

Greek Sovereign Debt and Loans in 19th-Century Public Discourse

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ABSTRACT

This article focuses on a sovereign state, Greece, obliged, virtually from its birth, to repay debt obligations throughout the 19th century. Who were the main actors in a “non-reciprocal” political and economic relationship? Greek politicians, foreign diplomats and financiers, Greek journalists all perceived, negotiated or popularized the theme of Greek sovereign debt and defaults according to different political agendas, cultural backgrounds and expectations. Our chief interest here lies in how the Greek debt story was shaped and presented through the press, a new institution in Greece.

Framing Greek debtology

Debt stories nowadays are usually fashioned from the following ingredients: excessive government debt as the fundamental problem, fiscal mismanagement in an environment of world financial crisis as a cause, national governments as the culprits, and fiscal consolidation as the solution. In Greece, macroeconomic instability was supposed to be cured through participation in the international monetary system. Different voices were heard and interpretations put forward in this matter. Some analyses found that German financial journalists often promoted proposals for crisis management that contradicted the German government’s policies. However, these proposals were embedded in two dominant causal stories: excessive government debt (the *debt story*) and flaws

in the institutional design of the European Economic and Monetary Union (the *EMU story*). The media panic over Greece between 2010 and 2012 and the scandal status of the Greek crisis helped to forge a specific approach to crisis management and the reform of the EMU.¹ No doubt the media played a highly influential role in shaping public debate and opinion.² These are trajectories frequently traced by theories drawn from political science; the media often invoked Greek history to support plausible and flexible political accounts, but often with little historiographical documentation. In no circumstances did these mostly uninformed uses of the past enhance the visibility of modern Greek history. Political scientists have now also investigated and analyzed the press coverage of political assertions by collective agents in European countries. It has already been remarked that the crisis, which certainly had important social and political consequences, not least among them the ascent of populist parties, did not have a direct effect on the recasting of public historical debate.

Political and economic change affects how we understand the past, what we know about it and what we consider to be important about it. It is therefore important for historical analysis to investigate how people construct and interpret their collective past. Of special interest in the context of public history is the question how sovereignty and democratic participation are treated in cultures of remembrance. This can be demonstrated in the field of sovereign debt, a topic of enormous interest both in the context of research on 19th-

¹ I am indebted to Dr. Korinna Schönhärl for helpful comments and assistance on German documentation for this article. A. Kutter, "A catalytic moment: The Greek crisis in the German financial press", in *Discourse & Society*, Vol. 25, 4, 2014, pp. 446-466. Another, in-between story pulls in the 19th-century bailout and its management; the money mainly went to pay off Greece's international loans and not to invigorate the Greek economy; see A. Albanese Ginammi and G. Conte, "Greek Bailouts in Historical Perspective: Comparative Case Studies, 1893 and 2010", in *The Journal of European Economic History*, no. 2, 2016, pp. 51-86.

² H. Bickes, T. Otten, L.C. Weymann, "Die Rolle der Medien," in U.-D. Klemm and W. Schultheiß (eds.), *Die Krise in Griechenland: Ursprünge, Verlauf, Folgen*, Frankfurt am Main: Campus Verlag, 2015, pp. 326-351.

century state formation and for the present.³ Here we focus on a sovereign state obliged to repay a debt obligation. Who were the main agents in a “non-reciprocal” political and economic situation? Greek politicians, foreign diplomats and financiers, Greek journalists all perceived, negotiated or popularized the theme of Greek sovereign debt and defaults according to different political agendas, cultural backgrounds and perspectives. Our chief interest here lies in how the credibility of the sovereign developed in these circumstances. That credibility depends on the stability of political institutions and the fiscal capacity of the state, the outcome of a reputational equilibrium, where the sovereign’s uppermost concern is the threat of future loss of funding.

Discussions on public debts depend on and are determined by the micro or macro scale of investigation. In most cases, there is interplay between the national and international spheres, often drawing on long time series of empirical data and comparisons. Parallel discourses were formed at the time by politicians, diplomats, financial agents. Public opinion in Greece has been filtered through newspaper coverage over a long period of time. Thus, it is worth investigating how the *debt story* was articulated in the 19th-century Greek press, as a domain of public discourse. Before doing so, it will be helpful to review briefly the story of the Greek loans, alongside diplomatic dispatches that regularized the whole discourse: The diffusion of the story of Greek sovereign debt and loans as part of current affairs, the Greek independence loans of 1821 as the original sin, or the subsequent loans engendered a passionate discourse often associated with satirical caricatures. Is a strategic narrative to be found? Who were the main agents in this story? A critical time frame in the second half of the 19th century was selected for this purpose, with an emphasis on the period when the gold standard prevailed. This was an era of transition for the Greek state, from incipient modernization to the political and economic upheaval of World War I.

³ R.F. Berkhofer, *Fashioning History. Current Practices and Principles*, New York, 2008.

The story of Greek sovereign debt and loans was an important topic of parliamentary discourse, extending to rival political actors, negotiators and the press, mainly newspaper articles and caricatures (whether or not directly referring to relevant articles). All discourses about public debts are worth examining, because they intermingle and form clichés and stereotypes in public use, as well as feeding a rich literature of public history on an enlarged debtology. The examination of newspaper coverage of sovereign debts and loans and their historical background is fruitful for historical analysis. What role did newspapers play in attempting to influence or shape public opinion among 19th-century Greek-speaking people? The concurrence of expanding readership, increased circulation, party conflict and international tensions led to renewed emphasis on newspapers as a critical tool for forging public opinion especially during the 19th century.

It is well known that in the 19th-century newspapers flourished in countries with growing economies, where increasing numbers of people had money for non-subsistence expenditures, and that they were associated with the rise of the middle classes. Various newspapers gained national and international prominence, and the more authoritative among them were reproduced and translated in different milieus. A recent study conducted on one of the most influential German newspapers, *Allgemeine Zeitung*, examines the relevant articles on the Ottoman Empire in 1821-1840 with regard to five crises: the Greek War of Independence of 1821-27, the Russian-Ottoman War of 1828-29, the French Expansion to Algeria in 1830, and the First and Second Eastern crises up to 1840. It looks at journalists and commentators, foreign correspondents and members of different governments, investigating their interests and how they sought to influence the newspaper in the course of twenty years, thus illuminating the methods and potentialities of public discourse in the years before 1848.⁴ Political cartoons in newspapers were pop-

⁴ S.L. Schwarz, *Despoten – Barbaren – Wirtschaftspartner. Die Allgemeine Zeitung und der Diskurs über das Osmanische Reich 1821-1840*, Köln 2016 [K. Schönhärl, [Book review] 23.09.2016, <www.hsozkult.de/publicationreview/id/rezbuecher-25619>][0].

ular weapons with which to attack individuals, groups or ideas, using forms of comprehensible visual representation to satirize corruption, scandals and political mischief.⁵ Visual satirical material is found in the last quarter of the 19th century in some Greek newspapers. The idea of examining newspapers and satire in words and images as a tool of political aspiration and a means of influencing public opinion led us to raise questions about the diffusion of news on Greek sovereign debt and loans to a wider public in Greece.

