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Swedish steel and global resource colonialism: Sandviken’s quest for Turkish chromium, 1925–1950

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Abstract
This article analyses Swedish industry’s attempts to secure strategic raw materials in an era of global resource colonialism. More precisely, it tells the story of how Sandviken’s Jernverk – a leading Swedish steel producer – set out to secure its need for chromium ore during the Interwar Era. Up to the late 1920s, Sandviken sourced its chromium from British and French colonies. However, the company feared the British Empire’s growing dominance in the global chromium ore market. In 1928, then, Sandviken joined forces with several other Swedish steel producers, forming a consortium that, with ample help from Swedish foreign policy actors, managed to establish an independent source of chromium ore in Turkey. This project, however, which took the form of an Istanbul-based mining company, made big losses and was abandoned after only a few years. The project failed because of changes in the world chromium market, the global economic crisis, conflicts with the company’s Turkey-based managing director and the Swedish reluctance to scale up mining in such a way that the chromium ore might compete with Rhodesian, New Caledonian and Baluchistani ore.

1. Introduction
The First World War and the Interwar Era are often regarded as formative periods in the conceptualisation of natural resources as ‘strategic’. To a much greater extent than before, governments and companies became aware at this time of their critical dependence on an ever wider range of raw materials – from fossil fuels and metal ores, to fertilisers and timber – that were perceived as scarce and often had to be imported from abroad. How actors responded to such scarcity and dependence constitutes an intriguing interdisciplinary field of research, to which not only economic and business historians, but also environmental historians and international relations scholars have contributed. A salient dimension in these studies, regarding the time period at focus here, has been the role of colonialism. Storli (2013), Perchard (2013) and Sheller (2014), for example, all point to the dominance of colonial regions – particularly the Guianas, West Africa and Southeast Asia – in the emergence of bauxite as a strategic resource in the early twentieth century. O’Malley (2015) discusses how colonial imperial powers controlled and gained access to tin deposits in the Congo during the same period. Similarly, Limbaugh (2010) describes how the United States tried to secure their supply of tungsten, a strategic alloying metal, from colonial regions during the Interwar Era. Topik and Wells (2012) observe that in 1938, 20% of the world’s copper came from colonial Congo, while Phimister (1988) brings up how the colonial powers extracted chromium, copper and gold in South Rhodesia. Petroleum, which took on strategic importance starting in the 1910s,
was also sourced mainly from colonial regions, such as the Dutch East Indies and imperial Russia’s Transcaucasian domains (Black, 2012).

A problem with this literature, exciting and enriching as it may be, is that it is strongly biased towards a focus on the most powerful countries in the world, notably Britain (and its Empire) and the United States. The activities of the smaller nations – especially those lacking colonies – and how they responded to resource scarcity and global resource colonialism has been less researched. This is the case in spite of the fact that, given their relatively weak political and economic power in the international arena, they had even more occasion than the great powers to worry about their access to resources beyond their own borders.

This article adds to the literature on resource scarcity and resource colonialism from a small-country perspective. It does so by exploring the case of how a large Swedish steel company – Sandvikens Jernverk AB – set out to manage its dependence on chromium ore during the Interwar Era. During this period, Sandviken came to perceive chromium as a strategic metal due to its critical role in stainless steel production. As we will show, the company was not willing to trust world markets and the powerful supply chains of the large imperial powers to meet its chromium demand. Instead, through a complex chain of events, and in tough competition with the great powers, it took control of a large number of chromium ore deposits in post-Ottoman Turkey, mobilising this country’s workforce and infrastructure to secure its resource needs. How and why did Sandviken, with its base in a small, non-colonialist country, end up as a player in the Anatolian mining industry, challenging the hegemony of the imperial powers in global resource flows? And why did Sandviken eventually abandon its Turkish venture? These are the main questions that we set out to answer in this article.

2. Theoretical and methodological point of departure

To understand Sandviken’s acquisition of a number of Turkish chromium ore mines, we need to see this, first of all, in the wider context of available strategies for responding to resource scarcity. Earlier research points to a number of possible strategies, such as stockpiling, substitution, diversification, resource savings and recycling, prospecting and exploration activities and acquisition of foreign deposits (cf. Högselius, Åberg, & Kaijser, 2013; Lesser, 1989; Vikström, 2016). In this article we focus on Sandviken’s application of the last two of these strategies to its scarcity dilemma: prospecting and exploration activities and acquisition of foreign mines.

Secondly, it is crucial to understand the wider network of actors who were behind the company’s Turkish activities. Large industrial enterprises such as Sandvikens Jernverk are rarely able to operate in isolation, but rather have to enrol a variety of other actors in their projects. For example, they may find it necessary to forge alliances with other companies – including their competitors – or seek support from governments and state agencies. The necessity to enrol others becomes even more pressing in international projects, as geographic, linguistic and cultural barriers call for help from individuals and organisations that have the ability to bridge such divides. Importantly, large companies may also themselves be subject to enrolment attempts by other actors – not only by other companies, but also by, for example, state actors, who attempt to make use of industrial interests for purposes of foreign policy and foreign trade policy.

Actors have different interests. Businesses, of course, generally seek primarily to increase sales, reduce costs and raise profits. Foreign policy actors have their mindset on the overall security of

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1. The colonial histories of small, formally non-colonialist nations have been subject to growing interest in recent years, see, for example, the edited collections by Naum and Nordin (2013) and Kjerland and Bertelsen (2014). However, with a few exceptions – e.g. Reiersen (2014) and Avango, Högselius, and Nilsson (forthcoming) – the extractive industries do not play any major role in this literature. The literature on the foreign trade and foreign investment activities of small, non-colonialist nations is also rich, but in terms of its links to resource extraction it has mainly targeted issues such as bilateral trade agreements (e.g. Rooth, 1984), small nations’ exports of resources (e.g. Karlbom, 1965), the foreign activities of construction agencies (Andersen, 2005) or profit-oriented investments in overseas resource extraction (Runblom, 1971, chapter 4), rather than on foreign expansion as a way of coping with domestic resource scarcity.
their nation and the development of peaceful and constructive relations with other polities. Yet one of their main tasks in the twentieth century has also been to support their nations’ business interests. At the level of the individual, salary, career and wider personal ambitions may be at stake, often in ways that lead to tensions with the organisational interests they are supposed to represent. At the same time, actors are dependent on each other and need to harmonise their goals with the interests of those they wish to enrol in order to create mutual understanding and increase the probability of reaching their goals, though from different perspectives. Studying how differing interests clash and/or harmonise with each other constitutes an important part of the present study.

We have adhered to the methodological principle of ‘following the actors’. Through a book published in connection with the 75th anniversary of Sandvikens Jernverk – nowadays known as Sandvik – we came across one paragraph briefly describing an attempt to secure the company’s need for chromium ore by directly engaging in mining activities in Turkey (Hedin, 1938). It turned out that Sandvik’s company archives (SandA), held by the archives of the municipality of Sandviken, contained several boxes about this project. Sifting through this material, we found that the affair also included the participation of the Swedish Legation in Istanbul. For this reason, we decided to expand our study by consulting the Legation’s archive, held by the Swedish National Archives (Riksarkivet, RA). This enabled us to analyse the same story from a governmental perspective, adding to Sandviken’s side of the story. Furthermore, the archival material pointed to an important role played by Jernkontoret, an industrial trade organisation representing the Swedish steel industry, so that we decided to explore the historical archives of this organisation (JernA) as well.

