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**Ottoman Economic Practices in
Periods of Transformation:
THE CASES OF
CRETE AND BULGARIA**

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CHAPTER 4
FROM CRETE TO BULGARIA

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The Ottoman conquest of Crete has been portrayed as the beginning of a slide into a primitive and rudimentary economy,¹ an approach in line with that which views the Ottoman state as economically deficient and Ottoman rule as detrimental to economic well-being. However, the movement of Crete out of Venetian control and into the Ottoman empire was not one which brought ruin to the island's economy but one which, for various reasons, resulted in a changed orientation with a more diverse agricultural production, a freer economic environment and a more local economic management. In part, these changes related to the requirements of the Ottoman state from its new territory, which naturally differed from those of Venice, and the physical location of the island, distant from Venice but close to Istanbul.

This factor of location drew Venice into major financial expense because of its military requirements, which were inextricably intertwined with its commercial needs in the region. Its fear of the Ottomans "blinded" it in the construction of an economic policy in the eastern Mediterranean.² This level of military expenditure torpedoed Venice's aim of running the island as a self-financing unit. Ottoman Crete, on the other hand, not surrounded by enemy territory or far from its 'mother city', did not need the same level of financial investment in the military that Venetian Crete did, and the Ottomans therefore were successful in keeping the island self-fi-

¹ Detorakis, Theocharis E., *History of Crete*, John C. Davis (trans.) (Iraklion, 1994), p. 265.

² Fusaro, Maria, "Les Anglais et les Grecs: un réseau de coopération commercial en Méditerranée vénitienne", *Annales Histoire, Sciences Sociales* 58/3 (2003), p. 609.

nancing in a way that Venice was not. To regard the Ottomans as seriously threatened by Venice at this point, although both Greene³ and Stallsmith, who considers “military security and the prevention of Venetian reconquest” as “the dominant Ottoman concerns” in the period after the conquest of the island,⁴ seems somewhat unconvincing. In fact Greene herself has argued that “in passing from Venice to Ottoman rule, Crete was, in fact, passing from one feeble state to another”.⁵ While it may be true to describe Venice at this point as having been “reduced to the status of a carnival city”,⁶ this surely does not apply to the Ottomans.

Apart from a reduced military burden, Crete under the Ottomans was also no longer required to be a wheat producer. Venetian demand for grain had led the Serenissima to adopt a vigorous agricultural control policy, enforcing the eradication of vines and imposing the sowing of grain. As wine was a far more lucrative commodity, this hard line approach inevitably led to a collision between Venice and the local producers whose interests lay in vine cultivation. With the Ottoman conquest such tight agricultural controls disappeared, the Ottomans having no interest in enforcing wheat production on the island, their grain requirements being met from elsewhere in their territories. As a consequence, Cretan agriculture became more diverse, rather than being based on a single crop, and Cretan producers, at liberty to plant what they wanted, became more able to respond to market trends, growing crops, in particular olives for oil, which were in demand in the Mediterranean basin and beyond. One might argue, thus, that Crete under Ottoman rule was in fact more integrated into the Mediterranean

³ Greene, Molly, *A Shared World. Christians and Muslims in the Early Modern Mediterranean* (Princeton: Princeton University Press, 2000), p. 43.

⁴ Stallsmith, Allaire B., “One colony, two mother cities: Cretan agriculture under Venetian and Ottoman rule”, *Hesperia Supplements 40 Between Venice and Istanbul: Colonial Landscapes in Early Modern Greece* (2007), p. 152.

⁵ Greene, *A Shared World*, p. 55.

⁶ Glamann, Kristof, ch. 6 “European trade 1500-1750”, in Carlo M. Cipolla (ed.), *The Fontana Economic History of Europe*, vol. II *The Sixteenth and Seventeenth Centuries* (London: Fontana, 1971), p. 433.

economy or even the European economy more generally, than had been the case when the island was a Venetian possession.

