

**GROWTH AND RETARDATION IN THE OTTOMAN ECONOMY,
THE CASE OF OTTOMAN SELANIK, 1876-1912**

**BY
AHMET ORHUN AKARLI**

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ABSTRACT

During the late nineteenth and early twentieth centuries, Selanik became one of most modernised and dynamic regions of the Ottoman Empire. With its tightly knit marketing networks and extensive railway systems, relatively well-developed financial markets, fluid land market, modern factories, burgeoning urban areas and port-cities, Selanik had clearly become one of the leading commercial regions of the entire eastern Mediterranean basin by the turn of the twentieth century. Two primary forces underlay the process of economic modernisation in the region, namely the capitalist world economy and the reform efforts of the Ottoman government. Enhanced integration with the world economy brought new opportunities and helped bolster economic modernisation in the region. The reform efforts and infrastructure investments of the Ottoman state also contributed to the moment of commercialisation and modernisation.

Notwithstanding the impressive dynamism and apparent modernisation of the regional economy, serious processes of retardation and backwardness also surfaced rather strongly during the same period. Ironically, the very same forces that generated much dynamism in the regional economy also prepared the structural ground for retardation and backwardness. More specifically, the growing moment of commercialisation and enhanced integration with the world capitalist economy created serious dislocations in the agrarian economy and prepared ground for economic retardation. Likewise, the organisational, fiscal and diplomatic weakness of the Ottoman government undermined the existing potential for economic development and growth.

Thus, a dual economic structure emerged whereby facets of “modernity” and growth meshed with those of economic retardation and backwardness. The socio-economic tensions and contradictions building up in this process prepared the structural background to the dissolution and eventual collapse of the Ottoman rule in the Balkans. In other words, the sporadic fits of modernity and growth could not be sustained, given the overwhelming dominance of European economic interests and the apparent weakness of the Ottoman state. The conflict ridden transformation process simply erupted in uprising, revolution and war.

The fear of loneliness has been like a ball and chain restraining ambition, as much of an obstacle to a full life as persecution, discrimination or poverty. Until the chain is broken, freedom, for many, will remain a nightmare

T. Zeldin

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LIST OF ABBREVIATIONS

B.A.	Başbakanlık Arşivi (Prime Ministry Archives) - Istanbul
D.I.E.	Devlet İstatistik Enstitüsü (State Institute of Statistics) - Ankara
D.T.O.G.	Dersaadet Ticaret Odası Gazetesi
F.O.	U.K. Foreign Office
F.O.A.S.	U.K. Foreign Office Annual Series
K.V.S.	Kosova Vilayet Salnamesi (Kosova Province Yearbook)
M.V.	Meclisi Vükela (Council of Ministers)
O.M.Z.M.	Orman, Maden, Ziraat Mecmuası (Journal of Forestry, Mining and Agriculture)
P.P.A.P.	U.K. Parliamentary Papers Accounts and Papers
P.R.O.	Public Record Office – Kew
R.C.L.	Revue Commerciale du Levant, Bulletin Mensuel de la Chambre de Commerce Française de Constantinople
S.V.S.	Selanik Vilayet Salnamesi (Selanik Province Yearbook)
Ş.D.	Şura-i Devlet (State Council)
T.Z.N.M.	Ticaret Ziraat Nezareti Mecmuası (Ministry of Commerce and Agriculture)

MEASURES, WEIGHTS AND CURRENCY

Area Measures

Dönüm = 919.3 m²

Hectare = 10,000 m² = 10 dönüm

Weights

Okka = kıyye = 400 dirhem = 1.283 kg.

lb = 0.4536 kg.

cwt = 50.8 kg.

Imperial Quarter = 480 lbs = 217.7 kg.

Measures of Volume

Istanbul Kilesi = 1 bushel = 36.4 lt.

Rumeli Kilesi = 4 Istanbul kilesi

Currencies and Exchange Rates

Ottoman Lira (O.L.) = 100 kuruş = 4,000 para

British Pound Sterling = 20 shilling (*s*) = 240 pence (*d*)

British Pound Sterling = 1.1 O.L.

French Franch = 0.044 O.L.

MAPS

Map 1: Balkan, Late Nineteenth Century



Map 3: Northern Greece, c. 1900



INTRODUCTION

1. The Problem:

Contemporary Near Eastern economies face serious economic problems. Endemic poverty, twisted income distribution, inadequate health and educational services, environmental problems, and resource depletion affect the region in varying degrees of urgency.¹ These economic problems undermine the quality of life in the region and put the vast majority of its people under acute and constant economic distress. In retrospect, this poor state of economic affairs may appear to have been the destiny of the region. The persistent failure of the modernisation efforts in the region is striking. Modernisation efforts have yielded important results, and underscored the irreversible transformation of these economies towards a more industrialised and urban-based structure since the early decades of the nineteenth century. Egypt under Mehmet Ali during 1805-1845, the Hamidian and Unionist years of the Ottoman Empire, early decades of Republican Turkey, the first few decades of the post-war communist regimes in the Balkans, the import substituting industrialisation drive of the 1960s and the 1970s, and the moment of economic liberalisation during the 1980s and the 1990s constitute some of the important landmarks in this long process.² Still, the region

¹ A. Richards, and J. Waterbury, *A Political Economy of the Middle East, State, Class, and Economic Development*, (Boulder, San Fransisco, and Oxford: Westview Press, 1990); R Owen, and Ş. Pamuk, *Middle East Economies in the Twentieth Century*, (London: I.B. Tauris, 1998); C. Issawi, *The Middle East Economy: Decline and Recovery, Selected Essays by Charles Issawi*, (Princeton: Markus Wiener Publishers, 1995).

² The literature is vast on this topic. However, primary contributions can be cited as follows: R. Owen, *The Middle East in the World Economy, 1800-1914*, 1. P. (1981), (New York: I.B. Tauris & Co. Ltd. Publishers, 1993); D. Quataert, "The Age of Reforms, 1812-1914," in H. İnalcık and D. Quataert (eds.), *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 759-946; Z.Toprak, *Türkiye'de Milli İktisat, (1908-1918)*, [National Economy in Turkey (1908-1918)] (Ankara: Yurt Yayınları, 1982); V.Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Hakkında bir Tetkik*, [Research on the Economic Conditions of the Ottoman Empire] (Ankara: Türk Tarih Kurumu Basımevi,(1.P. 1970), 1994a); V. Eldem, *Harp ve Mütareke Yıllarında Osmanlı İmparatorluğu'nun Ekonomisi*, [Ottoman Economy in Years of War and Armistice] (Ankara: Türk Tarih Kurumu Basımevi,1994); Ç. Keyder, *Dünya Ekonomisi İçinde Türkiye, 1923-1929*, [Turkey in the World Economy, 1923-1929] (Ankara: Yurt Yayınları,1982); Ç. Keyder, *State and Class in Turkey: A Study in Capitalist Development*, (London: Verso,1987); Y.S. Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, [Economic History of the Republican Era, 1923-1950] (Ankara: Yurt Yayınları,1986); G. Kazgan, *Tanzimat'tan XXI. Yüzyıla Türkiye Ekonomisi, Birinci Küreselleşmeden İkinci Küreselleşmeye* [Turkish Economy from the Tanzimat to the Twenty-First Century, From the First Wave of Globalisation to the Second] (İstanbul: Altın Kitaplar Yayınevi, Ankara 1999); Richards and

appears to have failed to break through the predicament of poverty. The modernisation drive of especially the last thirty years, particularly in the Balkans and increasingly in Turkey, also came at a severe environmental cost, which puts a heavy burden not only on current generations but also on future ones. Overall, the project of “modernisation”, which initially promised prosperity as well as greater equality for all, appears betrayed in the region.³

The poor state of Near Eastern economies has strongly shaped the way in which the economic history of the region has been written over the last four decades. Economic historians attempted to trace back certain structural factors, and processes that have underscored the persistence of underdevelopment in the region. This is an effort that is politically and academically justifiable. The effort is politically justifiable for it attempts to understand and explain the historical reasons underlining the persistence of human suffering and insecurity, notwithstanding the great technological achievements of our era and the economic potential of the region. An effort to explain ‘what went wrong’ in the Near East may provide us with a better insight in dealing with problems of the region.

Earlier efforts to deal with problems of economic development in the Near East suffered from certain historiographical flaws. For one, nationalist worldviews and suppositions, which have had a strong influence on the historiography of the Near East, affect our perceptions and interpretations of historical events and processes in peculiar ways.⁴ That these perceptions and interpretations have become deeply entrenched in our

Waterbury, *A Political Economy of the Middle East*; Pamuk and Owen, *Middle East Economies in the Twentieth Century*, (London: I. B. Tauris, 1998).

³ See R.B. Norgaard, *Development Betrayed, The End of Progress and a Coevolutionary Revisioning of the Future*, (London and New York: Routledge, 1994), for a strong environmentalist critique of modernisation drive of the last half century.

⁴ For critiques of nationalist historiography in Ottoman studies see H. İslamoğlu-İnan and Ç. Keyder, ‘Agenda for Ottoman History’, in H. İslamoğlu (ed.) *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 42-62; H. İslamoğlu-İnan, “Osmanlı Tarihi ve Dünya Sistemi; Bir Değerlendirme,” [Ottoman History and World System: An Assessment], *Toplum ve Bilim* 23, (1983): 9-39; H. İslamoğlu-İnan, “Introduction: Oriental Despotism in World Perspective,” in H. İslamoğlu (ed.), *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 1-26; E. D. Akarlı and C. Fleicher, “Taking Stock of Ottoman History,” (Unpublished paper presented at the Rockefeller Foundation Seminar on Ottoman History, St. Louis, April 12-15, 1990); T. Akçam, *Türk Ulusal Kimliği ve Ermeni Sorunu*, [Turkish National Identity and the Armenian Question] (İstanbul: İletişim Yayınları, 1992); H. Berktaş, *Cumhuriyet İdeolojisi ve Fuat Köprülü*, [Republican Ideology and Fuat Köprülü] (İstanbul Kaynak Yayınları 1983); H. Berktaş, “The Search for the Peasant in the Western and Turkish History/*Historiography*,” in S. Faroqhi and H. Berktaş (eds.) *New Approaches to State and Peasant in Ottoman History*, (London: Frank Cass, 1992), 109-185; S. Faroqhi, ‘Introduction’ in S. Faroqhi and H. Berktaş (eds.) *New Approaches to State and Peasant in Ottoman History*, (London: Frank Cass, 1992), 3-17; S. Faroqhi, “In Search of Ottoman History,” in S. and Faroqhi

minds through public education and other popular means, blinds many to alternative visions and approaches.⁵ For instance, until recently, there has been an apparent lack of serious interest in the Ottoman period of Balkan economic history. Many standard texts, including those of Lampe and Jackson and Berend and Ranki, offer categorical judgements without serious research or reflection.⁶ Typically, they could argue that Ottoman despotism was the primary factor that undermined the developmental potential of the Balkan economies. The implication of this position is that, in an ideal world, that is a world without the exacting oriental despotism of the Ottomans, the Balkan economies would have successfully gone through the necessary stages of social and economic development that eventually, and inevitably, led to industrial capitalism. They would have potentially broken through the predicament of underdevelopment long before the establishment of the communist regimes in the region. Thus, the mainstream scholarship in Balkan economic history has defined the Ottoman past as the “other” in its nationalist imagination, identifying it as the source of persistent backwardness in the region.⁷

A similar problem in dealing with the Ottoman past also surfaces quite strongly in nationalist Turkish historiography. In works of this genre, the economic history of the Ottoman Empire is treated as a process of steady decline and retreat since its “classical

H. Berktaý (eds.), *New Approaches to State and Peasant in Ottoman History*, (London: Frank Cass, 1992), 211-241.

⁵ H. Berktaý, “The Search for the Peasant”; H. Berktaý, “Dünyada ve Türkiye’de Tarihçiliğın Durumu ve Dilin Evrenselleşmesi Üzerine Düşünceler,” [The State of Historiography in the World and Turkey and Thoughts on the Universalisation of Language] in S. Özbaran (eds.) *Tarih ve Ders Kitapları, Buca Sempozyumu, 29 Eylül – 1 Ekim 1994* [History and Teaching Books, Buca Symposium, 29 September – 1 October 1994] (İstanbul: Tarih Vakfı Yurt Yayınları, 1995), 69-86; H. Millas, *Yunan Ulusunun Doğuşu* [The Birth of the Greek Nation] (İstanbul: İletişim Yayınları, 1994); H. Millas, “Türkiye’de Etnosantrik Tarihçiliğın Pratik Sorunları,” [Practical Problems of Ethnocentric Historiography in Turkey], in S. Özbaran (eds.) *Tarih ve Ders Kitapları, Buca Sempozyumu, 29 Eylül – 1 Ekim 1994* [History and Teaching Books, Buca Symposium, 29 September – 1 October 1994] (İstanbul: Tarih Vakfı Yurt Yayınları, 1995), 69-86.

⁶ I. T. Berend, and G. Ranki, *Economic Development in East-central Europe in the 19th and 20th Centuries*, (New York and London: Columbia University Press, 1974); J. R. Lampe, and M. R. Jackson *Balkan Economic History, 1550-1950, From Imperial Borderlands to Developing Nations*, (Bloomington: Indiana University Press, 1982).

⁷ For a comprehensive critique of nationalist Balkan historiography see F. Adanır, “The Macedonian Question: the Socio-economic Reality and Problems of its Historiographic Interpretation,” *International Journal of Turkish Studies*, 3, N. 1, (1984-85): 43-64; F. Adanır, “Tradition and Rural Change in Southeastern Europe During Ottoman Rule,” in D. Chirot (ed.), *The Origins of Backwardness in Eastern Europe, Economics and Politics from the Middle Ages Until the Early Twentieth Century*, (Berkeley, Los Angeles and London: University of California Press, 1989), 131-176. Also see M. Todorova, “The Ottoman Legacy in the Balkans,” in L. C. Brown (ed.), *Imperial Legacy, The Ottoman Imprint on the Balkans and the Middle East*, (1996), 45-77. ; N. Itzkowitz, “The Problem of Perceptions,” in L. C. Brown (ed.) *Imperial Legacy, The Ottoman Imprint on the Balkans and the Middle East*, (New York: Columbia University Press, 1996), 30-44, for a thorough discussion of Balkan historiography and its problems.

age” in the sixteenth century. Post-classical Ottoman economic history ends in full-blown financial and economic dependency and loss of national sovereignty. The degeneration of the “classical” Ottoman institutions leads to the weakening of the central authority.⁸ Unable to control the provinces and collect the taxes, the central government runs into serious fiscal problems. The monetary regime becomes destabilised leading to inflation and gradual economic decline.⁹ Simultaneously, ever intensifying European competition in international and domestic markets, and the heavy burden of constant warfare on Ottoman state finances, further intensifies the problems of the Ottoman economy.¹⁰ Thus, by the end of the nineteenth century the Ottoman economy enters the path of semi-colonisation. Only after the establishment of the sovereign republican regime in the 1920s does the economy recover sufficiently to make the desired breakthrough.¹¹ Thus, once again, the Ottoman past emerges as the negation, or rather the anti-thesis of ‘modernity’, which is considered to be the exclusive attribute of the republican era.

The problems of the Ottoman economy had become certainly grave and far reaching by the last quarter of the eighteenth century. Fiscal insolvency, monetary instability, and inflationary pressures were among the problems that affected the Ottoman economy and economic policy makers.¹² However, seeing the roots of these problems in a steady and sustained economic decline that lasted for over three centuries

⁸ See H. İnalcık, *The Ottoman Empire, The Classical Age, 1300-1600*, 1. P. (1973), (London: Phoenix, 1994); H. İnalcık, “The Ottoman State: Economy and Society, 1300-1600,” in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 9-410.

⁹ Ö. L. Barkan, “The Price Revolution of 16th Century,” *International Journal of Middle East Studies*, 6, (1975): 3-28; Ö.L. Barkan, *Türkiye’de Toprak Meselesi*, [Land Issues in Turkey], Collected Works, V. 1, (İstanbul: Gözlem Yayınları, 1980).

¹⁰ B. McGowan, “The Age of Ayans, 1699-1812,” in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 637-758.

¹¹ D. Avcıoğlu, *Türkiye’nin Düzeni*, [The Order of Turkey] V. 1, (Ankara: Bilgi Yayınevi, 1966). Also see Z. Y. Hershlag, *Introduction to the Modern Economic History of the Middle East*, (Leiden: E. J. Brill, 1964); Z. Y. Hershlag, “The Late Ottoman Finances: A Case Study in Guilt and Punishment,” in O. Okyar and H. İnalcık (eds.) *Social and Economic History of Turkey (1071-1920): Papers Presented to the First International Congress on the Social and Economic History of Turkey*, (Ankara: Meteksan Limited Şirketi, 1980), 297-310.

¹² Ş. Pamuk, *Osmanlı İmparatorluğu’nda Paranın Tarihi* [The History of Money in the Ottoman Empire] (İstanbul: Tarih Vakfı Yurt Yayınları, 1999); Y. Cezar, *Osmanlı Maliyesinde Bunalım ve Değişim Dönemi (XVIII. yy. Dan Tanzimat’a Mali Tarih)*, [Era of Crises and Change in Ottoman Fiscal Policy (Fiscal History From XVIIIth Century to the Tanzimat)] (İstanbul: Alan Yayıncılık, 1986); M. Genç, “Osmanlı Maliyesinde Malikane Sistemi”, [Malikane System in Ottoman Finances], in O. Okyar and Ü. Nalbantoğlu (eds.), *Türkiye İktisat Tarihi Semineri* [Turkish Economic History Seminar] (Ankara: Hacettepe Üniversitesi Yayınları, 1975), 230-296; M. Genç, “XVIII. Yüzyılda Osmanlı Ekonomisi ve Savaş,” [Ottoman Economy and War in Eighteenth Century], *Yapıt*, 49, N.4, (1984): 51-61.

is not persuasive. First, the historical evidence presented in support of this view is far from conclusive, because it is based on selectively used sources and tentative interpretations. Secondly, recent research indicates that the Ottoman economy showed signs of significant dynamism and growth. For instance, we now realise that in the first half of the eighteenth century the Ottoman economy could well have been much more dynamic and robust than what the steady decline thesis would suggest. Likewise, research by distinguished scholars such as Eldem, Issawi, Kurmuş, Pamuk, Owen, Kasaba, Quataert, Göçek, and Palairret indicate that certain sectors and regions of the Ottoman economy enjoyed considerable growth and dynamism during the nineteenth century. Clearly, the history of Ottoman economy was more complex and uneven than the notion of steady decline would imply.¹³ Indeed, our attention is now shifting increasingly towards *sustainability* of growth over time, and to its *diffusion* from the dynamic enclave economies over to other branches of the economy. In this context, we increasingly consider the dynamic interplay between political power struggles and institutional structures on the one hand and processes of economic growth and retardation on the other. The current thesis addresses these issues of sustainability, diffusion, and interaction.

Equally serious conceptual and historiographical problems have emanated from the Eurocentric bias that has prevailed in Near Eastern studies. Eurocentrism has assumed two primary forms in the literature. One of these is conceptual Eurocentrism, which has been particularly prominent amongst scholars who have subscribed to liberal theories of post-war economic development. Economic historians borrowed heavily from Rostow during the 1960s and the 1970s and viewed Ottoman economic history as a process of failed transition from traditional society to a mature industrial one, via the

¹³ V Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*; C. Issawi, (ed.) *The Economic History of the Middle East, 1800-1914*, (Chicago and London; Chicago University Press, 1966); C. Issawi, *The Economic History of Turkey*, (Chicago and London: The University of Chicago Press 1980); O. Kurmuş, "Some Aspects of Handicrafts and Industrial Production in Ottoman Anatolia, 1800-1915," *Asian and African Studies*, 15, (1981): 85-101; O. Kurmuş, *Emperyalizmin Türkiye'ye Girişi*, [The Penetration of Imperialism into Turkey], I. P. (1974), (Ankara: Savaş Yayınları 1982); Ş. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913, Trade, Investment and Production*, (Cambridge: Cambridge University Press, 1987); Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, [Dependency and Growth in the Ottoman Economy], (İstanbul: Tarih Vakfı Yayınları, 1994); R. Owen, *The Middle East in the World Economy*; R. Kasaba, *The Ottoman Empire and the World Economy, The Nineteenth Century*, (New York: State University of New York Press, 1987); D. Quataert, *Ottoman Reform and Agriculture in Anatolia, 1876-1908*, (Unpublished Ph.D. diss., Los Angeles: University of California Los Angeles, 1973); D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993); D. Quataert, "The Age of Reforms"; F. Göçek, *The Rise of the Bourgeoisie and the Demise of the Empire*, (Oxford: Oxford University Press,

intermediary stages of “take-off”.¹⁴ The problem in this approach is that Rostow’s theory of the stages of economic growth offers a universal model of economic development that is based primarily on the European, and more specifically on the British, experience.¹⁵ Quataert persuasively argues that scholars who see “failure” in the Ottoman economy are in fact detecting divergence from the ‘unique’ British model and thus reaching the sterile conclusion that the Ottoman economy simply did not follow the British path to modernity, that is a rapid, factory-based industrialisation.¹⁶ Alternatively, Quataert maintains that comparisons with Japan, India and possibly China, where labour-intensive, small-scale and rural manufacturing industries assumed greater significance in the early stages of modern economic development, would be more meaningful in understanding the dynamics of economic change and modernisation in the Ottoman economy. Thus, Quataert points at the importance of putting the Ottoman experience into a more historical/comparative context, rather than developing straightforward narratives of failed industrialisation “according to a pattern prescribed from outside”.¹⁷

An equally robust criticism of the standard modernisation approaches came from the World System Analysis (WSA). The WSA conceives “underdevelopment” as a manifestation of an all-encompassing, long-term historical *process* that divided the world economy into core and peripheral zones, rather than being a peculiar *anomaly* marked by the lack or retardation of certain precepts of modernity.¹⁸ Thus, the WSA radically rejects the idea of an “ideal-type” pattern, or model, of economic development that can constitute the yardstick against which the condition of underdevelopment or

1996); M. Palairt, *The Balkan Economies, c.1800-1914, Evolution without Development*, (Cambridge: Cambridge University Press, 1997).

¹⁴ W. W. Rostow, *The Stages of Economic Growth*, (Cambridge: Cambridge University Press, 1960). See Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*; O. Okyar, “The Role of the State in the Economic Life of the Nineteenth Century Ottoman Empire,” *Asian and African Studies*, 14, (1980): 143-164; O. Okyar, “A New Look at the Problem of Economic Growth in the Ottoman Empire (1800-1914),” *The Journal of European Economic History*, 16, N. 1, (1987): 7-50; Issawi, *The Economic History of Turkey*; Issawi, *The Middle East Economy*; Issawi, *Economic History of Turkey*, Hershlag, *Modern Economic History of the Middle East*, for Rostowian approaches to Ottoman economic history.

¹⁵ For a critique of the euro-centric developmentalist paradigm see B. Hettne, *Development Theory and the Three Worlds*, I.P. (1990), (Longman Development Studies, Essex: Longman Scientific and Technical, 1994). For a critique of Rostow, see J. Larrain, *Theories of Development, Capitalism, Colonialism and Dependency*, (Cambridge and Cambridge MA: Polity Press, 1994); I. Roxborough, *Theories of Underdevelopment*, I.P. (1979), (Hong Kong: Macmillan Press, 1994).