The Greek debt story

Greece was conceived by the philhellenes, the supporters of Greek independence from the Ottoman Empire, as a “real-and-imagined” space. It was a nation of fundamental importance to European history because of its ancient past and culture, but, because it was geographically at the fringe of Europe and was ruled by the Ottoman Empire, it also constituted an unknown space. The ways the question of Greek nationhood entered the international financial picture between the 1820s and the 1860s may be viewed in relation to the complexity of the Ottoman and post-Ottoman “East” and the growth of British sympathy for the Slavic nations of the Ottoman Empire, interlinked with financial issues and loss of sovereignty.⁶

Nationhood and sovereignty were interwoven with external

⁵ The *Illustrated London News*, the world’s first fully illustrated weekly news magazine, marked a revolution in journalism and news reporting when it appeared in 1842. It presented a vivid picture of British and world events, including news of war, disasters, ceremonies, the arts and sciences. Its publication began one year after that of *Punch*, the British magazine of humour and satire. G. Everitt, *English Caricaturists and Graphic Humourists of the Nineteenth Century. How They Illustrated and Interpreted Their Times*, London, 1893; A.B. Maurice and F.T. Cooper, *The History of the Nineteenth Century in Caricature*, New York, 1904.

⁶ P. Stock, “The real-and-imagined spaces of philhellenic travel”, in *European Review of History/Revue Européenne D’histoire*, 20/4, 2013, pp. 523-537; M. Miliori, “Ambiguous partisanship; philhellenism, turkophilia and balkanology in sixteenth century Britain”, in *Balkanologie*, VI [1-2], 2002, pp. 127-153; M. Todorova, *Imagining the Balkans*, Oxford, Oxford University Press, 1997.

borrowing in Greece from the time of the first loans contracted in London in 1824 and 1825.⁷ These loans were widely discussed in the British press, which saw modern Greece as the heir of the ancient land of literature, philosophy and the arts. Articles by correspondents and letters to the editor regularly offered vivid, captivating details of public events and procedures. Thus, information about this story was disseminated through newspapers and magazines in the lending country, Britain.⁸

The history of the first international loans to Greece during the struggle for national independence has been repeatedly presented as a term of comparison with the contemporary context of the economic crisis that began in 2008 and present-day international borrowing by the Greek state. Most references in Greek websites repeat the saying that history repeats itself, the claim that Greece is betrayed and sold out by its representatives, by the speculators in London, and by the external enemies of the nation in general. The first Greek independence loans are cited a number of times, basically intermingled with subsequent loans. The current historical conjuncture of financial crisis has given rise to a prime example of public history and the ideological use of history regarding Greece. Alongside public history originating from Greece on the country's first international loans, we find the derogatory European expression "Greek statistics" to indicate "unscientific" manipulation of statistical data.

The story goes that in 1823 the London Greek Committee was founded to assist the Greeks in their revolution against the Turks. Financial support for Greece's liberation from the Ottoman Empire was a fair request by British Philhellenes, but it was downgraded owing to misunderstandings, poor negotiation and the disconnection between Greece's Provisional Administration and British agents

⁷ L.S. Stavrianos, *Greece: American Dilemma and Opportunity*, Chicago, 1952, pp. 25.

⁸ *The Times*, Tuesday, Oct 24, 1826; p. 2; Issue 13099; col E. "The Greek Loans"; *Ibidem*, Saturday, Nov 04, 1826; p. 3; Issue 13109; col C. "To The Editor of The Times. John Bowring"; *Ibidem*, Saturday, Nov 11, 1826; p. 2; Issue 13115; col E. "The Greek Loans."

and brokers. The “Provisional Administration” was the quasi-political institution that represented a nascent “Greek state” for the first time in the international financial markets. The history of the Greek independence is a textbook case of the intertwining of economic expectations with cultural components.⁹ Greek historiography has offered a great variety of arguments against the first international loans that the Provisional Administration of the insurgent Greeks took out in 1824 and 1825 to finance their struggle. Tinging the question is a generic moral narrative that has its origins in the 19th century. Many academics have looked at the issue of international loans through the lens of economic dependency theory. The political aspects of international sovereign loans by private banking houses have been examined primarily bringing to bear center-periphery theory, based on a structural relationship spatially transferred to economics. International lending to a country by foreign institutions is seen as a determinant of foreign policy during the 19th century, while lending to less-developed countries is considered a means of safeguarding those countries’ international prestige.¹⁰

The terms and conditions of the loans’ negotiation were hopeless from the start after repeated brokerage fees, repayments and interest charges imposed by dealers and creditors, which have been rightly attributed, for the most part, to lack of experience and institutional auditing on the Greek side, as well as to a highly insecure political situation.¹¹ A professor at the University of Athens, A. Andreades,

⁹ [J. Gennadius], *The Greek Loans of 1824 & 1825. How they were handled, and what the world thought of it. Opinion of the day*, London, 1878; [J. Gennadius], *The Greek Loans of 1824 & 1825. Their conversion and settlement and the Dutch protest*, London, 1880; A.M. Andreades, *History of national loans. Part I: The loans of Independence (1824-1825) and public debt during Bavaria dynasty*, Athens, 1904; A.D. Lignadis, *The First Loan of Independence*, Athens, 1970; M.C. Chatziioannou, “War, Crisis and Sovereign Loans: The Greek War of Independence and British Economic Expansion in the 1820s”, *The Historical Review/La Revue Historique*, 10, 2013, pp. 33-56.

¹⁰ M. Birdal, *The Political Economy of Ottoman Public Debt: Insolvency and European Financial Control in the Late Nineteenth Century*, I.B. Tauris Publishers, London-New York, 2010; A.C. Tunçer, *Sovereign Debt and International Financial Control: The Middle East and the Balkans, 1870-1914*, London, 2015.

¹¹ G. Dertilis has studied the political background of the fiscal problem that character-

was the first economist to educate the wider public, beginning with his students, about this major issue of fiscal policy, which strongly influenced the organization and image of the Greek public economy at the turn of the 20th century.¹²

Greece gained its national independence and a new state was founded in 1828. Although the “pre-state” loans were in default since 1827, in 1833 the first king, Otto, received a loan of 60,000,000 gold francs (64,000,000 drachmas), to be raised in three installments of 20,000,000 francs each. Like its predecessors, the new loan was reduced considerably after commissions, fees and interest charges. The political creditors were Britain, Russia, and France, and the financial executor was the House of Rothschild. From 1833 to 1843, interest and sinking fund charges consumed 33,000,000 drachmas of the loan. From the remaining sum Greece compensated the Ottoman Empire for territorial concessions with 12,231,000 drachmas. Nevertheless, from 1841 to 1843 the Greek state fulfilled its financial obligations to the political creditors. Then, in 1844, an anti-Ottonian constitutional movement provoked political and institutional change that inevitably affected Greece’s financial affairs.¹³

However, from the first years of the nascent Greek state there was a serious critique of the country’s loss of sovereignty as a result of misguided imitation of foreign living standards and foreign dependency. “King Otto is building a kind of Regent’s Park row of houses from Athens to the Piraeus ... Meantime the men who fought and bled for their country, and who achieved its liberty, are pining in dungeons, while Greece is delivered over to a schoolboy [King Otto].”¹⁴ Still, the prevailing, stereotypical discourse was that Greek governments used the necessity of public works as a pretense to

ized Greece’s solvency in the European markets, leading to its exclusion from international financial markets until 1878. G. Dertilis, *History of the Greek state 1830-1920*, Athens, 2005, v. 1-2. pp. 107ff.

