

Cavid Bey, Mehmed

By [James Ryan](#)



Mehmed Cavid (1875-1926)

Mehmed Cavid Bey was an Ottoman politician and economist who belonged to the Committee of Union and Progress.

Unknown photographer: Djavaid-Bei. Die neueste Aufnahme des bekannten türkischen Finanzmannes und Politikers, der z. Zt. in Berlin weilt, black-and-white photograph, Berlin, 1917; source: Staatsbibliothek zu Berlin - Preußischer Kulturbesitz, Germany, 757416071, via Europeana, https://www.europeana.eu/portal/de/record/9200231/BibliographicResource_3000060331156.html.

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Cavid Bey, *Mehmed*

(Cavit, Djawid)

Ottoman minister of finance, member of parliament, newspaper editor

Died 26 August 1926 in Ankara, Turkey

Summary

Mehmed Cavid Bey was born in Thessaloniki to a Sabbatean (dönme) family in either 1878 or 1879. After studying in his hometown, he moved to Istanbul and worked in the education ministry. Prior to the 1908 Constitutional Revolution, he was a teacher and published

economic treatises. During the revolution he became known as a liberal supporter of the Committee of Union and Progress. He served as a member of the Ottoman parliament from 1908 to 1917 and as the minister of finance (1909–1911, 1914, 1917–1918). In 1926 he was arrested and sentenced to death during the Independence Tribunals of the Turkish Republic for plotting a coup and attempting to assassinate the Turkish president, Mustafa Kemal (1881-1938).

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Minister of Finance

Prior to becoming the finance minister, Mehmed *Cavid* Bey (c. 1878/79-1926)¹ had become known as a champion of *laissez-faire* economic thought and a follower of the Young Ottoman era economist [Sakızlı Ohannes \(1836-1912\)](#). While teaching statistics and economics in Istanbul and Thessaloniki, he published a four-volume work, *The Science of Economics (İlm-i İktisad)*, between 1897 and 1899. In 1908 he established a journal titled *Sociological Review (İçtimâiye Mecmûası)*. In 1907, the Ottoman Freedom Society, of which Cavid was a member, merged with the [Committee of Union and Progress \(CUP\)](#). Cavid enjoyed a close partnership with the inner circles of the empire's new leadership until its post-war collapse. Once [parliament](#) was reinstated, he officially joined the CUP and represented Thessaloniki in parliament until 1912. He rejoined parliament as a representative for Çanakkale between 1914 and 1918.

Cavid initially refused an offer to become finance minister in May 1909, but accepted a second offer a month later. He served three terms: summer 1909 to fall 1911, March to October 1914, and February 1917 to October 1918. He attempted to liberate the [Ottoman Empire](#) from the concessions to the French and Ottoman Public Debt Administration by creating two new "national" banks - the National Bank of Turkey in 1909 and the Ottoman National Credit Bank in 1917. He was among a small minority in the inner circles of the CUP who favored economic liberalism and maintaining the multiethnic character of the Ottoman Empire.

Committee of Union and Progress

Prior to the 1908 revolution, Mehmed Cavid had become a key figure inside the clandestine CUP in part thanks to his close relationship with its future leader, [Mehmet Talat Pasha \(1874-1921\)](#). In the months leading up to the revolution, Cavid was tasked with overseeing CUP [propaganda](#) in various European capitals and providing French iterations of CUP publications to journalists across Europe. In the months following the revolution, Cavid participated in parliamentary sessions, but fled to Odessa, and later to his hometown, Salonica, in the period between the counterrevolutionary coup on 13 April 1909 (or 31 March, depending on the calendar) and the abdication of the Ottoman Sultan on 27 April 1909.

After the abdication, Cavid, [Hüseyin Cahit \(1874-1957\)](#) and Talat Pasha lobbied aggressively, but unsuccessfully, for the creation of a council of ministers and the appointment of deputies as undersecretaries to various ministries. Following these negotiations, Cavid was appointed finance minister in April 1909 in [Hüseyin Hilmi Pasha's \(1855-1922\)](#) cabinet. Cavid's position within the CUP was strong enough to remain in the cabinet through the succession of Grand Viziers in the first few years of CUP rule, including Hilmi's resignation in favor [Ibrahim Hakkı Pasha \(1862-1918\)](#) in December 1909 and Hakkı's resignation in favor of [Mehmed Sait Pasha \(1830-1915\)](#) following the outbreak of war with [Italy](#) in September 1911.

