



## A tale of two railways and the Reuter family

Ceren Uçan

To cite this article: Ceren Uçan (2019) A tale of two railways and the Reuter family, Middle Eastern Studies, 55:1, 22-32, DOI: [10.1080/00263206.2018.1485658](https://doi.org/10.1080/00263206.2018.1485658)

To link to this article: <https://doi.org/10.1080/00263206.2018.1485658>



Published online: 13 Nov 2018.



Submit your article to this journal [↗](#)



Article views: 81



View Crossmark data [↗](#)



## A tale of two railways and the Reuter family

Ceren Uçan

Department of History, I.D. Bilkent University, Ankara, Turkey

Baron Julius de Reuter, the founder of Reuters, and his family were first and foremost news agency owners. However, their pedigree involved more than the mere conveyance of news, for the family sought to muster and exert political influence. Reuter, a German immigrant, established his life in the British Empire at the age of 35. He gained his wealth and influence through news reporting and distribution, and shortly thereafter, became a capitalist investor who could secure concessions all over the world. His close ties with both domestic and foreign governments allowed him and his family to influence governments' policies. Through these ties, the family was granted two extensive concessions: the Reuter Concession granted by the Persian government to Baron Julius de Reuter in 1872 and another granted by the Greek government to Baron George de Reuter's company in 1900 for the construction of the Piraeus–Larissa railway (George Reuter was the Baron's second son).

The concessions granted to the Reuter family have been overlooked in the historical scholarship. The literature on Reuters focuses mainly on the history of the news agency; the family's foreign investments are rarely mentioned.<sup>1</sup> Another group of literature addresses politics in the international circulation of news.<sup>2</sup> Only F. Kazemzadeh examines the Reuter Concession thoroughly as part of the Russian–British conflict in Persia in a work titled *Russia and Britain in Persia, 1864–1914: A Study in Imperialism*.<sup>3</sup> A comparative analysis of the foreign investments secured by the Reuter family does not exist. Moreover, works on British Imperialism place nation-states and politicians at the centre of their narratives, neglecting the role of enterprise and investment and how they influence policy-making. For example, in 'Lord Curzon and British Strategic Railways in Central Asia Before, During and After the First World War' in *Railways and International Politics, Paths of Empire, 1848–1945*, the Reuter Concession is mentioned only briefly as background context in the history of British railway policy in Central Asia.<sup>4</sup>

Julius Reuter and his sons were members of 'a new gentlemanly class arising from the service sector', in Britain, taking over the power of landed aristocracy, an historical point discussed by P. J. Cain and A. G. Hopkins in *British Imperialism, 1688–2015*.<sup>5</sup> The Reuter Concession and the Greek Railway Concession were secured by a family that owed its influence to collecting and circulating news, exemplifying the involvement of British investors who gradually became influential in the state's policies and decision-making, notably in the late nineteenth century and the early twentieth century, a period in which investors sought foreign concessions. It was known that news agencies sometimes received subsidies from governments before the First World War,<sup>6</sup> but the Reuter family's investments in Persia and Greece revealed different and deep connections between the British government, local governments and the Reuter family. This work contributes to the literature on British imperialism by analysing the Reuter family's foreign investments and reveals investor influence in policy-making in the late nineteenth

and early twentieth centuries, aiming to provide a more comprehensive account of British imperialism.

On 25 July 1872, Baron Julius de Reuter was granted 'for a period of seventy years, the exclusive and definitive concession of a line of railway extending from the Caspian Sea to the Persian Gulf, with the exclusive and definitive right of constructing branch lines' by the Persian government for a yearly payment of 20 per cent on the net profits of the working of the line.<sup>7</sup> He was also granted the right to construct and operate tramways, work all the mines (except precious stones), construct waterways and sell water, and manage and generate revenue from forests and uncultivated lands. The Persian government also granted him the right to collect tariffs in the empire for 20 years starting from 1 March 1874 in return for payment to the government 'the sum now paid by the contractors for the Customs, and in addition a yearly premium of 500,000 fr. (20,000l. sterling)' for the first 5 years, and for the remaining 15 years, the premium of 500,000 fr. were to be 'exchanged for a premium of 60 per cent on the net profits over and above the contract price'.<sup>8</sup> Reuter also received preferential rights with regard to future enterprises and also the right to form a national bank.<sup>9</sup>

Lord Curzon depicted the concession as one 'without parallel'.<sup>10</sup> He further stated, 'when published to the world, it was found to contain the most complete and extraordinary surrender of the entire industrial resources of a kingdom into foreign hands that has probably ever been dreamed of, much less accomplished, in history'.<sup>11</sup> This concession was later withdrawn by the Persian government because of unrest among the ruling class who were displeased with the terms of the agreement.

