

Abstract

This study examines the ways in which the Ottoman Empire promoted and oversaw entrepreneurship in Syria, particularly in Damascus, and how different kinds of entrepreneurs shaped late Ottoman Syria. It analyses three groups of entrepreneurs in Greater Syria between the late nineteenth century and World War I (hereafter: WWI) –the Syrian-Ottoman elite families, foreign companies, and a new group of Jewish engineers – and how Ahmed Cemal Paşa, the military governor of Greater Syria during WWI, squeezed all of them into a unified administration. My central argument in this dissertation is that state-entrepreneurs relations are crucial for the understanding of economic development. Analyzing ventures in Damascus and its environment (close hinterland and operative networks), I show how the ways in which societies, especially elites, handle risks profoundly shape their economic fate. By doing so, I reveal and explain unfamiliar ventures and bonds in the history of late Ottoman Syria.

The first chapter in the dissertation deals with entrepreneurship in Damascus from the late Hamidian period up to the beginning of WWI. This chapter examines the Ottoman-Syrian elite and argues that its members capitalized on the Ottoman land and administrative reforms from the 1860s on. The Ottoman ecosystem encouraged Damascus's local elite families to invest in agriculture, real estate, and commerce and discouraged investment in industrial ventures. In the reality of an unprecedented level of engagement with the Ottoman Central Government, relying on these traditional sectors, which prospered in Ottoman Syria, immensely enriched the Damascene elite families. Nevertheless, refraining from allocating large sums of money to industrialization came at the cost of losing power to more potent actors such as the provincial and central administrations.

This argument is based on five central cases that demonstrate both the potency and the weakness of the Damascene elite. The first two deal with real estate and construction in harsh circumstances: the 1893 fire in the Umayyad Mosque and the 1912 fire in the Hamidiyya Market (Arabic, *Suq al-Hamidiyya*). Both cases illustrate the different situations of the Damascene elite. While the reconstruction of the Umayyad Mosque following the fire in 1893 indicates aptitude, the handling of the severe damage caused by the 1912 fire in the Hamidiyya Market does the contrary.

After analyzing the abilities and inabilities of the Damascene elite families through examples from the real estate sector, mechanized industry ventured are addressed. The analysis of two abortive enterprises for modern ice and glass factories explains what made the Damascene wealthiest elite families keep away from modern industry in general. After the limitations, examples for successful projects in the field of mechanization are brought, pointing to new independent entrepreneurs who did not come from leading elite families. The first example is the mechanization of agriculture in the Syrian hinterland by individual engineers and mechanics. The second is the construction of the ‘Ayn al-Fija water pipe and the urban water distribution system that Governor Nazim Hüseyin Paşa introduced into the city.

Chapter Two focuses on the founding of the Damascus Electricity and Tramway Company, addressing the reasons why the elite refrained from funding its concession and the repercussions of that. Damascus was one of the first cities in the Ottoman Empire to operate a power plant and electric grid. The Ministry of Public Works granted the original concession for it in 1903 to the Beirut elite-member Muhammad al-Arslan, and the network began working in 1907 after a Belgian consortium bought its shares. The operation of an electricity grid in the city caused the most substantial loss of political power to the Ottoman-Syrian elite in Damascus.

Given the centralist nature of electricity networks, the grid irreversibly changed the whole management of Damascene daily life. Not only was the system practically in foreign hands, but it also gave the city unprecedented levels of control and charging capacity.

Infrastructure projects such as the electricity network, which were much more expensive than any previous urban project (more than seven times the cost of the ‘Ayn al-Fija water network, for example), had to count on public capital. Concession holders had to sell shares in the Company to raise the money needed for the construction of the network and the establishment of the Company. When the share issue nosedived, a complex process began that amounted in practice to transfer the ownership to the Belgian consortium while keeping the Company officially Ottoman. It was orchestrated by İzzet Paşa, who became the Company President, using the concession holder merely as a front-man.

As in several other cases, this process ended with the establishment of companies that were officially Ottoman, although foreigners held all of their shares. The Ottoman-Syrian elite abstained from buying stocks for the same reasons cited in the first chapter. Their liquidity was sufficient to purchase shares in the Company, and the Company was eventually profitable, but their lack of technical knowledge made the risk too high. Furthermore, even though the Company was ultimately profitable, returns on urban real estate were noticeably higher. Unlike the cases cited in Chapter One, where the weakness that resulted from the lack of action on the part of the elite emerged gradually and was caused indirectly, in the case of the Damascus Electricity Company, their loss of power was immediate and very tangible. The Electric grid shattered the Municipality’s monopoly on public lighting as its kerosene-powered lanterns became obsolete. Furthermore, the City Hall practically outsourced street

widening projects, as the Electricity Company took charge of them, including responsibility for compensating owners of properties expropriated for the project.

Disagreements over lighting schedules and street repairs deteriorated into legal disputes between the Municipality and the Company. When the Central Government clarified that the Damascene arguments had no legitimate basis, the conflicts escalated to boycotts and shutdowns in 1913. After the Municipality and the Company renegotiated terms, the Company continued extending the grid, working until the last days of WWI. There was no resistance to the operation by foreign companies of such a crucial and dominant network in the city, as the conflicts emerged against the backdrop of the declining power of the Damascene elite's most significant organization: the Municipality. Although already built-in 1914, the Technikum did not open, and like the experts' network, the Ottoman and German armies and the Hijaz Railway Administration requisitioned its building and advanced machinery in WWI.

