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Capital Formation in the Ottoman Empire

THE economic system of the Ottoman Empire and its basic economic principles derived from a traditional view of state and society which had prevailed since antiquity in the empires of the Near East. This theory, since it determined the attitude and policy of the administrators, was of considerable practical importance.

In the Muslim state, as in earlier states, all classes of society and all sources of wealth were regarded as obliged to preserve and promote the power of the ruler.[1] Hence all political and social institutions and all types of economic activity were regulated by the state in order to achieve this goal. The populace was regarded as forming two main groups—those who represented the ruler's authority (the administrators, the troops, the men of religion), and the ordinary subjects (*ra'āyā'*); the former were not concerned with production and paid no taxes, while the latter were the producers and the taxpayers. This latter group comprised, in a strictly regulated hierarchy of classes, the tillers of the soil, the merchants, and the craftsmen. A main concern of the state was to ensure that each individual remained in his own class; this was regarded as the basic requisite for politico-social order and harmony.[2]

For the transcription of the Turkish, Arabic, and Persian words, we have in general followed the transcription lists of the *Encyclopaedia of Islam* (new ed.) as far as available type permitted. Some words—*cadi*, vizier, etc.—are kept in the forms used in current English.

[1] The legitimacy of the exercise of unbounded power by a single ruler was based in the Islamic state upon the assumption that it was the sole means of ensuring the application of the *Shari'a*, the holy law of Islam. For the traditional view of the state in the Near East, see A. Christensen, *L'Iran sous les Sassanides* (Copenhagen, 1944); A. Mez, *Die Renaissance des Islams* (Heidelberg, 1922); D. Sourdel, *Le Vizirat Abbaside de 749 a 936* (2 vols.; Damascus, 1959-60); S. D. Goitein, *Studies in Islamic History and Institutions* (Leiden, 1966), pp. 149-213; and H. Inalcik, "Kutadgu Bilig'de Türk ve Iran Siyaset Nazariye ve Gelenekleri," in *Reşit Rahmeti Için* (Ankara, 1966), pp. 259-71. The original source of the traditional view of the state is to be found in the Mirror for Princes (*Nasīhatnāme*) literature: N. Ch. Bandyopadhyaya, *Kautiliya: Or an Exposition of His Social and Political Theory* (Calcutta, 1927); *Tarjuma-i Kalila wa Dimnah*, ed. M. Mīnovī (Tehran, 1343 H.); *The Nasīhatnāma known as Kābūsnāma of Kai Kā'us b. Iskender*, ed. R. Levy (London, 1951); Nizām al-Mulk, *Siyāset-nāma*, ed. H. Darke (Tehran, 1962); M. Minovi and V. Minorsky, "Nasīr al-Dīn Tūsī on Finance", in *Bulletin of the School of Oriental and African Studies*, cited hereafter as *BSOAS*, X (1940-41), p. 755. The chapters on politics and economics in the classic works on ethics, namely *Akhlāk-i Nāsirī*, by Nasīr al-Dīn Tūsī, *Akhlāk-i Muhsinī*, by Husayn Wā'iz, *Akhlāk-i Jalālī*, by Jalal al-Dīn Dawwānī, and *Akhlāk-i 'Alāi*, by Kinalizāde 'Alī, were written under the strong influence of this literature.

[2] It should be noted that the governments of Near East states appreciated the

Within the class of the producers, the tillers of the soil and the craftsmen were subject to a code of regulations distinct from that of the merchants; the methods of production and the profit margins of the former were under strict state control, since, in this view of society, they were the classes who produced the essential necessities of life and whose labors therefore were most intimately connected with the preservation of social and political order.[3] That a peasant or a craftsman should freely change the methods of production was not countenanced; his activities were permitted only within the limits of the ordinances laid down by the state. In Near East society, it was only the merchants who enjoyed conditions allowing them to become capitalists. "Merchant" (*tüjjār*) in this context, means the big businessman who engaged in international and interregional trade or in the sale of goods imported from afar.[4] Craftsmen who in the cities sold goods manufactured by themselves or tradespeople who sold these goods at secondhand fell outside the category of "merchant." Although merchants were organized into trade guilds according to the type of merchandise in which they dealt, yet they were not subject to the regulations of the *hisba* (to be discussed later). This is the most important feature distinguishing them from the craft guilds. Whereas the craftsmen were strictly controlled in their buying of raw materials and in the production and sale of their wares, the merchant remained free to accumulate, by any means in his power, as much capital as he could, and to seek

necessity of developing economic activity and of promoting the greatest possible increase in production from all classes of the *re'āyā*. In the *Nasīhatnāmas* it was recommended that cultivated land should be increased by the digging of canals and that trade between different regions should be promoted by the construction of roads, bridges, and caravansaries, and by ensuring the safety of travelers. But the object of all such activity was to increase revenue from taxation and hence fill the ruler's treasury.

[3] In *Akhlāk-i 'Alā'ī* (ed. Bulak, 1274 H.), p. 9, a work on ethics written in 1565, Kinalizāde emphasized that in production certain kinds of activities were necessary for "the good order of the society" while some others were not.

[4] This type of merchant is usually referred to in Ottoman sources as *bāzirgān*. More respectful titles for the big merchants were *khwāje* (in colloquial Turkish, *hoja*) and *khwājegī* (the exact equivalent of "maestro"). The *khwājes* were usually the richest merchants operating from a city. Another common Ottoman term is *matrabāz*. My colleague, Hasan Eren, thinks that it comes from the Greek word, ματωπράτης, grocer. It is used especially of wholesale dealers in foodstuffs. Possessors of large cash fortunes, *māl*, were called *māldār* or *mutamawwil*. In the official language, *asl al-māl* or *ra's al-māl* were used as the equivalent of capital. The Persian words, *sermāye* and *sermāyedār*, were used to denote capital and capitalist in their modern meanings only in the nineteenth century under Western influence.

always to increase this capital; and the types of activity in which he could engage were neither prescribed nor limited.

In discussing the ways of making "capital," *māl*, the Muslim jurists agreed on the three principal ones, namely, commerce, handicrafts, and agriculture. Some added to them political power. But commerce was always regarded as the best way of making a "capital." If some jurists of a later period considered agriculture preferable it was because, Kinalizāde argued,[5] they in their own time found too many malpractices in commercial transactions.

Muslim sources emphasize that the basic wealth of the merchant consists of money-coin, which for them is the only real "wealth."[6] All the same it was recommended that as a precaution the merchants' wealth might be held in various forms, by being laid out for the purchase of pearls, precious stones, rich stuffs, slaves, land, or animals; and the Ottoman "registers of effects" (*tereke defterleri*) reveal beyond all doubt that the rich indeed followed this recommendation. They did not entirely abandon the method of burying their wealth in the ground; but the hints provided by these sources that money should always be "set to work" and not left idle are the expression of a real general tendency. In all classes of Ottoman society there was apparent a great desire to put cash into making profit; and the most profitable field for investment of cash wealth was commerce.

In the *Kitāb al-Ishāra*,[7] of the eleventh to twelfth centuries, merchants are divided into three categories: (1) *Holders of stocks:* these buy at times when supply exceeds demand, i.e., when prices are low, and sell when the converse situation maintains and prices rise; in other words, they profit from the change in price brought about by *the lapse of time*. From the examples quoted, it is clear that these merchants dealt particularly in products dependent on the season, especially cereals. They were obliged to put their goods on the market gradually, to watch closely the rise and fall of prices, and to keep an eye on the political situation in the country where they were operating. (2) *Traveling merchants:* these merchants, who carried goods from one region to another, profited from

[5] *Akhlāk-i 'Alā'ī*, pp. 7-8.

[6] See M. Rodinson, *Islam et Capitalisme* (Paris, 1966), pp. 49-50, citing Ibn Khaldūn. This was a general opinion expressed in the works on ethics. For example, see Kinalizāde, pp. 6-7.

[7] H. Ritter, "Ein arabisches Handbuch der Handelswissenschaft," in *Der Islam*, VII (1917), pp. 15-17.

the variations in prices in *different regions;* it was therefore important for them to watch carefully the differences in price, taking into consideration the costs of transport and customs duties. (3) *Organizing merchants:* these appointed a reliable agent in the place to which the goods were to be sent, the goods being sent to him in the care of trustworthy men; the agent would sell the goods, and buy other goods with the proceeds; the agent was free to make his own decisions and had a share in the profits.

Although the *Kitāb al-Ishāra* is based upon the work by the Neo-Pythagorean Bryson, the types of merchant portrayed there are close to the real situation in Muslim society. Muslim jurists, from the earliest times, had distinguished two types of commerce, *hādira,* that engaged in on the spot, and *ghā'iba,* that carried out over long distances. Accordingly Ottoman documents relating to commerce distinguish two types of merchant, the traveling *tājir-i seffār,* who engaged in trade by overland caravan or by sea, and the *tājir-i mutamakkin,* who ran his affairs from a center in which he resided.

All these types are concerned with commerce between different regions, the distinctions being derived from the legal basis of the enterprise rather than the type of trade. The commercial principles dealt with in textbooks of Muslim law—the section on *shirka,* dealing with various types of partnerships; the section on *buyū'*, dealing with commercial transactions, including *murābaha* and *ribā',* i.e., money-transactions and types of credit; the section on *muḍāraba,* dealing with *commenda*—had been codified over the centuries in order to meet the needs of Muslim society;[8] and the register books of *cadis* (Muslim judges) and other documents of the Ottoman period show that these principles were in fact applied. Here we need mention briefly only a few of these principles which are of immediate relevance to our subject.

The forms of partnership lay down clear and sound principles for the formation of capital and for investment. Partnerships on credit (*shirkat al-wujūh*) and *commenda* (*muḍāraba*) were important means of bringing together capital and specialist skill and so ensuring profit from the union of enterprise and capital;[9] ex-

[8] A. Udovitch, "Credit as a Means of Investment in Medieval Islamic Trade," in *Journal of African and Oriental Studies,* LXXXVII (1967), pp. 260-64; S. D. Goitein, *Studies in Islamic History,* p. 219.

[9] Udovitch, "Credit," p. 262; Udovitch, "Labor Partnership in Early Islamic Law," in *Journal of the Economic and Social History of the Orient,* cited hereafter as *JESHO,* X-1 (1967), pp. 64-80. On these problems we refer to Mewkūfātī's commentary on *Multakā' al-Abhur* by Ibrahīm Halabī (d. 1549), which became the standard law book at the Ottoman courts: Vol. I (Istanbul, 1318 H.), pp. 360-65, vol. II, pp. 124-30.

[10] Mewkūfātī, II, pp. 28-33.

[11] Rodinson, pp. 52-62.

amples of how this worked in Ottoman society are given below. The parties in a *shirkat al-wujūh* traded on credit, and at the end of a stipulated term returned the capital to its owner, the profit being divided among the parties on a 50-50 basis, or however else had been agreed. *Muḍāraba* is a partnership in which one party provides the labor and the other the capital, and both share in the profit. The example given in the law books is as follows: A gives money to B, and B travels and trades with this money; they divide the profit. B, while traveling, has complete use of the goods, but cannot use them for a loan or a pledge. A condition laid down beforehand with regard to the profit may invalidate the *muḍāraba* contract. If the goods are lost, B is not obliged to recompense A. B has a share of the profit, but cannot claim it all. If the contract of *muḍāraba* becomes void, B can demand wages, whether or not a profit was gained. *Muḍāraba* applies only when the capital is applied to goods obtainable in partnership. If the capital is used not for trade but for the manufacture of goods, this creates an entirely different type of partnership (*shirkat al-sanā'i' wa 'l-takabbul*); in this case one party supplies only capital and the other only labor and skill, or else both parties obtain capital from outside and undertake jointly a manufacturing enterprise, sharing the profit. It will be seen that these legal principles permit the use of capital in investment, the invested capital naturally receiving its share of the profit.[10] Hence, by various means, the taking of interest (*fā'iḍ, ribā'*) is rendered legal. In Islamic society the use of money at interest and other forms of credit are both very old and widespread.[11] As shown below, among the Ottomans, not merely non-Muslims but Muslims, men of religion included, indulged freely in putting out money at interest. According to some jurists, the principal goods on which interest may legitimately be taken (*māl ribāwī*) are gold and silver.

