

Modernity From Below: The Amalgamated Oriental Carpet Manufacturers, Ltd. of Izmir, 1907-1922

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Abstract

Turkish carpet making and marketing, a rapidly expanding niche in the world market in the latter 19th and early 20th centuries, offers an excellent case study for modernity in a major Ottoman provincial urban center such as Izmir and its hinterland in western Anatolia. Representative of the changes that the city's economy was undergoing was the Amalgamated Oriental Carpet Manufacturers Limited (OCM), which included multiethnic and multiconfessional actors similar to the city's business sector and general population, as well as dual nodes of administration in London and Izmir. This case study of OCM (and of its emulators) reveals the degree of modernity that Izmir's business circles were capable of at the turn of the century, and their ability to put together a trust and strategize accordingly along similar lines as the trusts in Europe or the US.

Keywords

Turkey – Izmir – modernity – Ottoman – trade – capitalism – manufacturing – Oriental carpets

Turkish carpet making and marketing, a rapidly expanding niche in the world market in the latter 19th and early 20th centuries, offers an excellent case study

* An earlier version of this study was presented in the Middle East Studies Association Conference held in Washington, DC, Nov. 22-25, 2014. I would like to thank the PSC-CUNY Research Award Program which enabled me to undertake research for this study. In addition, I would like here to take the opportunity to thank the Editor of the Journal, the copy editor, and the two anonymous readers for their diligence and helpful comments.

for modernity in a major Ottoman provincial urban center such as Izmir and its hinterland in western Anatolia. This is especially true since, at the turn of the century, the Middle East witnessed a rapid rate of economic development and modernity—both of which were, in many respects, unprecedented for the region.¹ Representative of the changes that the city's economy was undergoing was the Amalgamated Oriental Carpet Manufacturers Limited (OCM). The firm was established in December 1907, the result of a “combine”² amongst Izmir firms active in the carpet manufacturing and carpet export trade of the city and the surrounding region. Firms belonging to the combine were multi-ethnic and multiconfessional in line with the city's business sector and general population. In terms of the firms that made up the combine, OCM was representative of the upper and mid-level bourgeoisie of the city. From its inception, OCM had two privileged sites: Izmir and London. Even though much of OCM's administration—from financing and investments to developing the firm's strategy—was being carried out in London through the company of G.P. & J. Baker,³ the firm's headquarters were located in Izmir. OCM was truly international; imagine superimposing a number of overlapping concentric circles on a map, each circle representing a different stage in the production of carpets and the markets where they were sold. The final map would indicate a geographical trajectory that went from western Anatolia to the Caucasus, Iran and India in one direction and to Europe and North and South America in the other. London and Izmir would be the central nodes from which the circles radiated. Of those two nodes, Izmir was higher hierarchically than London; the Anatolian city was where final decisions had to be made and approved. Nevertheless, Izmir and London, working together, made a strong combination, reinforcing each other to out-manuever competitors and to enlarge and further solidify their position in the global Turkish carpet trade. In many respects, the dominant positions that Izmir and London held in the firm were representative of the sector as a whole. At the end of the nineteenth century,

1 The data used in this study are based on the Private Papers of the Amalgamated Oriental Carpet Manufacturers Limited (OCM); on OCM's balance sheets which can be found in the Guildhall Library, London; on the Economic Reports within the Parliamentary Papers, series, Account & Papers, consulted in the University of London Library Collections; on the Consular Correspondence located in the British National Archives in Kew Gardens, London.

2 “Combine” was the term that the founders of OCM preferred to use to describe the company. EKOCM Limited Private Papers (EKOCM-PP), London, Correspondence, A.A.1, J. Baker, London, May 5, 1908 to OCM HO, Izmir. I would like to thank the company for making these archives available to me.

3 The Baker firm had been planning to form a trust for a long time. See, *From East to West: Textiles from G.P. & J. Baker* (London: Published by G.P. & J. Baker Ltd., 1984), p. 15.