Mounting opposition and the victory of opposition party figures in by-elections led many CUP officials to resign. Cavid, however, was merely transferred to leading the ministry of public works. The reprieve would be short-lived. Once the CUP lost power in July 1912, Cavid was briefly imprisoned and later escaped to Europe. After the CUP regained power – first through snap elections, then a coup – and the Ottoman Chamber of Deputies was suspended, Cavid was reappointed as finance minister. Cavid's political survival through this tumult – despite his ideological attachment to some of the liberal-minded and multiculturalist members of the CUP's opposition – was in part thanks to his connections and loyalty to the inner circle of the CUP.

War Economy

Mehmed Cavid's initial tenure as finance minister was largely focused on reforming the empire's banking structure, and, in the pre-war years, to opening the [Ottoman economy](#) to international investment. Cavid agreed with his Unionist counterparts that economic liberation of the Ottoman Empire was necessary under the new regime, but argued that resorting to neo-mercantilism and corporatism was unnecessary. His first major effort was to create the National Bank of Turkey (*Milli Bankası*) on 30 March 1909. Its initial shareholders included Cavid, British financier [Ernest Cassel \(1852-1921\)](#), Armenian businessmen [Calouste Gulbenkian \(1869-1955\)](#) and [Meguerditch Essayan \(1844-1921\)](#), and Unionists [Hasan Fehmi](#)

[Pasha \(1836-1910\)](#), [Reşid Sadi \(1868-1918\)](#) and [Mohammad Sherif Pasha \(1865-1951\)](#).

Cavid saw the bank as an attempt to demonstrate how the [empire](#) could liberate itself from the western yoke through its multi-confessional and multicultural institutions, rather than by closing itself off to non-Muslims and the outside world. Although the National Bank remained a relatively minor player in the empire's fiscal landscape, it represented a major political challenge to the French-controlled Imperial Ottoman Bank. Ultimately, the financial instruments employed by the National Bank involved several unsecured loans – which Jonathan Conlin has described as “hand-to-mouth financing” – and could neither adequately compete with its French and British counterparts nor stand up to scrutiny from neo-mercantilists and Turkish [nationalists](#) during the wars in Tripoli and the Balkans.²

The collapse of a deal with the British to build two new dreadnoughts – the *Reşadiye* and the *Sultan Osman-i Evvel* – in 1914 highlights Cavid's failed efforts. When English backers of the National Bank backed off the purchase, the two ships were impounded in August 1914; at the same time, CUP leaders, unbeknownst to Cavid, were negotiating with [Germany](#) to transfer the [SMS Goeben and SMS Breslau](#) to Ottoman possession. These same two ships, which acted as compensation for the two Cavid had hoped to secure from the British, attacked Russian ships in the Black Sea in late October 1914, precipitating both the Ottoman entry into the war and Cavid's resignation. A decade later, in front of the Independence Tribunal, Cavid admitted that after his resignation he feared he would be seen as a traitor for having argued vociferously against the war to his CUP counterparts:

I told those who said ‘we will take Egypt’ that ‘there are two times the Egypts in our souls, one in Adana, the other in Iraq,’ and to those who said ‘we will take the Caucasus,’ I said, ‘what are you going to win by taking land?’... ‘What this country needs is not land, it is people!’³

Following these events, the Ottoman economy transitioned towards mobilization, introducing a host of new taxes. Mehmed Talat Pasha served as interim finance minister until Cavid returned in 1917. Despite leaving the post, Cavid remained influential in the finance realm. He consistently opposed mobilization, citing the already heavy burdens on Ottoman reserves following wars in Tripoli and the Balkans. Cavid was also reluctant to agree to German offers to step in and replace the Anglo-French officials in charge of the Imperial Ottoman Bank, but he did eventually accept a series of German loans in 1915 and 1916 to cover the newly instituted issuance of paper money through the Ottoman Public Debt Administration and increasing war expenses. Cavid sought to minimize German intervention in Ottoman finances and to preserve a stable relationship with Anglo-French financiers as much as possible throughout the war years. His efforts to establish the Ottoman National Credit Bank (*Osmanlı*

İtibar-ı Milli Bankası) and secure a domestic loan resulted in a modicum of success, despite the eventual financial pain inflicted on the Ottoman Empire as a result of its defeat.