¹⁶ Quataert, *Ottoman Manufacturing*, 1-19.

¹⁷ Quataert, *Ottoman Manufacturing*, 1.

¹⁸ For Wallerstein’s broad World System framework see I. Wallerstein, *The Modern World-System I, Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth*

backwardness could be detected and tested. This constitutes a strong criticism of the modernist framework discussed above. Alternatively, the WSA emphasises the historical nature of underdevelopment and sees it as a dynamic process underlined by the aggressive expansion of European capitalism on a global scale. In this approach, the economic history of the Ottoman Empire appears as a process of incorporation into the expanding capitalist world economy and subsequent peripherisation.¹⁹ Within this context, the WSA pays attention not only to processes of crisis and retardation, but also to those of adaptation and growth. For instance, the WSA enables us to explain the dynamism of the sectors that articulated well with the moment of peripherisation, as in the case of the rapid growth of cash crops or the apparent success of export oriented manufacturing industries.²⁰ Likewise, the rapid growth of the urban construction industry and the service sector, particularly in the booming port-cities of the Mediterranean basin, emerge as a central theme in nineteenth century Ottoman economic history.²¹ Simultaneously, however, the WSA provides us with an interpretative framework that helps explain the retarding effects of peripherisation on certain branches of the economy, most notably on consumer goods industries.²² The WSA also puts strong emphasis on the adverse and destabilising effects of financial and economic dependency.²³

Century, (San Diego, California: Academic Press, 1974); I. Wallerstein, *Unthinking Social Science, The Limits of Nineteenth Century Paradigms*, (Cambridge: Polity Press, 1991).

¹⁹ İslamoğlu and Keyder, "Agenda for Ottoman History"; I. Wallerstein, "The Ottoman Empire and the Capitalist World-Economy: Some Questions for Research," in O. Okyar and H. İnalçık (eds.) *Social and Economic History of Turkey (1071-1920): Papers Presented to the First International Congress on the Social and Economic History of Turkey*, (Ankara: Meteksan Limited Şirketi, 1980), 117-122; I. Wallerstein, H. Decdeli and R. Kasaba "Osmanlı Tarihi ve Dünya Sistemi" [Ottoman History and the World System], *Toplum ve Bilim*, 23, (1983): 9-39; I. Wallerstein, H. Decdeli and R. Kasaba, "The Incorporation of the Ottoman Empire into the World Economy," in H. İslamoğlu-İnan (ed.) *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 88-100.

²⁰ H. İslamoğlu, and S. Faroqhi "Crop Patterns and Agricultural Production Trends in Sixteenth Century Anatolia," *Review*, N. 2, (1979): 401-436; H. İslamoğlu-İnan, *State and Peasant in the Ottoman Empire, Agrarian Power Relations and Regional Economic Development in Ottoman Anatolia during the Sixteenth Century*, (Leiden, New York and Köln: E. J. Brill, 1994); Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; Owen, *The Middle East in the World Economy*; R. Kasaba, *The Ottoman Empire*; Ç. Keyder and F. Tabak (eds.), *Landholding and Commercial Agriculture in the Middle East*, (New York: State University of New York Press, 1991); D. Quataert, *Ottoman Manufacturing*.

²¹ Ç. Keyder, Y. E. Özveren and D. Quataert (eds.) *Doğu Akdeniz'de Liman Kentleri, 1800-1914*, [Port Cities of the Mediterranean] (İstanbul: Tarih Vakfı Yurt Yayınları, 1994), 121-157.

²² Ş. Pamuk, "Osmanlı Zanaatlerinin Yıkılması," [The Decline of Ottoman Manufactures] *Toplum ve Bilim*, 23, (1983): 75-99; Ş. Pamuk, "The Ottoman Empire in the 'Great Depression' of 1873-1896," *Journal of Economic History*, 44, N. 1, (1984): 107-118; Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*.

²³ Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; E. Kıray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar*, [Economic Structure and Foreign Debt in the Ottoman Empire] (İstanbul: İletişim, 1993).

Despite the advantages of the WSA over the modernist perspective as a framework of interpretation, the WSA comes with its own shortcomings. First, it has been argued that, in WSA, relations of causality run down from the world system to the specific localities in question. Consequently, peripheral zones emerge as passive, or constrained/weak recipients of world economic influences. This methodological position not only leads to a strong Eurocentric overtone in WSA, but it also undermines its self-proclaimed historicism.²⁴ Thus, rather ironically, WSA feeds into the trivialisation and “otherisation” of peripheral histories, not unlike the modernist cum nationalist approaches discussed above. Secondly, and in relation with the first, the WSA has been criticised for its omission of non-economic factors in its assessment of the emergence, expansion and consolidation of the modern world economy.²⁵ This omission, it is argued, manifests itself particularly strongly in its failure to account for the diversity of experiences within the periphery.

These criticisms have been voiced in Ottoman studies in recent years. In her 1983 contribution, Huricihan İslamoğlu pointed to the Eurocentrism and economic determinism of the WSA and underlined the importance of bringing the political and cultural processes, as well as the ideological fabric of the Ottoman society, into the study of Ottoman social and economic history.²⁶ This forceful criticism apparently found acclaim among the proponents of WSA. From the mid-1980s onwards, a number of scholars began to apply more refined versions of the WSA to Ottoman history. The works of Pamuk, Kasaba, Quataert, Keyder, Tabak and Owen are important in this respect. These contributions enhance our understanding of the ways in which local structures interacted with broad global processes to condition the peculiar pattern of peripherisation in Ottoman lands. For instance, Keyder, Pamuk and Owen draw our attention to the crucial role played by the modernising Ottoman state apparatus in

²⁴ T. Skocpol, “Wallerstein’s World Capitalist System: A Theoretical and Historical Critique,” in *Social Revolutions in the Modern World*, (Cambridge: Cambridge University Press, 1994), 55-71; A. G. Frank, and B. K. Gills, “The 5,000-Year World System, An Interdisciplinary Introduction,” in A. G. Frank and K. Gills (eds.), *The World System, Five Hundred Years or Five Thousand*, (London: Routledge, 1996).

²⁵ R. Brenner, “Agrarian Class Structures and Economic Development in Pre-Industrial Europe,” *Past and Present*, 70, (1976): 30-35; R. Brenner, “The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism,” *New Left Review*, 104, (1977): 25-93.

²⁶ H. İslamoğlu-İnan, “Osmanlı Tarihi ve Dünya Sistemi: Bir Değerlendirme,” [Ottoman History and the World System: An Assessment] *Toplum ve Bilim*, 23, (1983): 9-39; H. İslamoğlu-İnan, “Introduction: ‘Oriental Despotism’”.

determining the timing and degree of integration into the capitalist world economy.²⁷ Quataert attempts, quite successfully, to bring the more silent segments of the Ottoman population, namely peasants, workers, women and children, and examines, into the study of Ottoman economic history.²⁸ Kasaba studies the transformation of the networks of exchange and commodity circulation and points to the dynamic participation of local merchants, prominent landlords and bankers, as well as of European capitalists as primary agents of peripheral transformation in Western Anatolia.²⁹ Keyder, Tabak and others contribute to our understanding of the transformation of the relations of production and property in agriculture.³⁰

To sum up the discussion so far, the direction in Near Eastern studies, in general, and Ottoman economic and social history, in particular, has turned towards writing more humanist and politically open-minded histories that are sensitive to flaws of nationalist rhetoric, ahistorical and teleological suppositions, and Eurocentricism. The emphasis put on rigorous empirical research in developing analytical models or interpretative frameworks have also increased considerably. Thus, we already have a better and more balanced understanding of the Ottoman economy. Straightforward narratives of sustained economic 'decline' now appear inadequate and flawed, empirically and conceptually. We see and admit the presence of dynamic processes of growth and transformation, side by side with those of retardation and crisis. Our attention is shifting towards an analysis of the factors and structural processes that impeded the sustainability of these processes of dynamism through time and their 'diffusion' between sectors. Likewise, we now have a better understanding of the local processes that have conditioned, in important ways, the pattern of economic transformation in Ottoman lands. Consequently, we realise the importance of studies that aim at grasping the complex, dynamic, and fluidly interactive relations among various local agents, including intermediary merchants, bankers, landlords, as well as peasants and workers. We also put greater emphasis on the role played by local

²⁷ İslamoğlu-İnan, and Keyder, "Agenda for Ottoman History"; Pamuk, *The Ottoman Empire*; R. Owen, *The Middle East in the World Economy*.

²⁸ D. Quataert, *Social Disintegration and Popular Resistance in the Ottoman Empire, 1881-1908, Reactions to European Economic Penetration*, (New York and London: New York University Press, 1983); D. Quataert, *Workers, Peasants and Economic Change in the Ottoman Empire, 1730-1914*, (Istanbul: ISIS Press 1993).

²⁹ Kasaba, *The Ottoman Empire*; R. Kasaba, "Was there a Compradore Bourgeoisie in Mid-Nineteenth-Century Western Anatolia," *Review*, 11, (1988): 215-288.

³⁰ Keyder and Tabak (eds.), *Landholding and Commercial Agriculture*.

institutional structures, notably by the Ottoman state, in the broader processes of incorporation into the capitalist order during the nineteenth century.

The current thesis subscribes to the emerging neo-revisionist agenda in Ottoman economic and social history and concentrates on the historical dynamics of economic change and transformation in the Ottoman empire during the late nineteenth and early twentieth centuries. Drawing heavily on the emergent literature on new institutional economics, the thesis focuses on the dynamic interplay between local institutional structures, the actions of market agents and the world economic forces, and analyses the ways in which this process of interaction conditioned the pattern and timing of economic change in the Ottoman Empire during the period under consideration. Thus, it addresses the classical problem of structure vs agency in historical change through an institutionalist lens. This eclectic institutionalist approach constitutes precisely the main contribution of the current thesis to the emerging neo-revisionist agenda in Ottoman economic history.

The current thesis also puts forth certain methodological suggestions, which can help improve our understanding of Ottoman economy and the ways with which we study its history. More specifically, the thesis addresses the above mentioned questions in a regional context and concentrates on the Selanik region during the late Ottoman period from c.1875-1912. There are a number of conceptual and empirical reasons for choosing the “region” as the primary unit of analysis in discussing the dynamics of economic change in the Ottoman empire. The “region” constitutes a robust unit of analysis that enables us to maintain a careful balance between theoretical analysis and empirical research. Sources on Ottoman economic history are plentiful, but they are difficult to use and master effectively. This situation renders empirical research problematical. Under the circumstances, scholars are forced to work within more feasible research agendas, and put emphasis either on in-depth empirical research or on broad structural analysis. It seems, more empirically oriented scholars choose to work on relatively narrow topics, and undertake research in various archives and libraries consulting a wide range of different resources. More conceptually motivated scholars tend to use resources that are readily available and relatively easy to use and concentrate more on theoretical issues and discussions. Both approaches have had their drawbacks. In the case of empirically oriented studies, the topics often remained too specific, and the scholars found it difficult to associate a singular aspect of the Ottoman economy

with the broad trends and dynamics underlining its transformation. In the case of more conceptually oriented approaches, contributions often suffer from the inadequacy of empirical research. Powerful theoretical statements often remain unsatisfactorily tested against historical evidence and vulnerable to powerful empirical criticisms. Early theoretical contributions of scholars subscribing to the standard WSA suffer from such empirical drawbacks.³¹ Similarly, broad macro-studies that use flimsy and uncritically compiled statistical evidence suffer from theoretical laxity.³²

A closer regional focus should provide us with an excellent opportunity to address broad theoretical problems within a more feasible research agenda. European and Ottoman sources often present themselves on a regional basis, and provide us with rich qualitative and quantitative information on almost all aspects of economic life. In this respect, a regional approach can serve as a strategic guide in the actual process of research and ease the difficulty of locating and finding relevant documents among massive collections, particularly in the Ottoman archives situated in Istanbul. In addition, a regional focus enables the researcher to clearly demonstrate, and even correct, the existing biases and weaknesses in the evidence at hand. Finally, provincial sources, especially the relevant Ottoman sources, have not yet been properly utilised so far, despite the rich information they provide on economic life. Regional research can help make up for this negligence.

As a unit of analysis, the “region” is a more suitable unit of analysis in view of the diversity of economic structures observed in the Ottoman empire. Vast differences in factor endowments, in geography, in climate, in the degree of centralisation, in the level of integration with overseas markets, and in local customs and conventions do not lend themselves to easy generalisations and clear-cut conclusions over the dynamics of economic change and transformation in the Ottoman empire. Therefore, a regional outlook may provide us with a more focused and robust framework that is capable of accounting for the richness of experiences and the variations in patterns of economic transformation throughout the empire. Only along with the accumulation of such detailed surveys on regional economies, will we be in a position to fully understand not

³¹ İslamoğlu-İnan, and Keyder, “Agenda for Ottoman History,”; Wallerstein, “The Ottoman Empire and the World System”; Wallerstein, Decdeli and Kasaba, “Osmanlı Tarihi ve Dünya Sistemi”.

³² Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*. For a critique of Eldem's use of Ottoman statistics see, A. O. Akarlı, “Growth and Retardation in Ottoman Macedonia, 1880-1910,” in Ş.

only the transformation of economic relations in the Ottoman empire and the interactive dynamics and consequences of its integration with the capitalist world order during the nineteenth century. The accumulation of such research would also enable us to make much needed inter-regional comparisons that would reveal important clues about the broad dynamics and the structural patterns of economic change in Ottoman lands. Regional monographs constitute the first and indispensable step to undertaking such an academic endeavour. It is with this belief and hope that I have undertaken the present study, concentrating on one of the leading economic “regions” of the empire, namely the Selanik region.

A number of historical and methodological reasons justify the choice of Selanik as the subject matter of a case study. First, Selanik was one of the most commercialised regions of the Ottoman empire. The region was situated at a crossroads that linked the Balkan peninsula to the Mediterranean basin, and the Aegean Sea to the Adriatic.³³ Owing much to this locational advantage, the region had for long been an integral part of the Levantine world of commerce, while also maintaining close relations with European economies.³⁴ From the seventeenth century onwards, the region increasingly came under the orbit of the expanding “world” economy, becoming one of the primary “integrated” regions of the empire by the end of the nineteenth century. With a dynamic port-town in Salonica, a prolific hinterland economy, developed commercial connections with European economies, and an extensive railway network that linked the entire region to continental Europe, Selanik was indeed a leading zone of peripheral engagement in Ottoman lands during the late nineteenth century.³⁵ In this respect,

Pamuk and J. G. Williamson (eds.), *The Mediterranean Response to Globalisation before 1950*, (London: Routledge, 2000), 109-133.

³³ F. W. Carter, “Introduction to the Balkan Scene” in F. W. Carter (ed.) *A Historical Geography of the Balkans*, (New York: Academic Press, 1977), 1-24.

³⁴ C. Vacalopoulos, *A History of Thessaloniki*, (Thessaloniki, 1963); N. Todorov, “The Genesis of Capitalism in the Balkan Provinces of the Ottoman Empire in the Nineteenth Century,” *Explorations in Economic History*, 7, N. 3, (1970): 313-324; İ. Tekeli, and S. İlkin, “İttihat ve Terakki Hareketinin Oluşumunda Selanik’in Toplumsal Yapısının Belirleyiciliği,” [The Determining Role of the Social Structure of Salonica in the Formation of the Committee of Union and Progress] in O. Okyar and H. İnalçık (eds.), *Türkiye’nin Sosyal ve Ekonomik Tarihi, 1071-1920*, [Turkey’s Social and Economic History, 1071-1920] (Ankara: Metaksan Limited Şirketi, 1980), 351-382; T. Stoianovich, “The Conquering Balkan Orthodox Merchant,” *Journal of Economic History*, 20, 1960), 234-313; F. Adanır, “Tradition and Rural Change”; B. McGowan, *Economic Life in Ottoman Europe, Taxation, Trade and Struggle for Land, 1600-1800*, (Cambridge, London, New York, New Rochelle, Melbourne, Sydney: Cambridge University press and Editions de la Maison des Sciences de l’Homme, 1981); N. Svoronos, *Le commerce de Salonique au XVIIIe siècle*, (Paris: Presses Universitaires de France, 1956).

³⁵ B. C. Gounaris, “Emigration from Macedonia in the Early Twentieth Century,” *Journal of Modern Greek Studies*, 7, (1989): 133-153; B. C. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed

Selanik offers a site where we can observe the transformative effects of world economic forces.

Secondly, Selanik was one of the most important Ottoman provinces where the central government could assume a relatively strong presence and could implement its policies effectively, in comparison to, say, the distant Eastern Anatolian and Arab provinces of the Empire.³⁶ In this respect, the Selanik region also emerges as an ideal site to assess the role played by the Ottoman state in processes of economic change and transformation.

Thirdly, Selanik's regional economy had peculiar, if contradictory, features that make it an attractive object of historical inquiry in its own right. On the one hand, we see manifestations of 'modernity', such as comprehensive marketing networks mediated by large trading houses and intermediary merchants, extensive railway systems, modern banks and other financial institutions, growing urban areas, burgeoning manufacturing industries, and dynamic urban construction and service sectors. On the other hand, we see facets of retardation and economic standstill, typically marked by the persistence of an undercapitalised and vulnerable agrarian economy at large, widespread absentee landlordism, distressing tenancy arrangements, and endemic rent-seeking activities, all of which undermined the economic potential of the region.³⁷ Similar contrasts existed in other parts of the empire as well. However, the *degree* of contrast appears particularly striking in the case of Selanik, because of the unusual strength of its "modern" sectors and features. In what follows, I will try to explain this "duality" of economic structures and processes in Selanik's regional economy, a dualism which apparently deepened in time.

by Columbia University Press, 1993); B. C. Gounaris, "Selanik," in Ç Keyder, E. Özveren and D. Quataert (eds.), *Doğu Akdeniz'de Liman Kentleri, 1800-1914*, [Port Cities of the Eastern Mediterranean, 1800-1914] (İstanbul: Tarih Vakfı Yurt Yayınları, 1994), 103-120; Kasaba, *The Ottoman Empire*.

³⁶ For Ottoman provincial administration see S. J. Shaw, and E. K. Shaw, *History of the Ottoman Empire and Modern Turkey, V. II, Reform Revolution and Republic: The Rise of Modern Turkey, 1808-1975*, (Cambridge, New York, New Rochelle, Melbourne, Sydney: Cambridge University Press, 1988). For the dilemmas faced by provincial administrations see E. D. Akarlı, "Abdülhamid II's Attempt to Integrate Arabs into the Ottoman System," in D. Kushner (ed.) *Palestine in the Late Ottoman Period*, (Jerusalem and Leiden: Yad Izhak Ben-Zvi and E. J. Brill, 1986), 74-89; E. D. Akarlı, "Provincial Power Magnates in Ottoman Bilad Al-Sham and Egypt, 1740-1840," in Temimi (ed.), *La vie sociale dans les provinces arabes a l'époque ottomane*, V. 3, (Zaghouan: Publications du Centre d'Etudes et de Recherches Ottomanes, Morisques, de Documentation et d'Information, 1988), 41-56.

³⁷ Akarlı, "Growth and Retardation".

Finally, by concentrating on the case of Selanik I hope to overcome the predicaments of “nationalist compartmentalisation” that has prevailed in studies on the history of the Ottoman Empire. An important consequence of the prominence of nationalist world-views in Near Eastern studies has been the dearth of communication and cooperation among scholars who specialise on different “nations”. These specialists tend to confine their work on a specific part of the empire and ignore “other” parts. Cooperation among the specialists of different “nations” remains limited, informal and unstructured. More importantly perhaps, until very recently, governments on each side, but especially Turkish authorities, have been jealously supervising the access to the historical archives under their control. This situation has not only frustrated sensible researchers but also has perpetuated controversies and nationalist monologues, leaving little room for constructive debate and criticism. Over the last decade and a half, however, scholars have begun to show much greater interest not only in the rich information available in Ottoman provincial archives that exist on former Ottoman lands, but also in comparing notes, sharing information and participating in open-minded debates and discussions. Still, there is a great need for further debate and research that go beyond the narrow confines of nationalist rhetoric and national boundaries. As a Turkish scholar, I feel obliged to address this need by moving beyond the political boundaries of contemporary Turkey and concentrating on the economic history of a region that supposedly falls into an “other” zone of specialisation. I hope my endeavour will contribute to the emerging debates and the creation of a new academic environment that goes beyond nationalist prejudice.

As for the time period on which this thesis focuses, the late nineteenth century appears as a crucial turning point in Near Eastern economic and social history. First, the late nineteenth century marks the *full-blown* integration of the Ottoman empire into the expanding capitalist world economy.³⁸ The long process of the peripherisation of Ottoman lands reached its economic and institutional apex in the late nineteenth and early twentieth centuries. The transformations taking place during this period left a strong imprint on the economic and social history of the Near East, conditioning the pattern of socio-economic change in the region until the early 1930s.³⁹ The advent of the Great Depression in the 1930s marked the beginnings of a new era of growing

³⁸ Pamuk, *Osmanlı Ekonomisinde Bağımlılık*, 155-159; Keyder, *State and Class*, 25-48.

³⁹ Keyder, *Dünya Ekonomisi İçinde Türkiye*, 11-22.

protectionism, relative economic isolation and enhanced political independence.⁴⁰ Focusing on the late nineteenth century promises to shed light on the partly regressive and partly modernising but certainly complex effects of the integration of Ottoman lands into the modern world economy, as a background to the nationalist economies that later emerged in the region.

Secondly, the late nineteenth and early twentieth centuries saw the culmination of the reform efforts of the Ottoman government. As before in the Tanzimat era (1839-1876), the central government took measures to enhance political centralisation, consolidate state finances and promote economic development during the period under consideration. In general, the mixed results of these efforts failed to bring about the desired effect in modernisation and economic development. However, the late nineteenth century reforms were consequential and played an important role in determining the unique, non-colonial, pattern of peripherisation that surfaced in much of the Ottoman lands.⁴¹ In this regard, the late nineteenth century and the early twentieth centuries emerge as a period when we can study the impact of Ottoman state policy on economic change and development in crystallised forms.

2. Sources and Structure:

2.1. Sources:

In my research, I have consulted a wide range of European and Ottoman sources. The majority of the European materials I relied on come from the British archives and libraries. I have used the relevant archival documents at the Public Record Office (PRO) quite exhaustively. The Foreign Office documents for the period of c.1870-1912 proved especially useful. I have surveyed not only the correspondence between the consular office in Selanik and the embassy in Istanbul, but also the correspondence of consular representations within broader Macedonia, which included the neighbouring provinces of Kosova and Manastır in addition to Selanik.

I have also used a range of official publications issued by the British and French governments, which included the British Parliamentary Papers and the publications of

⁴⁰ Owen and Pamuk, *Middle East Economies*, 3-8. Also see D. Rothermund, *The Global Impact of the Great Depression, 1929-1939*, (London and New York: Routledge, 1996), 74-81.

⁴¹ Pamuk, *Osmanlı Ekonomisinde Bağımlılık*, 7-10, 157-162.

the British Chamber of Commerce of Istanbul. The most important French publication I have used has been the official journal of the French Chamber of Commerce in Istanbul, *Revue commerciale du levant, bulletin mensuel de la chambre de commerce française de constantinople*. These official publications include commercial reports sent from consular representations in the provinces. Fortunately, the reports coming from Selanik and other Macedonian provinces appeared regularly in these publications.