British and Ottoman houses with well-established economic interests in both London and Izmir controlled 50 percent of the western Anatolian carpet manufacturing and export trade. Many of those houses were members of OCM.⁴

OCM's creation in the 1900s, which caused a stir in the city's business circles, was certainly well-timed in terms of the global economic trends of the time. Conglomerates and trusts were being created to take advantage of economies of scale, greater capital resources and a growing network of operations. Such hoped-for advantages were clearly in the sights of OCM's member firms, their aim being to decrease or eliminate competition in Izmir and western Anatolia allowing the combine to corner the market, if not outright, then by incrementally enlarging its market share. In 1911, after three years of very successful business operations and good dividends, OCM's directors were bullish about the future:

... consumption and production of carpets has increased tenfold in the last 50 years, trebled during the last 10 years... We are obliged both for the present, as well as for the future, to create, at no matter what efforts, new centres of production in different districts of the Empire so as to obviate the necessity of refusing orders owing to lack of means to execute them.⁵

Equally auspicious for the further growth of OCM was the emergence of the "consumer society" in the last quarter of the nineteenth century, which greatly increased demand for Turkish carpets in the West, and the strong global economic growth (despite volatility and years of downward trends) that followed the end of the nineteenth century's Long Depression (1873-1897). Both phenomena affected Izmir, in particular, quite positively. Not only was it a period of quantitative economic growth, it was also a period of qualitative, structural growth of the Middle Eastern economy—growth that manifested in spatial changes in the urban city-ports of the Ottoman Empire that became sites par excellence for such developments. As the most important provincial city in terms of financial and banking operations and the first export port for the empire (commanding its own long-established and international commercial networks), Izmir was well positioned to benefit from such changes. The city

4 *Parliamentary Papers, Accounts & Papers*, vol. CI, Report on Smyrna for 1903 (London, 1904), p. 7. Hereafter, PP, A&P.

5 Guildhall Library, London, Stock Exchange Report Books, Yearbook for 1910-1911. Hereafter, GL, SERB.

held on to its long-standing primacy in the export sector (acquired in 1754),⁶ as well as its position in the Ottoman currency markets, until the end of the empire in 1923. While Istanbul was the first securities market, Izmir was *the* currency market in the Ottoman Middle East in the nineteenth and early twentieth centuries.⁷ Indeed, capitalists in Izmir sought to establish a bank along modern lines in the early 1840s—well before such an attempt was undertaken in Istanbul—with the aim of enlarging their share of business in the city’s currency market while continuing to carry out merchant banking operations.⁸ Although the attempt was unsuccessful, the fact that it occurred shows the degree of integration of the city in global economic trends and channels of information as well as its readiness to innovate. Nevertheless, it has to be noted that while local inhabitants, from entrepreneurs to intellectuals, were active participants in innovative projects—and public opinion was generally in favor of them—it was the Europeans, either as long-term residents in the city or as capitalists abroad, who took the lead.⁹

By the 1900s, the degree of development and modernization that Izmir had attained was evident in a number of areas. Its infrastructure was on par with other major, modern Mediterranean cities. It boasted a complex of harbor facilities¹⁰ including bonded warehouses, connection to a railway and a tramway (to streamline the transfer of goods from the quay to the city and beyond)

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- 6 Elena Frangakis-Syrett, *The Commerce of Smyrna in the Eighteenth Century, 1700-1820* (Athens: Center for Asia Minor Studies, 1992), pp. 119-137; for an enlarged and updated version, see the Turkish translation *18. Yüzyılda İzmir’de Ticaret* (Izmir: İzmir Büyükşehir Belediyesi Kent Kitaplığı, 2006).
- 7 Elena Frangakis-Syrett, “Banking in Izmir in the early twentieth century”, *Mediterranean Historical Review*, vol. 24/2 (Dec 2009), pp. 115-131.
- 8 Elena Frangakis-Syrett “Early Development of the Modern Banking Sector in the Ottoman Empire: the Bank of Smyrna/ İzmir Bankası, 1842-43”, talk in IFEA, Istanbul, May 28, 2012. An enlarged version of this talk will be published in *History from Below: A Tribute in Memory of Donald Quataert* by Bilgi University Press, Istanbul.
- 9 For instance Izmir was the first city in mid-nineteenth century in the Middle East to be connected to its hinterland through two railway lines both financed and built by British capital. Nevertheless, it was Izmir’s level of economic development and its established and highly competitive networks inland that warranted such investment. Orhan Kurmuş, “The Role of British Capital in the Economic Development of Western Anatolia, 1850-1913”, Ph.D. thesis, University of London, 1974, pp. 97-117. See also, *idem*, *Emperyalizmin Türkiye’ye Giriş* (Ankara, 1982). See also, Elena Frangakis-Syrett, “British Economic Activities in Izmir in the Second Half of the Nineteenth and in the Early Twentieth Centuries” *New Perspectives on Turkey*, vols. 5-6 (Fall, 1991), pp. 192, 210-213.
- 10 Elena Frangakis-Syrett, “The making of an Ottoman port: the quay of Izmir in the nineteenth century”, *The Journal of Transport History*, vol. 22/1 (March 2001), pp. 23-46.

and urban mass transportation facilities. The city had an array of public utilities including gas lighting for commercial and residential usage (which was in the process of being electrified), sewerage and water works.¹¹ From the exclusive and high-value property area of Alsancak in the non-industrial part of the harbor area, to the business section of the city in the quay, modern edifices arose—from multilingual schools to luxury hotels and theaters.

