

## V Conference of Bank of Cyprus Historical Archive

### "Economic transformation in Cyprus and the Levant, 1850-1939"

In collaboration with University of Cyprus and European University Cyprus

Date: Friday, 3<sup>rd</sup> of November 2017, Time: 09:30 to 14:30

Place: Room for Educational Programmes, Bank of Cyprus Cultural Foundation

86-90 Phaneromeni, Lefkosia Old Town



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FAMAGUSTA HARBOUR. CYPRUS

A. TUCK. CARD



Bank of Cyprus  
Cultural Foundation



Πανεπιστήμιο Κύπρου  
University of Cyprus



European  
University Cyprus  
LAUREATE INTERNATIONAL UNIVERSITIES

(Εσώφυλλο)

**Co-organizers:**

University of Cyprus  
European University Cyprus  
Bank of Cyprus Historical Archive

**Organizing Committee:**

Giorgos Kazamias, Sofronis Clerides,  
Alexander Apostolides, Christodoulos Hadjichristodoulou

**Language:**

English. The presentations will be 20 minutes long. Each session will be followed by Q&A.

**Place:**

Room for Educational Programmes  
Bank of Cyprus Cultural Foundation, 86-90 Phaneromeni, Lefkosia Old Town

The International Conference is addressed to university students and will be open to the public.

The conference papers will be published in an edited volume in 2018

Conference Speakers (in alphabetical order), paper titles, biographical notes and contact details

1. **Apostolides Alexander**, Assistant Professor, Department of Accounting, Economics and Finance, European University Cyprus

**Productivity improvement during the first half of the 20<sup>th</sup> Century: Where did the catch up growth come from?**

Alexander Apostolides is an Associate Professor of Economic History at the European University Cyprus. He is also currently the Chair of the Department of Accounting, Finance and Economics. His research interests lie in the Economic History of Cyprus, and Malta, and in peace and conflict economics. He is actively involved in European and National Policy, in addition to running successful European programmes with emphasis on entrepreneurship and anti-fraud prevention.

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2. **Beneki Helen**, Historian (MA), Head of Historical Archives, Piraeus Bank Group Cultural Foundation

**The Greek banking system in the early 20<sup>th</sup> century: some unexplored archives**

Helen Beneki holds an MA degree in history from the National and Kapodistrian University of Athens (Greece). She has conducted archival research in Venice, the UK and Romania and has published extensively on economic history, business history and the history of greek-owned shipping, local history, sports history and the Olympic Games. Her research interests include issues on cultural sponsorship. She has worked as a research consultant of the Academy of Athens and the Hellenic Literary and Historical Archive. She has been Head of Research & Communication Dpt. at the Piraeus Bank Group Cultural Foundation (PIOP) (Athens) for several years and she is currently Head of the Historical Archives of the same Foundation.

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3. **Birnhack Michael**, Professor, Faculty of Law, Tel Aviv University  
**Trademark Registration, Nationality and Commerce in Mandate Palestine (1922-1948)**

Professor Michael Birnhack is Associate Dean (Research) at the Faculty of Law, Tel Aviv University. He is the director of the S. Horowitz Institute for IP in memory of Amnon Goldenberg, and the director of the Parasol Foundation International LL.M. Program. His research focuses on information law, especially intellectual property and privacy. In the field of IP, Michael's work explored, among other topics, the history of copyright law. His book, Colonial Copyright was published by Oxford University Press in 2012. Michaels' current project focuses on the legal and cultural meanings of trademarks in Mandate Palestine.

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4. **Christodoulou Andreas**, MBA, European University Cyprus  
**Financial analysis of 'Paphos Laiki Bank' during the period 1930-1948.**

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5. **Kythreotis Alexis**, Assistant Professor, Financial Accounting, European University Cyprus  
**Financial analysis of 'Paphos Laiki Bank' during the period 1930-1948**

Alexis Kythreotis is an Assistant Professor in Accounting at European University Cyprus. He holds a PhD from Athens University of Economics and Business and an MBA from Cardiff University. His thesis was published in 2012 with the title "Qualitative characteristics in Accounting Disclosures". Before his academic career, Alexis worked as an accountant in EFG Eurobank in Athens. His research generally lies on Financial Accounting, Market-based accounting research and the Quality of Financial Statements. Specifically, through historical accounting data, Alexis examines the adoption of International Financial Reporting Standards (IFRS) and moreover the value relevance, reliability, timeliness, predictability and persistence of financial statements.