This unrest came against the backdrop of the escalating British–Russian distrust in Persia, hostilities caused by Russian land conquests in Central Asia. Russia began embarking upon the steady acquisition of territory in Central Asia in the latter part of the nineteenth century after redrawing territory with Persia in Transcaucasia on the River Arax in the Treaty of Turkmenchay in 1828.<sup>12</sup> The Russian Empire, unable to reach its aspiration of having access to the Mediterranean, found ground to expand in Central Asia while the great European powers were occupied with the Eastern question.<sup>13</sup> Britain regarded Russian advances in Central Asia as dangerous to India's security. For Persia, however, Russian advances jeopardized her own territorial integrity. In 1895, Russian expansion in northern Persia and Afghanistan ended with the signing of the Pamirs Agreement, dissipating the possibility of an armed confrontation between Britain and Russia.<sup>14</sup>

In the context of simmering British–Russian hostilities in Persia, Naser al-Din, the Shah of Persia, took advantage of the Reuter Concession in order to sidestep Russia's railway construction demands. The Shah used it to play one great power against another to protect his sovereignty. On the other hand, as the British Empire was trying to maintain a balance of power with Russia in the region at that time, the British government used the concession to prevent others from entering the region and building railways (especially in the southern part of Persia), something Britain was able to do even without backing the Reuter Concession officially.

In the midst of these Russian and British power plays, another significant figure emerged in the diplomatic landscape. The Reuter family had been following the twists and turns of world politics, considering how to pursue and guarantee their interests. The family saw a path of influence over the political powers in policy-making and sought advantages for itself because of political conditions. In western Asia, Baron Reuter sought the official support of the British government by taking advantage of Russian and British conflicts of interest over Persia not long after reaching an agreement with the Persian government. A memorandum,<sup>15</sup> prepared by Robert Charles Dickie, demonstrates that the concession was at the centre of most conflicts pertaining to railway construction in Persia. According to the memorandum, the British Foreign Office denied official support to Reuter in 1872 because of 'the vastness of the Concession which had rendered its eventual annulment practically certain, and the possibility of international

trouble in view of the political developments which would follow if such a Concession were supported by Diplomatic intervention'.<sup>16</sup> Indeed, the Russian Empire regarded the concession as a threat and an attempt to shift the balance of power in favour of the British Empire in Persia. Although British diplomats tried to convince their Russian counterparts that the concession was a result of Reuter's own private initiative, the Russian government worked to see it voided and to remove from power Mirza Hoseyn Khan, the Sadrazam, who had negotiated it with Reuter.<sup>17</sup>

After the signing of the concession, the Shah went to Europe. During his absence, 'elements of opposition, discordant in their nature, but each of considerable power, had confederated to force the Grand Vizier from office, and for the first time in the present reign the authority of the sovereign was set at naught'.<sup>18</sup> When the Shah returned to Persia, he found 'a protest movement, verging on revolt in some areas, directed against the concession and the prime minister who had suggested it',<sup>19</sup> placing the Shah's crown in jeopardy.<sup>20</sup> Opposition to the Reuter Concession and the Grand Vizier consisted of:

Firstly, the reigning Sultana... Secondly, the fanatical party, – headed by the Ulema and the Finance Minister – who repudiated any attempt to Europeanize Persia, and denounced the Grand Vizier on this account as a traitor to his country. Thirdly, the Princes of the Blood, ...who had suffered innumerable personal affronts at the hands of the minister. Fourthly, the Russian party in a body, guided by the Minister for Foreign Affairs, who was, moreover, a personal rival of the Grand Vizier's; and fifthly, the so-called national party, inspired and led by Ferhad Mirza who had been left by the Shah as Regent at Teheran, and who, although... loyal to his sovereign, had been nevertheless provoked almost to frenzy by the threatened Reuter monopoly of Persian industry and commerce. Before these antagonists the Grand Vizier fell ...<sup>21</sup>

Shortly after the cancellation of the Reuter Concession in early November 1873, the fallen Grand Vizier was given a new position at the Shah's court as the Minister of Foreign Affairs.<sup>22</sup>

Reuter's agent was informed of the concession's withdrawal by the Persian government on 5 November 1873.<sup>23</sup> The Russian Empire might have fuelled opposition to the concession among the elites and the public. However, it was the text itself which ensured its own demise. Nevertheless, when Baron George de Reuter, as his father's representative, signed the Bank Concession in 1889 in place of the original concession, he secured significant rights for the Reuter family. Its crucial points were as follows: the grant of an 'Imperial Bank of Persia' for 60 years, exclusive rights to issue bank notes and serve as the Treasury, and the right to monopolize all mines except gold and silver not already under concession and being worked.<sup>24</sup> Baron George de Reuter became one of the directors of the Imperial Bank of Persia.<sup>25</sup> With the Bank Concession, the Reuter family was able to preserve its economic interests in Persia.

As the non-political player in this matter, the Reuter family was trying to rally official support from the British government while pursuing their interests in Persia by exploiting political tension between Britain and Russia. On 12 September 1872, Baron Julius de Reuter wrote a letter to Lord Granville, William Gladstone's Foreign Secretary, asking the government to recognise the validity of his scheme, and protect his rights if disagreements were to surface between the Persian government and him.<sup>26</sup> The Baron expressed his desire to serve Great Britain with this concession, noting that

in undertaking this gigantic task it is not only my earnest desire both to improve the social condition of the Persians, and to open up the great natural resources of their country for the benefit of the world at large, but also to render my concession of the highest value to Great Britain.<sup>27</sup>

In addition, he made it a point to remind Granville of the struggle between the British and Russian Empires with regard to Persia, emphasizing that the Russians had been ahead of the British in terms of transportation in the region; he also meant to highlight the importance of his concession under contemporary politics:

The Select Committee of the House of Commons, appointed to consider the question of a railway to the East, recommend the speedy commencement of a line by the Euphrates Valley route.