Izmir and its immediate environs had a thriving middle and upper middle class of both local (Ottoman) and European origin, the latter group having been in the city for the better part of a century making their fortunes in Izmir.¹² From these groups came the capitalists who owned or ran concerns in the infrastructure and light industrial sectors, as well as in the long-established, related sectors of shipping, insurance and banking. They were the purchasers of an incredible array of imported goods that ranged from silver wares and other consumer goods to agricultural machinery and gas for the running of the city's industrial concerns. The city's bourgeoisie¹³—who were very well represented in OCM—made their fortunes in Izmir and its hinterland following a financial trajectory that, naturally, paralleled the city's own economic fortunes. Nevertheless, they had economic links with and interests in other cities of the empire too: the bourgeoisie maintained particularly close contacts with, and often a presence within, the business circles of Istanbul. Whether Ottoman or European—and despite the fact that the latter tended to be endogamous—as a group, the bourgeoisie were multilingual, multiethnic and multiconfessional. But perhaps above all they were *Izmirlis*, or *Smyrniots*—inhabitants of the city whose identity they had shaped, in the process being shaped by Izmir itself. As *rentiers*, as merchants, as shippers, as small-scale private bankers, as government officials, as members of the liberal professions or as intellectuals, they were all participants, in varying degrees, in the business and the social circles of Izmir—from the city's markets and the stock exchange to the Sporting Club, (a very important social institution largely for the elite), the bourgeoisie all

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- 11 Sibel Zandi-Sayek, *Ottoman Izmir. The Rise of a Cosmopolitan Port, 1840-1880* (Minneapolis: University of Minnesota Press, 2012), pp. 115-149. See also, Marc Baer, "Globalization, Cosmopolitanism, and the *Dönme* in Ottoman Salonica and Turkish Istanbul", *Journal of World History*, vol. 18/2 (2007), pp. 141-170; Amy Mills, "The Place of Locality for Identity in the Nation: Minority Narratives of Cosmopolitan Istanbul" *International Journal of Middle East Studies*, vol. 40 (2008), pp. 383-401.
- 12 Marie-Carmen Smyrnelis, *Une société hors de soi. Identités et relations sociales à Smyrne aux XVIII^e et XIX^e siècles* (Paris: Peeters, 2005), pp. 98-136. See also, Oliver Jens Schmitt, *Les Levantins* (Istanbul: Isis Press, 2007), *passim* and Arus Yumul & Fahri Dikkaya, eds., *Avrupalı mı Levanten mi?* (Istanbul, 2006)
- 13 Fatma Müge Göçek, *Rise of the Bourgeoisie, Demise of Empire* (NY: OUP, 1996), pp. 20-43.

shared many similar features in their daily lives, their business concerns, their cultural values and their mindset.¹⁴ This was bred from a commonality of shared experiences acquired over a long period of time during which Izmir underwent often radical transformations that changed, not only the public opinions of its inhabitants, but the face of the city and its socioeconomic makeup. By the beginning of the twentieth century the “new” middle class, either as businessmen or as *rentiers*, had become investors and, often, members of boards of directors in the new and growing sector of publicly incorporated companies that were appearing in all sectors of the city’s economy, from mining to textiles. Middle-class *Izmirlis* also constituted the technical and managerial personnel in charge of Izmir’s infrastructure, public utilities and the banking system in addition to being customers of the newly-established branch banks. Indeed, part of the profiling of an *haute bourgeois* in Izmir was having membership in the Sporting Club and an account with the Imperial Ottoman Bank. Their homes—in style and furnishings—and the fashions¹⁵ middle-class women wore were of a quality and taste seen throughout prosperous port cities in the Mediterranean or Black Sea, from Marseilles to Genoa or Odessa.¹⁶