Together, these archives provide detailed coverage of the case as such. We complemented our archival material with secondary literature and information regarding the evolution of the global chromium market during the period, as reported in the journal *The Mineral Industry: Its Statistics, Technology and Trade*, the most important yearbook published in the field, featuring one chapter in every volume devoted to the chromium industry.

### 3. Sandviken’s emerging chromium supply strategy

Sandvikens Jernverk AB was – and still is – one of the largest steel and mechanical engineering enterprises in Sweden. Founded in 1868 as a family-owned steel mill, over the years it grew, expanded and diversified. Like many other Swedish steelworks, it closely monitored – and contributed to – new technical developments on all fronts. In this context it also took considerable interest in new, innovative types of steel. Even in its early days, the company experimented with various alloying metals, including chromium, tungsten and vanadium, in search of stronger and more advanced steels. Sandviken’s first record of a chromium purchase was logged in 1894. At that time, chromium was difficult to purify and the metal was therefore expensive. Even so, Sandviken increased its chromium imports from 43 tonnes in 1900 to around 300 tonnes in 1917. Like most other steel companies, Sandviken used mainly ore with a chromium oxide content of at least 48%, since the technical processes developed up to that time did not work well with poorer ores. During the First World War, however, as Sandvikens Jernverk was cut off from its main suppliers, it was forced to use low-quality Norwegian ore, which contained merely 40% chromium oxide. Sandviken did its best to accommodate the low-grade ore, but with ‘relatively unsatisfactory results’. In fact, by 1917 the lack of richer ore meant that chromium steels could no longer be produced in Sweden.

After the end of the First World War in 1918, Sandviken abandoned the low-quality Norwegian chromium and resumed its high-quality imports from other parts of the world. Most of the suppliers...
were based in various colonial regions across the world – South Rhodesia (now Zimbabwe) until 1923, then the French colony New Caledonia (in the Pacific Ocean) and later on Baluchistan in British India (now southwestern Pakistan).6

As the production of stainless steel – for which large amounts of chromium were needed – took off in the late 1920s, the world’s leading steel mills increasingly came to perceive chromium as a strategically important metal. Most kinds of steel contained only a few percent of alloying metals, but stainless steels had substantial chromium content, ranging from a minimum of 11% up to 15–20%.7 Hence, chromium needs were anything but negligible. By 1928, trade journals pointed to chromium as one of the most vital alloying and ‘side’ metals (e.g. Rubinfeld, 1928). A Swedish report published in 1929 noted that the growing importance of chromium was problematic, because it was still a ‘sparsely occurring element’ (Carlborg, 1929). The metal was extracted in only a few countries, which resulted in large transnational flows. Sweden, along with Germany and many other countries, was completely dependent on imports (Rubinfeld, 1928). In an age of growing protectionist trends in the world economy, this made Sandviken and other Swedish steel companies nervous when they set out to scale up their production of stainless steel.

Before the First World War, the Ottoman Empire had been the world’s main chromium supplier. After the war, however, the market structure changed radically. In 1922, British interests actively began promoting chromium ore production in South Rhodesia, and by 1927, the chromium mines in this African colony had come to totally dominate world production. South Rhodesia produced about 218,000 tonnes of the global world production amounting to 360,000 tonnes, making the British Empire – and the London-based Chrome Company – the main chromium producer (Phimister, 1988; Rubinfeld, 1928). Apart from being the largest producer, the Britons controlled the seas and other transport routes. They also owned the second largest deposit in the world, situated in the French colony of New Caledonia, and managed deposits in India.8 Trade journals in 1928 noted that around 2/3 of global chromium production was controlled by British capital, whereas the United States consumed about 2/3 (Rubinfeld, 1928).

For non-British actors, this development was clearly worrisome. In Sweden, Jernkontoret, the trade association of the Swedish steel industry, noted that American, German and French companies all tried to acquire their own chromium deposits, ‘probably largely to counteract the harmful [British] monopoly’ (Carlborg, 1929). Like these, the Swedish steel industry started to fear that the British dominance might lead to sharp increases in the chromium price. An increased price could potentially hamper Sandviken’s and the other Swedish steelworks’ ability to manufacture stainless steels.

While pondering this risk and how to respond to it, in February 1928 Sandviken’s board of directors received a – strictly confidential – inquiry from Jernkontoret, asking whether Sandviken, preferably in cooperation with one or several other Swedish steelworks, would be interested in ‘jointly acquiring some chromium ore deposit’ abroad. More precisely, Jernkontoret pointed to an opportunity that seemed to be emerging in Turkey, whose chromium ore industry now showed signs of recovery following chaotic years of war and revolution. The inquiry was based on a report from the Swedish Legation in Constantinople, which painted a bright picture of the potential benefits of Turkey’s chromium ore for the Swedish steel industry, pointing to the great number of Turkish deposits.9 Having discussed the inquiry, Sandviken’s board of directors replied positively to Jernkontoret’s suggestion to dispatch one or two Swedish mining experts to Turkey to explore the possibilities.10 Several other Swedish steelworks also supported the initiative. Together they decided to form

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7P.M. angående konsortium för förvärvade av krommalmsfyndigheter i Mindre Asien, 9 March 1929. SandA F8:B56.
9Wahlberg (Jernkontoret) to Director Göransson (Sandvikens Jernverk), 18 and 25 February 1928. JernA, Gamla Krommalmskonsortiet.
10Director Yngström (Sandvikens Jernverk) to Wahlberg, 2 March 1928. JernA, Gamla Krommalmskonsortiet, Diverse korrespondens 1928–1929.
a tentative ‘chromium ore consortium’. During the following years, this consortium would evolve into the main vehicle in Sandviken’s – and the Swedish steel industry’s – attempt to fight the British Empire’s monopolisation of the world chromium market.

4. Natural resources in the context of Swedish-Turkish relations

Before proceeding to trace the Swedish efforts to take control of some of Turkey’s prime chromium ore deposits, we should point out that Turkey had attracted the attention of not only the steel industry, but of a number of other Swedish actors as well. On the one hand, numerous Swedish businesses were eager to invest in and trade with Turkey. On the other hand, the Ministry of Foreign Affairs closely followed developments in the country. The ministry was keen to build constructive political and economic relations with the young nation-state, and it believed that the steel industry’s attempt to secure a reliable source of chromium could contribute to this wider aim.

The Turkish Republic was a recent creation. After the First World War, the vast territories of the Ottoman Empire, just like its allies Germany and Austria-Hungary, had been occupied by Entente forces. Two years later a peace treaty with the Entente was signed at Sèvres. It paved the way for Britain and France to dismantle the Ottoman Empire and take possession of its territories in Asia Minor and the Middle East. Unsurprisingly, the Sèvres Treaty was immensely unpopular in Turkey. In response, Turkish nationalists launched a rebel war of independence against the occupying forces and the remnants of the old Ottoman government. The nationalists, led by Mustafa Kemal (Atatürk), emerged as victors in 1922, and in July 1923 Kemal struck a new agreement with Britain, France and Italy at Lausanne, establishing the new Republic of Turkey (Shaw & Shaw, 1977, p. 840).