A banking sector that would return control over banks to Ottoman citizens rather than foreign-influenced banks was a priority for CUP leadership, particularly under the economic pressures of World War I. Cavid, in cooperation with State Lending Minister Hüseyin Cahit and a Salonica merchant, Tevfik Bey, established the Ottoman National Credit Bank with four million liras in capital. The bank was celebrated as a new lending institution established entirely with domestic capital. The CUP saw the bank as an opportunity to implore Ottomans to engage in “economic [jihad](#)” against the holders of the Capitulations and as a way to achieve political independence. Many in the CUP hoped the National Credit Bank would ultimately replace the Ottoman Bank as Turkey’s premier lending institution.

The bank’s founding also coincided with the wholesale demolition of Armenian communities throughout the empire, as well as the mass expropriation of Armenian property and wealth based on suspicions of disloyalty. Cavid had liaised between CUP and European officials during discussions of land reform in the pre-war years that aimed to solve disputes between [Armenian](#) and Kurdish populations in Eastern Anatolia, and during that time heavily criticized Russian and European intervention. After the outbreak of the war and his resignation from the cabinet, Cavid’s role in the politics of the “Armenian Question” was considerably curtailed, as he was assigned to Berlin during April 1915 for negotiations over the Baghdad Railway. Cavid noted his disgust amidst his erstwhile dissent from the policy towards the Armenians, which he only learned about in July and August 1915, in his private diary:

What kind of soul would allow for the women, children, and elderly leaving the city to be choked at the foot of a mountain or the side of a lake?... A blind, unthinking current of nationalism has replaced the current of Ottomanism. What beautiful humanity has fallen into the hands of such stupid butchers?”⁴

Consonant with the theme of his political career, his loyalties remained with the CUP despite his objections to some of their central policies. Cavid’s perspective on this issue would change considerably in the years before his death, however, noting in 1921 that this issue must be considered, “...without forgetting the four hundred thousand Muslims who were killed in the course of the war...”⁵

The Ottoman National Credit Bank eventually came under criticism, however, for its claim to be a “national bank” despite raising private capital and not being under control of the state in any formal capacity. Understanding this criticism, the bank opened in 1917 by paying out dividends of ten liras on stock purchases – twice what the rival Agricultural Bank (*Ziraat*

Bankası) was paying – and attracting business from [Mehmet V, Sultan of the Turks \(1844-1918\)](#) and several members of the CUP parliamentary group. Because of this over-aggressive opening strategy and increasing criticism from members of the CUP demanding a truly “national” bank, the Ottoman National Credit Bank ran into serious financial difficulty by March 1917. Cavid addressed the bank’s failure in his Budget Address in 1918, saying that “it was my strong hope that six or seven years later this bank could take on the true meaning of a state bank, a national bank.”⁶ As it would happen, precisely seven years later, under the Turkish Republic, [Mustafa Kemal \(-1938\)](#) and [Celal Bayar \(1883-1986\)](#) would establish *İş Bankası* (Work Bank) for exactly that purpose.

Postwar Financial Negotiations

Remaining in his post as finance minister through the end of the war, Cavid exerted influence over Ottoman negotiations during and following the [Armistice of Mudros](#) in late October 1918, though he vigorously disagreed with the newly appointed interior minister, [Fethi Okyar \(1880-1943\)](#), over the financial outlook. In the days preceding the negotiations, he sent a memorandum to the head of the Ottoman delegation, [Hüseyin Rauf Orbay \(1881-1964\)](#), advising him to demand welfare assistance and independence in managing their market. Following the announcement of the armistice, which ceded several key ports and territories to the Allies, Cavid further pushed his compatriots to continue negotiating for more favorable terms concerning the occupation of points along the Trans-Caucasian Railway, and for accommodations to be made for Muslim occupants of the six eastern *vilayets* nominally ceded to British control. Following the signing of the treaty, Cavid was invited to serve as administrative director of the Ottoman Bank, but refused, citing the ill-treatment he had and was currently enduring in the press, and the generally poor state of the bank’s finances.