¹² A.M. Andreades, *op. cit.*

¹³ It has been argued that this guaranteed loan laid the foundations for European financial control over Greece; see J.V. Kofas, *Financial Relations of Greece and the Great Powers, 1832-1862*, New York, 1981, pp. 22-35.

¹⁴ *Figaro in London*, v. III, 1834, pp. 85.

avoid loan repayments. In 1859, the spending of 400,000 drachmas to construct four prisons and another 400,000 drachmas to build a “Palace of Justice” was considered unwise by the international creditors. Spending on the country’s navy doubled between 1843 to 1860.¹⁵ Public infrastructure spending, although possibly understood in theory as a necessary step towards the creation of a modern state, was questioned repeatedly by foreign agents in Greece. Modernity in public priorities was seen as consisting in the repayment of Greek loans.

Economic information regarding King Otto’s loan was interpreted in accordance with opposing political views, since the interest instalments on the loan were never paid but the money owed to the House of Rothschild, which contracted the loan, was paid regularly. Among politicians and journalists, there was a welter of confusion about the sovereign debt. The politician Epaminondas Deligiorgis wrote in his Diaries that Otto’s loan was paid until 1842, while the loans of the revolution were not paid at all; he cited foreign disapproval as an argument for not repaying Greek loans. Meanwhile, the journalist Alexander Vyzantios stated that Greece was in default during Otto’s reign and that Otto’s loan paid only 1% in 1856.¹⁶

Borrowing to finance war was common among the Mediterranean countries and in Latin America in the 19th century. Following the sovereign debt boom of the 1820s, in the 1830s European countries offer the most striking example of military spending and growing budget deficits.¹⁷ In the 1830s, on the heels of extensive foreign borrowing, a new debate emerged concerning commercial and bank credit and the political economy, engendering moral approaches and economic expectations. The July 1830 revolution in France, the 1833-1845 civil wars in Spain, the Portuguese civil war of 1828-1834, the

¹⁵ J.V. Kofas, op. cit., pp. 106-107.

¹⁶ E. Deligiorgis, *Political Calendars*, v. A, 1859-1862, pp. 21-22, 42, 86-89, 92-93, Athens, 1896, in Greek; A.S. Vyzantios, “The thirty-fourth anniversary of the exaltation of Otto”, *Nea Imera*, 1896, in *Erga Alexandrou S. Vyzantiou*, Athens, 1902, pp. 150.

¹⁷ M. Flandreau and J.H. Flores, “Bonds and Brands: Foundations of Sovereign Debt Markets, 1820-1830”, in *The Journal of Economic History*, Vol. 69, No. 3, 2009, pp. 646-684.

Italian revolutions of 1830 had all produced national financial expenditures which were covered by external loans. In 1833 Greece received a loan that was guaranteed by the three protecting powers (Britain, France and Russia); these same countries appeared as intermediaries in the settlement of 1860. In the Eastern Mediterranean (the Ottoman Empire, Egypt, Greece and Serbia), the emerging countries were ever anxious to gain political status and international relations, and the sovereign's main concern was the risk of not obtaining new loans, a crucial issue for these countries. Their borrowing histories, the international financial environment and the consequent default situation gave rise to a loss of sovereignty, articulated by diplomats and financial intermediaries. The powers resorted to gunboat diplomacy, using the Greek default as justification for British military interventions in Greek ports. During the Crimean War (1854-1856), the revolutionary movements in some regions (Epirus, Thessaly, Macedonia) were violently suppressed. The British fleet occupied Piraeus and held it until 1857. In the following two years, a foreign audit committee was established.

In 1878, the Greek law on the settlement of the old loans dating from 1824 and 1825 implied a debt administration arrangement between the Greek government and the representatives of holders of foreign securities, especially Greek bonds. After many months of negotiations with the committee of the bondholders, the Greek diplomat J. Gennadius concluded an agreement subsequently approved by the bondholders and by the Greek parliament.¹⁸ A long series of loans framed Greece's nationhood. New people arrived on the scene to manage Greek loans; the new institution from Britain was the Corporation of Foreign Bondholders (CFB), an association of British investors created in 1868 and responsible for coordinating foreign lending to debtor countries in the international bond market in the period 1870-1913. At the time of the 1875-78 Balkan crisis, Greece urgently had to raise money for its army and fleet in view of possible

¹⁸ [J. Gennadius], *op. cit.*

military intervention. In the period from 1879 to 1898, Greece ran budget deficits and borrowed abroad mainly to service the accumulation of debt plus interest from the War of Greek Independence onwards.

Greece returned to capital markets in 1879, and thereafter its public debt grew rapidly. It has been calculated that the public debt rose from 66.4% to 210.8% of Greece's gross domestic product between 1877 and 1893, or from 186 million to 1,160 million drachmas.¹⁹ The country obtained a series of gold loans from major European financiers in 1879, 1880, 1884, 1887 (the Monopoly Loan) and 1889. Political instability and fierce political strife led British and French financiers and public opinion to disdain Greece's creditworthiness. Apart from British and French private creditors, German agents appeared on the scene and Greek public opinion reacted to this development in the press. Greece defaulted in 1893, and indemnities imposed in 1898, after the disastrous outcome of the Greco-Turkish War of 1897, led Greece to seek another loan and to the establishment of the International Financial Commission in order to guarantee and collect public revenues for the repayment of national loans.²⁰

The turbulent 1890s

In the 1890s a series of sovereign defaults on foreign debt by countries in Southern Europe and Latin America, from Argentina in 1890 to Brazil in 1898, caused international financial turbulence. It has been argued that this was the last major spate of defaults in the era of the gold standard. From the turn of the 20th century until the outbreak of World War I, defaults were less frequent despite the con-

¹⁹ A. Albanese Ginammi and G. Conte, op. cit., pp. 54.

²⁰ A. Levandis, *The Greek Foreign Debt and the Great Powers, 1821-1898*, London, 1944, pp. 88-99. M. Waibel, "Echoes of History: The International Financial Commission in Greece", in Ch.G. Paulus (eds.), *A Debt Restructuring Mechanism for Sovereigns. Do we need a legal procedure?*, Beck-Hart-Nomos, 2014, pp. 3-16.

tinuous growth in governments' foreign borrowing.²¹ Greece had joined the bimetallic Latin Monetary Union (LMU) in 1867, but the detailed terms of the agreement did not take full effect until 1882, owing to growing budget deficits, distrust of paper money and lack of precious metals. Nonetheless, convertibility into gold and silver was suspended anew in 1885 as a result of excessive government borrowing. Greek historical research has found that Greece was receiving foreign capital investment in the 1880s but was recording limited economic growth. In the early 1890s exports stagnated and foreign loans and investment dried up, leading to a partial default on government debt in December 1893.²²

The outcome of the 1897 war with Turkey, together with the 1893 bankruptcy, resulted in international financial control of the Greek economy until the 1910s, when limited convertibility was restored. Greece had to raise foreign loans again in order to pay war indemnities to Turkey (4,000,000 Turkish liras, or 95,000,000 gold francs), but world capital markets would not supply them unless outstanding loans were settled. Given the country's immediate economic needs, foreign creditors and the Great Powers were able to impose on Greece a mechanism of financial control to ensure payment of principal and interest on old and new loans.