Swedish actors in the realms of trade, industry and foreign policy set out to establish relations with this new state early on, whereby the Swedish Legation in Constantinople – the former capital of the Ottoman Empire – played a crucial role. The key individual here was G.O. Wallenberg, who had made a name as Sweden’s first envoy in Japan and China in the early 1900s. There, he had worked hard to support Swedish business interests in East Asia. The foreign ministry moved Wallenberg to Constantinople in 1920, where he remained in service until his retirement in 1930 (Wetterberg, 2013, p. 313). From his new base in Turkey, Wallenberg continued his earlier efforts to promote Swedish political and economic interests abroad.

Wallenberg started his work in a country whose state actors had a positive attitude towards Sweden. Erik Lönnroth has pointed out that under the leadership of Hjalmar Branting, Swedish foreign minister from 1921 to 1923, Sweden had established a reputation of speaking on behalf of small states against the large colonial powers. A building block for this reputation was Branting’s, and later on foreign minister Östen Undén’s, role in negotiating a treaty between Turkey and Britain in the wake of the Lausanne agreement, recognising the border between Turkey and the newly established British Iraq protectorate (Lönnroth, 1959). The leadership in Turkey considered Sweden to be impartial and neutral and therefore more attractive to interact with than other countries.

At the same time, Turkey was viewed as a country of great promise for Swedish business during the Interwar Era. Wallenberg directly supported and intervened in individual Swedish companies’ attempts to invest in and trade with Turkey, while also devoting much effort to negotiating a formal Swedish-Turkish trade treaty. Wallenberg early on came to view Turkey as a gateway to Western Asia, encouraging Swedish economic interests to venture beyond Turkey itself. Wallenberg also supported and marketed the influential Swedish author Ludvig Nordström’s book Världs-Sverige.
(‘World-Sweden’), which was published in 1928 and in which Nordström, encouraged by Wallenberg, promoted Turkey as a country for Swedish companies to invest in (Nordström, 1928). Noteworthy examples of early Swedish business success in Turkey included the Turkish government’s unexpected decision to award the contract for a 1000-km railway project to a Swedish-Danish group of companies – consisting of the Swedish mechanical engineering company Nydquist and Holm AB (Nohab) and two Danish construction agencies (Johnsson, 1947) – and L.M. Ericsson’s contract for a telephone network in Ankara, Turkey’s new capital city. Ludvig Nordström, in Världs-Sverige, pointed to the railway project, in particular, as a model case of what Sweden, through the combined efforts of diplomats and business leaders, could achieve in distant parts of the world (Nordström, 1928).

Wallenberg at the Swedish Legation wrote that Kemal ‘would love to come in contact with the Swedes, whose country they [the Turks] considered to be the best organized in the world’ (Johnsson, 1947, p. 284). According to Wallenberg, it was ‘in fashion’ to work with the Swedes. A disturbing factor in Turkey’s emerging foreign trade policy, however, was the country’s ambition to balance imports and exports to and from every foreign country. In other words, if Swedish companies wished to export valuable industrial items to Turkey, other Swedish companies would have to import Turkish goods of equal value. Sweden’s traditional imports from Turkey had been dominated by tobacco, but when companies such as Nohab and Ericsson launched their ambitious and expensive projects, it quickly became clear that the range of Swedish imports from Turkey would have to be diversified.

This became a major headache for the foreign ministry and for Wallenberg at the Legation. The steel industry’s growing production of stainless steel and the resulting demand for large amounts of chromium ore then caught the attention of the diplomats as a unique opportunity. The Swedish steel industry’s need for chromium was identified as a perfect chance to improve the trade balance and enable further Swedish exports to Turkey. For this purpose Wallenberg contacted Christian Günther, head of the Swedish Foreign Ministry’s trade division, who in turn approached Jernkontoret. It was in this way that Sandvikens Jernverk in February 1928 received an inquiry from Jernkontoret concerning Turkish chromium ore.

5. Exploring Turkey’s chromium resources

The chromium ore consortium that was formed in spring 1928, under Jernkontoret’s auspices, comprised Sandvikens Jernverk and seven other large Swedish steel works: Avesta, Bofors, Fagersta, Forsbacka, Hellefors, Stora Kopparberg and Uddeholm. The consortium was chaired by Emil Lundqvist, head of Stora Kopparbergs Bergslags AB and an internationally experienced engineer who had previously worked in Germany, the United States and in colonial South Africa’s diamond mines. Wallenberg at the Legation was delighted to see the consortium materialise, and as soon as it had been formed he undertook to support it in every possible way. He immediately contacted key people in the Turkish government (former minister of trade Ali Djenani) and in Turkish industry (Aluili Mahmud, who coordinated the trade policy interests of Turkish industry) in search of support and possible cooperation partners. He was also in close contact with the Swedish-Danish railway group, probing possible synergies between their project and the Swedish search for chromium.
In March 1928, then, Sandviken and the other steel companies dispatched Kommerskollegium’s chief engineer Harald Carlborg and Jernkontoret’s Axel Wahlberg to Turkey for the purpose of further exploring the issue on behalf of the chromium consortium. Wallenberg and his colleague at the Swedish Legation, Johannes Kolmodin, who was fluent in the Turkish language, assisted them by organising several meetings with key people from business and politics. Upon Wallenberg’s suggestion, at this early stage the Swedish guests presented themselves merely as potential buyers of Turkish chromium ore, preferring not to mention their actual objective of acquiring mining concessions. The acquisition of mines by foreigners was a sensitive subject, given the negative Turkish experiences of colonialist-style exploitation of the Ottoman Empire’s natural resources before the war. ‘The Turks’, the Swedes noted, ‘distrust foreigners who wish to acquire mines for themselves’. The strategy was to first establish trustful relations, and then, when the time was ripe, proceed with the acquisition of mines.

Carlborg, accompanied by Kolmodin as an interpreter, personally visited some of the Turkish regions that were known to rest on large chromium ore deposits. The Swedes concluded that the richest and most advantageously located deposits – those that were close to the coast and/or existing railways – had already been ‘skimmed of the best’ by the imperial powers before the war. But there was no need to despair, because the available information also pointed to a variety of areas where large-scale mining had not yet taken place. Some of these were ‘poorer’ deposits, which had not yet attracted the interest of mining companies because their chromium content was below 48%. Other deposits were richer, but did not enjoy the same excellent transport conditions as the deposits that had already been exploited. In view of Turkey’s ambitious railway investment programme, however, the Swedes regarded some of the latter sites as potentially promising for the future.

Carlborg and Wahlberg reported in detail about their trip to Turkey at a meeting with the steel companies in Stockholm on 22 May 1928. Before making a firm decision on which deposits to target, Carlborg and Wahlberg proposed that the consortium invest in a more thorough mapping and evaluation of some of them. Sandviken subscribed to this proposal, as did the other companies involved. For this purpose, the consortium approached a Swedish citizen of Turkish origin, Orhan Brandt, with whom the Swedish Legation in Constantinople was already familiar.