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6. **Dr Mathopoulou Evangelia**, Associate Curator, Bank of Cyprus Historical Archive-Special Scientist, University of Cyprus  
**Entrepreneurial networks in the Eastern Mediterranean: the Jewish case, 1933-1939**

Evangelia Mathopoulou holds a Ph.D. in Modern and Contemporary History from University of Cyprus (2016) and an MA in History of International Relations from LSE (2008). She has been a research assistant at the Department of History and Archaeology of University of Cyprus and the Department of Studies in Hellenic Culture of Open University of Cyprus. She has also contributed to the joint research by Hans-Joachim Voth (University of Zurich) and Vassiliki Fouka (University of Stanford) on the economic impact of German reprisals in Greece. At the moment, she is a collaborator on the project "History of Greek Entrepreneurship and the Corporate Sector (Institutions)" at Athens University of Economics and Business. Her academic interests lie in the field of migration and business history of the Eastern Mediterranean. Her PhD thesis was on "Jewish presence in British Cyprus, 1878-1949". She has published papers in edited volumes and participated in conferences in Europe and the USA. She is currently an Associate Curator at Bank of Cyprus Historical Archive and Special Scientist at University of Cyprus.

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7. **Dr Markides Diana**, Associate Research Fellow, Department of History and Archaeology, University of Cyprus

## **The balancing act: The Eastern Question and European financial control in the Levant**

From 1999 until 2004 she was a Senior Research Fellow at the Institute of Commonwealth Studies at the University of London. Her first book, *Cyprus 1957-1963: From Colonial Conflict to Constitutional Crisis, The Key Role of Municipal Issue* was published in 2001 in the series Minnesota Mediterranean and East European Monographs. She co-authored with Robert Holland, *The British and the Hellenes: Struggles for Mastery in the Eastern Mediterranean 1850-1960* (Oxford University Press, 2006) was co-winner of the Runciman Award in 2007. Since then, she has published widely on the modern history of Cyprus and the Eastern Mediterranean, taught at the University of Cyprus as special scientist and taken part in many international academic conferences. She is currently working on a study "The British Acquisition and Administration of Cyprus in the context of Ottoman Bankruptcy 1877-1925".

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8. **Dr Panayiotou Maria**, Research Assistant, Department of History and Archaeology, University of Cyprus

### **Coasting trade in Cyprus, 1878-1927: an early approach**

Maria Panayiotou has very recently (16 Nov. 2016) completed her PhD thesis on "Harbours, Harbour works and external commerce in Cyprus, 1878-1927". Panayiotou has presented her work in several conferences and has several publications relevant with the economic history of Cyprus. Some of her recent publications are the following:

- "The external trade of agricultural products and the factors affecting its development, 1878-1927" in Mpakirtzis Ch., *The first years of the Department of Agriculture and the rural countryside* (Τα πρώτα χρόνια του Τμήματος Γεωργίας και η αγροτική ύπαιθρος), Nicosia 2016, pp. 87-106.

- "Public administration of Cyprus, 1878-1927: infrastructure investments" in *The Economy of Cyprus in the 20th Century (Η Οικονομία της Κύπρου στον 20ο αιώνα)*, Bank of Cyprus Historical Archive, Nicosia 2016, pp. 191-206.

- "Cyprus' trade with the Levant, 1881-1946/7", (together with G. Kazamias) in A. Yiangou, G. Kazamias, and R. Holland (eds.), *The Greeks and the British in the Levant, 1800-1960s*, Routledge, 2016, pp. 230-254.

Panayiotou has worked as a Researcher in several research projects. At the moment, she is a Research Assistant in the project "Economic History of Cyprus, 1878-1960" hosted by the Department of History and Archaeology, of the University of Cyprus. Her research interests are focusing on the coasting trade of the eastern Mediterranean.