There is much truth in the suggestion that Islamic law and the Islamic ideal of society shaped themselves from the very first in accordance with the ideas and aims of a rising merchant class; but this tendency should be linked not specifically with the religion of Islam but rather with the traditional concept of state and society

that had prevailed in the Near East in pre-Islamic times. *Shaybānī*, one of the founders of the Hanafite School of Law, "had to prove that the vigorous striving of the new Muslim trading people for a decent living was not only not opposed by Islam, but actually regarded by it as a religious duty;" he did not regard luxury as contrary to religion; indeed he considered it praiseworthy.[12]

In the *nasīhatnāmes* and similar traditional sources reflecting the bias of the administrative class, the merchant is portrayed favorably. In its advice to the ruler, the eleventh-century *Kutadgu Bilig* says[13] that the merchant, "who is always in search of profit and travels the whole world," brings to the ruler and his people from distant regions of the world valuable and rare goods, silk-stuffs, furs and pearls; the ruler should remember that merchants are very sensitive in matters of profit and loss. The work points out that they render him valuable service by bringing news from afar and by publishing his fame abroad, and that they should therefore always be given good treatment. Also many traditions attributed to the Prophet on the merchant are favorable: "the merchant enjoys the felicity both of this world and the next"; "He who makes money pleases the God",[14] etc. In an Ottoman *nasīhatnāme*[15] written in the second half of the fifteenth century, the ruler is advised: "Look with favour on the merchants in the land; always care for them; let no one harass them; let no one order them about; for through their trading the land becomes prosperous, and by their wares cheapness abounds in the world; through them, the excellent fame of the sultan is carried to surrounding lands, and by them the wealth within the land is increased."

In brief, since the merchant class of Near East society, through the various functions it fulfilled, formed an indispensable element in the state, the state and the law accorded it a privileged position. Of these functions, the most important were that the merchants could be of service to the state in various ways thanks to their accumulated fortunes of ready money; they made loans to the state, they acted as intermediaries between the state and the mass of the

[12] Goitein, *Studies*, pp. 219-29.

[13] *Kutadgu Bilig*, tr. R. R. Arat (Ankara, 1959), p. 320, verses 4419-38.

[14] For further examples, see Ahmed Nazmi, *Nazar-i Islâm'da Zenginligin mevkii* (Istanbul, 1340-42 H.). According to the law school of Abu Khanīfa, which prevailed in the Ottoman Empire, there was nothing wrong in accumulating wealth (cf. Kinalizāde, p. 11).

[15] Sinān Pasha, *Ma'ārifnāme*, ed. I. H. Ertaylan (Istanbul, 1961), p. 271.

population in matters of taxation, they ensured a steady revenue from customs charges, they supplied the administrative class with goods produced far afield, and they acted as agents and ambassadors. This close cooperation with the state enabled the merchants to put their wealth to profitable use and increase it greatly.[16]

Yet it would be incorrect to explain the privileged position of the merchants only by their common interests and their cooperation with the administration; we must also remember their exceptional economic function in an economic system which had taken shape as a result of particular conditions. International trade not only supplied luxury goods, but also provided the large cities with their essential food and raw materials. In particular it imported the raw materials for the weaving industries of the cities (silk, wool, cotton, dyes, alum) and distributed the products to distant markets;[17] if this trade slowed down or stopped, the results for the city could be disastrous. Again, since communications were very difficult and dangerous, and since the merchant's was a profession demanding a large capital, specialized knowledge and skills, an enterprising spirit, and considerable personal courage, the exchange of goods between distant regions attracted only a limited number of people. Thus the movement of goods from an area of plenty to an area of scarcity was carried out only to a small degree and in a small range of commodities. Merchants were attracted only when discrepancies of price were large enough to promise adequate profits. It is for these reasons that interregional trade in the Near East assumed an exceptionally capitalistic and speculative character and thus constituted that form of economic activity which chiefly led to capital formation.

On the other hand it is quite clear that in the large centers of population of the Near East there was a strong current of popular hostility to the class of merchants, *bāzirgān* and *tüjjār*, (these terms always refer to merchants engaged in trade between distant regions), to the class of the bankers and money changers (*ṣarrāf*), to luxury, and to the capitalist mentality—that is, to the tendency

[16] For the situation in Syria under the Mamluks, see I. M. Lapidus, *Muslim Cities in the Later Middle Ages* (Cambridge, Mass., 1967), pp. 116-42.

[17] For the traditions showing that the cloth trade was regarded as the most important, see Ritter, p. 29; Goitein, *Studies*, p. 222, n. 3. It was not a coincidence that the business center in the Muslim cities was called *bezzāzistān*, the hall of *bezzāz*, dealers in textiles. We will see that in the Ottoman Empire too the *bezzāz* were among the wealthiest in the cities.

to accumulate money fortunes and to increase them by investment. This hostility found expression in the religious confraternities (in earlier days in the *Karmatiyya*, under the Ottomans particularly in the *Malāmitiyya*, the *Bayrāmiyya* and in the order of Shaykh Badr al-Dīn), which reflected popular interests and sentiments.[18] So too, orthodox Islam, especially one strand of thought represented by *al-Ghazali*, was hostile to the capitalist mentality. This doctrine held that a man's profit should be expended only for religious purposes and for the maintenance of his family; and that profit must not be an end in itself. A man engaged in trade should leave the marketplace when he had made a sufficient profit; he should work not to win the good things of this world but with the next world in view; to pursue unbounded profit was a religious and a moral failing.[19] This scheme of ethics recommended as an ideal a middle course between a complete asceticism on the one hand and the capitalist mentality on the other.[20] *Al-Ghazali* condemns as evil acts a trader's switching from market to market or from commodity to commodity, or his embarking overseas in quest of greater profit—a point of some interest as indicating what class he was addressing.

The unfavorable view of the merchant-capitalist held not merely by some *ulema* and in the circles of the religious confraternities but also by most of the population of the great cities is apparently to be connected not so much with strictly religious attitudes as with the basic social and economic structure of Near East society. In the Near Eastern city, production and distribution depended ultimately on the guild system. If we leave aside the few great cities producing for distant markets, we find that the rest depended on a method of production geared to supplying only the immediate neighboring region, that is, a clearly defined and limited market; and these cities, in view of the difficulties of communication, depended for the raw

[18] C. Cahen, "Mouvements populaires et autonomisme urbaine dans l'Asie musulmane du Moyen Age," in *Arabica*, V, pp. 225-50, VI, pp. 25-58, 233-65; B. Lewis, "Islamic Guilds," in *Economic History Review*, VIII (1937), pp. 20-37. For the *malāmatī* movement in the Ottoman Empire, see A. Gölpinarli, *Melāmilik ve Melāmiler* (Istanbul, 1931); V. A. Gordlevski, *Gosudarstvo Seldjukidov Maloy Azii* (Moscow, 1941).

[19] Ritter, "Ein arabisches Handbuch," pp. 41-45.

[20] Sabri Ülgener, *Iktisadi Inhitat Tarihimizin Ahlâk ve Zihniyet Meselcleri* (Istanbul, 1951), pp. 67-68. Criticizing the attitude of the mystics (*sūfi*) who preached the giving away in alms of everything that was not needed for subsistence, Kinalizāde (p. 11) said that it was necessary to accumulate wealth in order to maintain good order in this world.

materials of their industries on a similarly defined and limited area. Thus the guild system, which completely did away with competition, was for them an ideal organization ensuring the harmony and subsistence of the society it served. The competitive spirit and the profit motive were regarded as crimes threatening to overthrow this system and the existing social order. The *futuwwa* ideal,[21] which prevailed among the artisans and the shopkeepers linked together in the guild system, represented the very principles which *al-Ghazali* had formulated; to strive after profit, to seek to make more money than one needed to live on, was regarded as the source of the most serious moral defects. If a guildsman became too rich, his fellows would expel him from the guild and treat him as a "merchant." The merchant's profits were regarded as a sort of profiteering, the result of speculation, an illegitimate gain; whereas what had been produced by the work of the hand and the sweat of the brow—this only was legitimate. In order to prevent competition and to stop one of their number from overproducing and making too much profit, the guildsmen, through the agency of their representative, bought the raw materials of their guild in bulk; this raw material was distributed among the members openly; and the goods produced were sold, in the name of the guild, in one specific place. To change the quality or the style of the goods produced was not permitted, and production was supervised. The object in all this was to prevent any one of their number from upsetting the market by increasing his business —for where the purchasers were limited, if one man increased his share another must be left in want. This social class, therefore, became increasingly hostile to the principle of unlimited profit. Moreover, the merchant trading with other regions might, in order to profit from a price discrepancy, seek to buy up all the raw materials in one place and take them off, and by offering a higher price he could force up the price of raw materials and even provoke a shortage. The guildsman therefore regarded him as an enemy, a social menace (Ottoman documents reveal that the guilds frequently complained to the authorities on this account). So this economic rivalry between guildsmen and merchants led to flat hostility between them. That neutral terms like *bāzirgān* and *matrabāz*, which are used for merchants in official documents, gained in popular speech such pejorative implications as "profiteer" and "trickster" as

[21] See Fr. Taeschner, *Futuwwa*, in *Encyclopaedia of Islam*, new ed., II (1965), pp. 961-69.

the expression of this social hostility. Nevertheless, as will be shown, capitalist tendencies leading to some disruption of the guild system did manifest themselves in Near Eastern society, particularly in the big cities and in branches of industry supplying external markets.

The state was always being called upon by the guildsmen to resist these new tendencies, and the state did in fact always seek to support the guilds, obliged as it was to fulfill the duty of *hisba*. In the Islamic states of the Near East certain ancient and traditional rules, intended to protect the interests of the populace by preventing profiteering, fraud, and speculation, had been taken over by the religious law under the name of *hisba*, so that their application had become one of the principal obligations of the Muslim state. Hence the *imām*, the leader of the Muslim community, was obliged to fix the "just price" and to see it observed, and it was with this particularly that *hisba* was concerned, punishing as crimes all types of speculation. In the supervision of the quality and weight of commodities and their price, the state and the guilds worked hand in hand: Together they laid down the principles to be observed; then, during the process of manufacture, supervision was entrusted to the guild, and when the goods were exposed for sale, to the *muhtesib*, the official appointed by the state. The recognized profit (after all expenses had been met) was 10 percent, though for some commodities it might, exceptionally, be 15 or even more.[22] It must be emphasized that merchants were not subject to the *hisba*. The rules of *hisba* were fitted to, and upheld, the guild system, and as such conformed to the classical Near Eastern ideal of the state, which sought to protect the traditional class structure as being the mainstay of social harmony. Indeed it may be said that, from the economico-social point of view, the principal characteristic of the Near Eastern state is that it reposed basically on the guild organization.

Although in general the *hisba* rules were not applied to trade between regions, yet strict state control had been imposed on trade in various essential commodities. The Near East state had comprehended the necessity of preventing profiteering and speculation in commodities essential for the provisioning of large populations, a shortage of which might provoke serious popular disturbances. It was presumably as a result of this experience that the religious law forbade *ribā'* (that is, speculative profit-making) in certain com-

[22] H. Sahillioglu, "Osmanlilarda Narh Müessesesi," in *Belgelerle Türk Tarihi Dergisi*, No. 1 (1967), p. 40.

modities, notably cereals. Yet we find that trade in cereals was in fact one of the principal methods of large-scale speculation and hence of the accumulation of large fortunes.

Another basic reason for popular hostility to those who accumulated cash fortunes was the shortage of precious metals, especially silver. Not only the taxpayers but also the guildsmen complained bitterly of the lack of coin in circulation. As early as the eighth century, the people of Bokhara had asked the government to take measures preventing the movement of silver money outside their own region.[23] In accordance with the explicit command in the Koran (IX,34-35) al-Bīrūnī (eleventh century) wrote that to hoard gold and silver and remove them from circulation was a crime against society.[24] The issue of paper money in Persia in the Mongol period was connected primarily with the acute shortage of silver.[25] That imperial governments should heap up treasuries of gold and silver to meet the needs of their palaces and armies and to finance their campaigns had been condemned in popular sentiment from Sasanian times, and governments so acting were regarded as failing in "justice." According to the *Kutadgu Bilig*,[26] a good government is one which distributes the contents of its treasury. Merchants who were known to have accumulated large stocks of cash were therefore looked on with as much hostility as those that profiteered in wheat. Furthermore, it was known that merchants and money changers cooperated with the state by farming taxes. Occasionally the state, appearing to share the popular sentiment against those made wealthy by speculation, would confiscate such fortunes; but in general the state refrained from confiscating the fortunes of ordinary merchants. Confiscation was employed particularly against the tax farmers and officials who had made their money through their connections with the Finance Department. It must be added that the shortage of coin had important consequences, particularly in dealings among merchants; barter was widespread, as were various forms of sale with delayed payment. Since the latter entailed a credit transaction, the price of the commodity was increased by a not inconsiderable element of interest.