Brandt, an ambitious man in his mid-thirties, had earned a reputation as a skilled and energetic entrepreneur with business interests in both farming and mining and with considerable experience in Western-Turkish diplomacy. During the First World War, he had worked for the German consulate in Smyrna, whereby he had also been appointed the main representative in Turkey of the famous German-controlled Baghdad Railway. After the war he had for some time managed the Turkish subsidiary of a major Greek trading agency, a post he left as a result of Turkey’s violent conflict with Greece (1919–1922). He had then moved to Romania, where he had set up his own petroleum production company. In Bucharest he had also been entrusted with the administration of the Swedish consulate for some time, which subsequently spilled over into employment for the Swedish company Baltic. Brandt had an important personal network in the form of connections to the Turkish political and economic elite, including several persons at a very high level. Both the Legation and the engineers had the impression that he was a man capable of bridging the gap between the Swedish and Turkish political and business cultures and of managing the transnational actor network upon which any Swedish involvement in Turkish natural resource exploitation would have to rest.

21For Sandviken’s reply, see Yngström to Wahlberg, 29 May 1928, JernA, Gamla Krommalmskonsortiet, Diverse korrespondens 1928–1929.  
22Orhan Brandt (undated), Lebenslauf, JernA, Gamla Krommalmskonsortiet, 1928.  
23Wahlberg, 16 May 1928, SandA F8:B55.
In fact, Brandt’s connections to Sweden were very loose. He did not speak or write Swedish (the working language in his communications with the Swedes was German). The consortium viewed his Turkish connections, experience and ethnicity as his most valuable asset. Wahlberg, when reporting to the consortium about his and Carlborg’s visit to Constantinople, warned that experience has shown that when foreigners engage in mining in Turkey on their own and their enterprise seems promising, envy soon becomes apparent from the one or the other side, with the result that you run into unexpected difficulties and become subject to harassment, which costs more than if you let the Turks join in from the beginning.24

The consortium charged Brandt with the task of identifying promising chromium ore deposits that could be exploited in a legally, politically and economically feasible way. From May 1928 on, Brandt went to see a large number of sites across Anatolia, known or believed to contain chromium ore. The travels often turned into real adventures, which in themselves demonstrated the basic problem with Turkey as a mining country in the 1920s – its lack of modern transport infrastructure. To reach the mineral deposits, Brandt often had to walk for hours. Sometimes he hired ox-carts or horses. He spent the night in villages inhabited by ‘very primitive people’, as he described them, talking to farmers who, this alleged primitiveness notwithstanding, were able to inform Brandt about the mining history of each site and about issues regarding ownership. Brandt inquired with the locals whether – and if so, for how large a wage – they would be willing to accept employment by the Swedish consortium as labourers excavating ore on-site and then transporting it, using their ox-carts, to the nearest railway station.25

In his reports to Sweden, which were submitted by way of Wallenberg at the Legation, Brandt provided impressively detailed calculations of the expected costs that ore mining and transports would generate. The most problematic component was always the cost of transport from the mine to the nearest port or railway. For this reason Brandt carefully surveyed planned and ongoing infrastructure projects in or near Anatolia’s mining districts, noting, for example, that the sites near Kütahya, which had so far been regarded as isolated and remote, would soon see radical change through the expected inauguration of a new railway line. At other sites major road works were about to take off, which in a similar way were bound to reduce transport costs.26

The transport issue aside, the chromium content was found to vary widely from one deposit to the other. As noted above, ores with chromium oxide contents below 48% were at the outset regarded as too poor to be useful in the steel industry. The concentration could be significantly increased, argued Brandt, with the help of a low-tech refinery in the form of a simple washing facility, to be driven and supplied by local watermills. But there were also technical experiments being carried out in the steel industry to increase the usefulness of poorer chromium ores.27

In his reports to Swedish chromium ore consortium, Brandt painted a vivid picture of toughening international competition for Turkey’s chromium riches. At several sites he observed that local owners of ore fields were already negotiating with a French company for access.28 He noted that the Germans were operating a few mines in the Dagardi area.29 In the Eskişehir district, a German engineer was further reported to be ‘visiting and wherever possible putting his hand, on behalf of a German company, on all deposits that come to his knowledge (Figure 1).30 The Czechs – who like the Swedes operated through a consortium, led by Skoda – and the British were also on their way. Foreign interests aside, local Turkish investors were reported to be moving to invest.31

24Wahlberg, 1 May 1928, ‘Promemoria angående de legala möjligheterna m.m. för ett svenskt förvärv av krommalmsfyndigheter i Anatolien’. SandA, F8:B55.
29Carlborg, 8 June 1928. SandA F8:B55.
30Brandt to Wallenberg, 10 June 1928. SandA F8:B55.
Brandt emphasised that others were moving fast and that decisions hence would have to be made as soon as possible. In the end he grew so eager to take action that he opted to move ahead even before Sandviken and the Swedish steel companies had had time to discuss the issue more thoroughly with their boards. In June 1928 he signed agreements with landowners through which prospecting permits for two deposits were secured. Brandt secured these sites in his own name, arguing that this was the only possibility, as there did not yet exist any Swedish-controlled Turkish mining company that could apply for such permits. Communicating his bold moves to the steel companies, he emphasised that the cost of acquiring the permits was very modest, being of the same order of magnitude as the costs of mere travel to the sites. The permits in question allowed Brandt to undertake exploratory activities at the sites, but above all they blocked competing actors from acquiring the same permits. Later that autumn, Brandt acquired two further prospecting permits.

Sandviken’s director Lars Yngström showed himself cautiously optimistic about Brandt’s initial, though somewhat surprising activity. Brandt’s ‘very valuable’ reports seemed to confirm that Turkish chromium ore held great promise. Most of the other members of the chromium ore consortium shared this view. However, one of the members – Lundqvist’s Stora Kopparberg – decided to withdraw, citing ‘in several respects uncertain conditions in Turkey’ as the main reason. In this situation the decision was taken to liquidate the consortium and form a new one. Arvid Sjögren from Forsbacka, reputed for having pioneered new methods for stainless steel production in Sweden, was appointed chairman of the new consortium. In August 1928, the new consortium decided to contribute 30,000 Swedish kronor – with Sandviken contributing 3479 kronor – to re-employ Brandt on

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32These were parts of the Dari-Su deposit and all of the Avlak Kaya Su deposit.
33Brandt to Wallenberg, 10 June 1928. SandA F8:B55.
34Yngström to Wahlberg, 9 and 24 August 1928; Yngström to Sjögren, 27 August 1928. JernA, Nya Krommalmskonsortiet, Diverse korrespondens.
35Nya Krommalmskonsortiet, 31 July 1928, meeting notes; Wahlberg to Yngström, 15 August 1928, JernA, Nya Krommalmskonsortiet, Diverse korrespondens.
a firmer basis, equipping him with an office and also allowing him to employ an assistant, the German mining engineer Carl Emil Spatz. The Swedish Legation took active part in the venture by controlling the consortium’s bank account, which was now to be opened in Istanbul, including important practicalities such as handling Brandt’s salary.36