Part of the modernity of Izmir was its sophistication borne out of a continuous, often daily, interaction with multiple cultures, languages and religions that occurred, not only within a horizontal line of single-class cohesion, but also within a vertical line going across the class divide. That worldly sophistication encompassed multiple sites that ranged from the casino, which Izmir had established as early as the 1820s, to the bustle of the marketplace and the quay where businesses displayed nameplates in multiple languages—languages that were heard spoken in the city’s streets and cafes. Given how much the market and commerce were central to the economy of Izmir and its very identity, and given how open and multiconfessional interaction had always been a characteristic of the Ottoman marketplace (although heavily gendered in the masculine), the city was a natural site for a cosmopolitanism which affected, in varying degrees and forms, all classes of society. It was a cosmopolitanism that

14 Rauf Beyru, *19. Yüzyılda İzmir’de Yaşam* (Istanbul: Literatür Yayıncılık, 2000), *passim*.

15 Elena Frangakis-Syrett, “Development and Modernization in the Banking Sector of Izmir in the late nineteenth and early twentieth centuries”, unpublished paper delivered at the Faculty Seminar Series in the Economics Department of the Izmir University of Economics, Izmir, November, 15 2012; and Nancy Micklewright, “London, Paris, Istanbul and Cairo, Fashion and International Trade in the 19th century”, *New Perspectives on Turkey*, No 7 (Spring 1992), pp. 125-136.

16 Evrithiki Syfneou, *Ελληνες έμποροι στην Αζοφική* (Athens: ΕΙΕ Publishers, 2009); see also, *idem*, *Λέσβος* (Mytilene, Greece: Trohalia, 1996).

was, in some respects, effortless as it was integrally embedded in the fabric of society as it underwent changes throughout the nineteenth century. This did not mean that inter-communal clashes and displays of negative identity politics did not occur in Izmir or that awareness and hostility toward the “other” did not manifest themselves either due to politico-military events or to times of acute economic crisis; such incidents did occur. Yet through it all, the city’s inhabitants maintained an awareness of the multilayered identities of those with whom they interacted and accepted them as such. It was not only share certificates that were written in a combination of Turkish, French, Armenian, Greek and Hebrew, but also the city’s (and the wider region’s) music was rendered in any of these languages. As carpet manufacturers or as market-distributors-cum-exporters of carpets (or, often, as all three), constituent firms of OCM were equally multilingual, multiethnic and multiconfessional. Their directors and personnel were almost all top-notch businessmen; primarily from Izmir, secondarily from Istanbul, and some coming from Europe. OCM’s two auditors were the manager of the Bank of Athens and the sub-manager of the Bank of Salonica, each from his respective bank’s Izmir branch.¹⁷

With OCM, modernity manifested itself in a number of ways. For instance, how the founders made their decision whether or not to incorporate a given firm into the “combine.” In doing so, they weighed whether it was better to have it as part of the group or to leave it out and risk having it act as a rival. Costs or benefits of either decision did exist but these were certainly not based on a company’s cultural, linguistic and/or confessional identity. In entering the combine, there were specific conditions that had to be considered: the firm’s standing and ability to pay its creditors, whether the combine would gain (and how much) from the associates and business of the company in question and how the gain would be realized. There were instances where the trust had to placate rival firms it did not wish to bring in but did not want to leave out altogether—either because of certain advantages they could offer to OCM, or because it did not wish to risk the competition it might get from them. In such cases, OCM had to decide how and to what extent a firm which had not become a constituent member could acquire a certain relationship with the trust nevertheless. OCM, as the initiator in such negotiations, had to ensure that it did not alienate the company in question or its associates, customers, suppliers or any others related to it. The firm of Ekisler Bros. and their associate and long term customer in London—Behar, Bentov & Wells, Ltd.—is a case in point. Ekisler Bros.—long established in Izmir’s business circles—could have