The economy of Crete under the Ottomans was much less micro-managed than it had been under Venetian rule. While Venice adopted a policy “of managing its subjects’ mercantile activities for the benefit of the ruling oligarchy and the mother city”, a policy “frequently contrary to the interests of its Cretan colonists”,⁷ and indeed it has been argued that Venetian policy served to “strangle the economic development” of its territories,⁸ Ottoman rule allowed for a much more elastic economy, one much more suited to local needs and one which responded faster to and was driven by market trends. It was thus much more of a ‘Cretan economy’ than it had been under Venice. This more hands-off style of economic management was not the result of Ottoman economic incompetence or disinterest in economic affairs, but of the role of Crete within the Ottoman state. Far from plunging Crete into economic ruin, Ottoman conquest brought a different style of economic management under which Crete’s economy became run from within rather than being imposed from without. Changes in production were the responses to market forces rather than to the needs of the ruling power and the island became an internal part of an immense economic unit, trading, to some extent invisibly, locally and inter-regionally

The example of Crete thus calls into question the traditional view that Ottoman economic penetration into the Balkans automatically brought economic disaster in its wake. But what happens economically when the Ottoman region itself undergoes foreign penetration, in this case by the great powers and in particular Great Britain, and is itself incorporated into the world economy?

From its very inception, the Ottoman state had traded with the West, exporting slaves, alum and grain as well as silks and spices

⁷ Stallsmith, “One colony, two mother cities: Cretan agriculture under Venetian and Ottoman rule”, p. 157.

⁸ Fusaro, “Les Anglais et les Grecs: un réseau de coopération commercial en Méditerranée vénitienne”, p. 609.

across the Mediterranean to Italy, Spain, France and beyond, and importing cloth, soap, wine and metals. For the city states of Genoa and Venice, trade relations with the Ottomans were of great importance and lay behind the various treaties drawn up between them. The Genoese in particular had a close relationship with the early Ottoman rulers. Both Orhan and Murad I used Genoese commercial agents, Giovanni Demerode acting for Murad I and his brother Filippo for Orhan,⁹ and Genoese were probably operating as tax farmers for the Ottomans as early as the end of the fourteenth century.¹⁰ In the following centuries France, England and the Netherlands became important trading partners. The Ottoman empire traded continually with the territories to the west and was never isolated from the economies around it. But what was to change was the level of European economic presence, the pressure of the European market and the power of the European states, and by the nineteenth century “the international economy increasingly shaped the nature and direction of Ottoman social and economic change”.¹¹

In the first half of the eighteenth century, however, a period “marked by fiscal innovation”,¹² the impact of the Europeans on the Ottoman market was limited for, as Edhem Eldem has argued, “European imports were not yet really able to challenge the bulk of Ottoman local production nor did raw material exports reach sufficient levels to put pressure on the supply for local industries and proto-industries”.¹³ This was a period in which the Ottoman

⁹ Fleet, Kate, “The treaty of 1387 between Murad I and the Genoese”, *Bulletin of the School of Oriental and African Studies*, 56/1 (1993), pp. 23-4

¹⁰ Fleet, Kate, *European and Islamic Trade in the Early Ottoman State: The Merchants of Genoa and Turkey* (Cambridge: Cambridge University Press, 1999), p. 138.

¹¹ Quataert, Donald, “The age of reforms, 1812-1914”, in İnalcık, Halil and Donald Quataert (eds.), *An Economic and Social History of the Ottoman Empire 1300-1914* (Cambridge: Cambridge University Press, 1994), p. 770.

¹² McGowan, Bruce, “The age of the *ayans*, 1699-1812”, in İnalcık and Quataert, *An Economic and Social History*, p. 710.

¹³ Eldem, Edhem, “French trade and commercial policy in the Levant in the eighteenth century”, in Kate Fleet (ed.), *The Ottoman Empire in the Eighteenth Century* (*Oriente Moderno* 28/1 1999) (Rome, 1999), p. 33.

economy was doing well, and until the 1780s the state underwent “commercial and economic expansion coupled with fiscal stability”.¹⁴ Mehmet Genç has argued that the eighteenth century witnessed a marked tendency to proto-industrial development, with an increase in industrial production for distant markets and in local artisanal industry, development of new branches of industry, and an expansion in the textile industry, as well as in agricultural production and export. He points to the case of Crete where from the 1720s there was a large increase in the number of soap works, a decrease in olive oil export and an increase in the export of soap.¹⁵ In fact it is possible that this development began even earlier, for the manifest of a ship loaded in Rethimno dated 7 September 1697 lists 4 boxes of black soap (“savon noir”) of Rethimno.¹⁶

By the second half of the eighteenth century, however, the position was changing and there was a marked downturn in industrial and agricultural development and in domestic trade, and a rapid and spectacular increase in imports from Europe.¹⁷ The empire suffered from budget deficits and from significant inflation which increased constantly between 1770 and 1800, and from then continued until the 1840s. The Ottoman empire was now on the path to becoming a raw materials’ basket for export to the West and a consumer market for western goods, in particular cheap cloth from Britain. According to İnalçık, the “drastic effects of foreign imports on Ottoman manufactures became suddenly and strikingly visible

¹⁴ Pamuk, Şevket, *A Monetary History of the Ottoman Empire* (Cambridge: Cambridge University Press, 2000), p. 159.