The International Financial Control Commission (IFCC) was established in Athens in 1898. Composed of representatives of the Great Powers (Britain, France, Germany, Austria, Russia and Italy), it was to oversee the collection and employment of the revenues earmarked for servicing the guaranteed loan of 1833, on which Greece had previously defaulted. (The Greek independence loans of 1824 and 1825 were another matter, not being guaranteed.) Greece had contracted foreign gold loans, after 1881, in 1884, 1887, 1889, 1890 and 1893 (known as the old gold loans) and then defaulted on them

²¹ J.H. Flores, "Crying on Lombard Street: fixing sovereign defaults in the 1890s", in *European Review of History*, 19/6, 2012, pp. 979-997.

²² M. Dritsas, "Monetary Modernisation in Greece: Bimetallism or the Gold Standard (1833-1920)", in *Journal of European Economic History*, 28, 1999, pp. 9-48.

in 1893 at the time of the crisis in trade in Greek currants. The commission was assigned to collect the revenues through a Greek company working under its control. The revenues earmarked for the IFCC were the customs duties of the ports of Piraeus, Volos, Corfu, Lavrion and Patra, the state monopolies of kerosene, salt, matches, playing cards, emery from Naxos and cigarette paper, stamp duties and the duty on tobacco consumption.²³ Greece's 1893 default was completed with the participation of the governments of creditor countries (France and Britain), and the country thereupon lost access to international financial markets.²⁴ The chain linking foreign loans, defaults and finally the IFCC could be discerned in this process, establishing the historiographical genealogy of Greek foreign dependency.

The Ottoman Empire faced a similar critical financial situation, its public debt being in default from 1876. An 1881 decree of Muharem had established a new institution, the Council of the Administration for the Ottoman Public Debt, introducing foreign control earlier than in Greece. Representatives of the British, French, Dutch, German, Italian and Austro-Hungarian bondholders concluded a compromise with the Ottoman authorities that lasted until 1903, when the first public debt conversion was executed. During that period the monetary standard was reformed. The loss of fiscal sovereignty did restore creditworthiness, and from 1882 to 1914 the Ottoman state managed to contract 23 new loans.²⁵ The press published reports on the credibility of the Ottoman state and the Imperial Ottoman Bank's policy. In addition, official dispatches, like the optimistic report on 1894-95 by the Council's director, Vincent Cailard, stressing the increase in the revenues granted on the Ottoman public debt, were widely circulated.²⁶

²³ G.J. Andreopoulos, "The International Financial Commission and Anglo-Greek Relations (1928-1933)", in *The Historical Journal*, 31/2, 1988.

²⁴ Flores, *op. cit.*, pp. 20-21.

²⁵ A.C. Tunçer, *op. cit.*, pp. 53-63.

²⁶ [Anonymous], *A few facts about Turkey under the reign of Abdul Hamid II/by an American observer*, New York, J.J. Little & Co., 1895, pp. 34-35.

Nevertheless, in 1896 the satirical magazine *Punch* published a revealing cartoon regarding foreign financial interests in the Ottoman Empire under the title “Turkey Limited”: Sultan Abdul Hamid II stands before a poster announcing the reorganization of the Ottoman Empire, whose value is estimated at 5 million pounds, and Russia, France and England are named directors of the reorganization. The Sultan exclaims: “For God’s sake! (Bismillah) Make me into a limited company? m’m – ah – I suppose they’ll allow me to join the board after allotment.”²⁷

Greek and foreign agents

The parties involved in the political and financial questions of lending to the Greek state were both domestic and foreign. They formed distinct discourses on the common ground of foreign borrowing. A dominant group of foreign agents was that of the British diplomatic delegates in Athens, who were highly educated policy makers, writers and travelers raised in an imperial or even colonial milieu, like the previously mentioned Sir Vincent Henry Pensalver Caillard (1856-1930). A successful diplomatist and a financier, president of the Ottoman Public Debt Administrative Council, he was knighted in 1896 for his services to the Crown and the Empire. We can assume that the participation and influential intervention of this foreign group in the external borrowing of the countries they served was crucial, not least in light of the fact that the City of London was the key market for sovereign debts from the 1820s until World War I. This paramount international financial center strongly depended on world trade, and diplomats formulated and circulated much of the relevant information.

Among the experienced British delegates was Sir Thomas Wyse (1791-1862), an Irish diplomat and advocate for Catholic emancipa-

²⁷ (https://commons.wikimedia.org/wiki/File:Punch_magazine_-_Turkey_Ltd_-_1896.jpg).

tion. He had been a secretary of the Board of Control from 1846 to 1849, when he was appointed British Minister in Athens, a post he held for the remainder of his life, including during the Crimean War crisis and the Don Pacifico incident (a notorious attack on the Jewish Portuguese consul's house in Athens). Besides publishing translations and magazine contributions, Wyse wrote sketches of travels in Europe and the East. He died in Athens and was accorded a public funeral by the King of Greece.²⁸ Two travelogues were published posthumously, edited by his niece from his manuscripts: *An Excursion in the Peloponnese in the Year 1858* (1865), where the production of local currants and their trade holds much of the author's interest, and *Impressions of Greece... and Letters to Friends at Home* (1871). Wyse was a foreign agent from the Protecting Powers of Greece, president of the Financial Commission (1857-1859). Presumably he was trying to counter the Russian- and French-influenced political parties, seeking "a national Greek party, bent alone on the improvement of the country". He fought for his cause with hundreds of reports on taxes, customs and the public administration, implying governmental corruption, while striving to further knowledge of the virtues of the modern Greeks.²⁹

Wyse was active in the arrangements concluded in Athens in June 1860 regarding the King Otto's loan, mentioned above. Lord Russell, representing Her Majesty's Government, and appointed in 1857 to the foreign audit committee (the "Financial Commission") to compile the report for Britain, France and Russia on Greece's financial conditions, wrote to Wyse on August 22, 1859: "In consequence of the total failure on the part of the Greek Government to meet the charges on the Greek Loan as they became due, and the payment of which has therefore consequently for some years past entirely fallen on the three Guaranteeing Powers to impress on the

²⁸ J.J. Auchmuty, *Sir Thomas Wyse, 1791-1862: The Life and Career of an Educator and Diplomat*, London, 1939.

²⁹ T. Wyse, *An Excursion in the Peloponnesus in the Year 1858*, London, 1865; Idem, *Impressions of Greece*, London, 1871.

Greek Government the necessity of those reforms in the financial administration of the country which the Greek government are recommended at once to effect, and which, if steadily and faithfully carried out, will, her majesty's government feel assured, not only enable Greece, with the actual resources at her command, to meet punctually her engagements towards the three Guaranteeing Powers, but will materially insure the future well-being of that country." Russell's discourse is straightforward and resembles similar contemporary discourses; the proposal was to fix the minimum sum meeting the charges of the loan at 900,000 francs (1,000,000 drachmas) and to increase it once Greece's finances had improved. On October 20, 1859, Wyse, writing in English to the Greek Foreign Minister, Andreas G. Koudouriotis, set out the indications of the foreign audit committee regarding the administration of the country's revenues and resources, tax receipts and collection, expenditures, and the proposed reforms. Koudouriotis, replying in French on June 21, 1860, stated that the Hellenic Government was in favour of the arrangement of the annual payment to the three powers of 900,000 francs for the loan of the 60,000,000 francs made by the House of Rothschild. The last dispatch for this agreement was dated June 1861.³⁰ The whole issue was made public through a voluminous exchange of dispatches over the course of three years, a small sample of which is presented here. The Greek government, fearing it would be blocked from access to international markets, accepted a financial obligation that it was, again, unable to fulfill.