17 GL, SERB, Yearbook for 1910-1911 (OGM, 28 March 1911).

been serious rivals to OCM which, therefore, wanted to neutralize them; even more importantly, OCM wanted to take over their account with the London firm. Behar, Bentov & Wells (BB&W) specialized in carpets at a lower end of the market which Ekisler Bros. supplied them with (amongst other goods) and which were sold on the spot at the London docks. For some time, OCM had wanted an entry into this part of the business at both ends, Izmir and London.¹⁸ So, apparently, did the London firm. However it had a contract with Ekisler and it was deemed to the interest of OCM not to undercut them and force the London firm out of business, nor to bring both firms into the combine which was a possible alternative strategy. Instead OCM decided to buy off the Izmir firm aiming in stages “to eliminate the Smyrna Ekisler business”¹⁹ while bringing BB&W into the fold equally in stages. To attract BB&W, OCM offered them certain advantages including paying them to end their contract with Ekisler and giving them preferential prices and other services (such as representation in the India carpet market) as though they were members of OCM.²⁰ The company did ultimately succeed in its aims. In the following year, OCM started doing business with BB&W. However, Ekisler Bros. was not eliminated right away and remained in the carpet business. In February 1912, they became a limited liability company based in Izmir but registered in London under the name of M.H. Ekisler & Co., Ltd; the firm’s nominal capital of £20,000 was almost entirely in consideration for the sale of Ekisler Bros.²¹ This sum was dwarfed by comparison to OCM’s which, by April 1912, had reached almost a million British pounds sterling. Finally, in February 1921, Ekisler was taken over by OCM.²² In fact, Ekisler Bros. was one of the few companies that had stayed out of OCM which, in due course, came to dominate the sector almost completely.²³

The combine’s overall strategy in its early years, though ambitious, revolved around the market: namely, how to acquire, maintain and increase OCM’s market share in a number of interconnected markets in the Middle East and the West where they might be acting as carpet purchasers, sellers or both. To achieve this goal OCM laid out a strategy: first, it set out to eliminate compe-

18 EKOCM, PP, J. Baker, Director, OCM, London, 7 May 1908 to A. Alliotti, General Manager, OCM, Izmir.

19 OCM was apparently to pay Ekisler for the goodwill of his firm and an annual stipend in lieu of services that the Ottoman firm would render on behalf of the trust. EKOCM, PP, J. Baker, Director, London, 5 May 1908 to A. Alliotti, General Manager, OCM, Izmir.

20 EKOCM, PP, J. Baker, Director, OCM, London, 15 May 1908 to Bentov, London.

21 TNA, BT31/20465 (120209).

22 Ibid.

23 TNA, FO 195/2360, Consul Barnham, Izmir, 7 Feb. & 12 April 1910 to Ambassador Lowther, Istanbul.

tition from local firms in Izmir in order to take over their links with manufacturers in western Anatolia; second, to crash competition in Istanbul; third, to increase its share in the Persian merchants' carpet trade networks in the Caucuses; fourth, to supply the Egyptian market. Additionally, OCM sought to offer services to constituent members. For instance, in the Indian carpet trade, a market they'd had in their sights, OCM sought to purchase Indian carpets for its member firms for a five percent commission fee.²⁴ Furthermore, OCM wanted to solidify the trust's position in the London market and to expand its accounts with wholesale carpet dealers and retailers in the Northern and Southern Hemispheres (which it did by branching out from New York to Mexico and Argentina). Using Izmir as its springboard and London as its center for planning long-distance operations, OCM sought to establish customer accounts and a base of operations in any market in the world where there was a demand for Turkish carpets as well as abundant British capital and investors. To a large extent, it succeeded in its aims.

The trust's founding firms and directors—namely, P. de Andria & Co., P.G. & J. Baker, Sykes & Co., Habif & Polako, Sydney La Fontaine and T.A. Spartali & Co.—were all firms with long-standing presence in the carpet-making and carpet trade sectors in western Anatolia (some of them going back to the 1830s and 1840s). All of them were based in Izmir except for G.P. & J. Baker which was based in London.²⁵ They also had close contacts with the business world of Istanbul with members of their families heading companies in the empire's capital.²⁶ In addition, they subscribed to each other's firms when they became public limited liability companies. To best utilize its networks of contacts and knowledge of the market, from the start OCM opened branches in London, Paris, Istanbul, Cairo, Alexandria and New York and established agents throughout the Near East (namely the Ottoman Empire).²⁷ By 1912, branches had opened in Buenos Aires and Toronto as well and its board of directors had been increased to 15. Seven of them lived in Izmir, three in Istanbul, one in New York and the others in various capitals in Europe.²⁸

24 TNA, FO 195/2360, Consul Barnham, Izmir, 8 July 1910 to Ambassador Lowther, Istanbul; and EKOCM, PP, J. Baker, Director, OCM, London, 15 May 1908 to A. Allioti, General Manager, OCM, Izmir.

