Book Reviews

Giampaolo Conte, *Il Tesoro del Sultano. L'Italia, le grandi potenze e le finanze ottomane. 1881-1914*, L'Aquila, Textus Edizioni, 2018, pp. 346.

The outbreak of the global economic and financial crisis in 2008 has drawn world-wide attention to the structural problems related to public debt management. While the crisis originated within the banking system, the over-indebtedness of the Mediterranean countries of Europe and their difficulty in framing efficient recovery plans ushered in a decade of financial and economic instability.

In the ensuing years banks' exposures and public debt fed one another in a perverse dynamic: thanks to the increasing volume of world savings and the low cost of money, banks and financial institutions readily granted credit to states in need. At the same time, the rapid increase in public debt, which was essential to save domestic banks that were holding junk bonds and toxic assets, exposed the weaker sovereigns to the vagaries of the market.

The irrationality of the markets was such that there was no preventing the over-expansion of the external debt, especially harmful for states whose economies were endemically fragile, and especially in a long-term perspective. Often these countries did not invest the money borrowed in productive projects but opted instead to increase unproductive expenditure, sometimes in an effort to buy political consensus. Too often, unproductive expenditure and public debt form an explosive mixture. The states that get caught in this spiral are ultimately exposed to speculators and the fickle humors of markets. In the perverse relationship that binds debtors to creditors, the latter often have greater bargaining power. The strength of the modern market, the power of the financial institutions and what Rousseau called the weakening of the national state have made this enormous disparity of forces all the more severe.

Even though today's economic system is far different from the capitalistic world of the 19th century, at least as far as its geopolitical and geo-economic make-up is concerned, that earlier time offers a number of similarities, points of interest for an understanding of the current crisis. Before the Drago-Porter Convention of 1907, creditor countries were entitled to use military force in order to reclaim unpaid debts. Even so, back then debtor countries had considerably more economic and financial autonomy to withstand the demands and interference of the market (less so those of other states). Although in the past as in the present the spread on national bonds was a concern for rulers who had to contend with an insufficiency of financial hedges, independent and sovereign monetary policy offered an advantage to the debtor countries, especially in a context of much less closely integrated financial markets.

For this reason Giampaolo Conte's book, *Il Tesoro del Sultano. L'Italia, le grandi potenze e le finanze ottomane. 1881-1914* (The Sultan's Treasure. Italy, the great powers and Ottoman finances, 1881-1914), is interesting, relevant, topical. The work treats the Ottoman financial problems during the final period of collapse of the Ottoman Empire, ending with World War I, from the standpoint of the European great powers. Specifically, the monograph highlights and chronicles the political and financial role of Italy within the Ottoman Public Debt Administration (OPDA).

Conte's account begins with an analysis of the exogenous and endogenous causes that drove the Empire towards the sovereign default of 1875, observing that Constantinople's progressive loss of political and economic sovereignty started well before the default and the institution of the financial commission in 1881. The spoliation of the main sources of state income for debt repayment and the persistently high interest outlays made the OPDA a permanent sword of Damocles hanging over Ottoman economic sovereignty. The coexistence of a massive foreign debt with the speculators, bankers and businessman who profited from the Ottomans' financial difficulties left the Empire totally at the mercy of the international capital markets, which were also an expression of the interests of the great powers. The European states thus erased the memory of the Ottoman siege of Vienna in 1683 by conquering Constantinople, not at the conclusion of a victorious military campaign but rather armed with bonds and promissory notes and with a good dose of ravenous economic occupation.

Even the Kingdom of Italy took an active part in this Eastern policy. Relatively backward, poor, still awaiting full national unification, the young Kingdom lacked the sort of strong financial and industrial structure that was essential to imperialistic policy overseas. Nevertheless, the chronic shortage of capital did not stop Rome from trying to compete with the other powers and to increase its influence within the OPDA and the Ottoman financial and political environment. Despite the evident disparities between the European states that were involved in the Ottoman market, Rome managed to play its own role and put forward its own policy within the OPDA, thanks among other things to the technical skills of its first delegate, Francesco Mancardi, who managed the Italian public debt in the years following national unification. This account of the OPDA thus also offers a reading of a piece of the history of modern Italy, ranging from the earliest growth of industrial capitalism to the complex relations among the financial circles of the Holy See, the Catholic and Milanese banks, and the Italian government.

The history of Italy's political, economic and financial interest in the OPDA is well recounted in *Il Tesoro del Sultano*. The exploitation of published and unpublished documentary sources from different countries and a very extensive international bibliography makes the book very well-documented. It is an engaging work, very clear in defining and analysing the history of the Ottoman public debt, in particular through the three main financial operations, in 1881, 1890-1892, and 1903, that determined the structure of the sovereign debt. Readers may also recognize some of the financial practices and profit-seeking factors that afflict our own contemporary financial word as well. First of all, there was the culpability of the Ottoman government in running up a substantial foreign debt through deficit spending; then, the large financial groups whose interest lay in negotiating the debt and placing the securities on the international market; and finally, the intervention of the great powers to secure the credit assets of these groups when the Empire defaulted. How can one fail to see, in those practices, an analogy with recent events and developments in Greece?

Gaetano Sabatini

University of Roma Tre