These then are, in outline, the basic conditions governing capital

[23] W. Barthold, *Turkestan Down to the Mongol Invasion* (London, 1928), p. 204.
[24] Z. V. Togan, *Tarihte Metod* (Istanbul, 1950), p. 161; H. Inalcik, "Türkiye'nin Iktisadi Vaziyeti," in *Belleten*, No. 60 (1951), p. 652.
[25] H. Inalcik, *ibid.*
[26] Tr. R. R. Arart, verses 5479-90. *Cf.* n. 20.

formation in the traditional empires of the Near East, of which the Ottoman Empire was one.

BURSA

There is no doubt that the most important group of sources upon which studies on capital and the capitalist in the Ottoman Empire may be based is the records kept by the *cadis*. These records consist of the *sijill*-registers, in which all kinds of commercial transactions were recorded, and the *tereke*-registers,[27] in which (in view of the *cadi*'s duty to supervise the division of estates) the possessions of the deceased, together with their values, were listed. In what follows we shall, on the basis of the fifteenth-century *sijill*- and *tereke*-registers of Bursa and of the sixteenth- and seventeenth-century *tereke*-registers of Edirne, consider those persons who may be called "capitalists," the sources of their wealth, and the fields in which they invested capital.

In the fifteenth and sixteenth centuries, Bursa rose to be one of the most important commercial and industrial centers of the Near East.[28] Commodities coming from the East, from Central Asia and Persia, and from Arabia and India were there distributed to the countries of the Balkans and northern Europe. At the same time Bursa was an important center of the silk industry, exporting light and heavy silk stuffs of various types to supply both the internal and the external market. About 1502, there were over 1000 silk looms in Bursa (while in Istanbul, in the middle of the sixteenth century, there were only about 300). It is at Bursa therefore that we can look for individuals who may be called "commercial and industrial capitalists."

First we classify the personal fortunes, according to the *tereke*-registers of the fifteenth century[29]:

Of 319 estates for the years 1467-8:

Those under 10,000 *akches*[30] constituted 84.1 percent
Those between 10,000 and 50,000 constituted 12.6 percent

[27] For *sijill*-registers, see *Belleten*, No. 44, pp. 693-96. For the *tereke*-registers, see H. Inalcik, "15.asir Türkiye Iktisadî ve Ictimaî Tarihi Kaynaklari," in *Iktisat Fakültesi Mecmuasi*, III, pp. 57-76, and Ö. L. Barkan, "Edirne Askerî Kassâmina ait Tereke Defterleri," in *Belgeler*, III (1966), pp. 1-9.

[28] H. Inalcik, "Bursa," in *Belleten*, XXIV (1960), pp. 45-98, and in *Encyclopaedia of Islam*, new ed., s.v.

[29] See H. Inalcik, "15.asir," pp. 5-17.

[30] On Ottoman silver coin, see *Encyclopaedia of Islam*, new ed., I: "akče."

Those over 50,000 constituted 3.3 percent
(in these years the Venetian ducat = 44-45 *akches*)

Of 402 estates for the years 1487-8:

Those under 10,000 *akches* constituted 89.8 percent
Those between 10,000 and 50,000 constituted 8.2 percent
Those over 50,000 constituted 3.0 percent

It is worth noting that the largest fortunes rarely exceed 200,000 *akches* (4500 ducats); these belong, in descending order, to money changers/goldsmiths, to merchants (particularly those dealing in silk stuffs and silk thread), and to silk weavers. The fortunes of those leaving more than 50,000 *akches* consist primarily of coin; then follow in descending order real estate, male and female slaves, rich stuffs, and silk (it was natural that in Bursa, the center for international trade in silk and for silk manufacture, these last two should be such an important vehicle for capital). Yet the greatest fortunes were those of the money changers (*ṣarrāf*), who dealt in money and made loans at interest; 'Abd al-Rahman, for example, evidently a moneylender, left an estate of 199,035 *akches*, of which 127,500 consisted of money out on loan. It is noteworthy too that the rich generally owned several male and female slaves, who were employed mostly as weavers or as commercial agents.

By contrast, the fortune of 67,420 *akches* left by Ḥajji 'Ivaz Pasha-oghly Mahmūd Chelebi, a member of a famous family of government servants, is very differently constituted, consisting mainly of cereals and domestic animals on his farm and of income from his father's *wakf*. (We shall find the same pattern with members of the military and administrative class in sixteenth-century Edirne.)

It is a point of considerable interest from the sociological point of view that many of the wealthy individuals are the sons of *"khojas,"* that is, of rich merchants, manumitted slaves, and *"chelebīs,"* that is, sons of the higher-ranking members of the administrative class. There are also some members of the *ulema* engaged in trade and in silk manufacture. The manumitted slaves had gained experience in business by serving their masters as weavers or as commercial agents and then, after winning their freedom, had set up in business independently; such former slaves, vigorously carving out new careers for themselves, came to form an energetic and enterprising element in Ottoman society.

We now consider first the merchant class in Bursa and its activities. Many merchants traveled to Bursa from Syria—from Damascus

and especially Aleppo—bringing large consignments of pepper and other spices and expensive dyes such as indigo and gum lac.[31] These commodities came by caravan along the diagonal route from Aleppo via Konya and Kutahya, and represented consignments of great value: In 1479 khoja Surur of Aleppo sold to Dāvūd of Edirne, in one lot, pepper worth 730 ducats; in 1484 khoja Ibrahim sold to the Jew Dāvūd pepper worth 527 ducats; and in 1500 Abū Bakr of Aleppo sold pepper worth 4000 ducats.[32] The *sijill*-registers reveal that Turkish merchants of Bursa also engaged in important transactions, usually by sending agents to Aleppo and Damascus.[33]

This trade was not confined to luxury goods: Turkish merchants exported by sea to Arabia such bulky commodities as timber, iron, pitch, and hides. One of these merchants, Khayr al-Dīn, had his will recorded in the book of the *cadi* of Bursa, which contains interesting details.[34] It reads: "He said: between Hadjdji Koçi, a slave freed by Khoja Mehemmed, and myself there was an association (*shirka*) with a capital to the amount of 545,000 akches (about 11,000 gold ducats), the half of which belonged to me and the other half to the aforesaid Khoja Mehemmed. From the aforesaid amount, lumber, wood and pitch worth 105,000 akches has been taken by my son Yūsuf and the aforesaid Khoja Mehemmed's son Ibrāhīm from Antalya to Alexandria, also Yūsuf and Hasan, slaves of the aforesaid Mehemmed, have gone overland to Egypt taking 123,000 akches worth of Bursa cloths and saffron; also 112,500 akches worth of iron, wood, lumber were sent (to Egypt) with the Sultan's ships; these were sent by my son Yūsuf, also 12,000 akches worth of leather were sent by me to my sons in Egypt via Antalya with a man named Seyyid 'Alī; and a slave of the aforesaid Khoja Mehemmed named Süleyman took sables, lynx furs and Bursa cloths worth 125,000 *akches*, and also they (Khayr al-Dīn and Khoja Mehemmed) declared that 75 flori were due to them from a person in Egypt named Wazzāni Shihāb al-Dīn." It is clear that Khayr al-Dīn and his partner used Bursa and the port of Antalya as their centers of business, and that they ran their trade with Syria and Egypt by sending out their slaves and their sons as their agents. The capital invested in the partnership is, for the period, relatively large; each partner bore

[31] For the great wealth of Syrian merchants, see Lapidus, p. 118.
[32] H. Inalcik, "Bursa and the Commerce of the Levant," in *JESHO*, III, no. 2 (1960), pp. 133-35.
[33] Inalcik, "Bursa," in *Belleten*, p. 78, doc. 14.
[34] Inalcik, "Bursa and the Commerce," p. 145.

an equal share of profit or loss. This example is interesting as illustrating the extensive trading ventures carried out between distant regions; but in Bursa, the transit center for Persian silk, it was the silk trade that produced most of the big fortunes and the big profits.

Each year several silk caravans came to Bursa. In 1513 a single caravan brought 400 *yük* (i.e., 24,600 kg.) of silk, worth about 220,000 ducats. Most of the merchants coming from Persia were Muslim, from Gīlān, Shirwān, Tebrīz, and Nahjiwān (at this time the Armenians were still in a minority in this trade). Many of these merchants had made heavy investments in the trade (thus in 1467 *khoja* 'Abd al-Rahīm of Shamākha brought a consignment of silk worth 4400 ducats). Persian merchants would also bring silk belonging to others and sell it as agents. From early times, the rulers of Persia had had a share in this profitable trade: Silk to the value of 5700 ducats was sold in Bursa in 1513 on behalf of Shah Ismā'il. Shah 'Abbās (1578-1628), mainly for political reasons, made the export of silk from Persia a state monopoly, but his successor canceled this measure, and in both Turkey and Persia it was a matter of satisfaction that the silk trade was once more in private hands.[35] At the same time, Turkish merchants of Bursa imported silk direct by sending their agents to Persia; a note in a *sijill*-register records that in 1576 the silk merchant of Bursa, Hājjī Ali, sent an agent to Persia to buy silk, giving him 100,000 *akches* (1660 ducats). The Bursa merchants who traveled to the East were numerous. In the same *sijill*-registers we find references to Ṣun 'Allāh, who went to Egypt to trade (and who, at his death, had 1190 ducats on his person); to Ali, who went to India in 1525; and to the Bursa merchant Ömer, who died in Persia in 1555.[36]

Silk, being so much in demand, was one of the most important commodities for the production of high profits and for the encouragement of commercial capitalism. On the Bursa market the price of Astarābādī silk (*Setta stravai*) was always rising, so that one *lidre* (150 gr.), worth 60 *akches* in 1467, in 1478 sold for 67 *akches*. The price of silk varied greatly from district to district, so that there was scope for large profits: The Bursa representative of a Florentine firm, J. Maringhi, recorded in 1501 that one *fardello* (= Turkish *yük*, 61,5 kg.) of silk bought in Bursa had realized a profit of 70 to

[35] Inalcik, "Türkiye'nin Iktisadi," pp. 665-74.
[36] F. Dalsar, *Bursa'da Ipecilik* (Istanbul, 1960), pp. 218-19.

80 ducats in Florence;[37] and in 1506 one *lidre* of silk, bought at Bursa for 80 *akches,* sold at Kilia on the Danube for 100 *akches.*[38]

Maringhi portrays vividly how impatiently the agents of Italian firms at Bursa and the Jewish merchants waited for the arrival of caravans from Persia, and how fiercely they competed to buy the goods and dispatch them to Italy without delay.[39] Some Persian merchants were able to sell their wares direct to these Europeans; but the local Turkish merchants also acted as intermediaries. The Europeans at Bursa would either exchange for the silk the fine woolen cloth of Europe, which was much in demand in the Ottoman Empire, Persia, and Central Asia, or else pay for it in gold. The Florentine and Genoese merchants sold much of their cloth at Bursa on credit. Thus the Florentine Piero Alessio, who died in 1478 at Bursa, appointed the Genoese Sangiacomi as executor to collect his debts from various people in the city;[40] and the Bursa merchant Mustafa, resident in Istanbul, caused to be recorded in the *sijill*-register of Bursa the debt of 1252 *akches* which he owed to the Florentine Kerpid (?) Zenibio and the Florentine Banadid (Benedetto ?) for woolen cloth he had bought.[41] There are many such entries in the Bursa registers. The customs registers of the Danube and Black Sea show that Bursa merchants sold to these harbors European woolens, Persian silks, pepper, spices and dyes from India, and products of Anatolia (especially mohair cloth of Ankara, and the cotton goods exported in great quantities from western Anatolia).[42] In 1490, of 157 merchants entering Caffa by sea, 16 were Greeks, 4 Italians, 2 Armenians, 3 Jews, 1 Russian, and 1 Moldavian; the remaining 130 were Muslim. The Muslim rarely penetrated inland from these ports; the goods were transported into Poland, the Crimean Khanate, the Desht-i Kipchak, and Russia by local merchants or by Armenians, Jews, and Greeks (mainly Ottoman subjects).