25 The Baker firm had an active presence through family members in Izmir and in the empire as a whole for a long time; in the 1900s the firm's founding member, George Baker, and his wife, Maria, were decorated with Ottoman medals in recognition of their long-standing civic and philanthropic activities. *From East to West . . .*, pp. 10, 15.

26 E.g. TNA, BT31/19798 (113500), La Fontaine Bros. Ltd.

27 EKOCM, PP, OCM, Ltd., Annual Balance Sheet for 1907-08.

28 GL, SERB, Yearbook for 1920-1921 (OGM, 27 July 1921).

The marrying of knowledge of, access to and participation in globally dispersed, British capitalist business networks²⁹ (from bankers to insurance brokers to retailers) with Izmir's entrenched position in the global market for Turkish carpets—a position based, in part, on the twin dominance of Izmir in the manufacturing *and* trade sectors of recognizable and highly-valued products were crucial for the trust. OCM's formidable market position was also due to the long-standing dominance of Izmir in the interconnected commercial networks of the Ottoman Empire and Iran as well as Europe.

By 1909, OCM already possessed 21 different agencies in different parts of Anatolia with local personnel to run them drawn from amongst its constituent Izmir firms and associates.³⁰ Local personnel were responsible for the production process in each district where the agency was located, running it, basically, as a cottage industry with local weavers being supplied with yarn from OCM, although they also employed large number of workers in factories owned by the trust.³¹ Besides supplying the yarn, OCM also had it dyed using modern processes and German dyes in dyeing works it had built in outer Izmir. Some of its products had a mixture of natural and aniline dyes while other products were made with only one sort of dye. Local weavers, experienced enough by then, were able to decide which dyes to use; there was market demand for both types of carpets.³² In the process of expanding its operations and its control over the production process, OCM bought, in 1912, the Ottoman Cloth Company Ltd. However, the purchase was made without increasing the company's initial capital of £80,000.³³ This was, in some respects, an inside job: when the Ottoman Cloth Company was incorporated in 1910, it had taken over the concern of another preexisting company. Of the company's five directors in 1910, four were from the founding firms of OCM or were actively involved in it—and all were based in Izmir. Of its 27 multiethnic and multiconfessional shareholders, 13 were directly connected with OCM; amongst the others were companies or individuals resident in Istanbul, London or Paris. It was in the latter

29 EKOCM, PP, J. Baker, Director, OCM, London, 13 Feb. 1908 to A. Allioti, General Manager, OCM, Izmir.

30 TNA, FO 195/2331, Barnham, Izmir, 27 April 1909 to Lowther, Istanbul; see also, FO 195/2383, Barnham, 28 Oct. 1911 to Lowther, and, PP, A&P, Vol. CXVI, Report on Smyrna for 1907 (1908), pp. 10-11.

31 TNA, FO 195/2331, Barnham, Izmir, 1 Oct. 1910 to Lowther, Istanbul.

32 Donald Quataert, "Machine Breaking and the Changing Carpet Industry of Western Anatolia, 1860-1908", *Journal of Social History*, vol. 19/3 (Spring, 1986), pp. 476-478.

33 PP, A&P, Vol. C, Report on Smyrna for 1912 (1912-13), pp. 11, 13. Judging from its capitalization, the company was certainly in the upper tier of incorporated companies in Izmir at the time.

city that the Ottoman Cloth Company's bankers were also located.³⁴ Indeed, the Ottoman Cloth Company repeated, in many respects, the profile of OCM. Clearly, the business networks that were active in either concern were highly interconnected and, at times, totally overlapped. Moreover, this was a pattern repeated across other economic sectors within the city.

In the running of the trust, especially in terms of its cash flow, London had crucial assets to offer, the most important of which was access to banks for open credit accounts to finance ongoing operations—particularly in making advances for goods on consignment to its members, the Izmir firms, until their goods were sold to the vendors. Access to banks was also needed for longer-term loans for the needs of OCM as a whole. Representing the advantages of scale, OCM could get better terms on advances, interest and fees from the banks, which they passed, for a fee, to their members. Although the Izmir firms had contacts in the city of London through their long-term customers and suppliers, the firm of G.P. & J. Baker could offer, in addition to contacts, its long-term relationship with banks in Europe, especially London banks. Access to banks was an asset that OCM assiduously cultivated: it had accounts with two British banks in London—the National & Provincial and the London & County;³⁵ and the Union Bank of Paris (it forwarded a loan to OCM at its inception). In addition, the Wiener Bank and the Deutscher Union Bank were two other banks with which OCM negotiated for its constituent firms to receive advances on consignments, the goods being in the Customs House.³⁶ The London banks served another important purpose by enabling Izmir to draw, by wire, the money Baker collected from vendors on carpet sales made by the latter with no waiting period for Izmir but “as the money came in.”³⁷