Wyse may be considered an intellectual forebear to Sir Edward Fitzgerald Law (1846-1908), also an Irish diplomat and expert on state finance, who served in Russia, Sudan, Turkey and India. He penned the "Report on the Economic and Financial Position of Greece" (1893), which proposed remedies for Greece's insolvency

³⁰ *Greece, no. 2, papers relating to the Arrangement Concluded at Athens in June 1860, respecting the Greek Loan. Presented to the House of Commons by Command of Her Majesty, in pursuance of their Address dated April 29, 1864*, House of Commons Parliamentary Papers online.

that increased Anglo-French financial rivalry. An opposing voice was raised by a Greek financial agent from Izmir, who criticized the payment of full interest on the Greek state debt.³¹ Law served in 1898 as president of the International Financial Commission of Inquiry, a body charged with reporting on Greece's capacity to repay its debts. He was a promoter of knowledge of modern Greece, and, in the personal sphere, wed a Greek woman.³² Until his death in 1906 he was director of the Ionian Bank Ltd, an institution founded in London in 1839 to finance trade between Britain and the Ionian Islands, then under British protection.

The underwriting of a large part of the Greek debt was done by British-based merchant banks, such as the House of Rothschild and C.J. Hambro & Sons, and reflects the favourable involvement in these procedures of various diplomatic and financial agents, including Greeks such as the diaspora banker Ioannis Pesmazoglou.³³ These foreign agents also acted as cultural intermediaries with distinct influence at local level, for example the British diplomat Sir Francis Clare Ford, who served in almost all the indebted countries of the era, i.e. Argentina, Uruguay, Brazil, Greece, Spain, Ottoman Empire, and Italy from 1878 to 1898.³⁴ Together with Thomas Wyse and Edward Fitzgerald Law, they and other foreigners shaped with their writings a new image of Greece diverted from its glorious past. Opinions differed about the introduction of progressive economic and financial reforms, but a new vision of Greece's modern problems and virtues emerged. The country's ancient past was fading away, while foreign agents were busy drafting measures and calculating financial losses and gains.

On the Greek side, the main actors in the loans in that period

³¹ D. Georgiades, *La Grèce économique et financière en 1893*, Paris, 1893.

³² T. Morison, G. Hutchinson (and others), *The life of Sir Edward FitzGerald Law*, Edinburgh London, 1911, pp. 141.

³³ K. Schönhärl, "Fighting the Financial Crisis in Greece: the Privileged Company to Protect Production and Trade in Currants (1905) as International Bank Cooperation", in *The Historical Review/La Revue Historique*, vol. X, 2013, pp. 107-134.

³⁴ *Oxford Dictionary of National Biography*, "Ford, Sir Francis Clare (1828-1899)".

were politicians like Sotirios Sotiropoulos (1831-1898), prime minister during the 1893 crisis, Ch. Trikoupis (1832-1896), party leader since 1872, and Th. Deligiannis (1824-1905), party leader since 1880.³⁵ Alongside them, a new category of agent emerged – journalists. State loans became international affairs both during their negotiation and with the circulation of the bonds in European stock exchanges. How the press perceived, interpreted and disseminated cultural discourses, stereotypes, facts and knowledge about sovereign loans is a multidimensional problem. As with personal loans, credit was perceived in the market as involving a social obligation and power relations in which one could sell and buy time. Is it the institutional legal framework or the liberation of credit from religious normative practices that matters most?³⁶ In the case of Greek public borrowing, fear of loss of sovereignty and foreign intervention was accompanied by racial stereotypes based on religious prejudices, such as “German-Jewish financial greed.” What remains to be explored is the complex cultural web surrounding political and economic issues relating to sovereign loans.

Greek agents emphasized armaments and warships as a national priority, given the open problem of belligerence with the Ottoman Empire. Precedence went to public infrastructure works (railways) considered vital for the modern transformation of a latecomer in southeastern Europe. How was the relevant news spread and how did Greeks perceive economic information about foreign loans as presented through the growing power of the press? Not much has been written about the growing demand of middle-class readers in Athens during the last quarter of the 19th century. We suppose they were looking for information and viewpoints when the press challenged major political and economic transformations.

³⁵ E. Skliraki, *Loans of Dependence and Bankruptcy 1824-1940*, Athens, 2015, in Greek, pp. 222-242.

³⁶ C.Lemercier and C. Zalc, “Pour une nouvelle approche de la relation de crédit en histoire contemporaine”, in *Annales. Histoire, Sciences Sociales*, 4 (67e année), 2012, pp. 979-1009.

An investigation of the structural changes brought about by the newspapers and their readerships may well lead to Jürgen Habermas's ideas and critical views about the public sphere.³⁷ There is scant literature on the circulation of news about the economy in Greece and on the ways reports in the European press were received and used.³⁸ Louis Drucker, representative of Greek foreign bondholders, wrote an open letter to J. Gennadius accusing some newspapers of playing games with the loans affair: "[O]ne or two newspapers in London are paid by the usurers' band in Greece to defend the projects calculated to perpetuate their deceitful privilege and the spoliation of the foreigner."³⁹ On the other hand, Greek newspapers were collecting and spreading news, turning into opinion makers. In the 1890s, journalists began to try to educate the public by changing linguistic communicative styles.⁴⁰ The question of foreign loans bred dangers and fears for the Greek nation, since war was considered indispensable and state insolvency was ever present despite new loans. Convincing evidence supports the view that oversimplification – above all, the captivating power of caricature – was a tool for reaching a wider audience.

A new institution: the Greek press

Historical investigation of the formation of public opinion in 19th-century Greece confronts diverse issues and suggests a sequence of stages in the establishment of the press as an institution in the last quarter of the century. During that period, public loans were in the spotlight of political and economic life, and the press both (re)formed networks of power and (in)formed public opinion. Arti-

³⁷ C.J. Emden and D. Midgley (eds), *Changing Perceptions of the Public Sphere*, New York, 2012.

³⁸ For the question of the financial press in Germany, R. Robert, *Auguren des Geldes. Eine Kulturgeschichte des Finanzjournalismus in Deutschland 1850-1914*, Göttingen, 2017.

³⁹ L.M. Drucker, *A Letter to the Right Honourable J. Gennadius*, Leiden, 1877, pp. 8.

⁴⁰ K. Mayer, *History of the Greek Press*, v. A (1790-1900), Athens, 1957, in Greek, p. 104ff.

cles on public loans in Greek newspapers merged with information from state documents, items in the European press and private opinions. We shall examine the sequence of the stages of the appropriation of information about the loans, from the beginnings of state-building in the 1820s with the Greek independence loans. By the 1890s, philhellenism was fading and the proceeds of sovereign loans often went to finance public infrastructure projects. In other Mediterranean countries, in the late 1800s public loans were largely associated with politics and corruption. The power of the press and the visual depiction of criticism were evident in the latter phase, presenting a shared universe of distress that had national political nuances.