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9. **Schein Andrew**, Senior Lecturer in Economics, Netanya Academic College  
**The development of the banking sector in the land of Israel/Palestine from the 19<sup>th</sup> century up to WWII**

Andrew Schein has a PhD in Economics from New York University, and he is senior lecturer in economics in the Business School of Netanya Academic College in Netanya, Israel. He also teaches in two other programs: The International MBA program at Bar Ilan University in Ramat Gan, Israel and an undergraduate economics program at Hadassah Academic College in Jerusalem, Israel. He teaches courses ranging from introductory economics, intermediate microeconomics, intermediate macroeconomics, international economics, health economics and economics of the Middle East. He has published articles and lectured at conferences around the world on topics relating to the economic history of the economy in the land of Israel/Palestine from 1516 to the present, on the interaction between economics and Jewish law and labor economics.

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10. **Ozbilenler Daghan**, Economist, Oxford Economics

**Productivity improvement during the first half of the 20<sup>th</sup> Century: Where did the catch up growth come from?**

Daghan Ozbilenler is an Economist in Oxford Economics, London. He graduated from the University of Warwick with an MSc in Economics. His research interests are in Sovereign Risk, Peace Economics in Cyprus and Happiness indicators.

## Conference Programme

- 09:30 – 09:50** Welcome  
Symeon Matsis, President of the Board of Bank of Cyprus  
Cultural Foundation  
Giorgos Kazamias, Associate Professor, University of Cyprus  
Alexander Apostolides, Assistant Professor, Department of  
Accounting, Economics and Finance, European University
- 09:50 – 10:20** Keynote speech: Dr Diana Markides  
Chair: Symeon Matsis
- Title: “The balancing act: The Eastern Question and European financial control in the Levant”**
- 10:20 – 10:40** *Coffee Break*
- 10:40 – 12:00** **Session 1: Mandate Palestine**  
Chair: Alexander Apostolides
- Michael Birnhack, Professor, Faculty of Law, Tel Aviv University  
**Trademark Registration, Nationality and Commerce in Mandate Palestine (1922-1948)**
- Andrew Schein, Senior Lecturer in Economics, Netanya Academic College  
**The development of the banking sector in the land of Israel/Palestine from the 19<sup>th</sup> century up to WWII**
- Dr. Evangelia Mathopoulou, Associate Curator, Bank of Cyprus Historical Archive - Special Scientist, University of Cyprus  
**Entrepreneurial networks in the Eastern Mediterranean: the Jewish case, 1933-1939**
- 12:00 – 12:30** *Coffee Break*
- 12:30 – 13:30** **Session 2: Cyprus**  
Chair: Giorgos Kazamias
- Dr. Maria Panayiotou, Research Assistant, Department of History and Archaeology, University of Cyprus  
**Coasting trade in Cyprus, 1878-1927: an early approach**
- Alexis Kythreotis, Assistant Professor, Financial Accounting, European University Cyprus, Alexander Apostolides, Assistant Professor Department of Accounting, Economics and Finance,

European University Cyprus and Andreas Christodoulou, MBA,  
European University Cyprus

**Financial analysis of 'Paphos Laiki Bank' during the period  
1930-1948**

**13:30 – 14:30**

Chair:

**Session 3: Archives, Networks and Productivity in the Levant**

Christodoulos Hadjichristodoulou

Helen Beneki, Historian (MA), Head of Historical Archives,  
Piraeus Bank Group Cultural Foundation

**The Greek banking system in the early 20<sup>th</sup> century: some  
unexplored archives**

Alexander Apostolides, Assistant Professor, Department of  
Accounting, Economics and Finance, European University  
Cyprus and Ozbilenler Daghan, Economist, Oxford Economics

**Productivity improvement during the first half of the 20<sup>th</sup>  
Century: Where did the catch up growth come from?**

## **Abstracts**

Michael Birnhack, Professor, Faculty of Law, Tel Aviv University

### **Trademark Registration, Nationality and Commerce in Mandate Palestine (1922-1948)**

Trademark registrations are a rich resource for economic history and law. Yet, unlike their legal sibling—patent registrations—trademark registrations are understudied, with only few studies of trademark data conducted by business historians.

This paper examines for the first time the trademark registration in Mandate Palestine, which is the region composing today's Israel, the West Bank and Gaza, then under British control (1917-1948). The British enacted a Trademark Ordinance in 1921, replacing Ottoman law, and modelled after their British law. The trademark enactments established a new trademark registration. Tracing the trademark data enables us to study the use of trademark law in action, along parameters of time, commercial class (since trademarks were registered per a legal classification), along the national identity of the applicants, and taking into consideration legal changes.