What was the advantage to Baker—whose scale of business was considerable—for giving these services to OCM, placing at their disposal the contacts his firm had already developed in London and the carpet sector where the firm had traded since 1878? By working independently under their company name, by being the face of OCM in London and by being the intermediary in all the banking transactions of the Izmir firms—whether it referred to advances or to the clearing of proceeds—Baker maintained and strengthened the position

34 TNA, BT31/19568 (110751).

35 EKOCM, PP, J. Baker, Director, OCM, London, 23 Jan. 1908 to A. Alliotti, General Manager, OCM, Izmir.

36 EKOCM, PP, J. Baker, Director, OCM, London, 24 Dec. 1907 to A. Alliotti, General Manager, OCM, Izmir.

37 EKOCM, PP, J. Baker, Director, OCM, London, 2 May 1908 to A. Alliotti, General Manager, OCM, Izmir.

of the firm as the leading Turkish carpet trading house in London. Everyone dealing with OCM in London, from bankers to retailers, did so, in part, through Baker. By working together, Baker and the Izmir firms stood to strengthen their positions at the expense of their rivals in Izmir and London respectively. For instance, representatives of large scale retail customers in the West, including big-name retailers such as Harrods in London or Macy's in New York, came to Izmir themselves annually to make purchases. The Izmir firms, in putting together the trust, aimed for the London branch (and later the New York branch) to offer terms advantageous enough to such customers as to eliminate the need for them to go to Izmir. Thus OCM would cut out of the action their rivals in Izmir who were not inside the combine. Eliminating their rivals in Izmir made it easier to do the same to their rivals in Istanbul. For this reason, selecting which firm would manage the branch in Istanbul became a contested issue between Baker and the board of directors in Izmir early on with each side having its own candidate. It appears that Izmir won.³⁸

When the trust was registered on December 16, 1907, its capital was £500,000; according to their records, a few months earlier, as the trust was in the process of being set up, it was £400,000.³⁹ Whereas there is some discrepancy as to its initial capital, subsequent records show that its initial capital of £500,000 doubled in 1911 to £1,000,000,⁴⁰ £900,000 of which had been subscribed and called up in April 1912.⁴¹ In 1911, dividends reached 10 percent. In the period under study here, OCM suffered losses in only one year: this was in 1912 due to the politico-military situation and the tensions created by the Balkan Wars. In 1921, they increased their capital to £1,250,000 while dividends were 20 percent to make up for the lack of any distributions since the start of WWI.⁴² By August 1922, OCM was recovering well; its operations in Anatolia were being extended,

38 EKOCM, PP, J. Baker, Director, OCM, London, February 13, 1908 to A. Allioti, General Manager, OCM, Izmir. (Baker wanted Cecil Edwards and Izmir wanted Sykes & Co., an Izmir firm that had been active in the Istanbul carpet trade and was on the board of directors of OCM.)

39 British sources place its capital at £500,000. TNA, FO 195/2383, British Chamber of Commerce, Izmir, December 12, 1911, to Consul Barnham, Izmir. Kurmuş, "The Role of British Capital . . .", pp. 183-184 states its initial capital as being £400,000 and Roger Owen, *The Middle East in the World Economy, 1800-1914* (London: Methuen, 1981), p. 212 states that it was £300,000.

40 GL, SERB, Yearbook for 1910-1911 (OGM, 28 March 1911).

41 GL, SERB, Yearbook for 1912-1913 (OGM, 21 June 1913).

42 GL, SERB, Yearbook for 1920-1921 (OGM, 27 July 1921).

turnover in Persia was increasing and progress in India was good.⁴³ Prospects seemed good for the city too—new banks had opened branches in Izmir in the years following WWI and its economy was on the upturn despite the decade-long military conflict in the region (1912-1922).⁴⁴ But disaster was imminent:⁴⁵ the Greek occupation (1919-1922) and the Turkish War of Independence that followed changed the city irrevocably, even tragically.⁴⁶ In August 1923, the tone of OCM was, understandably, subdued:

It was impossible to foresee that events would culminate so tragically and result in the destruction by fire of Smyrna [September 1922], the most important city in the country, and the centre of the company's activities in Anatolia.⁴⁷