Yet it is not true to say that Muslims never went to Europe or traded directly with Europe; rather than undertake these long and dangerous journeys themselves, they sent agents, their slaves or their

[37] G. R. B. Richards, *Florentine Merchants in the Age of the Medici* (Cambridge: Harvard University Press, 1932), p. 122.
[38] Inalcik, "15.asir," p. 13, n. 31.
[39] Richards, *Florentine Merchants,* p. 127.
[40] Inalcik, "Bursa," in *Belleten,* p. 70, docs. 4 and 13.
[41] *Ibid.,* p. 72, doc. 7.
[42] Inalcik, "Bursa and the Commerce," pp. 139-40.

converted and manumitted slaves. In 1554, the merchant Sejim sent from Bursa to Poland his Muslim slave named Ferhād, with a "capital" of 450 ducats (but Ferhād decided to revert to his former faith and stay there—with the money). There is a record in the registers concerning the estate of a Bursa merchant named Rejeb who, in 1537, went to "the country of Moskof" to trade, and there died;[43] there must have been many others who went but whose travels, as no occasion arose, were not mentioned in the records. Again, as our investigations proceed, we find that Muslim merchants formed an active element in the commercial life of such cities as Venice and Ancona.[44]

Having considered the activities of Bursa merchants engaged in long-distance trade, we turn to consider capitalist tendencies among the members of the guilds, an entirely distinct economic and social class. We have seen that the guild system is fundamentally opposed

[43] Dalsar, *Bursa,* doc. 72; for merchants traveling to Muscovy, doc. 77.
[44] The trade route, Bursa-Edirne-Raguza-Ancona-Florence, became increasingly important from the second half of the fifteenth century onward. "In 1514 Ancona was forced to grant special privileges to Ottoman merchants"; see T. Stoianovich, "The Conquering Balkan Merchant," JOURNAL OF ECONOMIC HISTORY, XX (1960), pp. 236-37; and the Palatio delle Farine became a fondaco for the Turkish and other Muslim merchants. In the middle of the sixteenth century there were here 200 houses of Greek merchants who were Ottoman subjects (Stoianovich, *ibid.*). Turkish and Persian (*Azemini*) merchants attending fairs in central Italy began to be so numerous as to threaten Venice's Levant trade. Commercial links between Ansona and Ragusa, the transit center for Ottoman trade, became so close that each city abolished customs dues on citizens of the other, and there were even rumors that Ancona was prepared to accept Ottoman suzerainty. It may be noted that the Ottoman registers too refer to Muslim merchants going to Ancona: in 1559 a merchant from Shirvān entrusted to his servant 'Alī b. 'Abdallah 200 lidre of silk which he had brought with him and 1000 ducats and sent him "to the city named Ankona to exchange them for cloth" (Dalsar, *Bursa,* doc. 47). As for Venice in the sixteenth century, Muslim merchants of Turkey and Persia begin to be mentioned among the other foreign merchants; see D. Possot, *Le Voyage de la Terre Sainte* (Paris, 1890), p. 80. At this period they were already working in close cooperation with the Jews. A decree of the Senate of 15 September 1537 ordered the arrest of Turks and Jews and others who were Turkish subjects in Venice and its dependencies and the seizure of their goods (the content of this document was communicated to me by Mahmud Sakir, who found it in the course of his research in Archives of Venice: Senato Mar. Regesti 24, 69r, 15 Settembre 1537). Turkish merchants in Venice lived at Rialto. The explosion which destroyed a part of the fleet at the arsenal on the eve of the Turkish invasion of Cyprus in 1570 was believed to be a plot engineered by the Turkish spies in Venice (G. Hill, *A History of Cyprus,* III, 1948, p. 883). In 1574, after the peace settlement, attempts were made to provide a building in which all the Turkish merchants could live together, and five years later a building was found. The Palazzo of the Duke of Ferrara, however, the well-known *Fondaco dei Turchi* of today, was given to them only later, in 1621. Permission was granted that this building should be occupied by Turks from Istanbul and "Asia" (i.e., Anatolia), by other Ottoman subjects from Bosnia and Albania, and by Persians and Armenians.

to the capitalist mentality; but since the silk industry at Bursa was engaged to a large extent in production for external markets, we find that in this city the guild system developed considerably.

In the Bursa silk industry, there was much differentiation within the guild, a pronounced distinction arising between, on the one hand, the masters of looms with much capital invested and, on the other, the journeymen and workmen employed by them, so that a labor market came into existence. By the government's investigation of the crisis which occurred in 1586, when silk supplies from Persia were cut off with the outbreak of war, the following situation was revealed: Of 25 persons owning 483 looms,

7 owned a total of 41 looms (between 4 and 9 each)
10 owned a total of 136 looms (between 10 and 20 each)
6 owned a total of 200 looms (between 21 and 40 each).

The biggest owners were Mahmud with 46 looms and Mehemmed with 60. Since a loom for brocade was worth 50 to 60 ducats and the cost of raw materials (silk, silver, gold) and laborers' wages must also be considered, Mehemmed's 60 looms represented a total investment of at least 5000 ducats. With the cutting off of silk imports and the steep rise in the cost of silk, 5 of the 25 persons disappeared, 4 went bankrupt, 5 died, while each of the others was left with only one to 5 looms working.

The woven silk stuffs were sold directly on behalf of the master weavers in specified shops in the city market. Various stuffs required for the palace were bought direct from the masters, from whom too the merchants trading far afield bought direct.[45]

The weavers bought their raw materials from the *hāmjis*, merchants engaged in the trade in raw silk. Silk coming by caravan from Persia was unloaded at the *bedestan*, where each *hāmji* bought his share. The *hāmji* would pass this silk to the guild of *dolabjis* to be wound and spun, then to the guild of *boyajis* to be dyed. These guilds worked for the *hāmjis* for pay; and their subordinate status appears from their being called *yamak*, or "assistant," guilds. The *hāmji* would then sell the skeins, prepared for weaving, to the weavers (*dokumajis*). The entrepreneurs of the industry were thus the *hāmjis* and the *dokumajis*.

The weavers were divided into various guilds according to the type of material they made. Each guild had a governing council:

[45] See Dalsar, *Bursa*, p. 132, doc. 176; p. 226, doc. 161; p. 229, doc. 168.

thus the velvet weavers had a council of six persons, known as "the six" (*altilar*), who were chosen from wealthy former masters to supervise the guild regulations, and who effectively controlled this branch of the industry. One of their chief duties was to prevent competition for labor among the masters. Those working in the industry fell into three groups: slaves (*kul*), apprentices (*shāgird*), and workpeople engaged for pay in the open market (*eǰīr*). Every Saturday the masters and this third group of workpeople would collect at an appointed place in the city, and the two experienced members of the six known as *ehl-i hibre* would select suitable workpeople for a master who needed labor. The objects in this were to prevent competition between masters (and hence a rise in wages) and to select skilled workmen. The pay was fixed in accordance with the value of the material woven (10 percent for thick silk stuffs and 12 percent for gold-laced velvet). The workman was paid weekly in advance. The *ehl-i hibre* were responsible for overseeing the workmen, for ensuring that they worked in accordance with the regulations of the guild, and that they did not leave their work unfinished in order to take service with another master.[46] Thus the council of the guild had the power to ensure that the employees worked as they wished them to.

The purchase of slaves as workpeople was another important type of investment in the industry. In Islamic law, by the agreement known as *mukātaba*, the slave might be granted his freedom if he performed within a stipulated time a stipulated task—such as the weaving of a certain quantity of cloth. The large number of such *mukātabas* recorded in the registers, together with the fact that masters, small or great, owned one or several slaves, show that this type of labor was employed on a large scale. The price of slaves was fairly high (30 to 120 ducats), and Bursa had a busy slave market.

As for the apprentices (*shāgird*), these were boys and youths entrusted to masters by their legal guardians to learn the craft. A contract of apprenticeship was drawn up between master and guardian, the master undertaking to teach the craft within a stipulated time (usually 1001 days), and often paying the guardian a small wage in advance. The apprentice owed absolute obedience to his master. There was a small convent (*zāviye*) in which apprentices and workmen belonging to the guild were taught its rules and

[46] See *Encyclopaedia of Islam*, new ed., art., "Harīr," pp. 211-18.

customs. These rules, deriving from the *futuwwa* morality of the Middle Ages, had been codified in a traditional form observed by all guilds; they instilled into apprentices and workmen the principles of mutual assistance, absolute obedience to the master, and contentment with one's lot.

The work was usually carried on at looms installed in dwelling-houses, although sometimes masters of several looms would install them altogether in a *kārhāne,* or workshop (in 1487 a *kārhāne* was estimated to be worth 80 ducats). In the cotton industry of Manisa, the products of house looms were more highly esteemed and costlier than the products of workshop looms.

This silk industry of Bursa, so organized, can from one viewpoint be called "capitalist production." It worked mainly to supply the external market, and was dependent on merchants engaged in interregional trade. The first customer for silk stuffs produced at Bursa was the Imperial Palace, which, through the Sultan's purchasing agent, made heavy bulk purchases every month. Then came the merchants engaged in interregional trade, Turks and foreigners (including some Poles, Russians, Moldavians, and Ragusans, but mostly Persians, Arabs, and Italians). The important master weavers—our "capitalists"—did not engage in export themselves; for the export of their products, as for the acquisition of their raw materials, they were dependent upon the merchants.

The *tereke*-registers do not reveal the existence of any master weavers whose wealth could compare with that of the money changers and the merchants. In the the second half of the century the *cadi* records of Bursa show few weavers whose estates exceeded 500 ducats in value, although in the sixteenth century many of them were worth over 1000 ducats. It should be emphasized that these silk weavers were among the wealthiest of all the Ottoman guildsmen.

An extending market, ever-increasing demand, and an ever-rising profit led some Bursans to ignore the guild regulations based on controlled production. The master weavers endeavored, under cover of the guild regulations, to monopolize the profits of the industry and to make themselves ever richer. In principle, the number of master weavers was limited by the regulations of the guild. New masters could indeed open new shops with the guild's permission, by a license, or *ijāzet-nāme,* which the guild issued; but the former

rich masters, looking to their own interests, tried always to limit the guild to its old membership, however much the market might expand; thus the number of masters remained the same and ambitious journeymen were forced to work for a wage, at a master's loom. The masters seem to have found methods to increase the number of their own looms. Newly trained workmen were unable to open "independent" (*bashka*) shops for themselves, in an industry which anyway demanded a substantial initial investment of capital (one loom and the necessary materials would require at least 80 to 100 ducats). The established masters fought bitterly against so-called "rebels"—those who opened shops without a license or who stimulated demand by producing new types of wares. On the ground that the rebels were infringing the *hisba*-regulations, they would try to bring the government into action against them, alleging that they were lowering the quality of the guild's wares, disturbing the functioning of the market, and so exposing the populace to loss. By and large, the state did intervene to support the claims of the established masters. From the end of the sixteenth century onward licenses for masters were granted with increasing reluctance, and finally the status of master was conferred only by occupancy of a recognized place of business (*gedik*), and hence was passed down by inheritance within the family. The result of all this was that the masters came to form, in effect, a quasi-caste, and the guild members were divided into capital-owning employers and wage-earning journeyman-laborers. Yet in the Ottoman guild system we do not find the journeymen organizing themselves to fight against this tendency, as they did in western Europe. All that happened was that, just as the former masters exploited the rules of the guild in their own interests, so the journeymen-workpeople and would-be new masters sought to turn the rules to their own advantage; those who opened new places of business in the outlying quarters of large cities without the guild's license would band together, elect a council of management, and set up a new guild. In spite of the opposition of the original guild, the new masters (called pejoratively *hām-dest,* that is, tyros, by the established masters) often persuaded the authorities to grant them recognition. We also find that the ancillary (*yamak*) guilds, which worked on behalf of the guilds of entrepreneurs, sometimes obliged the main guilds to grant their demands over rates of payment and so on by resolving

to refuse to work for them—which in some sense amounts to a "strike," although admittedly this occurred only in the developed industries.

In Ottoman industrial activity we find some other developments, outside the guild framework, which are related to "merchant capitalism." The merchants themselves would organize the production of some wares for which there was a strong demand in external markets. They would distribute raw materials direct to weavers working at home, in the city or in adjacent villages, who worked for them for a wage, calculated by the piece or by the measure; then the merchants would collect the manufactured goods for export. This system prevailed in western Anatolia, as well as around Merzifon, Erzinjan and Erzurum, and in Diyarbekir with regard to the manufacture of various types of cotton cloth and thread. From the fifteenth century onward, these products were exported in large quantities to the Balkans, to the countries of the northern coasts of the Black Sea, and to Europe.