The findings indicate high correlation between Mandate Palestine's trademark registration and the geopolitical events of the time: growing tensions between Arabs and Jews, the general strike and uprising of 1936-1939, several waves of Jewish immigration (especially the Fifth Wave of immigration from Germany in the mid-1930s), World War II, and finally, the end of the Mandate. The analysis further illustrates how trademark data serves as a good reflection of broader economic activities, e.g., GDP figures, times of recession or growth, import and export patterns, and in particular industries, the trademark data serves as yet another resource that reflects the state of regulation or of competition in the relevant market over time.

Analyzing the registered classes, points to the dominant industries, the main users of the law, and to changes over time. The findings should be read on the background of the state of industry and trade at the time in the region, which was amidst a shift from a pre-modern to a modern economy. The findings also shed light on the British motivation and interest in enacting trademark law in the regions under their control: this body of law was meant to serve mostly the colonizer rather than the colonized, though the trademark system was not *per se* exploitive.

The original trademark registration has not survived and was reconstructed for the purpose of this project from the publications of trademark applications, published in the official gazette. The reconstruction resolved various issues of missing applications, renumbering of applications and reclassifications thereof, supported by archival research.

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Andrew Schein, Senior Lecturer in Economics, Netanya Academic College

### **The development of the banking sector in the land of Israel/Palestine from the 19<sup>th</sup> century up to WWII**

In the middle of the 19<sup>th</sup> century, the economy in the land of Israel/ Palestine (henceforth IP) was beginning to wake up after being in the doldrums for almost three hundred years. (There was a brief exception, a short lived period of growth in the middle of the 18<sup>th</sup> century in the northern section of IP, see Schein 2012). Concurrent with this awakening, modern banking began in the land. Previously there were individuals who gave out loans or who changed

money, and even a short lived joint stock company in the 1840s in Jerusalem, but there were no institution that would accept deposits and then offer credit based on these deposits.

The first bank that opened in IP was the Valero bank that was established as a private bank by Yaakov or Jacob Valero in 1848 in the city of Jerusalem. This was followed three years later in 1851 by Melville Peter Bergheim who opened the bank, Bergheim and Co., also in Jerusalem. Five years later, in 1856, a third private bank was founded in Jerusalem, by Christian F. Splitter. This bank was taken over by Johannes Frutiger in 1871 when Splitter died, and its name was changed to Frutiger & Co. in 1871. In 1870 a fourth private bank in Jerusalem was opened by Nathan Hamburger (Glass and Kark, 2007, pp. 88-91).

All of these banks capitalized on the growing financial interest of foreigners, immigrants, tourists/ pilgrims, and religious institutions in IP. Some of this interest was spurred by the 1858 Ottoman Land Code, which officially allowed for private property in Ottoman ruled land such as IP and the subsequent development in 1867, which allowed foreigners to own land (Schein, 2012, p. 128). Many of these bankers not helped to facilitate transactions but they too began to invest their own capital in the economy of IP. The Bergheim family invested in real estate in Jerusalem and outside the city, opened a large, and for IP, a modern store, traded in wines and English beer, and built in Jerusalem the first mill in IP to be operated by steam (Issawi, 1988, pp. 332-335). The Frutiger bank also invested in land in Jerusalem and in the first railroad line in IP, the Jaffa-Jerusalem line that was completed in 1892 (Michaelis, 1986, p. 159). The Valeros invested extensively in land in Jerusalem, as they were called "the Rothschilds of Jerusalem's real estate," invested in a flourmill that had an internal combustible engine, and opened a bank branch in Jaffa and possibly even in Damascus (Glass and Kark, pp. 101, 146-162).

Alas, the investments by the Bergheim and Frutiger banks ended up causing the banks to close. In 1891, the Ottomans forbade selling land to foreigners, which caused land prices to fall and bankrupted the Bergheim bank, which closed in 1892 (Gross, 1999, p. 65). Similarly, the Frutiger bank also lost money in its land investment and the Jaffa-Jerusalem railroad was not a financial success. The bank was declared bankrupt in April 1896.

