and the Germans. Cavid Bey was known as a francophile, which had raised doubts in Berlin. He was not evaluated as an objective and neutral negotiator in Germany, although according to his diaries, he prioritized finishing the negotiations to raise the customs duties and obtain the loan above all other loyalties. The French government, which had the largest financial investments in the Ottoman Empire, would eventually provide the loan. It was for this reason that Cavid Bey's priority was negotiations with the French. German demands could not compete with the French.

As mentioned above, other agreements were signed between the Empire and the Great Powers, including the Ottoman-Russian agreement on October 29, 1913. According to the agreement, Russia gave all the railway lines west of the Van-Bitlis line to the French, but only Russia could build the railway lines in the east. Even the Ottoman Empire could not build or outsource any railway construction. On February 15, 1914, the Franco-German agreement was signed. According to Bayur, “In Anatolia, the German share will be located south of that of France. This region is generally located to the west of the Beyşehir-Afyonkarahisar-Bursa line. In Syria, the German territory reaches 60 km south of the Iskenderun-Halep-Meskene line. In Anatolia, the privileges of mines in Bolu and Ergani were given to Germany and Sivas' privilege

to the French. France and the Germans agreed to control the Ottoman finances together." The Italians asked for concessions in the region around Antalya. They signed an agreement on March 6, 1914, with Britain concerning privileges in the Antalya region.

In 1913, Hakkı Pasha carried out the negotiations with Britain, and Cavid Bey also went to London from time to time to assist him. The Anglo-Ottoman agreement was signed on July 29, 1913. It covered the increase in the customs duties and the new regulations in Shatt-al-Arab and Basra in Britain's favor. This agreement also included subsidiary agreements covering different issues such as navigation on the Euphrates and Tigris rivers (concluded December 19, 1913) and foreign citizens' legal rights in the Empire (concluded October 21, 1913). Meanwhile, both countries negotiated on the Aydın railways. On December 12, 1913, Hakkı Pasha had signed an agreement with James Lyle Mackay, Earl of Inchcape, on navigation privileges on both the Euphrates and Tigris. Later on, the Ottoman and British governments made two more agreements dated March 26, 1914, and April 3, 1914. The first one dealt with various commercial issues such as monopolies on beverages and oil or lighthouses. The latter was about the İzmir-Aydın railway and its extension and connection with the Anatolia-Baghdad Railway. Ultimately, on the eve of the Great War, the complicated and contentious negotiations were completed.

These agreements not only covered economic and financial issues but also privileges and investments. However, there was more to the story than that. Although these financial tools were essential to dominating the Ottoman Empire, the Great Powers' political ambitions clouded the whole process. The Great Powers not only struggled for their own aims but also strived to meet their allies' goals. Political side-issues always accompanied the negotiations.

The critical problems of this period were internationalized after the Balkan Wars and had become a precondition for the Ottoman Empire to signing treaties. The Armenian issue took form and became an international conflict. Cavid Bey's diaries also depict how this issue became part of the discussions on international finance. When Cavid Bey was in

Europe, he often discussed the Armenian issue more than the agreements on financial details. The Armenian Reform Act was a major obstacle for the Ottoman Empire, and the government was stuck between domestic and international politics. It might be argued that the Armenian issue started in 1913 as a result of international diplomacy. The diplomats, politicians, and financiers were acutely aware that the tension around the issue might lead to a massacre sooner or later. These kinds of interventions increased the trauma and anxiety of the ruling elite in the Empire regarding its future. While the Armenian Question had a human rights component for the Great Powers, it was also a part of their imperialist competition. The issue had two dimensions: first, the imperialist competition to dominate Anatolia and Mesopotamia and, second, taking more concessions in return for reconciliation between the two communities. Germany eventually got involved in the issue alongside Russia. After the Armenian Reform Act was signed in February 1914, the Aegean Islands became the next major issue on the Great Powers' agenda. The Russian delegate to the OPDA was another major issue that Cavid Bey dealt with at this time, although it could not be solved before the outbreak of the Great War.

Last but not least, the Great Powers' final maneuver was France's attempt to control the military spending of the Ottoman Empire. Due to the crisis between the Ottoman Empire and Greece, which created a perception in Europe that there might be a war between them, the French government wanted to prevent the Empire from purchasing military equipment with the money that France had lent. When the French government lost all hope of achieving financial control over the Ottoman Empire, they forced Cavid Bey to order French military equipment before leaving Paris. This became intertwined with the concessions Cavid Bey had given to the Great Powers on behalf of the Ottoman government.

Was the Unionist government aware that the country was on a knife-edge—that its future was linked with the position and will of the Great Powers? Were they aware that in 1913 the Great Powers had the ability to choose whether the Ottoman Empire would collapse or survive? The

Great Powers' influence certainly increased the existential anxiety among the Empire's ruling elites before the First World War. However, this situation had also led to the creation of a new raison d'etre for the Unionists. The xenophobic anxiety in Anatolia that was inherited from the Balkan Wars survived until the Republican Era, and it became one of the major tools in establishing the nation-state — despite its high cost to human rights. The Unionists were also aware that a European war was very close, and the most critical issue was choosing an ally with which to enter the war. If the Empire was to become one of the victors of the war, perhaps it could get rid of all of these questions. In sum, the Unionist policies prioritized saving the state, although this sometimes went hand in hand with the Great Powers' imperialist policies.

It is possible to trace the trauma of losing the Balkans and Selanik from Cavid Bey's diaries. On many occasions he does not hide the deep suffering that he felt after their loss. These sentiments also reflect the CUP's disappointment and (in)ability to confront its failures since 1908. Cavid Bey is often reminded of the joy of the Revolution in contrast to the dark days of the Balkan Wars. The period before the Balkan Wars began with the Gazi Ahmet Muhtar Pasha government, which is recounted in detail in Cavid Bey's memoir. In fact, he started the budget speech on July 4, 1914, by mentioning this period and its consequences. After the Balkan Wars, the Empire was transformed in every aspect: political, social, and economic. However, Cavid Bey was in Europe while these changes were carried out by the Unionist government. We really do not know how Cavid Bey observed and evaluated these changes, but in the end, he followed the rules of the CUP, though he did not feel very comfortable with the new circumstances which were bound up with nationalism.

During this period, the CUP made monumental decisions on the future of the Empire.[997] However, Cavid Bey had excluded on many of these moments while in Europe, including the coup d'état of January 23,

997 Zürcher, "Young Turk Governance", 897-913.

the Empire's entrance into the war and alliance with Germany, and the bombardment of Russian bases. According to his diary, Cavid Bey supported the CUP's fundamental actions such as the putsch. From the beginning of 1913, the military cadres and other civilians who had a military character such as Talat Bey dominated the CUP and the Unionist government. It might be argued that Mahmud Şevket Pasha was the ideal representation of Ottoman culture as both a soldier and statesman who governed the state during its final hour. While Cavid Bey was always a part of the ruling elite, as an expert and, of course, a loyal Unionist, his absence from Istanbul was used as a convenient excuse to exclude him from many decisions to which he might object, including the German alliance. Cavid Bey's resignation after the entrance of the Ottoman Empire into the Great War was a surprise for all.

Cavid Bey led the anti-war camp in the government between August 2 and October 29, 1914. Said Halim Pasha changed his mind about the war through his determination, and Talat Bey softened his attitude. According to Cavid Bey, the Ottoman Empire was neither militarily nor economically ready for a European war. Moreover, he had just signed the debt agreements himself. He thought that under these conditions, his country would now enter the development process. When he learned of the August 2 agreement with the Germans, he was the first and the only person who noticed that there had been no specific financial commitment made to the Ottoman Empire. During this time, he continued to meet with the Great Powers' ambassadors on behalf of the government.

Most importantly, Cavid Bey was trying to keep afloat the Ottoman financial system, which had declared a moratorium. Despite all his objections, he did not resign from the cabinet until the Ottoman Empire finally entered the war. He supported the abolition of capitulations, which he was always against. However, the bombing on October 29 was a red line for him. His resignation drew many reactions within the organization. He did not meet with Talat Bey for a short time; Dr. Nazim threatened him. His identity as a *Dönme* resurfaced again at this critical moment. As he believed that it was not in the Ottoman Empire's interest

to go to war, he also violated the debt agreement that the Ottoman Empire had received in exchange for not going to war for a year and a half. Despite his resignation, Cavid Bey was still a Unionist and bound to his duty to the state. If he was not in office, he would continue his duty as a shadow minister, conducting the Ottoman Empire's financial affairs, which we will see in the next chapter.

5

Conclusion: A Civil Unionist

War is too serious matter to be left to the soldiers.

– George Clemenceau[998]

This chapter covers two different sections. The first part covers the life span of Cavid Bey from the Great War (1914 – 1918) until he lost his life in 1926. Secondly, it covers the conclusive marks of the whole dis-sertation. The first part of this chapter consists of the very critical pe-riod of Turkey from 1914 to 1926, which covers the Great War, the Na-tional Independence War, the Lausanne Treaty, the foundation of the Republic, and the Independence Tribunal. These incidents all might cover another chapter. In this dissertation, they briefly analyzed along the axis of Cavid Bey's biography.

998 "La guerre! C'est une chose trop grave pour la confier à des militaires." George Clemenceau

§ 5.1 Cavid Bey in the Great War

It is possible to divide the Great War period in Cavid Bey's life into two different periods. The first period, 1914–1917, mainly covers Cavid Bey's negotiations in Vienna and Berlin for the loans. During this period, he was distanced from the war economy's domestic components that were intertwined with nationalist policies and priorities. Instead, he mainly dealt with the international aspects of war finances. The second period, 1917–1918, begins with his assignment as the minister of finance. In this section, I benefited once again from the diaries that he kept daily, although the scope of this section is relatively narrower than the previous chapters.

Cavid Bey's journal covering the Great War years, Vol: III,[999] sheds light on significant issues. First of all, it is possible to observe how the negotiations were carried out with allies during the Great War period. The intentions of the German and Austrian statesmen and financiers were undeniable: their main concern was to return the order of the capitulations in the post-war era. The course of events in Ottoman finances, German and Austrian demands, Cavid Bey's resistance to some specific points, and the loan negotiations carried out by various channels are essential to understand the background of the war finances. One of the most critical aspects is that Cavid Bey's diaries depict the Unionists as having given secret promises to German statesmen regarding the capitulations.

Both Cavid Bey and especially the Unionist deputies in Istanbul, led by Hüseyin Cahit Bey, put pressure on the Unionist government to clarify the agreement with the Germans. Cavid Bey's diaries also crystallize the political incidents and conflicts in Istanbul. Furthermore, his meetings with his fellow Unionists, even those in Berlin, help us understand the complexity of relations and ventures inside the CUP. In sum, his dia-

999 Mehmed Cavid Bey. *Meşrutiyet Rûznamesi,* Vol. I, edited by Hasan Babacan and Servet Avşar. Ankara: Türk Tarih Kurumu, 2014.

ry widens our perspective about the political concerns and complexity of the Great War in the Ottoman Empire.

Following Cavid Bey's resignation just after the Empire's entrance into the Great War, Talat Bey became the minister of finance. Cavid Bey was the shadow minister, active mainly in international finance and economic relations with the Empire's allies. Talat Bey was shaping the wartime domestic economy along with Kara Kemal rather than Cavid Bey. Cavid Bey was aware that the economic policies were implemented without his consent or even without asking for his ideas. According to his agenda, Talat Bey became the sole governor of the domestic economy, which became intertwined with new ideologies and new targets to transform the economic structure of the Ottoman Empire under the extraordinary conditions of the war. His exclusion occurred because of the difference in their primary ideological approach to the economy as seen during the Balkan Wars.

Cavid Bey's diary also reveals the domestic conflicts inside the CUP. During the war, the Central Committee members, including Cavid Bey, were frustrated with the militarized character of the CUP and its policies. The distance between the civil and militarist figures of the Committee became even more apparent during the war years. Cavid Bey's dissatisfaction with Halil Bey also reflects this situation. Although Halil Bey was a civil man, a lawyer, he sided with the militarist part of the government. He was among the small circle knowing the entrance to the war. Although Cavid Bey was in Berlin, the government dispatched Halil Bey to Berlin for political issues. After his resignment, he was confined with the financial issues and excluded from the Cabinet works. These incidents point to the separation, dispute, and contest between the Unionists under the superiority of the war and military cadres in macro and micro politics.

After the shock of Cavid Bey's resignation, he started to work for the government as the shadow minister, as mentioned above. In mid-November 1914, after meeting the Unionist leaders, Cavid Bey was granted wide authority in the negotiations and transactions. The top issue on his agenda was the urgent need for cash. The government's

primary concern was to issue 15 million liras in paper money in return for five million in gold from the IOB. According to Cavid Bey, the army could manage with this money for eight to ten months. Cavid Bey's idea was to spend the money on the army's needs, because although the state's income would decrease because of the war, public expenses would not increase. Although the other Unionists wanted to consult with Enver Pasha, Cavid Bey thought that Enver Pasha has no idea about how to finance the war. It is interesting to observe Cavid Bey turn against Enver Bey within such a short period. Cavid Bey did not intervene in decisions about the economy but rather helped the government with issues related to third parties.

Cavid Bey's main concern is whether the Germans added definitive articles on the future financial needs of the Ottoman Empire during the war. However, there is no concrete wording on the future financial operations between the two allies. This situation also indicates that the needs of the Empire would be met daily rather than an elaborated plan. The government's main aim was to accumulate gold for the expenses of the army. In order to meet the army's daily needs, only the Ottoman Bank had to issue paper money. The bank still had two general managers in Istanbul, British Arthur Nias and French Louis Steeg, who would soon become the target of the Deutsche Bank and the Anatolian Railroad Company.[1000] The Ottoman Bank refused to act according to the will of the government, including providing advances during the war. It was apparent that the bank soon would not have any role in the government's economic plans. Cavid Bey worked hard to preserve the bank's position during the war. His main aim was to preserve relations between the IOB and the Ottoman government so that international financial institutions could endure in the post-war era. Cavid Bey played a significant role in protecting the IOB and OPDA from the German and Ottoman governments' attempts at seizure.[1001] At the beginning of the

1000 Trumpener, *Germany and the Ottoman Empire 1914-1918*, p: 273.

1001 Edhem Eldem *Osmanlı Bankası Tarihi,* (Istanbul: Osmanlı Bankası Araştırma Merkezi ve Türkiye Ekonomik ve Toplumsal Tarih Vakfı, 1999), 301-304.

war, Cavid Bey asks the government to authorize the OPDA to issue money in return for gold.[1002] However, the OPDA does not have reserve funds during this period, and the IOB only has a few thousand lira in cash after paying the indemnity from the Tripolitanian War. The government immediately halted the OPDA's payments in order to provide these funds to the Ottoman government. Cavid Bey is against borrowing this money, because the debtors might ask for their money after the war.

Once again, the Germans are suspicious of Cavid Bey and his support for France. The Germans were afraid that Cavid Bey would convince the Ottoman government to preserve the IOB. Cavid Bey tells Mr. Wasserman, a German banker who was sent to Istanbul by Berlin to observe the Empire's financial issues, that supporting the French cannot make him forget his country's interests. However, he adds that he does not see any benefit to damaging another country without reason.[1003] Cavid Bey notes in his diary in November 1914 that Germany aims to control the bank via the Ottoman government and a German consultant assigned to the bank.[1004] Cavid Bey informs Mr. Nias, the British manager of the IOB, that the Germans want to confiscate the bank. He advises him to provide a seven-million lira advance in return for the five million in gold. Cavid Bey warns the Istanbul branch of the IOB of the German plan to confiscate, liquidate, and found a committee on the bank. While the Germans are skeptical of Cavid Bey, they also ask him to return to the office of the minister of finance. According to Cavid Bey's diaries, Germany has economic and political plans for Turkey. He concludes this after several conversations with German officers including Mr. Kühlmann, undersecretary of the German embassy, Mr. Wassermann, and Mr. Weitz. These

1002 Trumpener, *Germany and the Ottoman Empire 1914-1918*, 276. See also "Maliyye Nazırı Cavid Bey'İn Meclis-i Ayan'da Osmanlı Bankası ve İtibar-ı Milli Bankası üzrine konuşması", in Toprak, *İttihad ve Terakki ve Cihan Harbi, Savaş Ekonomi ve Türkiye'de Devletçilik*, 377-381.

1003 Trumpener also gives information about Cavid Bey's post-war concerns from the sources of the German archives. Trumpener, *Germany and the Ottoman Empire 1914-1918*, 274-275.

1004 Cavid Bey, Meşrutiyet *Ruznâme, III,* 9.

plans have several components, such as becoming a partner of the Suez Canal after a successful expedition to Egypt.

In his notes from November 19, 1914, Cavid Bey complains about Talat Bey and the CUP's chauvinist policies in Istanbul.[1005] Talat Bey wants to destroy all French corporations in the Empire. This makes Cavid Bey anxious about the future.[1006] Talat Bey's behavior is also the outcome of the crisis with the IOB. The bank rejects the government's proposal to issue five million lirasin paper money in return for five million lira in gold. The bank does not trust the government, because they might withdraw the gold from the bank. Cavid Bey notes in his diary that he also cannot trust the government after examining its new policies. Cavid Bey notes in his diary that Talat Bey has claimed that he would take any measure, legal or illegal, to solve the Empire's problems.[1007] Cavid Bey tries to mediate with the IOB and the Ottoman government. He also openly tells Mr. Steeg, the French manager of the IOB Istanbul branch, that serious problems will arise if the bank does not approve this deal. However, the government continues to voice its desire to confiscate the IOB. On November 28, 1914, Enver Pasha, Talat Bey, Halil Bey, and Mithat Şükrü meet with Cavid Bey. Enver Pasha comes to Cavid Bey's house for the first time. The government plans to purchase the IOB in order to confiscate its funds. They would pay for the bank after the war. Enver Pasha is against the Germans' economic penetration, and for this reason, he asks Cavid Bey to manage the bank. He is also surprised that Halil Bey approves of this idea as a person of the law. Cavid Bey believes that the German ambassador and Mr. Wassermann were the key figures behind these ideas. On December 4, 1914, Cavid Bey met Talat Bey at a club. Talat Bey tells him that the cabinet has decided to establish a state bank. Halil Bey proposes that Cavid Bey take up the presidency (*nezaret*) of the bank on behalf of the grand vizier.[1008]

1005 Aksakal, *Harb-i Umumi Eşiğinde Osmanlı Devleti Son Savaşına Nasıl Girdi?,* 212.

1006 Cavid Bey, Meşrutiyet *Ruznâme, III*, 12.

1007 Cavid Bey, Meşrutiyet *Ruznâme, III,* 15.

1008 Cavid Bey, Meşrutiyet *Ruznâme, III,*19.

During the early days of the Great War, the Germans had three primary concerns regarding the Empire's banking issues: the foundation of a new bank, issuing paper money, and the situation of the Ottoman Bank. From time to time, the Germans were aggressive in discussions on these three issues. On December 11, Talat Bey asks Cavid Bey to ask the Ottoman Bank to issue paper money in return for gold amounting 500,000 liras. Talat Bey states that if the bank would disagree, the government will respond with force. According to his notes, Cavid Bey had brought up establishing a new bank instead of confiscating the Ottoman Bank.[1009] Talat Bey asks Cavid Bey to be the president of the Ottoman Bank as the French and British managers were no longer welcome in the state bank.[1010] However, Talat Bey also offers the same position to someone else. Cavid Bey is disappointed when hearing this, because Talat Bey used to consult with him on financial issues. He feels that the Central Committee (CC) played a crucial role in this situation.[1011] However, as usual, everything changes rapidly, and soon after the CC decided to select the managers inside the bank. Nevertheless, Mr. Wasserman insists on assigning Cavid Bey to a senior position within the bank.[1012] Cavid Bey provides information for the cabinet on the new circulation concerning paper money. As he notes in his diary, he again tells the cabinet members that it is best that the cash come into circulation through the OPDA. The gold received from Germany and revenue from the war taxes would be used as collateral. Enver Pasha asserts that they must purchase the Ottoman Bank during the war; in fact, most of the ministers preferred to make the transaction through the Ottoman Bank. However, Cavid Bey convinces them otherwise. At last, they decide to make the transaction through the OPDA.[1013]

1009 Cavid Bey, Meşrutiyet *Ruznâme, III,*26-27.

1010 Trumpener, *Germany and the Ottoman Empire 1914-1918*, 277.

1011 Cavid Bey, Meşrutiyet *Ruznâme, III,*19-30.

1012 Cavid Bey, Meşrutiyet *Ruznâme, III,*32-3.

1013 Cavid Bey, Meşrutiyet *Ruznâme, III,*33-4.

On February 23, 1915, Cavid Bey departs for Vienna with Hüseyin Cahit and Mr. Wasserman to discuss the financial issues with allied countries.[1014] However, Cavid Bey's mind is very much occupied with the ongoing battle in Çanakkale (Gallipoli Campaign). He notes in his diary that everyone is concerned with the army's lack of munitions. In Vienna, Cavid Bey met with Mr. Burian, the Austrian delegate to the OPDA.[1015] In return for an Austrian-German loan amounting to 150 million francs, the Austrians ask for privileges. According to Cavid Bey the issues regarding the privileges should be discussed after the war. Cavid Bey's observation of Vienna is that the Austrian statesmen and financiers are pessimistic and lack confidence in the war. They largely believe that Çanakkale will fall shortly. Cavid Bey notes in his diary that nobody appreciates the sacrifice the Ottoman Empire had made. He notes, "what a reward for us."[1016] Since resigning from the cabinet, he had been more distanced and critical of his Unionists friends and colleagues. He was seemingly offended by them.

On March 6, 1915, Cavid Bey arrives in Berlin. The Germans promise Cavid Bey that Berlin would not ask for concessions. After several meetings, at last, Cavid Bey meets Mr. Helfferich, Secretary of State of the Treasury, to discuss financial issues on March 14, 1915. Meanwhile, Cavid Bey receives news from Istanbul that the Ottoman army is gaining ground in Çanakkale War. He notes in his diary that "we are going crazy with joy."[1017] In the meantime, Mr. Helfferich agrees that the OPDA should issue more cash instead of the Ottoman Bank. The Germans also ask the Ottoman government to issue their payments for the Anatolian railways. Cavid Bey offers to pay them after the government receives the advance from the OPDA. Halil Bey arrives in Berlin upon Cavid Bey's urgent call to meet the Bulgarian delegation in Berlin. Still, the Bulgarian

1014 Cavid Bey, Meşrutiyet *Ruznâme, III,* 56.

1015 Cavid Bey, Meşrutiyet *Ruznâme, III,*37.

1016 Cavid Bey, Meşrutiyet *Ruznâme, III,*40-1.

1017 Cavid Bey, Meşrutiyet *Ruznâme, III,* 44-5.

position in the war is ambiguous.[1018] Cavid Bey's and Halil Bey's views on Germany are quite different. Cavid Bey is critical of Halil Bey's unquestionable support for the German position.[1019]

In March 1915, the heavy bombardment of Çanakkale (Gallipoli) by the Entente Powers began. There was much commotion in Istanbul over the campaign. The Ottoman government was also discussing moving the capital to Anatolia, likely to Konya. Many Unionists had started to move from Istanbul to different cities around Anatolia. Many city dwellers also considered leaving Istanbul and moving to the Asian side of the city or somewhere else in Anatolia.[1020] While the sultan was anxious about leaving Istanbul, the Unionists did not see this as an important issue. Cavid Bey suspected that once they would leave Istanbul, they might not return.[1021]

During the Çanakkale (Gallipoli) Campaign, the French request a meeting with Cavid Bey in order to discuss the possibility of separate peace talks. Records of these talks can be found in both Cavid Bey's diary and archival sources.[1022] Cavid Bey met Mr. Ponsu, the vice president of the committee of French foreign affairs and reporter of the budget of the navy. According to both sources, Cavid Bey deduced that Mr. Théophile Delcassé, French minister of foreign affairs, was cognizant of this secret meeting. The Germans were also aware of this meeting. German spies closely follow Cavid Bey. Mr. Ponsu starts the discussion by emphasizing that the Entente powers enter Çanakkale, (Gallipoli) and for this reason, the Ottoman government should take measures to reduce

1018 BOA_HR_SYS___02105_0008_003

1019 Cavid Bey, Meşrutiyet *Ruznâme, III,* 50.

1020 Ahmet Refik Altınay İki Komite İki Kıtal (Ankara: Kebikeç Yayınları, 1999), 10-11; Ahmet Nedim Servet Tör, *Nevhîz'in Günlüğü "Defter-i Hâtırât*" (Istanbul: Yapı Kredi Yayınları: 2010), 183-187 (Diary entry March 14, 1915, and March 17, 1915, March 19, 1915).