During autumn 1928 Brandt and Spatz studied further chromium ore deposits in Anatolia. They submitted a large number of applications for prospecting permits, and later on for mining concessions as well. Brandt further arranged for a first batch of ore to be exported. This was essentially a mere sample, to be tested at Sandviken and two of the other steelworks. The shipment – 600 tonnes of chromium ore from a deposit referred to as Başören, for which Brandt had secured a prospecting permit - eventually arrived in Sweden in June 1929, where it attracted substantial news coverage.37 These shipments were possible to undertake before the Swedes had acquired any official mining concessions, since Brandt’s exploratory permits allowed for the export of up to 2000 tonnes of chromium ore from each mining site.38 This did not pass unnoticed: both the US-based Mineral Industry and a German newspaper reported on the Swedish mining activities in Turkey.39 With its reputation growing, a variety of foreign firms began to approach the Swedish consortium, inquiring whether it was interested in further deposits or in chromium ore supplies from Brazil, or, alternatively, if it needed help selling the ore, whether it could export chromium to America.40

Judging that the Turkish chromium ore prospects were indeed worth pursuing, the consortium then decided that the time was ripe to organise the project more firmly by setting up a company. In a first step, a Swedish joint stock company was formed. AB Basshuff, as the company was named (formed by the initials of the involved companies: Bofors, Avesta, Sandviken, Strömsnäs, Hellefors, Uddeholm, Forsbacka and Fagersta), was to have its seat in Stockholm.41 (In the end Bofors opted not to participate in the company, but the others decided to stick with the name.42) Jernkontoret played an important role in coordinating the interests of the companies. At the company’s first official shareholder meeting, held in June 1929, Sjögren was appointed general director. Basshuff’s official purpose was to acquire and exploit chromium ore mines in Turkey.43 Sandviken contributed 50,000 kronor to the company, as did the other steel mills involved.44 Wahlberg, sensing the risks involved, commented, ‘may everything end happily’ and ‘may Brandt be the right man to manage it all’.45

In a second step, Basshuff formed a Turkish subsidiary, the majority of which was owned by Basshuff, with Brandt contributing 10% equity. The company took its name – Baştaş, or in its full version: Baştas Türk Maadin Şirketi (Baştas Turkish Mining Company) – from a combination of the first three letters of Başören and Taştepe, the two mines that by this time seemed to be crystallising as the main ones of interest to the Swedes. The formation of a Turkish company was necessary because Turkish law stipulated that no foreign companies could hold concessions directly. After a few months of intense preparatory work, Baştas was officially founded in November 1929.46

Sandviken regarded the arrangement as promising. The steel company was impressed by what Baştas and Brandt, who was appointed general director, proved capable of. At Basshuff’s first annual meeting, held in March 1930, Brandt proudly summed up what had already been achieved since the

36Wahlberg, 17 August 1928, SandA F8:B55; Yngström to Wahlberg, 17 August 1928, JernA, Nya krommalmskonsortiet.
37See, for example, Dagens Nyheter, 30 May 1929, ‘Över tusen ton krommalm hit i dagarna. Fynden i Mindre Asien redan bearbetade. Svens, bosatt i Turkiet, företagets ledare’.
38Cf. Wahlberg, 1 May 1928, ‘Promemoria angående de legala möjligheterna m.m. för ett svenskt förvärv av krommalmsfyndigheter i Anatolien’, SandA F8:B55.
39The Mineral Industry 1929, p. 79.
43There was also the idea that the company could mine magnesite, a mineral that often occurred together with chromite.
45Wahlberg to Kolmodin, 4 June 1929. JernA, Nya krommalmskonsortiet.
start of the chromium project in 1928/1929. He had secured a large number of permits and concessions, covering deposits with confirmed reserves of at least 130,000 tonnes of chromium ore. He had done so in tough competition with foreign companies. At Taştepe he had outmanoeuvred the powerful German company Röchling – which in the 1940s would become infamous for its involvement in the Holocaust – and France’s Société de Mines et Métallurgie. Röchling had also been forced to cede the important Sepetci deposit to the Swedes. In another case, Brandt claimed to have succeeded in applying for a licence just a few days before an American competitor; the Smelting & Refining Co. did the same. At Kargili, however, Baştaş was involved in a border conflict between areas awarded for exploration to Brandt and Röchling’s representative, Alfred Paluka.

Brandt had also shown that he was able to organise actual ore extraction and transport. At Başören, Baştaş had produced 3380 tonnes of chromium ore, 2000 tonnes of which had been shipped to Stockholm. A further 1700 tonnes had been produced from Sepetci (although here Brandt was disappointed by the low quality of the ore). Another 1600 tonnes had been extracted from Swedish-controlled deposits in the Dagardi area. All in all, Baştaş had produced 6710 tonnes of Turkish chromium ore (see further Figure 2). Most of the ore that had been shipped so far consisted of leftover rocks – typically stemming from deserted Ottoman-era mining projects that decades earlier had been carried out at the same sites – and which had to be moved in order to enable further prospecting. Accordingly, Brandt emphasised that ‘ore production’ so far was merely a side-effect of prospecting works that were carried out in preparation of actual, large-scale mining.

Brandt further argued that to make serious use of the highly promising prospects of Baştaş, the time had come to strengthen the company by providing it with more capital. The steel companies hesitated, but Brandt’s enthusiasm eventually spilled over. Sandviken’s board of directors, after some discussion, decided to invest another 25,000 kronor in Basshuff, increasing the value of their shares from

48 Wahlberg to Wallenberg, 13 May 1930. SandA F8:B56.
50,000 to 75,000 kronor. Most of the other steel companies stated that they would do the same. A further positive new trend was that a number of Swedish companies not yet involved in Basshuff – notably Hofors, Wargön and AB Ferrolegeringar – indicated their interest in joining the company. All in all, the interest in – and expectations from – Turkish chromium ore mining seemed to be growing.