Another development which encouraged large-scale investment and paved the way for a capitalistic type of production was the ever-increasing demands of the state, especially to equip the army. We refer here, of course, not to the state arsenals, foundries, etc., organized as *kārhāne*,[47] but to private enterprises working for the state. One of the clearest examples of this is the woolen cloth industry of Salonika, which, from the end of the fifteenth century onward, greatly developed with a large annual production, particularly to provide uniforms for the Janissaries. A large proportion of the Sephardic Jews, skilled in the weaving of woolens, who had been settled in this city by the Ottomans in the last decade of the fifteenth century, were engaged in this industry. This Salonika cloth (*chuha-i Selānik*) was exported in great quantities to the Balkans and to the lands north of the Danube,[48] but a large proportion went to Istanbul for the Janissaries. Hence the state established a certain supervision over the industry to ensure that production was maintained and was sufficient in quantity and quality. These Jewish weavers were assisted by the state to procure, cheaply, the necessary fleeces in Macedonia. It is worth noting that in 1664, on the suggestion of

[47] See R. Mantran, *Istanbul dans la seconde moitie du XVII^e siècle* (Paris, 1962), pp. 398-412.

[48] Inalcik, "Bursa and the Commerce," p. 139; Ö. L. Barkan, "Edirne," pp. 120, 125, 207, 217, etc.

the weavers that it would facilitate production, many of the looms were concentrated in a "factory."[49]

All these developments might well have formed the first steps toward an "industrial capitalism," but, for reasons which we will consider later, they went no further.

ISTANBUL

In Istanbul, which with its population of over half a million represented a vast market, commercial capitalism also developed in a special direction. The elements whom we may call "capitalist entrepreneurs" are, here as elsewhere, found among the merchants trading between distant regions. As the capital, Istanbul became at the same time the center for large-scale financial speculation in connection with the state's borrowing and tax farming and the vast demands of the palace and the army. The same individual or partnership would engage simultaneously in the exploitation of commercial concessions, in banking, and in the farming of taxes. The state provided fields of investment for capital and for speculative profits not only through its system of farming taxes but also by granting commercial concessions.

The state placed in the hands of privileged concessionnaires trade in certain commodities, the essential foodstuffs, and various raw materials needed by the guilds (cereals, cotton, wool, wax, and hides). Free trade in cereals and their export were forbidden, in order to prevent profiteers from speculating in them and to prevent their diversion to foreign markets. Only individuals licensed by the state could deal in them. These individuals were selected from wealthy and respected merchants and shipmasters. At the same time, the state fixed the prices, and the local authorities in the exporting areas helped the merchant to collect and transport the commodities. But the state had, unconsciously, created a situation favorable to speculation; although it tried to keep the fixed prices of sale (*narkh*) as low as possible, the restrictions of monopoly and state control led to a rise in prices. The prices offered by European merchants were artificially high, and this situation encouraged stockpiling and contraband dealings. The licensed merchants were therefore most closely supervised (thus, for example, a ship carrying grain had an inspector on board until it reached its appointed

[49] I. H. Uzunçarşili, *Kapilulu Ocaklari*, I (Istanbul, 1943), pp. 272-74.

destination), but even so it was not possible to prevent altogether the sale of cargoes at places offering higher prices.

To provision Istanbul, great quantities of wheat, rice, salt, meat, oil, fish, honey, wax, etc., were imported by sea, and those engaged in this trade were among the city's wealthiest merchants, who were organized in various associations. In the midseventeenth century, the first of these were the shipmasters transporting cargoes in their own ships. According to Evliyā Chelebī they were divided into the "captains of the Black Sea" (*Karadeniz reïsleri*), numbering 2000, and the "captains of the Mediterranean" (*Akdeniz reïsleri*), numbering 3000. They were Muslims or Greeks. The second group were shipowners, based on the *bedestan*, who equipped ships for overseas trade and who, again according to Evliyā, were very rich, some owning seven to ten large ships (*kalyon*) and fortunes of 4 to 5 million *akches* (20,000 to 25,000 ducats). "Each has several partners, in India, Yemen, Arabia, Persia and Europe; they dress as sumptuously as viziers; their patron is the Prophet." There was a third group who chartered ships for the import of cereals. These, according to Evliyā,[50] were wicked profiteers, who would buy cheaply the grain which the captains brought, store it, and then at a time of shortage would release it onto the market little by little and so make huge profits. Profiteering and contraband deals were common, especially when the central government was weak. The coasts and islands of the Aegean were alive with smugglers, and here many Greek shipmasters made fortunes. In order to prevent smuggling, the government was occasionally obliged to permit producer and merchant to settle a price by free negotiation.[51]

Another group enriching themselves from the trade in essential commodities were influential members of the ruling class attached to the Palace. They would elicit from the Sultan permission to export the great quantities of cereals grown on their *tīmār-* or *arpalik*-estates or their private estates or the estates of *wakfs* which they had founded, and make vast profits from the wide discrepancy between prices inside and outside the Empire: Thus in 1550 the Sultan's Jewish physician Moses Hamon was granted permission to sell to foreigners 600 *mud* (308 tons) of wheat grown on his *arpalik*-estate.[52]

[50] Evliyā Chelebī, *Seyahatname*, I (Istanbul, 1314 H.), p. 551.

[51] L. Güçer, *XV.-XVI. asirlarda Osmanli Imparatorlugunda Hübutat Meselesi ve Hububattan Alinan Vergiler* (Istanbul, 1964).

[52] The copy of a document in the Munshéat, British Museum Manuscript No. 9503.

In any discussion of capital formation in the Ottoman Empire, special consideration must be given to the activities of the Marranos in the second half of the sixteenth century. Thanks to their great personal fortunes and skills and their extensive commercial network of agents in Europe, they appear to have played the principal role in Istanbul, as merchants, bankers, and tax farmers.

Ever since the fifteenth century the Jews had held a prominent place in trade between the Ottoman Empire and western Europe and in the farming of state taxes. In the middle of the sixteenth century, before the arrival of the Marranos, Nicolas de Nicolay wrote of the Jews[53]: "They have in their hands the most and greatest traffic of merchandise and ready money that is in the Levant." The Ottoman authorities, in accordance with the pragmatic principles so long observed in Near East states, regarded attracting wealthy merchants to their cities as one of the most effective methods of enriching the country and hence of filling the treasury. Thus even under Mehemmed II, and especially after the expulsion of the Jews from Spain in 1494, thousands of Jews were welcomed by the Ottoman government, and they settled in the principal ports of the Empire. So too the Ottoman authorities were eager to encourage the Marrano family of the Mendes, great bankers who controlled the spice trade in Europe, to settle in the Empire. The family's wealth was estimated in the 1530's to be three to four hundred thousand ducats. In 1553, thanks to the Sultan's personal interest and patronage, the family finally settled in Istanbul. The government used its political and diplomatic influence to enable them to transfer a part of their wealth from Europe. The family's operations were carried on through a network of agents in the principal towns of Europe. It is of some significance that the Mendes family settled in Istanbul in the very years that European trade was gaining an increasing importance for the empire. They were encouraged to move not only by the extensive scope for their operations promised in Turkey, but also by the religious toleration which prevailed there (whereas from 1536 the Marranos had been persecuted by the Inquisition). In 1555, when Pope Paul IV accused the Marranos of Ancona, who had close commercial links with the Ottoman lands, of being clandestine Jews, and when he began to arrest and burn them and confiscate their possessions, the Ottoman government intervened vigorously on their behalf, for many Jews

[53] *Quatre premiers livres des navigations et peregrinations orientales* (Lyons, 1567).

of Salonika and Istanbul whose capital was invested at Ancona had gone bankrupt and so were unable to pay to the Ottoman treasury the sums which they owed in connection with taxes they had farmed. In his letters to the Pope, the Sultan informed him that the treasury had lost 400,000 ducats and asked that the arrested Marranos be released. (Some of these Jews under arrest were in the service of Turkish merchants settled at Ancona.) Doña Gracia, then the head of the Mendes family, controlled a large proportion of the commerce between the Ottoman Empire and Europe (an exchange of European woolens for wheat, pepper, and raw wool). The business consortium (*dolāb*) which she had set up attracted deposits from rich Jews and Muslims, and the funds were employed in external trade and in tax farming. It was she, principally, of course, who had prompted the Ottoman intervention in the Ancona affair, and, with the Sultan's approval, she attempted to get the Jews of the Ottoman Empire to declare a boycott against Ancona.

It has been suggested by Professor E. Rivkin that the Marranos brought with them from Europe the methods and techniques of the modern capitalist entrepreneur and bestowed on the Ottoman economy a mercantilist character.[54] We do not know all the details of their activities in the Ottoman domains, but some idea of these can be gained from the study of the career of Don Joseph Nasi, Doña Gracia's nephew, who first succeeded in gaining the *entrée* to the palace and to the leading statesmen and in winning their confidence —which was, in the Ottoman state, the most important step in a prosperous business career. He acquired the monopoly of the wine trade, a trade which was shunned by Muslims but which brought great profits to Venice (at the beginning of the sixteenth century the wine trade between the Aegean and the countries of the Danube and eastern Europe was worth 6000 ducats a year in customs' revenues alone); a document shows that Joseph Nasi bought 1000 barrels of wine from Crete alone, and it was estimated that he made

[54] For the Marranos, see C. Roth, *The House of Nasi: Dona Gracia* (Philadelphia, 1947); *idem.*, *The House of Nasi: The Duke of Naxos* (Philadelphia, 1948); E. V. Rivkin, "Marrano-Jewish Entrepreneurship and the Ottoman Mercantilist Probe in the Sixteenth Century" (paper submitted to the Third International Congress on Economic History, which will be published in its *Proceedings*). Professor Rivkin has most kindly permitted me to read this paper before its publication. When the material on the Marranos which he has collected from European and the Ragusan archives has been fully assessed, we shall be much more thoroughly informed on the whole question. Some Ottoman documents on the Marranos' activities were published by Safvet, "Yūsuf Nasi," *Tarih-i 'Osmāni Enciimeni Mejmu'asi*, III (1330 H.), pp. 982-93 and pp. 1158-60.

from the trade some 15,000 ducats a year.[55] The Sultan, again with financial considerations in mind, removed from the hands of the Italians and granted to Joseph the administration of Naxos and the surrounding islands; this area was one of the chief centers of wine production in the Aegean. Joseph's commercial activities in Poland become so extensive as to produce anxiety among the local merchants of Lwów. The great loans which he made to the King of Poland (amounting, it is said, to 150,000 ducats) procured for him various commercial concessions. He gained the monopoly of beeswax, a valuable export commodity. He probably had a part also in the financial relations between France and the Ottoman Empire. In 1555, Henri II, pressed for money, floated a loan in France with the interest increased from 12 to 16 percent, and at this time many Turks, pashas among them, found it profitable to invest in this loan. Between 1562 and 1565 the Sultan sent several *firmans* to the King of France ordering him to pay without delay a debt of 150,000 *scudos* due to Joseph Nasi, and when the debt was not paid he caused the sum to be raised for Nasi by ordering the confiscation of French merchant ships calling at Levant ports. This question, which dragged on until 1569, seriously impaired the good relations between the two powers.[56]

Another noteworthy example is the Jewess Esther Kyra, who amassed a great capital from commerce and tax farming by putting to account the influence she had in the Palace.[57] She procured for herself and her sons the contract for the collection of the customs and, through the women and the eunuchs of the harem, the farms of the poll tax on non-Muslims, and collection of the sheep tax; she also made heavy investments in overseas trade. In 1600 the mounted regiments of the Porte mutinied, alleging that the underweight coin in which they had received their pay had been paid into the Treasury by Esther Kyra as collector of customs. They murdered her and one of her sons. Her fortune was confiscated, and was found to amount, in ready cash and commercial commodities alone, to 50 million *akches* (about 400,000 ducats)—not counting her real estate in 42 localities, goods actually in transit, and sums invested.[58]

[55] Safvet, Yūsuf Nosi," p. 991.

[56] Document, published by Safvet, pp. 992-93.

[57] See J. H. Mordtmann, *Die jüdischen Kira im Serai der Sultane*, *MSOS*, XXXII (1929), pp. 1-38. Of the Ottoman chroniclers the most important is Mustafa Selāniki who was then a high official at the finance department.

[58] Selāniki.

