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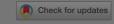
Original Articles

# Dissolution of an Empire: Insights from the Istanbul Bourse and the Ottoman War Bond

Avni Onder Hanedar , Elmas Yaldız Hanedar, Erdost Torun & Hasan Murat Ertuğrul Pages 557-575 | Received 27 Jul 2015, Accepted 16 Sep 2016, Published online: 03 Oct 2016

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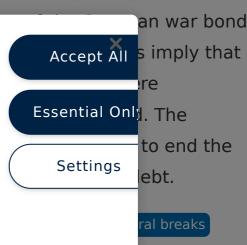
### **Abstract**

During the transformation period of the Ottoman Empire leading to the Republic of Turkey, many conflicts took place between 1918 and 1923. These conflicts interrupted the servicing of the Ottoman war bond. The reimbursement likelihood of this bond was related to the outcomes of First World War and the hostilities. This paper analyses the impacts of First World War and hostilities on the risk assessments regarding the

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**Q** Keywor ICSS test

# Acknowledgement

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### Disclosure statement

No potential conflict of interest was reported by the authors.

## Notes

- <sup>1</sup> 'İstikrazımızın yekünü.' 1918. Zaman, 5 August, 3.
- <sup>2</sup> 'Dahili istikraz.' 1918. İkdam, 5 May, 1; 'İstikraz-ı dahili bir haftada kaç milyon liraya fırladı.' 1918. İkdam, 9 May, 1; 'İstikraz-ı dahili: Vilayetlerde milli mücadelede.' 1918. Zaman, 28 May, 1.
- <sup>3</sup> The UK, France, Italy, and Greece.
- <sup>4</sup> TNM was established by Turkish revolutionaries in June 1919 to fight against the occupying Allies. In April 1920, TNM founded a new government and parliament in Ankara. This government was transformed into the Republic of Turkey on 29 October 1923.
- <sup>5</sup> 'Dahili istikraz hakkında Tanin'in anketi.' 1918. Tanin, 2 May, 2.

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<sup>9</sup> 'Piyasa

10 Ahmed Emin. 1918. Mutarekeden sonra. vakit, z November, 1.

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- <sup>11</sup> 'Mütareke haberlerinin piyasada tesiri.' 1918. Vakit, 2 November, 2.
- <sup>12</sup> 'İtilaf donanması limanımızda.' 1918. Tasvir-i Efkar, 14 November, 1.
- <sup>13</sup> 'Dünkü Piyasa.' 1919. Vakit, 3 January, 2.
- <sup>14</sup> The lands of the Ottoman Empire in Europe.
- <sup>15</sup> 'İstikraz-ı dahili: Mütemadiyen sükut ediyor.' 1923. İkdam, 12 October, 2.
- <sup>16</sup> 'İstikraz-ı dahili: Faizler kâğıt olarak ödenecektir.' 1919. Vakit, 24 April, 2.
- <sup>17</sup> Vakit, 1919. 1 August, 2.
- <sup>18</sup> '339 bütçesinin müzakeratına başlandı.' 1923. Tasvir-i Efkar, 26 September, 3.
- 19 'Birinci Osmanlı istikraz-ı dahili.' 1918. Zaman, 18 April, 1.
- <sup>20</sup> 'Harp ve evrak-ı nakdiye.' 1918. Ticaret-i Umumiye Mecmuası, 14 March, 173; 'Devlet-i Ali Osman Maliye Nezareti.' 1918. Takvim-i Vekayi, 30 April, 2, 3; 'İstikraz-ı dahili.' 1918. Zaman, 1 May, 1; 24 May, 1; 'İstikrazımızın yekünü.' 1918. Zaman, 5 August, 3.
- <sup>21</sup> 'Tanin'in dahili istikraz hakkında yaptığı anket-Birkaç mütaala.' 1918. Tanin, 2 May, 1.
- <sup>22</sup> Sabah. 1918. 1 May, 1; 'İstikraz-ı dahili.' 1918. Zaman, 1 May, 1.
- <sup>23</sup> 'İstikraz-ı dahili: Vilayetlerde milli mücadelede.' 1918. Zaman, 28 May, 1.
- <sup>24</sup> 'İstikraz-ı dahili.' 1918. Ticaret-i Umumiye Mecmuası, 15 March, 275; 'Tanin'in dahili istikraz hakkında yaptığı anket-Birkaç mütaala.' 1918. Tanin, 2 May, 1.
- <sup>25</sup> 'Dahili istikraz.' 1918. Zaman, 14 April, 1; 'Birinci Osmanlı istikraz-ı dahili.' 1918.