1021 Cavid Bey, Meşrutiyet *Ruznâme, III,* 37.

1022 BOA_HR_SYS___02105_0008_015,
BOA_HR_SYS___02105_0008_011.
Cavid Bey, Meşrutiyet *Ruznâme, III,*50-4

its humanitarian and military losses. He also mentions cooperation and a compromise between France and the Ottoman Empire. Cavid Bey asks why the French are interested in entering Çanakkale (Gallipoli). Mr. Ponsu says bluntly that the French are interested in obtaining a share from the partition of Turkey. In return, Cavid Bey firmly states that the Ottoman government will not make a separate peace agreement with France, Britain, and Russia. Cavid Bey states that the Empire will continue the "struggle of life and death, which they decided to pursue on the first day (of the war)." He continues, "even if you captured Istanbul, we would continue the war in Anatolia." Mr. Ponsu adds that if the Entente forces enter Çanakkale, the city would gain international status. Although the meeting with Mr. Ponsu was inconclusive, the Entente forces try to understand Istanbul's situation and whether or not there is the possibility of crossing the straits and capturing Istanbul. In his diaries and his note to the Sublime Porte, Cavid Bey mentions that Mr. Ponsu represents only a few French politicians who consider that the French government is too interested in Çanakkale (Gallipoli), although it is not directly related to French interests. Meanwhile, the French government is organizing a full-fledged propaganda campaign to mobilize public opinion to support pushing the Balkan states to mobilize against Austria-Hungary. Cavid Bey adds that even if the Triple Entente would pass through the straits, Britain's domination of the Middle East would eventually conflict with French interests in the region. He points out that the interests of France and the Ottoman Empire are close to each other. Cavid Bey claims that even if the Germans leave Anvers, the British will not leave Pas-de-Calais. Cavid Bey claims that if the Entente Powers would invade Istanbul, they would likely use the city in exchange for taking back Belgium from the Germans.[1023] As mentioned above, the talks remained inconclusive and ended after the Turkish victory in Çanakkale (Gallipoli).

1023 BOA DH_SFR__00470_00098_001_001. Cemal Pasha asks information from Talat Bey, the minister of interior affairs about the peace talk between the French and Cavid Bey.

In Berlin, April 1915, Cavid Bey tries to settle the details of two related operations: the emission of money and borrowing gold from Germany in return.[1024] On April 20, the second loan agreement between Ottoman Empire and Germany was signed, despite the Austro-Hungarian concerns and some technical problems. Cavid Bey succeeded in finalizing the treaty. The loan amounted to 8,140,000 liras.[1025] This loan would be consumed in a very short period, and the Ottoman government would apply to Germany for a new loan only six months later. It was not a good surprise for the Wilhemstrasse.[1026]

Cavid Bey travels to the French war zone in Charleville, beyond Alsace in the Western Front with the German military staff on April 21.[1027] In his diary, Cavid Bey describes seeing empty French villages with burned buildings. Older men, women, and children were on the roads. Though they were far away from the front, the view of the war was terrible. Cavid Bey's notes in his diary help us to understand the Empire's animosity toward France at this time. He noted:

> When the Balkan states occupied our lands, they evaluated this as a German defeat and a French victory. My heart trembled with a vengeance when I remembered how the French celebrated the Balkan Wars.[1028]

During this visit, Cavid Bey was invited to a reception by Kaiser Wilhelm II and General Falkenhayn. After a two-day visit, he was back in Berlin on April 23, 1915. On April 26, Cavid Bey received the Aig Rouge medal from the German Chancellor.[1029]

1024 Cavid Bey, Meşrutiyet *Ruznâme, III,* 60-4.

1025 Trumpener, *Germany and the Ottoman Empire 1914-1918*, 278. Özavcı, "War Finances", 6-7.

1026 Trumpener, *Germany and the Ottoman Empire 1914-1918*, 279.

1027 BOA_HR_SYS__02105_00008_007

1028 Cavid Bey, Meşrutiyet *Ruznâme, III,* 65.

1029 Cavid Bey, Meşrutiyet *Ruznâme, III,*63-6.

New construction on the Baghdad Railway line comes to the government's agenda in April 1915. A new railway line was planned to reach the Taurus Mountains in order to aid the Egypt expedition. It would cost two million liras. The money would be paid to the Baghdad Railway company using money from the loan of the German government, and the Ottoman government would continue to pay the 6 percent interest rate on the loan. While Talat Bey and Enver Pasha support this new construction—although they express that this is largely because of Germany's demands—Cavid Bey objects to the latter condition. According to Cavid Bey, once the Ottoman government accepts paying the interest, they will have to accept all of the company's demands. Cavid Bey is not in a rush to settle the issue, because the Ottoman government does not want to spend the borrowed money on investments. In order to support the government's payment on the railway, he believes that Germany should increase the amount of the loan.[1030] He assesses that Germany's approach to the Ottoman government is the same as during the pre-war period: a dependent relationship based on loans, high interest rates, and investments. Furthermore, building a railway with tunnels during the war was unnecessarily costly, especially when the construction of the new line would not meet military needs.[1031]

By 1915, the Baghdad Railway already reached Pozantı to the north of the Taurus Mountains. There was an urgent need for a tunnel to pass through to the southern side of the Taurus Mountains, to Dorak. However, another obstacle laid ahead: there was no transit through the Amanos Mountains onto İslahiye station. İslahiye connected to Halep, Syria, joining the Damascus and Hedjaz railway and Medina. Connecting the railway at these two points would construct a direct railway link from Istanbul to Palestine. Although Cavid Bey started the negotiations on the railway's construction in 1915, the lines were not built until the end of the war. As Özyüksel states, "until October 1918, it was not pos-

1030 Meşrutiyet Ruznâme, Vol III, 68-9, Trumpener, *Germany and the Ottoman Empire1914-1918,* 294-95.

1031 Cavid Bey, Meşrutiyet *Ruznâme, III,* 69.

sible for a train (from Istanbul) to reach Halep directly." Later, a third connection was built between the Taurus and Amanos Mountains to easily reach the Baghdad Railway.[1032]

At the beginning of May, Cavid Bey departs for Vienna and Berlin to discuss financial negotiations and the construction of new lines of the Baghdad Railway around Taurus in order to dispatch soldiers for the Egypt expedition.[1033] He discusses loan negotiations with the Austrian bondholders of the OPDA. Cavid Bey signs the loan agreement with Baron Burian, Austrian representative of the OPDA. Cavid Bey also frequently meets Mr. Toschev—the Bulgarian representative in Istanbul, whom Cavid Bey often met in Istanbul during the crisis between August 2 and October 29—while in Vienna. Cavid Bey had deduced that Bulgaria would not hastily enter the war, and his meetings and talks with Mr. Tochev affirmed this. Mr. Tochev aldo gives a piece of remarkable information to Cavid Bey. According to this information, Talat Bey knew about the Black Sea incident that caused the Empire's entrance into the war before it had happened. He tells Cavid Bey that he came across Talat Bey at the Istanbul municipality, where Talat Bey told him that "we decided to move with the Germans decisively." Mr. Tochev and Cavid Bey believe that Cemal Pasha was also informed about this incident.[1034]

Cavid Bey decides to go to Istanbul to meet Talat Bey to discuss the Baghdad Railway issue. He arrives in Istanbul on May 11, 1915, and stays in Istanbul for ten days. Although the deportation of Armenians began on April 24, 1915, there was no comment related to this incident in Cavid Bey's diary. Instead, his notes during this period cover the Ottomans' apprehension concerning the Italian and Romanian involvement in the war. Cavid Bey observes that people are very anxious in the city. Cavid Bey notes comments about Enver Pasha in his diary. Sait Halim Pasha complains to Cavid Bey that he has no role in the govern-

1032 Özyüksel, *The Berlin-Baghdad Railway and the Ottoman Empire*, 163.

1033 BOA_ BEO_004355_326582_001_001. The Cabinet decided Cavid Bey to dispatch to Berlin to make the negotiations for Baghdad Railway.

1034 Cavid Bey, Meşrutiyet *Ruznâme, III,*71-3.

ment anymore. The state of emergency left him lacking authority, and the military had undertaken the power to govern. Sait Halim Pasha asks Cavid Bey, "Where are the conquerors of the Caucasus and Egypt?" referring to the enthusiasm of Enver Pasha and Cemal Pasha's goals in the pre-war period. Mr. Wangenheim also complains about the independent actions of the Turkish military and Enver's excessive nationalism in both Persia (Acemistan) and the Caucasus.[1035]

Cavid Bey meets Enver Pasha to discuss the new railway lines that were to be constructed for the military. He finds that Enver Pasha is optimistic about the outcome of the war. They discuss the Taurus and anti-Taurus (Aladağlar) region. The government decides to budget 200,000 liras for the remaining main line of the railway and the construction of narrower lines. However, Cavid Bey asserts that the cost of the railway is much more than the current contract. The phrasing of the contract is ambiguous. Cavid Bey also criticizes the government for being in a rush to complete this project. Enver Pasha suggests that Halil Bey carry out the negotiations in order to expedite them; however, the cabinet decides that Cavid Bey should instead return to Berlin, because it is hard to negotiate this issue in Istanbul. Another pressing debate at this moment was the debate over opening the straits to Russia. Mr. Wangenheim asks whether the Ottoman government would allow Russia to pass from the Straits to the Mediterranean. Cavid Bey responds that they would if only Russia, Germany, and the Ottoman Empire could come to a joint agreement. He assumes that Germany will conclude an agreement on this issue with Russia instead.[1036]

After a short but busy stay in Istanbul, Cavid Bey arrives in Berlin on May 23. He meets Mr. Helfferich to discuss the railway issue, and they come to an informal agreement. According to their oral agreement, the expense of the mainline belongs to the company; the expenses resulting from the war belong to the Ottoman government.[1037] Cavid Bey begins

1035 Italy entered the war on May 23, 1915, on the side of the Allies.

1036 Cavid Bey, Meşrutiyet *Ruznâme, III,*75-8.

1037 Cavid Bey, Meşrutiyet *Ruznâme, III,* 82

railway negotiations with Deutsche Bank. Mr. Gwinner presents their proposal. However, it seems that this plan would take time, because the bank does not know the cost of the railway line. Cavid Bey considers that this business will harm the Ottoman government.

The first note in Cavid Bey's diary related to the deportation of the Armenians appears on June 14. Zöhrap Efendi's son wrote to Cavid Bey asking for his help in organizing his family's departure to Europe. He mentions that his father and Varteks Efendi were arrested and sent Konya. Zöhrap Efendi's son also wrote to Halil Bey, who sent a telegram to Istanbul. According to Cavid Bey's diary, Halil Bey sent a telegram to Talat Bey concerning the arrest and exile of two deputies under these circumstances, which he assessed would destroy the government's honor. Cavid Bey notes that although Halil Bey is not content with this kind of treatment, he has no power (personally) to change the situation. Meanwhile, Halil Bey was assigned to the Ministry of Foreign Affairs because the Unionists had failed to facilitate international relations. Cavid Bey comments that while it was evident that Sait Halim Pasha could not conduct the country's foreign relations, it was also a surprise that Halil Bey would become the minister of foreign affairs.[1038]

Cavid Bey continues his negotiations despite his lack of trust in German politics. He greets their words with caution. Istanbul asks for more loans to conduct expeditions. In the meantime, Cavid Bey continues the Baghdad Railway negotiations with both Deutsche Bank and Karl Helfferich, the German Minister of the Treasury. Muhtar Bey also accompanies Cavid Bey. The Germans want to find a new bank, which would issue banknotes valued at three times the amount of gold it would keep. The new bank would be used to issue money. According to Cavid Bey, the Germans still considered seizing the Ottoman Bank. Cavid Bey advises Talat Bey to tell Enver Pasha to apply for loans directly to the general staff by himself.[1039]

1038 Cavid Bey, Meşrutiyet *Ruznâme, III,*84-5

1039 Cavid Bey, Meşrutiyet *Ruznâme, III,* 89.

Cavid Bey receives a letter from Hüseyin Cahit Bey concerning Zöhrap Efendi and Varteks Efendi. He mentions the sad state of their wives. He forwards Mrs. Zöhrap's letter to Cavid Bey asking him to mediate the release of her husband. Cavid Bey notes in his diary, "But, to whom should I say something? If it were just an investigation, then they would not take them to Diyarbakır from Istanbul." According to his diary, Cavid Bey writes a letter to Talat Bey concerning Zöhrap Efendi and Varteks Efendi. He writes to Talat Bey that though he thinks the Armenian question is over, the events that have enfolded create an ambiguous situation for the future.

Hüseyin Cahit writes to Cavid Bey and informs him about the government's policies. He complains that the government acts without considering the consequences; then, only after, they try to fix their mistakes. For instance, they put a new tax on the institutions helping the children of martyrs, which is under the authority of the OPDA, without informing the OPDA. According to Cavid Bey, these hasty actions make everything more complicated.[1040] Every new policy decision in Istanbul is made in a rush, without thinking about the outcomes. Although Cavid Bey is known as the shadow minister, he does not know about all the government's decisions, according to his diary.

During the loan negotiations the German ministry of foreign affairs announces that they have stopped loaning out gold, even to Austria. Meanwhile, Istanbul is very anxious about both the loans and railways. The Germans make the loan conditional on establishing a new bank. Talat Bey writes to Cavid Bey that the Germans are obsessed with the bank issue. According to Cavid Bey's diary, Talat Bey responds, "While trying to abolish the Ottoman Bank, it is not proper to establish a German Bank. Let us establish a National Bank." Cavid Bey responds to Talat Bey and gives instructions in the letter to Falkenhayn from Enver Pasha. He writes, "The foundation of the bank will take time, but the government urgently needs at least three million liras. It is not possible to open a

1040 Cavid Bey, Meşrutiyet *Ruznâme, III,* 89-90

bank before November. If the bank were established as agreed upon, we would obtain advances from the bank. However, it is not right to link the bank and advance issues during the war."[1041] Although the Germans push hard for the foundation of the bank, the Ottoman government asserts that the bank issue cannot be related to the loan issue. Under the conditions of war and while Cavid Bey is away from Istanbul, it seems that the Empire's financial issues are nearly out of control.[1042] At last, two different offers emerge at the end of the negotiations held in Istanbul and Berlin. Cavid Bey continues talks with Deutsche Bank. The bank issue is also handled in the same meetings. Although the Ottoman government considers purchasing the bank once it has been established, there is no concrete decision on the part of the Ottoman government. Everything proceeds according to Germany's needs and demands. The Baghdad Railway company avoids paying the expenses that it will incur during the war. Cavid Bey insists that Germans pay at least 4 million lira of the company's war expenses.

The war cabinet in Istanbul wants to purchase the Ottoman Bank instead of establishing a new bank. However, Cavid Bey objects to this project for many reasons, including the necessity of the shareholders' approval and the operational field of the Ottoman Bank. He is sure that if they would take over the bank, there would be no competent men to manage the bank. Moreover, the consequences of the war are unknown. He warns Talat Bey in a letter that it may be hard to find money after the war if they would confiscate or purchase the IOB. However, now, they can utilize the IOB credits. He argues that the war encouraged the government to take extensive economic steps such as opening a bank, building railways and ports, et cetera. He writes, "If the government had such power and could not notice it until today, then they lack intelligence." He warns him that if the new bank had issued banknotes in return for treasury bonds, it would be a disaster for them, damaging the government's reputation and disobeying international law. At the end of

1041 Cavid Bey, Meşrutiyet *Ruznâme, III* ,96.

1042 Cavid Bey, Meşrutiyet *Ruznâme, III,* 98-9.

his letter, Cavid Bey's last sentences are as follows: "I am writing this letter to you in virtue of our friendship, which has never hurt against all odds… You may reject the words you dislike. However, if you do not accept my words, you do not have any right to ask for my assistance and service."[1043]

Meanwhile, Cavid Bey gathers with German politicians in Berlin and joins their luncheons and meetings. During these meetings, he informs them of the Empire's developments and plans regarding the war. However, even after his extended stay and negotiations, no agreements had been signed by the two parties. The Germans try to formulate the bilateral issues as a matter of business between the Ottoman and German parties. Mr. Helfferich gives Cavid Bey two copies each of two drafts of German contracts on August 7, 1915. The contracts cover the railway and the bank issues. Mr. Helfferich also asks for payments on the coupons and transportation. Cavid Bey replies that the Ottoman government will not make any payment to any railway companies and that the Anatolian Railway company should support the government more than anyone else. He asserts that the only way to pay the public debt is with Germany's support. Germany gives less than one million lira per month to the Ottoman government.

Cavid Bey was set to travel to Istanbul to finalize these issues.[1044] arrives in Istanbul on August 19, 1915. Although he was in Istanbul only three months ago, he finds Istanbul in a much more terrible state financially and psychologically. According to his observations, everything is dark at night (mainly due to the curtail of gas usage), and the mood of the people was not optimistic despite the victory in Canakkale (Gallipoli). He also notes in his diary that there was a considerable buzz around the market. Cavid Bey is swamped with work throughout his stay in Istanbul. Upon his arrival, he immediately starts to work on the Baghdad Railway issue and participates in the cabinet meeting to give information about the contracts. The cabinet is leaning toward approving the

1043 Cavid Bey, Meşrutiyet *Ruznâme, III,* 109.

1044 Cavid Bey, Meşrutiyet *Ruznâme, III,* 122-27.

railway issue according to the German plan. Cavid Bey attends the cabinet meetings and continues the negotiations. In terms of establishing a national bank, he discusses who will be the bank director and the board of directors. It is decided that the ministry of finance, not the OPDA will control the banknotes that will be put into circulation. Additional commitments to Germany are becoming more necessary because of the concessions demanded by the Germans. Mr. Helfferich gave Cavid Bey a copy of this contract on the Baghdad Railway on the last day, so he does not get a chance to look at these details. But when he checks the papers, he notices that Mr. Helfferich already put an article on the bank issue and made it an official topic between the two governments.

As the Baghdad Railway and the bank issues become further intertwined, another critical question at hand was the debt issue. In a telegram to Hakkı Pasha, the Ottoman ambassador to Berlin, on August 25, 1915, Cavid Bey writes that the government needed two million lira per month to survive. This money would be used for military needs, the payment of civil servants' salaries, and the salaries of soldiers who have not been paid since the war began. The Ottoman government wanted this money as a German banknote (then Cavid Bey would ask to have it as Ottoman lira). He claims that even if the bank opens, the Empire will not be able to meet all its needs and will rely on German financial support.[1045]

Meanwhile, the financial negotiations with Germany are becoming increasingly complex. While Karl Helfferich wants Enver Pasha to withdraw his demands, the Germans raise their political concerns about borrowing. The financial negotiations often change direction. While one condition is accepted one day, it might be rejected the next day. Cavid Bey gives detailed information about these fluctuations.[1046] As of October 1915, the three main issues between the Ottoman Empire and Germany are advances, the establishment of the bank, and the Baghdad Railway. Although the advances are paid yearly, they hardly meet the

1045 Cavid Bey, Meşrutiyet *Ruznâme, III*, 133-35.

1046 Cavid Bey, Meşrutiyet *Ruznâme, III,*137-49.

needs of the Ottoman government. The Germans find a way to provide loans to the Ottoman Empire without any additional expenses, mainly through treasury bonds. The German signature was enough for most loans instead of supplying money. However, if the bank would open, they would have to supply one-third of the amount in gold to the bank in return for the loan. For this reason, the Germans decide to put the issue to rest for a while. In terms of emissions, Germany also wants the OPDA to control Ottoman finances.

Although Talat Bey and Enver Pasha want the bank to be established, according to Cavid Bey, Germany would stop giving loans to the Ottoman Empire. Then, they would need to issue paper money through the bank, which would demolish its prestige and credibility. Cavid Bey was also annoyed with Enver Pasha, whose motto became "(if there is) no law, make a law; (now) there is a law." This motto applied to all state affairs during the Great War period.[1047]

On November 9, 1915, Hakkı Pasha, the German ambassador to Berlin, had signed the third loan agreement amounting to 8 million liras. The loan came with the condition that the OPDA would issue paper money in exchange for treasury notes. The Ottoman government obtained a very flexible repayment package, as it had for previous loans.[1048] Cavid Bey continues to correspond with Hakkı Pasha on the two draft agreements concerning the railway and the loan issue. Hakkı Pasha also signed the agreement on the Baghdad Railway to establish two permanent lines to Taurus and Amanus on November 11, 1915.[1049]

On November 14, 1915, the Ottoman parliament opened. Cavid Bey's agenda becomes more and more hectic, first, because he is still a member of the Budget Commission; second, if the parliament is open, then the political tension naturally rises. The tax and the subsistence issues

1047 Cavid Bey, Meşrutiyet *Ruznâme, III,* 153-55.

1048 Trumpener, *Germany and the Ottoman Empire* 1914-1918, 282.

1049 Cavid Bey, Meşrutiyet *Ruznâme, III,* 160, Trumpener, *Germany and the Ottoman Empire 1914-1918*, 295. According to Trumpener, the date of the agreement id November 6, 1915.

are among the key topics Cavid Bey deals with during the parliamentary sessions. While Cavid Bey tries to pass laws on these critical issues, İsmail Hakkı Pasha, quartermaster general, opposes legislation on import taxes. There is a conflict between the legislative and the executive because of the military. The Urgent Needs Law (*Havayic-i Zaruriye*) causes a blood-and-guts debate in the party, as it never happened. The Unionists even break the heart of Talat Bey. However, the deputies could not dare criticize the Society of Tradesmen (*Esnaf Cemiyeti*) in the parliament. [1050]

During the war, social life continues idiosyncratically. In the evenings Cavid Bey usually goes to the club of Cercle d'Orient. He attends or hosts dinners there. It is the meeting point for all political and financial actors. If Talat Bey could not find Cavid Bey during the day, he would go to the club in the evening to find him there. He also goes to Lebon in Beyoğlu. Cavid Bey met Mr. Huguenin there. In one such meeting, Mr. Huguenin, a little bit drunk, tells him that the Germans, especially Mr. Helfferich, assume that he is an enemy of Germany and blame him for all the work they could not do.[1051] As a Francophile, these comments do not surprise Cavid Bey at all.

By the end of 1915, the small currency crisis[1052] throughout the Empire had grown into an enormous financial crisis. Cavid Bey argues that the ministry of finance had looked for a remedy only at the last minute. He notes in his diary, "For the last months they had never thought to print a half-lira ticket; now they will cut the tickets in two." The Germans want the German mark to circulate throughout the Ottoman market. The government seemingly accepts their offer. On the one hand, Cavid Bey complains that Talat Bey does not consult him, especially on

1050 Cavid Bey, Meşrutiyet *Ruznâme, III,* 162-64.

1051 Cavid Bey, Meşrutiyet *Ruznâme, III,* 165.

1052 The small change crisis is pervasive in the Ottoman Empire for a very long time. Because of the small change's narrowness, people to exchange their money with a small change in the money changers. This problem grew during the Great War period. Toprak, *Türkiye'deMilli İktisat, 1908-1918*, 382.

domestic financial issues. On the other hand, Cavid Bey's interventions—though mostly last minute because Talat Bey hides significant financial issues from Cavid Bey—often save the government from financial disasters, such as circulating German banknotes in return for the German loan.[1053]

Cavid Bey's diary is essential to understanding the complexities and conflicts inside the CUP. The CUP is like Pandora's box: only a few people knew what was going on inside the CUP from the beginning. The Great War period is like an examination for the Unionists to test their oath. In particular, the corruption issue functions as a litmus test. There had been rumors about the corruption of top-level Unionists, including Cemal Pasha and Enver Pasha, which caused a cabinet crisis in 1916. Cavid Bey's diary depicts that the crisis had deeply shook the structure of the CUP, which was more fragile than assumed. Indeed, if it had not been for the war, the government might have fallen. By 1916, even the state offices were not safe places. Canbulat resigned as mayor of Istanbul in protest of the rampant corruption. He had inadequate capacity to fight against the complaints of corruption within the Society of Tradesmen (*Esnaf Cemiyeti*). According to Ahmad, Talat Bey was also powerless to fight against Kara Kemal's corporations.[1054] In turn, Talat Bey offers him the office of the undersecretary of the Ministry of Interior Affairs, which was known for its corruption. Although Canbulat does not want to accept the office due to the massive wave of corruption, he could not reject Talat Bey. According to Cavid Bey's diary, Talat Bey promised him that the Society of Tradesmen or Anatolian Production Company (*Anadolu Mahsulat Şirketi*) would no longer be linked with the government. Cavid Bey notes, however, that his words are meaningless, because even Talat Bey cannot do whatever he wants to do.[1055]

1053 Cavid Bey, Meşrutiyet *Ruznâme, III,* 166.

1054 Ahmad, *Jön Türkler Osmanı İmparatorluğu'nu Kurtarma Mücadelesi 1914-1918*, 149.

1055 Cavid Bey, Meşrutiyet *Ruznâme, III,*168-69

Cavid Bey departed from Istanbul for Vienna on May 27, 1916.[1056] At this time even small issues had become complex. For instance, the Ottoman government did not have enough cash to import fabric. Cavid Bey arrives in Berlin on June 8, 1916. Hüseyin Cahit also accompanies him during his visit. Cavid Bey's first meeting is with Hakkı Pasha, Mr. Rudolph Pritsch, the German delegate of the OPDA, and Hüseyin Cahit Bey. The top issue on the agenda is the subsequent emission conditions. Cavid Bey visits several German politicians. The Armenian issue is once again on his agenda. There is a strong reaction to the deportations from the European public. Cavid Bey claims that the Armenian issue is over, and the German government should convince its deputies not to create any more obstacles to negotiations. However, this issue is already a part of politics, even in allied countries. Cavid Bey notes in his diary, "This incident, which they had carried out blindly, causes trouble even in allied countries."[1057]

Cavid Bey meets Mr. Helfferich on June 17, 1916, and they discuss the option of internal borrowing. Post-war scenarios also come to the agenda, and each of the parties complains about their country's post-war situation. They agree that the emissions policy could not be pursued for an extended period as it is a significant burden on the shoulders of the Ottoman Empire. Mr. Helferrich offers to initiate an internal loan, which Cavid Bey approves.[1058] He carries out negotiations on the second emission, which amounts to 6.2 million lira, and the conditions for repayment.[1059] The Germans also complain about the discretionary funds and İsmail Hakkı Pasha's policies. Cavid Bey claims that no one can influence İsmail Hakkı Pasha. The policies of the ministry of finance and the office of quartermaster general challenged Cavid Bey even in

1056 BOA_ MV__00202_00041_001_001. Cavid Bey was dispatched to Berlin for the financial negotiations.

1057 Cavid Bey, Meşrutiyet *Ruznâme, III,*194-95.

1058 Cavid Bey, Meşrutiyet *Ruznâme, III,*195.

1059 Cavid Bey, Meşrutiyet *Ruznâme, III,*203204.

Berlin. After the protracted negotiations, Talat Bey approves Cavid Bey to sign the new emission contract for five years.[1060]

Ahmet Rıza comes to Berlin and meets Cavid Bey. They both complain that nobody in Istanbul consults them about any policies or measures. Ahmet Rıza asks to meet Theobald von Bethmann-Hollweg, the German Chancellor, but Istanbul hampers this meeting. Ahmet Rıza cannot get an appointment with the Chancellor.[1061] Ahmet Rıza, a Unionist in the CUP since the Hamidian Era, was the only prominent Young Turk left in the CUP. In Istanbul, he was respected for his age, experience, and attitude. During the first phase of the Second Constitutional period between 1908 and 1913, he was the president of the parliament for several terms. After 1913, he became the president of the Senate and the number one opponent of the CUP and its wartime policies. He pursued oppositional policies from the beginning of the war until its end, and he also raised his critiques with Sultan Mehmet Reşat. The year 1916 was especially conflictual between the CUP and Ahmet Rıza. Although two of the chambers were open during the war years, it was under the control and domination of the single party. Ahmet Rıza was like a one-person orchestra of opposition. The Committee remained in power until the end of the war, and there were few defectors.[1062]

The lengthy negotiations with Germany and Austria consume Cavid Bey's summer in 1916. However, the talks do not proceed smoothly. Mr. Helfferich often challenges Cavid Bey. Meanwhile, the course of events was changing. The Germans consider that Russia might make a separate peace agreement with Germany. Cavid Bey believes that the Germans were shortsighted. Before the peace agreement, Germany had planned an adjustment in Poland (Lehistan) and permitted Russian to pass

1060 Cavid Bey, Meşrutiyet *Ruznâme, III*,212-14.

1061 Cavid Bey, Meşrutiyet *Ruznâme, III*,221.

1062 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih, 3*, 606-610, 615. See also: Sönmez, E. 2012. Ahmed Rıza Bir Jön Türk Liderinin Siyasi-Entelektüel Portresi. Istanbul: Tarih Vakfı Yayınları.

through the Straits. The Germans hoped to defeat Britain and France after they made peace with Russia.