Following the Turkish War of Independence, Cavid advised the Turkish delegation to the conference in Lausanne, which revised the Treaty of Sévres and established the borders of the Turkish Republic. While he had stayed out of politics and begun to write a “Dictionary of Finance” (*Kamus-i Mali*), Cavid remained close with several of his former Unionist colleagues. Partly because of these associations, Cavid was implicated in the failed assassination attempt on Mustafa Kemal in 1926 and tried in the Independence Tribunal (*İstiklal Mahkeme*). He was accused of having organized secret meetings between several former Unionists in his home to facilitate a secret committee within the short-lived opposition Progressive Republican Party (*Terrakîperver Cumhuriyet Fırkası*), as well as having planned the 1926 assassination attempt following the party’s closure in 1925. Cavid was tried at both the Izmir trial in July 1926, which focused on charges relating to the assassination attempt, and in the Unionist trial in August 1926, which focused on plans to conduct a coup d’état. The nature of both trials, as far as it concerned Cavid and his colleagues, was highly political. Despite some of the trial’s

major targets being tried *in absentia*, such as Rauf Orbay and [Adnan Adıvar \(1882-1955\)](#), or granted stays on their sentences in recognition of their service during the Independence War, as with [Kazım Karabekir \(1882-1948\)](#), [Ali Fuat Cebesoy \(1882-1968\)](#), [Refet Bele \(1881-1963\)](#), and [Cafer Tayyar Eğilmez \(1878-1958\)](#), Cavid was found guilty on all counts and executed on 26 August 1926 along with two other prominent CUP figures, doctor [Nazım Bey \(1870-1926\)](#) and [Filibeli Hilmi \(1885-1926\)](#).

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Notes

1. Cavid's year of birth is disputable. Some sources give 1875, but I rely on the dates provided in Nazmi Eroğlu's 2006 biography. Eroğlu, Nazmi: Cavid Bey. Fırtınalı Günlerin Ünlü Maliye Nazırı [Cavid Bey. The Famous Finance Minister in Stormy Days] p. 11, n. 1-3. ↑
2. Conlin, Jonathan: Debt, Diplomacy and Dreadnoughts. The National Bank of Turkey, 1909-1919, in: Middle Eastern Studies 52/3 (2016), p. 535. ↑
3. Cavid Bey, Mehmet: Zindandan Mektuplar [Letters from the Dungeon], İstanbul 2005, p. 202. ↑
4. Babacan, Hasan / Avşar, Servet (eds.): Cavid Bey. Meşrutiyet Ruznâmesi [Cavid Bey: Diary of the Constitutional Era], vol. III, Ankara 2014, p. 135. ↑
5. Cavid Bey: Felaket Günleri. Mütareke Devrinin Feci Tarihi [The Days of Catastrophe. The Disastrous History of the Occupation], vol. II, İstanbul 2000, p. 103; Ozavcı, Ozan: Honour and Shame. The Diaries of a Unionist and the 'Armenian Question', in: Kieser et al. (eds.): The End of the Ottomans. The Genocide of 1915 and the Politics of Turkish Nationalism, London 2019, p. 119. ↑
6. Toprak, Zafer: İttihat-ı Terakki ve Cihan Harbi. Savaş Ekonomisi ve Türkiye'de Devletçilik [The Committee of Union and Progress and the Great War. War economy and statism in Turkey, 1914-1918], İstanbul 2016, p. 93. ↑

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External Links

- [Mudros Agreement, Armistice with Turkey, 30 October 1918 \(German History in Documents and Images \(GHDI\)\) \(Primary Source\)](#)

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