Zaman, n, 1 May, 1; About Cookies On This Site Accept All Karagöz We and our partners use cookies to enhance your website experience, learn how our site is used, offer personalised <sup>26</sup> 'İktisa Essential Onlahili istikraz features, measure the effectiveness of our services, and tailor content and ads to your interests while you navigate z hakkında hakk on the web or interact with us across devices. You can Settings choose to accept all of these cookies or only essential cookies. To learn more or manage your preferences, click "Settings". For further information about the data we collect 27 'Dahi ilyon liraya from you, please see our Privacy Policy fırladı.' le.' 1918.

Zaman, 28 May, 1.

- <sup>28</sup> 'Altın sesi.' 1918. Zaman, 2 May, 1.
- <sup>29</sup> 'İstikraz-ı dahili: Bartın'da.' 1918. Zaman, 27 May, 1.
- <sup>30</sup> 'Dahili istikraz: Küçük bir mukayese.' 1918. Tanin, 7 May, 1.
- <sup>31</sup> 'Vilayetlerde istikraz, Avusturya-Macaristan istikrazıyla bir mukayese.' 1918. Tanin, 12 May, 1.
- <sup>32</sup> 'Borsa muamelatı.' 1919. Vakit, 13 August, 2; 'Dersaadet borsası.' 1919. Vakit, 1 September, 2.
- <sup>33</sup> 'Borsa muamelatı.' 1919. Vakit, 13 August, 2.
- <sup>34</sup> The paper also detects break points in the Ottoman war bond return with Bai and Perron's (1998, 2003) methodology. The findings are sensitive to using different assumptions of this framework on data distribution and estimation methods.
- <sup>35</sup> Sansó, Aragó, and Carrion-Silvestre (2004) find size distortions in Inclan and Tiao's (1994) approach in case of the presence of conditional heteroscedasticity and fat tails. They modify ICSS test to identify breaks in volatility. The paper also uses Sansó, Aragó, and Carrion-Silvestre (2004) methodology, indicating one structural break in the volatility of the Ottoman war bond return. This seems unrealistic, as severe instabilities were observed during the sample period. The result could arise from using the Barlett Kernel or assumption on the absence of autocorrelation in the error series.

<sup>36</sup> The literature on the effects of war-related events on the bond market generally uses yield spreads. It seems that coupons were not regularly paid out during the sample period. Following Mauro, Sussman, and Yafeh (2006), Hanedar, Torun, and Hanedar (2015) and Hanedar, Hanedar, and Torun (2016), this definition of the bond returns is

Sussman and Vafeh (2006 136) address problems in using coupon

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<sup>40</sup> See also. 'Istikraz-ı danılı: Mutemadiyen sukut ediyor.' 1923. Ikdam, 12 October, 2.

- <sup>41</sup> The paper uses GARCH (1, 1) model to test the effects of break points identified by the ICSS test on volatility with dummy variables. The results indicate the statistically significant impacts of the break points.
- <sup>42</sup> 'Sulh notası.' 1918. Tercüman-ı Hakikat, 24 September, 1.
- <sup>43</sup> 'Makedonya'da Bulgar ricatı.' 1918. Vakit, 25 September, 1.
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- <sup>47</sup> 'İtalyan işgali.' 1919. Tercüman-ı Hakikat, 20 May, 1; 'Sadrazam Ferid Paşa: İşgal tevsi ediyor.' 1919. Tercüman-ı Hakikat, 21 May, 1.
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- <sup>51</sup> 'Anadolu haberleri.' 1920. Vakit, 26 November, 1.
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- <sup>53</sup> Tercüman-ı Hakikat. 1921. 2 April, 1.
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- <sup>59</sup> 'Konferansta boğazlar hakkındaki mukabil teklifatımız tetkik ediliyor.' 1922. Vakit, 11 December, 1.
- <sup>60</sup> 'İsmet Paşa Lozan konferansındaki vaziyeti büyük bir vüzuh ile beyan etmiştir.' 1923. İkdam, 3 January, 1.
- 61 'Her şeye rağmen' 1923. İkdam, 13 February, 1.
- <sup>62</sup> 'İngiliz millet istemiyor.' 1923. İkdam, 4 January, 1; 'Lozandaki inkıtayı Lord Kurzon matbuata nasıl hikaye ediyor?' 1923. İkdam, 13 February, 1.
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- <sup>65</sup> 'Cumhuriyet yakında ilan olunacaktır.' 1923. İkdam, 10 October, 2.



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