6. From cooperation to confrontation

Spring 1930 marked the peak of enthusiasm in Sandviken’s and the other steel companies’ Turkish venture, but at the same time, it became the starting point for a series of controversies. These eventually led to an open split between the Swedish steel companies and the general manager of Baştąş, Orhan Brandt. The first signs of problems came in May 1930. At this time Arvid Sjögren, who had fallen seriously ill, was replaced by Jernkontoret’s Edward Klintin as Basshuff’s chairman. Klintin reported to Brandt that two consortium members had not yet paid for their new shares in Basshuff – and that it was uncertain whether they would do so. Brandt had counted on this additional money and had already initiated new actions – but now, as a result of the missing payments, Baştąş was running out of money. Brandt was furious. He was further shocked by a stern message from Klintin, informing him that Basshuff was not prepared to reimburse Brandt for an ore-washing facility that he had bought in Germany on his way back to Turkey from the annual meeting in Stockholm in March. The purpose of the washing facility was to refine poorer chromium ore from the important Başören deposit. Brandt stated that the Swedes had given him the green light to go ahead with this investment, but Klintin interpreted the agreement differently. Brandt dispatched a series of angry letters and telegrams to Stockholm, but this only made things worse. The Swedes began to suspect that Brandt might be an untrustworthy person with an interest merely in extracting money from the Swedish companies. ‘Why do you send so much money to Bashtash?’, an anonymous author asked in a letter to Basshuff, claiming that one of the company’s cash transfer receipts had been forged. ‘Don’t you understand that they are thieves?’ The Swedes also became suspicious due to repeated delays in Brandt’s attempts to transfer several prospecting permits and mining concessions to Baştąş that had been issued in his personal name. This concerned, in particular, the permits for Başören. Underlying these concrete matters was a more fundamental difference in the visions about the project’s future between Brandt and the Swedes. Increasingly, it became obvious that Brandt wanted to turn Baştąş into a large mining company that, with its base in Turkey, could play a significant role in the world chromium ore market, competing head-on with the great powers – including the British Chromium Syndicate and its huge Rhodesian mines. Brandt identified Baştąş as a once-in-a-lifetime opportunity both for the Swedish owners and for himself as an entrepreneur, and he was about to sacrifice everything else in his life for this project. Sandviken and the other steel companies, by contrast, had a much more modest ambition: to secure their own chromium ore supply and protect themselves against Britain’s global dominance. The Swedes did not see it as in their interest to take a leading role in supplying the rest of the world with ore from their Turkish mines. Brandt’s much more expansive vision, in the words of the companies, did ‘not suit Swedish mill owners.’ When he proposed acquiring new deposits further away – in Turkish Kurdistan – the Swedes hesitated because ‘unlike the English, we do not have any experience of working in faraway colonies’.  

50 Sjögren to Wahlberg, 8–9 April 1930. SandA F8:B56.  
51 Sjögren to Wahlberg, 8–9 April 1930. SandA F8:B56.  
52 Brandt to Wahlberg, 6 May 1930. SandA F8:B56.  
53 Klintin to Brandt, 6 May 1930. SandA F8:B56.  
54 Brandt to Basshuff, 19 May and 2 June 1930. SandA F8:B56; Brandt to Wahlberg, 20 May 1930. SandA F8:B57.  
55 Wahlberg to Wallenberg, 13 May 1930. SandA F8:B56.  
57 Wahlberg to Brandt, 13 May 1930. SandA F8:B57.  
58 Wahlberg to Wallenberg, 13 May 1930. SandA F8:B56.  
59 Wallenberg to Wahlberg, 18 May 1930. SandA F8:B56.
Pointing to the economies of scale that characterised the mining business overall, Brandt argued that Sweden’s own demand for chromium ore was much too limited for Başt无私’s operation to have any chances of becoming profitable. Profitable could Başt无私 only be by supplying the world market with Turkish chromium. Besides, the Turkish mining law stipulated that concession holders annually produce a minimum level of ore from each deposit. In fact, given the impressive number of concessions that Brandt had secured, these minimum levels were much greater than the overall needs of the Swedish steel industry. As a consequence, Basshuff was ultimately forced to let Brandt look for additional – that is, non-Swedish – customers. For some time Başt无私 thereby seemed on its way to become a large exporting company, selling no less than 80% of its chromium ore on the world market.60 International mining journals described Başt无私 as the most ambitious chromium company in Turkey, potentially a serious competitor to Rhodesian and New Caledonian ore.61 Basshuff received many proposals to buy more deposits and ore from various places.62 All of this made the Swedes nervous. They felt even more uneasy when they found out that Brandt, following his vision of expanding the company, was actively approaching a number of non-Swedish actors with queries as to whether they would be interested in investing in Başt无私. One of these companies – Nordisches Erzkontor in Lübeck – was known as a traditional enemy of the Swedish steel companies. Wallenberg at the Legation assured Basshuff that he would try to ‘calm Brandt down’.63 Klintin, for his part, thought it necessary to send a representative down to Turkey ‘to bring order’.64

The Swedish Legation, however, was in fact much more positive to Brandt than the steel companies. Kolmodin, for example, stated in late 1930 that he had ‘ten times more confidence in Brandt than a few years ago’.65 The new envoy Heidenstam – who replaced Wallenberg as head of the Legation in 1930 – reported that Brandt had ‘fulfilled his commitments’. He also complained that ‘Stockholm has been wavering in its instructions’ and made a number of unnecessary mistakes such as posting incorrect versions of some documents to Brandt. Heidenstam further argued that it was of great significance that the chromium affair remain under Swedish control, emphasising that ‘the chromium ore exports have already been of great benefit, contributing to our [Sweden’s] position here in a not unimportant way’.66 In a similar vein, Kolmodin noted that the chromium affair was ‘very highly regarded by the Turks’, and that it had contributed to ‘improve the atmosphere for other Swedish companies, including Nydquist & Holm’.67 In other words, not only did Başt无私 play a role in supplying Sweden with chromium ore, the company was also important for Sweden’s overall relations with Turkey. Clearly, then, the legation did not want the steel companies to destroy this, and distanced themselves from a tentative discussion among the steel companies to abandon the Turkish venture.68

During spring 1931, Basshuff arranged for Brandt’s and Başt无私’s expenditures to be audited, only to find them in perfect order.69 Regarding the concessions, many of which were still held by Brandt personally, Brandt reported that he had tried to transfer the rights to the company but that the transfer was still being processed by the slow state bureaucracy. He assured Basshuff that Başt无私 would get the concession rights. At the same time, he continued to argue that Başt无私 needed more capital. Ore extraction, processing and shipments required substantial investments.70 Sandviken hesitated. At a meeting held on 18 April 1931, the board of directors discussed whether to invest more or to sell their

60 Wahlberg to Wallenberg, 13 May 1930; Wallenberg to Wahlberg, 18 May 1930, SandA F8:B56.
61 See for example, The Mineral Industry.
62 For example, H. Müller to Basshuff, 1 July 1930. JernA, Nya Krommalmskonsortiet, Diverse korrespondens.
63 Wallenberg to Wahlberg, 18 May 1930. SandA F8:B56.
64 Wahlberg to Wallenberg, 7 June 1930. SandA F8:B56.
65 Kolmodin to Eliel Löfgren, 12 November 1930, Förtroligt V.P.M.; Kolmodin to Klintin, 20 December 1930. SandA F8:B56.
67 Kolmodin to Löfgren, 12 November 1930, Förtroligt V.P.M. SandA F8 b56.
68 Uddeholm was one of the first to suggest that the Swedes sell Başt无私. See Uddeholm to Basshuff. JernA, Nya krommalmskonsortiet, Diverse korrespondens.
69 Several persons were involved in checking the company’s finances, including Mellegård, Lindahl and Tahir.
shares in Basshuff. The board evaluated and debated the risks. The Swedish Legation’s confidence in Brandt, together with the new measures taken to control the company, eventually convinced the company to invest another 50,000 kronor, although at the same time it recommended that the old shares be written down. From then on Sandviken held 75 of Basshuff’s 527 shares.71

By summer 1931 the tensions seemed to have lessened somewhat, and it even appeared that the confrontation between the steel companies and Brandt might be resolved once and for all. In July 1931, a ship loaded with 1340 tonnes of Turkish chromium ore reached Sweden, indicating that the vision of an independent source of chromium ore was not merely empty talk. Sandviken received 150 tonnes.72 At about the same time, Baştąş finally got the concession rights to Taştepę.73 Perhaps Brandt was not trying to fool the Swedes after all.