The other two banks also closed in the beginning of the twentieth century. The Hamburger bank closed in 1900 due to a bank run when it became known that one individual who owed the bank relatively large sums was unable to pay back his debt (Glass and Kark, p. 97). The Valero bank closed in 1915 amidst the monetary chaos of WWI and the persecution of Jews by Djemel Pasha, the Ottoman ruler of the area during the war. It appears that the closure of the bank was a voluntary decision by Jacob Valero's son Haim due to a lack of interest of his sons to continue the bank and a fear that the continuation of the bank would cause the family large losses (Glass and Kark, pp. 144,145). The closure of this bank ends the period of private banks in the land of IP.

Towards the end of the 19<sup>th</sup> century, there began a new development in the banking industry of IP. For the first time, international banks began to open branches in IP. The first bank that opened a branch, was Credit Lyonnais which opened a branch in Jerusalem in 1892, the same year as the opening of the Jaffa-Jerusalem railroad, and a branch in Jaffa in 1902 (Gross, p. 46). The second bank to open was the Deutsche-Palestina Bank, which was incorporated in Berlin in 1896, and then opened a branch in Jerusalem in May 1897 (Gross, p. 63). This bank was founded to save/ replace the Frutiger bank which had served German interests in IP. By WWI, the bank had opened branches in Jaffa, Haifa, Beirut, Damascus, Nablus, Tripoli, Nazareth and Gaza (Ruppin, 1918, p. 67). The third international bank to open, the Anglo-Palestine Bank was similar to the Deutsche-Palestina Bank in that it was incorporated abroad,

in London in 1902, but it was essentially a domestic bank, and its focus was on one population sector in IP, in this case the Jewish sector. It opened its first branch in IP in Jaffa in 1903, and by WWI, had branches in Jerusalem, Beirut, Haifa, Tiberias, Safed, Hebron and Gaza. A fourth international bank was the Imperial Ottoman Bank, which was not wholly owned by the Ottoman government, but was founded by Western investors in Istanbul in 1863. It opened branches in Jaffa and Jerusalem in 1905 and in Haifa in 1906. Three other small banks that opened in this period were the Ottoman Agricultural Bank in 1898, the M.M. Benin Bank in 1902 and the Banque Commerciale de Palestine in 1911 (Michaelis, p. 164 and Glass and Kark, p. 143).

This period from the beginning of the twentieth century until WWI was one of increased growth in IP due in large part to the growth of the orange industry as orange were the number one exported item every year in this period. In 1899, 310,000 cases of oranges were exported, and by 1913, exports of oranges had increased 345% to 1,608,570 cases. Similarly the value of orange exports increased 287% from £77,000 in 1899 to £297,700 in 1913 (Gilbar, 1986, p. 200).

The orange industry developed due to the introduction of a motor pump in 1897 to irrigate the orange groves. Prior to its introduction, water was pumped by mules, camels or horses, which limited the depth of pumping to twelve meters, or if one hitched animals together, then water could be pumped up to 14 meters. This depth constrained the growth of the orange orchards to areas where groundwater was close to the surface, as in Jaffa, and the grove could be a maximum of 36 dunams (approximately a quarter of an acre). With the introduction of the motor pump water was able to be pumped up to depths of thirty meters, and the pump also increased the flow of water from the well which allowed groves to increase to 135 dunams. The motor pump quickly became the standard in the industry and they significantly increased the growth potential of the industry (Karlinsky, 2005, pp. 92-98).

The banks also played a role in the growth of the orange industry as the Anglo-Palestine Bank and the Deutsche Palestina Bank assisted the orange growers to find new markets in Europe. Furthermore, the Anglo-Palestine Bank provided credit and assistance both in Palestine and England that enabled the orange growers to reduce the exorbitant rates charged for shipping the oranges that had been fixed by a cartel of merchants who had controlled the export market of oranges from Jaffa (Gross, 1999, pp. 80,81,249,250).

The growth in the economy came to a sudden halt with the advent of WWI. Even prior to Turkey's official entrance to the war, all shipping to Palestine halted, which ended all exports and imports from Europe, and the government declared a moratorium on its debt that caused a monetary crises (Giladi and Naor, 2002, p. 458). The government began to print money to pay for its war, which caused inflation throughout the Ottoman Empire. Palestine was no exception, as for example, the prices of rice and sugar rose 700%, flour 200%, and other goods such as potatoes were not available at all (Smilansky, 1959, Book four, p. 31). The Turkish pound lost much of its value and the Anglo-Palestine Bank issued notes to help the Jewish population have a means of payment (Michaelis, p. 163).