The British archival materials and the above cited official publications provided me with valuable information. They were particularly useful for the statistical information they contain and for the rich historical detail they provide on foreign trade, banking, local marketing networks, railways, urban manufacturing and construction industries and, most notably, on export-oriented agriculture. However, they reveal relatively little information on 'local' institutional processes, especially on government policy, taxation and the structuration of distributional processes.

Ottoman sources proved more prolific on these crucial issues. The Prime Ministry archives, *Başbakanlık Arşivi* (BA), in Istanbul served as the most significant resource of my research. I have consulted a number of key collections in the BA, beginning with the extensive papers of the Inspectorate of the Rumelian Provinces, *Rumeli Müfettişliği Evrakı*. This collection includes the correspondence between the provincial governments and Istanbul, as well as reports, proposals and other official documents presented to various ministries. These documents yielded valuable information on almost all aspects of economic life, especially on land issues, taxation and agricultural reform. Unfortunately, this excellent collection covers a relatively limited time period, 1903-1908. I have consulted other collections for data on other years within the time period under consideration and for additional information.

My initial efforts concentrated on the registers of the Sublime Porte's correspondence with the provinces, *Bab-ı Ali Evrak Odası Vilayet Gelen-Giden Defterleri*. However, my efforts yielded very little information, mainly because the files pertaining to the European provinces of the empire under this collection were not yet properly organised and available to researchers. In order to reach the same documents or to get an idea about them, I have consulted the Registers of the Summaries and Duplicates of the Sublime Porte's correspondence, *Bab-ı Ali Evrak Odası Ayniyat Defterleri*. Unfortunately, this collection revealed little on economic affairs, because it

contains detailed information on administrative matters that is of relatively little use for the immediate priorities of my research.

A collection that proved useful, both in terms of coverage and content, was the archives of the Council of State (*Şura-i Devlet*). The *Şura-i Devlet* collection is massive and includes hundreds of thousands of documents. This situation compelled me to cut my inquiries into this source down to a manageable size. Thus, I have consulted only the documents pertaining to the Province of Selanik and to the departments of Commerce (*ticaret*), Forests, Mines and Agriculture (*orman meadin ve ziraat*), Customs (*rüsumat*), and Finance (*maliye*), and to contracts (*mukavelat*). These documents contain rich information on reform policies, taxation and land matters. A substantial drawback of the *Şura-i Devlet* documents in general is that they often reflect the immediate considerations and priorities of the council and yield limited information on the actual implementation of policy in the field. However, the documents also reveal abundant background information on the issues discussed. Thus, I was able to use the Council of State documents as a source of information on the policy priorities and orientation of the central government and as a source of some historical detail on the real economy.

I have consulted two more collections in the BA, namely the minutes of the Council of Ministers (*Meclisi Vükela*), which involve the major executive decisions of the central government. Both collections revealed rich historical detail on economic affairs. Similar to the documents of the Council of State, however, they remain silent about the actual implementation of the decisions taken at the top of Ottoman bureaucracy, unless they include summary references to the background of the issues discussed.

In order to check and complement the official sources mentioned above, I have consulted various local newspapers and journals as well as a wide range of official and semi-official publications. The local newspapers I have consulted include two independent newspapers published by liberal intellectuals in Salonica, namely *Asır* and *Journal de Salonique*, and two newspapers published by the provincial government, namely *Rumeli* and *Selanik*. These newspapers, especially *Asır* and *Journal de Salonique*, constitute by far the richest source on economic affairs and provide detailed information on agriculture, manufacturing and commerce, as well as on reform policies and taxation. In addition, I have consulted the semi-official journal of the Istanbul

Chamber of Commerce (*Dersaadet Ticaret Odası Gazetesi*), which contain relevant information on general economic issues as well as on the Selanik region. Finally, two journals published by the Ministry of Commerce and Agriculture, namely *Ticaret ve Ziraat Nezareti Mecmuası* and *Orman ve Maden ve Ziraat Mecmuası*, contain valuable information on agriculture and the implementation of agricultural reform schemes in the province.

Finally, a series of official publications issued by the Ottoman government proved particularly useful, especially for the rich statistics and detailed sectoral analysis they contain. The agricultural statistics published by the Ottoman government in 1907 contain valuable data on output levels, yield ratios, prices and landholding. The general statistics published by the Ottoman government in 1897 contain equally valuable data on almost all sectors of the Ottoman economy on a provincial basis. Likewise, the provincial yearbooks (*Salnames*) contain useful information on regional economies and valuable output statistics, as well as detailed population figures and fiscal data. Lastly, the provincial budgets published by the Ottoman government provide valuable fiscal data. These statistics and publications proved particularly useful in estimating output levels and trends in agricultural production and thus contributed significantly to the quantitative rigour of the current thesis.

2.2. Structure:

The thesis is divided into six chapters. The first three chapters discuss the agricultural sector, which was by far the most important sector of the regional economy. Chapter One attempts to quantify the structural shifts taking place in the agricultural sector and to establish trends in sectoral performance. It taps the rich quantitative evidence available in European and Ottoman archives, provides an extensive discussion of the weaknesses and strength of the available statistics and suggests new methods of estimation that can be used to measure economic performance in agriculture. Chapter Two focuses on the economic conjuncture, discussing the transformation of the agricultural sector in tandem with the broader developments taking place in international markets. Within this framework, the chapter primarily focuses on demand-side factors as well as certain market-bound institutional processes as the primary facilitators of both growth and retardation in the agrarian economy. Chapter Three

assesses the impact of state policy on agriculture, with an emphasis on supply-side dynamics, and on the impact of reforms instituted by the Ottoman government. In addition, the chapter examines the largely retarding impact of the prevailing fiscal processes and practices on agriculture.

Chapter Four discusses the transformation of rural socio-economic structures in response to the shifts taking place in the economic conjuncture, on the one hand, and the reform and modernisation efforts of the Ottoman government, on the other. The chapter concentrates primarily on redistributive processes and associated institutional structures, namely property rights, tenure systems and taxation. It discusses the political and economic dynamics underlying the transformation of these institutions, and considers the impact of this broad transformation process on the commercialisation of the agrarian sector, processes of rural displacement, and the persistence of speculative and “rent-seeking” economic activities. Chapter Five examines the transformation and growth of urban economies while focusing on the development of the urban service sector, construction industry and manufacturing. Finally, the thesis offers some concluding remarks on the peculiarities of Ottoman path to peripherisation in the light of the case of Selanik.

CHAPTER I

THE PATTERN OF AGRARIAN TRANSFORMATION, TRENDS AND DIRECTIONS

A QUANTITATIVE APPROACH

Introduction

Agriculture constituted the most important sector of the regional economy during the late nineteenth and the early twentieth centuries. About 70-80% of the regional population lived in the countryside and the sector probably accounted for about 60% of the total income generated within the regional economy.¹ Agricultural products accounted for the bulk of the exports and brought much income and prosperity into the region.² Therefore, a thorough discussion of the changes and shifts taking place in the agricultural sector assumes great importance for the comprehensiveness of our analysis of economic change in Selanik during the period under consideration.

This chapter outlines the basic transformations taking place in agrarian economy of the Selanik region during the Hamidian years (1876-1908). In what follows, I develop a quantitative approach that should help us delineate the direction and timing of the shifts taking place in the agrarian economy of the region. In this context, I concentrate mainly on estimating changing levels and composition of agricultural output for selected benchmark years. Throughout the discussion, I use a wide range of British, French and Ottoman sources, most of which have never been used before. I discuss in detail the relative weaknesses and strengths of these sources, and seek ways of improving their accuracy and reliability in light of qualitative evidence gathered from

¹ V. Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Şartları Hakkında bir Tetkik*, [Research on the Economic Conditions of the Ottoman Empire] (Ankara: Türk Tarih Kurumu Basımevi, 1994), 225. According to the estimates of Eldem, agriculture accounted for the 57% of the GDP generated with the European provinces of the Empire in 1907. For the composition of regional population see Table 1.15 below.

both European and Ottoman archives. I also employ, whenever possible, more than one estimation method to quantify the changes taking place in the level and composition of agricultural production. This quantitative effort largely sets the empirical background for the narrative of the following two chapters, which discuss the structural transformations taking place in Selanik's agrarian economy during the period under consideration.

The current chapter also aims to fill the statistical lacuna in Ottoman economic history, which continues to undermine the systematic discussion of some key issues and impedes the resolution of certain controversies. For instance, the absolute and relative performance of the nineteenth century Ottoman economy is an issue that is yet to be resolved.³ The pioneering works of Issawi, Eldem, Karpat, Lampe and Jackson, Pamuk, Owen, Quataert and more recently of Palairat contributed in important ways to our understanding of the performance of the nineteenth century Ottoman economy.⁴ We now have a better understanding of demographic trends, foreign trade, capital flows, prices, wages, and of 'national income' for selected benchmark years. Yet, there is still a great need for detailed quantitative research in order to understand better the issues of Ottoman economic development in historical perspective. With its comprehensive statistical base and detailed methodological discussion the current chapter is an

² B.C. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor* (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993), 92-95.

³ For comparative approaches to Ottoman economic performance see Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 233-238; and, J. G. Williamson, "Real Wages and Relative Factor Prices around the Mediterranean, 1500-1940," in J. G. Williamson and Ş. Pamuk (eds.) *The Mediterranean Response to Globalisation before 1950* (London and New York: Routledge, 2000), 45-75.

⁴ See C. Issawi, (ed.) *The Economic History of the Middle East, 1800-1914*, (Chicago and London: Chicago University Press, 1966); C. Issawi, *The Economic History of Turkey*, (Chicago and London: The University of Chicago Press, 1980); C. Issawi, "De-industrialization and Re-industrialization in the Middle East since 1800", *International Journal of Middle East Studies*, 12, (1980): 469-479; Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Şartları*; V. Eldem, *Harp ve Mütareke Yıllarında Osmanlı İmparatorluğu'nun Ekonomisi* [Ottoman Economy in Years of War and Armistice] (Ankara: Türk Tarih Kurumu Basımevi, 1994); K. Karpat, *Ottoman Population, 1830-1914, Demographic and Social Characteristics*, (Madison-Wisconsin and London: University of Wisconsin Press, 1985); J. R. Lampe, and M. R. Jackson, *Balkan Economic History, 1550-1950, From Imperial Borderlands to Developing Nations*, (Bloomington: Indiana University Press, 1982); Ş. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913, Trade, Investment and Production*, (Cambridge: Cambridge University Press, 1987); Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık Büyüme* [Dependency and Growth in the Ottoman Economy] (İstanbul: Tarih Vakfı Yayınları, 1994); R. Owen, *The Middle East in the World Economy, 1800-1914*, 1. P. (1981), (New York: I. B. Tauris & Co. Ltd. Publishers, 1993); D. Quataert, *Ottoman Reform and Agriculture in Anatolia, 1876-1908*, (Unpublished Ph.D. diss., Los Angeles: University of California Los Angeles, 1973); D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993); D. Quataert, *Workers, Peasant and Economic Change in the Ottoman Empire, 1730-1914*, (İstanbul: ISIS Press, 1993); M. Palairat, *The Balkan Economies, c.1800-1914, Evolution without Development*, (Cambridge: Cambridge University Press, 1997).

important empirical and technical contribution to the existing literature on the economic history of the late nineteenth century Ottoman Empire.

The current chapter also constitutes a strong critique of the existing estimates of Ottoman agricultural production for the late nineteenth and the early twentieth centuries. In 1970, Vedat Eldem produced quite comprehensive estimates of Ottoman agricultural output for the period 1890-1910. His figures suggest 27.5% growth in agricultural production, which maintains considerable dynamism and growth in the sector for this period.⁵ Eldem's estimates have been widely used by scholars who have argued likewise that Ottoman agriculture grew considerably, if modestly, during the same period. However, despite widespread circulation, Eldem's data and his methods of estimation have not been seriously discussed. Scholars simply took for granted Eldem's unique and pioneering research in the field and used his estimates to discuss trends in Ottoman agriculture.

Eldem mainly used a combination of fiscal data and agricultural statistics published by the Ottoman government to estimate both the production trends and levels of output for selected benchmark years. It seems Eldem did not control for the weaknesses and inconsistencies inherent in these sources. The following analysis shows quite clearly that Eldem overestimated agricultural performance.

The current chapter suggests certain methods and techniques of estimation that would improve the reliability and accuracy of Eldem's estimates. As we shall see in this and the following chapters, agricultural performance remained sluggish in Selanik and strove to overcome such serious problems as adverse price trends, a heavy tax-burden, prohibitive transaction costs and serious institutional inadequacies during the period under consideration. The existing literature also suggests that similar factors retarded agricultural development in other parts and regions of the Empire. This observation instigates us to rethink our understanding of the performance of Ottoman agriculture in late nineteenth and early twentieth centuries.⁶ Undoubtedly, we need more research and

⁵ Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 35.

⁶ Quataert, *Ottoman Reform*. Also see T. Güran, "Tanzimat Döneminde Tarım Politikası," [Agricultural Policy in the Tanzimat Period] in O. Okyar and H. Inalcık (eds.) *Social and Economic History of Turkey (1071-1920): Papers Presented to the First International Congress on the Social and Economic History of Turkey*, (Ankara: Meteksan Limited Şirketi, 1980), 271-277; T. Güran, *Tanzimat Döneminde Osmanlı Maliyesi: Bütçeler ve Hazine Hesapları, 1841-1861* [Ottoman Finances in the

technical discussion before we can produce more reliable estimates and a more consistent historical narrative. The technical discussion included in this chapter constitutes a preliminary, but significant, step in this direction.

1. Measuring Performance in Sub-Sectors: Cereal Production, Cash Crop Production and Animal Husbandry

In this section, I will attempt to measure output performance in the primary sub-sectors of the agrarian economy, namely cereal production, cash crop production and animal husbandry. This is a challenging task. The difficulty is not in the lack of statistical evidence. Raw data is available from a wide range of European and Ottoman sources. Agricultural output estimates, provincial tithe returns, foreign trade statistics, and agricultural prices were frequently cited in a variety of sources, such as the official agricultural statistics, provincial yearbooks (*salnames*), European consular reports, provincial newspapers, and the respective journals of the Ottoman, French and British Chambers of Commerce. The challenge is in extracting relatively accurate and consistent measurement of performance from these sources. The available data is often partial and sometimes weak and therefore one has to use them with caution and critical judgement. Yet, for all the difficulties of quantifying agricultural trends, a methodological analysis of the available data based on careful assumptions does yield reliable estimates.

1.1. Cereal Production

1.1.1. Official Output Estimates

An important source in delineating trends in cereal production is the official output estimates published by the Ottoman government. The Hamidian authorities showed an interest in compiling and publishing agricultural output statistics. Their primary motive in data collection was fiscal. Agricultural taxes, especially the tithe (*aşar*), constituted the main source of revenue for the Ottoman government.⁷ It was

Tanzimat Period: Budgets and Financial Calculations, 1841-1861] (Ankara: Türk Tarih Kurumu Basımevi, 1988).

⁷ S.J. Shaw, "The Nineteenth-Century Ottoman Tax Reforms and Revenue Systems," *International Journal of Middle East Studies*, 6, (1975): 421-459; E. D. Akarlı, *The Problems of External*

crucial for the authorities to constantly monitor the collection of these revenues. Their main concern was to estimate the optimum tax base, or to determine how much revenue was 'normal' and what could define "under" or "over" taxation. At least in theory, the tithe was tuned to output levels at a fixed rate of 10%.⁸ Thus, estimating the tax base depended on estimating the total produce of the land. Based on this estimate, the authorities could expect to generate a certain amount of revenue. If a given year's revenue fell below that expected level, then the tax would fall in arrears and anything above the 'norm' would simply be a bonus to the government coffers.

Direct estimation was out of question for the authorities. The existing land registers were incomplete and out of date, particularly in the early days of the Hamidian era. Although the attempts to improve land registers yielded some success towards the end of the century, the records did not allow for accurate estimates of agricultural production levels during a good part of the Hamidian period.⁹ Under the circumstances, the authorities had to find alternative ways of estimating the 'tax base' and levels of production.

In response to this need, officials relied on provincial tax records, especially the tithe returns from previous years. This method eradicated the fiscal purpose of output estimation. Estimating the output based on the existing tax-records would reveal little new information about the optimum tax base in a given year. As we will see in detail below, the tithe returns of the Ottoman government were only very loosely linked to actual output *levels*, mainly because the practice of tax-farming obscured the linkages between taxation and production.¹⁰ An optimum tax base could hardly be assessed on the basis of such fiscally rooted output estimates, which would, in the last instance, do little more than equating the optimum tax base with "what could be collected" rather than with "what is due for collection".

Pressures, Power Struggles, and Budgetary Deficits in Ottoman Politics under Abdülhamit II: Origins and Solutions, (Unpublished Ph.D. diss., Princeton: University of Princeton, 1976); E. D. Akarlı, "Economic Policy Budgets in Ottoman Turkey, 1876-1909," *Middle Eastern Studies*, 28, N. 3, (1992): 443-476.

⁸ A. Vefik, *Tekâlif Kavaidi* [Rules of Taxation], V.2, (Dersaadet [İstanbul]: Kanaat Matbaası, 1911), 262-263; A. Şener, *Tanzimat Dönemi Osmanlı Vergi Sistemi* [Ottoman Taxation System during the Tanzimat Era], (İstanbul: İşaret, 1990), 119-139.

⁹ Akarlı, "Economic Policy," 443-476; Şener, *Tanzimat Dönemi Osmanlı*, 119-139; S. J. Shaw, "The Nineteenth-Century Ottoman Tax Reforms," 421-459; S. J. Shaw, and E. K. Shaw, *History of the Ottoman Empire and Modern Turkey, V. II, Reform Revolution and Republic: The Rise of Modern Turkey, 1808-1975*, (Cambridge, New York, New Rochelle, Melbourne, Sydney: Cambridge University Press, 1988); Vefik, *Tekâlif Kavaidi*, 262-263. Also see Chapter-4.

Still, the Ottoman officials did all that was possible to make the most out of the tithe data. They had to cope with certain difficulties. The tithe revenue records, even on a sub-provincial (*kaza*) basis, were not itemised according to the crops cultivated. Therefore, even if the total value of production could be tentatively estimated, it would not be possible to determine the weights of various agricultural products in total output. In order to overcome this obstacle, the local authorities concentrated on more disaggregate tax data. According to the regulations governing the collection of the tithes, the tax-farmers (*mültezims*) and the salaried tax-collectors of the Ottoman government (the *muassırs*) had to keep detailed tax records that indicated the quantity of each crop on which the tithe was levied.¹¹ In practice, however, the tax-records often remained incomplete. Both the tax-farmers and the tax-collectors under-reported the volume and value of the product and pocketed the difference at the government's expense. Sometimes, they did not even bother to keep proper accounts at all. Nevertheless, the appointed officers of the Ottoman government worked in cooperation with the local chambers of agriculture, the village headmen and the local revenue departments of provincial governments to make use of these books as a sample of sorts to determine the weights of different products.¹² Thus, they eventually came up with weighed tithe returns for each district (*kaza*) in nominal terms. Then they deflated the nominal values by the average local price of each crop to determine a rough output estimate in terms of quantity. These output estimates were finally deflated by the average yield of agricultural land in any given district, in order to reach indicative estimates of the area under cultivation for each crop. All estimated district values were aggregated to reach provincial (*vilayet*) figures.¹³

It is my impression that the Ottoman authorities used this 'fiscal' method to estimate levels of agricultural output and the area under cultivation during the period under consideration. The estimates published in the provincial yearbooks were certainly

¹⁰ See below for a discussion of the practice of tax-farming. Also see Chapter 4.

¹¹ Vefik, *Tekâlif Kavaidi*, 262-263.

¹² These observations are based on an 1898 report on the collection and compilation of agricultural statistics throughout the Empire, which was published in the journal of the Istanbul Chamber of Commerce. *D.T.O.G.*, 7.Za.1316 (19.3.1899), No. 699: 169.

¹³ In provincial yearbooks (*Salnames*), it is actually possible to find output figures pertaining to each sub-province, which neatly sum up to *vilayet* figures. So the data was probably predominantly gathered on a sub-province basis.

based on this crude method.¹⁴ Even the estimates of the more comprehensive 1907 agricultural statistics were largely based on the tithe revenues.¹⁵ The main difference of these later statistics was that, the officials supplemented the fiscal data with auxiliary information in order to improve the reliability of their estimates.¹⁶ For this purpose, questionnaires were sent out to the provinces to be completed by the local chambers of commerce, administrative councils and the special survey committees established by the provincial governments. Most questionnaires were complete and returned to Istanbul. Even if they were not always accurate, the supplementary information they provided must have helped the Statistical Office in Istanbul to refine their estimates.¹⁷

Table 1.1.

<i>Cereal Production in Selanik, Official Estimates 1890-1907 (tons)</i>					
Year	1890	%	1907	%	% Change, 1890-1907
Wheat	81,474	16.6	79,740	26.6	-2.1
Barley	121,751	24.8	56,017	18.7	-54.0
Maize	167,489	34.1	113,085	37.7	-32.5
Oats	28,595	5.8	16,538	5.5	-42.2
Rye	91,280	18.6	34,749	11.6	-61.9
TOTAL	490,589	100.0	300,129	100.0	-38.8%

Source: 1890: 1307 S.V.S, 1890, 50; 1907: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, 1323 Ziraat İstatistiği, 1907, 11-33.

These official statistics must be used with caution because of the probable inconsistencies involved in data collection, especially before 1907. Comparing numbers compiled by different people, under different circumstances and at different times must have created certain irregularities in the available data. Even if all data sets were technically comparable, one still has to account for the influence of non-economic

¹⁴ In the yearbooks it is very common to come across with crude calculations such as 'so much tithe was collected and therefore this much was produced in the sub-province'.

¹⁵ Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, 1323 *Senesi Avrupa-yı Osmani Ziraat İstatistiği* [1323 Agricultural Statistics of the European Provinces of the Ottoman Empire] (İstanbul: Dersaadet Mahmud Bey Matbaası, 1907), s-ş. Also see, Devlet İstatistik Enstitüsü, *Osmanlı Dönemi Tarım İstatistikleri, 1909, 1913 ve 1914* [Agricultural Statistics of Turkey during the Ottoman Period], Prepared by T. Güran, (Devlet İstatistik Enstitüsü, Tarihi İstatistikler Dizisi, V.3, Ankara: Devlet İstatistik Enstitüsü Matbaası, 1997), XXII. The only statistic available on the European provinces is the 1907 one. The others relate to Asiatic provinces of the Empire.

¹⁶ Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, 1323 *Ziraat İstatistiği*, s-ş; *Asır*, 8.Ş.1324 (27.08.1906), No. 1115: 2.

¹⁷ For the statistical committees established in Macedonian provinces see, *Asır*, 12.B.1323 (11.9.1905), No. 1008: 2; *Asır*, 22.B.1323 (21.9.1905), No. 1011: 2; and *Asır*, 7.C.1324 (30.7.1906), No. 1098: 2.

factors. For instance, the “fiscal” output estimates might in fact reflect improvements in taxation practices, rather than a net output growth. Similarly, changes in the definition of the tax base, such as increases in the rate of taxation, if not accounted for, could lead to misleading impressions about the performance of the sector. Clearly, caution is necessary in using the available statistics to delineate trends and to estimate output levels, especially for the earlier years of the period under consideration.