Cavid Bey completes the negotiations in Berlin, agreeing that the Empire will emit five million liras on August 12, 1916. On August 13, Cavid Bey departs for Vienna. Cavid Bey goes to Vienna to negotiate some offers on fabrics, mainly for broadcloth and military equipment. He also negotiates loans, particularly with Credit Anstalt. On September 17, 1916, Ismail Canbulat stops by Vienna to meet Cavid Bey while on his way to Berlin. They talk about the developments in Istanbul, including the general administration. Canbulat complains about the corruption of the administration, the illegitimacy of the government's interventions, and Enver Pasha's stupidity. They agree that only Talat Bey should be saved from this situation. They discuss the conspiracy surrounding Yakup Cemil. In turn for attempting to form a peace organization, he received the death penalty.[1063] Cavid Bey notes in his diary that "for the first time, one of us will be executed for his actions in favor of the CUP." He is referring to the split in the CUP. At that moment Cavid Bey's impression of İsmail Canbulat, who will be executed alongside him in 1926, is very positive. According to his diary, he has become a competent administrator because of Talat Bey's work. In the eyes of Cavid Bey, Canbulat would be the minister of interior affairs in the fu-

1063 Yakup Cemil was one of the oldest Unionists from the military cadres. He was also a self-sacrificing volunteer involved in the coup d'état of 1913. During the chaos of the incident, he killed Nazım Pasha, the minister of war. He was one of the Unionists who intervened in politics more than in the military. Although he had resigned from the military, he wanted to rise in the army during the Great War. His critics turned to Enver Pasha. He organized an attempted putsch against the government on July 26, 1916. His efforts became apparent and could not be covered up. His main criticism was of Enver Pasha. This incident was also indicative of a division within the CUP as he was not alone in planning a coup. Sapancalı Hakkı Bey and Yenibahçeli Nail Bey were his friends. Yakup Cemil was at last arrested and excuted by the military court. This incident also revealed the competition between Talat Bey and Enver Pasha within the CUP. Vardar, G. 1960. *İttihad ve Terakki İçinde Dönenler*, Istanbul: İnkılap Kitabevi, p:307-382, Akşin, S. 1980. *Jön Türkler ve İttihat ve Terakki.* Ankara: Gerçek Yayınevi, p: 295-297. See also: Ertürk, H. 1957. *2 Devrin Perde Arkası*, Istanbul: Hilmi Kitabevi.

ture; he only must gain prestige. Cavid Bey corresponds with İsmail Hakkı Pasha about the Empire's fabric order. Cavid Bey cannot work with İsmail Hakkı Pasha without problems. He complains that İsmail Hakkı Pasha's methodology is not systematic. His orders or promises might change day by day. [1064] Cavid Bey works on the foundation of the new bank while in Vienna. Talat Bey is working on this issue in Istanbul and sends the documents to Cavid Bey to review in Vienna. In October 1916, Cavid Bey takes a one-month break from his diaries. He gives no hint as to why he did not write. He notes earlier in his diary that he would go to Istanbul at the end of October; however, there is no mention of the details of this visit in his diary. This visit may be related to something personal, because he usually notes everything related to finances and politics in his diary except his visit to the Eastern provinces in 1911.[1065]

Cavid Bey receives a letter from Hüseyin Cahit Bey concerning the Germans demands in return for loans. The Germans ask for capitulations in the post-war period. The Central Committee decides that they would not change their demands toward Germany, because they had already committed to assisting Turkey. Cavid Bey notices that everybody in the Central Committee understands the issue completely differently. Cavid Bey is pessimistic about Halil Bey's performance as minister of foreign affairs.[1066] Cavid Bey receives a letter from the ministry of finance. In this letter, the ministry writes that Enver Pasha has decided not to use gold as an exchange tool as a form of currency and wants people to change their gold with paper money. He was preparing draft legislation on this. His decision was made after his experience in Benghazi. The undersecretary of the ministry of finance asks for Cavid Bey's advice. His comment on this issue is that "The country has become a toy in the hands of incompetent and disloyal men."[1067]

1064 Cavid Bey, Meşrutiyet *Ruznâme, III,* 255.

1065 Cavid Bey, Meşrutiyet *Ruznâme, III*,253

1066 Cavid Bey, Meşrutiyet *Ruznâme, III*,273.

1067 Cavid Bey, Meşrutiyet *Ruznâme, III*,275.

Cavid Bey stays in Vienna for a long time on the orders of the Ottoman government in accordance with Austrian banks and firms such as Credit Anstalt and Skoda. After an extended stay in Vienna, Cavid Bey departs for Berlin to participate in the loan talks in December 1916. The first issue he encounters is the status of German institutions within the Ottoman Empire. Cavid Bey's first visit to the German cabinet is with Arthur Zimmerman, the minister of foreign affairs. Regarding the situation of German institutions in the Ottoman Empire, the Germans want to keep the most favored nation clause in the terms of the agreements between German institutions and the Empire. Regarding the Baghdad Railway company, Cavid Bey prefers to delay any agreement with the Baghdad Railway until after the war. However, Mr. Zimmermann favors solving this complicated issue during the war. Mr. Zimmermann complains that the Ottoman military chief defers all questions to the German military chief. Cavid Bey comments that Zimmermann is right to be concerned because the Unionists assume that the German military controls all military decisions over the Ottoman Empire. In terms of the OPDA, Cavid Bey asserts that Istanbul does not want to work with Mr. Pritsch, the German delegate to the OPDA in Istanbul. He and Talat Bey do not communicate with each other. Throughout the course of the war, Zimmermann has changed his mind on agreeing to a separate peace with Russia. Finally, they discuss the Empire’s fiscal issues. Cavid Bey emphasizes the increasing need for Ottoman finances, at least seven million lira per month. Zimmermann responds that they might agree on this.

On December 6, 1916, Cavid Bey begins financial talks with the Germans. The financial talks cover the main financial issues between Germany and the Ottoman Empire at the end of 1916, from the clause on the banknotes to increasing expenses to the new loans. The Germans propose that the Ottoman Empire should start repaying their loans ten years later with bank notes with 5% interest. Cavid Bey objects to these conditions, because this would mean that the Empire would pay two million liras in interest annually.

Cavid Bey receives a detailed letter from Hüseyin Cahit Bey, which focuses on the foundation of the bank and political upheaval in Istanbul. As outlined in the letter, work on the bank's foundation accelerated at the end of December 1916. Talat Bey and Hüseyin Cahit Bey, who is also one of the bank's founders, had drawn up the framework for the bank. Hüseyin Cahit Bey gives Cavid Bey the details of the bank's foundation. Cavid Bey notes in his diary that he cannot understand why some men are on the bank's board, such as Abut Efendi, Şeref Bey, and Tevfik Bey.

Hüseyin Cahit Bey's letter also reveals the relationship between the government and the General Assembly (*Meclis-i Umûmî*). According to the letter, the government does not want to discuss secret agreements with the Germans in the parliament, and they wanted to avoid the opposition to the CUP in the chamber. The secret agreements also involved the capitulations issue. Hüseyin Cahit Bey writes that he had told Halil Bey and Talat Bey that their work endangered others' lives, and for this reason, if they still agreed on working closely, they should not hide anything from the others. Hüseyin Cahit Bey suggests deferring some issues to the cabinet—at least debating them among some of the top cabinet members. Talat Bey asks, "Who then would decide on the government's issues?"

Finally, they agree that the assembly would decide on whether or not the draft agreements would be voted on in the parliament. According to Hüseyin Cahit Bey, Enver Pasha showed a certain liableness during this discussion. Later on, Hüseyin Cahit Bey tells them that he wants to see all of the agreements, letters, and secret articles regarding Ottoman-German relations in order to better understand the nature of relations. However, Hüseyin Cahit Bey was not satisfied with the information he received from the government. He tells Cavid Bey that he is skeptical about how beneficial the parliament is for the country—although he will eventually participate in the parliament with Cavid Bey.

After reading this letter, Cavid Bey notes, "What they (the government) have done about the capitulations is so stupid that they cannot dare to show it." As far as I understand from Cavid Bey's diaries, the Unionists had promised the Germans capitulations in the post-war period.

Cavid Bey's detailed notes imply that the Unionist government had abolished the capitulations in order to supply Germany with money to continue the war.[1068] Cavid Bey cannot understand the whole picture around why the Ottoman government wants to continue to pursue relations and negotiations with Germany. However, on the issue of the institutions (*müessesat*) and the abolishment of the capitulations, Cavid Bey notes in his diary on December 10, 1916, that he had asked Hakkı Pasha about the situation of the capitulations. According to Hakkı Pasha, Istanbul changed some of the words in the contract. Cavid Bey questions in his diary, "a word can change the whole meaning… What is the formula of Istanbul?"[1069]

Cavid Bey continues his negotiations on the conditions for repayment to the OPDA in return for the loans and new construction on the Baghdad Railway. Cavid Bey draws a red line for the Baghdad Railway, claiming that Germany cannot directly intervene in the project. He claims that this subject should be evaluated from a political perspective, not from a financial one. Cavid Bey is against Germany's penetration into the Empire, which he foresees might occur after the war. In one sense, he evaluates that the relations between the two countries in the Great War might lead to this. On the other hand, Cavid Bey is not one hundred percent sure about the consequences of the war.

In Istanbul, the political conflict grows as the parliament is in session. Hüseyin Cahit Bey and Talat Bey continue to dispute the German agreements. Meanwhile, the press, namely the newspaper *The Crescent* (*Hilâl*), publishes negative news on the national bank and increases the tensions within public opinion.[1070]

By the end of December 1916, the financial negotiations with Germany have stalled. Cavid Bey sends a telegram to Talat Bey asking whether they would get by with the money in the treasury and suggests that if not, they should sell the mark. Cemal Pasha is simultaneously try-

1068 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 293-94.

1069 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 297.

1070 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 300-5.

ing to negotiate an order for military equipment from Germany, which he is trying to negotiate to be paid for after the war.[1071] Cavid Bey continues to complain about Germany's suspicions toward him. Now, in addition to being labeled as a Francophile, he is accused of supporting Austria.

Cavid Bey arrives in Istanbul during the Christmas holiday in the last week of December. He first meets with Talat Bey. They believe that the end of the war is close—although, of course, it will continue for almost two more years. They discuss the current financial situation, the Baghdad Railway, the members of the OPDA, the orders of the ministry of war and the navy, the bank issue, tobacco prices and the future of the Regié, loans from Vienna and the Skoda agreement, political and legal negotiations with the Germans, the possibility of peace negotiations, and the cabinet reshuffle. Though Talat Bey tells him that Halil Bey is an incompetent minister of foreign affairs in terms of conducting domestic politics, he requests that Cavid Bey be nice to him. Cavid Bey confesses that he cannot bear his failures. When he tells Talat Bey that he was the one who is responsible for Halil Bey's appointment as the minister of foreign minister, he responds only by smiling. Talat Bey states that there is no consensus in the government, and all the ministers, who are all strong men, intervene in each other's business. He complains that because of the war, they must deal and work with Enver Pasha. He confides in Cavid Bey that there is an urgent need to reshuffle the cabinet. Enver Pasha had asked Talat Bey to be the grand vizier. Cavid Bey suggests that Canbulat should be the minister of interior affairs. He does not say anything about the minister of finance. Although Talat Bey underlines that this issue is a secret, it shows that the top cadre of the CUP has started to design a new cabinet.[1072]

The CUP's circular related to the foundation of a national bank had been welcomed with enthusiasm by the Ottoman people. The prominent Unionists such as Cavid Bey, Hüseyin Cahit Bey, and Tekin Alp had

1071 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 310-11.

1072 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 313-18.

given speeches or wrote articles in magazines and papers, including in *The Economics* (*İktisadiyyat Mecmuası*) periodical. Cavid Bey pointed out the bank's necessity for economic development.[1073] The National Credit Bank (NCB) was established by the decree (*irade-i seniyye*) of Sultan Mehmet Reşat dated January 1, 1917, with a capital amount of 4 million Ottoman lira. It was established as an Ottoman joint-stock company. According to the memorandum of association, the founders of the NCB were Cavid Bey, deputy for Biga; Cahit Bey, deputy for Istanbul; and Tevfik Bey, a merchant.[1074] The Ottoman press published several ideas concerning the role and significance of the bank. During the preparation of the bank, *Tanin* daily launched a campaign to collect money for the bank. Ziya Gökalp also published a circular in support of the bank. Meanwhile, Tekin Alp advocated for the bank, arguing that it was an opportunity to raise the nation's capital. The national bank would become a vital actor in determining the state's economic policies and, moreover, work in the interests of both the individual and the country. Cavid Bey also underlined that a national bank was a necessity for economic development. Ottoman citizens would purchase bank shares and thereby contribute to the industrialization of Turkey, invest in a reliable institution, and free the country from foreign custody. The bank's 400,000 shares, ten liras each, were registered at the beginning of 1917. Although the CUP worked hard to push people to purchase shares, there were still 147,000 shares that remained unsold. However, Cavid Bey did not delay in finding a solution to save the bank's reputation. As a result of the intensive efforts of Cavid Bey in the parliament, a special law was issued in February which gave authority to the ministry of finance to purchase these unsold shares under certain conditions. Through this regulation, the problem was solved. The National Credit Bank was converted into a state bank on February 21, 1917. The government granted the bank several privileges, such as exemptions from taxes and fees for

1073 Toprak *İttihad-Terakki ve Cihan Harbi Savaş Ekonomi ve Türkiye'de Devletçilik*, 61-62.

1074 BOA_A.} DVN.MKL.00068.00001.0001, BOA_A.} DVN.MKL.00068.00001.0002. BOA_I__DUIT_00112_000017_001_001

its real estate, exemptions for the incomes it would redistribute, or tax exemptions on imported products necessary for its foundation, such as postage. The bank was officially opened on March 11, 1917. It was closed to all foreign capital and open to all Ottoman citizens. For the first time in Ottoman history, a bank had all its shares in the Empire. Bank transactions were made in the Ottoman language. As the bank had agreed to employ a foreign expert, Austrian banker Mr. Weil, who had established several banks in Belgium, was brought in. Although the National Credit Bank was a national bank, it was not a central bank. When the privileges of the Ottoman Bank ended in 1925, the Ottoman government had planned to replace it with the NCB. There was a difference between these two banks. The main point was not to violate the legal status of the IOB until 1925.[1075] The NCB planned to engage in public works such as railways, roads, passages, canals, ports, swamps, land irrigation, and all kinds of bank operations. It would join or otherwise support the capital of national companies aimed at developing agriculture, trade, and industry. Cavid Bey stated during the budget talks in parliament, "I hope that in six years, this bank will be able to fully become a state bank, a national bank."[1076] As noted in his diary, Cavid Bey participated in the first board meeting as the president of the bank[1077] on January 5, 1917. In the first meeting, the members discussed subscription, the bank's structure, the government's share in the bank, and the participation of the Ottoman Incorporated Companies.

Cavid Bey returns to Berlin and starts working on January 9, 1917.[1078] In Berlin, Cavid Bey carries out the negotiations with both the Germans and the Austrians. The Germans are annoyed with the ongoing

1075 Trumpener, *Germany and the Ottoman Empire 1914-1918,* 282.

1076 Toprak, Türkiye'de Milli İktisat (1908-1918) 257-266, Toprak, *İttihad-Terakki ve Cihan Harbi Savaş Ekonomi ve Türkiye'de Devletçilik* 62-65.

1077 BOA_ I__DUIT_00112_000015_001_001 According to the Grand Vizier's official note to the ministry of finance, Cavid Bey was appointed as the president of the National Credit Bank. See also: BEO_004449_333642_001_001. BOA_DH_SFR__00072_00064_001_001

1078 Cavid Bey, Meşrutiyet *Ruznâme, Vol III*, 321.

negotiations between Austria and the Ottoman Empire. According to Mr. Wassermann, who carried out the talks with Cavid Bey on behalf of the minister of foreign affairs, the German government is concerned about this issue.

Meanwhile, Hüseyin Cahit Bey is very active in the parliament and follows up on the developments in the financial arena. He routinely conveys messages to Cavid Bey regarding the developments in Istanbul such as the mining issue or the situation of the Régie. He tells Cavid Bey that the abolishment of the Régie is on the agenda. Additionally, Istanbul wants to establish a national company for the mining facility in Ergani. Hüseyin Cahit Bey and Mr. Weil support establishing a company under the bank, although Cavid Bey believes that a national company will come with many negative political impacts. He favors establishing a company with various capital from different countries.[1079]

Cavid Bey informs Enver Pasha that the German ministry of war has shown resistance to the Ottoman government on fiscal issues and the military orders. He asks him to pause the orders. According to his diary, these are difficult weeks, and they should wait until they pass. The only solution is to listen to the complaints from the German ministry of war rather than asking for more orders from the navy.[1080]

On February 3, Cavid Bey receives a telegram from Talat Bey concerning the reshuffling of the cabinet. Sait Halim Pasha resigned, and now Talat Bey would establish the cabinet. He requests that Cavid Bey accept the position of minister of finance. He contemplates appointing Necmeddin Bey as the minister of justice, Mustafa Şeref Bey as the minister of public works, and Ali Münif Bey as the president of the Council of State. At the end of his letter, Talat Bey writes, "I request your approval in the name of our brotherhood." Although Cavid Bey does not accept the office, he writes in his diary that he supports Talat Bey's success full-heartedly. He writes that he had already unambiguously told him of his ideas and recommendations for the new government, includ-

1079 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 344.

1080 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 346.

ing its program and the list of ministers. His letter to Talat Bey does not cover these recommendations. Cavid Bey prefers to stay out of the government for a while. However, Cavid Bey does not close the door, ultimately asking to meet him face-to-face in Istanbul. Cavid Bey's letter to Talat Bey is very friendly, but he notes to his diary that "I pity Talat Bey. I wished him to establish a government of his own without any weak point. Nevertheless, he does not give up his principles and habits, which are harmful to all."[1081] The next day, Hüseyin Cahit Bey sends him a telegram asking him to accept the ministry. His telegram is quite informative, and it seems that Talat Bey asked him to write it. Because after a while, Talat Bey again sends him a telegram concerning his offer. He asks him to inform Istanbul of his decision until the following day at 10:00.

Hüseyin Cahit Bey's telegram is very interesting because it tries to meet some of Cavid Bey's demands. According to this telegram, the government would improve in the following fields: every individual of the Ottoman Empire would benefit from the constitution; the Armenian and Arab issues would be dealt with before the peace talks, according to the course of events of the war; and the women's rights issue (*kadın meselesi*) would be handled in a gentle (*mutedil*) but a proper way. Concerning fiscal issues, the Unionists guaranteed him that they would not intervene in his affairs. Hüseyin Cahit Bey gave him a list of the new cabinet and added that if Cavid Bey would not accept the office, Talat Bey might avoid establishing a government, which might result in a crisis. Cavid Bey calculates this in detail. Although Halil Bey's removal from office was favorable for Cavid Bey, Nesimi Bey was appointed in his place, which Cavid Bey did not approve. It was not an ideal cabinet in his opinion. Moreover, Cavid Bey did not believe that Talat Bey would avoid establishing a government if he did not accept his offer. At last, Cavid Bey accepts the office and informs Hüseyin Cahit via a detailed telegram on his opinions about the new cabinet. At the end of his letter, he writes,

1081 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 351-52.

"I would never compromise for this, even for you. However, I will do it for Talat Bey." He also asks for full autonomy while in office.

While Cavid Bey was writing this telegram to Hüseyin Cahit Bey, he had thought of all the misery that the Unionists, especially the war supporters, had caused him.[1082] He thought of all the times they recklessly did not ask for his advice and, lastly, Dr. Nazım's behavior during his resignation. Nevertheless, he decided that he would overcome his feelings and save what was possible from this broken ship. According to Cavid Bey, this was his duty. He decides to work with them though he is sure that they will continue to follow their same path. He also writes to Talat Bey that he accepted his offer under the circumstances and had written to Hüseyin Cahit as a sign of his friendship and sacrifice.[1083] The following day, the new cabinet was established. The Germans welcome this decision.

Cavid Bey returns to Istanbul on February 10, 1917. He meets Talat Pasha and complains that the cabinet was not established according to his concerns. He also asks Talat Pasha to appoint him as the minister of foreign affairs during the peace talks. However, Talat Pasha offers him the position of first delegate during the peace talks, not as the minister of foreign affairs. This issue remains ambiguous for Cavid Bey for now. The next day, Cavid Bey starts his work at the ministry.

His first impressions about the ministry's situation and workflow are quite shocking and pessimistic. He finds the ministry wholly degraded. He writes that a wave of corruption, favoritism, and harmful decisions had plagued the ministry for two and a half years. He notes in his diary that due to the incompetent directors in the ministry, he had to

1082 According to Hüseyin Cahit Yalçın, a wave of anger was born against Cavid Bey when resigned from the Cabinet. Talat Bey assigned two policemen to protect him when he goes out. Yalçın, *Siyasal Anılar*, 220.

1083 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 354-57. BOA_İ__DUIT__00009_000004_001_001.According to the archival source from the office of the Grand Vizier, Cavid Bey, the Biga deputy and ex-minister of finance Cavid Bey was appointed to the ministry of finance.

deal with every small area of work. Cavid Bey continues to deal with his work in the ministry of finance as well as other government issues.[1084] He deals with the negotiations with Germany and Austria on exports and loans. Cavid Bey also resumes making long and detailed speeches in the parliament on various subjects such as the railways, Régie, Baghdad Railway, et cetera. On March 3, Cavid Bey gives his first speech in the parliament since the beginning of the war, and the deputies applauded it. Cavid Bey claiming that he made this speech without considering the reactions of foreign critics.[1085] First of all, he claims that he could not prepare and investigate the budget. The interesting thing was that although Cavid Bey had criticized the government's economic policies from the beginning of war, now, he was on these stages and elucidating about these policies that he was once against.

His speech covers five important issues: the situation of the treasury at the beginning of the war; loans and emissions; paper money and the value of the Ottoman lira; the budget; war profiteers; the post-war economy; and at the end, the government's economic aims and targets. Cavid Bey's speech presents a summary of the story of the war economy.

As he asseses the key tools of the Empire's war financing, Cavid Bey tells the parliament that the Ottoman Empire entered the war with 1,212,000 liras of credit. This amount was nothing compared to the needs of the army. According to the alliance agreement between the Ottoman Empire and Germany, Germany had given five million of gold to the Ottoman government. The interest rate of this five million gold was six percent. After the peace agreement its capital and interest rate would be paid together or constitute a long-term loan. At the beginning of the war the Ottoman government's monthly need was five hundred liras. In February 1915, the Ottoman government asked for a loan, but Germany could not provide gold. However, the Ottoman market was not accustomed to paper money. The German and Austrian governments

1084 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 358-60.