Yet even then, OCM's leaders were not despondent but already planning ahead. Irrespective of the unforeseen circumstances and their adverse impact, looking back at the trust's 15-year trajectory (1907-1922) and given the excellent global economic trends that launched it, OCM had done very well overall; it had stayed vibrant, innovative, cosmopolitan and at the cutting edge of developments in the carpet making and trade sector globally. It remained superbly connected—as seen in their customers' and their banks' accounts—in their access to markets globally and in their ability to sustain multiple agencies and networks of producers in three sites—Anatolia, Persia and India. It continued to maintain branches in a number of different countries as well. How was a world-class, modern company such as OCM, not merely possible in Izmir, but

43 GL, SERB, Yearbook for 1920-1921 (CGM, 27 July 1921).

44 Thanos Veremis, & Kostas Kostis, *Η Εθνική Τράπεζα στη Μικρά Ασία* (Athens: National Bank of Greece Cultural Foundation Publications, 1984); see also, George Tratakis, *Η βιομηχανία εν Σμύρνη, 1920* (Athens: Trohalia Press, 1994); Sabri Sürgevil, *II. Meşrutiyet Döneminde İzmir* (Izmir: İzmir Büyükşehir Belediyesi Kent Kitaplığı, 2009).

45 George Horton, *Report on Turkey. USA Consular Documents* (Athens: The Journalists' Union of the Athens Daily Newspapers, 1985).

46 Historiography on the events has been growing recently in an effort to understand what happened. Eg., Engin Berber, *Sanclı yıllar: İzmir 1918-1922. Mütareke ve Yunan işgali döneminde İzmir sancağı* (Ankara, 1997); Reşat Kasaba, "Greek and Turkish Nationalism in Formation. Western Anatolia, 1919-1922" (Working Papers, European University Institute, Florence, 2002); Hervé Georgelin, *La fin de Smyrne. Du cosmopolitanisme aux nationalismes* (Paris: CRNS, 2005), pp. 201-224; Marie-Carmen Smyrnelis "L'incendie, la fin d'un modèle de vie", *idem*, ed., *Smyrne, la ville oubliée? 1830-1930* (Paris: Autrement, 2006), pp. 196-204.

47 GL, SERB, Yearbook for 1922-1923 (OGM, 14 August 1923).

also successful? Three factors emerge as important: the expertise, experience and long-term standing of the constituent member firms; the degree of sophistication and know-how (acquired through integration into global economic and intellectual business networks) fueling Izmir's entrepreneurial milieu; and the degree of growth and change in the city's and the hinterland's economy and domestic market that began in the last quarter of the nineteenth century. This became especially evident in the last twenty-five years before the empire's dissolution.

OCM was on target in its timing; by 1907, the number of limited liability incorporated public companies that were being established in different sectors of Izmir's economy was growing annually. From the records, we can tell that these were not fly-by-night, speculative operations (although some may well have been as might be expected) but serious ventures of companies that had been around a long time and wanted to modernize as well as increase their capital. Most of these companies were registered in London and were modern in their makeup and rules of operations. Even when different combinations were made by members of the same interconnected, entrepreneurial families, a broader pool of investors, from amongst the city's growing middle class, was invariably brought in. The capital of these companies, which was at respectable levels and clearly bigger than what had been the case as late as the 1870s, was testament to the degree of capital accumulation that had taken place in Izmir. However, it could not be compared to the resources, scale and extent of OCM's operations. The only other company that came close was the Smyrna Fig Packers Ltd.; it represented a large number of Izmir's fig exporters and was incorporated in 1912 with initial capital of £200,000.⁴⁸ By 1914, as more companies joined, its capital increased to £400,000.⁴⁹ It was a trust following the path of OCM—a successful venture, although not quite at the same scale.

The strategy of OCM (and of its emulators) certainly had the potential for success: to put together a trust and strategize accordingly along similar lines as the trusts in Europe or the US—not comparable in scale or size of operations, but aiming, nevertheless, to achieve advantages similar to the ones enjoyed by their counterparts elsewhere in the world. Here lies the degree of modernity that Izmir's business circles were capable of at the turn of the century.

48 PP, A&P, Vol. c, Report on Smyrna for 1912 (1912-13), p. 11.

49 PP, A&P, Vol. xcv, Report on Smyrna for 1913 (1914), p. 15.

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