In 1917, Great Britain captured the southern portion of IP and in 1918 it captured the remainder of the territory. Great Britain would then rule IP until May 1948, as a Mandate territory of the League of Nations. Accordingly, WWI, with the end of the Ottoman control of IP, marks the end of the second period of the banking industry in this review.

During the mandate period, there was great economic growth in IP (Schein, 2007), but not all the banks from the pre-WWI period participated in this growth. The small banks that had existed prior to WWI did not continue in the mandate period. Similarly, Deutsche Palestine

Bank closed all of its branches in IP with the British conquest in 1917/18 (Michaelis, p. 160). The Credit Lyonnais continued to exist in IP after WWI, but it never recovered from WWI and closed in August 1927 (Michaelis, p. 157). The Imperial Ottoman Bank lost a lot of importance after the Ottoman no longer ruled IP, but it continued to function throughout the mandate period. In 1953 it was taken over by the Mercantile Bank, a subsidiary of Israel Discount Bank (Michaelis, p. 163). On the other hand, the Anglo-Palestine Bank continued to grow during the mandate period. In 1950 its name was changed to Bank Leumi, and presently it is the second largest bank in Israel with a market capitalization of 6.7 billion USD (May 2017, [www.forbes.com](http://www.forbes.com), accessed June 2017).

In addition, with the economic growth and the relatively relaxed banking rules of the British, as the banking ordinance of 1921 only required the banks to register as registered companies but did not require them to have minimum capital, many new banks entered the market (Ottensooser, 1955, p. 59).

After conquering IP in WWI, General Allenby requested the Anglo-Egyptian Bank to provide banking services in IP, and the bank opened branches in Jerusalem and Jaffa in 1918. The bank would be taken over by Barclays Bank (Dominion, Colonial and Overseas), and it was the leading bank in the Mandate period as it was the banker to the Palestine Government and the agent for Palestine Currency Board, which was created in 1927 (Clark, 1932, pp. 103). In 1919, the Banco di Roma opened branches in Jerusalem and Jaffa. This bank suffered a bank run in 1935 at the time of the Italo-Ethiopian war and the bank's branches were closed in the beginning of WWII in 1940 (Michaelis, pp. 168,169). In 1921, representatives of the "workers," a group of immigrant Jews with socialist beliefs, founded the Workers' Bank (Bank Hapoalim) to give loans to organized groups of workers, such as producer and consumer cooperatives, kibbutzim and moshavim. The bank remained small during the 1920s and 1930s (Michaelis, p. 171), but after the founding of the State of Israel it grew and presently it is the largest bank in Israel with a market capitalization of 7.9 billion USD (May 2017, [www.forbes.com](http://www.forbes.com), accessed June 2017). After the closure of the two German banks, Frutiger and the Deutsche Palastina Bank, the local German community in IP, the Templers, opened in 1925 the Bank der Tempelgesellschaft, and this would be closed in the very beginning of WWII, September 1939 (Michaelis, p. 177). In 1930, the first wholly owned Arab bank in IP, called the Arab Bank, was opened in Jerusalem. With the founding of the State of Israel in 1948, the bank moved its headquarters to Amman, Jordan, and as of May 2017 its market capitalization was 5.7 billion USD ([www.forbes.com](http://www.forbes.com), accessed June 2017). In 1935, Leon Recanti, a Jewish immigrant from Salonika, opened the Palestine Discount Bank. After the founding of the State of Israel, this would become Israel Bank Discount, and in 2017 it is the third largest bank in Israel with a market capitalization of 2.8 billion USD (May 2017, [www.forbes.com](http://www.forbes.com), accessed June 2017).

By 1930, there were seven foreign banks and 20 local banks, and by March 31, 1936 there were six foreign banks and seventy local banks. The six foreign banks were Barclays Bank, the Anglo-Palestine Bank, the Ottoman Bank, Banco di Roma Holland Bank Union and Polish Guardian Bank. In 1937 these six foreign banks dominated the local banks as they held 77% of total deposits and 80% of demand deposits (Hakim and El-Hussayni, 1939, pp. 464-467).