Your Lordship is, doubtless, aware that the Russians are making great progress with their railways toward the Caspian Sea, having already partly completed three lines, each leading in that direction. One route, viz., that from St. Petersburg, via Moscow, to the Sea of Azoff is open for traffic. A second one, from Dunaburg, via Orel, to Zarazijn, on the Volga, is likewise in working order; the journey thence to Astrachan, on the Caspian Sea, being performed in two days only by steamer. There is, moreover, a third line already complete, from Moscow to Zarazijn direct, which will hereafter be extended to Astrachan.<sup>28</sup>

Baron Julius de Reuter received the response that

whilst Her Majesty's Government would view with satisfaction the efforts of the Shah's government to increase by means of railways and roads, the resources of Persia, they cannot bind themselves officially to protect your interests whilst carrying out your engagements with that Government.<sup>29</sup>

When details of the concession became public on 5 July 1873 in an article in *The Times*, members of the government began discussing it. Lord Carnarvon, Secretary of State for the Colonies (1874–1878), re-evaluated what the concession meant for India's security. He discussed the matter with Lord Derby, the Foreign Secretary (1874–1878); Derby was not in favour of Reuter's scheme and described his opposition to it in a conversation with Carnarvon on 7 July 1873:

Walk with Carnarvon on the terrace for an hour: he inclined to take up the Euphrates valley line, which appears to be in some way, not clearly explained, connected with Reuter's schemes for Persia: I dissuaded him: it is possible (though for my own part I do not see it) that the thing might succeed, but without the guarantee of the British parliament, it could not be attempted, and it is quite certain that under present circumstances no such guarantee will be given.<sup>30</sup>

Derby was soon to refuse Reuter's demand for support against the Persian government. Lord Carnarvon discussed the matter with Sir Stafford Northcote, Conservative politician (1851–1885), as well, on 13 July 1872:

Had a long talk with Northcote in the afternoon mainly on the Persian question of Reuter's concession. He was on the cautious side as I expected but able, clear and open to all fair argument.<sup>31</sup>

A couple of months later, on 5 November 1873, Henry M. Collins, Reuter's agent in Tehran, was informed of the withdrawal of the concession by the Persian government on the grounds of non-observance of Article 8. It meant that Reuter had not commenced work within 15 months of the date of the contract.<sup>32</sup> William Taylour Thomson, the British Minister at Tehran observed:

that it was clear that the intention of the Persian Govt. was not simply to get rid of what they considered to be a contract bad commercially and financially, but to extricate themselves from a disastrous political crisis fomented by foreign influence amongst a bigoted priesthood and the personal enemies of the Persian Prime Minister to such an extent as to threaten almost the stability of the throne.<sup>33</sup>

When it was cancelled, Reuter once again sought the support of the British Government but was notified that Lord Derby

looked upon the undertaking as a private one in which H.M.G. could not interfere, and although he was prepared to instruct H. M. Minister at Tehran to obtain for Baron Reuter's representations at Tehran the same hearing to which the representations of any British Subject who had entered into a contract with the Persian government would be entitled, H.L. (*His Lordship*) could not authorise or instruct him to use any diplomatic influence or good offices on Baron Reuter's behalf except in that respect.<sup>34</sup>

Despite Lord Carnarvon's favourable opinion, Lord Derby did not alter his thinking on the Reuter Concession's future.

The British government made use of the Reuter Concession after denying official support for its implementation in order to prevent the Russian Empire from gaining a concession from the Persian government and disturbing the delicate status quo. The Russian government then began urging the Persians to grant a railway concession to a Russian general, Baron von Falkenhagen, following the withdrawal of Reuter's. In 1874, Falkenhagen submitted a draft of a concession to

the Persian government for a railway line between Julfa and Tabriz, a project that would be no less burdensome than the previous one. The British minister at Tehran addressed an official note to the Persian government, reminding it of the Reuter Concession of 25 July 1872:

Being aware that a Concession for the construction of a line of railway between Julfa and Tabreez is, with the official intervention of the Russian Legation, under negotiation between the Persian government and General Falkenhagen, I think it right to observe to your Highness that any such Concession being prejudicial to the interests of Baron Reuter, whose Concession, notwithstanding the declaration by Persia of its being null and void, still remains an open question, I consider it my duty, pending the receipt of instructions from H.M.G., hereby to reserve to them the right to take such steps in the matter as under the above-mentioned circumstances they may deem fit.<sup>35</sup>

The stance of the British government at the time,

was [to give] Baron Reuter unofficial support in his claims for compensation, but as against the Falkenhagen Concession he was receiving full official support: H.M.G. taking the ground that, apart from the merits of Reuter's case, the question of the avoidance of the Concession was, in fact, still open.<sup>36</sup>

The British Empire, unwilling to engage in conflict with the Russian Empire over a controversial concession, did not support the agreement officially, but used it as a tool against the signing of the Falkenhagen Concession.