Chapter Three examines the formation of a new professional network in Greater Syria within the framework of the German–Ottoman alliance and both powers' aspirations in Asia. Following on from the examples of non-elite entrepreneurs in the field of mechanization, I focus on a network of professionals, mostly engineers from the Jewish *Yishuv* in Ottoman Palestine. This network was an essential link in the German–Ottoman alliance, whose focal point was Damascus. Kaiser Wilhelm II's visit to Damascus and Jerusalem in 1898 shocked Europe and prompted a development momentum in Greater Syria that overshadowed the previously dominant French and British interests. Connecting to the Berlin–Baghdad Railway, the Hijaz Railway, whose construction began in 1900, epitomized the generation of state-led development in Damascus. The convergence between the

German ethos of *Kultur*, the Hamidian Pan-Islamic ideology, and the quest to develop the Arab provinces turned Damascus into a hub of statist projects that competed with the market-led development in the cosmopolitan coastal cities such as Beirut and Alexandria.

Five prominent examples of experts in this network are examined in this chapter to outline this trans-imperial network, which competed with and eventually prevailed over the older French-oriented influence (the French missionary schools, the Rothschild family, Alliance Israélite Universelle). Trans-imperialism essentially means the utilization of capacity in one Empire for the creation and enhancement of position in another. The formation of this network correlated with the process of turning Damascus into a center of this German–Ottoman globalization.

The prototype of German–Ottoman trans-imperialist actors in Greater Syria is Gottlieb Schumacher, an engineer from the German Colony near Haifa. After graduating from the University of Stuttgart, he served in several Ottoman positions, combining work with the Ottoman bureaus and foreign agencies. His influence in Greater Syria enabled him to climb up in the German professional ladder, making him even more attractive to the Ottomans. Despite Schumacher's prominence, most members of the network came from the *Yishuv*. Aaron Aaronsohn, a Jewish botanist from the Zichron Yaacov colony, started his engagement with the Ottoman economy through the Rothschild network. However, his distinction and connections within the Zionist Movement, which was essentially German-oriented, led him to operate as an expert in Ottoman and Ottoman–German projects. The most significant ones were the research expeditions to the Dead-Sea basin and the Hijaz Railway corridor, which led to the establishment of a museum within the Yıldız palace in 1908 on the eve of the Young Turk Revolution. Smaller examples cited in the chapter are two factories

founded in Jaffa and Haifa and a network of technical advisors from them to operate right across Greater Syria.

The most significant example, which closes the chapter, is the establishment of the Jewish Institute for Technical Education (*Musevi Tatbikat-i Feniye Mektebi*, German, *Judisches Institut für Technische Erziehung*, hereafter: the Technikum) in Haifa. Following the announcement on the Berlin–Baghdad and Hijaz Railways, this technical high school was designed to deal with both relief efforts for Tsarist Russia’s Jewry and the Ottomans’ lack of technical knowledge and qualifications. Most of the experts in the German–Ottoman–Jewish network discussed in the chapter were involved in its construction.

The fourth chapter concludes this work with a review of the aggressive incorporation of all the networks discussed in the previous three chapters to Ahmed Cemal Paşa’s military governorship. In this chapter, I focus on his civil projects, contending that they represent a stark level of the *Tanzimat*-based construction reforms in Damascus, as in other provincial capitals in the Ottoman Empire. This is where the state becomes the only entrepreneur. Exploiting the mobilization of labor, materials, and experts during the war, Cemal Paşa carried out significant public works projects in all the major cities of Greater Syria, and in Damascus most of all.

After dismantling the Ottoman-Syrian elite and the provincial administrations in Damascus, Beirut, Aleppo, and Jerusalem in a series of dismissals, deportations, and executions, Cemal Paşa formed special units for these projects. His leading group was Gedalyahu Wilbuschewitsch’s Special Unit for the Restoration of Damascus. The unit’s activity started in early 1916 with a central task to pave the Cemal Paşa Boulevard, which connected the Hijaz Railway station with the Hamidiyya Market

and the entrance to the historic city. The works extended to a massive operation of repairs and extensions to buildings and infrastructure across the city. The unit's professionals, who entered Damascus as the Paşa's men, became integrated into the Municipality's operations after he returned to Istanbul in late 1917. The engagement of this network with the essential bureaucracy of the Damascene elite after Cemal Paşa's governorship ceased to function demonstrates the inclusiveness and openness of late Ottoman Syria to new entrepreneurs under the Ottoman flag.

Within less than half a century from the 1860 Riots, a mass-violence event that redefined the relations of Syria with the Central Government, it became a very open region and society to newcomers against the backdrop of Ottoman development efforts. Functioning as a center that attracted state-led development projects, Damascus's status as the focal point of the German-Ottoman globalization climaxed during WWI and liquidated right after it. The gradual fade-away of the post-Ottoman world in the interwar period caused the forgetting of the abovementioned Ottoman bonds. Naturally, they interrupted the formation of national narratives in the Middle East.