There is no question that since the fifteenth century Jews had had a large share in the farming of taxes of all sorts at Bursa and at Istanbul, but Greek and Turkish capitalists too do not seem to have been less active in this business. Thus in 1476, when a five-man consortium of Greeks bid 11 million *akches* (about 245,000 ducats) for the farm of the Istanbul customs for three years, a four-man consortium of Muslims outbid them by 2 million and gained the contract. Next year a Muslim Turk of Edirne and a Jew jointly put in a higher bid, but were outbid by a consortium of Greeks.[59] From the middle of the sixteenth century, with the coming of the Marranos, Jewish influence and control of the money market appear to have increased. But there is no clear evidence that they introduced a new mercantilist tendency in the Ottoman economy; it seems that they brought rather their own activities into conformity with the already existing pattern. The Ottoman government, realizing that the encouragement and protection of these great capitalists would help to meet its ever-growing need for ready money and so serve its own interests, was merely continuing its traditional policy.

EDIRNE

By considering the capital-owning classes and the formation of capital in Edirne (Adrianople), the principal city of the Balkans, we shall take a further step in formulating our generalizations on the Ottoman Empire. Of the estates of 3128 persons, mostly belonging to the "military" (*'askerī*)[60] class, who died at Edirne between the middle of the sixteenth and the middle of the seventeenth centuries, Professor O. L. Barkan has recently published ninety-three. An analysis of these estates, which amounted in total to more than 300,000 *akches*, discloses that the average value is half a million *akches;* a quarter of the total number amount to a million. Before 1605 five men died whose wealth, calculated in ducats, was between 10,000 and 18,000; three of these were merchants, while two belonged to the military class. The richest of them was a *sanjak-beg*, governor (Yūnus Beg).

The average estate among the rich in the sixteenth century was between 8,000 and 9,000 ducats, and, after the depreciation of 1584,

[59] H. Inalcik, "Notes on N. Beldiceanu's Translation of the *Kānūnnāme*," *Der Islam*, XLIII/1-2 (1967), pp. 154-55.

[60] Under the term of "military" were included the administrators, the troops, and the men of religion in the Ottoman Empire.

between 5,000 and 6,000 and when this is compared with the fortunes of the Marranos or of the higher-ranking members of the ruling class in Istanbul, it is not so very impressive. For example, the annual income of a *sanjak-beg* from his *khāṣṣ*-estates was 200 to 600,000 *akches* (which represented, at the end of the fifteenth century, 4,000 to 12,000 ducats and after the depreciation, 1,650 to 5,000 ducats); and a *beglerbeg*'s (governor general) annual income was twice as much. Thus at all periods the military class ranked high, economically speaking, in Ottoman society.

The way in which the fortunes of the rich men of Edirne were composed is also of interest. When all the estates are considered we find that over this century the fields of investment for 49 million *akches* belonging to 175 persons are (in percent) as follows:[61]

Household goods and clothing	14.6	
Houses and shops	13.7	
Ready money	19.1	(usually in gold, but also in European silver coins)
Moneys due	21.2	(usually for goods sold on credit; money at interest and invested by *mudaraba* is also included)
Agricultural (land and livestock)	16.6	
Stocks of industrial products	11.9	
Slaves	2.9	

Outstanding debts due on the estates amounted to 15 percent. If we except the first two items, we find that three-quarters of these fortunes can justly be called "capital."

The "capitalists" may be divided into four main groups: (1) Money changers/jewelers; (2) merchants trading with distant regions (especially in textiles, flax, gumlac, coffee, copper, iron and tin); (3) landowners growing wheat or raising stock for sale; and (4) "investors" making money by lending it at interest, renting out shops, milling, or investing it in various industries. As in the case of Bursa, the largest fortunes were owned by the money changers and the dealers in textiles, but among the greatest owners of capital, in this military base, were members of the military class.

(1) The money changers and jewelers left the greatest fortunes, which consisted mainly of gold and silver coin, silver ingots, and

[61] Barkan, "Edirne," pp. 471-73.

jewelry. They engaged largely in moneylending. Typical examples were Sünbül Hasan (d. 1604)[62] and Abū Bekir (d. 1624).[63] The former's fortune amounted at his death to 940,000 *akches* (7,833 ducats), of which 354,000 *akches* consisted of jewelry and goods in his house and shop and 466,000 in jewelry left with him in pledge for money which he had lent. The interest due to him was calculated at 100,000 *akches*, Abū Bekir left a fortune over 2,000,000 *akches*, of which 1,200,000 consisted of silver ingots and gold and silver coin; it is clear that he indulged in large financial operations with rich Jews and with the mint. At his death he was owed 220,000 by the Jew Abraham and 450,000 by the mint. He possessed ingot silver worth 399,000. Memi Beg b. 'Abd Allah (d. 1624) (presumably the son of a converted "slave of the Port"), who left 760,000 *akches*, was a banker, lending large sums at interest; at his death he was owed 160,000 by a Jewish tax farmer and 163,000 by another Jew. He used also to make small loans (e.g., 1600 *akches* to the gardener Niko).

(2) The textile dealers (*chuhaji and bezzāz*) of Edirne carried out extensive trade both in imported European cloth (particularly from Florence and London) and in home products (of Salonika, Istanbul, and Ragusa). The textile dealer Hajji's estate (d. 1553) included Florentine cloth worth 2600 ducats. These dealers imported direct from Venice, to which, by their agents, they exported Ankara mohair, fleeces, wax, and coined gold (the rate of gold against silver being higher in Europe). The dealers in cottons (*bezzāz*) imported their wares mainly from western Anatolia and to a smaller extent, from Egypt, Yemen, and India.[64] Some of these goods were sold in Edirne itself, but an important proportion was sold in various regions of the Balkans. Hajji sold large quantities of cloth to the prince of Wallachia, but also to the governor of Syria (Shām) and to governors in eastern Anatolia.[65] When the *bezzāz* 'Abd al-Kādir died (1569) he was owed 97,000 *akches* in Edirne, 74,000 in Dobruja, and 63,000 in Belgrade for cottons and textiles which he had sold; he had also

[62] *Ibid.*, p. 193, No. 29.
[63] *Ibid.*, p. 429, No. 92.
[64] For a caravan with the Indian merchants who in 1610 brought textiles on the route Basra-Baghdad-Aleppo, see H. Sahillioglu, "Bir Kervan," in *Belgelerle Türk Tarihi Dergisi*, No. 9 (1968); for the import of the Indian textiles into the Ottoman Empire in the fifteenth century, see H. Inalcik, "Bursa," *Belleten*, XXIV (1960), p. 75, doc. 12.
[65] Barkan, p. 120, No. 11.

made investments in the cotton-producing regions of western Anatolia. The money he had invested as *mudāraba* amounted to 148,000 *akches*. The *bezzāz* Mūsa (d. 1596),[66] worth 13,000 ducats, had sold cotton stuffs, wool stuffs, and silk stuffs in various parts of Rumeli-Belgrade, Ruscuk, and Pravadi. Saddler Ahmet[67] (d. 1649) traded with the northern countries, to which he sent spices, Indian cloth and thread, and cotton stuffs of Anatolia in exchange for furs and hides. Ahmet, who had begun life as a palace saddler, had presumably begun his business career by dealing in hides; when he died, it may be noted an Armenian merchant in Poland was owing him 600 riyals. Ahmed Chelebī (d. 1639), who imported flax, coffee, henna and cottons from Egypt ran this business by means of agents there. When he died the sums due to him for goods sold in various parts of Rumeli amounted to 208,000 *akches* (3466 ducats). Kapiji Mehemmed[68] (d. 1607) should also be noted; he transported iron from Samakov (near Sofia, an important center for iron production) to Istanbul and other parts of Rumeli and had dealings with the smiths' guild. The important point to notice in all this is that these wealthy merchants were all engaged in interregional trade. Unlike the money changers and the members of the military class, the merchants held relatively little ready cash; their wealth consisted mainly of stock and money due for goods sold on credit. But in about 1596, i.e., at a time when the exchange rate was very unsettled, the millionaire *bezzāz* Mūsa turned one-fifth of his fortune into gold coin. At Edirne, as at Bursa, sale on credit was evidently a widespread and indispensable commercial measure. A large proportion of the Edirne merchants' wealth, sometimes more than half, consisted of money due to them. That merchants tended to specialize is clear; yet there were some who spread their investments over varying fields. Khoja Ishak[69] (d. 1548), a wealthy textile merchant, had 59,000 *akches* lent out to a "Frank" (? Italian) named Jerino and 90,000 invested in Edirne in the shop of the Jew Mordecai. Merchants also lent at interest,[70] while some invested in mills or shops in Edirne. Most of them also had small land holdings and orchards to supply their families.

(3) Persons engaged in agriculture and stock raising also must be included among the "capitalists" of Edirne. These usually belonged

[66] *Ibid.*, "Edirne," p. 335, No. 66.
[67] *Ibid.*, p. 325, No. 65.
[68] *Ibid.*, p. 170, No. 20.
[69] *Ibid.*, p. 91, No. 4.
[70] See *Tarih Vesikalari*, No. 9, p. 174.

to the governmental class, i.e., they were mainly *begs* and *sipāhīs* holding *khāṣṣ-* or *timar*-estates, "servants of the Porte," or *ulema*. The fortune of Bayram Beg b. Sevik (d. 1604),[71] who left 352,000 *akches*, consisted mainly of investment in his land and his stock. On his farm were 2 mills, 15 cattle, 3 dwelling houses, and 5 male and 3 female slaves; the slaves were doubtless laborers. He also employed laborers for wage (*irgad*). He engaged in large dealings in stock; at his death, he had sheep at pasture worth 53,000 *akches* and was owed 215,000 *akches* for animals sold and money out at interest. He was owed 6,000 *akches* by the villagers of Bilagon, Kozluja, and Sultan-yeri in respect of their sheep tax, which he had paid; he had also lent 6,000 *akches* to the villagers of Kestanlik to enable them to pay their poll tax.

Memi Beg b. 'Abd Allah[72] (d. 1624) owned a large farm and two orchards. The grain in his barns was worth 96,000 *akches*, and his whole estate came to 760,000. He was engaged in dealing in wheat and in moneylending, an important part of his wealth consisting of moneys due—160,000 from the Jewish tax farmer Haydar and 163,000 from two other Jews. He was therefore both an agriculturalist and a moneylender.

The wealthy estate of 1,217,000 *akches* left by *Bostanji-Bashi* Süleymān *Agha*[73] (d. 1605), a high dignitary at the Seraglio, was made up of great flocks of livestock (2,651 sheep) and his farm (the farm itself 50,000 *akches*, stocks of grain 82,000). He had a large amount of coin (2,350 gold pieces and 35,000 *akches*) and of rich garments. The total money due to him from sales of beasts and grain and from money out at interest was some 180,000 *akches*. His debtors were mainly peasants, who had bought grain and animals from him. Although the retired, *Bostanji-bashi* Hasan *Agha*[74] (d. 1659) did not leave so wealthy an estate, he evidently made his money (583,000) by the same methods. Mehemmed *Agha* had 2 large farms (worth 72,000), 1 mountain pasture, several herds of animals (1,400 sheep, 93 cattle), large amount of grain, both harvested and sown (55,000), and 3 mills; he also had 396 gold pieces. He himself lived in a fine house (worth 100,000) in Edirne.

Mahmūd Beg's son Mustafa Chelebī[75] (d. 1608), who held a

[71] Barkan, "Edirne," p. 216, No. 33.
[72] *Ibid.*, p. 425, No. 90.
[73] *Ibid.*, p. 224, No. 35.
[74] *Ibid.*, p. 414, No. 87.
[75] *Ibid.*, p. 180, No. 28.

tīmār worth 25,000 *akches* a year, left 742,000 *akches;* much of this he may have inherited from his father. His basic fortune consisted of 48 cattle, 1500 sheep (worth 105,000 *akches*), 4 mills, and stocks of grain. At his death he had 196,000 *akches* out "on trust" (*emanet*) with 2 persons. It is stated that 70,000 of this came from the *tīmār*. The money "on trust" was probably invested. Mustafa Chelebī, who lived in his own village, owned 2 houses there, 4 stables, and 2 barns. That he was owed 71,000 *akches* by various people for grain and animals shows that he dealt in these commodities. He left stocks of grain and cheese worth over 20,000 *akches*.

Some *ulema*, like other members of the *'askerī* class, grew wealthy by growing wheat and raising stock for sale and by lending money. Thus Muslih al-Dīn, administrator of the Ergene *wakfs*, left at his death in 1548 a substantial fortune (338,000 *akches*),[76] half of it consisting of his animals (3,010 sheep and goats) and his pasture lands. He also engaged in moneylending, the debts due to him from guildsmen in Edirne amounting to 53,000 *akches*.