The Greek state often appealed to philhellenic sentiment to bur-nish its international image and obtain loans from foreigners like the banker Jean-Gabriel Eynard, an admirer of classical culture, who became an ardent promoter of philhellenic committees in Europe. After a first mobilization of philhellenic circles in Geneva in 1825, Eynard invested intensively in Greece between 1825 and 1862. The Greeks welcomed these benevolent actions as a positive result of philhel-lenism, in contrast to what would happen later in the century.⁴¹

The newspaper coverage of Greek sovereign debt and loans is an indispensable source for historical analysis. What role did news-papers play in forming or influencing public opinion among 19th-century Greek-speaking people? In Greece, the press shaped urban public opinion on domestic and international economic issues with a broad range of articles and commentaries, while outside of Greece the concurrence of expanding readership, increased circulation, party conflict and international tensions led to renewed emphasis on the press as a critical instrument of public opinion.⁴²

In our investigation of Greek newspapers, the main query re-

⁴¹ K. Schönhärl, *Finanziers in Sehnsuchtsräumen. Europäische Banken und Griechenland im 19. Jahrhundert*, Göttingen, Vandenhoeck & Ruprecht, 2017, pp. 69-165.

⁴² K.W. Sghweizer, "Newspapers, Politics and Public Opinion in the Later Hanoverian Era", in *Parliamentary History*, Edinburgh, 2006.

guards economic news and how the stories were shaped, especially those regarding debtology. The Greek press carried reports on the first Greek independence loans. The loans of 1824 and 1825 were covered by the fortnightly *Ellinika Chronika* [Greek Chronicles]). This first Greek newspaper (1824-1826) was run by a Swiss philhellene in Missolonghi during the Ottoman siege of the town. It brought news of the revolutionary period to an audience of subscribers. From its very first issue, it raised concern about the financial burden on the “national budget” of the first loan of 800,000 pounds and how the funds would be allocated to fill the gaps in the public finances. According to the newspaper, Greeks were familiar with private loans and acts of benevolence, such as the financial aid of 7,000 florins from the Dutch, of 6,500 pounds from America, and of 1,860 pounds from Calcutta,⁴³ but foreign loans constituted a novel political and economic experience and were reported accordingly. There is little evidence to indicate that *Ellinika Chronika* circulated widely in rural Greece, and it is difficult to discover how many Greek insurgents and diaspora Greeks were informed by the press about the foreign loans that Greece’s Provisional Administration was negotiating through intermediaries in London. During this early period, economic information reached a wider public primarily by oral communication, private correspondence or pamphlets. In any event, the first two international loans slowly made their way into public awareness; the official newspaper *Geniki Efimeris tis Ellados* (General Gazette of Greece) also reported them to its subscribers starting in 1825.⁴⁴

Meanwhile, appeals for private contributions continued to circulate and were still welcomed in 1826. Ladies’ societies in London and Köln collected money for the Greeks, while existing associations in Munich, Bonn, Berlin, and Paris and new societies in other parts of Prussia and Switzerland entered the field. Appeals in favour of

⁴³ *Ellika Chronika*, no. 1, 1 January 1824, p. 27; N. 31, 16 April 1824, p. 38.

⁴⁴ Official news regarding the loans appeared in several issues: *Geniki Efimeris tis Ellados*, no. 6, 24 /10/ 1825; no. 11, 11 /11/ 1825; no. 12, 14 /11/ 1825.

the Greeks came from the Swiss banker Jean-Gabriel Eynard and some “German Jews” in Werl and Westphalia.⁴⁵ A comment published regarding the latter group contrasted the ostensibly harsh Ottoman Jews with the benevolent German Jews, who had been influenced by living among “educated” and “civilized” Westerners. This comment may echo sentiments of racial differentiation, reflecting the generally negative prevailing view of culturally “inferior” peoples outside Western Europe.⁴⁶ However that may be, the fact is that various European groups and individuals received expressions of Greek gratitude through the press.

In 1827, with the first Greek independence loans already in default, the *Geniki Efimeris tis Ellados* wrote that the bonds were being sold at 13% to 14% in the London stock market at the beginning of November, but their price climbed to 20% with the news that British admiral Thomas Cochrane was sailing for Greece and the announcement by the King of Britain of European intermediation to end the Greek-Turkish war. This abrupt price movement could be interpreted as an act of philhellenism and European solidarity, which immediately translated into a speculative motivation for risk-seeking investors.⁴⁷

The year 1827 was crucial for the revolution, as one of its leaders died and the Acropolis of Athens fell again into Turkish hands after a hard siege. In that same year, a state account budget was settled for the years 1825-1826, showing revenues of 1,472,544 francs and expenses of 1,217,955 francs. More specifically, in the second half of 1826 it was obvious that all state revenues came from private donations of individuals, committees, masonic lodges and subscription requests. The Philanthropic Society had collected 22,878 francs from

⁴⁵ *Geniki Efimeris tis Ellados*, no. 66, 16/6/1826; no. 82, 11 /8/1826; no. 85, 21/8/1826; no. 13, 18/12/1826; no. 86, 25/8/1826.

⁴⁶ Steven E. Aschheim, “Caftan and Cravat: The “Ostjude” as a Cultural Symbol in the Development of German Anti-Semitism”, in Seymour Drescher, David Sabeau, Allan Sharlin (eds.), *Political Symbolism in Modern Europe: Essays in Honor of George L. Mosse*, Transaction Books, New Brunswick NJ, 1982, pp. 81-99.

⁴⁷ *Geniki Efimeris tis Ellados*, no. 17, 5/1/1827.

the philhellenic committees in Stockholm, Dusseldorf, and Trier and from other private donations, like that of 2,500 francs that Eynard received from a Prussian regiment. At the same time, the Greek National Assembly declared that more money was required if the war effort was to succeed: Greece needed a foreign loan of up to 5,000,000 thalers and appointed Count Capodistria to negotiate it without detriment to the first two loans.⁴⁸

Appeals for and news about private contributions appeared in newspaper columns that also covered philanthropic needs, such as that of the Aegina Orphanage. Count Capodistria, as governor of independent Greece, declared in one of his circulars (2/2/1828) that financial aid was expected for the organization of the public sector. As a Christian country, Greece had the sympathy of the Great Powers. Thus, a short-lived state bank (Chrimatistikí Trápeza) was created to facilitate financial contributions from “wealthy foreigners.”⁴⁹ Private donations covered the economic needs of a state in the making, with a modern state budget in the process of being compiled, and international public loans emerged as a *sine qua non* for state formation. The emerging press publicized this procedure. The risk profile of the Greek independence loans was evident – they had been granted to a country at war and with an uncertain position in the international political equilibrium – and was in fact the chief justification for speculative management of the principal and the associated bonds.⁵⁰

In the late 19th century, following the constitutional change of 1862, the principle of freedom of the press was introduced in the Kingdom of Greece and leading newspapers like *Acropolis*, *Asty* and *Skrip* began to publish articles incorporating financial reports from the foreign press. The most prominent Greek satirical publications were *Neos Aristophanes*, which first appeared in 1885 and offered the public fanciful colored lithographs; *Asmodaios*, published beginning

⁴⁸ *Geniki Efimeris tis Ellados*, no. 45, 7/5/1827 ; no. 18, 8/1/1827 ; no. 58, 10/9/1827.

⁴⁹ *Geniki Efimeris tis Ellados*, no. 8, 1/2/1828 ; no. 9, 4/2/1828.