The articles of Falkenhagen's agreement were drafted with no regard for the interests of the Persian state. Articles 8, 10, 14, 17 and 21, especially, make clear how the sovereignty of the Shah was challenged. Article 8 of the Concession made it an obligation for the Persian government to pay 'a yearly net profit of 6 1/2 per cent. upon the capital of the Company, that is, 223,600 Russian Ducats a year, representing the profit upon the nominal Capital of the Company and a sinking fund' to the company from commencement to completion of the working of the railway until the expiration of the term of the concession 44 years later. Furthermore, Article 10 states the following to ensure that this amount would be received by the company:

the Persian government makes over to the Company for the entire period of the Concession the Customs of Tabreez, which shall be transferred to an international Board of Customs at the village of Julfa, or at some other part of the frontier, which will be fixed in a separate convention between the Govt. of H.M. the Shah, and that of Russia. The government of H.M. the Shah promises to make at once an arrangement with that of Russia for the conclusion of a convention for the purpose of establishing on the River Aras a united Russian and Persian Custom House under an International administration similar to those which exist on the Great Railways between some of the European States.

Moreover, the company would be entitled 'to build a telegraph line along the track (Article 14), and be allowed to mine coal, if any were found, within a fifty-mile zone along the entire length of the railway (Article 17)'. The board of directors and all those in the service of the company were to be under the protection of the Russian Legation and consulates (Article 21). These were the main articles of Falkenhagen's drafted concession text.<sup>37</sup>

On the other side of the spectrum, as it lacked means to protect its own sovereignty, the Persian government used one great power against the other, attempting to convince the British to stand against Falkenhagen's proposal in order to sidestep a confrontation with the Russians. To this end, Mirza Malkan Khan, the Persian minister in London, told Lord Tenterden, Permanent Under-Secretary of State for Foreign Affairs, that the Persian government withdrew Reuter's agreement at the demand of the Russians. He attempted to convince Lord Tenterden to make every effort to prevent the granting of the concession to Falkenhagen: 'Would the English tamely look on while such a Concession as that of Baron Reuter was wrested from her influence at the dictation of Russia and transferred to the Russian government?'<sup>38</sup> The efforts of the Persian government turned out to be fruitful, so on 13 November 1874, instructions were sent to Thomson:

H.M.G. feel that Baron Reuter has good cause to complain that, if the Persian government desire to consent to have a railway constructed to Tabreez, the Concession should be granted to any one else, and I have accordingly to instruct you to urge upon the Persian government the propriety of suspending any action in

regard to the Concession to the Russian Company until the Baron's claims have been duly considered and a settlement arrived at with him.<sup>39</sup>

In late November and early December 1874, a concession was signed between the Persian government and Falkenhagen based on the original draft without the guarantee clauses.<sup>40</sup> However, without these clauses, it was not a pleasing concession for the Russian Empire. Therefore, on 5 May 1875, Falkenhagen requested the annulment of the Railway Concession on the grounds that the Shah did not guarantee him the customs receipts from Tabriz.<sup>41</sup> In 1877, Thomson was to defend the policy by stating 'it was only expected that, in all matters favourable to our political and commercial interests in Persia and opposed to their own, the influence of the Russian Mission at Tehran would be adversely exerted' and referred to 'the Falkenhagen Concession to show that the schemes proposed for the benefit of Russian trade in the north of Persia had not been unsuccessfully opposed'.<sup>42</sup>

In 1888, the Shah continued the policy of playing the British against the Russians by means of the Reuter Concession to escape from Russian pressure. The Shah, contrary to the sovereignty of the Persian state, had 'under great pressure [...] in Aug./Sept. 1887 given an undertaking to Russia not to give orders or permission to construct railways or waterways to Companies of foreign nations before consulting with H.M. the Emperor'.<sup>43</sup> Unable to confront the Russian Empire, the Shah instead sought the aid of the British government. For this purpose,

the Amin-es-Sultan suggested to Sir H.D. Wolff that H.M.G. should press the Reuter Concession, which, amended, the Shah could defend, as dated years before, to Russia. The grand vizier requested Sir H.D. Wolff to telegraph this as his own idea. It later transpired that the idea emanated from the Shah.<sup>44</sup>

In October, 1888, Sir Henry Drummond Wolff was instructed by the British government to:

make what use he could of the Concession in the new state of matters, as the Persian government, having prevented Reuter from carrying out his Concession as a whole, was bound to grant him some minor Concessions in satisfaction of his just claims; care was to be taken that any Concessions so granted should be much as would open the way to Tehran from the South and not from the North.<sup>45</sup>

By December 1888, an agreement had been reached on Reuter's case; the family was to receive a Concession to establish a state bank in return for the transfer of his original concession to the Persian government. On 27 March 1889, Reuter handed it over to the British minister in Tehran for its delivery to the Persian government.<sup>46</sup>