Hakim and El-Hussayni (p. 465) explain that the growth in the number of local banks in the first half of the 1930s "was due to the increase in immigration and the large influx of capital into the country which made it easy for newly formed small banks with high sounding names to attract deposits from unwary immigrants by means of high rates of interest." In response to this large growth, the British High Commissioner appointed a banking committee in 1933 to investigate the industry. The result of the committee was the banking ordinance of 1937

which raised the capital requirements of all the local banks, and by 1939, the number of local banks had decreased to 38 (Michaelis, p. 182). This ordinance served to remove many of the weaker banks, and strengthened the financial system before the outbreak of WWII.

We see that from the middle of the 19<sup>th</sup> century until up to WWII, the banking system in IP went through three different phases. The first phase was that of the private banking from the middle of the 19<sup>th</sup> century until the end of the 19<sup>th</sup> century with the exception of the Valero bank which lasted until WWI. The second phase was the introduction of branches of international banks in IP in the end of the Ottoman period until WWI. Only two of the banks, the Anglo-Palestine Bank and the Ottoman Imperial Bank, which started in this second phase would continue to function successively in the mandate period. The third phase was the interwar years, when Palestine was controlled by the British. In this period many new banks opened, and in the end of the period, the British intervened to strengthen the regulation of the banking system. The growth in banking in this long period was both a by-product and a contributor to the general economic growth in IP, first slowly in the end of the 19<sup>th</sup> century, a little more in the beginning of the 20<sup>th</sup> century, and even more during the Mandate period.

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Dr. Evangelia Mathopoulou, Associate Curator, Bank of Cyprus Historical Archive - Special Scientist, University of Cyprus

**Entrepreneurial networks in the Eastern Mediterranean: the Jewish case, 1933-1939**

The 1920s were marked by a steady inflow of Jewish affluent migrants from the USA and Europe to Mandate Palestine. The Jewish entrepreneurs embraced the national aspiration of the 'return' to Zion and comprised the force of economic modernization and acceleration of economic growth in the future Jewish state. However, protectionism in the 1930s led some of these entrepreneurs to redefine their 'strategy' in business activity, following the exclusion of Palestine from the imperial trading zone. As the case of Cyprus shows, they expanded their entrepreneurial networks in the Levant in order to gain back access to the British market by establishing commercial companies on neighbouring British ground. Mandate Palestine, due to her frequent shipping service with the UK, was nothing more than the hub which kept connected the Jewish entrepreneurs with European markets, while Cyprus was the place where trading products were manufactured.

The paper seeks to shed light on the business activity of Jews between Mandate Palestine and the Crown Colony of Cyprus. Historiography has hitherto approached the case of Jewish entrepreneurship in modern period largely within the context of diaspora networking and less in the sphere of colonial economics and modern consumer culture. The paper will embed the entrepreneurial activity of the 1930s in this context, through the lens of nation-building and rigid dependence on British colonial market. It will further discuss how the Jewish entrepreneurs managed to create trade and profit in a period of economic transformations in the region, amidst a worldwide recession, but unprecedented economic growth in Palestine.

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Dr. Maria Panayiotou, Research Assistant, Department of History and Archaeology, University of Cyprus

**Coasting trade in Cyprus, 1878-1927: an early approach**

Although we do know that the coasting transportation was the main means of transportation for goods and people until the island's road network was developed, our overall knowledge on that is limited. This paper is a first attempt to study the coasting trade of the island and look to its importance to the transportation of goods and people around the island and to the opposite coasts (Beirut, Karamania etc.).

The paper will look at the number and tonnage of the sailing ships which were employed on the coasting service, and which of them were native and/ or British.

The Cypriots' coasting trade companies will also be presented. Furthermore the paper will show the extent on which changes in the shipping technology and the use of steamships affected the coasting trade of the island.

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Alexander Apostolides, Assistant Professor Department of Accounting, Economics and

Finance, European University Cyprus and Andreas Christodoulou, MBA, European University Cyprus

### **Financial analysis of 'Paphos Laiki Bank' during the period 1930-1948.**

This paper examines the liquidity, the profitability, the efficiency and the degree of capital adequacy of Paphos Laiki Bank for the period 1930-1948. Various accounting tools and methods are utilised for the financial analysis. The data and more specifically the annual statements of the bank were retrieved from Bank of Cyprus Historical Archive.