For all their shortcomings, however, the existing output statistics are still useful. The data are not entirely arbitrary and allow us to offer suggestions on both the changes in the level and composition of agricultural output by way of comparative static analysis, provided that the results are cross-checked by alternative sources and/or methods of estimation. Furthermore, the 1907 statistics are particularly comprehensive and reliable. They are relatively less fiscal and certainly more detailed in nature than anything else we have at hand.¹⁸ A comprehensive population census undertaken in 1906 and the general improvement in land registers also contribute to the accuracy and reliability of the 1907 estimates.¹⁹ Thus, 1907 statistics can be considered as good as any benchmark can be in determining the levels of agricultural output. In the following analysis, I will also use the 1907 statistics as weights in the computation of various price indices.

Official statistics suggest considerable contraction in cereal output in the Selanik region between 1890 and 1907 (Table 1.1). Overall, cereal production seems to have declined by as much as 38.8% during the 1890s and early 1900s. Our knowledge of the broad trends in the regional economy corroborates this impression. As we shall see in Chapter-2, adverse price trends, severe crop failures, prohibitive transaction costs and

¹⁸ The later official statistics published in the Unionist period (1908-1918) seem to be less reliable than the 1907/09 statistics of the Hamidian period. The Unionist figures seem to have been somewhat inflated by the authorities in need of ideological and political legitimacy. For instance, based on these official estimates Eldem suggests that Ottoman agricultural output grew by 27%, or at about a rate of 5% per annum within the five years between 1909/10 and 1914/15 (Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 35). There is nothing in the literature that would justify such rapid rate of growth in Ottoman agricultural production. Especially considering the destabilising effects of the Italian (1911) and the two Balkan Wars (1912) it would be unrealistic to suggest such rapid growth in output figures. For the drawbacks of the Unionist statistics see Devlet İstatistik Enstitüsü, *Osmanlı Dönemi Tarım İstatistikleri*, XVII-XIX.

¹⁹ For Ottoman censuses see Karpat, *Ottoman Population*, 7-11; Shaw, “The Nineteenth-Century Ottoman Tax Reforms”, 421-459; Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 10-24. Also for a recent compilation of all Ottoman population estimates see Devlet İstatistik Enstitüsü, *Osmanlı İmparatorluğunun ve Türkiye'nin Nüfusu* [The Population of the Ottoman Empire and Turkey], Prepared by C. Behar, (Devlet İstatistik Enstitüsü Tarihi İstatistikler Dizisi, V.2, Ankara: Devlet İstatistik Enstitüsü

various “market-failures” put local cereal producers under distress and compelled them to switch to the production of more lucrative and less bulky cash crops during the same period. Under the circumstances, we would normally expect a significant contraction in cereal production.

The data presented in Table 1.1 also reveal important clues about the changing composition of cereal production in Selanik. The decline in the production of basic food staples, namely wheat and maize, was relatively moderate, whereas the contraction in the production of barley, oats and rye was significant. Consequently, the share of basic food staples in total cereal production increased from 1890-1907. More specifically, the share of wheat and maize in total cereal output rose from 50.7% in 1890 to 64.3% in 1907. In contrast, the relative share of such non-staple cereals as rye, oats and barley declined proportionately during the same period.

In sum, the official statistics suggest a notable contraction in cereal production in the Selanik region during 1890-1907. The figures also suggest that the decline in the production of non-staple cereals was particularly swift. The contraction in the production of wheat, and to a lesser extent maize, remained relatively limited in the same period. Although these broad observations are in tune with the conjuncture of the regional economy, the rate of decline suggested by the official estimates must be crosschecked by alternative methods of estimation.

1.1.2. Fiscal Data and Trends in Output Growth

Using the Ottoman tithe data to delineate trends in output performance requires much critical assessment of fiscal data. In the following analysis, I will first discuss the nature and characteristics of the available tax data. I will then analyse certain features of the taxation process to clarify the assumptions underlining the method of estimation I employ. Finally, I will discuss the adjustments necessary to make better use of tithe revenues as indicators of trends in output performance.

Matbaası, 1996). For a recent re-assessment of Ottoman census results for the European provinces of the

Sources

The Hamidian authorities published a multitude of provincial budgets from the mid-1880s onwards. It is possible to extract comprehensive tithe data from these provincial budgets. Our current understanding of the ways in which these provincial budgets were prepared is limited. It seems that the preparation of the budgets was a cumbersome process, and involved various steps of assessment and revaluation. At the end of each financial year, the tax commissions and the administrative councils of each sub-province (*kaza*) would jointly prepare a detailed fiscal report on the revenues and expenditures of each local government. The report was then forwarded to the central provincial (*vilayet*) administration. The provincial government would assess all such reports and prepare a final *vilayet* report that was sent to the central revenue departments in Istanbul. The central authorities would gather all the *vilayet* reports and use them to compile the revenue side of the final state budgets for the next fiscal year. The same *vilayet* reports constituted the basis of provincial budgets.²⁰

Ottoman provincial budgets had a political significance as well as a fiscal meaning. It seems that, especially throughout the relatively 'centralist' Hamidian period, the authorities used budgets to impose tighter checks and controls over the provincial administrations.²¹ Therefore, it is reasonable to assume that the provincial authorities probably manipulated budgetary figures to make things look better or worse depending on the political and fiscal circumstances. The figures could be, and possibly were, inflated or deflated in accordance with the fiscal needs of the provincial governments.

This political distortion effect can be inferred from qualitative archival evidence, but it is very difficult to show exactly in which year the distortion had more impact on published tax figures compared to other years. Therefore, I will simply assume that the political distortion effect was even in each year. The anticipation is that the actual distortion effects would cancel each other out and leave long-term trend unaltered.

Empire see Palairt, *The Balkan Economies*, 3-33.

²⁰ For the preparation of central *state* budgets see Y. Cezar, *Osmanlı Maliyesinde Bunalım and Değişim Dönemi (XVIII, yy. dan Tanzimat'a Mali Tarih)*, [Era of Crises and Change in Ottoman Fiscal Policy (Fiscal History From XVIIIth Century to the Tanzimat)] (İstanbul: Alan Yayıncılık, 1986); Güran, *Tanzimat Döneminde Osmanlı Maliyesi*; and, Akarlı, *The Problems of External Pressures*; Akarlı, "Economic Policy".

²¹ Akarlı, *The problems of External Pressures*; and, Akarlı, "Economic Policy".

Furthermore, the effects of political concerns on tax data appear to be more plausible for relatively distant provinces of the Empire and it is reasonable to suggest that such effects would be relatively “insignificant” in the case of the province of Selanik, where the presence and control of the central government was more of a reality. Therefore, I will use budgetary tithe figures to delineate trends in output performance. However, we must first clarify the precise content of the tax base to reach more accurate and consistent estimates.

The Definition of the Tax Base

Following the establishment of the Ottoman Public Debt Administration (PDA) in 1881, the Ottoman government agreed to grant the right to collect and manage certain revenues to the PDA. Amongst these revenues were the tithes accruing from the production of two important cash crops, namely tobacco and silk.²² From 1883 onwards, the PDA was in full control of tobacco and silk tithes and the Ottoman government had practically nothing to do with the collection and management of these revenues. Although the Ottoman budgets continued to include the silk and tobacco tithes, these items were kept under a distinct category separate from the standard tithe (*aşar*). According to a draft budget I have at hand, both the tobacco (*dühan*) and the silk (*harir*) tithes were listed under ‘miscellaneous revenue’ (*hasılat-ı müteferrika*).²³

This accounting practice has important implications for the following analysis. If the tax base covered by the standard tithe incorporates all agricultural products except tobacco and silk, then the tithe as such would mainly relate to cereal production. This is clearly the case for Selanik. According to the 1907 statistics, cereals accounted for about 66.4% and cash crops constituted around 26.5% of the total value of agricultural production in Selanik (See Table 1.2). The combined value of tobacco and silk cocoon production accounted for 24.1% of the same total. These numbers indicate that cereal

²² For details see D. Blaisdell, *European Financial Control in the Ottoman Empire*, (New York: Columbia University Press, 1929); Parvus Efendi, *Türkiye'nin Mali Tutsaklığı* [Turkey's Financial Dependency] (İstanbul: May Yayınları, 1970); R. Suvla, “The Ottoman Debt, 1850-1939,” in C. Issawi (ed.), *The Economic History of the Middle East, 1800-1914, A Book of Readings*, (Chicago and London: The University of Chicago Press, 1966), 94-106; E. Kıray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar*, [Economic Structure and Foreign Debt in the Ottoman Empire] (İstanbul: İletişim Yayınları, 1993); and, Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık*. Also see Chapter 2 for a brief discussion of PDA and its impact on Ottoman agriculture.

²³ *Asır*, 29.B. 1314 (29.12.1896), No: 139: 1-3.

production dominated the tax base. According to the figures in Table 1.2, cereals constituted about 86.7% of the total value of the tax base. The tithe returns would therefore be the best proxy for determining trends in cereal production. This is exactly how I will interpret the tithe data in the following discussion.

Table 1.2.

<i>Composition of Agricultural Production in Selanik, 1907 (kuruşes)</i>		
Products	Total Value	%
Cereals	248,136,697	65.7
Fruits	23,311,580	6.2
Other Cash Crops	8,848,589	2.3
Legiminious Products	5,917,157	1.6
TAX-BASE	286,214,023	75.8
Tabacco	65,877,449	17.4
Silk Caccoons	25,468,918	6.7
TOTAL VALUE OF PRODUCTION	377,560,390	100.0
TAX-BASE AS A % OF THE TOTAL		75.8
CEREALS AS A % OF THE TAX BASE		86.7

Source: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, 1907, a', b, h, z.

The Tithe and the Methods of its Collection

The Ottoman tithe was in theory linked to production; that is to say, it should constitute 10% of the agricultural output. In practice however, the tithe was somewhat disconnected from the production process. The main reason for this disconnection lay in tax collection methods prevailing in the Empire.

During the Hamidian period there were two ways of collecting the taxes. The first was direct collection by salaried officials of the central government, and the second was tax-farming. Despite repeated attempts to introduce direct taxation in all provinces, tax-farming retained its importance and accounted for about 90-95% of the tithes collected until the end of the Hamidian era.²⁴

In principle, tax-farming was a straightforward process. Each year, the local authorities would organise franchise auctions for the collection of the tithes from each

²⁴ See Akarlı, *The Problems of External Pressures*; and, Akarlı, "Economic Policy"; Şener, *Tanzimat Dönemi Osmanlı*, 119-139; Vefik, *Tekâlif Kavaidi*, 262-263. Also see Chapter-4.

village in the province. The authorities would set the minimum auction price for each village, usually based on the actual prices received in the preceding three years and announce their average as the current year's initial auction price. The bidders would then deliver their offers to the local administrative council, which would publicly announce the highest bid and bidder for each village. From that point on, any bidder willing to offer a higher price could step in and take over the franchise agreement within a grace period. The local authorities would wait as long as possible to hear offers and finally would grant the franchise to the highest bidder. The final bidder, who received the right to collect the taxes in a particular village for a period of one year only, would pay the government the agreed-upon sum in cash, usually in five instalments.²⁵

This method created complications in the actual taxation process. The level of government revenues accruing from tax farming would *theoretically* depend on several factors:

The tithe returns would depend on the number of tax-farming units to be auctioned. More settlements/population meant more auctions, and more auctions, *ceteris paribus*, meant higher revenues for the government. In other words, the tithe-returns had to be a function of rural population and the land under cultivation.

Second, the tithe returns depended on the rate of taxation. The auctioning authorities included a due rise in the legal rate of taxation in the minimum auction prices. It was the tax-farmers' responsibility to increase their collections proportionately.

Third, tithe returns depended on the government's capacity to enforce and effectively supervise the auctions and make them more competitive. This, in turn, depended on, above all, the government's administrative capacity. Better communication and transportation facilities, accountability of local governments, and multi-layered bureaucratic controls over the auctions would help secure fair auctioning and tax-farm returns.

Market conditions and the economic conjuncture had an important role to play in determining the government's capacity to tax. Tax-farmers had to convert the tithe

²⁵ For the details of the practice of tax-farming see Vefik, *Tekâlif Kavaidi*, 290-299.

collected in-kind into cash by selling it in the available markets at current prices. Thus, in years of price depression, it was very difficult for the authorities to attract bidders to auctions and to maintain, let alone, to increase the tax-revenue.²⁶ Furthermore, the existing tax-farming regulations favoured risk-averse tax-farmers, and gave them the time to assess the potential profitability of the franchise agreement. Often, tax-farming auctions were held between mid-June and early August.²⁷ By that time in the year, potential bidders were in a position to make good guesses about the quantity as well as the quality of the summer crops.²⁸ Simultaneously, potential tax-farmers could get a good sense of the trend of the going market prices and of the profitability of a tax-farm in a given region or even village. Adverse price trends and severe harvest failures would often drive risk-averse smaller players out of auctions. As the time to prepare the fields for winter crops approached, the government officials would be desperate to find a tax-farmer to collect the tithes. Under the circumstances, a few big, and often influential, tax-farmers could easily step in and purchase the tax-farms at exorbitantly low rates, hence, obliging the government to settle for low tax returns.²⁹

Finally, the government's taxation capacity would depend on the 'marketability' of the produce. Reductions in transaction costs, because of, for instance, the construction of new railway lines or lower railway tariffs, would increase the profit margin of tax-farmers and hence render tax-farming a more attractive investment option. Under such circumstances, we would expect the auctions to be more competitive, adding to the taxation capacity of the provincial governments.

These *theoretical* dynamics of tax farming suggest that there were many factors that could de-link the tax returns from actual output levels. To reiterate again, these factors of de-linkage included the rate of taxation, the government's taxation capacity, the economic conjuncture and market conditions. If we could successfully account for all the main factors of de-linkage, the tithe data would come quite close to the proxy output index. This index, however, would enable us to detect changes in productive capacity, rather than the actual output levels. In other words, any 'real' growth in tithe revenues, or for that matter the tax base, would only be indicative of extensive growth

²⁶ Akarlı, *The Problems of External Pressures*, and Akarlı, "Economic Policy".

²⁷ *Asir*, 2.R.1321, (29.6.1903), No. 795: 2.

²⁸ *Asir*, 3.Ra.1320, (7.7.1902), No. 695: 2.

²⁹ Akarlı, *The Problems of External Pressures*, and Akarlı, "Economic Policy". Also see Chapter 4 for the extortion of tax-farmers in the Selanik region.

and would reveal little about the intensive pattern, i.e. the productivity gains. This shortcoming does not detract us from the usefulness of the tithe data from our vantage point. As we shall see in the following chapters, under-investment in agriculture was an important factor, which kept cereal production from recovery during the period under consideration.³⁰ Hence, it would not be entirely reasonable to assume, *ceteris paribus*, that land and labour would be the main determinants of output performance in cereal production.³¹ Consequently, we can still use the tithe data as a rough proxy to see trends in output performance in conjunction with the available population data. The problem is to account for the de-linkages and use the residual as a proxy to detect trends in output performance.

The Trends

Despite all the complications involved in its compilation, it is possible to use the tithe data to delineate trends in output performance. The anticipation here is that, if we account for the impact of price changes on the government's capacity to tax and on the changes in the rate of taxation, then it will be possible to use the residual tithe data to delineate trends in output performance.

A typical provincial budget contained detailed information on the tithe (*aşar*). Usually, the revenue side of the budget cited two important tithe values. The first would be the levied tax revenues (*tahakkukat*), or simply the tax base. It is not clear how the authorities established the tax base, but it seems that they relied mainly on the existing tax and population registers in combination with the revenues generated over the last few years, usually the preceding three years, to determine the tax base.³² The second value cited in the budget was the actual collections of the current financial year

³⁰ See F. Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış* [An Overview of Turkish Agricultural History] (İstanbul: Devlet Basımevi, 1938); Quataert, *Ottoman Reform*, and, D. Quataert, "The Age of Reforms, 1812-1914", in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 759-946; Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; T. Güran, *19. Yüzyıl Osmanlı Tarımı Üzerine Araştırmalar* [Research on Nineteenth Century Ottoman Agriculture], (İstanbul: Eren Yaymcılık, 1998); A. O. Akarlı, "Growth and Retardation in Ottoman Macedonia, 1880-1910," in Pamuk and Williamson (eds.), *The Mediterranean Response to Globalisation before 1950*, (London: Routledge, 2000), 109-133.

³¹ See Chapters 3 and 4.

³² Akarlı, *The Problems of External Pressures*; Quataert, *Ottoman Reform*.

(*tahsilat*). The difference between the levied value and the actual annual collections would be the tax in arrears.

Here, I will mainly use the levied tax revenues (*tahakkukat*), or rather the tax base, to measure performance in cereal production. The reason for this choice is that, the levied revenues would ideally be relatively more resilient to short term price and harvest affects and be a better proxy for estimating *trends* in output performance. Besides, given the fact that the authorities used the tax and the population registers as well as previous tax returns to estimate the tax base, the *tahakkukat* values better reflected output potential of the provinces. Actually, the tax base was, in principle, very close to a lagging three year moving average. That is, the authorities took mainly the average of the preceding three years' *actual* tax revenues in order to estimate the tax base for any given budgetary year. For example, the *tahakkukat* value cited in the 1888 budget, was based on the average revenues of 1885-1887, which indicated the level of "production" in 1886. Thus, output levels would lag two years behind the *tahakkukat* values.

Table 1.3.

Growth of the Real Tax Base, 1886-1903 (1887=100)					
Year	I Revenue (Lagged) (Kuruş es)	II Revenue (1887=100)	III Tax Deflator (1907=100)	IV Tax Deflator (Ref. Year 1887)	V Real Tax Base (II/IV)
1886	21,917,681	87.0	87.1	98.1	88.7
1887	25,186,456	100.0	88.8	100.0	100.0
1888	19,592,817	77.8	84.3	94.9	81.9
1889	21,561,813	85.6	84.7	95.4	89.8
1890	27,926,619	110.9	89.9	101.2	109.5
1891	24,773,471	98.4	99.5	112.0	87.8
1892	19,584,497	77.8	93.2	105.0	74.1
1893	21,176,812	84.1	78.7	88.6	94.9
1894	20,438,247	81.1	65.6	73.9	109.8
1895	20,187,636	80.2	64.7	72.9	110.0
1896	19,312,164	76.7	67.1	75.6	101.5
1897	21,810,000	86.6	77.1	86.8	99.7
1898	27,027,000	107.3	78.4	88.3	121.5
1899	22,098,869	87.7	79.0	89.0	98.6
1900	19,590,693	77.8	70.9	79.8	97.4
1901	23,851,969	94.7	72.2	81.3	116.5
1902	23,507,821	93.3	73.0	82.2	113.5
1903	22,439,400	89.1	75.7	85.2	104.5

Source: See Appendix 1 for the tax and price data used in computations.

Based on the available provincial budgets and the tax data gathered from the Ottoman archives, I have constructed a series of estimated tithe returns in Selanik for the period of 1888-1905. The data were extracted mainly from the central state budgets, provincial yearbooks and archival sources. The data is quite comprehensive and allow for a structured analysis of long-term trends. I then lagged all the budgetary values by two years to reach comprehensive revenue series, which would roughly represent the production trends for 1886-1903. The data is presented in the first column of Table 1.3.

Table 1.4.

<i>Composition of Cereal Production in Selanik, 1907 (kuruşes)</i>		
Crop	Value	%
Wheat	73,451,664	28.7
Barley	41,092,464	16.1
Oats	9,207,300	3.6
Rye	27,084,540	10.6
Maize	76,121,961	29.8
SUB-TOTAL	226,957,92	88.8
Spelt	638,580	0.2
Corn	3,710,288	1.5
Common Vetch	1,938,171	0.8
Rice	22,278,050	8.7
TOTAL	255,523,01	100

Source: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, z; 11-33.

The second step was to construct a price series to deflate the tax base. For this purpose, I used mainly the price series compiled by Gounaris.³³ I completed the missing observations in his price data by relying on a wide range of sources, including the provincial newspaper *Asır*, the *Journal of the Istanbul Chamber of Commerce*, and the *Bulletin Mensuel de la Chambre de Commerce Française de Constantinople*. I then constructed a standard three-year moving average Laspeyres cereal price index. I included five cereals, wheat, barley, oats, maize and rye, in the commodity basket. The commodity basket was comprehensive enough to represent changes taking place in regional cereal prices, for these cereals constituted 88.8% of the total value of regional cereal production in 1907 (see Table 1.4). I then used the 1907 statistics to determine

³³ Gounaris, *Steam over Macedonia*, 96-97.

the weights associated with each crop that was included in the commodity basket.³⁴ The ensuing computations comprise the data presented in the third column of Table 1.3. I then adjusted the index to set the reference year at 1886 in order to secure consistency with the tax data. Deflating the tithe-base series with this adjusted price index, I finally reached an indicative index of the 'real tax base' for 1886-1903. The resultant index is presented in the last column of Table 1.3.

According to the figures in Table 1.3, the real tax base kept growing until 1903. The only exception to the sustained growth of the tithe-base was the exogenous shock of the 1891-1892 Russian famine, which led to a swift rise in cereal prices in Selanik.³⁵ Otherwise, the upward trend continued uninterrupted.

As it stands, the "real" tax base does not represent the actual trends in output performance, because it does not account for the government's changing taxation capacity and it does not reflect the changes in the rate of taxation. Therefore, the index must be adjusted further to better represent probable trends in cereal production. In this regard, measuring the provincial government's changing taxation capacity offers the greatest difficulty. I will discuss the taxation practices in Selanik in Chapter 4. Here, it suffices to mention that the evidence at hand suggests that the terms of tax farming turned in favour of the provincial government, especially after the mid-1890s. First, the provincial government's administrative capacity and its monitoring and enforcement powers seem to have improved. Secondly, the partial recovery in cereal prices, the construction of the Manastir and Istanbul railway lines and the gradual reductions in railway tariffs seem to have increased the attraction of tax farming in the region. I have the impression that the tax farming auctions became somewhat more competitive and better enforced in the latter half of the period covered.

There is one possible way of measuring the government's changing capacity to tax. Ideally, the ratio of actual revenues to the tax base would give us a sense of the changes in government's actual capacity to tax; the higher the ratio the better the enforcement would have been and vice versa. Of course, we would never know if the changes in the ratio are related to improved taxation or better and more realistic

³⁴ I mainly used the data in Table 1.5. to calculate the weights. The total value of all products was 226,957,929 *kuruşes*. In that, wheat accounted for 32.4%, barley 18.1%, oats 4%, Rye 11.9% and maize 33.5%.

³⁵ See Chapter-2 for the impact of the Russian famine on local cereal prices.

estimation and planning on behalf of the local authorities. However, the archival evidence, as I have briefly mentioned above, suggests that a convergence between actual values and the tax base would be associated more with increasing ‘taxability’ than realistic and accurate planning. Therefore, I assume that the ratio would be a rough proxy deflator of the “taxation effect”.

Table-1.5.