1085 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 365.

had provided gold, but they kept this in the vaults of the OPDA in Berlin and Vienna, and in return, the OPDA issued 6,519,000 Ottoman lira. It was the first emission of the Great War period. In 1915, the monthly needs of the state increased to one million liras. Another agreement was signed with Germany in the same year. But its technical conditions had changed. Germany gave treasury bonds instead of gold. Germany provided treasury bonds amounting to 7,902,000 liras. A short period later, a new bunch of treasury bonds, amounting to 11,700,000 liras, were added, and the third emission was sent out. Meanwhile, a new agreement amounting to 2,374,000 lira was signed for construction and military needs. However, the Empire's monthly needs had increased to three million liras. The fourth emission was calculated according to this new monthly amount. The amount of the fourth emission was 27,777,940 liras, with the Ottoman government leaving five million liras to the German government. Therefore, approximately 22 million lira was left to the Ottoman government, which was sufficient for only a couple of months. In the meantime, the income of the state decreased, and the expenses increased. The fifth emission in 1916 was paid in German treasury bonds amounting to 32 million liras. The treasury bonds were paid to the OPDA, whose deputies were now mainly German, Austrian, and Ottoman. In total, the loans obtained from Germany so far, including gold and treasury bonds, amounted to 93 million liras. These loans were used for to meet the Empire's internal needs. In addition to these, there had been other loans obtained for various reasons such as the cost of transportation of the military, which was paid to the railway companies. Adding these, the total loans that the Empire had received from Germany amounted to 142 million liras. As Cavid Bey was giving his speech, the Ottoman government was about to sign a new loan agreement with Austria amounting to 240 million Austrian Krones. Therefore, at the end of August 1917, the total war debt of the Ottoman Empire would be equal to 180 million liras. Additionally, the Empire's pre-war debt was 150 million liras. The Empire's total debt was foreseen as 330 million liras at the end of the war.

The second issue that Cavid Bey pointed out in his speech was the treatment of paper money. The change to paper money issue was the hardest change to grasp as the Ottoman Empire shifted to the war economy. Due to the long-lasting bimetal system, paper money had never been accepted as a valuable medium of exchange. Therefore, the government not only had to meet enormous financial demands but also encourage people to trust in paper money under war conditions. The government implemented new legislation and founded new institutions on the exchange issue, but it remained a problem until the end of the war. According to Cavid Bey, the Ottoman lira lost its value compared to belligerent and neutral countries, but the amount of loss was not significant. Rather, the waves of speculation negatively affected the value of the Ottoman lira. In different provinces, the lira had different values. Overall, the value of paper money in the Empire was very low compared to other countries. Some argued that this was because the supply of paper money was more than the need for it. Although Cavid Bey agreed with this allegation, he also underlines that people did not trust in paper money as they trusted in coins. Cavid Bey also mentions the correlation between the emissions, repayments, and interest rates, which did not depict a sunny outlook for the post-war period. Although the repayment dates were different for each loan, the interest rates were even higher than the French loan in 1913, which was five percent. In 1917, Cavid Bey predicts that he would again go to Europe for loan negotiations as he did in 1913 and 1914. According to his speech, he envisaged a post-war world that resembled the long nineteenth century. In economic terms, there was no sign that he comprehended or felt the dramatic impact of the war apart from social life.

Third, Cavid Bey mentions the budget of 1917. The state's expenses were 46 million liras, and its income was 23 million liras. The budget deficit was 23 million liras, which was quite high, especially since these numbers did not include retirement fees and other expenses. In his speech Cavid Bey claims that the real deficit was 34 million liras. He is hopeful that expenses would decrease, and income would increase in the post-war period. He gives fresh hope to the deputies, who were tired

of the war. As I have emphasized from the beginning of this text, Cavid Bey is known for his optimism. He even approaches the war profiteering issue in a positive way. According to Cavid Bey some of the people who earned money during the war years achieved this by themselves, and some profited from the support of the state. In addition to new methods of accumulating capital, Cavid Bey alleges that Turkish people have finally tasted the pleasure of trade and entrepreneurship. His sole concern is not to allow them to lose this after the war. He does not want people to return to work in the state bureaucracy. Although he once criticized Talat Bey for his promotion of unfair means to establish the national economy, Cavid Bey also supported every kind of measure, including unfair competition, to create a national bourgeoisie. Cavid Bey also underlines that although the Triple Entente had claimed that they would not pursue commercial relations with the Central Powers, Cavid Bey alleges that it is impossible to resist free trade. Returning to his liberal ideology, Cavid Bey envisages a liberal world depending on free trade and free market policies in the post-war period. He mentions in his talk that the most important law of modern civilization is free trade, and no nation could get rid of its impact. According to him, free trade would continue as it used to do in the pre-war era. His allegations also explain his approach toward the Ankara government in the Early Republican Era. He positions the state as politically independent but economically dependent on the international economic system. However, as we will see in the decade to come, the Republic of Turkey would become an economically independent country separate from the liberal, interdependent global system.

The last of Cavid Bey's key points is that, whether the Ottoman Empire would win or lose the war, he is hopeful about the consequences of the war. He believes that the capitulations would be permanently abolished after the war. He depicts the capitulations as a network of despotism that would bring about political domination alongside economic privileges. Cavid Bey emphasizes that in a world without capitulations, the government should still open its doors to foreign capital to save the country. More importantly, he expresses the criticisms of European

statesmen toward the Empire's nationalist economy policies during the war period. These policies were seen as chauvinistic and nationalistic in European political and financial circles. He also points out that they were critical of the Unionist government. He frankly states, "We are all nationalists, but in the meaning of the term, we are not nationalistic. We prefer the Ottomans to contribute to the investments according to their work and capital." Cavid Bey does not support the idea of leaving all investments to foreigners but rather allowing them to contribute to them. He underlines that nationalism should not mean xenophobia. Cavid Bey alleges that the Ottoman Empire itself cannot afford to build railways, ports, or lead projects to improve agriculture that would amount to three-five billion lira by itself. Citing the cabinet's program, Cavid Bey ends up his speech by arguing that the Empire's aim should be to unite local capital, labor, and work with foreign (in this context European) science and arts.[1086]

On April 6, 1917, the United States of America had entered the Great War. The cabinet, an ally of Germany, thus had to decide on the Ottoman Government's attitude toward the United States. Although U.S. President Woodrow Wilson had avoided entering the war, the Germans provoked the United States through deploying submarine warfare as well as the Zimmerman Note, the German foreign minister's telegram that was intercepted and decoded by Britain.[1087] This changed the fate of the war. As noted in his diary, Cavid Bey favors keeping relations with the United States. During his visit to Ambassador Morgenthau, Morgenthau tells him that the United States also wishes to continue peaceful relations unless he would receive an order otherwise.[1088]

1086 MM Zabıt Ceridesi, Devre: 1II, İçtima Senesi: 3, Cilt: 2, 3, Mart 1917, 403-15. See also, Toprak, *İttihad-Terakki ve Cihan Harbi Savaş Ekonomisi ve Türkiye'de Devletçilik 1914-1918*, 322-44.

1087 Puong Fei Yeh "The Role of the Zimmerman Telegram in Spurring America's Entry into the First World War," American Intelligence Journal 32, no. 1 (2005): 61-64.

1088 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 370.

On April 7, the Austrian ambassador tells the Ottoman government that it must show solidarity with the Austrian government and end diplomatic relations with the United States. Cavid Bey objects to this idea: he asserts that the Ottoman government might need the help of other states during peace talks. He argues that the Empire cannot expect to receive everything from Germany. Cavid Bey evaluates that the situation of the Ottoman Empire is very fragile. The Germans were avoiding paying money to the Ottoman Empire. On April 8, 1917, Cavid Bey meets with General Lossow to discuss a new loan and the gold issue. The German commander complains about Enver Pasha's coterie consisting of Mustafa Kemal Pasha, Ali İhsan, Vehbi, Remzi, and Mahmut Kâmil, who act according to their considerations and object to orders. The Germans are ready to pay gold in return for the assignment of Falkenhayn to the Lightning (*Yıldırım*) army group located in Halep.[1089] On the U.S. issue, Talat Bey and especially Bahattin Şakir, one of the key figures of the CUP, supported following the German path. Another issue is the Straits issue during the peace talks. Bahattin Şakir alleges that the Ottoman Empire is the sovereign of the Straits. In his diary, Cavid Bey accuses the Unionists of falsely believing in Germany's strength. However, according to Cavid Bey, it is hard to make a peace agreement without obtaining any permission over the Straits.

The Empire's diplomatic relations with America became a kind of litmus test. The Unionists were divided into two between those who still supported Germany and the rest who critically approached the issue. Before Talat Pasha visits Berlin, he joins the meeting in the Assembly (Meclis-i Umûmî) to discuss the Straits, the Armenian, and the Hedjaz issues. Cavid Bey tells him that Armenian autonomy is on the agenda even in allied countries. In Germany, this was ambiguously mentioned to him. He argues that it is hard to defend the Armenian issue on an international platform. Germany would not commit to supporting this issue, and at the end of the war, every country will be too tired to extend

1089 Cavid Bey, Meşrutiyet *Ruznâmesi, Vol III,* 373-74. Zürcher, *A Modern Turkey*, 120.

the war over such issues. The Armenian issue resembles the issue of the capitulations. Though the Ottoman Empire abolished the capitulations, it sought the help of Germany to abrogate them in the post-war period. The issues were intertwined to each other, but the most controversial one is that the Ottoman government once again must fight against capitulations although it already abolished them. [1090]

The Ergani mining issue is essential to understanding Cavid Bey's approach. On May 2, the cabinet discusses the privileges of the Ergani mining issue. Cavid Bey favors giving the concession to a company consisting of German and Ottoman partners. However, the government already promised the Germans the concession. After lengthy discussions, the government decides to give the concession to the National Credit Bank to be governed as a national company. However, the concession will begin after the war. Cavid Bey comments, "They had given a concession of something that is absent now."[1091]

During the spring of 1917, there is hope for peace in the air. However, this was short-lived. In the middle of June, the belligerents were back to war, and the Ottoman army had increased its demands. Cavid Bey had asked for a new advance of eight million lira to be repaid over eleven years. Cavid Bey begins the negotiations on this loan. Though Mr. Wassermann had accepted the period of eleven years for repayment, he tries to get back more than he could give during the talks. According to Cavid Bey, this is Germany's methodology. The negotiations take a long time.[1092]

Meanwhile, the military's budget had increased exponentially over a very short time. According to Cavid Bey, when he returned from Europe, the military's budget was 1.9 million liras. By the summer of 1917, its budget was 3.2 million liras. Such inflation was not possible. Enver Pa-

1090 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 385-86.

1091 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 386-387. See also: Trumpener, *Germany and the Ottoman Empire, 1914-1918*, 325-35, Esin, *Osmanlı Savaşı'nın İktisadi Aktörleri* (1914-19,) 44-5.

1092 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 392.

sha and Cavid Bey were locked in a dispute over these costs. Enver Pasha wanted more than three million lira per month. In the end, Enver Pasha gets what he wants. However, as Cavid Bey notes in his diary, during this debate, the grand vizier had lost some of his power. [1093]

Cavid Bey leaves Istanbul and starts his negotiations in Berlin on August 31, 1917.[1094] Cemal Pasha goes to Berlin after him. There is a conflict between Cavid Bey and Cemal Pasha. On September 12, 1917, Cavid Bey ended the negotiations and received copies of the contracts. The contract covered the loans, the bonds[1095] that would be circulated in Istanbul, the loan for the Yıldırım Army Group, the monthly allocation of 200,000 pieces of silver for Cemal Pasha; and a separate contract for the allocation for the German ambassador.

On September 12, Cavid Bey is off to Vienna by train. On the train to Vienna, Cavid Bey travels with Mr. Gwinner, and they talk about future investments. While Gwinner states that the Germans plan to establish two different companies, the primary company's majority would be Ottoman, but other companies, which will work on oil and the Ereğli mines, would be under German control. Cavid Bey's response reflects his vision of the post-war period. Cavid Bey tells Mr. Gwinner that rather than founding big companies, they would prefer to conduct business with small Ottoman companies. However, for significant investmens that would require foreign bonds from foreign markets, the administrative and capital majority could belong to foreigners. He also states that the Ottoman government favors working with Germany and Austria on the works they expertise.[1096] During the end of 1917, the formation of a company between the National Credit Bank of Turkey, Deutsche Bank, and Austrian banks was on the agenda. As depicted in

1093 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* p: 397.

1094 BOA_ İ__DUIT__00009_000010_001_001. Cavid Bey is allowed to go to Berlin for the loan negotiations with Germany.

1095 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 427.-28.

1096 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 428-29.

Cavid Bey's diary, the main problem, however, was the rivalry between the two countries over Ottoman interests.

Cavid Bey returns to Istanbul on September 21. His first meeting with the Central Committee covered critical issues like corruption. Cavid Bey considers that these are inconclusive meetings. The members of the CUP state that they do not want to participate in the next Congress unless this corrupt order would not change. At the end of September, the main agenda of the Comittee is dealing with the files of the politicians accused of corruption such as Şükrü Bey, the minister of education, and the manager of the factories of the Ottoman orphanage, et cetera. Cavid Bey's agenda is hectic toward the end of the war, including his work at the ministry and in states affairs. During this period the Ottoman government is also desperately in need of cash money to meet the needs of the war. He also continues the negotiations with both Germany and Austria. The Ottoman government is about to make a new commercial agreement with Austria.

On November 25, 1917, the party meeting in the parliament turned into a huge debate around the subsistence issue. Cavid Bey notes in his diary that he never saw the deputies as emotional as that day. They complained about the domination of the army, illegality dominating the country, mismanagement, cruel implementations, et cetera. The debate started from the points of subsistence and purchasing but extended to essential administrative problems. Although the meeting ended that day, it continued two days later after the grand vizier's speech. Cavid Bey also addresses the parliament and underlines that no one had mentioned the key points of the subsistence issue. He provides information about the Empire's fiscal issues. Cavid Bey's intervention saves the government from falling into further arguments. The facts that he addressed in the meeting cooled down the argument.

Cavid Bey makes a payment to Deutsche Bank toward the Empire's indemnity on the Baghdad Railway. The Ottoman government pays seven million marks toward the indemnities from the years 1914, 1915, and 1916. Cavid Bey gives this amount as a favor to the company. Though Mr. Günther, representative of the Deutsche Bank, finds this

amount too low, he tells Cavid Bey that he would convince Berlin to accept it. Cavid Bey also continues the negotiations with the Austrian ambassador for a commercial agreement.[1097]

In 1917, a revolution in Russia broke out, which "had far more profound and global repercussions than its ancestors." After the defeat of Russia against Germany, long-lasting discontent in Russia transformed into a colossal rebellion and then into a revolution. In March 1917, revolutionaries overthrew the Russian monarch, Tzar Nicholas II. After the March Revolution, Russia officially withdrew from the war[1098] following the Treaties of Brest-Litovsk signed between Russia and the Central Powers, including the Ottoman Empire.[1099] This treaty brought peace talks to the agenda. German Minister of Foreign Affairs Richard von Kühlmann wanted every ally to make an individual and separate peace with Russia. The Ottoman government, however, was afraid of such a treaty, because they knew that they were the most fragile party at the table. On December 11, 1917, Jerusalem fell. Cavid Bey notes in his diary that this was "another whack on our head in times of new hope." Cavid Bey further asks himself in his diary, "Now they give a guarantee for Syria, but how can I believe them?"

Cavid Bey's diary entries from December 15 to 19, 1917, which detail the events surrounding an attempted coup d'état, reveal Cavid Bey's thoughts about Mustafa Kemal Ataturk. On December 15, Cavid Bey visits the grand vizier. Talat Pasha tells him that "a person"—he does not want to give his name—had told him that Ismail Hakkı Pasha wants the government to fall in order to reestablish a new cabinet consisting of military members. According to the scenario, Enver Pasha is also a part of this plan. Cavid Bey has doubts about this theory. The next day, Talat Pasha meets both Enver Pasha and İsmail Hakkı Pasha. Then, İsmail

1097 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* 447.

1098 Hobsbawm, *The Age of Extremes,* 54-7.

1099 Michael Reynolds, "Buffers, not Brethren: Young Turk Military Policy in the First World War and the Myth of Panturanism," *Past and Present* 203 (May 2009):137-79.

Hakkı Pasha pays a visit to Cavid Bey and tells him that the informant was Mustafa Kemal Pasha. Cavid Bey notes in his diary that Talat Bey should guess that İsmail Hakkı Pasha would not trust Mustafa Kemal Pasha to share a secret. He writes, "The Grand Vizier had to understand that the real enemy was Mustafa Kemal Pasha because he knew his past, situation, and aims." According to Cavid Bey's notes, Enver Pasha was also surprised how Talat Bey trusted Mustafa Kemal Pasha, whose "morality and thoughts are well-known by them." This incident reveals that Cavid Bey had strong prejudices against Mustafa Kemal Pasha for a very long time. Moreover, he does not trust him personally and politically. He would approach Mustafa Kemal Pasha in the same way in the Early Republican Era. His feelings toward Mustafa Kemal Pasha might have been one of the obstacles for him to adopting the new era in Turkey.

At the end of 1917, Fethi Bey is also rallying supporters around himself in the parliament. His first attack is on the Régie issue. He declares that he is against the Régie and supporting the banderole system. He demands a place in the Budget Commission.[1100] In the meantime, the Brest-Litovsk agreement would be signed on March 3, 1917. Although it would elevate the CUP's mood, this high would only last for six months, until the Mudros Armistice on October 30, 1918. The Russians had finally evacuated Eastern Anatolia, which they had occupied since 1878. During the negotiations Ottoman troops attacked the region. Armenian troops showed the biggest resistance, which flamed the Armenian issue once again in the European circles in those days. After this show of resistance, they had to leave the area along with the Russian army.[1101]

The year 1917 was a very hard year beyond the war. In addition to the war, the weather was quite bad. The autumn was arid, the winter was cold, and agricultural production in winter was much lower than the annual average. For this reason, the government purchased cereals amounting to ten–twelve million liras. The inadequacy of human re-

1100 Cavid Bey, Meşrutiyet *Ruznâme, Vol III,* -461.

1101 Tunaya, *Türkiye'de Siyasal Partiler Vol 3 İttihat ve Terakki, Bir Çağın, Bir Kuşağın, Bir Partinin Tarih,* 626, Zürcher, *A Modern Turkey*, 120.

sources due to the long-lasting war also negatively affected production. The government needed to import ploughs and tractors.[1102]

The atmosphere of the parliament in Istanbul was very stressful. In addition to the commotion caused by Fethi Bey, the position of the Arab deputies, who were previously in favor of the CUP, changed due to the unfair policies of Cemal Pasha. Meanwhile, Istanbul was shaking with the corruption story of Cemal Pasha. Cavid Bey tells Talat Pasha that the corruption was as visible as the sun. In addition to this scandal, the ministry of subsistence was still leaderless, because Canbulat did not accept the position of minister. Moreover, Talat Pasha decides to go to Romania for the negotiations with Bucharest. Talat Pasha's main concern was taking back some of the places lost during the Balkan Wars such as Drama, Kavala, Gümülcine, or Dedeeağaç. Meanwhile, Cavid Bey once again goes to Vienna for the trade agreement between the Ottoman Empire and Austro-Hungarian Empire along with Suat Bey from the ministry of foreign affairs.[1103]

On February 21, 1918, Cavid Bey delivers a speech to the parliament on the budget. This speech is quite different from the 1917 speech. It is gloomy and ambiguous in terms of its aims. Cavid Bey begins by declaring that this budget is not a war budget. He also focuses on the first internal loan, which we address below. Cavid Bey highlights that the expenses outlined in the budget total 51 million lira, and the state's income is 37 million liras, which is more than in the previous year. The budget deficit is 14,385,000 Ottoman lira. The real deficit, as Cavid Bey points out, is more than this. Cavid Bey gives detailed information about the internal loan and why they preferred this to a foreign loan—namely, because the government would avoid issuing more paper money for the needs of the army and treasury. He argues that the state's economic affairs during the war were conducted without any plans. They are still

1102 BOA_ BEO_004499_337399_002_002, BOA_ BEO_004499_337399_001_001. The first document depicts the need for the export of ploughs and tractors; the second depicts decreasing agricultural production due to bad weather and a lack of human resources.

1103 BOA_BEO_004496_337191_001_001

trying to solve these problems to this very day. He tells the parliament that since he became the minister of finance, he has been prioritizing repayments on the loans even during the war. This is one of the Cavid Bey's distinguishing features as minister—prioritizing repayments. His speech continues as usual. He touches on various issues related to financial and economic issues, from debts to daily economic problems. His speech was distributed to the provinces, as previous ones had been. This speech was also translated into French.[1104]

In May 1918, an internal loan process was initiated for the first time in the Ottoman Empire. Between the sixth order and the final seventh emissions in return for the German treasury bonds, the Sublime Porte introduced an internal loan to provide capital for the army's needs. The original idea came from the Germans. The Ottoman government implemented a huge propaganda campaign to evoke the patriotic feelings of the Ottoman people and raise awareness of the need for an internal loan. On April 3, 1918, five percent interest and one percent depreciation of the internal loan was issued, and the OPDA and the Ottoman Bank signed a contract dated April 30, 1918, on the conditions and issuance of the loan in question. The registration dates were May 1–31 for Istanbul and May 1–June 30 for other provinces. All the registered amounts would be paid in cash at once. Although the domestic loan appeared to be based on voluntary investments, it was a debt based on moral coercion. The propaganda tools used for this internal loan were very affective. Conferences were organized, and banners were hung. In his speech in parliament, Cavid Bey emphasizes the importance of internal loans and argues that it shows the Empire's economic vigilance. It was as important as the battle in the field of war. Both Cavid Bey and other propagandists used the same nationalist discourse. Though the period of collecting the loan was short, the propaganda campaign was intense. The CUP also launched a campaign for the internal loan, including banners on the streets and public conferences held by Hamdullah

1104 MM Zabıt Ceridesi, Devre:3, Cilt: 4, 21 Şubat 1918, 869-886. Toprak, 2003, p: 345-376.

Suphi and Rıza Tevfik. This internal loan was the first attempt of the Ottoman Empire to borrow money from its people, and thanks to the initiative of Cavid Bey, it was successful. Cavid Bey notes in his diary that he is content with the interest rate of the various financiers with different sizes of capital.

Cavid Bey departs from Istanbul on June 22, 1918, to solve the problems with Germany.[1105] First, he stops by Vienna and signs a contract on the Eastern railways.[1106] On June 25, he goes to Berlin.[1107] Cavid Bey visits Mr. Kühlmann and afterward starts the negotiations with Mr. Helfferich. The main issue is the loan. Cavid Bey prefers to receive the loan in marks, because the military's demand is twice the amount in terms of Ottoman lira. They also discuss the repayment of the loans. Cavid Bey asks if Germany can pardon all loans obtained during the war.

Talat Bey asks Cavid Bey for his approval of a cabinet reshuffle. Talat Bey's main aim was to strengthen the cabinet and remain loyal to the law. Kemal (Kara) Bey would be the minister of subsistence. The provinces were not secure, and therefore, İsmail Bey would be assigned as the minister of internal affairs. Cavid Bey's comment on Kara Kemal helps us to understand his approach toward politics. Although he always criticizes the methods and polices of Kara Kemal, he tells Talat Bey that he supports him as the minister of subsistence. If the government would establish such a ministry, then he would be the best person to lead it, according to Cavid Bey.

On August 23, Cavid Bey signed the last contract with Mr. Rosenberg in Berlin. The Ottoman government received 40 million liras. The original agreement was for 32 million liras, but the military got involved and the amount of the loan increased. A share of the loan was allocated spe-

1105 BOA_ İ__DUIT__00009_000027_001_001. Cavid Bey was authorized to carry out the financial negotiations in Germany and Mehmet Talat Pasha would deputize him.

1106 Cavid Bey, Meşrutiyet *Ruznâme, III,* 506-507, Toprak, 117-22.

1107 BOA_ MV__00259_00086_001_001 Cavid Bey was charged with carrying out the financial negotiations in Berlin.

cifically for the Yıldırım (Lightning) Army Group. Following this, the total amount of Ottoman emissions was 161 million liras.[1108]

On the evening of August 31, Cavid Bey departs from Berlin and visits Vienna. After holding meetings in the Austrian capital, he arrives in Istanbul. On September 5, Cavid Bey had a very long talk with Talat Pasha, covering most of the Empire's issues. Cavid Bey notes in his diary that he thinks that they must be prepared for every outcome of the war. He finds Istanbul very disorderly. Corruption is in every corner. Syria might fall very shortly. Everybody is complaining. The civilian faction of Unionists complain that it is almost impossible to work with the military staff.

On September 6, Cavid Bey returns to Vienna for financial negotiations.[1109] The financial situation is terrible. Istanbul cannot find money for bread. In both Berlin and Vienna, Cavid Bey seeks for a new loan as well as an additional 70,000 lira for the subsistence of Istanbul. On September 12, as Cavid Bey was about to arrive in Sofia, the grand vizier informs him that he heard that the Bulgarian army has revolted, and they are escaping from the war zone.[1110] The cabinet is alarmed and gathers frequently. Meanwhile, Ottoman troops are moving toward Azerbaijan, beyond the borders determined in Brest-Litovsk. In the meantime, the war has come to an end. Germany had been retreating from France as of August 8; the Ottoman forces had to leave Palestine after the decisive breakthrough of British forces; Bulgaria was defeated by the British and French forces, which also broke the vital link between the Ottoman Empire and its allies.[1111] On October 1, the German ambassador visits Talat Pasha and tells him that Germany has surrendered

1108 Toprak, *İttihad-Terakki ve Cihan Harbi Savaş Ekonomisi ve Türkiye'de Devletçilik 1914-1918*, 113.

1109 Cavid Bey, Meşrutiyet *Ruznâme, III,* 22-28 1918, p: 548-558.

1110 Feroz Ahmad "The Dilemmas of Young Turk Policy, 1914-1917," in War & Collapse World War I and the Ottoman States, ed. M. Hakan Yavuz with Feroz Ahmad (Salt Lake City: The University of Utah Press, 2016), 79-80.