⁵⁰ M. Flandreau and J.H. Flores, cit., pp. 646-684.

in 1875; *Asty*, the successor in 1885 to a publication of the same name; *Romios*, which appeared from 1883 until 1918; and, finally, *Skrip*, which took its name in 1893 from the provisional certificates of the state loan contracted that year. The main target of satire was the interplay between politics and the public economy.⁵¹ This discourse in the press helped to acquaint the public with matters of state finance, taxation, budget formation, domestic and international borrowing, and the effects of war on the economy and finance.

The Athenian newspaper *Asty* was the forum of a debate on whether international financial control would bolster the creditworthiness of Greece's entire sovereign debt and create a climate of confidence among foreign creditors. There was considerable confusion concerning the country's outstanding loans from abroad, since calculations and amounts had not been correctly entered in state financial accounts. Was governmental negligence, ignorance or fraud to blame? Regularization of outstanding loans was necessary in order to obtain new credit.⁵² According to one estimate, for the period 1887-1892 the expenses for contract fees and loan service averaged from 9,000,000 to 43,000,000 drachmas per year.⁵³

In the 1890s *Asty* challenged the condition of foreign dependency imposed through international financial control. A member of Parliament elected from the southern Peloponnese, Sotirios Sotiropoulos, explicitly asked whether the Greeks really needed regulations and enlightened ideas from foreigners in order to adjust their finances. The Deliyannis government had created a new instrument, the Bureau of Public Debt, in order to impede foreign financial control. However, a major problem was the government's lack of precise knowledge about the state of the economy and finances in Greece. Sotiropoulos maintained that in the course of ten years the

⁵¹ L. Louvi, *The Greek economy of the 19th century with the pen [or stylus] of the cartoonists*, Athens, 2011, in Greek.

⁵² *Asty* no. 763, 10-11 / 1/1893; no. 2381, 4 / 7/1897. *Acropolis*, no. 5575, 15 / 9/1897; no. 5576, 16 / 9/1897.

⁵³ G. Dertilis, *History of the Greek state 1830-1920*, Athens, 2005, in Greek, v. 2, pp. 571.

Greek state budget had doubled from 50,000,000 to 100,000,000 drachmas, whereas in Britain the state budget had doubled in the course of 60 years. This meant, he said, unjustified hurry, ignorance of political economy, wrong state models and bad political decisions. Instead of aping Turkey, which was paying enormous sums of money to “foreign reformers” with no positive results, Greece should have looked to Japan, which was making profits from Europe.⁵⁴ Although this reference to Japan seems peculiar, let us recall that Japan was then breaking with its feudal past in an attempt to modernize its economy with new institutions, including a central bank, created in 1882, and a national capital market.⁵⁵

One year before the disastrous Greco-Turkish war of 1897, and six years after the state bankruptcy declared by Charilaos Trikoupi, the latter died. He left behind the satirical newspaper *Neos Aristophanes*, which had supported him during his political career. The first article it ran in the year 1896 was pessimistic, given an empty state treasury, inefficient politicians in the Greek parliament, and European lenders who were violating Greek sovereign rights.⁵⁶ The person chiefly responsible, it averred, was Trikoupi’s opponent, Th. Deligiannis, who had misinformed the Greek public about his actions and failed to achieve a satisfactory compromise between the Greek state and foreign lenders.⁵⁷ Deligiannis appeared to be interested more in his political power and authority at home than in the question of eminent foreign economic control.⁵⁸ The newspaper’s direct reproach refers to “German Jewish” lenders, an accusation developed in a racist discourse with a few caustic verses, and charges him with having “sold his country to the ‘German Jewish’ lenders.”⁵⁹ The need to compromise with foreign lenders was a recurrent theme

⁵⁴ *Asty* no. 2382, 5/7/1897, 2; no. 2384, 7/7/1897, 1; no. 2400, 23/7/1897, pp. 2.

⁵⁵ K.J. Mitchener and M. Ohnuki, “Institutions, Competition, and Capital Market Integration in Japan”, in *The Journal of Economic History*, 69/1, 2009, pp. 138-171.

⁵⁶ *Neos Aristophanes*, no. 1, 1/1/1896, 4.

⁵⁷ *Neos Aristophanes*, no. 1, 1/1896, 4; no. 3, 19/1/1896, 1; no. 4, 28/1/1896, 4.

⁵⁸ *Neos Aristophanes*, no. 13, 27/4/1896, 1; no. 14, 7/5/1896, 4.

⁵⁹ *Neos Aristophanes*, no. 18, 16/7/1896, 1, 4.

throughout, while the clash between the rival parties of Trikoupis and Deligiannis was vividly portrayed.⁶⁰ The articles published that year include one comparison with the ancient past, used to corroborate the argument for fearing loss of national sovereignty; it refers to the indifference of the Athenians when Philip II of Macedon was conquering an Athenian colony in Thessaly. Fear of loss of national sovereignty outweighed requests for a realistic shouldering of political and economic responsibility.⁶¹

Against the background of the economic crisis of 1893 to 1898, a new tool of public criticism and satire circulated together with the news: cartoons. In 1897, *Neos Aristophanes* ran a series of articles dedicated to the topic of complete foreign control, accusing foreign lenders of emptying the state treasury but also blaming them for the continuation of the Greco-Turkish war because they allegedly hoped to provide new loans for the payment of indemnities to Turkey.

Foreign control was held responsible for Greece's misdoings, and the message of various cartoons found a receptive audience in Greek bourgeois circles and speculated on xenophobia. A good example is an 1896 cartoon⁶² depicting Greece as a young woman lying unconscious on a bed while three men in costumes stereotypically representing England, France and Germany try to take advantage of her: the Frenchman is applying leeches to her chest, taking them from a jar labelled "Control"; the German is ready to saw off her right leg, in order to get the piece of it bearing the label "interest rate of 32%," and the Englishman holds a syringe in his hand. A cartoon in a subsequent issue ironically implies that lenders take large life-savers and *kombologia* in exchange for a compromise with the Greek government.⁶³

The next four cartoons dedicated to debtology in the year 1896 refer to Prime Minister Th. Deligiannis. In the first, he is seated on

⁶⁰ *Neos Aristophanes*, no. 28, 8/9/1896, 1; no. 30, 22/9/1896, 1.

⁶¹ *Neos Aristophanes*, no. 32, 18/10/1896, 1; no. 38, 13/11/1896, 1.

⁶² *Neos Aristophanes*, no. 1, 1/1/1896, 2.