<i>Estimated Output Trends in Cereal Production in Selanik, 1886-1903 (1887=100)</i>				
Year	I	II	III	IV
	Real Tax-Base	Taxation Deflator	Real Tax-Base (Net of Taxation Effect) (I/II)	Output Trends (Net of Tax-Rate Effect)
1886	88.7	n.a.	n.a.	n.a.
1887	100.0	100.0	100.0	100.0
1888	81.9	95.1	86.1	86.1
1889	89.8	91.0	98.7	98.7
1890	109.5	100.4	109.0	109.0
1891	87.8	103.8	84.6	84.6
1892	74.1	86.1	86.0	86.0
1893	94.9	100.3	94.6	94.6
1894	109.8	91.7	119.7	95.8
1895	110.0	89.6	122.7	98.2
1896	101.5	110.4	92.0	73.6
1897	99.7	103.4	96.5	77.2
1898	121.5	99.2	122.5	98.0
1899	98.6	100.0	98.6	78.9
1900	97.4	99.4	97.9	72.7
1901	116.5	102.5	113.6	84.4
1902	113.5	100.1	113.3	84.2
1903	104.5	101.3	103.2	76.6

Source: Real Tax base is taken from Table 1.3, Column V. Taxation Deflator is based on the tithe figures compiled by S. J. Shaw, “The Nineteenth-Century Ottoman Tax Reforms and Revenue Systems”, *International Journal of Middle East Studies*, V. 6, (1975): 421-459.

Data on the actual tithe revenues (*tahsilat*) for the province of Selanik are missing for the post-1896 period. It was not therefore possible to construct a comprehensive deflator of the “taxation effect” for the entire period under consideration. In the lack of comprehensive evidence, I consulted Shaw’s tithe data, which included both the *tahsilat* and *tahakkukat* values cited in the budgets of the central government for the period 1887-1911.³⁶ I mainly used these *tahsilat* and *tahakkukat* values as proxy indicators to calculate the “taxation deflator”. This index is presented in column two of Table 1.6. The data suggests a steady increase in the overall taxation capacity of the central government. This observation is in line with our

³⁶ S J. Shaw, “The Nineteenth-Century Ottoman Tax Reforms,” 452-453.

expectations, as it reflects the positive impact of increasing administrative powers and the construction of railways on taxation, as indicated above.

I deflated the “Real Tax base” with this “Taxation-Deflator” to reach an index of the “Real Tax base, Net of Taxation Effect”. The index is presented in the third column of Table 1.5. As a proxy variable, the “Real Tax base, Net of Taxation Effect” is a bit closer to an ‘ideal’ measure of the trends in output performance, but still we have not accounted for the changes in the *rate* of taxation. There were two increases in the rate of taxation during our period, one in 1894 and another in 1900 by 20.0% and 0.6%, respectively.³⁷ This means that we must bring down the 1894-1899 figures by 20% and the 1900-1903 figures by about 20.7% in total in order to obtain relatively consistent series. These corrected final values are given in the last column of Table 1.5.

The long-term trend suggested by the final output index confirms our expectations of steady and swift decline from the late 1880s onwards. The estimated output index suggests a 24.3% decline in cereal production during 1887-1903. A simple regression analysis maintains that the output index would have declined further along the projected trend line and reached 73.1 in 1907. If so, we can suggest that the decline in cereal production could have been around 27.0% during the period under consideration.

Table 1.6.

<i>Trends in Cereal Production, Summary Results, c.1890 - c.1905</i>			
<i>Output Estimates (tons)</i>			
	Official Estimates	Fiscal Estimates	Average
c.1890	490,589	411,136	450,863
c.1907	300,129	300,129	300,129
<i>% Change</i>			
c.1890-c.1905	-38.8	-27.0	33.4

Source: See Text. 1907 output figures were taken from Table 1.1.

The rates of decline suggested by the official figures, i.e. 38.8%, and by the ‘fiscal’ estimates, i.e. 27.0%, diverge from each other. Therefore, we need to consider both estimates jointly to reach a more accurate overall summary estimate. The two

estimates are brought together in Table 1.6. The first column of the table simply reiterates the official estimates presented in Table 1.1. The second column contains estimated output figures based on the trends suggested by fiscal data. More specifically, I took the levels of production c.1907 as benchmark and extrapolated the growth figure, that is 27%, backwards to reach an indicative output estimate for c.1890. Then I took the average of both estimates to reach the last column of Table 1.6. The summary figures suggest a notable contraction, by as much as a third, in cereal production during the 1890s and the early 1900s. Considering the trends suggested by the fiscal estimates, we could argue that the bulk of this contraction probably took place during the late 1890s and the early 1900s.

1.2. Cash Crop Production

1.2.1. Tobacco and Silk Cocoon Production

Available output statistics on tobacco and silk production are relatively reliable. The PDA's close supervision and control of the production, marketing and taxation of these leading cash crops should enhance the accuracy of the official statistics.³⁸ Besides, the production of the two crops concentrated in a number of leading districts, which renders the estimation of output levels easier in comparison to cereals that were almost universally cultivated throughout the region. Therefore, I will be using the official statistics on tobacco and silk cocoon production liberally to determine trends in output performance.

I will also use the available foreign trade statistics to outline trends in the production of tobacco and silk cocoons. However, there are certain risks associated with the use of foreign trade statistics. First, this crude method cannot account for the changes in the level of domestic consumption and cannot therefore fully represent trends in output. Secondly, foreign trade statistics used here contain exports originating not only from the province of Selanik, but also from the neighbouring Macedonian provinces of Kosova and Manastir. Therefore, the export figures reflect only partially the trends in Selanik's production. Yet, the exercise is helpful to crosscheck the

³⁷ Akarlı, *The Problems of External Pressures*, 164.

reliability of the trends suggested by the official figures. The export orientation of these products, especially of tobacco, was relatively high. Besides, the province of Selanik was by far the leading centre for tobacco and silk production in broader Macedonia. According to the 1907 statistics, Selanik accounted for 71.6% of tobacco production and 92.7% of silk cocoon production in broader Macedonia.³⁹ Therefore, we can reasonably assume that the export figures can be used as *supplementary* evidence to ensure the reliability of the production trends suggested by the official statistics.

Based on the available data, I compiled production and export figures pertaining to tobacco and silk cocoon production for a number of selected benchmark years between 1886 and 1912, for which data was available. The data was extracted from a number of sources, which included British and French consular reports, the respective journals of the British and French chambers of commerce in Istanbul, the journal of the chamber of commerce of Istanbul, the local newspaper *Asır*, and the 1907 statistics published by the Ottoman government.

Table 1.7.

<i>Production and Exports of Tobacco and Silk Cocoons in Selanik, 1886-1912 (tons)</i>					
Year	Tobacco		Year	Silk Cocoons	
	Q	X		Q	X
1886	3,378	5,139	1886	n.a.	300
1890	4,376	5,031	1890	1,300	371
1897	7,500	8,556	1897	1,600	246
1907	11,570	9,479	1907	1,643	411
1912	19,700	18,889	1911	n.a.	461

Source: Production Figures: **1886:** *D.T.O.G.*, 15.N.1305 (26.5.1888), N. 178: 255-257; **1890:** S.V.S. 1307, 1890, 58; **1897:** *D.T.O.G.*, 1.Ra.1315 (31.7.1897), N. 656: 249-250; *R.C.L.*, 1899, N. 142-147: 1133; *R.C.L.*, 1901, N. 166-171: 126; **1907:** Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, b-z; **1912:** Palairret, *Balkan Economies*, 343. **Export Figures:** Gounaris, *Steam over Macedonia*, 94-95, 116-117.

Abbreviations: Q: Output; X: Exports.

Note: Export figures represent total exports from the port of Salonica and incorporate produce coming from neighbouring Macedonian provinces. Also see text.

The secular growth trend is quite notable for tobacco production. The production of the crop seems to have grown rapidly in the region between 1886-1912. In 1886,

³⁸ See Chapter 2 for PDA's tight control over tobacco production. Also see Quataert, *Ottoman Reform*; Parvus, *Türkiye'nin Mali Tarihi*; Blaisdell, *European Financial Control*; E. G. Mears, (ed.) *Modern Turkey*, (New York, 1924).

³⁹ Orman ve Maden ve Ziraat İstatistik İdaresi, *1323 Ziraat İstatistiği*, p-z.

tobacco production was around 3,378 tons. By 1907, regional tobacco production yielded 11,570 tons and reached an all time high of 19,700 tons in 1912. Tobacco exports also grew over twofold between during 1886-1907 and grew rapidly afterwards to reach an all time high of 18,889 tons on the eve of the Balkan wars.

During the same period, the production and exports of silk cocoons seem to have also grown, albeit at a relatively modest rate. Output appears to have grown from 1,300 tons in 1890 to 1,643 tons in 1907. Exports also grew from 300 tons in 1886 to 461 tons in 1912, albeit with considerable fluctuation. After a period of some moderate growth during 1886-1890, the export performance of the region remained sluggish throughout the 1890s and made some recovery after the turn of the century. By 1912, silk cocoon exports reached a high of 461 tons.

Overall, the production of both crops appears to have grown steadily during the period under consideration. The growth of tobacco production in particular is striking and in comparison the expansion of silk production appears to have been relatively limited.

1.2.2. Opium and Cotton Production

Empirical Problems and Alternative Methods of Estimation

The output statistics on opium and cotton production are less reliable than those on tobacco and silk cocoons. Similar to the official output estimates pertaining to cereal production, these statistics were probably based on fiscal data and are not entirely dependable for the reasons discussed above. Therefore, I will be introducing a more roundabout method of estimation to help confirm the reliability of the trends suggested by available output figures. The following formula summarises the method of estimation I have adopted:

$$\text{Total Output} = (\text{Domestic Consumption}) + (\text{Exports} - \text{Imports})$$

There are certain empirical difficulties in using this formula to determine the levels of opium and cotton production in the region. First, it is not easy to estimate

domestic consumption of cotton because cotton was largely consumed within the region and the share of exports in total production remained relatively limited. In the following sub-section, I will try to estimate levels of domestic cotton consumption for selected benchmark years.

Second, the estimation of the foreign trade balance entails certain technical difficulties. The available export figures again comprise total shipments from the port of Salonica and therefore incorporate the exports originating from the entire Macedonian hinterland. This empirical drawback, however, does not appear to be entirely prohibitive for estimating the levels of cotton production. According to the 1907 statistics, Selanik accounted for 95.7% of all Macedonian cotton production.⁴⁰ Therefore, we can confidently assume that the bulk of exported cotton came from Selanik during the period under consideration. The problem is slightly more complex for opium. The province of Kosova was the leading centre of poppy cultivation in broader Macedonia and the best quality opium for export came from the district of İstip in southern Kosova. The 1907 statistics suggest that about 52.6% of Macedonian opium production took place in Kosova, while Selanik accounted for about 46.8% of the total.⁴¹ Since the available export figures can only be representative of production trends in broader Macedonia, using the Macedonian output figures as a proxy to determine production trends in Selanik appears to be a reasonable approach. Surely, this approach is not entirely satisfactory, for it does not allow for a robust analysis of the changes taking place in the *level* of opium production in the Selanik region. Yet, the compactness of opium produce, the relative insignificance of transportation costs associated with the marketing of opium, and the greater degree of integration in broader Macedonian opium markets allow us, albeit cautiously, to infer trends in regional opium production from those pertaining to broader Macedonia.

Cotton Production

Estimating levels of cotton production based on the consumptionist approach entails difficulties of a more specific nature. The 'external' balance can easily be

⁴⁰ Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, p-z.

⁴¹ Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, p-z.

calculated, because the trade figures are available and we know that the bulk of exports originated from the cotton producing districts of Selanik. As I have noted above, the main difficulty lies with the estimation of the levels of local consumption. Local cotton consumption had two components in the region, namely home/household and factory consumption. We know that rural household production of hand-spun yarn survived well into the late nineteenth and early twentieth centuries, despite the strong competition of European and local factories.⁴² However, it is very difficult to guess exactly how much cotton was produced and consumed for domestic purposes. A contemporary report on cotton production in Selanik prepared by the chief agricultural inspector, Vitalis Efendi, sheds some light on the issue. Vitalis estimated that about 2,700 tons of cotton was consumed within the *vilayet* of Selanik in 1903. Of that sum, 130 tons, or about 5%, were used for household consumption.⁴³

Vitalis' estimate of household consumption was probably impressionistic. Besides, his estimates pertain to 1903 and reveal nothing about the share of household consumption for earlier years. My impression is that, relative "de-industrialisation" and the retreat of cotton spinning deep into the countryside took place earlier, in the 1850s and 1860s, owing much to the rapid penetration of cheap European yarns into domestic markets. Hand spinning was gradually pushed backed into the confines of rural self-sufficiency and had become a Chayanovian endeavour in the countryside by the 1870s.⁴⁴ The situation probably did not change much during the 1880s and the 1890s. As suggested by Vitalis' report, women continued to support the household economy by spinning and weaving as they did in the past. I assume that the share of cotton consumption for household purposes remained relatively unimportant and more or less retained its relatively small share in total consumption. Rather than using Vitalis' impressionistic estimates, I chose to remove household consumption altogether from the computations.

⁴² 1307 S.V.S, 1890, 228.

⁴³ *Asır*, 23 N. 1322 (1.12.1904), No. 935:2.

⁴⁴ See D. Quataert, "The Ottoman Handicrafts and Industry in the Age of European Industrial Hegemony, 1800-1914," *Review*, 11, (1988): 160-178; D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993); S. D. Petmezas, "Patterns of Protoindustrialization in the Ottoman Empire. The Case of Eastern Thessaly, c. 1750-1860," *Journal of European Economic History*, 19, N. 3, (1990): 575-604; Ş. Pamuk, "Osmanlı Zanaatlerinin Yıkılması," [The Decline of Ottoman Manufactures], *Toplum ve Bilim*, 23, (1983): 75-99.

The 'factory' component of 'domestic consumption' is somewhat easier to estimate. Contemporary observers showed great interest in the proliferation of spinning mills throughout the region. These observers frequently cited estimates of cotton yarn manufactured in local mills. Recently, Palairet compiled the available figures and produced a comprehensive output series pertaining to mechanised cotton yarn production in Selanik.⁴⁵ I relied mostly on Palairet's yarn output estimates as a proxy for factory consumption of cotton. The main difficulty was to determine how much cotton input was needed on average to produce a certain quantity of cotton yarn of lower counts. As a rough estimate, I used the input/output figures given by the British consular assistant in Salonica, Mr. Du Vallon. Du Vallon argued that "[one of] the spinning [mills] in Salonica produced about 160,000 bales of 10 lbs. [of cotton yarn], for which 2,000,000 lbs. of cotton were necessary".⁴⁶ Accordingly, I simply multiplied the yarn output figures of Palairet by a coefficient of 1.25 to reach a rough estimate of factory consumption of raw cotton, which, in this case, also represents the total domestic consumption of cotton. I then estimated the levels of cotton production for selected benchmark years by adding the foreign trade balance to the consumption figures. The estimates are presented in Table 1.8. In the last column of the same table, I also give the available official estimates of cotton production.

Table 1.8.

<i>Estimated Cotton Production in Selanik, 1885-1912 (tons)</i>					
Year	I	II	III	IV	V
	TDC	X	M	Q=(I)+(II-III)	Q (Official)
1885	800	550	-	1,350	n.a.
1890	2,171	578	-	2,749	n.a.
1895	2,500	483	-	2,983	n.a.
1900	n.a.	1,187	-	n.a.	n.a.
1907	3,656	-	1,500	2,156	1,999
1912	2,913	17	900	2,030	1,700

Source: **Official Production Figures: 1907:** Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, 1323 Ziraat İstatistiği, b-z; **1912:** F.O.A.S., 1911, N. 5017: 10. **Import Figures: 1907:** F.O.A.S., 1909, N. 4379: 11; 1912: F.O.A.S., 1911, N. 5017: 10. **Export Figures:** Gounaris, *Steam over Macedonia*, 94-95.

Abbreviations: TDC: Total Domestic Consumption; X: Exports; M: Imports; Q: Output.

Note: Export figures represent total exports from the port of Salonica and incorporate produce coming from neighbouring Macedonian provinces. Also see text.

⁴⁵ Palairet, *The Balkan Economies*, 351.

The broad trend in regional cotton production seems to have been rapid expansion during the 1880s, followed by a period of relative slowdown during the early 1890s and a swift decline, perhaps by as much as 28%, in the late 1890s and the early 1900s. The contraction in regional cotton production seems to have slowed down during the late 1900s and the early 1910s. Yet, the sector failed to recovery, as indicated by the estimated level of regional cotton production on the eve of the Balkan wars, which remained below that of 1895 by as much as a third.

Opium Production

Table 1.9 presents the available output and export figures pertaining to Macedonian opium production for selected benchmark years. The output data was based on official figures extracted mainly from British consular reports, as well as on the official statistics published by the Ottoman government in 1890 and 1907. The export figures were extracted from Gounaris.⁴⁷

Table 1.9.

<i>Opium Production in and Exports from Macedonian Provinces, 1880-1912 (tons)</i>		
Year	Q	X
1880	61.7	n.a.
1890	92.8	85
1902	201.1	200
1907	77	75
1912	103.1	132

Source: Production Figures: 1880: P.P.A.P., 1883, Commercial Reports, N. 6: 97; 1890: S.V.S. 1307, 1890, 58; 1902: R.C.L., 1903, N. 190-195: 214; 1907: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, 1323 Ziraat İstatistiği, b-z; 1912: F.O.A.S., 1912, N. 5234: 8. Export Figures: Gounaris, Steam over Macedonia, 94-95.

Abbreviations: Q: Output; X: Exports.

Both estimates suggest steady growth in output during the 1880s, followed by a period of rapid growth during the 1890s and early 1900s. This expansionary period was followed by a brief interval of retardation and a partial recovery in the mid-late 1900s,

⁴⁶ *F.O.A.S., N. 3250, (1904: 5); PRO, F.O. 78/3343, 1881, General Report on the Province or the Sancak of Serres by Vice-Consul to Serres, Mr. Langdon.*

⁴⁷ *Gounaris, Steam over Macedonia.*

respectively. Yet, the recovery was only partial and still lagging behind the peak level reached in 1902 by the end of the period under consideration.

These figures represent the trends in opium production for Macedonia in general and not those in Selanik as such. However, due to the above mentioned peculiarities in opium production it is reasonable to assume that the broad direction of the regional and Macedonian opium production ran parallel. Therefore, I conclude that opium production expanded rapidly throughout the region during the 1880s and the 1890s and subsequently went into a period of relative retardation during the early 1900s.

1.3. Animal Husbandry

Two primary sources can be used to gauge the performance of the sector during the late nineteenth and the early twentieth centuries. The first, and indeed the primary, source is the official statistics on animal husbandry published by the Ottoman government. These statistics are readily available in various provincial almanacs (*salnames*) and the official 1907 agricultural statistics. Also fiscal data can be used quite productively to cross check and confirm the trends suggested by the official output estimates. The fiscal data pertaining to animal taxes, mainly the sheep tax (*ağnam vergisi*) and the pig tax (*canavar vergisi*), can be extracted from the annual budgets of the provincial government. In what follows, I will first discuss the nature of my sources and point to their relative weaknesses and strengths. Having made the necessary technical reservations, I will use both data sets, particularly the official output statistics, to delineate broad trends in sectoral performance during the period under consideration.

The most important piece of evidence contained in the official statistics is the number of farm animals that existed within the boundaries of the province. It is not exactly clear how the authorities estimated this number. Most likely, they used a combination of local tax-registers and the records of local councils and the chambers of commerce and agriculture. The data published in the *salnames* appear to have been based on these sources. The numbers cited in the 1907 agricultural statistics probably were based on a combination of local tax registers, the reports of the appointed survey committees, and the records of the local chambers of commerce and agriculture. All of these estimates contain an indeterminate margin of error. The difficulty of keeping full

account of the constantly changing number of farm animals in a large province with a total surface area of 36,000 square kilometres must have undermined the accuracy of the official estimates.

Despite their shortcomings, the data at hand can still be used to establish broad trends in sectoral performance. The fiscal origins of the available statistics do not appear to be as problematic as they are in the cases of cereals and some of the cash crops. Animal taxes were collected directly by the salaried officials of the government. These tax collectors cooperated with local village headmen, the estate owners, and members of the local councils, and other prominent individuals to set the number of animals that would be subject to taxation in each village or estate. The parties then determined jointly the average annual revenue to be generated from the keeping of these farm animals. The expected revenue thus determined simply set the tax base. The village commune, or the estate owner, was then obliged to pay, in cash, a certain percentage of the tax base as sheep, pig and farm animal tax to the appointed tax collectors.⁴⁸

Available historical sources maintain that the authorities managed to collect the due animal taxes on time. The participation of local agents in the collection of these taxes, the simplicity of the method of taxation, and the clarity with which the specific fiscal obligations of the village commune were set were important factors that contributed to the prompt collection of animal taxes, without leaving much in arrears. According to the available budgetary figures, the government officers managed to collect over 95% of the expected animal tax revenues.⁴⁹ This situation indicates that the official estimates of the number of animals kept within the boundaries of each province, and hence, the official figures published in the *salnames* were relatively accurate, particularly for the pre-1900 period. Besides, the reports of local chambers of commerce and agriculture probably increased the accuracy of the 'fiscal' estimates included in the provincial *salnames*. In the following analysis, I will be using the statistics published in the *salnames* for the years 1876 and 1890s. Data published in the *salnames* of other years were largely incomplete and partial, and the data pertaining to these two years constitute, by far, the best series available for the province.

⁴⁸ S. J. Shaw "The Nineteenth-Century Ottoman Tax Reforms".

⁴⁹ For late 1890s, see *Devleti Aliyeyi Osmaniye'nin Varidat ve Masarifati Umumiyesinin Sal Muhasebesidir*, 1312, Dersaadet, 1895.

Table 1.10.

<i>The Animal Taxes Levied in the Province of Selanik, 1888-1908 (kuruşes)</i>				
Year	Sheep Tax (Ağnam)	Pig Tax (Canavar)	Total	Total (1888=100)
1888	16,355,930	269,460	16,625,390	100.0
1889	16,936,271	285,580	17,221,851	103.6
1890	16,435,004	319,180	16,754,184	100.8
1891	15,446,855	298,570	15,745,425	94.7
1892	15,925,245	384,505	16,309,750	98.1
1893	16,403,875	391,555	16,795,430	101.0
1894	15,679,150	476,205	16,155,355	97.2
1895	16,922,780	479,080	17,401,860	104.7
1896	17,899,302	435,555	18,334,857	110.3
1897	n.a.	n.a.	n.a.	n.a.
1898	n.a.	n.a.	n.a.	n.a.
1899	17,279,621	236,531	17,516,152	105.4
1900	17,864,868	240,025	18,104,893	108.9
1901	14,763,723	181,528	14,945,251	89.9
1902	15,638,506	296,660	15,935,166	95.8
1903	14,570,647	1,710,153	16,280,800	97.9
1904	14,483,390	729,801	15,213,191	91.5
1905	11,047,300	534,100	11,581,400	69.7
1906	n.a.	n.a.	n.a.	n.a.
1907	n.a.	n.a.	n.a.	n.a.
1908	12,394,161	194,180	12,588,341	75.7

Source: Devleti Aliyeyi Osmaniyenin Varidat ve Masarifatu Umumiyesinin Sal Muhasebesidir, 1305-1312, Dersaadet, 1888-1895; 1299-1324 S.V.S., 1882-1905.