But the new optimism was soon dashed by the global economic crisis of the early 1930s. Metal prices plummeted due to weakening overall demand, and currencies became unpredictable. When South Rhodesia, the world’s leading chromium ore exporter (with two thirds of world production) left the gold standard in 1932, Rhodesian chromium ore suddenly became much cheaper than Turkish ore. This greatly reduced the possibilities of further financing Baştąş’ activities through chromium ore sales on the world market. Moreover, the declining value of the Swedish krona in relation to the Turkish pound meant that the steel companies’ own purchases of Turkish chromium ore became more expensive.74 As a result, chromium ore imports from Turkey dropped sharply.75 Baştąş did export around 2000 tonnes of chromium ore from its Turkish mines in 1932, but this was much lesser than planned.76 Its mines were operating far below their capacity, operating an average of only 38% of the time.77 Lower export revenues made the company’s financial situation increasingly critical. Again, more money was needed. Sandviken’s technical director Yngström concluded that once again there were two options: either invest more or let go of the mines.78 After some contemplation, Sandviken together with Fagersta and Avesta decided to invest once more. The other steelworks, however, refrained from investing. From now on the ‘effective owners’ of Baştąş were Sandviken, Avesta and Fagersta.79

The new capital injection saved Baştąş from ruin – but only for the moment. It soon turned out that the new money was far from sufficient. Sandviken and Fagersta then signalled that they would prefer to sell their shares. Avesta was also unhappy. Apart from the unprofitability of Baştąş, its director Axel Axson Johnson complained both about ‘unsatisfactory’ chromium ore deliveries from the Swedish mines in Turkey, and later about promised deliveries which had not appeared at all.80 By fall 1933 a consensus was forming at Basshuff and the steel companies: no more capital would be invested in Baştąş, and Brandt’s five-year contract as the company’s director must not be extended after its expiration in November 1934. Basshuff formally informed Brandt about this decision in April 1934.81

7. Epilogue

At Basshuff’s annual meeting in June 1934, the companies decided to liquidate the mother company. In this context it was also decided that Avesta, Fagersta and Sandviken take over all shares in Baştąş.

71Sandvikens Jernverk, 18 April 1931, Styrelseprotokoll, Bilaga 3, ‘Rapport beträffande Aktiebolaget Basshuff’. SandA A2:11. The shares were eventually written down from their original value of 1000 Swedish kronor each to 600 Swedish kronor.
72Basshuff to Avesta, 10 July 1931. JernA, Nya krommalmkskonsortiet.
73The Turkish government took a corresponding decision on 7 June 1931. See Klintin to Basshuff’s shareholders, 24 May 1932. JernA, Nya Krommalmkskonsortiet.
74Weidel (Swedish Foreign Ministry) to Fallenius (Swedish Legation), 15 June 1932. RA, Beskickningsarkiv Konstantinopel, F3:72.
75The Mineral Industry 1933, p. 63.
76Boheman to Nylander, 11 April 1933. RA, Beskickningsarkiv Konstantinopel, F3:72.
79Brandt to Avesta, Fagersta and Sandviken, 10 April 1934. RA, Beskickningsarkiv Konstantinopel, F3:72.
80Arvid Richert (Swedish Foreign Ministry) to Boheman, 16 June 1932; Klintin to Boheman, 20 February 1933. RA, Beskickningsarkiv Konstantinopel, F3:72.
81Grafström to Klintin, 17 April 1934. RA, Beskickningsarkiv Konstantinopel, F3:72.
held by the other steel companies. 82 Sandviken’s board of directors, however, pointing to the Turkish project as an ‘unhappy affair’, had no intention of keeping its shares. In spite of repeated investments, the board commented, Baştas had failed to become a profitable business. The reasons, according to the board, were inappropriate leadership, declining chromium prices and the problematic currency conditions. The board now decided to do what it could to ‘save what can be saved of value in Turkey’. 83  

Sandviken, Fagersta and Avesta first made an attempt to liquidate Baştas. This, however, turned out to be much more difficult than anticipated, given the still unclear situation with regard to some of the concessions – notably the Başören concession, which was still formally in Brandt’s hands – and further uncertainties regarding the company’s debts. Looking for a way forward, the steel companies decided to appoint Sandviken’s representative in Turkey, a businessman named Léon Alyanak, new director of Baştas. This, however, horrified the Swedish Legation, to whom Alyanak was a familiar face. Boheman, who shortly afterwards left his post to be replaced by Wilhelm Winther, believed that Alyanak lacked qualifications. The diplomats were suspicious of him because he was ‘neither Swedish nor Turkish’ and generally enjoyed a bad reputation. Boheman exclaimed: ‘I have, thank God, no liability.’ 84  

The Legation appeared to be right. In September 1936 Alyanak was prosecuted for currency smuggling and embezzlement. 85 The Swedish owners were shocked and immediately removed Alyanak from his post. He was replaced by Selahaddin Adil Pascha, a former military general who had earlier worked for the Swedish Legation and for L.M Ericsson, the telephone company. 86 For some time, the Turkish venture now seemed to be under control. Klintin at Jernkontoret and Winther at the Legation, noting that ‘there is a great need for chromium’ in the world, tried to convince Sandviken, Avesta and Fagersta not to withdraw from their Turkish venture. 87 In autumn 1937, however, the next shock came, as Baştas was suspected of ‘ore smuggling’. The company was accused of having exported ore from Taştipe under the heading of ore from Başören. 88 At about the same time a lawyer in the service of Baştas, Michel Ventura, was found guilty of tax fraud. 89 On top of these scandals, Baştas continued to be seriously indebted. Winther at the Legation thought it a great shame for Sweden that the company had not even been able to pay the wages of its mine workers. 90  

The steel companies only wanted one thing: to get rid of Baştas. By the outbreak of World War II, however, they had still not managed to find a buyer or a way to liquidate the company. For the time being, the Turkish company thus actually remained in the hands of Sandviken, Fagersta and Avesta – despite their explicit wish. Yet in actual practice, for them Baştas was history. Sandviken booked its Baştas shares at of zero value. 91  

Subsequently, the war disrupted the Swedish steel industry’s links to Turkey’s chromium riches, as this natural resource now became the object of military interest on the part of the belligerent nations. The Turkish government now took over all sales of Turkish chromite. 92 The British Empire’s vast chromium reserves also became inaccessible. The Swedish steelworks now had to look elsewhere for their chromium ore needs. In 1941, just before Hitler’s invasion of the Soviet Union, Sandviken managed to receive a batch of chromium ore from Russia. But chromium scarcity became one of Sandviken’s main headaches during the war years, and strict rationing became necessary. The company could not produce as much chromium steel as before. By 1944, the board of
directors had grown desperate. Together with the other steel companies – again operating through a consortium – it began investigating the possibilities of chromium mining in the Swedish county of Västerbotten. The consortium was offered the concession rights, but in the end politely declined, because the deposit was not considered to be of sufficient quality. By the end of 1944, Sandviken’s stock of chromium ore had diminished to a mere three tonnes, and further chromium ore shipments were nowhere in sight. Only in October 1945 did the company finally receive a new batch, this time from South Africa. In 1946, then, Turkish ore again became available.