Sheykh Karamānī Muslih al-Dīn (d. 1598)[77]—a "sheykh" in the true dervish sense, for he had "*murīds*"—engaged in stock raising (840 sheep, 155 buffaloes and cattle, 34 horses) on his large farm near Edirne and he produced large amounts of butter in his dairy. He had 4 slaves, and left 352,000 *akches*.

In the early seventeenth century, when, as a result of the Jelālī disturbances in Anatolia, peasants abandoned their land to find safety in distant cities and in districts that were more secure, members of the military class, particularly Janissaries, occupied these deserted lands and made them into ranch-style grazing grounds for stock raising. A document describes the position in these words: "Powerful people among the population of the province have occupied the villages from which the original peasantry have fled and treat them as if they were inherited property. They have built houses and stables in the places abandoned by the peasantry and brought in oxen, slaves, servants, sheep and cattle, and set up independent farms; the former peasantry of these lands are too afraid of them to return to their old holdings."[78] Although the government took strong measures to procure the return of these lands to the

[76] *Ibid.*, p. 100, No. 7.
[77] *Ibid.*, p. 339, No. 67.
[78] H. Inalcik, "Adaletnâmeler," in *Belgeler*, II, Nos. 3-4, pp. 126, 128.

former owners, many of them certainly remained in the hands of members of the military class as ranches and farms. It is noteworthy that in the seventeenth century and later such estates held by the "military" were much more numerous than before. The important point which concerns us here is that such large farms and ranches, especially those situated near the sea or near large cities (so that transportation was no problem) and run in order to supply the market, became a new field for investment and exploitation and led to the formation of substantial fortunes. There is evidence that in later years such fortunes, invested in long-range trade or credit transactions, formed the nucleus of still larger fortunes.[79]

(4) It was a general tendency with the Ottomans not to leave idle any capital in their possession, however small. We often find that members of the military class and pious foundations put their ready money out at interest or bought properties to rent. Also the monetary fortunes in trust for orphans were widely loaned at interest or invested in *muḍāraba* enterprises. Some examples are: In Edirne Hüseyin Beg[80] (d. 1622) lived on the interest from the capital which was loaned to several shopkeepers in the city, and from the rents received from investments in shops and an oil press. The total value of the capital used in this way was about 1100 gold ducats. Hüseyin Beg had also advanced loans to the villagers which amounted to 44 thousand *akches* (260 gold ducats at that time). As for Mehemmed Beg (d. 1656),[81] he had made loans to 151 persons which amounted to 364 thousand *akches* (approximately 2000 gold ducats since 1 gold ducat had risen to 180 *akches* at the time). Among his debtors were villagers and small shopkeepers, including many Jews of Edirne. The rate of interest which he usually charged was 25 percent. Another Mehemmed Beg (d. 1648)[82] lived on the rents he received from his properties, namely 9 shops, 2 *bozahāne* (a kind of drinking house), 2 depots, and 1 slaughterhouse in Edirne. The case of an *imām* (Muslim priest) of a small district is particularly interesting. Though himself living a very modest life, Imām Abdī, when he died, was found to be the creditor of 92 persons who owed him altogether over 100 thousand *akches* (then worth 1700 ducats). The rate of interest was again 25 percent. Among his

79 Barkan, "Edirne," p. 216 (Bayram Beg), p. 274 (Ahmed Beg), p. 293 (Ahmed Chelebī).
80 *Ibid.*, p. 419, No. 88.
81 *Ibid.*, p. 382, No. 78.
82 *Ibid.*, p. 322, No. 64.

debtors were members of the military class, Jews, and Gypsies. In the *tereke*-registers there are many other examples of creditors who lived in Edirne and made loans to villagers to enable them to meet their tax obligations to the treasury. Besides this type of small moneylender, who was to be found in almost every Ottoman city, there were, as seen above, wealthy money changers engaged in large-scale credit operations in the big cities.[83]

Finally, the principal guilds represented in the main Ottoman cities developed in a special fashion in Edirne, for it was the capital of Rumeli and the mobilization center and base for campaigns into Europe. Leatherwork and the making of boots and shoes and of all types of harness developed in Edirne, and the products of these trades were distributed all over the Balkans. In these guilds which supplied external markets (as among the silk weavers of Bursa), wealthy masters were to be found, as the following examples show. The tanner Hajji Mehemmed[84] (d. 1606), who prepared and sold hides, left a shop containing unworked Morocco leather worth 45,000 *akches*, his total estate was 141,000 *akches* (1,175 ducats). He had received capital sums from various *wakfs*, which at his death totaled 19,000 *akches;* he had 14 cattle, a small farm, and 2 male and 2 female slaves. He lived in a house which was—for Edirne—expensive (316 ducats). Hajji Yūnus (d. 1549),[85] who made and sold all types of hair cloth wares, left the substantial fortune of 286,000 *akches* (4,766 ducats). In his guild's quarter he had 4 shops and 1 workshop (*kārhāne*). When he died he had stocks of goods worth 69,000 *akches* in his store and goods worth 18,000 in his shop. Forty-nine people owed him a total of 75,000 *akches*—an indication that guildsmen, like merchants, engaged in business on credit. At his death he left, in ready cash, 200 gold pieces and 57,000 *akches*, which for a tradesman represents substantial savings. The entry shows that he was a businessman on a large scale, selling hair cloth products to the government (on one occasion, sacks worth 12,000 *akches*). There were among the guildsmen some local mer-

83 In 1745 the villagers around Damascus sent a petition to the Porte saying that "since 1150 H. (1737) some of the usurers living in the city of Damascus loaned them money with interest to enable them to pay their tax obligations, but as the interest of each year had to be added to the following year's payments the villagers were reduced to a position in which they could never pay their debts." (The Başvekâlet Archives, Istanbul, Şam ahkâm defterleri, No. 1, p. 102).
84 Barkan, "Edirne," p. 228, No. 36.
85 *Ibid.*, p. 107, No. 9.

chants who bought for sale products made by others. An example is Ahmed Beshe,[86] a former Janissary, who sold sacks, horse cloth, rope, and all kinds of wares relating to animals; his estate was estimated at 114,000 *akches*, most of this consisting of the stock in his shop. These examples have been chosen from the wealthiest guildsmen and tradespeople of Edirne. Their fortunes are very moderate when compared with those of the money changers and the merchants—a confirmation of the conclusions drawn from seventeenth-century Bursa.

THE *wakf* (ISLAMIC PIOUS ENDOWMENT)

When the *wakf* is considered from the viewpoint of the extensive enterprises to which it gave rise, it is seen to occupy a special place in the question of capital formation in Muslim society.

The object of the Muslim *wakf* is to establish a charitable foundation; but the essence of the *wakf* is a thing "restrained" to God which produces an income, the income being expended only upon the defined charitable purpose. The *wakf* therefore is an institution closely related to an impersonal and perpetual fund of capital.[87] The *wakf* is set up by means of a *wakfiyya*, a kind of charter, in which are laid down the object of the *wakf*, its sources of income, the way this income is to be employed, and the way it is to be protected and increased. The fact that it is enregistered by the *cadi* and especially that, as found in the Ottoman Empire, it becomes legally valid after confirmation by the ruler, reveals still more clearly its character as a charter. Nevertheless, no one, even the ruler, can change or annul the conditions of the *wakf*, which are upheld by a religious and divine sanction on the principle that "the condition laid down by the founder of a *wakf* is like the text laid down by the legislator (of God's law.)" Although the aim of a *wakf* was to support a charitable object pleasing to God, in practice most *wakfs* benefited individuals; family *wakfs* particularly (*evlādiyye*) were founded with the deliberate object of protecting the interests of a specific family. Similarly, since the existence of the *wakf* was bound

[86] *Ibid.*, p. 375, No. 76.

[87] It is generally stated that Islamic law did not recognize the concept of legal personality. Nevertheless it has been persuasively argued that the institution of the *wakf* reposed, from the legal point of view, on the same basis as the trust or uses which appears in England in the thirteenth century. (See M. Khadduri and H. J. Liebesney (eds.), *Law in the Middle East* (Washington, D.C., 1955), pp. 212-18.

up with the preservation of the source of income, the administrators of the *wakf* concentrated their activity upon the protection and increase of the "capital"; many endowers of *wakfs* laid it down as a duty of the administrators to increase the income and extend the *wakf*.

Wakfs comprised two groups of institutions: On the one hand were establishments set aside for pious objects—mosques, colleges, hospitals, hospices, fountains, bridges, dervish-convents, etc.; on the other were foundations created to supply the expenses of such establishments. These latter were investments, created with the aim of showing a profit and made in a true spirit of economic enterprise; they might consist of agricultural activity or of property let for a rent; they might comprise slaves set to profitable work or simply cash put out at interest.

The administration of a *wakf* may be compared with a trust. The endower appointed an administrator (*mutawallī*) and, for a large *wakf*, a supervisor (*nāzir*) over him. The *mutawallī* is responsible for the maintenance of the *wakf*, for fulfilling the conditions of the *wakfiyya* and for guarding and increasing the sources of income. To achieve this, he may indulge in economic enterprises, by investing surplus income. The employees who, at a lower level, have responsibility for the administration of the *wakf*, meet the *mutawallī* once a year and check his activities and his accounts for the past year; they can apply to the *cadi* for his dismissal. *Wakf* accounts were also checked, under the Ottomans, by a representative of the state, according to the principle of public trusteeship. Thus the *wakf* obtained in Islamic society, from the aspects of both its foundation and its activity, the character of an economic enterprise with a special organization similar to a trust.

In the Ottoman Empire most of the large *wakfs* were founded by the members of the higher ruling class. Vizier Sokollu Mehemmed's project with the cooperation of Feridun Beg is an interesting example of how such *wakfs* gave rise to real economic enterprises. They proposed to the Sultan to grant them the proprietorship of the wasteland around Eskishehir on the important caravan route from Iran to Bursa and Istanbul. They promised to create a pious endowment there by investing capital to construct a dam and canals and turn this land into rice fields. The peasants in the neighborhood could use the water on condition they gave half of their crops to the *wakf*. The revenue would be spent for the construction of cara-

vansaries, bridges, and fountains to serve the passing caravans.[88] This is an outstanding example of the hundreds of *wakf* estates in the Empire which initially had the character of a genuine economic enterprise: the founder played the role of an entrepreneur setting up the initial project, investing the capital for the profit-bringing establishments, usually bringing the land and slave labor together and disposing of the income.

A great number of founders of *wakfs* invested their "capital" partly or totally in erecting buildings (*musaḳḳafāt*) in the cities, such as Turkish baths, bazaars, shops, tenements, depots, workshops, bakeries, oil presses, mills, slaughterhouses, tanneries, tile factories, etc. These were believed to be the ideal *wakfs*, for they were long-enduring and secured a steady rent. It was such *wakfs* that were mainly responsible for the development of economic life in the cities.[89] The erection of a *bedestan* (*bezzāzistān;* in Arabic countries, *Ḳaiṣariyya*), a fortress-like building in the heart of the city, was especially significant, since it constituted a center for the money changers and big merchants engaged in international trade where important commercial transactions were carried out through brokers and the fortunes of the well-to-do citizens were preserved in special safes or invested in *muḍāraba* (*commenda*) enterprises.

In many cases cash money made up a part or the whole of the funds, the interest from which was the annual income of the *wakf*. For example in Edirne a certain Merjān Khoja founded a *wakf* for a children's school, the funds of which consisted of 200,000 *akches*. This sum would be put out at interest at 10 percent, and the yield would be spent for the current expenses of the school. The family *wakf* of Süleymān *Agha*, commander of the Sultan's gardeners in Edirne, is interesting. He made a *wakf* of 1 million *akches* cash (approximately 8333 ducats) to be put out on loan at 15 percent. The income from the interest was assigned to his wife and offspring. Only when his race was extinct was the income to be assigned to the building and maintenance of a college for the readers of the Koran. This type of money *wakfs* was quite widespread in the Empire. In 1561 the total sum of cash endowments made by the

[88] The document is published by Ö. L. Barkan, *Kolonizatör Türk Dervisleri*, Vakiflar Dergisi, II (1942), p. 358.