The conflict between Russia and Britain over railway construction in Persia ended in 1890 with an agreement in which the Persian state declared that 'the Persian government engages for the space of 10 years [...] neither itself to construct a railway in Persian territory nor to permit nor grant a concession for the construction of railways to a company or other persons'.<sup>47</sup> In 1900, it was renewed for another 10 years.<sup>48</sup> However, in 1911, the Potsdam Agreement was signed between Russia and Germany, alarming Britain regarding Russia's renewed ambitions concerning railway construction. With the agreement, Germany agreed 'not to extend its railway construction schemes into Persia and abstain from asking for road and navigation concessions' in return for Russian assurance 'not to oppose the building of the Baghdad railway by the Germans'.<sup>49</sup> Instantly, the British government began reconsidering the construction of a railway line in southern Persia, basing its claim on the Shah's rescript of 16 September 1888 'by which British government was given priority over others in the construction of southern railroads', and an assurance that the 'British government would be consulted before any southern railway was granted to a foreign country'; in addition, possible route options would be considered.<sup>50</sup> Eventually, Britain abandoned the idea, and by the end of the First World War, there were only two railway lines on Persian soil: one stretched six miles between Tehran and Shah Abdol-Azim, a line that the Belgians had constructed in 1888, and the other was the Julfa-Umiya and Zahidan-Nuski line built by Russia and Britain during the war as part of their war effort.<sup>51</sup>

In 1900, the Greek Railway Concession was secured, and, like the Reuter Concession, the family in the person of Baron George de Reuter had prepared policies and suggested them to the



British government. As before, contemporary political concerns determined the future of the project, and Baron George de Reuter tried to mould this future.

The Greek government signed a contract with a firm in 1889 to construct a line from Piraeus to the Greek border at Papapouli.<sup>52</sup> However, construction halted in 1893 because of the company's financial problems.<sup>53</sup> In 1898, to complete the Piraeus–Larissa railway, the Eastern Railway Syndicate Limited was formed under the initiative of Baron Herbert de Reuter, managing director of Reuters (who had succeeded his father Paul Julius Reuter in May 1878)<sup>54</sup> with the cooperation of Emile Erlanger and Co. of London and M. Jules Gouin, President of the Société de Construction des Batignolles de Paris.<sup>55</sup> On 22 March 1900, Baron George de Reuter signed a concession with the Greek Prime Minister and Minister of Finance as the representative of the Syndicate, 'for the completion of a proposed railway from the Piraeus to Larissa in the first instance to Demirly and eventually to the frontier'.<sup>56</sup> To finance the enterprise, the Greek Minister of Finance asked the International Financial Commission at Athens to undertake the service of new Greek government loans. The Greek government received a positive response from the commission after consultations with the states involved. In February 1902, Baron George de Reuter, J. Gouin and E. Erlanger formed the Company of the Greek Railways.<sup>57</sup>

Baron George de Reuter's first attempt to influence international politics in this railway project occurred in 1908 when the line reached Larissa, a time when the firm and the Greek government began seeking approval from the Ottoman government for the junction of the Greek and Turkish railway systems. Emile Erlanger and George Reuter petitioned the Foreign Office with letters, as it remained reluctant to support the application to the Ottoman government for a concession to build the line, which would connect the Greek railway system with the Ottoman Empire's. The British had no desire to support the scheme officially with the Sublime Porte because of the former's policy of pushing reforms in Macedonia. Investors in the Greek Railway emphasized in correspondence that the enterprise was one with British capital and therefore deserved protection by the British government. However, the government was reluctant to support the scheme for it thought backing the project would jeopardize its impartial stand in Macedonia. It was noted in the Foreign Office Minutes, in view of Erlanger's letter that:

...The two systems will obviously have to be linked up someday: the only question is whether the present moment is a favourable one for pushing the scheme. ...

The fact that the Greek Railway is primarily a British undertaking seems to me the strongest reason why H.M.G. should not single it out as an object of their official support at a moment when they have just expressed their views as to the inopportuneness of the present time for pressing for railway development in the Balkans. It would be a negation of our attitude of disinterestedness in Macedonia and would weaken our position enormously.<sup>58</sup>

On 21 April 1908, a few days after Erlanger's correspondence, Baron George de Reuter wrote a letter to the Foreign Office as a Vice President of the Greek Railways and Chairman of the Eastern Railway Syndicate Limited. He criticized Britain's policy for being

not in conformity with the attitude of the British government in the past. During the negotiations for the obtention of the Concession from the Greek government I always enjoyed the unofficial support of the Foreign Office, and in Greece, in 1900, Sir Edward Egerton, then the British Minister there, gave me very great assistance in arriving at a satisfactory arrangement with the Greek government. Moreover, the successive British Delegates on the International Financial Commission at Athens invariably did what they could to assist me in arranging the financial side of the question.<sup>59</sup>

Reuter, confident in his scheme and position, took the liberty of telling the British Foreign Office that it was pursuing an inconsistent policy and reminded it that the government had provided support in the past. Then, like Erlanger, Reuter mentioned the support of other great powers, pointed out that the Eastern Railways Syndicate Limited was an English company and thus responsible for half of the railway project:



Inasmuch as all the Powers support our scheme, it seems anomalous that Great Britain should fail to do so for an enterprise which is half English and which formerly received the support of His Majesty's government.<sup>60</sup>

Like Julius Reuter's attempt to take advantage of tensions between the Russian and British empires over Persia, George Reuter tried to take advantage of the political rivalry between the great powers to force the British government into advocating for the railway junction scheme at the Sublime Porte.