By this time, Sandviken, Avesta and Fagersta had long refused to involve themselves in any further way with Baştas, although they still owned the company. Finally, in February 1950, they were able to divest their shares, in a transaction organised by Fagersta. To get rid of them, the company had to pay 10,874 Swedish kronor, essentially covering its share of Baştas’ debts.

At this point Baştas was still an active mining company. The year before, the company had produced a sizeable 4500 tonnes of chromium ore. Its production was dwarfed, however, by the 22,323 tonnes produced by another Turkish mining enterprise – the Orhan Brandt and Partner Chrome Company. The concessions held by this company included the important Başören deposit, which in the end was never transferred from Brandt’s personal name to Baştas. In the post-war era, Brandt’s new firm grew to become one of the most powerful players in the Turkish chromium ore industry, supplying the world market with vast volumes of ore and making substantial profits – in precisely the way Brandt had once envisioned for Baştas. By 1950, Brandt’s company had become Turkey’s second largest private chromium ore exporter. It is not known whether any of its production ended up in the Swedish steel furnaces. What we do know is that Turkish chromium exports to Sweden grew rapidly in the post-war era. By the 1960s, Turkey had – once again – become the main supplier of this strategically important resource to Sweden (Sully & Brandes, 1967). The only difference, from Sandviken’s horizon, was that the company no longer controlled the deposits.

8. Conclusions

Why did Sandvikens Jernverk and the other Swedish steel companies start up mining operations in Turkey? Based on our study, several explanations can be discerned. Most fundamentally, technological development in the steel industry had, by the mid-1920s, led Sandviken to identify chromium ore as a resource of growing strategic importance. Since chromium ore was not mined domestically in Sweden, the company was forced to rely on foreign supplies. Here, Sandviken soon came to identify the dominance of British and French colonies in the world chromium market as a threat to its security of supply. When G.O. Wallenberg, Swedish envoy in Constantinople, alerted the Swedish steel industry to an investment opportunity in the Turkish mining industry, Sandviken interpreted this as a promising way of dealing with the threat. This was because, first, Turkish chromium extraction was not (yet) controlled by the large imperial powers and, secondly, the Turkish government showed itself very interested in cooperating with Sweden as a small, neutral and non-colonial nation. Against this background Turkey emerged as a potential guarantor of Swedish independence from colonial chromium supplies.

Another interpretation is that Sandviken was lured into Turkish chromium mining by Swedish foreign policy actors. G.O. Wallenberg saw the Swedish steel industry’s demand for chromium

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96Sandvikens Jernverks AB, Huvud-bok 1950; Sandvikens Jernverk, 1950, Kassajournal II. SandA.
ore as an opportunity in the context of the Swedish-Turkish balance of trade. From Wallenberg’s point of view, Swedish chromium ore mining in Turkey was attractive not primarily as a suitable strategy for coping with resource scarcity, but rather because it promised to expand Swedish export opportunities there. Wallenberg and the Swedish Foreign Office successfully enrolled Sandviken and several other Swedish steel companies in this vision.

Why, then, did Baştan ultimately fail? Here, four sets of interrelated causes may be discerned: changing perceptions of scarcity, interpersonal distrust, world economic trends and global resource colonialism. Firstly, the abandonment of Baştan must be viewed in the context of the chromium market’s evolution and diversification. This was directly connected to shifts in scarcity perceptions. One of the main reasons behind Sandviken’s interest in Turkey in the first place was their fear of the large imperial powers’ dominance in global chromium ore mining and, in particular, the British Empire’s near-monopoly. This was linked to fears of price shocks and potential supply disruptions of the kind that had plagued Sweden during the Great War. Over the years, however, the British dominance declined. In 1927, the British Empire had accounted for 270,000 tonnes of the world production, which totalled 400,000 tonnes; that is, they controlled 67.5% of the market. By 1937, however, the British Empire was producing 405,000 of 1,040,000 tonnes of chromium ore; their market share had thus declined to about 39% (BGS, 2015). This reduced – while clearly not eliminating – the risk of British market power abuse. The diversification of the market was welcomed by the Swedes, who now saw more room for negotiation with alternative suppliers. This in turn altered Sandviken’s scarcity perceptions; chromium was not as scarce a resource anymore.

Secondly, the failure of Baştan stemmed from lack of interpersonal trust. The steel companies did not trust Orhan Brandt, the company’s Turkish-based managing director. The diplomats at the Swedish Legation in Constantinople were initially of a different opinion, showing confidence in Brandt. But with time, they too became sceptical. Orhan Brandt seemed to have his own agenda. He went on his own adventures and took initiatives of which the Swedes had not previously approved. Moreover, he repeatedly pushed the steel companies to invest more and expand the business. Only in that way, he argued, could Baştan become profitable. The mill owners became angry. They refused to accept Brandt’s interpretations and arguments, and they did not share his expansive dream.

A third reason behind the failure of Baştan was the world economic crisis. In the early 1930s the chromium price plummeted due to collapsing demand. Moreover, Turkey decided to stay within the gold standard whereas Rhodesia, the world’s largest supplier of chromium ore, left it. As a result, the Turkish product became more expensive in the global marketplace. This made it difficult to sustain Baştan, especially in the face of the small scale of its operations.

Last but not least, the failure of Baştan needs to be understood in relation to Sweden as a small nation and its links to global resource colonialism. Here, we would first of all like to emphasise that Swedish chromium ore mining in Turkey cannot be interpreted as a colonialist project in its own right. Sandviken’s mining operations in Turkey were concentrated in Anatolia, a region that was definitely not controlled or managed by Swedish actors. Neither was Sweden in a position to exert influence over decision-makers in the Turkish state based on superior military and economic power. Thus, Baştan cannot be seen as an example of (resource) colonialism, neo-colonialism or imperialism, as defined by, for example, Loomba (2005) in her influential work on colonialism and post-colonialism. On the contrary, from Sandviken’s perspective, the switch from Rhodesian, New Caledonian and Baluchistani chromium ore to Turkish ore signified Sweden’s withdrawal from direct economic links to colonial-style natural resource extraction.

The problem was that a small Turkish-based company dedicated to supplying the Swedish chromium ore market had small chances of becoming profitable. Yet scaling up the operations would have forced the Swedes to become much more active on the world market, where they would have had to compete heads-on with the large colonial mining enterprises. This scenario scared them. It was a far cry from their vision of using Turkish chromium ore to come to grips with their own resource scarcity. The companies felt uneasy with the idea of controlling a large-scale
enterprise that might actually rival mining colonialists in Rhodesia, New Caledonia or British India. They did not see a natural role for themselves in this wider arena of global resource colonialism. This contributed to Sandviken’s reluctance to invest more money into the Turkish project.

All in all, our case study provides intriguing insights into how a steel producer from a small, non-colonial nation, by joining forces with other industrial and foreign policy actors, sought – but eventually failed – to alleviate resource scarcity by taking control of foreign mineral deposits. Moreover, it shows how an industry’s perceived resource shortages were embedded within global events, domestic political relations and new technological trends.

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