[89] For the Ottoman city, see Ö. L. Barkan, "Quelques observations sur l'organisation économique et sociale des villes ottomanes," in *La Ville*, Vol. VII (Société Jean Bodin, Brussels, 1955), pp. 289-311. For comparison, see Lapidus, *Muslim Cities*, and the bibliography, pp. 239-41.

people in the city of Bursa alone was estimated at 54,000 gold ducats (3,250,000 *akches*).[90]

CONCLUSIONS

The investigation into conditions in Bursa, Istanbul, and Edirne, the three principal centers of the heartlands of the Empire, have shown that the economic structure of the Ottoman Empire was typical of the traditional system in the empires of the Near East.[91] The Ottoman state endeavored to exercise close control over production and distribution, as having a close bearing on its own financial and political ambitions. As regards industrial production, the state remained loyal to the guild system only, and hence also to *hisba* and its traditional principles. Before the increasing demands of the great cities and external markets, economic laws began to make their pressure felt, so that as a natural consequence a few interesting developments occurred in some guilds, but the state still sought to solve the new problems within the old guild framework; it never considered moving in the direction of a system of mercantilist economy as Europe did.

The richest guildsmen who engaged in large-scale production, even the velvet weavers, did not possess large capital sums; they were unable to create expanding enterprises calling for ever-increasing investment and failed to win support in external markets through a state policy of protection and encouragement. The government, conscious of the necessity to increase the Empire's stocks of gold and silver, did, it is true, exempt precious metals and foreign currency from customs dues, encouraging their import and forbidding their export; but it never accepted—or perceived—the connection between the attraction of precious metals on the one hand and a capitalistic system of production and a protective policy of export on the other. The clearest proof that the Ottomans were interested only in imports is the readiness with which they granted capitula-

[90] Barkan, "Edirne," pp. 34-35.

[91] For the close connection between the Ottoman and Abbasid economic and financial institutions and practices, see, in addition to the introductory remarks in this article, A. Mez, *Die Renaissance des Islams* (Heidelberg, 1922); A. al-Dūrī, *Studies on the Economic Life of Mesopotamia in the 10th Century* (in Arabic), (Baghdad, 1948); W. Björkman, "Kapitalentstehung und -anlage im Islam," in *Mitteilungen des Seminars für orientalische Sprachen*, 32 (1929), 2. Abt., pp. 80-98; C. Cahen, "Les facteurs économiques et sociaux dans l'ankylose culturelle de l'Islam," in *Classicisme et déclin culturel dans l'histoire de l'Islam* (Paris, 1957), pp. 195-207.

tions to the states of western Europe in the sixteenth century.[92] Right up to the reform period in the nineteenth century, the Ottoman state remained loyal to the guild system and opposed to developments which might lead to a sort of industrial capitalism. This policy of the state and the traditional cultural attitude which were dominant forbade even a modest development in the direction taken by western Europe.

The principal fields of investment for the formation of capital were interregional trade and the lending of money at interest. In Ottoman society people engaged in these activities and the higher ranks of the ruling class could make vast fortunes. The fortunes of those members of the military-administrative class who, from the viewpoint of their wealth, formed the higher ranks in the society in general came, basically, from incomes from *tīmār*-estates, pay in cash, and the farms which they had organized as agricultural enterprises. The wealth gained from these sources they invested in long-distance trade, usually on a *commenda* basis, or on a larger scale in moneylending at high interest rates. The fortunes of this class, many of whom were of slave origin and whose wealth derived originally from state payments, were particularly exposed to confiscation by the state; thus many of them invested their wealth in *wakf* foundations—profit-bearing establishments such as shops, caravansaries, and baths—as being the best protected and most permanent source of income. Although the *wakf* provided one of the most important fields of investment in Ottoman society, yet because *wakfs* were fundamentally consuming institutions, they never assumed the characteristics of a really capitalistic enterprise. Moreover, the state extended its control over *wakfs* as well, and found means to divert superfluous *wakf* income, which might have been invested, into the treasury. This too should be added, that from the second half of the sixteenth century onward the members of the "military" class developed more and more into being really businessmen—merchants, landowners running large estates, and moneylending bankers.

The only elements in Ottoman society who can properly be called

[92] Drawing attention to the unfavorable balance of commerce of the Ottoman Empire, Naīmā (*History*, IV, p. 293), an enlightened Ottoman historian of the eighteenth century, said that only goods not needed in the internal market such as fleeces of wool, nut-gull, or potash were to be exported.

"capitalistic entrepreneurs" are the merchants and the money changers. They were in a position to accumulate, by any method they chose, as much wealth as they desired, and the state protected them and encouraged them as they did it. It is they who owned the large capital necessary to finance the exchange of goods between distant regions, who organized the despatch of caravans and ships (sometimes their own ships), who stationed their commercial agents in various cities abroad, who employed the method of *muḍāraba*,[93] who made investments in the producing areas, and who collected the products for distribution elsewhere. At every stage of these enterprises, they made extensive use of credit. Through *muḍāraba* they brought together great and small sums from all sides and endeavored to increase these sums by their various ventures; they invested in trade and moneylending; they contracted for tax farms; they sold their merchandise on credit in different parts of the Empire, and, in return for it, exacted interest.

But where wealth was concerned, it was only the *ṣarrāfs* who could stand comparison with the members of the ruling class. Engaged in trade in precious metals and jewelry and in the money market, they increased their wealth by giving credit to merchants and guildsmen, by contracting for tax farms, or by financing other tax farmers on credit, and thus amassed really large fortunes. At the same time they had their part in interregional trade. It should be noticed that the *ṣarrāfs* who made the greatest fortunes were those who undertook transactions connected with the government Finance Department. In order to find the finances for large state tax farms, they often banded together in partnerships, and it fre-

[93] Various forms of *muḍāraba* (*commenda*) are found in the Ottoman Empire. Some examples are: In 1614 Osman and Allahkulu, two merchants of Ibril (a place near Baghdad), made a *muḍāraba* contract, each contributing 1540 *riyal* (1026 gold ducats in value). Allahkulu took up the whole responsibility of the enterprise and was active in the Baghdad-Aleppo-Bursa caravan trade. The profit made was to be divided between them equally. All this was recorded in the register of the *cadi* of Bursa (Dalsar, p. 222). In 1605 Mustafa *Agha* (apparently from the military class), a merchant in Edirne, made a partnership with Hajjī Ridvān to import flax from Egypt and as the capital of a *muḍāraba* Ridvān put a capital of 12,500 *akches* (104 ducats) into the enterprise. Mustafa took the trip to Egypt to buy and transport the flax to Edirne. These are examples of the contract of *muḍāraba* between the merchants in interregional trade. A different kind of *muḍāraba* is found in the textile manufacturing trade. 'Abd al-Kādir, a merchant of cotton goods in Edirne, distributed "in the way of *muḍāraba*" a large sum of money to a number of people in the towns producing cotton goods in Anatolia. It appears that the money was used as a capital invested in making cotton goods for 'abd al-Kādir.

quently happened that they too fell victim to confiscation or other punishments as a result of their speculative ventures or their tax-farming activities.

This is the place to correct the mistaken view that these merchants and bankers were non-Muslims, and that Muslims entered only the profession of arms and the administration. This error is the result of projecting back into earlier centuries a development which occurred only after the eighteenth century. It can be said quite definitely that until the eighteenth century Muslims were as numerous and as active as non-Muslims in these fields—indeed until the seventeenth century the Muslims predominated among the merchants. In the sixteenth and seventeenth centuries Muslim merchants also engaged, without intermediaries, in commercial dealings in Europe, though it is true that in contacts with the West, Jews, Armenians, and other non-Muslims were, not unnaturally, more numerous and more active. That these later gained the upper hand in the economy of the Empire may well be related to the fact that the Empire's trade with the East declined and trade with the West gained in importance.

The dominant role played by the traditional view of the state and society in the Near East was mentioned above. Another aspect to be considered is the rigid forms imposed by the religious law. There was no legal principle permitting the establishment of permanent institutions possessing legal personality (except *wakfs*). Also the law of inheritance must be given weight: A large proportion of the deceased's estate went in gifts and bequests to *wakfs*, wives, and slave girls; then there were the various dues, which amounted to a twentieth of the estate; and the balance had to be divided among the heirs in the proportions prescribed by the religious law. Thus, accumulated wealth was destined to be dispersed in every generation, so that we look in vain in Ottoman society for long-established partnerships and firms which remained from generation to generation in the hands of a single family.

Also it must be remembered that credit facilities remained at a primitive stage and credit was obtainable only on harsh conditions. In the Ottoman Empire the merchant, shopkeeper, and peasant could not survive without credit. The use of credit was surprisingly widespread. The shortage of currency in circulation could be the main reason for it. This shortage was always acutely felt in the Empire, even after 1584, when the invasion of European silver

coins started in the Ottoman markets.[94] Obviously the increasingly higher rate of interest was connected with this.

The religious law and the *hisba* based on it recognized the normal rate of profit as 10 percent, or in special cases as high as a maximum of 20 percent.[95] In the documents of *wakf* and the regulations of *hisba* we find that rates never exceeded this level. But the *tereke*-registers of Edirne between 1550-1650 testify that the rate of interest between individuals was usually 25 percent or higher. In the provinces, especially in the rural areas, the rate often exceeded 50 percent and this was denounced by the government as flagrant usury. In the famous *firman* of the Declaration of Justice (*'adâletnâme*)[96] of 1609, the Sultan himself exposed cases in which 50 percent of interest was charged. The local authorities were ordered to punish the usurers and to deduct for the debts the payments of interest made over 15 percent. In the critical period of 1596-1610, an outcry reached the central government that the members of the military class in the provinces were charging the peasants an interest three or four times the money lent. Usury was indeed one of the main sources of capital accumulation in the Ottoman Empire. For example, in 1571 an usurer named Osman had made a fortune estimated at 50,000 gold ducats in Larenda, a provincial town in central Anatolia, another 30,000 in Amasya in 1584. Avoiding outright confiscation, the government forced these usurers with massive capital to be suppliers of meat at fixed prices for Istanbul and the army, which was indeed a very risky business.[97]

In addition to the shortage of currency and the widespread practice of usury, credit instruments embodied in the *Sharî'a*, a religious law, were not adequately developed in the Ottoman Empire. In the *sijill*-registers the Ottoman *cadis* were to be found applying

[94] See H. Inalcik, "Türkiye'nin Iktisadî Vaziyeti," pp. 656-61. During the second half of the sixteenth century the new conditions called for the growing use of currency in paying soldiers, taxes, and making *wakfs*. Then one might speak of a development of the Ottoman economy into a money economy. See the chapter which I wrote for the *Cambridge History of Islam* (in press).

[95] In the regulations of *hisba* of Edirne in 1502 we read: "Merchants (*bâzirgân*), dealers in textiles (*bezzâz*), makers of caps, or merchants of silk cloths shall not take more than 20 per cent when they loan money at interest." (*Tarih Vesikalari*, No. 9 (1942), p. 174.)

[96] H. Inalcik, "Adâletnâmeler," in *Belgeler*, II, Nos. 3-4 (1965), p. 130.

[97] M. Akdag, "Türkiye'nin Iktisadî Vaziyeti," in *Belleten* No. 55, p. 367. For the capitalistic nature of this business, see B. Cvetkova, "Le service des *celep* et le ravitaillement en bétail dans l'empire Ottoman," in *Etudes Historiques*, III (1966), pp. 145-72. The wealthy members of the military class were interested in this business too.

extensively, according to the *Sharī'a*, the form of contracts known as *selem*, that is, a sale by immediate payment against future delivery, or *mu'ajjal* sale, that is, a sale on credit with an interest charge which was usually recorded in the registers in such a way as to conceal its true nature.[98] The great majority of the sale contracts fell in the second category. As a rule witnesses and sureties were required for these contracts. In the *sijill*-registers we also find the use of transfer, *hawāla*, of credits and debts to a third party, and examples of an agency in all kinds of dealings.[99] In the fifteenth-century registers we find Italian merchants having the Ottoman *cadi* apply the same procedures in their dealings with the Muslims as in their dealings with their Christian compatriots.[100] Thus the principle of the letter of credit was not unknown to the Ottomans through the Islamic *hawāla*,[101] which was the payment of a debt through the transfer of a claim. In public finances *hawāla* was extensively used to make payments to people through assignations on the tax farmer. The reasons why *hawāla* did not give rise in the Ottoman world of business to improved credit instruments similar to those found in the West may be the same general conditions which hampered economic development in the Middle East. It is indicative of those conditions that, instead, the pledging of valuables and of land became the most widely used security for loans and for sales on credit in the Ottoman Empire.

[98] For examples see H. Inalcik, "Bursa," *Belleten*, XXIV, docs. 13, 15, 16, 17, 18, 19, 21, 22, 32, 34.
[99] *Ibid.*, docs. 8, 13, 34.
[100] *Ibid.*, docs. 6, 7, 8, 10, 13, 16.
[101] See "hawāla," in *Encyclopaedia of Islam*, new ed., III, pp. 283-85.

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