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### **The Greek banking system in the early 20<sup>th</sup> century: some unexplored archives**

The proposed paper refers to the creation and role of banks and their impact in the transformation and modernization of the Greek regional economy during the early 20<sup>th</sup> century. Examining the formation of a number of new financial institutions, four banking houses were created in this specific historic and economic juncture, initiated by various founding groups and focusing on different kinds of banking services, potential customers and investors.

In the course of WWI, in the financial center of Greece, *Piraeus Bank of Commerce, Industry & Shipping* came into existence (1916). As an indication of the major investors in the venture, three members of noted ship owning families of the time are listed in the board of directors. It was a time of high profits, but also of increased dangers in merchant shipping. Owing to the accumulation of capital and high risks at sea, enterprising ship owners chose to branch out in the banking sector. The Bank went through several changes of its status in the following years. The end of WWI inaugurated a period of high optimism and capital flow. The banking world, in accordance with the general euphoria in the social and economic spheres, implemented an active financing policy with long and short term credits for commerce. Besides ship owners, various groups proceeded to carve for themselves a position among existing banking houses. From 1916 to 1929, the country witnessed the creation of a number of seventeen new banking houses, seven of which in Athens and Piraeus. Among those we find *Chios Bank*, a project undertaken by a merchant bankers group. For the duration of its life cycle the bank was managed by the Paspatis brothers, active members of a commercial family of the island of Chios from the 19<sup>th</sup> century, with strong business interests abroad.

In 1928, the Greek banking system proceeded to a general restructuring with the withdrawal of the currency privilege from the National Bank and the wholesale reorganization of the agricultural credit sector. The *Agricultural Bank of Greece* was founded in 1929, in order to meet with the long standing need for sound agricultural credit and to support, as a public non-profit institution, the rural sector of the Greek economy and the agricultural populations of the country. It also marked a turning point in the transformation of the Greek rural landscape. One of the regional banking institutions to be incorporated to the *Agricultural Bank of Greece* was the *Public Benefit Fund of Crete* (established. 1869, reorganized in 1903) aimed to foster agricultural production, agricultural and cattle industry, by supplying farmers with loans and facilitating the process of transfer of former Ottoman lands.

In 1937, following a mandatory law by the Metaxas administration, the *Bank of Army Pension Fund* was established. With its predecessor being the *Greek Army Officers' Widow and Orphanage Fund*, its statutory aim was to grant financial and material aid to the Greek Army Officers and their families. In 1966, the *Bank of Army Pension Fund* was renamed to *Geniki Bank*. The total bulk of the abovementioned institution's archival resources are deposited in the Historical Archives of the Piraeus Bank Group Cultural Foundation. PIOP Historical Archives' primary objective is to operate as a documentation center on banking, industrial and economic history of the 20th century, allowing for the formation of a concise portrait of the development of the country. Among the wealth of material held by PIOP, yet partially explored by research, we may mention fonds of banking houses and organizations, also implementing State policies, as well as, the archives of various major businesses

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**Productivity improvement during the first half of the 20<sup>th</sup> Century: Where did the catch up growth come from?**

Productivity Improvement During the First half of the 20th Century: Where did the catch up growth come from?

In 1961 the United Nations technical committee experts were concerned about the island's prospects at independence as "the Cyprus economy...seemed to be running along a downhill and rather bumpy road". And yet the Cyprus economy in terms of income progressed in leaps and bounds since then. What drove the "Cyprus Miracle" that allowed Cyprus to catch up to European levels of income? There have often been theories and suggestions that point out to an increase in productivity per capita that include education, migration outflow, technological adaptation and favourable trade agreements with the United Kingdom. Others, such as Apostolides (2010) argue that the catch up to growth started much earlier through productivity improvements in the 1920s.

We estimate productivity increases on the Cyprus economy for the period 1921-1980 through growth the method of growth income accounting. In growth accounting one can break down the growth to the proximate drivers of the economic growth allowing one to understand the ultimate reasons for the growth catch up. We argue that Total factor Productivity through the adoption of technology played a far greater part than what was given credit too in the Cypriot Catch up growth.

Notes