1111 Zürcher, *A Modern Turkey*, 121.

and accepted Woodrow Wilson's terms. Germany agreed to a peace conference in Washington. The ambassador asks whether the Ottoman government would like to join them. They expect to hear from the Ottoman government within a couple of hours, which is very short notice. The parliament decided to accept the German offer. Cavid Bey contemplates that it would be better to respond after the new government would be formed. But Enver Pasha insists on accepting the German offer. Before the foundation of the new cabinet, the parliament accepts Germany's terms. Cavid Bey alleges that in belligerent countries the governments had changed; for this reason, it is not appropriate to accept this offer as the war government. But he remains the only person who opposes the cabinet. Cavid Bey, once again, wants to resign, but Talat Pasha restrains him from doing so.[1112] On October 2, Bulgaria formally surrenders. This was the end of the war for the Ottoman Empire.

On October 6, the new cabinet is discussed within the political milieu. Cavid Bey's name was on the list, but he does not want to enter the new cabinet. He visits some prominent figures who insist that he should be in the cabinet, because he is someone who cannot be replaced. A new cabinet is convened under Ahmet Izzet Pasha on October 14, 1918.[1113] The new military in chief, Nuri Pasha, alleges that the army has only 72,000 rifles. In the first meeting of the new cabinet, Cavid Bey tells them that the economic situation is dismal. He also alleges that all the territory of the Empire might be occupied after the war, from Istanbul to Halep and İzmir. Cavid Bey asks why they would borrow 4.5 million per month just to buy 70,000 rifles. Cavid Bey points out that Enver Pasha never informed his colleagues about the actual situation of the army. Cavid Bey contemplates that if they knew the actual situation, they might consider to the option of a separate peace. Cavid Bey is angry at Enver Pasha and his behavior. In the parliament, the deputies continue

1112 Cavid Bey, Meşrutiyet *Ruznâme, III,* 565-66.

1113 BOA_ I__DUIT___00009_000038_001_001. The document consists of the list of the Ahmet İzzet pasha Cabinet presented to the Sultan on October 18, 1918.
Cavid Bey, Meşrutiyet *Ruznâme, III*,574-75.

to discuss the current situation in detail. Cavid Bey's speech is important to understand the main concerns in Istanbul. First, he points out the situation of the properties of Anatolian Greeks and the Armenians, which were mostly seized by Turkish-Muslim refugees from the Balkans and the state officers. Some of these properties were destroyed. Cavid Beys argues that if these people were to return to Anatolia, then a housing problem would occur, and a huge conflict would arise between the people. According to Cavid Bey, it was not possible to exchange the Armenian populations between Eastern Anatolia and the Caucasus. According to Cavid Bey's key points, the parliament decides that, first, the Armenians would return to their home in Anatolia, then the necessary measures will be taken for the rest. The parliament also decides to keep the peace talks with the Entente Powers confidential, mainly from Germany. The Germans are anxious about their institutions in the Ottoman Empire. Cavid Bey notes in his diary that he aimed to protect these institutions, as he protected the French institutions during the war.[1114]

Rauf Bey and İzzet Pasha meet General Townshend to discuss the armistice. The Ottoman deputies try to make their plans according to Wilsonian principles, which is already the focus of the peace negotiations.

On October 21, 1918, Cavid Bey, Hüseyin Cahit Bey, and Talat Pasha discuss the dissolution of the CUP. On October 22, for the first time the press slams Cavid Bey and his economic policies. *İkdam* daily accuses Cavid Bey of being solely responsible for the loss of the internal loan. According to *İkdam*, the investors in the internal loan lost six–seven million liras because of Cavid Bey.[1115] Cavid Bey writes that the papers and the opposition as a whole now favor the sultan as the only power in the Ottoman Empire and they ignore the parliament. According to Cavid Bey, those who want to take revenge on the CUP cluster around the sultan. According to him, these are the first marks of a new social transformation, which is supported by prominent figures as Rıza Tevfik. That

1114 Cavid Bey, Meşrutiyet *Ruznâme, III*, 579-83.

1115 Cavid Bey, Meşrutiyet *Ruznâme, III*,, 587-88.

is why the opposition always intervenes in the policies of the government. In the meantime, the Ottoman delegation for the Mudros talks was chosen on October 24, including Rauf Bey, Reşat Himet, and other low-ranking soldiers. On October 28, the cabinet receives the draft of the armistice from Britain and France. They discuss the 24 articles of the draft agreement in detail. After two days of correspondence, on October 30, 1918, the Mudros Agreement was signed between Rauf Bey and Admiral Calthrope in a British squadron anchored in Mudros—thus paving the way for the occupation of Istanbul, the Straits, İzmir, and most of Anatolia.[1116]

On November 2, 1918, Cavid Bey witnesses Beyoğlu and İstiklal Street (Rue de Péra) being covered with Greek flags. He calls the minister of foreign affairs, and at night, the flags are removed from Beyoğlu.

> *Cavid Bey notes in his diary, "These flags flew like they were amused with the mourning of the nation… The main party responsible were the Greeks (Rumlar). But were they not also responsible for giving this opportunity to them?"*[1117]

Meanwhile, Cavid Bey continue his talks with Mr. Gwinner about the *Yavuz* battleship and the loan as well as the German *bons de tresor* regarding the last contract between the two countries. This time, Deutsche Bank asks for money from the Ottoman Empire in return for the Anatolian and Baghdad Railways. In November 1918, Cavid Bey understands that Enver Pasha, Cemal Pasha, and Talat Pasha have escaped from Istanbul. Cavid Bey looks for Talat Bey everywhere, including his house, but he could not find him. According to his entries in his diary, he is not cognizant of their escape plans. The government prepares a list of detention. Cavid Bey contemplates that this would not work. The list includes names such as Dr. Nazım, Bahattin Şakir, Vehip Pasha, Dr. Reşit, Cemal Azmi, Mithat Şükrü, Ziya Gökalp, Reshi Bey, et cetera. Cavid Bey is

1116 Cavid Bey, Meşrutiyet *Ruznâme, III*,594-601

1117 Cavid Bey, Meşrutiyet *Ruznâme, III*,602

angry at Talat Bey for escaping with Bedir Bey and Cemal Azmi Bey, who is known as a "corrupt and impudent" person. According to his notes, it is heartbreaking for him to be left without any word.[1118]

The newspapers continue to attack Cavid Bey and Hüseyin Cahit Bey, alleging that they have escaped from Istanbul.[1119] In the meantime, Cavid Bey notes in his diary that the government has revealed its weakness, and the critics of the government have risen against the Unionists and the government very sharply in the paper. The opposition argues that the government and the parliament are invalid for them because there are Unionists in them. A huge campaign against the CUP and Unionists begins after the Mudros Armistice. Hayri Bey and Cavid Bey are the only Unionists in the cabinet. Hayri Bey is very stressed. In the meantime, Kara Kemal is arrested for allegedly being a revolutionary. Cavid Bey asks İzzet Pasha for his release. Cavid Bey asks, "Nowadays, who can make a revolution?" Kara Kemal is released. It is important to comprehend that even the opposition figures in the CUP such as Cavid Bey and Kara Kemal continue to gather even in these dark days.

Reckoning and revenge dominate the politics in Istanbul. The press attacks the Unionists remaining in Istanbul. Celal Nuri from *İkdam* is the main opposition to the Unionists. He argues taht Cavid Bey and Hayri Bey should leave the government as soon as possible. The situation is so dire that the police patrol the front of the houses of the Unionists. On November 8, Cavid Bey and Hayri Bey resign from the cabinet after learning that Izzet Pasha has decided to reshuffle the cabinet as well as that the sultan is against them.[1120] Cavid Bey's final actions as the minister of finance were to send gold to the bank for the repayment of the loan. Cavid Bey had hidden some money in the bank against all odds. He asks his staff to use the one million liras he hid in the bank during the negotiations for the loan to rebuild Armenian properties. He finally felt that these savings were justified. Even in this period, the state was not

1118 Cavid Bey, Meşrutiyet *Ruznâme, III*,603-06.

1119 Cavid Bey, Meşrutiyet *Ruznâme, III*,608.

1120 Cavid Bey, Meşrutiyet *Ruznâme, III*,608-10.

experiencing a lack of money. He ordered the ministry to replenish three million of the seven million lira that were missing in exchange for repaying debts.[1121]

At the end of the war, according to the OPDA, the cost of living in Istanbul was 15 times more than before the war. The state officers had lost 60–80 percent of their purchasing power; tradesmen were complaining about stagnation; foreign trade decreased more than half in terms of value; the transportation of goods by railway also decreased about 70 percent.[1122] Additionally, the Ottoman Empire had lost its territory in Mesopotamia as well as hundreds of thousands of soldiers on various fronts, including Anatolia. The situation was heartbreaking. After the fall of Jerusalem, the Ottoman army began to withdraw from its lands in Mesopotamia. The end of the war came along with massive devastation in politics and social life.[1123]

§ 5.2 Exile and reckoning, 1918–1926

A gifted statesman should be able to steer the course of events during his time. A good politician should contemplate the Zeitgeist and take advantage of it. The world and the Ottoman Empire experienced strong winds of change after the Great War. A wind of nationalism was blowing in from the mainland, while Cavid Bey was still stuck on an imperial isle.

1121 Cavid Bey, Meşrutiyet *Ruznâme, III*,615-16.

1122 Eldem, *Harp ve Mütareke Yıllarında Osmanlı İmparatorluğu'nun Ekonomisi*, 213.

1123 The end of the depicted by the contemporary writers. Falih Rıfkı Atay was one of them whose books also became a part of the republican canon. However, Atay shares or invents a memory about the end of the Great War as follows:
"In a train station, a woman asks Falih Rıfkı if he saw his son Ahmed. Falih Rıfkı writes that none of them saw Ahmet, but Ahmet saw everything, every kind of pain of war such as glaciers, deserts, typhus, et cetera. He remarks, "We lost Ahmet in a gamble." Falih Rıfkı Atay *Ateş ve Güneş, Zeytindağı*, (İstanbbul: Pozitif Yayınları, 2018), 299-300.

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This section of the dissertation outlines the final phase of Cavid Bey's life as he stands in between the past and the future. His final decision to remain loyal to the Unionists and his classical liberal worldview would ultimately determine his end.

This chapter will examine the complex relationship between the National Forces–Defense Rights Group–Republican People's Party and the Unionists against the backdrop of Cavid Bey's life between 1918 and 1926. It will cover the most important events in Cavid Bey's life during the period from the occupation of Istanbul by the Entente on November 13, 1918, to the Independence Tribunal in 1926. While the Second Constitutional Period ended in 1918, this did not mean that the spirit of Unionism had also vanished. However, just eight years later, the execution of Cavid Bey and his colleagues would mark the end of the Committee of Union and Progress and thus the space for Unionism in politics.

After the end of the war in 1918, Istanbul was declared an enemy state in national and international circles. In the eyes of domestic and international actors, all responsibility for the Empire's losses during the war belonged to the Committee of Union and Progress. The CUP was not only responsible for dragging the country into the war but also for losing the vast territory of the Empire as well as all wartime casualties. The war had given rise to social and economic turmoil. The Unionists evaluated the Great War as an opportunity to recapture the lands previously lost in the Balkan Wars, establish a national economy, and revive the Ottoman Empire. However, the burden of total war, the inexperience of the country's rulers, and the rush to transform the Empire's economic and financial systems caused severe problems in the post-war era. In Europe, the people were also unhappy with the outcomes of the war economy. Even in Germany the working class staged several revolts. After the war, the picture of Ottoman society took on a chaotic and catastrophic character caused by the Empire's long-lasting wars and the new policies implemented by the Unionist governments. The new Turkish-Muslim economic class rose rapidly through the war economy implemented by the Unionist governments. Indeed, it was one of the priorities of the war governments. Economic inequality skyrocketed due to war profiteering

and speculation. The economic policies of the CUP caused high inflation, which led to the collapse of the social harmony that had characterized Ottoman society for centuries. Inflation was the enemy of an ordinary and stable daily life. In addition to the war and the economy, the Empire saw vast changes in all spheres, from the population to legal codes. Indeed, growing inequality had a deep impact on the moral values of society, leading to a moral crisis throughout the Empire. Many scholars have scrutinized the scope and impact that the war had on the Ottoman Empire.[1124] However, as seen by the public in 1918, the sole responsibility for these incidents and negative changes rested with the CUP. The Empire's loss was more than a military defeat: it was a loss of the Empire's economy, social parameters, and politics. After the Empire's defeat was evident, the opposition started to raise its voice in protest.

On October 30, the Armistice of Mudros was signed between the Ottoman Empire and the Entente powers. Two days later, the Unionists convened their last Congress. At the last Congress in November 1918, the Unionist leaders abolished the CUP and replaced it with the Renovation Party. During the Congress the CUP leaders decided to flee Istanbul to Berlin. As mentioned above, the Istanbul press launched a fierce campaign against the party, thus helping to pioneer the opposition.[1125] The CUP was seen as entirely at fault for the burdens that the armistice had imposed upon the Empire. The new political atmosphere had an anti-Unionist character rather than a harmonious, liberal character. Different actors were part of this political campaign including the *ulema*, the palace, politicians, liberals, and opponents of the CUP. In the press, authors such as Celal Nuri, Ali Kemal, Refik Halid, and Refi Cevat

1124 These works cover main works of the field as the boks and articles of Erik Jan Zürcher, Feroz Ahmad, Tarık Zafer Tunaya, Zafer Toprak, et cetera. They are already mentioned and referenced in this dissertation. However, there are new works published in this field. See Çiğdem Oğuz, *Moral Crisis in the Ottoman Empire Society, Politics, and Gender during WWI* (London: Bloomsbury, 2021)

1125 Enver Pasha, Cemal Paşa, Talat Paşa, Bahattin Şakir, Dr. Nazım, Cemal Azmi, Bedri Bey, and Dr. Rusuhi were among the first Unionists who left Istanbul. They left Istanbul via a German torpedo to Sivastopol and fled to Berlin.

(Ulunay) constantly published anti-Unionist articles. Moreover, after the death of Sultan Mehmet Reşad in July 1918, Sultan Vahdettin, a well-known opponent of the CUP during the Second Constitutional Period, took the throne. From the *ulema* to the press, a widespread anti-Unionist front gathered around the palace. Times had been hard since the Empire's defeat in the Balkan Wars, and the people were angry and desperate. As General Franceht d'Esperey writes in a letter to the French Defense Minister, in a society plagued by growing inequality, "everything alive and beautiful belongs to the CUP." The anger against the CUP transformed into a hunt for the Unionists, eventually fueling the Ankara movement and the Anatolian movement led by Mustafa Kemal Pasha. Although he had gone to Samsun as an Ottoman officer, in a very short time, he became the leader of the national movement. He immediately held two congresses in Erzurum and Sivas to unite the whole grassroots movement in Anatolia. In addition to the local congresses in various regions of the Anatolia, two Unionist organizations, the Guard (*Karakol*) and the General Revolutionary Organization of the Islamic World (*Umum Alem-i İslam İhtilal Teşkilatı*), channeled human resources, organizational advantages, and other sources from the CUP into the Anatolian movement.[1126] In the Congresses of Erzurum and Sivas, the Association of Defence of Rights emphasized that the new institution founded for the National Struggle would not be the successor of the CUP. Thus, as mentioned above, it was imperative that Mustafa Kemal Pasha distinguished the Association of Defense for the National Rights from the CUP from day one.

Izzet Pasha, a distinguished soldier, established the first government of the Armistice period. During the Great War, four Unionist ministers in the cabinet,[1127] including Cavid Bey, generally opposed the CUP's poli-

1126 Erik Jan Zürcher, "The Last Phase in the History of the Committee of Union and Progress (1923-1924), last modified: 1991, https://scholarlypublications.universiteitleiden.nl/handle/1887/2507

1127 These ministers were: Minister of Internal Affairs Ali Fethi Bey, Minister of Justice Hayri Efendi, Minister of Navy Rauf Bey, and Minister of Finance Cavid Bey.

cies.[1128] However, the sultan still wanted to replace these ministers, despite the unconstitutional nature of such a move. Izzet Pasha resigned in protest on November 8, 1918. Tevfik Pasha formed a new cabinet a few days before the de facto occupation of Istanbul by the Entente powers on November 11, 1918.[1129]

On the morning of November 13, 1918, Istanbul dwellers woke up and found the British and French navies moored in the Bosphorus, begining the five-year period of occupation of Allied forces. The escape of the Unionist leaders, division among the Unionists, and the claims of the Greek and Armenian deputies made it difficult for the parliament to achieve any political decisions. On December 21, 1918, Sultan Vahdettin dissolved the parliament.

During this period, Cavid Bey continued his meetings and interviews. He gave interviews to newspapers such as the *Morning Post* and *Le Temps* and held talks with the officers of the OPDA, IOB, and ambassadors. At the same time, he continued to meet other Unionists. After the CUP leaders fled Istanbul, Cavid Bey, Kemal Bey (Kara), and Fethi Bey became the most prominent members of the CUP. Cavid Bey continued to meet his friends very often and contributed to their work. For example, when he met Fethi Bey, they talked about the new newspaper he was trying to publish, *The Pulpit* (*Minber*), of which Mustafa Kemal Pasha provided a significant part of its capital. Cavid Bey and Fethi Bey agreed that the newspaper would not be a propaganda tool of the Renovation Party as *Tanin* had been. Cavid Bey, along with Karasu Efendi, pledged to help Fethi Bey find more capital for the newspaper.[1130]

1128 See also, Refik Halid Karay, *Minebab İlelmihrab*, (Istanbul: İnkılap ve Aka Kitabevleri, 1964). Karay's memoirs of Armistice period serves a beneficial opportunity to observe the intellectuals who were against the Ankara movement.

1129 Muhittin Birgen, *İttihat ve Terakki'de On Sene İttihat ve Terakki'nin Sonu, Vol 2*, (Istanbul: Kitap Yayınevi, 2006), 549-561; Osman Selim Kocahanoğlu, *İttihat-Terakki'nin Yüce Divan Sorgulaması*, (Istanbul: Temel Yayınları, 2017), 17. See also: Orhan Koloğlu, *1918 Aydınlarımızın Bunalım Yılı Zaferi Nihai'den Tam Teslimiyete*, (Istanbul: Boyut Yayınları, 2000).

1130 Cavid Bey, Meşrutiyet *Ruznâme, Vol III*, 626-27.

The Unionists were stood trial three times between 1918 and 1926. The first and second trials were held by order of an Ottoman martial court. The third was the Independence Tribunal in 1926. The first was the interrogation of the Ottoman Parliament. The investigation was held by the Fifth Branch (*Beşinci Şube*) of the parliament. The most first and crucial political step in this period came from Fuat Bey, a deputy of Divaniye. Fuat Bey's ten-point proposal to the parliament was to issue court-martials (*Divân-ı Âli*) to the war cabinets of Talat Pasha and Said Halim Pasha. This judgement aimed to charge the Unionists for the entrance of the Ottoman Empire into the First World War, war profiteering, censorship, deportation of the Armenians, et cetera. The Fifth Commission, founded to investigate the Unionists' wartime activities, aimed to interrogate the fifteen CUP ministers who had taken office between 1914 and 1918. Under this proposal, the deputies would be judging the other deputies. During this interrogation, the defendants did not have the right to an attorney. The declarations of the Unionists were beneficial to enlighten the course of events of the Great War period. Cavid Bey was interrogated from November 24–26, 1918. Cavid Bey's defense lasted about two and a half hours. The three-day trial covered the government's declaration of mobilization of the Empire's entry into the war. During his defense, Cavid Bey backed up his claims with evidence, such as telegrams from the embassies. Cavid Bey writes in his diary that his defense had a positive impact on the commission.[1131] In the end, the fault for entering the war was attributed to Enver Pasha. The inquiry was cut short when parliament closed on December 21, 1918.

Hostility toward the Unionists increased enormously during the cabinet of Damat Ferit Pasha, which was formed on March 4, 1919.[1132]

1131 Erol Şadi Erdinç. *Osmanlı İttihad ve Terakki Cemiyeti Yargılamaları. Birinci Dünya Savaşı'nda İttihad ve Terakki Hükümetlerinin Sorumluluğuna dair. Meclis-i Mebusan Soruşturması* (Istanbul: Türkiye İş Bankası Kültür Yayınları, 2018), XII-XIII, 227-315.

1132 Sina Akşin, *Istanbul Hükümetleri ve Milli Mücadele (Mutlakiyete Dönüş 1918-1919), Vol I* (Istanbul: Türkiye İş Bankası Kültür Yayınları: 2004), 201.

Damat Ferit Pasha's opposition intersected with the British policy to suppress the Unionists, who posed an obstacle to British policies in Istanbul. The Istanbul government fully believed that the Empire was in a disastrous situation due to the leadership of the Unionists, and the only way to get out of this was reconciliation with Allied Powers. Damat Ferit Pasha hastened the dismembering of the CUP. His government confiscated national companies and abolished the Ministry of Subsistence. He launched a new wave of purges. The government arrested Unionist deputies and high-ranking bureaucrats. More than sixty Unionist figures were deported to the island of Malta on May 18, 1919. Damat Ferit Pasha continued the purge and tried civilian members alongside military officers, issuing both court-martials. Meanwhile, the Entente continued their invasion of Istanbul. The French took the most glorious step in this regard, and General Franchet d'Esprey held a show trial in Istanbul on February 8, 1919.

> *Cavid Bey wrote in his diary, "Those who will distribute justice and rights to the world still act like the captains of the Middle Ages. Moreover, they single out their enemies, whom they call cruel and barbarian."*[1133]

The second court-martial of the Unionist leaders begun on April 27, 1919. Cavid Bey was sentenced to 15 years of hard labor on July 5, 1919.[1134] The trial covered the issues related to the Great War period including the deportation of the Armenians. The CUP became a legal personality that carried a historical responsibility for wartime atrocities. These developments are the first indicators that Cavid Bey's time in politics was running out. On May 9, 1919, Cavid Bey received a mysterious phone call while he was at home. Cavid Bey did not disrupt his pro-

1133 Cavid Bey, Meşrutiyet *Ruznâme, III*,680. Akşin, *Istanbul Hükümetleri ve Milli Mücadele (Mutlakiyete Dönüş 1918-1919),* 162-163.

1134 Erol Şadi, Erdinç, *Osmanlı İttihad ve Terakki Cemiyeti Yargılamaları. 8 mart 335 (1919) tarihli kararname ile kurulan Dîvân-I Harb-i Örfî Yargılaması* (Istanbul: Türkiye İş Bankası Kültür Yayınları, 2018), 564.

gram and went to dinner at Uğurlu Han. Two days later Cavid Bey's name was on the list of Unionists to be arrested that was published in the newspapers. Cavid Bey decided to hide in the house of his friend Mahir Bey for about 100 days.

It was not easy for Cavid Bey to hide in a house without going outside, especially in the house of someone else. Although he often had visitors, he was often depressed. He was also closely following the developments in Istanbul. During his days in hiding, İzmir was occupied by the Greeks on May 15, 1919. This was a turning point for the National Struggle. The occupation sent shock waves across the country. Sultanahmet was filled with hundreds of people protesting the occupation of İzmir. Halide Edip Hanım was on the stage and giving a speech to the people gathered there. Cavid Bey could only witness this from a distance. On July 1, 1919, when a fire broke out in Mahir Bey's house, Cavid Bey moved into the house of his friend Nuri Bey in Beyoğlu. Cavid Bey contemplated going to Ankara to join the National Struggle. He had written to Halide Hanım to convey this message. She responded on July 14, 1919. According to her letter, it would be better for Cavid Bey to hide until he was invited to Anatolia. He was rejected by the Anatolian movement.[1135] After this development, although the precise details are not clear, Cavid Bey plans to flee abroad. Mr. Weil, the former director of Régie Tobacco, helped Cavid Bey flee Istanbul. He had been paying him visits during his months in hiding.

Cavid Bey left Nuri Bey's house on August 30, 1919. According to his journal, he stayed in Mahir Bey's house for 114 days and 60 days in Nuri Bey's house. Cavid Bey had recorded the list of people who visited him. Forty-eight men and women visited Cavid Bey 389 times at Mahir Bey's house. Sixty-three men and women visited Cavid Bey 333 times at Nuri Bey's house.[1136] Interestingly, Cavid Bey always takes note of his visitors while in prison or hiding.

1135 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV*, 11.

1136 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV*, 16-17.

The French ship upon which Cavid Bey would escape weighed anchor in Istanbul on August 31, 1919. The French occupation forces acaccompanied him on his way to the port in Istanbul. After a week at sea, Mr. Weil met Cavid Bey at the port of Toulon on September 7, 1919. They traveled together until Lyon. Mr. Weil told Cavid Bey that Georges Clemenceau, the Prime Minister of France, had made him miss Europe. Through the years, though Mr. Weil and Cavid Bey had primarily discussed business together, according to Cavid Bey, he was a real friend to him in hard times. Mr. Weil was connected to Cavid Bey for a very long time. Both Cavid Bey and Mr. Weil knew that Cavid Bey could not help the French while he was in hiding in Istanbul. However, in Europe, Cavid Bey could be used as an intermediate between the Ankara government and France. Although Mr. Weil had offered Cavid Bey a job in an Austrian Bank that would finance the reconstruction of France after the Great War, he did not accept this offer. In Europe, Cavid Bey was more concerned with being able to stay in touch with the Unionists. Until his death, Cavid Bey was always at the table to discuss financial negotiations. The main question after the war was whose side he was on and whether he would negotiate in favor of the Entente.