Apparently, the data contained in the *salnames* are not equally reliable for the post-1900 period. My research in the Ottoman archives suggests that the local authorities encountered some difficulty in the collection of animal taxes after the turn of the century. Mounting political instability in the countryside and the intensification of the militant activities of the bands operating in the region, particularly in highland districts where animal husbandry was prominent, posed a serious threat for appointed tax collectors. Apprehensive of life-threatening attacks by bandits and the constant danger of being kidnapped by them, the appointed tax collectors often demanded protection from the local gendarmerie garrisons. In most instances, the local authorities failed to appoint guards to accompany the tax collectors, mainly because of the lack of funds to meet the extra costs of such protection. Under the circumstances, many officers refused to collect the tax dues in distant mountainous districts.⁵⁰ Consequently, the animal tax revenues accruing to the provincial government contracted notably in the post-1900 period. The figures presented in Table 1.10 suggest a 30% contraction in the

⁵⁰ For complaints see BA, *TFR.I.SL*, 9/851, 25.M.1321 (23.4.1903); BA, *TFR.I.SL.*, 60/5995, 8.L.1322 (15.12.1904); BA, *TFR.I.SL.*, 115/11406, 4.C.1324 (26.7.1906)



animal taxes accruing to the provincial government during 1900-1908. Clearly, adverse political conditions underlined this notable contraction in government revenue. More importantly, these adverse circumstances, especially growing tax evasion, probably claimed much from the accuracy of the 'fiscal' estimates published in the *salnames*.

The 1907 statistics, as I have noted, were less fiscal in origin and were based on the detailed information provided by the specialist statistical survey committees, as well as by the local chambers of commerce and agriculture. Hence, the official agricultural statistics can be used with little reservation to determine the number of farm animals in the post-1900 period.

Table 1.11.

<i>Growth of the Number of Farm Animals in Selanik, 1890-1907</i>			
Animals	1890	1907	Growth Rate (%)
Cows, Buffaloes and Beasts	199,846	419,513	109.9
Sheep	1,180,369	1,608,328	36.3
Goats	666,893	1,135,215	70.2
Horses	29,324	54,943	87.4
Donkeys and Mules	48,372	95,687	97.8
Pigs	72,445	45,097	-37.8

Source: 1293 S.V.S., 1876, 76; 1307 S.V.S., 1890, 69-74; Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, 1323 *Ziraat İstatistiği*, 176-179.

The data presented in Table 1.11 suggest considerable growth in the number of farm animals during the period under consideration. The rise in the number of the most important farm animals such as cows, buffaloes, beasts of burden, sheep, donkeys and mules is quite striking. In this period, we observe a 109.9% increase in the number of cows, buffaloes and beasts, 70.2% in goats, 97.8% in donkeys and mules, 87.4% in horses and 36.3% in sheep. Only the number of pigs seems to have declined during this period. Looking at the fiscal data in Table 1.10, we can suggest, albeit cautiously, that this growth in animal numbers was relatively moderate during the 1890s. Animal tax revenues increased by about 8.0% during 1890-1900. Therefore, it is very likely that the bulk of growth took place in the post-1900 period. At any rate, we can confidently presume that animal husbandry assumed increasing importance in the regional economy during the period under consideration, with probable trend acceleration after c.1890.

2. Overall Trends in Agricultural Production

Our analysis so far has concentrated on the performance of the primary sub-sectors of the agrarian economy. The discussion yielded a highly complex picture of the agricultural sector in the Selanik region during the period under consideration. Cereal production was seriously retarded and contracted by as much as a third, in contrast to the growing dynamic sub-sectors, namely tobacco, silk, opium and cotton production. The expansion of tobacco production in particular was quite spectacular and grew by over 400.0% during 1886-1912. Overall, therefore, we observe the emergence of a “dual” agriculture structure in the region, whereby dynamic and retarded sub-sectors coexisted in apparent contrast.

In this section, we turn our attention to the broader picture and discuss overall production trends in the agricultural sector. Again, I use a number of different sources and employ various methods of estimation to assure reliability and accuracy in the estimates. First, I will use official data pertaining to the area under cultivation and the value of agricultural output in order to measure the changes taking place in the overall level of agricultural production. Secondly, I will use available demographic data to determine the changing importance of the agricultural sector in the broader regional economy during the period under consideration. Once this exercise is complete, then we shall be in a position to discuss the direction, pattern and timing of the shifts taking place in the agrarian sector as well as in the broader regional economy.

2.1. Changing Levels of Agricultural Production

Statistics on the area of agricultural land under cultivation can be extracted from the provincial yearbooks (*salnames*) and the 1907 statistics. In our case, the *salname* pertaining to 1890 and the 1907 statistics contain comprehensive data on the area of land under cultivation for most crops produced in the Selanik region. These crops include primary cereals, leading cash crops, grapes, as well as other less important, if significant, products, such as sesame, rice and leguminous products. Both sets of statistics also contain estimates of the total area of land under cultivation in the region (See Table 1.12).

The aggregate data, namely the total area of land under cultivation, could not constitute a reliable basis for discussing overall trends in agricultural production, due to the apparent categorical inconsistencies that existed between the two data sets. More specifically, it is not exactly clear what the category of 'others' entailed in the 1890 statistics. This drawback claims much from the comparability of the two estimates and undermines the reliability of comparative static analysis. I, therefore, decided to use categorical data in order to secure consistency. I simply added the available figures on cereals, cash crops, rice and leguminous products and vineyards to reach more coherent estimates of the area of land under cultivation for the two benchmark years. These leading products consistently accounted for at least 77.0% of the agricultural land under cultivation, and, therefore, the categorical aggregates could be representative of the broad trends taking place in agricultural production. The ensuing data is presented in the last row of Table 1.12.

Table 1.12.

<i>Area of Land under Crop Cultivation in Selanik, 1890-1917 (dönüms)</i>					
Cultivated Crop	1890	%	1907	%	% Change (1890-1907)
Wheat	614,604	14.5	598,464	22.1	-2.6
Barley	729,965	17.2	511,611	18.9	-29.9
Maize	604,376	14.3	549,994	20.4	-9.0
Oats	239,653	5.7	167,412	6.2	-30.1
Rye	564,650	13.3	262,296	9.7	-53.5
TOTAL CEREALS	2,753,248	65.0	2,089,777	77.3	-24.1
Tobacco	58,490	1.4	115,713	4.3	97.8
Cotton	110,145	2.6	43,656	1.6	-60.4
Poppies	20,000	0.5	11,135	0.4	-44.3
TOTAL CASH CROPS	188,635	4.5	170,504	6.3	-6.9
Vineyards	324,228	7.7	162,570	6.0	-49.9
Others	969,081	22.9	279,072	6.6	-71.2
TOTAL	4,235,192	100.0	2,701,923	100.0	-36.2
CATEGORICAL SUB-TOTAL	3,266,111	77.1	2,422,851	89.7	-25.8

Source: 1890: *1307 S.V.S.*, 1890, 47-50; 1907: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, t; 11-33.

Notes: For 1907 'Others' include 'rice, sesame and leguminous crops. 'Others' are not defined in the 1890 statistics. Also see Text.

The estimates presented in Table 1.12 suggest a considerable (36.2%) contraction in the total area of land under cultivation. The estimates also maintain the relative resilience of wheat and maize production and the dynamism of tobacco production in the region. At any rate the contraction in the production of field crops cannot be seriously disputed. Therefore, *ceteris paribus*, we should anticipate a

contraction in the agricultural sector at large and an associated decline in its contribution to the broader regional economy.

The data presented in Table 1.12, however, does not take into consideration the contribution of animal husbandry and sericulture to agricultural production. In the previous section I have maintained the dynamism and growth of these sub-sectors and hinted at the possibility of their rising importance in the Selanik region during this period. Therefore, it is imperative to employ alternative methods of estimation that would reflect the changes in the level of agricultural production. In addition, such an effort should help to test the accuracy of the data presented in Table 1.12.

Table 1.13.

<i>Total Value of Agricultural Output in Selanik, 1890-1907 (Kuruşes in 1907 Prices)</i>					
Product	1890	%	1907	%	% Change (1890-1907)
Wheat	75,048,972	13.6	73,451,664	19.4	-2.1
Barley	89,313,365	16.2	41,092,464	10.8	-54.0
Rye	67,758,000	12.3	27,084,540	7.1	-60.0
Oats	15,919,643	2.9	9,207,300	2.4	-42.2
Maize	112,743,596	20.4	76,121,961	20.1	-32.5
CEREALS TOTAL	360,783,575	65.3	226,957,929	59.8	-37.1
Silk Cocoons	13,654,896	2.5	17,215,444	4.5	26.1
Tobacco	24,916,740	4.5	65,877,449	17.4	164.4
Opium	5,284,736	1.0	1,949,107	0.5	-63.1
Cotton	41,579,738	7.5	9,439,539	2.5	-77.3
CASH CROPS TOTAL	85,436,109	15.5	94,481,539	24.9	10.6
Wool	8,875,000	1.6	11,418,930	3.0	28.7
Goat's Hair	4,550,000	0.8	2,951,520	0.8	-35.1
Milk	15,120,000	2.7	22,653,000	6.0	49.8
ANIMAL PRODUCTS	28,545,000	5.2	37,023,450	9.8	29.7
Grapes	77,760,000	14.1	20,826,918	5.5	-73.2
TOTAL	552,524,684	100.0	379,289,836	100.0	-31.4

Source: 1890: 1307 S.V.S., 1890, 47-50; 1907: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, t; 11-33.

Notes: 1) In the calculation of figures pertaining to wool, goat's hair and milk, I have assumed that a sheep yielded 1 okka (or 1,283 kg) of wool annually, a goat 0.5 okka of goat's hair, and cows, buffaloes and beasts yielded 90 okka of milk annually. I also assumed that 60% of all beasts were female. The assumptions were based on the figures given in the 1890 yearbook. 1307 S.V.S., 1890, 47-50.

2) The price data published in the 1907 statistics were used in computations. Weights were taken from the respectively from the 1890 yearbook and the 1907 statistics.

The data presented in Table 1.13 suggest that the total value of agricultural production declined by 31.0%, measured in 1907 prices, in the Selanik region during 1890-1907. In other words, the positive contribution of cash crop production and animal husbandry was wiped out by the massive contraction in the primary sector of the

agrarian economy, namely cereal production. It is very likely that the contribution of agriculture to the regional economy at large was much smaller in 1910 than it was two decades prior. This contention is also supported by demographic data, which suggests considerable de-population in rural areas, particularly from the turn of the twentieth century onwards.

2.2. Demographic Trends

2.2.1 Regional Population, The Overall Trends

The Ottoman authorities showed considerable interest in registering, updating and systematically publishing population figures throughout the nineteenth century. A number of population censuses were carried out starting from the early 1830s. The early population censuses were limited both in terms of their scope and content and were primarily intended to register the tax-paying (male) population and to keep proper account of the adult Muslim men obliged to serve in the Ottoman armies. Unfortunately, most of these early censuses could not be completed in many provinces and the results remained confined largely to a few leading provinces.⁵¹

More comprehensive population counts were carried out during the Hamidian period, one in 1885 and the other in 1907. The surveys were carried out in all provinces of the Empire and all citizens were counted. These censuses were much more detailed than anything that preceded them and contained elaborate information on almost all aspects of demographic life, such as plain population figures pertaining to each and every district (*kaza*), the marital status, age, gender, ethnic background, occupation and birthplace of each individual. The Ottoman government published the information gathered in these censuses. In addition, the local authorities regularly published population estimates in the provincial almanacs (*salnames*). The data contained in the *salnames* probably were based on the population censuses and updated according to the local population registers kept by the provincial bureaucracy.⁵²

⁵¹ See S. J. Shaw "The Ottoman Census System and Population, 1831-1914," *International Journal of Middle East Studies*, 9, (1975): 325-338; Karpas, *Ottoman Population*.

⁵² See Shaw "The Ottoman Census System"; Karpas, *Ottoman Population*.

In what follows, I use both sources to quantify the demographic changes in Selanik. However, it must be noted that these statistics contain certain weaknesses. The first weakness is the general under-counting and the second is the apparent under-recording of the female population. Recently, Michael Palairret controlled for some of these weaknesses and produced alternative “corrected” estimates pertaining to the European provinces of the Empire. These estimates constitute the best data current available. Here, I will use Palairret’s corrected estimates for the province of Selanik for the years 1885, 1896 and 1906.⁵³

I also estimate the population of the province for two more benchmark years, 1876 and 1912. However, the data must be adjusted to secure consistency with Palairret’s figures. For this, we must briefly consider Palairret’s method of correction. First, Palairret maintains that it is necessary to make an 8.0% upwards adjustment over official figures to account for general under-counting. However, Palairret refrains from adopting a different margin of error for pre-1885 data and uses the 8.0% margin throughout.⁵⁴ Palairret’s reservation is justified, as there is no way of accounting for the degree of improvement in the accuracy of censuses. Clearly, this reservation undermines the comparability of the early and later population estimates. Yet, the reservation is necessary to avoid any arbitrary distortion in the data set.

Secondly, Palairret accounts for the actual imbalance between male and female populations. The conventional method adopted by contemporaries was simply to double the male population reported in the censuses and the provincial registers to construct overall population figures. Palairret contests the accuracy of this method on the basis of his own research, as well as that of Todorova and Karpat. He maintains that there was an actual and persistent surplus of male population in the Balkan provinces of the Empire.⁵⁵ He suggests tentatively that it is necessary to make a downward adjustment of 4.2% in population estimates reached by doubling the male population, so as to account for the “real” excess of male population over females in the Macedonian provinces for the pre-1885 period.

⁵³ Palairret, *The Balkan Economies*, 13.

⁵⁴ Palairret, *The Balkan Economies*, 10-12.

⁵⁵ Karpat, *Ottoman Population*; M. Todorova, “Population Structure, Marriage Patterns, Family and Household (According to Ottoman Documentary Material from North Eastern Bulgaria in the 60’s of the 19th century),” *Etudes Balkaniques*, 1, (1983): 59-72.

Our data pertaining to 1876 comes from the official yearbook of that year. The yearbook reports 393,029 male residents for 1876.⁵⁶ Following Palairret's correction technique, I have estimated the provincial population at 813,287 in 1876.⁵⁷ This is probably an underestimate, because, as I have noted, the 8.0% upward adjustment suggested by Palairret might not be sufficient to fully account for the under-counting inherent in these early population figures. Nevertheless, I maintain the estimate to assure consistency within our data set.

Table 1.14.

<i>Population Growth in Selanik, 1876-1911</i>		
<i>1- Population Estimates</i>		
<i>Year</i>	<i>Official Estimates</i>	<i>Corrected Estimates</i>
1876	393,000	813,000
1885	990,000	1,069,000
1896	1,010,000	1,091,000
1906	921,000	995,000
1911	1,103,000	1,191,000
<i>2- Percentage Growth Rates (Corrected Estimates)</i>		
<i>Period</i>	<i>Population Growth</i>	<i>Average Annual Growth Rate</i>
1876-1885	31.5	3.1
1885-1896	2.1	0.2
1896-1906	-8.8	-1.0
1906-1911	19.7	3.7

Source: 1876: 1293 S.V.S., 1876, 45; 1885-1906: Palairret, *The Balkan Economies*, 13; 1911: Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 19.

Notes: Growth rates are exponential.

I have extracted the population data for 1911 from the official figures published by the Ministry of Commerce and Agriculture. According to the raw figures, the *total* population of the province was 1,103,000 in 1911.⁵⁸ In this case, however, there was no need to account for the 'gender bias', as the data were based on all-inclusive censuses, where both the male and the female population was systematically counted. Nevertheless, in line with Palairret, I made an 8% upwards adjustment over the official statistics, to account for any general under-counting, which may have remained in these

⁵⁶ 1293 S.V.S., 1876, 45.

⁵⁷ I first adjusted 393,029 upward by 8%, and reached an official estimate of 424,471. I multiplied this number by two to estimate regional population, 848,943. Then, I accounted for the gender bias and brought this figure down by 4.2% to reach 813,287.

⁵⁸ Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 19.

more comprehensive censuses. Thus, I estimated the population of Selanik at around 1,191,000 in this period.⁵⁹

These calculations yield relatively comprehensive and consistent population estimates for the two benchmark years under consideration. These estimates are presented together with Palairet's estimates pertaining to the years of 1885, 1897 and 1906 in Table 1.14. The estimates suggest rapid population growth during 1876-1885, followed by a period of notable slowdown in 1885-1897, and a clear decline during 1897-1906. We observe quite a remarkable recovery after 1906. Within a matter of five years the regional population grew by 19.7% in total, at an annual rate of 3.7%, and reached an all time high of 1,191,000 on the eve of the Balkan Wars.

The erratic fluctuation of the population during the period under consideration calls for some historical explanation. The rapid growth of regional population during the period 1876-1885 must be attributed partly to the feebleness of the 1876 population estimate. As I have noted above, the 1876 estimate is not entirely reliable and is probably an underestimate. However, 3.1% annual growth rate cannot be attributed entirely to technical problems, no matter what the margin of error in the 1876 estimates might have been.⁶⁰ Historical evidence corroborates this impression and points to certain factors that might have triggered the rapid growth in the region's population during the 1870s and the early 1880s.

The waves of migration that hit the region in the aftermath of the Russo-Ottoman war of 1876 must have played an important, if not the primary, role in this regard. Thousands of Muslim families fleeing from Bulgaria, Romania and the Caucuses found refuge in the Macedonian provinces in the aftermath of the war. The Ottoman government sent some of these migrant families to the Anatolian provinces; however, it seems many were settled in Selanik.⁶¹ The Ottoman government provided

⁵⁹ J. McCarthy, *The Arab World, Turkey and the Balkans (1878-1914): A Handbook of Historical Statistics*, (Boston, MA, 1982), 283. McCarthy estimates the residents for the province of Selanik to be 1,347,915. However, his correction method is not consistent with that of Palairet and is not sensitive to the "actual" inequality between male and female populations. Therefore, in order to maintain consistency within my series I have used Palairet's method to correct the existing official estimates.

⁶⁰ Ottoman annual rate of population growth stood at an average of around 0.8% during the late nineteenth century and the early twentieth centuries (Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 23).

⁶¹ See N. İpek, *Rumeli'den Anadolu'ya Türk Göçleri, 1877-1890*, [Turkish Immigration from Rumelia to Anatolia, 1877-1890] (Ankara: Türk Tarih Kurumu Basımevi, 1992), for the migration of

land, accommodation, seeds, draft animals and cash allowances for these refugees and helped them settle in the province.⁶² Although it is not possible to determine their number, the new settlers' contribution to the growth of the regional population must have been significant.

We observe a relative stagnation in the region's population from 1885-1897. This stagnation can be attributed to outward migration. Following the cessation of Thessaly to Greece in 1885, many Greek peasant farmers left Macedonian provinces and sought their fortunes in Thessaly as farmers and agricultural workers. Although it is not possible to determine the scope of this migration, it seems to have reached such a level as to cause acute labour shortages throughout the Macedonian countryside. Mostly likely, Selanik was not an exception.⁶³

1897-1906 was a period of unprecedented depopulation in the region. During this nine-year period, regional population declined by an average of 1.0% *per annum*. Again, large-scale demographic movements explain this swift contraction. This period witnessed mass emigration from Macedonian provinces, due to complex reasons, which will be studied in detail in the following chapters. However, for now it suffices to say that a combination of economic and political factors seem to have encouraged many unfortunate peasant farmers to migrate abroad, particularly to the United States. Adverse price trends and successive crop failures, an increasing rural tax-burden, regressive taxation practices and growing indebtedness followed by dispossession seem to have underlay the process of emigration.⁶⁴ Also, mounting political instability in the region, particularly after the turn of the century, seems to have compelled many peasant families to emigrate abroad.⁶⁵

Muslim population to the Ottoman Empire in the aftermath of the Russo-Ottoman war. Also see Karpas, *Ottoman Population*, and Devlet İstatistik Enstitüsü, *Osmanlı İmparatorluğunun ve Türkiye'nin Nüfusu*.

⁶² For the settlement of migrant families in Selanik see, BA, *BEO-Ayniyat*, 975/639, 3.Ra.1296 (24.2.1879); BA, *BEO-Ayniyat*, 975/74, 3.S.1296 (26.1.1879); BA, *BEO-Ayniyat*, 1526/124, 19.R.1297 (30.3.1880); BA, *BEO-Ayniyat*, 1526/329, 13.B.1297 (21.6.1880); BA, *BEO-Ayniyat*, 1528/1044, 7.S.1298 (8.1.1881).

⁶³ *P.P.A.S.*, 1886, N. 24: 5. The exact words of the British Consul General Blunt are worth while citing: "Since the cessation of Thessaly to Greece, more than two-thirds of the Mussulmans of that country have emigrated chiefly to Anatolia. They are becoming replaced by Christian peasants from Macedonia, where farm labourers are getting scarcer and dearer every year".

⁶⁴ For details see Chapters 2 and 4.

⁶⁵ B. C. Gounaris, "Emigration from Macedonia in the Early Twentieth Century," *Journal of Modern Greek Studies*, 7, (1989): 133-153. Also see, Gounaris, *Steam over Macedonia*.

Finally, the post-1906 years witnessed the reversal of demographic trends in the region; we observe rapid recovery in regional population. At this time, however, certain political factors seem to have underscored this increase. The growing ethnic tensions in the Macedonian provinces erupted into wide spread political instability throughout the Balkans during this period.⁶⁶ Many Muslim families still residing in Bulgaria sought refuge in Ottoman lands. Most of these immigrant families were sent to the Anatolian provinces; but again many chose to stay in Selanik, particularly in the relative security of the proliferating urban areas of the region. These refugees explain much of the population growth from 1906-1911.

Overall, we observe that the population of the region fluctuated around the 1,000,000 benchmark during the period under consideration. Processes of emigration from and immigration to the region largely underscored the fluctuations in regional population. In the next section, we turn our attention to the changes taking place in the composition of regional population and its distribution between urban and rural areas.

2.2.2. Rural and Urban Population, Changing Balances

Existing research on Ottoman demographic history suggests that the late nineteenth and the early twentieth centuries constituted a period of rapid urbanisation in Selanik and other European provinces of the Empire. According to Palaret's figures, the number of people living in towns with more than 2,000 people totalled 325,000 in 1895, or 28.9% of the population of the province in 1895.⁶⁷ Georgeon suggests that the urban population grew steadily throughout the 1890s and the early 1900s and reached 456,000 in 1906. Since the population of the province was 995,000 in 1906, Georgeon's

⁶⁶ For political tensions accumulating in the region See Shaw and Shaw, *History of the Ottoman Empire*; J. Barros, "The Greek Struggle in Macedonia, 1897-1913, by D. Dakin," Book Review, *Balkan Studies*, 10, (1969): 218-220; H. N. Brailsford, *Macedonia, Its Races and Their Future*, (London, 1906); D. Dakin, *The Greek Struggle in Macedonia, 1897-1913*, (Salonica, 1966); B. Jelavich, *History of the Balkans, V. 2, Twentieth Century*, 1. P. (1983), (Cambridge: Cambridge University Press, 1994); L. S. Stavrianos, *The Balkans since 1453*, (1. P. 1958), (London: Hurst and Co. Publishers, 2000). Also see G. Tokay, *Makedonya Sorunu, Jön Türk İhtilali'nin Kökenleri (1903-1908)*, [Macedonian Question and the Origins of the Young Turk Revolution, 1903-1908] (İstanbul: Afa Yayınları, 1996), and T. Uzer, *Makedonya Eşkiyalık Tarihi ve Son Osmanlı Yönetimi* [History of Banditry in Macedonia and the Last Ottoman Administration] (Ankara: Türk Tarih Kurumu, 1979).