⁶³ *Neos Aristophanes*, no. 19, 19/7/1896.

the ground, begging and holding a jar labelled “Treasury” while from his pocket documents stick out labelled “Appointments and Redundancies.” In his left hand he holds a pipe, which instead of smoke makes a bubble labelled “Surpluses,” while bees representing Greece’s lenders, labelled “French”, “Austrians”, “Italians” and “German Jews,” buzz around. In an environment of ant-Semitic stereotypes, was the last-named barb aimed specifically at the Rothschilds and Gerson von Bleichröder? It is worth noting no article in the same issue of the newspaper refers to this cartoon. In the second cartoon, Th. Deligiannis is dressed as an explorer astride a giraffe looking through a telescope at a bird labelled “Compromise” as it flies away. Around him are three men with African bodies and the faces of Greek warriors, one of them holding a sword titled [Konstantinos] Karapanos, the banker and politician from Epirus who was in favour of foreign loans. This was at the time when Deligiannis’s major political opponent, Charilaos Trikoupis, had died, and the same issue ran articles on the latter’s life and achievements. In the third cartoon, Deligiannis is depicted as a cat that tries to frighten others but is frightened by a pack of dogs that have gathered around it. These dogs are meant to represent Greece’s lenders: the Frenchman, the Englishman, the German and the German Jew. In the fourth cartoon, Deligiannis is shown as a hen with the word “Treasury” written on its belly, as it steps on and breaks eggs representing various state institutions, such as the municipal police, the army, and the monopolies, plus an egg labelled “compromise.”⁶⁴

The focus of these cartoons was a critique of the catastrophic negotiations between Deligiannis and the English, French, German and “German Jewish” lenders, with the former unable to achieve a compromise in favour of Greece and the latter blatantly seeking to take advantage of a weak country. Symbolism in these cartoons is inspired by nature, mainly animals. There are no scruples about depicting a male prime minister as a hen; gendered connotations are

⁶⁴ *Neos Aristophanes*, no. 7, 27/2/1896, 2; no. 11, 19/4/1896, 2; no. 13, 27/4/1896, 2, 3; no. 26, 23/8/1896, 2, 3.

evident, associating economic weakness with feeble femininity. Racialism is also present in these cartoons, tending towards easily understood stereotypes, such as German Jewish usurers. The cartoons play an independent role from that of the articles in the same journal, but all together they frame the same public discourse on debtology concerning necessary compromise with European lenders and incompetent political leaders. The increasing importance and power of visual criticism and satire are evident; these genres employ the same arguments as news articles in the critical year before the war in 1897, whose consequent indemnities led to another foreign loan.

We should also note the dividing line between Greeks at home and those of the diaspora. The latter were considered enemies of Greece, like the Jews and the Turks. Complete foreign control was meant to please “the financiers and the usurers, the German-Jews.” The treaty of Constantinople ended the Greco-Turkish war of 1897, the Germans playing a crucial part in this. There were ambivalent attitudes towards Stefanos Scouloudis (1838-1928), the finance minister during the war, who was suspected of having had secret negotiations with the European lenders.⁶⁵ Scouloudis was a banker who had immigrated from Constantinople to Athens, where he was elected to the Greek parliament as a follower of Charilaos Trikoupis.

Entangled discourses

The Greek press in the 1820s and 1890s held two distinct positions regarding Greek loans, one plainly informative, the other satirical. Admiration and good will towards benevolent European agents and groups was evident during the Greek revolution and in the first years of the Greek state, when Greece needed international loans and did not fear that foreign control might accompany them. Almost

⁶⁵ *Neos Aristophanes*, no. 14, 27/6/1897, pp. 1, 4; no. 17, 18/7/1897, 1; no. 18, 28/7/1897, 1, 4; no. 19, 8/8/1897, 1; no. 21, 12/9/1897, 4; no. 18, 28/7/1897, 1.

70 years later, however, a chain of sovereign loans had fuelled political strife in Greece. The lens through which British, French, and German financiers were seen had changed, and Greek newspapers even adopted a racist tone towards German Jews, in accordance with new political arguments and critiques.

The historian Rena Stavridi Patrikiou has stressed the anxiety for national unity that the Greeks were seeking in the 19th century, despite the 1893 default and defeat in the 1897 war. Modernization was synonymous, in certain circumstances, with the Europeanization of the Greek state. Fear of modernization was initially rooted in religion and later focused on Europe, whose prime agents were believed to be intellectuals and advocates of representative parliamentarism.⁶⁶ Fear was stoked after distrust of royal authority led to anarchy and defeat. In the last quarter of the century, Greece was testing the validity of its religious and historical identity. In the same period, Britain was strengthening its political and economic authority in Greece. External reasons (British colonial expansion) created internal differentiations (national fears).

Foreign financial expansion in Greece was accomplished through networks of European financiers and diplomats on the one hand and Greek intermediaries on the other. Examining the tangled history of 19th-century Greek loans, we notice the official interplay between Greek politicians and British financiers and diplomats. Their voluminous exchanges of dispatches, in English and French, reveals a strict hierarchical structure between them. Meanwhile, the same persons were writing travelogues, memoirs, private letters, creating a collection of narratives, statements and opinions in which power relations and economic and cultural interests can be traced.

In parallel, a counter-narrative was being formulated by the press with articles and topical cartoons. The study of cartoons has produced fruitful cultural interpretations in the case of the Ottoman Empire, with examinations of the satirical press in Constantinople

⁶⁶ R. Stavridi-Patrikiou, *A Century's Fears*, Athens, 2008, in Greek,

used to investigate the political, economic and cultural transformations of the late Ottoman Empire.⁶⁷ *Neos Aristophanes*, a populist, anti-Western and anti-Semitic newspaper, introduced political caricatures to the Greek audience, reproducing imagery as a political medium comparable to written journalism and other written critiques. It was a modern enterprise, reflecting European standards but expressing strongly anti-European views. Greece, represented as a feeble woman, is threatened by foreign men desiring to seduce, corrupt and injure her. And these men have ethnic and national characteristics: British, French, German and Jewish. The aesthetic standards of this graphic production using symbolic zoomorphic caricatures range from superior to mediocre. The extent to which this cultural tool shaped public opinion is difficult to measure; journalists deformed their targets through images and articles in ephemeral newspapers and they influenced political views, feelings and preferences.

Our approach to the story of Greek sovereign debt and loans underscores the importance of studying the matter from the different vantage points of various actors, in order to gain a better understanding of how foreign loans were received and how they affected politics in Greece in the late 19th century, when the Greek press presumably strengthened its influence on wider middle-class strata. The press forged a national public opinion regarding domestic issues and foreign dependency based more on caricature and satire than on articulated rational arguments. The reasons are to be sought in strongly dichotomic political choices, rhetorical argumentation and the relative absence of arguments based on considerations of political economy, pointing to a significant difference with the cultural appropriation of the loans nowadays through statistics and economic reasoning. Visual evidence conveys the criticism, anger and distress that pervaded the last decades of the 19th century. The importance of studying the implications of economic modernity and

⁶⁷ P.J. Brummett, *Mapping the Ottomans: Sovereignty, Territory, and Identity in the Early Modern Mediterranean*, Cambridge, 2015.

the rhetorical uses of images alongside written evidence is unquestionable.

This might suggest that opposition to and criticism of Greek sovereign loans could not be effective on the grounds of political economy per se, while cartoons and lampoons were effective in reaching a wider audience composed of mainly middle-class readers and residents of Athens. Did caricature and satire feed an imaginary political domain where almost anything was permitted and everything could be ridiculed? As we know today, cartoons could influence and amuse even illiterate people in urban centers, where political discontent was fuelled by politicians and their clientele networks. A simplistic critique constructed by journalists and newspaper editors was levelled at public finance, politicians and institutions, the main topics of the caricatures, often implying political rivalries. Although it took considerable time before the press had a significant impact on the economy, this influential institution was formed in parallel with the history of Greek's international loans and then (re)formed public opinion.

Newspapers

Ακρόπολις (Acropolis) 1883-1897

Άστυ (Asty) 1893-1897

Γενική Εφημερίς της Ελλάδος (Geniki Efimeris tis Ellados) 1825-1831

Ελληνικά Χρονικά (Ellika Chronika) 1824

Νέος Αριστοφάνης (Neos Aristophanes) 1896-1897

Σκριπ (Scrip) 1897

Figaro in London, v. III (1834)

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