Cavid Bey arrived in Montreux on September 23, 1919. He met lawyers and acquaintances as well as his friends, such as Necmeddin Molla Bey. Cavid Bey's most critical problems during his years in exile were the lack of sufficient income and bureaucratic problems such as passport and visa issues. It was not very easy for him. Even once he received a passport and visa, the Swiss office restricted his travel. His main aim was to visit his friends scattered around European cities. In terms of his personal financial issues, Cavid Bey not only sought loans for the Empire all of his life, but he also sought personal loans for himself. Since he could not envision how long he would be in exile, Cavid Bey wrote to his friends in Istanbul asking them to sell his household items. Although he began to repay his debts after he became a representative of the OPDA in 1922, Cavid Bey still owed money to his friends when he died.

While Cavid Bey was in exile, he constantly communicated with the other Unionists. Hüseyin Cahit Bey turned his letters with Cavid Bey in-

to a book later on. His correspondence with Enver Pasha, Talat Pasha, and Dr. Nazım primarily concerned three main issues: establishing a new organization, negotiations with foreign diplomats, and attempts to return to Turkey. Cavid Bey played a vital role in each of these processes.[1137] Although these letters are not featured in Hüseyin Cahit Bey's book, Dr. Nazım's letters to Cavid Bey indicate his distrust and skepticism of Mustafa Kemal Pasha's capacity to govern the whole national independence war militarily and politically. Moreover, he is angry that Ankara excluded the Unionists from the National Independence War. His letters show that Ankara distrusted prominent Unionist figures like himself. Ankara also did not allow Dr. Nazım to join the national movement. Dr. Nazım later meets Enver Pasha in his visits to Moscow and Batum.[1138] Dr. Nazım's letters show the polarizing discourse among the Unionists. His negative stance against Ankara in his letters is ringing the bells of the future conflict in 1926.

1137 Hüseyin Cahit Yalçın, *İttihtaçı Liderlerin Gizli Mektupları*, ed. Osman Selim Kocahanoğlu. (Istanbul: Temel Yayınları, 2002).

1138 Yalçın, *İttihtaçı Liderlerin Gizli Mektupları*, 127, 128, 130, 134, 136, 137.



LÉGATION DE LA CONFÉDÉRATION SUISSE

INTÉRÊTS OTTOMANS

No Gr. 654
No Sr. 148

21

PASSEPORT

La Légation de Suisse en Allemagne, chargée de la représentation des Intérêts Ottomans, prie les Autorités Civiles et Militaires des États que le porteur du présent passeport doit traverser, d'accorder le libre passage à

Monsieur
Mehmed Djavid Bey
sujet ottoman

qui se rend en Suisse

Fait à Berlin, le 14 Juin 1920

Le Ministre de Suisse en Allemagne,
chargé de la représentation des
Intérêts Ottomans:
p.o.
Vice-Consul

Signature:

Signalement:

Tête	ovale
Visage	ovale
Teint	brun
Cheveux	châtains
Yeux	id.
Nez	régulier
Bouche	id.
Moustache	châtaine
Barbe	—
Signes distinctifs	—

Date et lieu de naissance
Salonique en 1876

Qualité et profession ancien
ministre des finances

Documents présentés
Cert. de nat. de Berlin le
14 Juin 20 No 653/354

La Légation de Suisse certifie que la photographie ci-dessus représente le porteur du présent passeport et que la signature et le signalement ci-contre sont ceux de

Mr. Mehmed Djavid Bey

Figure 5.5: Cavid Bey's passport. This passport was issued on June 14, 1920. Talat Öncü Archive.

After ordering his affairs regarding his passport and visa, Cavid Bey organized a meeting in Rome, where prominent Unionist members met for the last time. Cavid Bey arrived in Rome on December 6, 1920. He stayed in Rome for more than a month and met high-ranking politicians from both Turkey and Italy. Cavid Bey also met people from the Ankara government including Bekir Sami Bey and Cevat Bey, the military assistant of Mustafa Kemal Pasha. He informs Bekir Sami Bey about financial issues, especially those concerning France and Italy. On January 6, 1921, Talat Pasha arrives in Rome. Ahmet Rıza, Çürüksulu Mahmut Pasha, Hüseyin Hilmi Pasha, Câmi Bey (Baykurt), Reşid Safvet, and Galip Kemali Bey also come to Rome for the meeting. The first meeting was held on January 16, 1921, and five subsequent meetings were held after. Although there were no concrete results from the meetings, new programs were discussed.

After the Rome meeting, Cavid Bey participated in the London Conference held to convince the Greek and the Ottoman governments to revise the Sèvres Treaty. The invitation to the conference became a crisis between Istanbul and Ankara. Naturally, the Ankara government saw itself as the only representative of the national will. At last, an official invitation was also conveyed to the Ankara government. Cavid Bey arrived in London upon the invitation of Lloyd George on March 2, 1921.[1139] Osman Nizamî Pasha and Bekir Sami Bey, the head of the Ankara delegation, had asked Lloyd George and Lord Curzon to dispatch Cavid Bey to London. He participated in the negotiations in the Financial Committee with Bekir Sami Bey and Cami Bey. The Italian and French issues such as railways, mines, and the Syrian border were primarily discussed. According to Cavid Bey, the discussions remained inconclusive. The most positive development for him was the agreement to release the Unionist prisoners in Malta. The Turkish delegation agreed with the British delegation on this issue. According to Cavid Bey's diaries covering this period, the Turkish delegation led by Bekir

1139 Maliye Nazırı Cavid Bey. *Felaket Günleri Mütareke Devrinin Feci Tarihi, Vol II*. Istanbul: Temel Yayınları, 2000), 127.

Sami Bey was weak in terms of its knowledge of the Ottoman Empire's issues. On the other hand, Bekir Sami Bey would be forced to resign due to the concessions he gave during the talks. The negotiations had been conducted as in the pre-war era, and the Great Powers perceived the Turkish side as one of the defeated countries of the First World War. As I mentioned above, Cavid Bey continues to conduct his work within the same framework and mindset as in the pre-war era. The difference between the two periods in Cavid Bey's state of mind is rather small. During the conference he has no conception of the new national sensitivities unfolding in Ankara.

On March 16, 1921, Cavid Bey hears about Talat Pasha's murder. He notes in his diary that "he cried in his rooms for hours." Cavid Bey's prophecy in 1915 that Talat would be killed by an Armenian bullet had come true. Despite their clashes over the years, they were very close. Cavid Bey cancelled his appointments, and the next day, he left London.[1140] Cavid Bey felt very sorry for all the Unionists who were killed. Finally, on September 19, 1922, after an Armenian militant killed Cemal Pasha in Baku, the Ankara government declared that the Unionists were no longer against the National Forces (*Kuva-i Milliye*) and that they may return to the new country. After Cavid Bey crossed into France in 1922, he was warned by the French police about Armenian militants on April 13, 1922.[1141]

In 1921, significant changes occurred in Cavid Bey's life. Firstly, he met Hüseyin Cahit, who was released from prison in Malta. Secondly, he married Aliye Hanım[1142] in the Swiss Alps on August 14, 1921. Thirdly, in October 1921, they moved to France with Hüseyin Cahit and his fami-

1140 Maliye Nazırı Cavid Bey. *Felaket Günleri Mütareke Devrinin Feci Tarihi, Vol II*, 108-153.

1141 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV*, 357.

1142 Nazlı Aliye Hanım was a Circassan (cherkes) woman adopted by the palace in her early year. She first married Burhaneddin Efendi, son of Abdülhamid II. They had one son, Ertuğrul Osman Efendi. Aliye Hanım and Burhaneddin Efendi were divorced in 1919. Aliye Hanım and Cavid Bey met in Istanbul. They were part of the same social milieu. They got married on 1921, and their son, Şiar Yalçın, was born in 1924. According to Cavid Bey's diary kept for his son, *Şiar'ın Günlüğü*, they were content in their marriage.

ly. Until July 1922, when he returned to Istanbul, Cavid Bey lived primarily in Menton, a French city in the south. However, he traveled frequently to Italy and Britain. At this time, Huseyin Cahit Bey's position at the OPDA had expired, and Cavid Bey was nominated as his successor. On May 11, 1922, the OPDA assigned him as the representative of the Ottoman Empire. Cavid Bey nervously waited for Ankara's reaction. When no objection came he returned to Istanbul on July 3, 1922. During his travel back to Istanbul four years later, he calculated his debt to his friends. He drew a table in his diary. According to the table he borrowed 36,500 liras during his exile. He received this money from Necmeddin Molla Bey, Kazım Emin Bey, Kibar Rıza Bey, and Mahmut Bey. He had to work regularly for a few years to pay off these debts. However, his new job was well suited for that. As the OPDA representative, Cavid Bey was the second highest paid person in Turkey after Mustafa Kemal Pasha. His monthly salary was 1,600 liras. Cavid Bey had a quiet arrival in Istanbul, although his friends and journalists visited him frequently. Cavid Bey was a person who liked to be with his friends.[1143] A reporter who saw him at the Cercle d'Orient described him as having aged, although his eyes kept their vitality. As soon as Cavid Bey arrived, he began his work at the OPDA.

While in Istanbul, Cavid Bey meets with his former Unionist friends, mainly in the office of Kara Kemal, who was again in charge of directing his companies. His office was in the Mes'adet Inn in Sirkeci. Initially, the new government did not exclude the former Unionists from positions of power. Şükrü Bey, former minister of education, was the governor of Trabzon and later the deputy of İzmir. Celal (Bayar) Bey would become the director of İş Bank (1924), İsmail Canbulat was the deputy of Istanbul, and Mahmut Şevket (Esendal) Bey was the ambassador to Tehran. The Unionists were also part of many collegial organizations involved in public debates focusing on different questions central to the formation of the Republic, such as the economy. Kör Ali İhsan, a member of the

1143 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV*, 373-378.

CUP, was leading this debate. Although Cavid Bey was not involved directly, this debate alerted the Ankara Government of the ideological leanings of the Unionists. Kör Ali Bey supported the concept of Occupational Representation as outlined in Ziya Gökalp's book *Fundamentals of Turkism* (*Türkçülüğün Esasları*). This approach combined economics, sociology, and political representation. It was also a response to the liberal arguments supported by Cavid Bey. Ziya Gökalp's approach mixed sociology and economy to bind up the wounds of the Great War. Published in 1923, the same year that the Republic was founded, Ziya Gökalp's *Principles of Turkism* was a manifesto in the field of economics, in the words of Zafer Toprak. This theory enabled both horizontal and vertical social mobilization through artisan-based planning under both local and central organizations throughout the country. Gökalp's motto, "There is no class; there are artisans (guild)," was at the epicenter of Kör Ali İhsan Bey's argument. He was also inspired by Kara Kemal's policies to establish national companies for a national economy. This approach was driven by Gökalp's promise that instead of class, society would be organized around professional groups, from the local to the central, with representation in parliament. It was envisaged that fifty professional members would be present in the 1923 Assembly. The concept of Occupational Representation was intertwined with the rising ideologies of the Third Republic of France: solidarity, corporatism, and populism. It aimed to heal the social wounds of the Great War. High inflation, speculation, war profits, and class conflict in Ottoman society allowed Turkish intellectuals to address these problems for the first time. For this reason, inspired by Durkheim, economy and society have always been thought of together in Turkey.[1144]

On August 29/30, Mustafa Kemal Pasha ordered his chief of staff and army commanders to destroy the encircled enemy forces. On August 30,

1144 The concept of populism, which was raised in the last years of the war, also envisages that the professional groups that connect the people of society to another replace the class distinction, likening society to an organism, viewing the professional groups as vital organs of this organism." Toprak, *Atatürk Kurucu Felsefenin Evrimi*, 196-200.

the Turks fought the Battle of the Supreme Commander. The Great Offensive opened the way to the final destruction of the Greek forces in Anatolia. On September 9, Turkish forces entered İzmir. This victory was the end of the war, a complete victory.[1145] Although Cavid Bey included this news in his diaries, he was not very enthusiastic about it and was instead more focused on his work.[1146] Nevertheless, the Great Offensive and its consequence ended with the victory on August 30. The Turkish national forces entered İzmir on September 9, 1922. This battle was the end of the military war, which opened the path to the peace talks. From now on, the Turkish government had changed the consequences of the Great War. They would start the peace talks as the equal member and victor of the war. The victory of the national forces also meant that the end of the Ottoman government, sultanate, and the Empire would be sooner than later. Indeed, following this victory, the Entente powers invited Turkey to peace talks on neutral territory in Lausanne, Switzerland. Britain, France, Italy, and Greece were the hosts, and they invited both the Ankara and Istanbul governments. The Grand Vizier of the Ottoman Empire, Tevfik Pasha, sent a telegram to Ankara to join the peace talks. On November 1, 1922, the National Assembly abolished the sultanate.[1147] A Turkish delegation represented Turkey and was presided over by İsmet Pasha. The peace talks began on November 20, 1922, in Lausanne.[1148] İsmet Pasha's duty was tough, because several issues

1145 Within a year, all the foreign forces left Turkey. They evacuated Istanbul on October 6, 1923. Edward J. Erickson, "From Kırıkkilise to the Great Offensive Turkish Operational Encirclement Planning, 1912-1922," *Middle Eastern Studies*, 40, No. 1 (2004): 45-64.

1146 Cavid Bey, Meşrutiyet *Ruznâme, Vol III*, 388-89.

1147 The sultanate was abolished, but the caliph remained post remained. Abdülmecit Efendi succeeded Vahdettin as a caliph until March 3, 1924

1148 The Lausanne talks included Turkey on one side and the UK, France, Italy, Japan, Greece, Romania, and the Serbo-Croat-Slovenian States. At the request of Turkey, Soviet Russia, Ukraine, and Georgia took part to discuss the Straits. The United States had observer status. Among the issues raised at the conference were the borders (Eastern border, Iraqi border, Syrian border, Aegean islands, Thrace border, Western Thrace border, Bosphorus and Gallipoli), capitulations, Ottoman debts, the army and navy,

were still being negotiated, including technical issues such as finance. Additionally, he had to negotiate with the most experienced and dominant politicians of the Entente, such as Lord Curzon, the British Foreign Secretary. There were three main topics of discussion at the conference. These were the territorial and military issues, economic and financial problems, and the position of foreigners and minorities. The financial negotiations mainly covered the capitulations and Ottoman debts. At the request of İsmet Pasha, Cavid Bey was one of the consultants in the field of finance in Lausanne as his specialty had been working on the Ottoman debts since 1908. Cavid Bey came to Lausanne with Hüseyin Cahit and Hamit Bey (Hasancan), who was also the head of the Red Crescent. This team worked closely with Hasan Saka, one of the Turkish delegates. During the negotiations, the consultants agreed on an installment plan to pay the interest on the Ottoman debts, not the capital.[1149] According to their argument, it was scientifically not possible to divide the capital of the Ottoman debt among the countries that were once under the Empire's sovereignty. Cavid Bey alleged that such an operation would cost millions of liras. After the Treaty of Berlin of 1878 and the Balkan Wars, the division of debts between the countries separated from the Ottoman Empire was on the agenda, but the conditions were not determined. According to Rıza Nur's memoirs, he thought it could be possible to divide the debt, capital, and interest, between the countries separated from the Ottoman Empire. Rıza Nur Bey first consulted with Mr. Günther from Deutsche Bank and then with other finan-

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new states, and the rights of Islamic institutions and foundations. The primary priority of the Turkish delegation was the adoption of the National Act. Toprak, *Atatürk Kurucu Felsefenin Evrimi*, 169-71; Sevtap Demirci, *Belgelerle Lozan Taktik-Stratejik-Diplomatik Mücadele 1922-1923* (Istanbul: Alfa Basım Yayım, 2013), 61-82.

1149 The capitulations were first questioned internationally in Lausanne. In this way, it was a treaty that removed the principles of equality from the Great Powers' monopoly following the norms of international law that were formed. Capitulations were at the beginning of the issues that the Union and Cavid Bey longed to get rid of since the second legitimacy. Cavid Bey remained in the government for a while after the agreement with Germany in 1914, and his first job was to help abolish the capitulations

cial experts Additionally, since Cavid Bey had spent a lot of time with the French, he was considered strange by his colleagues in the Turkish delegation. Although Cavid Bey had known and done business with the French for more than a decade, the proximity he established to them during the Lausanne talks drew a negative reaction. It was also clear that he neither had close relation with İsmet Pasha nor did he want to establish such relations. His proximity with the French delegation led to rumors that Cavid Bey had taken bribes from the Entente.[1150] Finally, Ferit Bey (Ahmet Ferit Tek) was called from Paris as a consultant, and it was revealed that it was actually possible to pay off the debts. Contrary to what Cavid Bey had said, it had been proven that this operation could be performed at a lower cost. Rıza Nur informs the consultants about the new plan. He also asks them to leave Lausanne as soon as possible. Cavid Bey, Hüseyin Cahit Bey, and Hamid Bey were dismissed from the Lausanne talks. Cavid Bey stayed in Switzerland for a while and returned to Istanbul on February 11, 1922.[1151] Nevertheless, Cavid Bey was subjected to the criticism of the political milieu in Ankara. Rıza Nur attacked him because of his work in a foreign institution.[1152] As the representative of the OPDA, Cavid Bey was a representative of foreign capital, which was no longer welcome in Turkey, at least as it had been before. The OPDA was a reminder of the burden of the capitulations and

1150 Yahya Kemal, *Siyasi ve Edebi Porteler*. (Istanbul: Yapı Kredi Yayınları, 2006), 115-116.

1151 Another problem was the payment funds. İsmet Pasha made it clear in Lausanne that gold would not be accepted as a means of payment. However, this issue was important because Ottoman debts were more than half of Turkey's budget. The holders of the debt solved the problem. In addition, Turkey paid 107 million of the 160 million pounds of debt inherited from the Ottoman Empire. Toprak, *Atatürk Kurucu Felsefenin Evrimi*, 172-73; Nur, R. 1991. Rıza Nur, *Dr. Rıza Nur'un Lozan Hatırala*rı (Istanbul: Boğaziçi Yayınları, 1991), 144-158. See also: Şevket Süreya Aydemir. *İkinci Adam 1884-1938 Vol I,* (Istanbul: Remzi Kitabevi, 1999), 236-237; Şevket Süreyya Aydemir. Ş.S. *Tek Adam Mustafa Kemal 1922-1938* (Istanbul: Remzi Kitabevi, 1999), 114-118; İsmail Hakkı Yeniay. *Yeni Osmanlı Borçları*, (Istanbul: Ekin Basımevi, 1964); Joseph J. Grew, Rıza Nur, *Lozan Barış Konferansının Perde Arkası (1922-1923)* (Istanbul: Örgün Yayınevi, 2003).

1152 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV,* 513-14.

the heritage of the Ottoman Empire's financial subjugation. In his speech in parliament, İsmet Pasha criticized Cavid Bey for his behavior at the Lausanne peace talks.[1153] Cavid Bey's son Şiar Yalcin writes that Cavid Bey could not forget the harshness of İsmet Pasha's criticism.[1154] Cavid Bey's diary covering this period, *Şiar's Notebook*, consists of many comments about İsmet Pasha.

On February 4, 1923, the Entente gave a draft treaty to the Turkish delegation. İsmet Pasha and the Turkish delegation handed back over 100 pages of amendments to the Entente.[1155] The parties paused the Lausanne peace talks on the same day. During this interim period, significant developments occurred for Cavid Bey and the other Unionists. First, Mustafa Kemal Pasha met Kara Kemal Bey, as well as some journalists from the Istanbul press, in İzmit on January 16, 1923. Mustafa Kemal Pasha asked Kara Kemal about his plans for the Unionists in Istanbul and asked him to meet them in order to better understand their future political plans.[1156] Cavid Bey notes in his diary, "Upon the assignment to Kemal Bey, we decided to meet the notables of the CUP here (Cavid Bey's house) and to acquaint them with some of the Unionists" (including Canbulat, Dr. Nazım, Nesimi, Ali Ihsan, Rusuhi, Rahman, Halil, Şükrü, Hilmi, Hacı Adil, Nail).[1157] This meeting, which was held upon the request of Mustafa Kemal Pasha, would become one of the main sources of evidence against Cavid Bey in the Independence Trials.

1153 Pakalın, *Maliye Teşikilatı Tarihi (1442-1930),* 248.

1154 Eski Maliye Nazırı Cavid Bey. *Şiar'ın Defteri*. (Istanbul: İletişim Yayınları, 1995)

1155 Zürcher, *A Modern Turkey*, 160-162.

1156 Erik Jan Zürcher, *Millî Mücadelede İttihatçılık* (Istanbul: İletişim Yayınları, 2005), 200-01; Cavid Bey, Meşrutiyet *Ruznâme, Vol IV*, 510-511.

1157 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV*, 510-511. See also, Zürcher, E.J. "The Last Phase in the History of the Committee of Union and Progress (1923-1924)", 1. According to Zürcher, during this period, Cavid Bey and Kara Kemal became the most influential and prominent Unionists. On the one hand, Kara Kemal was the person Mustafa Kemal Pasha consulted with to learn about the plans of the Unionists. On the other hand, Cavid Bey was the main figure under the spotlight at the Independence Tribunal.

On February 17, 1923, Mustafa Kemal Pasha organized the Economic Congress of Turkey (Türkiye İktisat Kongresi, İzmir) in İzmir during the interim period of the Lausanne talks. The economic negotiations were most significant for the Ankara government, because they were among the issues that halted the talks. After his problems with the Lausanne delegation, Cavid Bey remained far away from the Congress. However, the outcomes of the Congress were important for Cavid Bey's position. During his speech at the Congress, Mustafa Kemal Pasha urged the delegates of the peace talks to secure the future of the negotiations and determine Turkey's position. His main message was that the economy should be established according to the principles of national sovereignty. Failure to abolish the capitulations, debt, and foreign capital were a red line. Mustafa Kemal Pasha claimed that the capitulations harmed the sovereignty of the Ottoman Empire. There was no place for capitulations in the Republican Era, and the concept of the national economy would be realized. Turkey would shape its economy according to national concerns. One of the primary goals of the Republican Era was to establish a national economy. Therefore, the nationalization of financial institutions was among Mustafa Kemal Pasha's top priorities. İş Bank, for example, was established in 1924 to meet these concerns. Mustafa Kemal Pasha's vision for the national economy was based on two main points that he outlined during the Economic Congress. First, he was one of the officers who experienced the harmful outcomes of the liberal economic policies of the Second Constitutional Era. He understood that the economy and politics were intertwined, especially when resources are lacking, as in Turkey. For this reason, Mustafa Kemal Pasha adopted statist policies. During the Ottoman Era, including the Second Consitutional Period, financial issues were related to international politics and relations. In the Republican Era, unlike the Ottoman experience, the authority of the minister of finance would be limited to economy and financial issues. As this dissertation clearly pointed out through depicting the work of Cavid Bey, the minister of finance often functioned like the minister of foreign affairs. This could change during the Republican Era with the abolishment of the capitulations and na-

tionalization of the economy. The second point that Mustafa Kemal Pasha raised during the Economic Congress of Turkey (Türkiye İktisat Kongresi, İzmir) as the concept of national solidarity. Class and especially class conflict were something that the governments of the Republican Era wanted to avoid. Inspired by the French economists Charles Gide and Charles Rist, the founders of the Republic sought to build the economy on the principles of solidarity and populism (*halkçılık*).

A few months after the Congress and Mustafa Kemal Pasha's suggestion to convene a meeting of the Unionists in Istanbul, Kara Kemal invited the most prominent Unionists to meet on April 12–13, 1923 at Cavid Bey's house, the CUP's usual meeting place. The team consisted of fifteen or sixteen people, including Kara Kemal, Dr. Nazım, Dr. Rusuhi, Huseyin Cahit Bey, Yenibahçeli Nail, Filipeli Hilmi Bey, Ismail Canbulat, Rahmi (Evranoz), Küçük Talat (Muşkara), Vehbi Bey, Ahmet Nesimi (Sayman), and Ahmet Şükrü Bey. This meeting lasted two days and was like a CUP Congress. Due to the upcoming elections (June 1923), the Unionists were anxious about whether or not Ankara would criticize their meeting, since this meeting was held three months after Mustafa Kemal's proposal. During the meeting, they decided not to participate in the elections as an opposition party. They decided to accept Mustafa Kemal Pasha's leadership and to support the candidates he would choose. They prepared a nine-point program for a party without a name. The manifesto had embraced the principles of the Second Constitutional Period and the CUP, although it was far from Enver Pasha's radicalism and Kara Kemal's corporatism. The manifesto covered nine points, contrary to the Nine Principles declared by Mustafa Kemal Pasha as the program of Association for the Defense of Rights of Anatolia and Rumelia.

Although the Unionists' manifest was written in a new political era, it bore the traces of the CUP's political agenda. The first article defined

the CUP as a radical party supporting all kinds of freedoms.[1158] The manifesto also included articles reminiscent of the Second Constitutional Era such as the division of powers, direct elections, a two-chamber parliament, and Istanbul as the capital. After this Congress, the CUP also offered Mustafa Kemal Pasha leadership of their movement. However, he refused. On April 15, 1923, all political programs except for the Nine Principles program were banned, and parliamentary elections were pushed back until July 1923. Mustafa Kemal Pasha would later open the doors of the parliament with the candidates he has chosen himself. Noting the organic link between the CUP and Kemalism, Ismail Canbulat and Şükrü Bey were elected as deputies.[1159] Cavid Bey continues to meet Ismail Canbolat in private life, as he notes in his diaries. On the one hand, it is hard to imagine that the paths of the members of such a closed and sacred organization would diverge so greatly. On the other hand, it was certain that in any rule they would continue to challenge every kind of political order that they did not establish themselves. The members of the CUP saw themselves as men created for power politics. As they had governed the Ottoman Empire for ten years and had become the most determinant political actors, they could not remain outside of politics.