On 6 May 1908, Emile Erlanger and Baron George de Reuter were notified by the Foreign Office in separate letters that Sir Edward Grey, Foreign Secretary (1905–1916), was in favour of the junction in principle and would 'use his influence to secure the Porte's assent to it when this can be done without prejudice to proposals for reform, which are at the moment under consideration'.<sup>61</sup>

Soon, the opportunity Reuter was waiting for came along with the rise of the Committee of Union and Progress (CUP) in the Ottoman Empire. Hoping that regime change in the Empire would convince the British government to support his scheme, he submitted copies to London of confidential correspondence from years before between himself and Greek officials. He hoped to prove that the junction was not only desired by the railway company but also by the Greek government. The submitted documents consisted of correspondence with A. Simopoulos, the Greek Minister of Finances, and N. Calogéropoulos, the Greek Minister of the Interior, dated 1 March 1906.<sup>62</sup> Reuter also added a more recent correspondence with Munir Pasha, Paris Ambassador of the Ottoman Empire at that time, dated 4 May 1908.<sup>63</sup> Louis Mallet, the Assistant Under-Secretary for Foreign Affairs, summarized the documents submitted by Baron George de Reuter, arguing that there should be no reason for not supporting Reuter after regime change in the Ottoman Empire:

The Greek government are so keen on this junction that they are ready to give a kilometre guarantee on the line which is in Turkish territory. Munir Pasha who was negotiating the matter has fallen and it remains to be seen how the present regime will regard the junction which the Sultan has hitherto opposed. There is now no reason for not giving our support at Constantinople [...]<sup>64</sup>

On 18 August 1908, Reuter was informed that the documents submitted were read 'with interest'<sup>65</sup> by Sir Edward Grey, and:

[...] in view of the establishment of constitutional government in the Ottoman Empire His Majesty's government have decided that there is no longer any objection to supporting at the Sublime Porte an application for a concession to permit this junction to be effected, and that a dispatch in this sense has been addressed to His Majesty's Ambassador at Constantinople with instructions to take the necessary action in accordance with this decision.<sup>66</sup>

On the same day, Sir Gerard Lowther, the British Ambassador at Constantinople, was notified about the subject and received copies of the confidential correspondence that Baron George de Reuter had submitted.<sup>67</sup>

Nevertheless, another obstacle stood in the way of Reuter's scheme: the declared union of Crete and Greece. To overcome this, the Baron, who had been discussing the matter with George I, the King of Greece, suggested a policy initiative to the British Foreign Office: the offering of compensation to Turkey for recognizing Greece's unification with Crete. Reuter's scheme was to capitalize on liberal terms 'the part of the Ottoman Debt which was borne by Crete' and to add 'a further sum as moral damages for the hauling down of the Turkish flag, which would incidentally enable the Turkish government to repatriate those Mussulmans who would wish to leave Crete on the union with Greece'.<sup>68</sup>

Reuter estimated the amount would be between 500,000*l.* (*pounds*) and 1,000,000*l.* (*pounds*).<sup>69</sup> Furthermore, he considered how the Ottoman government could make use of part of this compensation after financing its Muslim subjects' evacuation from Crete, '500,000*l.* (*pounds*) would be applied to making a railway in Turkish territory, to join the Larissa Railway with the Salonica-Monastir Railway at Ghida'.<sup>70</sup>

Baron George de Reuter then hinted at his intentions by stating that ‘Greece herself could not very well propose these terms to Turkey’ and asking Grey if there would be further objections were Turkey to accept certain terms.<sup>71</sup> He was assured by Grey that ‘none of the Powers would make objections if Turkey came forward and said that acceptable terms had been offered to her’.<sup>72</sup> With his visit, Reuter aimed to secure permission from the British government and the other great powers to execute his plan. In addition, Reuter, acting as a mediator, was planning to make the above-mentioned offer to the Turkish government himself, seeking to convince it to recognize the unification of Greece and Crete. Grey recounts, ‘I gathered from the way he put the question that he probably meant to sound the Turkish government himself’.<sup>73</sup>

The Piraeus–Larissa frontier railway was opened to traffic on 29 June 1909.<sup>74</sup> One train a day travelled in each direction, covering 394 kilometres in around 15 hours.<sup>75</sup> Despite the efforts of Baron George de Reuter, the junction between the Greek railway system and the Ottoman railway system never was completed, leaving close to 1.3 kilometres of Greek railway leading towards ‘an abrupt ending on the north of the kingdom’.<sup>76</sup>

In conclusion, the tale of the two railways presents how news can become a precious commodity in the hands of news agency owners, enabling them to stand by the great powers and take part in forming and implementing policies. The members of the Reuter family inserted themselves as formidable figures into the great-power politics of the late nineteenth century and impacted policy-making both domestically and internationally. The rising influence of the family exhibited ‘the growing wealth and power of service capitalism after 1850’.<sup>77</sup> While the Reuter Concession caused public unrest in Persia and endangered the Shah’s crown shortly after it was granted, it had also been a source of tension between the Russian and British Empires for years, until the signing of the bank concession in 1889. In the case of the Greek Railway Concession, Baron George de Reuter tried to direct British policy with regard to the Ottoman Empire. He tried to convince the British government to force the Sublime Porte to accept the Piraeus–Larissa line’s junction with the Ottoman Railway. Then, when Crete’s declaration of independence became an obstacle, he created a policy, sought approval from the British government and pursued the role of mediator. The two concessions described herein offer insight into great-power politics prior to the First World War, and demonstrate the role powerful investors like the Reuter family played as actors alongside conventional nation-states. This article contributes to previous studies of British imperialism by exploring the rising power of investors after 1850, and their influence on policy-making before the First World War.