⁶⁷ There appears to be some inconsistency in Palaret's data. Palaret estimates the population of the Selanik province to be 1,091,000 in 1896 (Palaret, *The Balkan Economies*, 13). If so, the urban population, i.e. 325,000, would account for 29.8% of the provincial population. However, Palaret, based on Vasil K'nchov, puts the rate of urbanisation at 27.9% (Palaret, *The Balkan Economies*, 26).

figure indicates that the urban population rose rapidly during the 1890s and the early 1900s to reach 45.8% of the total in 1906.⁶⁸

Palairret and Georgeon, however, do not provide information on the earlier years of 1876-1895 or the later years of 1906-1912. In order to make up for this deficiency, I compiled urban population estimates for four benchmark years, i.e. 1876, 1894, 1906 and 1912. Two primary sources were used in the compilation of the series. The first source was the provincial almanacs published by the Ottoman government, which regularly reported the population of the towns and/or the number of residential buildings located in each town.⁶⁹ I primarily used the *population* figures to compile the series. However, for certain years and for some towns no population estimates were available. To get around this problem, I used the number of residential buildings as a proxy for determining the population of any 'missing' town at any given point in time. I assumed; a) that each household contained an average of five persons and b) that only one household resided in each residential building.⁷⁰ Accordingly, I simply multiplied the number of residential dwellings by a coefficient of five to reach *indicative* estimates of urban population. I relied on this crude method of estimation especially for the population figures of 1876. Nevertheless, it was still impossible to estimate the population of ten towns due to a total lack of evidence. The available data pertaining to 1894 and 1906 were relatively comprehensive and yielded population estimates for all towns listed in the provincial almanacs. These estimates are presented in the first three columns of Table 1.15.

The estimation of urban population for 1912 posed greater difficulties. Since no almanacs were published after 1908, I had to rely on contemporary British consular reports.⁷¹ The data contained in the consular reports were relatively limited,

⁶⁸ F. Georgeon "Le dernier sursaut, 1878-1908", in R. Mantran (ed.), *Histoire de l'Empire Ottoman*, (Paris: Fayard, 1989), 523-576.

⁶⁹ The relevant yearbooks include, 1293 S.V.S., 1876; 1312 S.V.S., 1895; 1324 S.V.S., 1906.

⁷⁰ See A. Duben, and C. Behar, *İstanbul Haneleri, Evlilik, Aile ve Doğurganlık, 1880-1940* [İstanbul Households, Marriage, Family and Fertility, 1880-1940], (İstanbul: İletişim Yayınları, 1996), 61-75; M. Todorova, "Population Structure". Studies of Duben and Behar, and Todorova maintain that urban families were predominantly 'nuclear'. Duben and Behar also estimate 4.7 persons for the average Muslim family in Istanbul in the early twentieth century. Todorova maintains that five member households were the most representative in North-Eastern Bulgaria, c.1850. The data presented in Appendix 2 appears to be in tune with Todorova and Duben and Behar's findings. The relatively comprehensive 1906 statistics suggest that the average household size in the province of Selanik was 5.5. Excluding the town of Salonica, we reach an average of 5.1 persons per household. Thus, it seems to be safe to assume five persons per household.

⁷¹ *F.O.A.S.*, 1913, N. 5234: 3-4.

incorporating the population of only the main towns, namely Salonica, Tikveş, Karaferye, Gevgeli, Vodine, Siroz, Drama and Kavala. No estimates of residential buildings were cited. The towns mentioned in the British consular reports accounted for about 75% of the entire urban population of the province that was reported in the 1906 almanac. Although 75% is considerably high, leaving the remaining 25% out of our calculations would have seriously undermined the comparability of the 1912 estimates with the earlier ones. In order to bring the British data up to par with the previous observations, I assumed that the population of unrecorded towns remained unchanged between 1906 and 1912. Accordingly, I carried the 1906 figures over to 1912. This is not an entirely arbitrary assumption to make, because both in the primary sources and the available secondary literature, 1906-1912 appears as a period of rapid urban growth.⁷² Similarly, there is no qualitative evidence to suggest significant de-urbanisation in any part of the region. Therefore, if anything, our estimates must be considered conservative and understate the scope of urbanisation as of 1912. In other words, the data was adjusted *against* the hypothesis to be tested, i.e. rapid urban growth.

Another difficulty arose from the nature of the official statistics. The almanacs reported statistics pertaining to towns which were sub-provincial (*kaza*) government centres. Therefore, several towns of economic and demographic significance could not be included in the data set. For instance, Ağustos (Nausta), which was an important manufacturing centre with a population of over 10,000 at the time, went unreported. More importantly perhaps, several towns with populations between 2,000 and 5,000 could not be included due to a lack of evidence.

⁷² See S. Dumont, "The Social Structure of the Jewish Community of Salonica at the End of the Nineteenth Century," *Southeastern Europe/L'Europe du Sud-Est*, 5, N. 2, (1979): 33-72; I. Tekeli, and S. İlkin, "İttihat ve Terakki Hareketinin Oluşumunda Selanik'in Toplumsal Yapısının Belirleyiciliği," [The Determining Role of the Social Structure of Salonica in the Formation of the Committee of Union and Progress], in O. Okyar and H. İnalçık (eds.), *Türkiye'nin Sosyal ve Ekonomik Tarihi, 1071-1920*, [Turkey's Social and Economic History, 1071-1920], (Ankara: Metaksan Limited Şirketi, 1980), 351-382; Gounaris, *Steam over Macedonia*; A. Yeralimpos, "Tanzimat Döneminde Kuzey Yunanistan'da Şehircilik ve Modernleşme," [Urban Planning and Modernization in Northern Greece during the *Tanzimat* Period], in P. Dumont and F. Georgeon, (eds.) *Modernleşme Sürecinde Osmanlı Kentleri* [Ottoman Towns in the Process of Modernization], (İstanbul: Tarih Vakfı Yurt Yayınları, 1996), 31-59; Lory, B. and A. Popovic "Balkanların Kavşağındaki Manastır, 1816-1918," [Manastır at the Crossroads of the Balkans, 1816-1918], in P. Dumont and F. Georgeon (eds.) *Modernleşme Sürecinde Osmanlı Kentleri* [Ottoman Towns in the Process of Modernisation], (İstanbul: Tarih Vakfı Yurt Yayınları, 1996), 60-78; Palaret, *The Balkan Economies*; M. Anastassiadou, *Salonique, 1830-1912, Une ville ottomane à l'âge des Réformes*, (Leiden, New York, Köln: Brill, 1997). Also see Chapter 5.

Table 1.15.

<i>Urbanization in the Province of Salonica, 1876-1911</i>				
<i>I - Estimated Population of Leading Urban Centers, 1876-1911</i>				
<i>Town</i>	<i>1876</i>	<i>1896</i>	<i>1906</i>	<i>1911</i>
Salonica	80,000	90,000	98,930	180,000
İstrumca	4,700	8,680	9,320	9,320
Tikveş / Kavadar	4,000	4,557	11,022	21,000
Toyran	4,350	4,819	5,000	5,000
Avrethisar / Kalkaş	6,000	5,376	8,000	8,000
Katrin	n.a.	2,869	2,093	2,093
Karaferye	9,570	8,891	14,000	14,000
Gevgeli	n.a.	2,000	4,000	5,000
Kesendire / Poliroz	2,300	2,134	1,700	1,700
Longaza	n.a.	1,716	2,000	2,000
Vodine	5,510	7,449	6,455	13,000
Yenice	5,080	8,281	8,500	8,500
Siroz	15,175	21,602	22,080	32,000
Petriç	n.a.	4,651	5,745	5,745
Demirhisar	2,815	3,425	3,665	3,665
Cuma-i Bala	n.a.	5,592	5,250	5,250
Zihne	1,750	2,424	3,175	3,175
Razlık	n.a.	4,728	4,445	4,445
Menlik	2,660	n.a.	3,000	3,000
Nevrekop	3,530	5,755	7,170	7,170
Drama	1,985	6,933	12,700	13,000
Kavala	n.a.	5,357	21,000	24,000
Provişte	n.a.	n.a.	2,000	2,000
ALL REPORTED TOWNS TOTAL	149425	207,239	261,250	373,063
ADJUSTED TOTAL	168000	207,239	261,250	373,063
REPORTED TOWNS (5000+)	121,335	173,916	235,172	350,985
RURAL POPULATION	645,000	883,761	733,750	817,937
PROVINCIAL POPULATION	813,000	1,091,000	995,000	1,191,000
<i>II - Summary Statistics Concerning Percentage Rates of Urbanization in Salonica</i>				
<i>Summary Statistics</i>	<i>1876</i>	<i>1896</i>	<i>1906</i>	<i>1911</i>
SHARE OF ALL REPORTED TOWNS	18.4	19.0	26.3	31.3
SHARE OF ALL REPORTED TOWNS (5000+)	14.9	15.9	23.6	29.5
ESTIMATES OF PALAIRET AND GEORGEON	n.a.	28.9	43.0	n.a.

Source: 1293 S.V.S., 1876; 1312 S.V.S., 1896; 1324 S.V.S., 1906; F.O.A.S., 1912, N. 5234: 3-4.

Notes: 1) The values in brackets represent adjusted estimates (See Text).

2) Adjusted values constituted the basis for calculating the rates of urbanisation.

Despite the above-mentioned problems, the available data does allow for a careful analysis of broad trends of urbanisation in the region. The estimates are particularly comprehensive for towns above the 5,000 benchmark and include all primary urban centres in the region, save Ağustos. In fact, focusing on these larger towns improves the internal consistency of our data set. More specifically, focusing on towns with a population of 5,000 and above moderates the problem of 'missing' and 'carry-over' towns in the 1876 and 1912 estimates. According to this criterion, only Drama and possibly Kavala and Cuma-i Bala appear "missing" in the 1876 series. In order to overcome this deficiency and to bring the 1876 estimates categorically on par

with the later estimates, I first calculated the percentage share of these three towns in the total population of the towns above 5,000 in 1894. The associated share was 9.9%. I then adjusted the initial 1876 (total) estimates upward by this rate to reach an *indicative* estimate of urban population for the same year. Both initial values and adjusted estimates (in parentheses) are given in Table 1.15.

Concentrating on more sizeable towns also enabled me to reduce somewhat the degree of reliance on the “carry-over” towns for the 1912 estimate. According to the 5,000 criterion, the ‘carry-over’ towns that appear in the 1912 series are as follows: Istrumca, Toyran, Avrethisarı, Yenice, Petriç, Cuma-i Bala and Nevrekop. These towns accounted for 16.3% of the urban population (5,000 and above) in 1906. As has been noted, the share of ‘carry-over’ towns was 25.0% before the application of the 5,000 criterion.

Admittedly, a narrower urban focus comes at an analytical cost. By leaving out the smaller towns, we lose an important dimension of urban growth in the region. One possible way of measuring the ‘loss’ can be established through a simple comparison between our 1894 and 1906 estimates and those of Palairt and Georgeon, which include towns with more than 2000 residents. According to the estimates presented in Table 1.15, the rate of urbanisation as measured by the population of all towns above 5000 stood around 16.0% in 1896 and 24.0% in 1906. As already noted, Palairt and Georgeon estimate the rate of urbanisation to be 29.0% in 1894 and 43.0% in 1906 respectively. Thus, by leaving out smaller towns, we fail to account for a considerable part of the urban dynamic generated within the region. However, larger towns apparently accounted for the bulk of urban growth in the region. Therefore, it seems sensible to suggest that the more sizeable towns can constitute a solid basis for discussing *trends* in urbanisation. In what follows, we will concentrate exclusively on these larger towns.

The data presented in Table 1.15 suggest that urban population grew at an average rate of 3.1% *per annum* in the province between 1876 and 1911. The rate of ‘urbanisation’ rose almost threefold during the same period and reached an estimated 29.0% on the eve of the Balkan Wars. By the end of the period, the region was certainly more urbanised than ever before. More importantly perhaps, the rate of urbanisation in the Selanik region was considerably higher than anywhere else in the Balkans. In the

mid-1870s Selanik was slightly more urbanised than other Balkan regions. For instance, in the late 1870s and the early 1880s, the rate of urbanisation (including towns above 2,000) was 22.4% in Eastern Rumelia, 18.5% in Greece and 17.2% in Northern Bulgaria. At around the same time, the rate of urbanisation (including towns above 5,000) was 15.0% in Selanik. It is not easy to determine exactly how Selanik compared with these Balkan regions in the 1890s and the 1900s, due to differences in the criterion used to measure the respective rates of urbanisation. However, it is very likely that the overall urbanisation rate in Selanik compared equally with these Balkan regions and possibly stood somewhere around 20.0%.⁷³ By 1911, undoubtedly Selanik was more urbanised than any other Balkan region. For instance, in 1910, the rate of urbanisation (above 2000) was 24.0% in Greece, 21.7% in Eastern Rumelia, 18.8% in Bulgaria, 18.0% in Romania, 13.0% in Bosnia-Herzegovina and 10.8% in Serbia.⁷⁴ All these rates fall short of Selanik's 29.0%, which only includes towns above 5,000. In this sense, the urban gap between Selanik and the rest of the Balkans seem to have widened during the period under consideration. The reasons for this rapid urbanisation constitutes a central theme throughout the following chapters. For now, however, it is important to note that this rapid urbanisation was underscored by a notable de-population of rural areas at large. After a considerable rise following the Russo-Ottoman War of 1876, rural population declined steadily throughout the late 1890s and the early 1900s to reach 733,750 in 1906. After this date, it seems rural population rose again by about 11.5% and reached 817,937 in 1912. It is important to remember that this level is somewhat exaggerated due to the probable underestimation of the urban population during this later period. Even so, it seems the rural population either remained constant or grew only very little during 1906-1912.

The demographic data I have so far considered are in conformity with the agricultural trends outlined above. The estimated 11.5% decline in rural population in Selanik during 1896 and 1906 is in conformity with the 26.0% contraction in the area of agricultural land under cultivation and the 31.4% decline in the total value of agricultural production between 1890-1906. Clearly, the agricultural sector was contracting during the 1890s and the early 1900s.

⁷³ The share of all Reported towns in regional population was 21% in 1876 (See Table-2).

⁷⁴ Lampe and Jackson, *Balkan Economic History*, 240; Palairët, *The Balkan Economies*, 26.

Conclusion

The discussion so far has shown that 1885-1910 was a period of serious retardation in the agricultural sector in the Selanik region. Agricultural production probably contracted by about 25% during this period. However, retardation and decline were not manifest in all sub-sectors of the agrarian economy. It took place mainly in cereal production, especially in the production of non-staple cereals. There were, however, other sub-sectors, which were dynamic and grew steadily throughout the period. The growth of sericulture, animal husbandry and especially of tobacco production are cases in point. Yet, the dynamism and growth of these sectors could not keep up with the swift contraction in cereal production and the sector in general contracted steadily during the period under consideration. Thus, in the process of overall agrarian decline, a dual agrarian structure emerged in the region, whereby dynamic and retarded sectors coexisted in growing contrast.

Another important point that should be underlined is that the trends in Selanik appear quite different from those in Ottoman agriculture in general. As I have noted above, the output estimates put forth by Eldem suggest considerable dynamism and growth in Ottoman agriculture during 1889-1907. According to his figures, Ottoman agricultural production grew by about 27.5% during this period, a growth rate, which stands in stark contrast to the sluggish performance of the Selanik region. More interestingly, the output estimates produced by Eldem suggest growth in almost all compartments of the agrarian economy, including cereal production, which according to Eldem grew by as much as 50% during the same period.⁷⁵ This also stands in contrast to our diagnosis of retardation in the Selanik region.

In the following chapters, I will discuss the conjunctural and structural reasons that retarded the growth of the agricultural sector in Selanik. These factors include adverse price trends, intense foreign competition in both overseas and increasingly in domestic markets, high transaction costs, certain market failures, ineffectiveness of government policy and adverse harvest trends brought on by poor weather conditions. However, most of these factors can not explain the acute divergence in agricultural performance. The impression I get from the existing literature is that farmers throughout

⁷⁵ Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 37.

the Empire suffered from similar problems during the same period. It seems the variances in the success of government policy could explain some of the divergence in agricultural performance. As I shall discuss in Chapter 3, government's reform efforts yielded limited success and materialised only towards the end of the period, and, in general, they failed to bring the desired effect in modernisation and growth in the Selanik region. In contrast, reform efforts yielded noteworthy success and supported processes of agricultural growth in certain parts of the Empire, especially in the Anatolian provinces. Government policy cannot, nevertheless, fully account for the striking contrast between Selanik and the Empire at large, for the reform efforts remained confined to a number of locations and probably contributed only marginally to the overall development of Ottoman agriculture during the period under consideration. Therefore, we should seek alternative factors that might account for the discrepancy in question.

This brings me to the technical and methodological problems involved in the estimation of output levels, which could explain a good portion of the divergence between agricultural performance in Selanik and the Ottoman economy at large. In my opinion, Eldem almost certainly overestimates the performance of the agricultural sector. Eldem bases his agricultural income estimates primarily on fiscal (tithe) data and on the data published in the *salnames* and in the official agricultural statistics. However, Eldem does not account for the distortion inherent in this fiscal data. He uses the tithe data nominally to estimate trends in output performance and does not take into account the general increase in agricultural prices. Besides, there is no evidence to suggest that Eldem allows for the 20% rise in the tithe rate. Finally, Eldem does not appear to have taken into account the government's changing capacity to tax. Thus, it seems Eldem almost certainly overestimates the performance of Ottoman agriculture during the late nineteenth and early twentieth centuries.

The degree of overestimation inherent in Eldem's data is difficult to ascertain. However, if we were to account for the rise in the tithe rate alone, a rather conservative 20% margin of error would appear plausible. If we were to account for all the drawbacks, Eldem's data would yield quite a different picture of Ottoman agriculture. The overall trend would indeed be very close to that of Selanik, that is a steady contraction at least until the turn of the century, followed by a period of moderate growth and partial recovery. This observation is also in accord with the broader

conjunctural trends prevailing throughout the eastern Mediterranean basin at the time. A contraction in agricultural production during the crisis ridden 1880s and the 1890s followed by sluggish recovery in the 1900s would be a more plausible thesis to put forward, rather than arguing for steady and robust growth in agricultural production. At any rate, the technical discussion that I have developed in the current chapter puts considerable doubt on the accuracy of Eldem's estimates, which have been widely used by scholars since their publication in 1970.

CHAPTER II

DYNAMICS OF AGRARIAN TRANSFORMATION: THE MARKET PROCESS

Introduction

In the previous chapter, I discussed the direction, magnitude and timing of the shifts taking place in the agrarian economy of the Selanik region during the late nineteenth and early twentieth centuries. I argued that the overall agrarian economy contracted notably from the mid-1880s onwards. I suggested, however, that this contraction was not even within the sector. The performance of certain sub-sectors was quite impressive while others remained sluggish or even retarded. Thus, processes of growth and retardation proceeded hand in hand in the agricultural sector, a situation which marked the emergence of a dual agrarian structure in the region. It was precisely this growing dualism that set the pattern of overall structural transformation in Selanik's agrarian sector during the period under consideration.

In this chapter, I will consider the conjunctural and institutional dynamics of this broad process of transformation. I will concentrate mainly on market forces that underlined this complex process. First, I will consider demand side factors that pushed and pulled various sub-sectors of the agrarian economy either into growth or retardation. In this context, I develop a comprehensive approach that pays due attention to the shifts taking place both in the domestic and overseas markets. Such an 'integrated' demand side approach contributes to and enhances our understanding of the nineteenth century Ottoman economy and the processes underlining its transformation. Ottoman economic historians, in general, and the proponents of the world system analysis (WSA), in particular, have considered overseas demand as the primary dynamic that conditioned the pattern and timing of the structural shifts taking place in

Ottoman agriculture.¹ They ignored, however, the impact of domestic demand on such processes of transformation and change.² To a certain extent, this approach is justified for the shifts taking place in the international economy had a significant impact on Ottoman agriculture during the nineteenth century. This impact was probably at its strongest during the late nineteenth century, when the economic domination of European capitalism largely went unchallenged on a global scale. However, it is not possible to understand fully the economic dynamics underlining the transformation of the agricultural sector without paying due attention to the shifts taking place in the domestic, particularly in urban, markets. This is especially the case for such primary crops as cereals, cotton, silk and tobacco that were traded and consumed in considerable, if not massive, amounts in domestic markets. Accordingly the current chapter develops a more balanced and comprehensive view of the shifts and changes taking place in the agrarian economy and considers the impact of domestic as well as overseas demand on the processes of agricultural growth and retardation.

I will also take into account certain institutional processes that conditioned the transformations taking place in the agrarian economy of the Selanik region. In this context, I borrow heavily from neo-institutionalist approaches and pay close attention to the structural attributes of the legal and organisational frameworks that regulated the exchange process at large.³ I argue that the differences in the degree of effective market regulation and the costs incurred from certain market transactions, *inter alia*, explain the emergence of the dual agrarian structure outlined above. Besides, I consider the role played by certain public and semi-public institutions in providing technical, logistic and financial support to farming communities in accord with their economic priorities and interests. In this context, I discuss the role played by financial and commercial agents and institutions that were firmly associated with European economic interests. The role

¹ Ş. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913, Trade, Investment and Production*, (Cambridge: Cambridge University Press, 1987); Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, [Dependency and Growth in the Ottoman Economy] (İstanbul: Tarih Vakfı Yayınları, 1994).

² For a demand side criticism of the WSA see D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993).

³ See G. M. Hodgson, *Economics and Institutions, A Manifesto for a Modern Institutional Economics*, 1. P. (1988), (Oxford: Polity Press, 1993); D. C. North, *Institutions, Institutional Change and Economic Performance*, 1. P. (1990), (New York and Cambridge: Cambridge University Press, 1993); D. C. North, and R. B. Thomas, *The Rise of the Western World, A New Economic History*, 1. P. (1973), (Cambridge, New York, New Rochelle, Melbourne and Sydney: Cambridge University Press, 1988); R. H. Bates, "Social Dilemmas and Rational Individuals: An Assessment of New Institutionalism", in J. Harris, J. Hunter, and C. M. Lewis (eds.) *The New Institutional Economics and Third World*

of the state will be considered only in passing, as this complex issue will be discussed in Chapter 3 at length.

Finally, I make an effort to bring, as much as possible, the actors in this transformation process into historical perspective. Whenever empirical sources allow for such analysis, I will bring the perspective of petty merchants, landlords, farmers, as well as the government officers, consuls and prominent members of influential merchant families into the discussion and consider their dynamic participation as an important factor that underlined the transformation of the agrarian economy.⁴ This effort will introduce a perspective from below into our narrative, which allows us to better understand the actual forces underlining transformations taking place in the agrarian economy of the region.

Overall, I will pursue a comprehensive market-oriented analysis that considers the economic conjuncture (i.e. demand side factors), institutional dynamics and human agency in discussing processes of agrarian change. This approach diverges somewhat from the standard WSA narratives that tend to overlook institutional processes and put greater emphasis on the transformative role played by economic forces. The current approach also differs substantially from the standard modernist perspectives that emphasise the importance of institutional structures but inadequately discuss the importance of human agency in the processes of economic change.