¹⁵ Genç, Mehmet, “L’économie ottoman et la guerre au XVIII^e siècle”, *Turcica* 27 (1995), pp. 177-8. See also Triandafyllidou, Yolande, “L’industrie du savon en Crète au XVIII^e siècle: aspects économiques et sociaux”, *Études Balkaniques* IV (1975), 75-87.

¹⁶ Archives de la Chambre du Commerce de Marseille (hereafter ACCM), J 1234 (7 September 1697).

¹⁷ Genç, Mehmet, “A study of the feasibility of using eighteenth-century Ottoman financial records as an indicator of economic activity”, in Huri İslamoğlu-İnan (ed.), *The Ottoman Economy and the World-Economy* (Cambridge: Cambridge University Press and Paris: Éditions de la Maison des Sciences de l’Homme, 1987), p. 358.

in the period between 1825 and 1835”,¹⁸ and Orhan Kurmuş has calculated that between 1827 and 1838 there was a 100 per cent increase in imports from Britain and that a more than 400 per cent increase in the value of imports from Britain occurred between 1827 and 1850. The share of the Ottoman empire in British exports thus rose from 1.9 per cent to 4.9 per cent.¹⁹ For nearly the entire century Britain almost completely dominated the import of unbleached yarns.²⁰ The import of cotton thread increased three fold in the period between 1825 and 1830, six times between 1830 and 1835 and by 1860 had reached a 40 fold increase.²¹ Britain, as noted in a debate in the House of Commons in March 1862, had by now “through banks, through loans, through imports and exports... an extensive commercial interest in the progress and well-being of the Turkish Empire”.²²

The impact of imported goods was certainly felt on the ground and from spy reports on conversations overheard in coffee houses, *hans* and similar locations in Istanbul in the early 1840s, it is clear that the population was both informed and concerned about the economic developments in the empire. People complained of the dominance of imported European goods which were drowning out local competition, of the high profits made by foreign merchants, profits which left the country and did nothing for the Ottoman treasury, and of the position of the empire as merely a provider of raw materials. Andon, a boatman, for example, complained in April 1841 in the Bostancı Han in Yedikule that raw materials all left

¹⁸ İnalçık, Halil, “When and how British cotton goods invaded the Levant markets”, in İslamoğlu-İnan, *The Ottoman Economy and the World-Economy*, p. 382.

¹⁹ Kurmuş, Orhan, *Emperyalizmin Türkiye’ye Girişi* (Ankara: Savaş Yayınlar, 1982), pp. 25-6.

²⁰ Quataert, Donald, “Ottoman manufacturing in the nineteenth century”, in Donald Quataert (ed.), *Manufacturing in the Ottoman Empire and Turkey, 1500-1950* (Albany: State University of New York Press, 1994), p. 93.

²¹ Baskıcı, Mehmet Murat, *1800-1914 Yıllarında Anadolu’da İktisadi Değişim* (Ankara: Turhan Kitabevi, 2005), p. 40.

²² *The Parliamentary Debates Official Report (Hansard)*, Series Three, vol. 165, col. 1513, debate on 14 March 1862.