## Acknowledgements

The author would like to acknowledge the support from the Scientific and Technological Research Council of Turkey (TUBITAK), BİDEB-International Doctoral Research Fellowship Program 2214.

## Disclosure statement

No potential conflict of interest was reported by the author.

## Funding

This work was supported by The Scientific and Technological Research Council of Turkey [grant number 2214/A].

## Notes

1. The Reuter Concession was the foreign investment mentioned in works on the history of the agency such as D. Read, *The Power of News: The History of Reuters* (New York: Oxford University Press, Inc., 1999) and G. Storey, *Reuters’ Century 1851-1951* (London: Max Parrish, 1951). Read only mentions it briefly. Both works state

that the Reuter Concession was not part of the history of Reuters. On the contrary, this article argues that it is, for any power or wealth Julius Reuter and his family possessed became theirs *because of Reuters*.

2. J. Silberstein-Loeb, *The International Distribution of News: The Associated Press, Press Association, and Reuters, 1848–1947* (New York: Cambridge University Press, 2014) and A. Nalbach, *The Ring Combination: Information, Power and the World News Agency Cartel 1856–1914* (PhD thesis, University of Chicago, 1999) examine cooperation and competition in international news circulation. As argued by Nalbach, comparative analysis between news services of more than one country at a time has been neglected in historical scholarship. Silberstein-Loeb's and Nalbach's works are ones which fill this gap well.
3. Kazemzadeh's work is important in the sense that, among the archival materials he used, Persian sources are included, with documents from the Iranian Ministry of Foreign Affairs Archives. These sources allowed him to construct a continuous narrative on the Russian–British conflict in Persia and helped the author of this article to be informed concerning the Persian sources and perspectives on the Reuter Concession.
4. T. G. Otte and K. Neilson (eds.), *Railways and International Politics, Paths of Empire, 1847–1945* (London: Routledge, 2006), p.150.
5. P.J. Cain and A.G. Hopkins, *British Imperialism, 1688–2015* (London: Routledge, 2016), p.125.
6. See Silberstein-Loeb's work for a detailed account of government subsidies.
7. The National Archives (TNA), 'Reuter Concession of 25 July 1872 (Text)', Foreign Office Papers (FO 371/1185, file no: 3606, no: 6824, 23 February 1911), pp.15–6.
8. *Ibid.*, pp.15–8.
9. *Ibid.*, p.17.
10. M.M. Farzaneh, *The Iranian Constitutional Revolution and the Clerical Leadership of Khurasani* (Syracuse: Syracuse University Press, 2015), p.46.
11. G. Curzon, *Persia and the Persian Question* (London: Longmans, Green, and Co., 1892), p.480.
12. G. Morgan, *Anglo-Russian Rivalry in Central Asia, 1810–1895* (New York: Frank Cass, 2006), pp.38–50. M. Palat and A. Tabyshalieva (eds.), *History of Civilizations of Central Asia, Towards the Contemporary Period: from the Mid-nineteenth to the End of the Twentieth Century* Vol. VI. (Paris: UNESCO Publishing, 2005), p.103.
13. Morgan, *Anglo-Russian Rivalry in Central Asia, 1810–1895* (New York: Frank Cass, 2006), pp.38–50.
14. *Ibid.*, p.216.
15. The report was compiled in 1911 after the signing of Potsdam Agreement between Germany and Russia to review the history of the conflict between Britain and Russia over constructing railway lines and forming policy in light of the recent turn of events.
16. TNA, R.C. Dickie, 'Memorandum Respecting Baron Julius von Reuter's Concession of July 25, 1872', FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
17. F. Kazemzadeh, *Russia and Britain in Persia, 1864–1914: A Study in Imperialism* (Binghamton: Yale University Press, 1968), p.116.
18. H. Rawlinson, *England and Russia in the East* (London: John Murray, 1875), p.133.
19. N. R. Keddie, *Religion and Rebellion in Iran: The Tobacco Protest of 1891–1892* (London: Frank Cass & Co. Ltd., 1966), p.5.
20. H. Rawlinson, *England*, p.129.
21. *Ibid.*, p.134.
22. F. Kazemzadeh, *Russia*, pp.120–125.
23. TNA, R.C. Dickie, 'Memorandum', FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
24. *Ibid.*
25. G.Storey, *Reuters' Century: 1851–1951* (London: Max Parrish, 1951), p.85.
26. TNA, Correspondence, Julius de Reuter to Lord Granville, FO 60/405, 12 September 1872.
27. *Ibid.*
28. *Ibid.*
29. TNA, Correspondence, Viscount Enfield to Julius de Reuter, FO 60/405, 15 October 1872.
30. J. Vincent (ed.), *A Selection from the Diaries of Edward Henry Stanley, 15th Earl of Derby (1826–93), between September 1869 and March 1878*, Camden Fifth Series, Volume 4 (London: The Royal Historical Society, 1994), p.141.
31. P. Gordon (ed.), *The Political Diaries of the Fourth Earl of Carnarvon, 1857–1890, Colonial Secretary and Lord Lieutenant of Ireland*, Camden Fifth Series, Vol.35 (London, The Royal Historical Society, 2009), p.203.
32. TNA, R.C. Dickie, 'Memorandum', FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
33. TNA, Correspondence, W.T. Thomson (8 November 1873), 'Memorandum', FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
34. TNA, R.C. Dickie, 'Memorandum', FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
35. *Ibid.*
36. *Ibid.*
37. F. Kazemzadeh, *Russia and Britain in Persia, 1864–1914: A Study in Imperialism* (Binghamton: Yale University Press, 1968), pp.135–139.