The Lausanne peace talks restarted in April 1923. The priority of the Turkish delegation was full political and economic sovereignty. The Entente's position was now weaker than Turkey's as they had little support from the public after four years of total war. İsmet Pasha had ensured Turkey's sovereignty as an equal member of the international society. Indeed, the success of Lausanne, which would be fully completed after the Montreux Agreement in 1936, had given Ankara the feeling that Turkey was equal with the Great Powers, or even had more dignity, during the early years of the Republic. The peace treaty would turn into

1158 Faruk İlikan and Selma İlikan. *Ankara İstiklâl Mahkemesi, Ankara İstiklal Mahkemesi'nde Cereyan Eden Su-i Kasd ve Taklib-i Hükumet Davası'na ait Resmî Zabıtlar* (Istanbul: Simurg Kitapçılık, 2005) ,788.

1159 Zürcher, *Millî Mücadelede İttihatçılık*, 200-05.

an advantage for Turkey. However, first and utmost, Turkey had to become an independent state politically and economically. The capitulations and concessions vanished from history, at last. İsmet Pasha signed the treaty on July 24, 1923.[1160] In a sense, the Lausanne Treaty marked the founding of the Turkish Republic. It was the first and last agreement that turned the Paris agreements of 1918 upside down. These new, positive conditions were achieved through the military campaign and political struggle of Mustafa Kemal Pasha and his colleagues. Cavid Bey noted in his diary that ultimately, they, the Turks, were free now. However, Cavid Bey was concerned for the future and the sustainability of this peace. According to him, those who succeeded in military victories may not keep lasting peace. He was not as tolerant and patient with the Anatolian movement as he was with the CUP. Similarly, he did not tolerate the Jacobin character of the Republic and Mustafa Kemal Pasha and would continue to criticize them until his final days.

It is important to note that the Unionists were not the only opposition to the new government that emerged from among the CUP. Lütfi Fikri Bey, former president of the Istanbul Bar and Cavid Bey's fervent opponent, was also raised as a dissident in this period. He challenged the rapid reforms of the Ankara government. Furthermore, other political figures who sided with Mustafa Kemal in the national struggle began to move away from his political maneuvers and breathless reforms. Among these people were Refet Pasha (Bele), Kazim Pasha (Karabekir), Ali Fuat Pasha (Cebesoy), and Rauf Bey (Orbay). These crucial figures began to feel excluded from the new political order.

On October 29, 1923, through a political maneuver of Mustafa Kemal Pasha, the Republican regime was established. Cavid Bey mentioned the proclamation of the Republic in his diary. According to him, there had already been a de facto Republic, and he could not understand why people needed to create such noise. Cavid Bey writes that there was no festive mood in Istanbul upon such a declaration. He met Adnan Adıvar

1160 Zürcher, *A Modern Turkey*, 162.

to discuss the new developments; however, he also knew little about them. Although Cavid Bey is not against the idea of the Republic, he is critical of the way it was declared and to those who declared it.[1161]

On December 28, 1923, deputies and experts in Istanbul met and asked Cavid Bey for his opinion on the city's economy. Hamid Bey, Fazıl Bey, Faik Nüzhet, and Hasan Tahsin Bey visit Cavid Bey. Cavid Bey advises them to establish a commission and work more seriously on such issues. He tells them that he will write to Fethi Bey to express his opinion. Fethi Bey evaluates Cavid Bey's proposal and establishes a commission within the Istanbul Chamber of Commerce to work on a report.[1162] According to Cavid Bey's diary, he begins working on a report prepared on behalf of the Istanbul Chamber of Commerce titled "The Report Prepared by the Istanbul Economic Commission in the Chamber of Commerce and Industry."[1163] The report was published on November 26, 1924. Cavid Bey was the commission's chairman. Cavid Bey also wrote a preface on behalf of the commission to the introduction of the report. According to his introduction, the commission conducted 104 interviews with economic actors in Istanbul. Then, they researched the data they obtained from the interviews. The report focuses on the reasons why Turks were less engaged in commerce in Istanbul. The report assesses Istanbul's commercial market, including the phases of production, imports, and exports. According to Cavid Bey's introduction, Istanbul's economy and psychology were rather dismal. If the government did not intervene, there would be no more reason to worry about the Turkish majority or its dominance in Istanbul, because there would not be any commerce in the city. The most crucial point of the report is to understand the position of the Turks in Istanbul's economy and the

1161 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV,* 598-599.

1162 This is the story of the report according to Cavid Bey's diary.

1163 Cavid Bey, Meşrutiyet *Ruznâme, Vol IV,* 628.

ways to elevate their roles.[1164] This report was Cavid Bey's last major work on public affairs in Turkey before his death.

The Progressive Republican Party (PRP) was established on November 17, 1924. The Progressive Republican Party was founded by the opposition group led by Hüseyin Rauf Bey. Refet Pasha, Kazım Pasha, and Ali Fuat Pasha were among the party members. The ex-Unionist deputies including Ismail Canbulat and Ahmet Şükrü also took their place in the new party. The party program, the Fifty-Five Points, was published on November 13, 1924. It seemed to observers and scholars that the party's economic program, which was similar to the nine-point Unionist manifesto, reflected Cavid Bey's ideas. The party's program could be read as an extension of Cavid Bey's intellectual world, arguing that both economic and financial issues should be addressed, emphasizing the free market and foreign investment. This attracted the attention of many academics to Cavid Bey. The similarity between the manifesto of the Unionists and the Progressive Republican Party's program also drew attention to Cavid Bey.[1165] In addition to the economic points in the program, the twelfth article of the party program directly targeted Mustafa Kemal Pasha. According to the article, the president should not be the leader of any political party. This article was the most explicit expression of concern about the authoritarianism of Mustafa Kemal Pasha. Yet still, Mustafa Kemal Pasha had a reconciliatory approach towards the party. He also selected Fethi Bey, a more conciliatory figure compared to İsmet Pasha, as the prime minister.

Overall, the years 1925 and 1926 were a period of increasing economic problems and numerous political conflicts. In February 1925, the

1164 "Ticaret ve Sanayi Odasında Müteşekkil Istanbul İktisat Komisyonu Raporu." 2006. No: 2006-52. Istanbul: Istanbul Ticaret Odası. See also; Selim İlkin and İlhan Tekeli "1923 yılında Istanbul'un İktisadi Durumu ve Istanbul Ticaret ve Sanayi Odası İktisat Komisyonu Raporu" in *Cumhuriyetin Harcı Köktenci Modernitenin Ekonomik Politikasının Gelişimi, VolII* (Istanbul: Istanbul Bilgi Üniversitesi Yayınları, 2010), 45-106.

1165 Zürher, E. J. 2013. *Cumhuriyetin İlk Yıllarında Terakkiperver Cumhuriyet Fırkası* (1924-1925). Istanbul: İletişim Yayınları, p: 146-147, 150.

Sheikh Sait rebellion broke out in the Southeastern provinces. İsmet Pasha returned to the office of the prime ministry. Then, martial law was declared in the southeastern provinces, and the Law on the Maintenance of Order (*Takrir-i Sükûn*) was put into force. The RPP was closed down for its abuse of religion for its political aims. Cavid Bey also expresses his concerns about the government's authoritarian policies; however, he usually criticized İsmet Pasha rather than Mustafa Kemal Pasha.[1166]

Mustafa Kemal Pasha published his memoirs in *Milliyet* newspaper in March 1926. He strongly criticized the irresponsible policies of the Unionists in the Great War. He embarked on an official trip around the Western cities of Turkey on May 7, 1926. He had planned to arrive in Bursa on June 14 and pass-through İzmir on June 16. However, on June 15, a tip came to the İzmir Governor about an assassination attempt. The police arrested some Unionists led by Ziya Hurşit for their alleged involvement in the assassination attempt. After this incident, the members of the Ankara Independence Tribunal arrive in İzmir on June 18. The president of the court was Ali Çetinkaya, and the other members were Kılıç Ali, Laz Ali (Zırh), and Reşit Galip. The prosecutor of the Independence Tribunal was Necip Ali (Küçüka). This court conducted trials in both İzmir and Ankara. Interestingly, the court president Ali Çetinkaya himself was a Unionist who was a supporter of Enver Pasha until the Great War. This incident again shows the organic links between the Unionists and Kemalists.

Cavid Bey was arrested in Istanbul on June 19, 1926, and sent to İzmir, where the trial began on June 26, 1926. The wave of arrests was widespread—exceedingly more than 100 people—and extended beyond the Unionists involved in the İzmir assassination. Most notably, the arrest of Kazım Karabekir on June 22 drew a strong reaction from the public. At the center of the prosecutor's claims was the İzmir assassination attempt, which he used as evidence that the Unionists were trying

1166 Eski Maliye Nazırı Cavid Bey, *Şiar'ın Günülüğü*, 28.

to seize power through various means, including establishing the PRP. In this process, the nine-point program formed at Cavid Bey's house was considered as a piece of crucial evidence. On July 8, 1926, the trial of Cavid Bey began, but the court was not well prepared for his interrogation.

For this reason, a second portion of the trial was opened in Ankara after the İzmir trial. At this point, we should note that according to the law on the establishment of the Independence Tribunal, defendants were not allowed to hire lawyers. Therefore, all the defendants, including Cavid Bey, made their own defenses. The İzmir trial ended with the decision announced on July 12 to execute fifteen people, which was a heavier sentence than the prosecutor's request. Thirteen were executed on the same day that the verdict was issued. Kara Kemal took his own life while in hiding after fleeing police custody. Abdülkadir Bey was caught and executed while fleeing to Greece.[1167]

The Ankara government, especially Mustafa Kemal Pasha, was uncomfortable with the CUP's activities. The tactics of the CUP, which had been active in the political scene since 1908, were known to everyone. The CUP did not want to leave power. It had contributed to the national struggle and thus wanted to participate in and contribute to political life in Turkey. It was clear from the trials and defenses that the assassination attempt was genuine. However, Ankara had transformed the İzmir assassination case into an all-out confrontation with the dissidents of the Republican regime.[1168] This maneuver deeply concerned Cavid Bey, who did not want to cut his ties with politics. Although Cavid Bey and

1167 The list of the Unionits executed according to the verdict of the İzmir Independence Tribunal is: Ziya Hurşit, Ahmet Şükrü, Gürcü Yusuf, Laz İsmail, Sarı Edip Efe, Çopur Himli, Abidin, Halis Turgut, İsmail Canbulat, Rüştü Paşa, Hafız Ahmet, Rasim, Arif, Kara Kemal, Abdülkadir. See more on Independence Tribunal: Kılıç Ali, Atatürk'ün Sırdaşı *Kılıç Ali'nin Hatırları*, ed. Hulusi Turgut (Istanbul: Türkiye İş Bankası Yayınları, 2016); Feridun Kandemir *İzmir Suîkastinin İç Yüzü I-II* (Istanbul: Ekicil Matbaası, 1955)

1168 Ramazan Hakkı Öztan, "Republic of Conspiracies: Cross-Border Plots and the Making of Modern Turkey," *Journal of Contemporary History* 56, no. 1, (2021), 55-176.

Mustafa Kemal Pasha did not have any face-to-face or direct political relation, cooperation, or conflict, Cavid Bey became a part of this tribunal due to his closeness with the Unionists. Furthermore, he represented the OPDA, a nightmare from the country's Ottoman past.

The first day of the Ankara tribunal took place on August 1, 1926. Forty-five Unionists were interrogated before the court's mandate ended on August 31. The defendants did not have the right to a lawyer. The most prominent figures accused were Cavid Bey and Kara Kemal, who had committed suicide on July 27, 1926. Although Kara Kemal was dead, his initiative and enterprises (such as 'the Black Gang') during the Great War were brought up in the court. During Cavid Bey's interrogation, the hall was full. Cavid Bey was often rebuked by the president of the court, Ali Bey (Çetinkaya), for small incidents such as putting his hand in his pocket. Cavid Bey was considered as the head of the group that wished to revive the CUP. The meetings at Cavid Bey's house, the manifesto of the Unionists, which was also prepared at his house, and his pro-French attitude were among the accusations against him. Although he prepared lengthy and detailed defenses, he was never able to convince the prosecutor. Cavid Bey also answered the prosecutor's questions regarding the Empire's entrance into the Great War, his famous expression on the merits of the budget deficit, Kara Kemal's companies, et cetera. He also developed an explanation about the state's debt. His trial gave an account of the entire Second Constitutional Period. He answered questions about his personal wealth, the Armistice of Mudros, and his absence in Anatolia during the National Struggle. He did not deny the meetings at his home and the manifesto, but he stated that he did not support the assassins.

Following his testimony, the court outlined a five-pronged plan that the CUP had allegedly devised to seize power. First, the Unionists were to unite the two groups in the parliament, gathering the Unionist leaders from both sides and creating a group that would be active in the Council of Ministers with the help of Rauf Bey. Second, the Unionists would create a list of fifteen or twenty deputies working for the CUP and put them in the Republican People's Party (RPP), again with the

help of Rauf Bey. Third, the Unionists would create a new political faction and incite an open war by issuing nine points that directly challenge the government's Nine Principles. Fourth, the Unionists were to break up the RPP by forming an opposition party, the PRP, with members elected on behalf of the RPP. Fifth, after the party's (PRP) closure, under the conditions of the Law on the Maintenance of Order (*Takrir-i Sükûn*), the Unionists would gather at Cavid Bey's house and plan for the assassination of Mustafa Kemal Pasha. According to the court, Cavid Bey, Dr. Nazım, Filibeli Hilmi, and Yenibahçeli Nail Bey were at the epicenter of these plans.

Cavid Bey made an hours-long defense on August 24. Cavid Bey ended his final letter dated August 25, which he wrote to his wife Aliye Hanım, "Even if they announced it (the verdict) today, we understand what will happen..."[1169] From this sentence, it is possible to believe that he was still hopeful—or at least wanted to appear that way—that he would be proven innocent. The next day, on August 26, the court decided that Cavid Bey, Dr. Nazim, Nail Bey of Yenibahçeli, and Filibeli Hilmi were to be executed at 23:00 that day.[1170]

Various tangible pieces of evidence indicate that several Unionists had been involved in an assassination attempt against Mustafa Kemal Pasha in 1926. However, more people were arrested and taken to Independence Tribunals than those involved in the assassination attempt—namely those who participated in the National Independence War and grew to think differently than Mustafa Kemal Pasha over time. This, in turn, leads us to question the scope of the Independence Tribunals. For example, Kazım Karabekir Pasha's trial caused a reaction from the pub-

1169 Cavid Bey, *Sevgili Aliye'm, Maliye Nazırı Cavid Bey'in Hapishane Mektupları ve Savunmaları*, ed.: Osman Selim Kocahnoğlu (Istanbul: Temel Yayınları:2006), 181. See also: Mehmed Cavid Bey, *İdama beş kala yazılan satırlar Zindandan Mektuplar* (Istanbul: Liberte Yayınları, 2005)

1170 İlikan and İlikan, *Ankara İstiklâl Mahkemesi, Ankara İstiklal Mahkemesi'nde Cereyan Eden Su-i Kasd ve Taklib-I Hükumet Davası'na ait Resmî Zabıtlar*, 782. From April 1923 to August 1926 see also Yalçın, H.C. *Siyasal Anılar*, 273-285

lic and military.[1171] Although the capacity and power of the CUP at the beginning of the 1920s was ambiguous, the circle of trials was quite extensive. This situation created the perception that the Independence Trails had a political mission. The figures tried in the Independence Tribunal were undoubtedly still strong figures that would cast a shadow over the future of the Republic.

1171 Hakan Özoğlu, *Cumhuriyetin Kuruluşunda İktidar Kavgası 150'likler, Takrir-i Sükûn ve İzmir Suikasti,* (Istanbul: Kitap Yayınevi, 2011), 220.



Figure 5.6 Cavid Bey during the Independence Tribunal, 1926. Taha Toros Archive. Accessed on July 22, 2021. http://openaccess.marmara.edu.tr/handle/11424/141615

5.2.1 *Cavid Bey's Estate*

As part of the research, I conducted for my thesis, I examined the SALT Galata Archives, which contain the archives of the Ottoman Bank, in November 2018. My goal was to find out whether Cavid Bey had an account with the Ottoman Bank. However, what I came across was not an account but his certificate of inheritance. This was a piece of information that I had not encountered before in my research. In the Ottoman Bank Archive, which was accessible with special permission, there are two files that belong to Cavid Bey, coded "XKSO 073 1469700000" and "XKSO1040004800000". The first file contains information about his safety deposit box at the bank and the certificate of inheritance signed by his lawyer Mehmed Ali Bey. The second file contains only the certificate of inheritance that he delivered to his lawyer. Despite the fact that Cavid Bey was executed on August 26, 1926, the certificate of inheritance (issued by: Civil Court of First Instance no.3, number: 929/2178)

shows the date of his death as August 27, 1926[1172] and that he was survived by his mother Fatma Hanım, his wife Aliye Hanım and his son Osman Şiar. His estate was divided into 24 equal shares of which four shares were allocated to his mother, three shares to his wife, and 17 shares to his son. In a document signed by Fatma Hanım on January 1, 1929, she states that she was allocated 4,000 lira, which she left to Aliye Hanım,[1173] warden of her grandson. Based on this figure, the total amount of Cavid Bey's estate was 24,000 liras. However, this amount did not come from the safety deposit box, and the documents do not state where exactly it went.

The opening of the safety deposit box following Cavid Bey's execution was not an easy task due to bureaucratic obstacles. The safety deposit box (number: 616), rented in the name of Mehmed Cavid Bey at the Ottoman Bank's Galata Branch, was opened in the presence of Süleyman Kani (İrtem) Bey, Cavid Bey's friend from the Mekteb-i İdadi-i Mülki,[1174] who was also the proxy for Cavid Bey's mother and his wife Aliye Hanım,[1175] and bank staff on May 22, 1930. The contents included five diamond-encrusted daggers, a diamond-encrusted golden cigarette case engraved with the King of Germany's portrait, six gold cigarette cases, one silver watch, one diamond watch and one string of pearls, three chain watches and one chain, four Ottoman "five pieces of gold"; four pieces of Ottoman gold, each valued at 1 lira; three pieces of Ottoman gold, valued at half a lira; one piece of German gold, valued at half a lira, three cigarette holders, one cigar cutter, one small golden pen, two gold-plated enamel spoons[1176]

1172 Secondary sources mention the date of his death as August 26, 1926; however, in this court decision, it is written that he died a day later.

1173 Salt Galata Archives, XKSO 073 146 97 00006 E001

1174 Osman Selim Kocahanoğulları *İzmir Suikasti ve İttihatçılar Davası Anakara Yargılamaları Vol II Ankara'da beş İdam Sehpası*, (Istanbul: Temel Yayınları, 2017), 333.

1175 Salt Galata Archives, XKSO 073 146 97 00003, XKSO 073 146 97 00003 E001

1176 Salt Galata Archives, XKSO 073 146 97 00002 E001

Notary documents, which were prepared according to the certificate of inheritance, provide us more information about Cavid Bey's family members. His mother Fatma Hanım was born in 1857 (1274 according to the Islamic calendar) in Selânik. Her mother's name was Rakibe, and her father's (Cavid Bey's grandfather) name was Ali. These documents also contain two addresses for Fatma Hanım[1177] in Istanbul and two different addresses for Aliye Hanım in Istanbul and Büyükada.[1178]

Since there is not much information about Cavid Bey's private life, especially about his family and his early life, this is the most detailed information that has been uncovered. What is interesting here is the modest number of possessions that came out of Cavid Bey's safety deposit box, taking into consideration the fact that he wrote in his journals many times in his life that he was short of money as well as considering that his opponents accused him of fraud. We can deduct from the contents of the safety deposit box that Cavid Bey had very little money and only a few valuable items as well as that he was fond of smoking cigarettes and cigars.[1179] During his last appearance in court, he states, "The day I die, my family will be hungry and indigent."[1180] This phrase might be an exaggeration, but it shows that he was honest about his financial situation. There was one thing certain about Cavid Bey: he was not involved in corruption and lived on the salary he earned.

1177 Salt Galata Archives, XKSO 073 146 97 00003, XKSO 07314697 00006 E001

1178 Salt Galata Archives, XKSO 073 146 97 00009, XKSO 073 146 97 00003 E001

1179 Hence, one of the archive documents mentions an incident when Cavid Bey's gilded cigarette case was lost and then found again.
BOA DH.EU.THR. /98/60/1328//l/08/1.

1180 İlikan and İlikan, *Ankara İstiklâl Mahkemesi*, 710.



Figure 5.7: Aliye Hanım. Aliye Hanım (sitting) with Zeynep Oyvar at Mrs. Oyvar's house in Yakacık. From the family archive of Emine Resa Selbes, nephew of Zeynep Oyvar.

§ 5.3 Concluding Remarks: Cavid Bey, A Civil Unionist

As this dissertation calls Cavid Bey a "civil" Unionist, I would like to elaborate on my argument that Cavid Bey was a civil person. As mentioned in detail above, Cavid Bey was raised as a model individual of La Belle Epoque. He was a cosmopolitan Ottoman citizen, raised in Selanik as a son of a *Dönme* family, who were experts in commerce. From his early years, he was well educated, and he was fluent in several languages. He enjoyed the multi-cultural urban life of Selanik in the Hamidian Era. Cavid Bey's early life in Selanik was far from the suffocating atmosphere of Abdülhamid II's Istanbul. Its residents were able to go to a cafe to gather with friends around the White Tower while the breeze blew in from the Aegean Sea. For this generation, Selanik was a model secular and modern urban space. Selanik was a cosmopolitan city in which the Young Turks were able to enjoy its multi-cultural and bourgeoise environment. The culture of urban life in Selanik was engrained into the Unionists who were born or lived in the city such as Mustafa Kemal Pasha and Talat Bey. Although the city's inhabitants (in this case, mostly men) were still under the pressure of Abdulhamid II's spy network, they lived a relatively free lifestyle compared to most cities in the Empire. The city had a vast harbor and railway connections to both Istanbul and the Ottoman hinterland in Macedonia. Most importantly, the relatively free environment of the city prepared the ground for the Unionists to organize political movements against the sultan. Although the rising nationalist movements cast a shadow over the comfort of the city, it became a hub for the Young Turks to organize against the sultan's absolutist regime. These young men who were involved in the Young Turks were all members of the same generation mostly born in the 1880s in Macedonia; they were responsible for first establishing the CUP, then launching the Second Constitutional Period, and then founding the Republic of Turkey. While the leaders of these movements changed, it was this same generation that was always full of enthusiasm and passion to change, reform, and reconstruct the current political order. They were educated in the most advanced high schools in the Ha-

midian Era, which gave them a chance to catch on to European ideas. Moreover, the members of the CUP also bore close witness to the Macedonian Question. They felt the threat of foreign intervention while the CUP's military members were combating the Bulgarian guerillas in the mountains. This environment shaped their political stance.

After graduating from middle school in Selanik, Cavid Bey enrolled in Mülkiye, where liberal economic doctrine had dominated since the middle of the nineteenth century through to the end of the Great War, and eventually graduated with a high degree. Indeed, Mülkiye might have had a two-pronged impact on Cavid Bey. While the academy's main economic doctrine supported the laissez-faire economy, it also emphasized the importance of the state to its students, who would become future bureaucrats. This might have also affected Cavid Bey's stance supporting centralist polices and strong state institutions. In terms of Cavid Bey's liberal approach, an essential condition for progress was the continuous improvement of commercial, financial, and cultural fluidity, as was seen in the development of port cities during this period. The critical point here is that the superiority of the Western world was considered a given, and it was assumed that a different path would not be possible for the Ottoman Empire or Turkey in the future. Although Cavid Bey's worldview clashed with the policies of the CUP, in regard to building a strong state, robust institutions, and centralized governance, he adjusted these principles to fit the CUP's agenda. However, the fundamental difference between Cavid Bey's understanding of state and the Unionist's understanding remained. Cavid Bey sought to minimize the state's role in the economy, including support for industry, and to make the individual entrepreneur one of the main actors in the economy. He favored a strong state and powerful institutions. He fundamentally believed that there must be a management device based on law and institutions to ensure the flow of trade, services, and people for these processes to function efficiently. However, the state should not interfere with this flow and determine its direction. Although the ideals of nineteenth-century liberals—and today's neoliberals—are somewhat remi-

niscent of the economic models persistent in the port cities of this era, the rise of nationalist currents, the emergence of nation-states, and the adverse effects of wars drew the Ottoman Empire closer to national economic policies. After the Balkan Wars, the nationalist policies that gradually emerged throughout the Empire began to be implemented during the First World War, and this world began to grow very different from Cavid Bey's ideal liberal world. Finally, it is also important to remember that Cavid Bey's concept of free will was also influential within his own intellectual background as well as environmental factors.