the empire for Europe, only to return as cheap clothes which were worn by everyone, his companion complaining of the low quality of such goods which brought great profits to the European merchants, not to the country, and which greatly damaged the *esnaf*.²³ This was also the view of a Hungarian scribe Hristaki, talking in the coffee house of the imam of Yeni Cami,²⁴ and of Edhem Ağa, who remarked that whatever trade there was in Istanbul, it went to Europe.²⁵ Merchants would not take Ottoman goods, according to Mehmed Ağa and Ömer Ağa, merchants from Malatya, but would only take European goods, profiting from the customs tax regime and earning a great deal of money,²⁶ while an Armenian Karabet and his companions, in a boat going to Samatya, grumbled that people preferred European products.²⁷ Everyone was “smitten with European goods”, according to Serkiz from Tokat, an inhabitant of the Zincirli Han in Galata, who also complained that the reason Rumeli and Anatolia were in ruins was because the goods produced were outmoded. Several thousand looms in Tokat were, he claimed, similarly out of date. The Ottoman empire did not produce, everyone was bankrupt, the Europeans were rich and “we and Istanbul are ruined”, a situation which he said was their own fault, for, in contrast to the empire, other states paid attention to their own goods, not to those coming from outside.²⁸ According to the Hungarian scribe Hristaki, the solution was for the Ottomans to build factories and produce their own goods. They would then not be dependent on foreign goods, would sell the products within the empire and the money would not go out of the empire but would instead bring great profit to the Ottoman treasury. The factories

²³ Kırılı, Cengiz (ed.), *Sultan ve Kamuoyu. Osmanlı Modernleşme Sürecinde “Havadis Journalleri” (1840-1844)* (Istanbul: Türkiye İş Bankası Kültür Yayınları, 2008), no. 517, p. 254 (April 1841).

²⁴ Kırılı, *Sultan ve Kamuoyu*, no. 534, p. 259 (April 1841).

²⁵ Kırılı, *Sultan ve Kamuoyu*, no. 1203, p. 429 (September 1843).

²⁶ Kırılı, *Sultan ve Kamuoyu*, no. 934, p. 358 (July-August 1842).

²⁷ Kırılı, *Sultan ve Kamuoyu*, no. 939, p. 359 (July-August 1842).

²⁸ Kırılı, *Sultan ve Kamuoyu*, no. 522, pp. 255-6 (April 1841).

would, he allowed, be expensive but would be a highly worthwhile investment.²⁹

It was not just European goods that engulfed the empire, but also European money, for from the middle of the century the state embarked on a programme of loans which ultimately led to bankruptcy. According to Ahmed Cevdet, while squandering and wasteful extravagance reached excessive heights, military expenses propelled the government into borrowing. Once begun, the government became accustomed to this practice and went on borrowing for everyday expenses.³⁰ Abdülmecid himself was, he claimed, suspicious of taking out loans and “tried hard not to borrow”, being forced to do so, however, by the circumstances of the period. But having once undertaken these commitments, he regarded it as essential to increase revenues in order to be able to meet them. To develop the state, it was, in his view, essential, “as in all states”, to “establish companies and build railways”. To increase revenues was of fundamental importance, but increased revenues must not lead to an increase in expenses, for herein lay “the road to the swamp”.³¹ Despite Abdülmecid’s apparent timidity, borrowing became a fixed policy. Expenses mounted, Ali and Fuad Paşas were forced to “open the doors [of the treasury] to borrowing”,³² and “Istanbul was in a huge crisis”.³³

So, as the Ottoman state set out on “the road to the swamp”, what was actually happening on the ground, in “the industrial powerhouse of the empire”,³⁴ Bulgaria? Much modern scholarship has tended to write off the empire, to accept the view that there was

²⁹ Kırılı, *Sultan ve Kamuoyu*, no. 534, p. 259 (April 1841).

³⁰ Ahmet Cevdet Paşa, *Ma’rûzât*, Yusuf Halaçoğlu (ed.) (Istanbul: Çağrı Yayınları, 1980), p. 7.

³¹ Ahmet Cevdet Paşa, *Ma’rûzât*, p. 7 (speaking 4 Şevval 1271/20 June 1855)

³² Ahmet Cevdet Paşa, *Ma’rûzât*, p. 10.

³³ Ahmet Cevdet Paşa, *Ma’rûzât*, p. 11.

³⁴ Pamuk, Şevket and Jeffrey G. Williamson, “Ottoman de-industrialization, 1800-1913: assessing the magnitude, impact, and response”, *The Economic History Review* 64 (2011), p. 166, note 36.

massive economic mismanagement, that Ottoman industry simply collapsed in the face of European competition, and that the bankruptcy and final disintegration was inevitable. The following chapters question such assumptions about inertia and lack of dynamism in the late Ottoman economy and argue that, at least in certain areas, the economy displayed innovative and dynamic transformations.