38. TNA, Minute, Lord Tenterden (30 October 1874), 'Memorandum' by R.C. Dickie, FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
39. Ibid.
40. F. Kazemzadeh, *Russia and Britain in Persia, 1864–1914: A Study in Imperialism* (Binghamton: Yale University Press, 1968), p.145.
41. J. S. Galbraith, 'British Policy on Railways in Persia, 1870–1900', *Middle Eastern Studies* Vol.25 (1989), p.489.
42. The British Library: Asian and African Studies, J.A. Saldanha (government of India Foreign Department), *Persian Gulf Gazetteer Part 1. Historical and Political Materials Precis Persian Arabistan Affairs*, IOR/L/PS/20/C242, 1905, p.19.
43. TNA, R.C. Dickie, 'Memorandum', FO 371/1185, file no: 3606, no: 6824, 23 February 1911.
44. Ibid.
45. Ibid.
46. Ibid.
47. H. Amirahmadi, *The Political Economy of Iran under the Qajars: Society, Economy, Politics and Foreign Relations 1796–1926* (New York: I.B. Tauris, 2012), p.30.
48. Ibid.
49. Ibid.
50. TNA, Correspondence, FO 371/1185, file no: 3606, no: 6284, 20 February 1911.
51. Ibid.
52. I. Anastasiadou, *Constructing Iron Europe: Transnationalism and Railways in the Interbellum* (Amsterdam: Amsterdam University Press, 2011), p.216.
53. Ibid.
54. D. Read, *The Power of News: The History of Reuters* (Oxford: Oxford University Press, 1999), p.72.
55. TNA, 'Memorandum respecting the Piraeus-Larissa Railway', FO 371/537, file no: 4533, no: 12974, 21 April 1908.
56. Ibid.
57. I. Anastasiadou, *Constructing Iron Europe: Transnationalism and Railways in the Interbellum* (Amsterdam: Amsterdam University Press, 2011), p.216.
58. TNA, Minutes, FO 371/537, file no: 4533, no: 12974, 14 April 1908.
59. Ibid.
60. TNA, Correspondence, George de Reuter to Sir Edward Grey (21 April 1908), FO 371/537, file no: 4533, no: 13816, 22 April 1908.
61. TNA, Correspondence, W. Langley to Emile Erlanger (6 May 1908), FO 371/537, file no: 4533, no: 13816, 22 April 1908.
62. TNA, 'Joint Communication addressed to Greek Administration (Communicated by Baron de Reuter, 11 August 1908)', FO 371/465, file no: 28067, no: 27111, 12 August 1908.
63. TNA, 'Joint Communication addressed to Greek Administration (Communicated by Baron de Reuter, 11 August 1908)', FO 371/465, file no: 28067, no: 27111, 12 August 1908.
64. TNA, Minutes, Mallet, Louis (12 August 1908), FO 371/465, file no: 28067, no: 27111, 12 August 1908.
65. TNA, Correspondence, Louis Mallet to Baron G. de Reuter (18 August 1908), FO 371/465, file no: 28067, no: 27111, 12 August 1908.
66. Ibid.
67. TNA, Correspondence, Louis Mallet to G. Lowther (18 August 1908), FO 371/465, file no: 28067, no: 27111, 12 August 1908.
68. TNA, Correspondence, Edward Grey to G. Lowther (4 November 1908), FO 371/444, file no: 34783, no: 38369, 4 November 1908.
69. TNA, Correspondence, Edward Grey to G. Lowther (4 November 1908), FO 371/444, file no: 34783, no: 38369, 4 November 1908.
70. Ibid.
71. Ibid.
72. Ibid.
73. Ibid.
74. TNA, Correspondence, Sir F. Elliot to Sir Edward Grey (3 August 1909), FO 371/677, file no: 5935, no: 28994, 3 August 1909.
75. Ibid.
76. Evening News, 'Greek Railways', 5 July 1910, p.6, [trove.nla.gov.au/newspaper/article/115253232?searchTerm=greek%20railway%20concession&searchLimits=](https://trove.nla.gov.au/newspaper/article/115253232?searchTerm=greek%20railway%20concession&searchLimits=)
77. P.J. Cain and A. G. Hopkins, *British Imperialism, 1688-2015* (London: Routledge, 2016), p.55