Cavid Bey was a part of the CUP early on in Selanik, long before the Young Turk Revolution on July 23, 1908. His friendship with Talat Bey, for example, went far back before their time in government. Although Cavid Bey was abroad on the eve of the revolution, he returned immediately after. He was a gifted orator and gave speeches to the Ottoman people on the constitution, representation, and parliament, sometimes until he lost his voice. When Cavid Bey became a deputy for Selanik in 1908, he had already graduated from Mülkiye; he published his book in economics, took a step forward in his life in the civil service, and became a teacher and then a school director in Selanik, gaining valuable work experience. After the elections, he started to work vigorously in parliament. He was the first Unionist to enter the cabinet in 1909. His early successes included preparing the first modern budget of the Ottoman Empire in 1909 and regulating the Ottoman state's finances according to modern methodology. He tried to establish a transparent system of checks and balances to regulate Ottoman finances. Although there had been many attempts to modernize Ottoman finances, he tried to accelerate these steps in the financial area. His steps also aimed to increase the credibility of the Ottoman state in European markets. His greatest obstacle was the political events that led to his departure from the ministry. He also clashed with one of the strongest figures of the period, Mahmut Şevket Pasha, the minister of war, largely due to his insistence that the government audit the budget of the army. Although Cavid Bey had to step back from his position due to domestic turmoil, his ini-

tiatives in the field of modernizing state finances were quite consistent and bold.

The first phase of the Second Constitutional Era between 1908 and 1913 was a pluralistic and liberal period in Ottoman history. The multicultural backgrounds of the deputies, the richness of the quality and quantity of debates in the parliament, the working-class movement, workers' strikes, and liveliness of the press represented a miniature of an ideal democratic experience in 1908. These examples, however, do not mean that the Second Constitutional Period was a democratic period but rather a first step toward it. On the one hand, after the Revolution of 1908, not only the elites but also the whole of society became concerned with politics. On the other hand, prior to the revolution there had been no such extensive experience of democracy in the Empire, including during the First Constitutional Period (1876–1878). The 1908 Revolution thus transformed the Empire in many aspects—from political life to daily life, especially in urban areas. Although July 23, 1908 is noted as a moment of reform (*inkılâp*), I prefer to call it a revolution according the outcomes that it inspired, which irreversibly transformed political and social life inside the Empire. The 1908 Revolution was not like the French Revolution in that different social classes contributed to the formation of a new republic. Rather than broad masses, the 1908 Revolution was mainly supported by mid-rank civilian and military officers, though its outcomes deeply affected all layers of society. The revolution exposed the extent of the political accumulation of society, which had remained silent over the previous thirty years.

Another important outcome of the period from 1908 to 1913 was its legal attempts to strengthen legislative power and, in return, restrain executive power. The 1909 constitutional amendments, in which Cavid Bey played a crucial role, were important to enlarge the democratic political zone within the Ottoman Empire. However, when it came to reconciling with the deputies in the parliament, the CUP faced the hardship of imposing inclusive and reconciliatory democratic principles. Even Cavid Bey sought ways to avoid the complex processes of the parliamentary regime. The rising opposition, although a natural outcome of the

political system, was also an obstacle for the Unionists. Despite the revolution, the parliament was representative of various interests and ideologies that could not unite behind the CUP. This was the dilemma of the CUP in the first period of the Second Constitutional Era.

Cavid Bey's contribution to Ottoman finances brought him renown in both domestic and international platforms. The Ottoman economy was entrusted to him. His foreign counterparts were content to see a stateman and negotiator who shared their same values like Cavid Bey. From his first day in office, his long, detailed speeches in the parliament were a sight none of the other deputies wanted to miss, although he encountered opposition from within parliament, especially from Lütfi Fikri Bey and Zöhrap Efendi. His speeches were always printed and distributed to the local governors all over the Ottoman Empire. His budget talk in 1917 was even translated into French. From his very first day in politics, he was close to Talat Bey, the strongest man in the Committee and the grassroots CUP movement. However, Cavid Bey was also at the epicenter of the political upheavals of his day. The civil wing of the CUP, led by Talat Bey, was more prominent than the military cadres of the CUP between 1908 and 1913. During these years, when Cavid Bey was in Istanbul, he also helped Talat Bey solve the political problems of the day. However, he was more involved with political issues in the 1908–1913 period than in the 1913–1918 period of the Second Constitutional Era—the latter of which was dominated by the CUP's military cadres.

Throughout his time in office, Cavid Bey was also the target of the CUP's opponents, which included ex-Unionists, the *ulama*, the ranker soldiers (*alaylılar*), and liberals, among others. During the March 31 Incident, Cavid Bey was also one of the main targets of the CUP's opponents. In 1911, dissidents of the CUP attacked his identity, especially as a freemason, and he had to resign from office. In the 1912 elections, he campaigned in Selanik to be elected once again as the deputy from the city. This dissertation also tries to shine light on some interstices in the historiography of the position of Selanik before it was lost to the Empire during the Balkan Wars. The city had changed after the revolution and became one of the focal politics of the opposition. There was a dramatic

difference between its urban and rural regions. While the city was modern and liberal, the rural regions of Selanik such as Langaza had become more conservative in terms of politics and religion. In 1912, when the government was handed over to conservatives and monarchists, Cavid Bey became one of the leading figures in the parliament defending the CUP. In the same year, he was sentenced to prison and had to flee the Empire during the First Balkan War. Between 1908 and 1913 he had to flee the Empire twice, resign once, and serve time in prison. This is quite the record for a financier. This dissertation shows that daily conflicts of interest and confusion in domestic politics often interrupted the policies of the CUP such as the modernization of Ottoman finances. Therefore, many positive developments at the state level during this period were often left unfinished.

Between 1909 and 1914, on the one hand, the classical tenets of the liberal economic system dominated the governance of the Ottoman economy. On the other hand, a vivid discussion was emerging in this field on new economic concepts for the Ottoman Empire such as protectionism, corporatism, and the national economy. Cavid Bey was one of the pioneers of the modern Ottoman economy and a critic of the old economic order. In his parliamentary speeches, he argued that financial independence was as important as political independence. While Cavid Bey evaluated the Imperial Ottoman Bank as a "member of the family," he was skeptical of the Ottoman Public Debt Association. He was fiercely against state subsidies, especially for industrial development. In the early twentieth century, the Ottoman Empire was still an agricultural country lacking capital. According to Cavid Bey, the Empire's economy had to develop primarily via agricultural production and commerce to ensure sustainable development. To reach this aim the Empire urgently needed investments in infrastructure. His priority was not to first take care of national economic actors, although he ultimately wanted to ensure their well-being, too, but to make the best investments with the highest, quickest returns. This meant that the Ottoman Empire had to continue to borrow and make concession agreements to obtain new investments over the short to medium term. However, that meant the government

also had to spend the money in the right places and increase the country's leverage in international negotiations. During this period Cavid Bey not only developed into a great statesman but also as a talented negotiator. His job was not easy. During the Ottoman Empire's negotiations with the Great Powers, the Great Powers came to the table with the aim to achieve their long-term imperial goals. In the loan operation of 1910, Cavid Bey used all forms of leverage to avoid French control over the Ottoman treasury. Cavid Bey managed to steer clear of establishing the National Bank of Turkey and looked for alternative banks in the Paris and London markets rather than the IOB, the strongest financial investor of the Empire. His actions caused a strong reaction from the French government. During this period, he also noticed how the press was critical of these negotiations. A modern statesman with fluent linguistic skills, Cavid Bey had maintained good relations with the foreign press since the 1908 Revolution. He understood that the press and public relations were as much a part of the loan negotiations as European politics. However, despite his good relations with the press, at the end of these negotiations, the Germans labeled Cavid Bey a Francophile, and the French were disappointed when he did not approve of French control over the treasury. Further, the British embassy in Istanbul also stigmatized him as a crypto-Jew and freemason who was not trustworthy. Thus, the collective experience he gained in 1910/1911 was not a milestone but rather a critical incident that had a profound impact on him and the Empire.

One of the main issues of this thesis is to understand both the role and capacity of Cavid Bey in international debt and investment agreements and to determine the effects of these negotiation processes on Ottoman territorial integrity and finances. Cavid Bey was also at the epicenter of international financial relations between the imperial Great Powers at a time when financial and political interests were deeply intertwined. The loan negotiations were part of political interests in Paris, Berlin, and London as much as they were in the Empire's distant territories. Wars, reparations, territories, minority rights, loans, amortization, railways, monopolies, customs tariffs, military missions, ports, in-

terest rates, coal, transportation routes, oil, dreadnoughts, military supplies, among many other issues, were all intertwined and were discussed in the international negotiations in 1913 and 1914. The years 1913 and 1914 were a distinct period for Ottoman finances and politics. Under the shadow of the Empire's embarrassing defeat during the Balkan Wars, Cavid Bey went to Europe, again, both to obtain a sizable loan and to solve the problems between the Great Powers concerning the Baghdad Railway and other issues. During this period, Cavid Bey moved his expertise in the field of finance onto the international platform and expanded his powers and responsibilities. Cavid Bey's detailed, colossal diary thus also depicts the complex relationship between the Great Powers and the Ottoman Empire as he recounts the multilateral and bilateral negotiations surrounding these various issues.

For this reason, I wanted to allocate a chapter to this period. There are several important insights to gain from examining international negotiations during these two years. Firstly, the debts of the Ottoman Empire should be evaluated in the context of the international relations of the day. Secondly, domestic problems such as the Armenian Question had already become a subject of international relations as early as 1913. Cavid Bey's diaries also allow us to question the scope and consequences of this issue in international relations prior to the Great War. Thirdly, examining the agreements of 1913 and 1914 allow us to draw a map of the Ottoman Empire according to the Great Powers' spheres of influence. It is possible to argue that these maps are similar to the maps that would be drawn up when negotiating the Sykes-Picot (1916) and Sévres (1920) treaties, because they were drawn according to infrastructure investments and oil. I consider that these later agreements are not surprising if we scrutinize the 1913–1914 agreements. In terms of Cavid Bey's biography, I focus on two things: his discourse and how he perceived the outcomes of these agreements. In terms of his discourse, Cavid Bey typically followed official, nationalist discourse in the negotiations when it came to addressing the extensive demands of and negotiations with the Great Powers. His arguments were fully compatible with the CUP's stance. On the one hand, Cavid Bey could have been overexag-

gerating his nationalist sentiments so that he was perceived to have adopted the official approach as a statesman playing political games. On the other hand, there is no reason to question his sincerity in the face of the demands of the Great Powers.

Cavid Bey sought to legitimize these agreements in front of the Ottoman public by highlighting their benefits such as the rise of customs duties. However, as Sir Mark Sykes interjected while discussing the French agreement in the British Parliament, these agreements often meant creating or expanding spheres of influence in the Ottoman Empire. As mentioned in detail throughout this dissertation, the negotiation processes were also difficult for Cavid Bey. He conducted them under great pressure from Istanbul, which was often appealing for more money. These agreements bound the Empire politically and economically to the Great Powers. In the grand scheme of things, even the increase in customs duties meant little compared to the long-term investments and concessions of the Great Powers within the Empire's borders, from Zonguldak to Basra. Long-term negotiations on the German military mission, Aegean islands, and the Armenian Question were all examples for the Unionist leaders of just how vulnerable the country was. As far as we know, only Parvus Efendi was vocal about the negative future outcomes of these agreements during this period. Therefore, in order to get a clearer picture of the Empire's political and financial state upon entering the Great War, the 1913–1914 agreements should be scrutinized from a broader perspective regarding their scope and aims. How and why Cavid Bey considered that the Empire's political power was solid enough to resist any negative consequences from these agreements is unclear. He optimistically evaluated the agreements as necessary to obtain a certain amount of revenue for the country's development amid the implementation of a liberal economic order.

After the Ottoman Empire lost its Balkan territories, Cavid Bey immediately advocated for investing in Anatolia. He prioritized infrastructure investments from abroad. However, he was also acutely aware that the capitulations and concessions were the heaviest burden on Ottoman finances. For this reason, removing the capitulations and concessions

during the 1913–1914 negotiations were of vital importance. On the eve of the Great War Cavid Bey was optimistic that at last the Empire would be able to increase customs duties, abolish monopolies, and negotiate a sizeable loan. On the same accord, however, since the Hamidian Era the Baghdad Railway had been accelerating the formation of spheres of influence. In 1913 and 1914, the lengthy negotiations Cavid Bey led also crystalized the rivalry between the Great Powers in Mesopotamia. Furthermore, as mentioned above, these negotiations paved the way for the Sykes-Picot and Sevres agreements. Overall, the Unionist elites, including Cavid Bey, harbored little skepticism toward the Great Powers. The national or financial independence of the CUP was different form the understanding of national sovereignty of the National Forces of Ankara (*Kuvvaci*). While the first still existed within imperialist networks and relations, the latter resisted it and adopted an anti-imperialist attitude.

The aftermath of the Balkan Wars overlaps with the rise of Turkish nationalism in the Ottoman Empire. Cavid Bey was a patriotic person. It is easy to understand this reading his diary, especially during the negotiation periods—however, his patriotism was not rooted in the same ethno-nationalism that was rising in those days. For Cavid Bey, nationalism was an extreme ideology, connected with military measures. Furthermore, it contradicted the multiculturalism of the Ottoman Empire in which he was raised. He wanted to keep this multicultural and liberal structure. Before the collapse of the Empire, the new nationalist ideology had taken root specifically among the Empire's Muslim subjects. Turkish nationalism was the latest and most lasting form of nationalism that took root inside the Empire, and therefore, it was the hardest to resist. As other nations had been breaking off from the Empire for the past one hundred years, the remaining parts drew together under the new nationalist aims and collective suffering inflicted upon them by the Great Powers and their imperialist policies. During this time Cavid Bey clung harder to his liberal dogma. He advocated for the West to carry out development projects throughout the Empire. He argued that no model should be copied other than the British or the French models—despite his constant frustration with France's policies toward the Em-

pire. Although he had admired some parts of Germany, for example, German factories, during his stay there, overall, he could not reconcile implementing the German model in Turkey.

The Ottoman defeat in the Balkan Wars and the coup d'état of 1913 strengthened the military wing of the CUP. Civil figures such as Cavid Bey were excluded from the decision-making processes of the CUP during these years. The party was in the hands of the soldiers or civilians who subscribed to the CUP's military approach, including Talat Bey. As mentioned above, Talat Bey and Cavid Bey were close. However, I assess that their political coalescence was damaged prior to the coup d'état, when Cavid Bey refused to return to Istanbul upon Talat Bey's call. Tasked with the heavy burden of reconstructing the Empire after the Balkan Wars, the CUP—now led by its military cadres—had finally grasped power. The government urgently needed money to resettle the thousands of refugees who fled from Macedonia and to purchase dreadnoughts to recapture the Aegean islands. Talat Bey, Enver Pasha, Bey, and Cemal Pasha were known as the triumvirate of the CUP and governed the country from 1913 until the end of the Great War.

The Ottoman entrance into the Great War in 1914 was a stressful, conflictual period between the CUP and Cavid Bey. Firstly, Cavid Bey was disappointed when he learned of the CUP's secret alliance with Germany that was formed on August 2, 1914. However, despite his disagreements Cavid Bey stayed in the cabinet and led the anti-war wing of the cabinet and parliament until his resignation on October 2. The most crucial financial operation of this period was the abolishment of capitulations. His resignation after the Empire's entrance into the war shook his relationship with the CUP. His colleagues' reactions, especially Dr. Nazım's, had a profound impact on him. Between 1914 and 1917, Cavid Bey was mainly traveling between Berlin and Vienna, though from time to time he returned to Istanbul and depicted his observations of the city in his diary. During these years he conducted negotiations on behalf of the Empire concerning monetary emissions and import-export deals for supplies needed during the war. Between 1914 and 1917, Cavid Bey was known as the shadow minister of finance. However, as seen from his di-

aries, Talat Bey often acted without asking for his ideas on economic issues. Especially when it came to domestic economic affairs, Talat Bey largely acted on his own. Cavid Bey often did not approve of these decisions, which contributed to the rise of the national economy. For example, he criticized Kara Kemal and his many national companies. Cavid Bey also prevented the government from seizing the IOB. Even during the war years, Cavid Bey considered that the world would return to its pre-war order, and for this reason, he believed that the Empire should obey international law even during the war.

Two of Cavid Bey's major contributions to his country during the war period were the foundation of the National Credit Bank and the internal loan in 1917. Cavid Bey became the minister of finance in 1917 until the end of the Great War. However, although his criticism of the CUP was well-known, his ministry was questioned on different occasions. He had become an integral part of the war government in the Great War. However, after becoming a government minister, he did not criticize the outcomes of the war or the government's policies. On the contrary, he even praised war profiteering due to its 'positive' effects allowing Turks to become entrepreneurs.

At the end of the Great War, the Unionist leaders fled the country. Cavid Bey, for a short time, entered the Izzet Pasha cabinet. However, after being court-martialed and sentenced to 15 years of hard labor, he hid in his friends' houses. After receiving an implicit rejection from Ankara, Cavid Bey fled to Europe—although he had never tried to go to Ankara. Mr. Weil, the former director of the Régie, helped him escape the country with the help of French occupation forces. Cavid Bey was in exile for two years and ten months, mainly in Switzerland. After he received his passport and visa, he was able to meet the Unionists scattered around Europe. In Rome, Cavid Bey organized a meeting in which prominent Unionists gathered for the last time. He also connected with the representatives of the Ankara government. Cavid Bey contributed to the negotiations at the London Conference next to the Ankara government. Following the conference, he returned to Switzerland and mar-

ried Aliye Hanım, whom he loved dearly and made him happy. He returned to Istanbul as a representative of the OPDA on July 3, 1922.

After the Great War, Cavid Bey failed to comprehend how the world and Turkey had changed. Although he was in Switzerland and had friends in Europe, he did not mention the working-class revolts taking place in Europe at the time or the catastrophe and the misery of the European people after the war. He again continued to examine the world through the lens of his closed circle, surrounded by local and foreign figures who had similar views. Although the French government had helped him escape Istanbul, it was not complimentary of Cavid Bey's work or position after the war. Despite this, Mr. Weil remained connected to Cavid Bey throughout his life and had the chance to convey many messages to him from the French government. Cavid Bey focused on his Unionist friends during his years in exile. He was very busy maintaining and developing relations with both his fellow Unionists in exile and the Ankara government. As he remained a part of the political (and in a way financial) old guard elite, he could not feel the social and economic changes of the post-war period. He was surrounded by the same people, locally or internationally, as he had been before the war. He was, indeed, mentally distanced from the spirit, ideas, and ideals of the National Struggle. He did not experience the consequences of the war and he did not understand the scope and hardship of the National Independence War. He was well-known for his arrogance and loved to be in the company of those who praised him. He was very young when he became the overlord of Ottoman finances. In his mid-thirties, he was already conversing with prominent and influential leaders across Europe, including Winston Churchill, Raymond Poincaré, Karl Helfferich, Arthur Zimmerman, among others. Thus, it was nearly impossible for him to feel that he was mistaken about the future of the world order. While this is not necessarily a scientific observation, this hypothesis checks out with many different sources. Although biographical observations are not a scientific method, they often help us to uncover the nature of fundamental human issues as observed throughout history.

Cavid Bey failed to understand the changes in the post-war era and the meaning of the National Independence War. During the Lausanne peace talks, which can be evaluated as the last chance for him to break the ice, he insisted on reinforcing his claims on the debt issue, which were refuted by the Ankara government. The Lausanne talks were perhaps his last chance to appease the Ankara government.

Between 1922 and 1926, Cavid Bey and Kara Kemal became the most prominent Unionists left in the new Republic of Turkey. Cavid Bey and Kara Kemal were seen as the last remaining prominent figures in the economic sphere inherited from the Ottoman Era. Politically, they were perceived as dangerous to the new regime. The meeting of the Unionists at Cavid Bey's house resulted in the development of a nine-point program, which was a direct challenge to the Nine Principles of Mustafa Kemal Pasha. The program even mentioned the CUP in the first article. Additionally, the program of the Progressive Republican Party was very similar to this manifesto. Ankara was anxious over the existence and activities of the Unionists. Although the National Forces had won the independence war, they felt that they still had to fight for a place in politics. By 1926, Cavid Bey, Kara Kemal, and Kör Ali İhsan Bey were perceived as the greatest internal challengers to Mustafa Kemal Pasha's plans for the Republic of Turkey.

Cavid Bey, who did not feel in either his mind or his heart the importance or necessity of developing a strong national identity, tried to stay away from the politics of the new nationalist regime. His work, his identity, and his political and economic ideas were not compatible with the Ankara government. Although Mustafa Kemal Pasha opened the doors of Ankara to the Unionists, who had compromised with the National Forces during the National independence War, Cavid Bey, under no circumstances, could compromise with the politics of the Republic. He had long-lasting prejudices against the new leaders of the Republic, as mentioned in the previous sections. Although the leaders were former members of the CUP, Cavid Bey did not regard them as true Unionists, even if both groups had a Jacobin character. As said by Cavid Bey's son, who lost his father when he was only two years old, Cavid Bey was

not tolerant of the latter's Jacobinsim. The founders of the new Republic sought to establish a new country according to nationalist principles, and thus Cavid Bey remained outside of this process. As the republic was established after a difficult war, ethno-religious nationalism was the glue that bound the people together and continued to be the strongest ideology in Turkey, which Cavid Bey refused to support.

Cavid Bey and the Unionists challenged this new political structure of Turkey. On the one hand, the methods of the CUP and its challenges to the political order had been well-known for decades. On the other hand, the Unionists maintained their collegial structure containing various figures within itself. The main question in relation to Cavid Bey's fate was whether or not Cavid Bey knew about the assassination attempt in İzmir. Although Cavid Bey's diaries indicate that he did not know about the assassination attempt, it is impossible be one hundred percent sure about this. Taking up arms is not within Cavid Bey's typical revolutionary toolkit. He never supported the violent actions of the CUP prior to this—although he also did not leave the Committee after discovering its violent actions. Therefore, it is possible to conclude that Cavid Bey's political and economic ideology simply aggravated the new regime and he likely did not participate in the assassination attempt.

All of his life, Cavid Bey was a *homo economicus*, or a man of economics. However, in the final years of his life, he became a *homo politicus* who aimed to challenge the young Republican regime. As Mustafa Kemal mentions in his Great Speech (*Nutuk*), the Independence Tribunals were used to save the republic and ensure the security and life of the state. Cavid Bey was a figure who had strong ties to the international financial milieu, which was controversial according to the economic policies of Mustafa Kemal Pasha. Therefore, the Ankara government could never include him in the government of the new state. Cavid Bey's untimely execution shows that although Cavid Bey was predominantly a *homo economicus*, he was also a force to be reckoned with as a *homo politicus*.

Last but not least, what does this long biography tell us in terms of historiography? First of all, by tracing Cavid Bey's life in detail, it be-

comes possible to crystalize a picture of the Ottoman Empire's domestic and international affairs during its final years. The complexity of the Empire's relations and its engagement with the European Great Powers can be clearly seen through reading Cavid Bey's diaries. After reading and studying his diaries, I checked many of the historical and personal events against archival documents and secondary resources. While his diaries were first published in *Tanin* daily, the latest version of his diaries published by the Turkish Historical Society (*Türk Tarih Kurumu)*—which I used as the primary reference while writing my dissertation—examines events from a macro perspective. The complexity of international finances, investments, long-term plans, and Ottoman interests were like a puzzle ready to be sorted out and solved from his account of events in his diary. Although we already know how these negotiations ended, Cavid Bey's account of the negotiation processes is stimulating and sheds new light on the characteristics of the Ottoman Empire in the pre-war period. After investigating his diaries in detail, the reader gains a clearer perspective of the Ottoman entrance into the Great War and the Empire's wartime policies. The intricate detail of the 1913–1914 negotiations helps the reader understand the many dimensions of foreign intervention and financial pressure over the Ottoman Empire and the establishment of de facto spheres of influence. This dissertation further depicts the capacity and capabilities of the Unionists to change the current international conditions in favor of the Ottoman Empire. To this end, Cavid Bey's role as a financier conducting the 1910–1911 and 1913–1914 negotiations is particularly worth investigating. Although many scholars study his work and legacy in the financial sphere, this dissertation completes the puzzle by adding these missing pieces to the historiography.

This dissertation highlights Cavid Bey's broader role as a financier during the Second Constitutional Period in the Ottoman Empire. His identity, role in the loan negotiations, and political position in the early Republican Era often pulled him outside the confides of what is perceived as the traditional role of a state financier. One critical point is that the CUP, and especially Talat Bey, were determined to keep Cavid

Bey active in his role as a financier in the Committee despite disagreements between them. He was one of few experts in this field, and the Committee praised Cavid Bey for his work as a financier throughout the Second Constitutional Period. The Committee was unwavering in its support for Cavid Bey and his financial policies. Although during the war years the CUP aimed to implement new economic policies counter to Cavid Bey's economic ideology, they never brushed aside Cavid Bey. At the same time, Cavid Bey provided the Empire with security, especially in times of trouble: he was always ready to act and impart his experience and knowledge in order to advance the interests of the Empire. One of the most critical points of this dissertation is that it depicts Cavid Bey as an eager politician. In addition to his vast work in finance, Cavid Bey was still willing to participate in politics and become the de facto minister of foreign affairs during the negotiation processes. Although the line between politics and state finances was often ambiguous at that time, Cavid Bey was aware that he had limits in the political sphere.

Cavid Bey represented the spectre of the Empire and the CUP that haunted the young Republic of Turkey. The original value of this dissertation is its effort to understand the multi-dimensional structure of the story of a generation and a country with its dream of political and economic independence, wars, conflicts, human networks, and transitions between ideologies and actions. Cavid Bey's biography aims to cover this local story through a more international lens examining the transition from the long nineteenth century to the twentieth century, which led to the collapse of empires and founding of nation-states. Although Cavid Bey's life was short—he was only 52 years old when he died—the intensity of his life was enormous, and he is still one of the most symbolic names of this extraordinary era. On a final note, I once again want to highlight Cavid Bey's dominant character as a "Civil Unionist": a civil man in conflict and a Unionist in times of peace.

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