The chapter is divided into three sections. In the first section, I set the conjunctural background and briefly discuss the broad trends in international markets and in Ottoman agriculture during the late nineteenth and early twentieth centuries. In the second section, I discuss the sub-sectors of the agrarian economy, which a) were not favored by the conjuncture of the international economy and b) suffered from certain

Development, (London and New York: Routledge, 1995), for a broad discussion of neo-institutionalism and its basic conceptual traits and criticisms.

⁴ For 'history from below' approaches to Ottoman economic and social history, see D. Quataert, *Social Disintegration and Popular Resistance in the Ottoman Empire, 1881-1908, Reactions to European Economic Penetration*, (New York and London: New York University Press, 1983); H. Berktaş, "The Search for the Peasant in Western and Turkish History/ Historiography", in H. Berktaş and S. Faroqhi (eds.), *New Approaches to State and Peasant in Ottoman History*, (London: Frank Cass, 1992), 109-185; A. Kansu, *1908 Devrimi*, [1908 Revolution], (İstanbul: İletişim Yayınları, 1995); B. Ergene, "Maduniyet Okulu, Post-Kolonyal Eleştiri ve Tarihte Bilgi-Özne Sorunu: Osmanlı Tarihçiliği İçin Yeni Dersler mi?," [Sub-Alternism, Post-Colonial Criticism and The Problem of Knowledge and Subject in History: New Lessons for Ottoman History?], *Toplum ve Bilim*, 83 (2000): 32-47; N. Erdoğan, "Devleti 'İdare Etmek': Maduniyet ve Düzenbazlık," [Managing the State: Sub-Alternism and Fraud], *Toplum ve Bilim*, 83 (2000): 8-31.

institutional deficiencies and market failures. These sub-sectors mainly include cereal and cotton production. In the next section, I consider the sub-sectors, which, a) enjoyed favourable demand side conditions and grew rapidly despite similar, if not as bitter, institutional weaknesses, b) benefited from some institutional support and effective market regulation and continued to grow despite unfavourable changes in economic conjuncture, and c) enjoyed favourable market conditions, institutional support, and effective market regulation. These sub-sectors include opium, silk and tobacco production, respectively. The chapter ends with some concluding remarks on the combined, overall impact of these interlocking institutional and conjunctural processes over agriculture in the Selanik region during the period under consideration.

1. The Conjuncture and the Historical Context

The second half of the 'long' nineteenth century witnessed the advent of an unprecedented transport revolution on a global scale. The world wide construction of railway networks and the appearance of steamships in international waters marked a breakthrough in transport history signified by a drastic decline in costs of transportation.⁵ The impact of the transport revolution was quite spectacular. The swift reduction in the costs of transportation diminished the economic significance of distances in world trade and enhanced integration in global commodity markets. This transformation not only underlined the extraordinary expansion of world trade during the late nineteenth and early twentieth centuries,⁶ but it also gave way to the emergence of new patterns of specialisation within and between the "central" and "peripheral" regions of the world economy.⁷ Certain regions became increasingly specialised in the production of certain products, while others simply altered their economies and adjusted to emergent market conditions. Roughly speaking, the "peripheral" regions of Asia,

⁵ S. Pollard, *Peaceful Conquest, The Industrialization of Europe, 1760-1970*, 1.P. (1981), (Hong Kong: Oxford University Press, 1992); P. J. Hugill, *World Trade since 1431, Geography, Technology, and Capitalism*, (Baltimore and London: The Johns Hopkins University Press, 1993). According to a recent estimate put forth by O'Rourke and Williamson, real freight rates in global trade fell massively, by as much as 1.5% per annum, between 1840 and 1910. J. G. Williamson, "Real Wages and Relative Factor Prices around the Mediterranean, 1500-1940", in J. G. Williamson and Ş. Pamuk (eds.) *The Mediterranean Response to Globalisation before 1950*, (London and New York: Routledge, 2000), 45-75.

⁶ Between 1870 and 1913 the value of world exports in constant 1990 prices increased by more than threefold; see A. Maddison, *Monitoring the World Economy, 1820-1992*, (Paris: OECD Development Center Studies, 1995), 239.

⁷ I. Wallerstein, *The Capitalist World Economy, Essays by Immanuel Wallerstein*, (Paris: Cambridge University Press and Editions de la Maison de Sciences de l'Homme, 1993).

Latin America, Africa, and the Near East, and the areas of recent European settlements, such as North-West America, Australia and New Zealand, became increasingly specialised in the production of primary products.⁸ The first and second wave industrialisers of Europe, the rapidly industrialising economy of North-East America, and, albeit at a more modest rate and later in the century, Japan and Russia, emerged as leading industrial powers in the world economy.⁹ Agriculture gradually lost its relative significance in industrialising economies, although the sector still retained its political weight, particularly in countries where agrarian traditionalism had long taken the centre stage in power politics, such as in France, Germany, Russia and even in Japan.¹⁰

The impact of the transport revolution and the growing tide of globalization on the Ottoman economy was quite mixed. Enhanced globalization created new opportunities for Ottoman agriculture and increased overseas demand for certain agricultural products. Cash crop production constituted the most dynamic segment of Ottoman agriculture during this period. In particular, tobacco, silk, cotton, opium, rasins, figs and sesame found regular purchasers in the overseas markets and the production and exports of these important cash crops grew rapidly during the late nineteenth and early twentieth centuries.¹¹

⁸ A. G. Kenwood, and A. L. Lougheed, *The Growth of the International Economy, 1820-1990, An Introductory Text*, 1. P. (1971), (London and New York: Routledge, 1992).

⁹ M. Teich, and R. Porter (eds.), *The Industrial Revolution in National Context, Europe and the USA*, (Cambridge: Cambridge University Press, 1996); R. Sylla, and G. Toniolo, *Patterns of European Industrialisation, The Nineteenth Century*, (New York and London: Routledge, 1991); P. Mathias, and S. Pollard, *The Cambridge Economic History of Europe, V. VIII, The Industrial Economies: The Development of Economic and Social Policies*, (Cambridge and Melbourne: Cambridge University Press, 1989); S. Pollard, *Peaceful Conquest, The Industrialization of Europe, 1760-1970*, 1.P. (1981), (Hong Kong: Oxford University Press, 1992); D. Landes, *The Unbound Prometheus*, (Cambridge: Cambridge University Press, 1991).

¹⁰ B. Moore Jr., *Social Origins of Dictatorship and Democracy, Lord and Peasant in the Making of the Modern World*, (London, New York and Ontario: Penguin Books, 1991); P. Anderson, *Lineages of the Absolutist State*, (London: Verso, 1979); C. Mooers, *The Making of Bourgeois Europe, Absolutism, Revolution, and the Rise of Capitalism in England, France and Germany*, (London and New York: New Left Books, 1991); D. Blackburn, and G. Elley, *The Peculiarities of German History, Bourgeois Society and Politics in Nineteenth Century Germany*, (Oxford and New York: Oxford University Press, 1992); C. Tilly, *Coercion, Capital and European States, AD 990-1992*, 1. P. (1990), (Cambridge, MA and Oxford: Blackwell, 1993).

¹¹ C. Issawi, *The Economic History of Turkey*, (Chicago and London: The University of Chicago Press, 1980); D. Quataert, *Ottoman Reform Agriculture in Anatolia, 1876-1908*, (Unpublished Ph.D. Diss., Los Angeles: University of California Los Angeles, 1973); D. Quataert, "Agricultural Trends and Government Policy in Ottoman Anatolia, 1800-1914", in *Workers, Peasants and Economic Change in the Ottoman Empire, 1730-1914*, (İstanbul: The ISIS Press, 1993), 17-30; V. Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Hakkında bir Tetkik*, [Research on the Economic Conditions of the Ottoman Empire] 1.P. (1970), (Ankara: Türk Tarih Kurumu Basımevi, 1994); Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; Z. Toprak, "Modernization and Commercialization in the Tanzimat Period: 1838-1875", *New Perspectives on Turkey*, 7, (1992): 57-70; R. Owen, *The*

However, the tide of globalization also brought about certain problems for Ottoman agriculture. First, increasing competition in overseas markets put Ottoman farmers under economic strain and forced them to struggle with competitive prices offered by the primary producers of the Americas and Asia. Growing trade barriers caused severe problems for Ottoman farmers and rendered their access to export markets in Europe ever more difficult.¹² Further, the producers of certain primary products, such as madder root and yellow berries, lost ground in international markets as artificial substitutes gradually took over world markets.¹³ Second, the local producers were soon faced with intense competition in domestic markets, which struck a blow to certain sub-sectors of Ottoman agriculture. The government could not provide the Ottoman farmers with the degree of protection that their counterparts enjoyed on the continent, for it was obliged to accede to the terms of the liberal trade agreements signed with European powers in the late 1830s and the 1840s.¹⁴ Under the circumstances, the trade barriers remained extremely low at 8.0% and left domestic producers highly exposed to overseas competition. For example, cereal and cotton producers struggled to compete with imported goods in domestic markets. At times and in certain places, this competition yielded some success, but these sectors remained largely defensive in general and seriously retarded in some instances.¹⁵ Thus, overall,

Middle East in the World Economy, 1800-1914, 1. P. (1981), (New York: I. B. Tauris & Company Ltd. Publishers, 1993).

¹² Quataert, *Ottoman Reform*; D. Quataert, "The Age of Reforms, 1812-1914", in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 759-946; Ş. Pamuk, "The Ottoman Empire in the 'Great Depression' of 1873-1896," *Journal of Economic History*, 44, N. 1, 1984, 107-118; Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; E.D. Akarlı, *The Problems of External Pressures, Power Struggles, and Budgetary Deficits in Ottoman Politics under Abdülhamit II: Origins and Solutions*, (Unpublished Ph.D. Diss., Princeton: University of Princeton, 1976); E.D. Akarlı, "Economic Policy and Budgets in Ottoman Turkey, 1876-1909", *Middle Eastern Studies*, 28, N. 3, (1992), 443-476; T. Güran, "Tanzimat Döneminde Tarım Politikası", [Agricultural Policy in the Tanzimat Period] in O. Okyar and H. İnalcık (eds.) *Social and Economic History of Turkey (1071-1920): Papers Presented to the First International Congress on the Social and Economic History of Turkey*, (Ankara: Meteksan Limited Şirketi, 1980), 271-277; T. Güran, *19. Yüzyıl Osmanlı Tarımı Üzerine Araştırmalar* [Research on Nineteenth Century Ottoman Agriculture], (Istanbul: Eren Yayıncılık, 1998).

¹³ Quataert, *Ottoman Manufacturing*, 29-31.

¹⁴ For the impact of trade treaties signed with European powers see, Frangakis-Syrett (1992); R. Owen, "The 1838 Anglo-Turkish Convention: An Overview", *New Perspectives on Turkey*, 7, (1992): 7-14; R. Kasaba, "Open-Door Treaties: China and the Ottoman Empire Compared", *New Perspectives on Turkey*, 7, (1992): 77-89. Also see Pamuk, *The Ottoman Empire*.

¹⁵ Quataert, *Ottoman Reform*; D. Quataert, "The Age of Reforms"; E. D. Akarlı "Economic Policy"; A. O. Akarlı, "Growth and Retardation in Ottoman Macedonia, 1880-1910", in Ş. Pamuk and J. G. Williamson (eds.), *The Mediterranean Response to Globalisation before 1950*, (London: Routledge, 2000), 109-133.

the transport revolution and the mounting tide of globalization in world commodity markets led to the emergence of a dual agrarian structure in Ottoman lands.

Another complex institutional process underlied this dual structure. The Ottoman farmers, it seems, were at a transaction cost disadvantage vis à vis their counterparts in those parts of the world better integrated into the world capitalist markets. Despite the construction of some railways, transportation costs remained quite high during the late nineteenth century.¹⁶ This situation proved particularly detrimental for certain agricultural sectors. Above all, high railway tariffs and other costs of overland transportation affected adversely cereal production. This transportation cost problem was particularly distressing for cereal producers and was responsible for the relatively poor export and output performance of the sector.¹⁷ Furthermore, the ineffectiveness of certain regulations, meant to supervise transactions and secure fair trading, competitive pricing and prime quality in marketed produce led to market failures that caused insurmountable difficulties for Ottoman agriculturalists.¹⁸ In short, the 'transaction cost' constraint underlined the retardation of certain compartments of Ottoman agriculture, most notably in cereal production.

The consolidation of European commercial and financial interests in the Ottoman empire underscored the emergence of a dual agrarian structure during the same period. On the one hand, the commercial houses and railway companies actively supported farmers and encouraged them to take up the production of commercial crops. They offered remunerative prices to encourage the production of these products and provided the Ottoman farmers with the financial means as well as logistic support that were necessary to take such action.¹⁹ The commercial companies and agents thus

¹⁶ D. Quataert, "Limited Revolution: The Impact of the Anatolian Railway on Turkish Transportation and the Provisioning of İstanbul, 1890-1908," in *Workers, Peasants and Economic Change in the Ottoman Empire, 1730-1914*, (İstanbul: The ISIS Press, 1993), 63-80; V. Engin, *Rumeli Demiryolları*, [Rumelian Railways] (İstanbul: Eren Yayıncılık ve Kitapçılık Ltd. Şti, 1993); Y. N Karkar, *Railway Development in the Ottoman Empire, 1856-1914*, (New York, Washington, Hollywood: Vantage Press, 1972).

¹⁷ Quataert, *Ottoman Reform*. Also see Quataert, "Limited Revolution"; B. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993); Akarlı, "Growth and Retardation".

¹⁸ Quataert, *Ottoman Reform*.

¹⁹ Quataert, "Limited Revolution"; O. Kurmuş, *Emperyalizmin Türkiye'ye Girişi*, [The Penetration of Imperialism into Turkey], 1. P. (1974), (Ankara: Savaş Yayınları, 1982); Ş. Pamuk, *The Ottoman Empire*; R. Kasaba, *The Ottoman Empire and the World Economy, The Nineteenth Century*, (New York: State University of New York Press, 1987).

contributed to the commercialisation of the agrarian economy at large and to the growth of certain sub-sectors that were favoured by the economic conjuncture in certain parts of the empire, especially in Western and Central Anatolian provinces.

On the other hand, European financial interests played an important role in the emergence of a dual agrarian structure. From the mid-1850s onwards, the Ottoman state borrowed heavily in the international money markets to finance its administrative and military modernisation programs. The terms of foreign borrowing were often unfavourable and obliged the Ottoman government to declare a moratorium on all its outstanding foreign debt in 1876. Following a five-year period of uncertainty and prolonged negotiations, the Ottoman government agreed to the establishment of the *Ottoman Public Debt Administration* (PDA) in a decree that it issued on December 20, 1881. The PDA was mainly a consortium of French, British, German and Ottoman representatives responsible for the reorganisation and repayment of the outstanding Ottoman debt. The Imperial Decree also granted the PDA the rights to administer, collect and to hold in deposit revenues accruing from salt and tobacco monopolies, silk tithes, and charges on spirits and fisheries. The PDA also held the rights to retain the Bulgarian tribute and the surplus of Cyprus revenues for the service of the outstanding foreign bonds.²⁰ Until the last days of the Empire, the PDA retained its status and remained in charge of a substantial portion of government revenues, while at the same time managing the foreign debt service. It also assumed an important role in raising new loans in the European money markets and played an active part in financing of railway construction in the Ottoman Empire.²¹

In a broad macroeconomic sense, the PDA had retarding effects on the Ottoman economy. The PDA not only seriously circumscribed the fiscal powers of the Ottoman state and curtailed its capacity to institute wide ranging reforms, but it also undermined the accumulation of capital within the empire through massive capital transfers abroad.

²⁰ D. Blaisdell, *European Financial Control in the Ottoman Empire*, (New York: Columbia University Press, 1929); Parvus Efendi, *Türkiye'nin Mali Tutsaklığı* [Turkey's Financial Dependency] (İstanbul: May Yayınları, 1970); R. Suvla, "The Ottoman Debt, 1850-1939", in C. Issawi (ed.), *The Economic History of the Middle East, 1800-1914, A Book of Readings*, (Chicago and London: The University of Chicago Press, 1966), 94-106; E. Kıray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar*, [Economic Structure and Foreign Debt in the Ottoman Empire] (İstanbul: İletişim, 1993); and, Pamuk, *Osmanlı Ekonomisinde Bağımlılık*.

²¹ D. Blaisdell, *European Financial Control*; Kıray, *Osmanlı'da Ekonomik Yapı*; Pamuk, *The Ottoman Empire*. Also see O. Okyar, "A New Look at the Problem of Economic Growth in the Ottoman Empire (1800-1914)", *The Journal of European Economic History*, 16, N. 1, (1987): 7-50.

Thus it helped prepare the macroeconomic grounds for underinvestment in the Ottoman economy.²²

However, the PDA contributed in important ways to the development and growth of sericulture and tobacco production throughout the empire. The PDA and its administrative offshoots provided technical, logistic and financial support to farmers who were engaged in the production of these crops. The PDA also provided a legal and administrative framework that closely regulated the production and marketing of these products, especially of tobacco. Although some of the measures had a retarding effect on agricultural production in the short-run, they set the specific terms and conditions of marketing and thus defined the rules of the game in due exchange processes.²³ More importantly, the PDA managed to enforce these regulations quite effectively and thus minimised, or rather moderated, certain market failures that had claimed much from the robustness of such unregulated sub-sectors of the agrarian economy as cereal and cotton production. In this respect, the regulatory framework set by the PDA and its enforcement powers seem to have contributed to the growth of sericulture and tobacco production. In what follows, we will concentrate on the dynamics of agrarian transformation in Selanik against the backdrop of the economic conjuncture and the structural processes outlined above.

2. Agricultural Production in an Unregulated Context

2.1. Cereal Production

The impact of the transport revolution was felt particularly strongly in world cereal markets. The costs of conveying bulky cereals declined by 50.0% to 70.0% during the last quarter of the nineteenth century. This brought the cereal producers of North America, the Black Sea basin and the Indian subcontinent within easy reach of the expanding European consumer markets. In response, world cereal production and exports grew rapidly during the same period. Between c.1875 and c.1910, wheat production in the Black Sea region rose by 170.0% between c.1875 and c.1910. North

²² Quataert, *Ottoman Reform*; and, Akarlı, "Growth and Retardation".

²³ Quataert, *Ottoman Reform*; Quataert, "The Age of Reforms".

American wheat production grew by 85.0% while that of India increased 65.0%.²⁴ Wheat exports from Russia and the Danubian provinces rose more than threefold. Wheat exports from North America almost doubled and Indian exports increased by more than seven times during the same period.²⁵ Thus, the Black Sea basin, the frontier settlements in mid and North Western America and India, and other important primary producers such as Argentina and Australia emerged as the granaries of the world economy, providing cheap foodstuffs for the rapidly growing urban population of the industrial economies of Europe and north America.²⁶

This expansionary process in world cereal trade was marked by an unprecedented price depression in European cereal markets. The cheap grains of “peripheral” areas soon glutted the markets, leading to a swift diminution in prices from the early 1870s onwards. Wheat prices in the United Kingdom decreased by about 50% between the early 1870s and the mid-late 1890s. Even throughout the reflationary period of 1896-1914, prices could make only a partial recovery in international markets. Wheat prices in the UK increased only about 17.0% during the period and still stood well below their early 1870 level on the eve of the Great War.²⁷ The same deflationary trends were paralleled in the continent as well. This situation put European cereal producers under strong competitive pressure even in the domestic urban consumer markets.²⁸

The continental economies responded swiftly to the ‘peripheral’ challenge. Modernisation of agriculture and effective protectionism constituted the primary axis of continental response to the intensifying overseas competition.²⁹ Behind trade barriers, continental cereal production grew considerably. French wheat production increased by 56.0%, German by 43.0%, Italian by 28.0% and Austria-Hungarian by 130.0% during the period under consideration.³⁰

²⁴ C. N. Harley, “Transportation, the World Wheat Trade and the Kuznets Cycle, 1850-1913,” *Explorations in Economic History*, 17 (1980): 228; W. Malenbaum, *The World Wheat Economy, 1885-1939*, (Cambridge, Massachusetts: Harvard University Press, 1953), 238-239.

²⁵ Harley, “Transportation, the World Wheat,” 227-229.

²⁶ Harley, “Transportation, the World Wheat,” 229.

²⁷ Harley, “Transportation, the World Wheat,” 220-221.

²⁸ S. Pollard, *Peaceful Conquest, The Industrialisation of Europe, 1760-1970*, 1.P. (1981), (Hong Kong: Oxford University Press, 1992), 265; Malenbaum, *The World Wheat Economy*, 34-35.

²⁹ Between 1880 and 1900, tariffs on wheat imports increased from less than 10% to 40% in France and Italy and to 25% in Germany. See, Malenbaum, *The World Wheat Economy*, 157-162.

³⁰ Harley, “Transportation, the World Wheat,” 228.

These developments disadvantaged greatly the cereal producing farmers of Selanik. Before the Hamidian period, Selanik had already become an important supplier of cereals for overseas markets. Cereal trade grew rapidly during the eighteenth century. According to Svoronos, cereal exports from Salonica increased almost tenfold from 1,270 tons in 1763 to 11,290 tons in 1798.³¹ Local grains found regular purchasers in the leading port-towns of the Mediterranean basin, such as Trieste, Venice, Genoa, Marseilles, Istanbul and Alexandria.³²

Regional cereal trade further extended its reach to the relatively distant northern European markets of Liverpool, Hamburg and Antwerp during the first half of the nineteenth century. In the meantime, regular overseas trade with the Mediterranean markets continued to expand considerably.³³ According to one contemporary estimate, cereal exports from Salonica stood around 28,000 tons in 1809.³⁴ By the late 1860s, this figure had gone up to 40,000 tons.³⁵

Despite the expansion in overseas trade, the region was not in a position to capture a commanding position in overseas markets. The cereals coming from the Black Sea basin literally out-competed the Macedonian produce in the Mediterranean and northern European markets. Local produce could be traded in large amounts only in times of great scarcity generated by unusual crop failures, wars and other exogenous factors that seriously disturbed the regular flow of supplies from the Black Sea basin. Otherwise, foreign merchants normally preferred the cheap and good quality Black Sea

³¹ N. Svoronos, *Le commerce de Salonique au XVIIIe siècle*, (Paris: Presses Universitaires de France, 1956), 277.

³² Svoronos, *Le commerce de Salonique*, 271-278; J. R. Lampe, and M. R. Jackson, *Balkan Economic History, 1550-1950, From Imperial Borderlands to Developing Nations*, (Bloomington: Indiana, University Press, 1982), 39-44; B. McGowan, *Economic Life in Ottoman Europe, Taxation, Trade and Struggle for Land, 1600-1800*, (Cambridge, London, New York, New Rochelle, Melbourne, Sydney: Cambridge University press and Editions de la Maison des Sciences de l'Homme, 1981), 6-37; R. Kasaba, "Was there a Compradore Bourgeoisie in Mid-Nineteenth-Century Western Anatolia," *Review*, 11 (1988): 215-288; Gounaris, *Steam over Macedonia*, 24-30; G. Harlaftis, *A History of Greek-Owned Shipping, The Making of and International Tramp Fleet, 1830 to the Present Day*, (London and New York: Routledge, 1996), 3-38.

³³ *F.O.A.P.*, 1873, V. 29: 734; *F.O.A.P.*, 1883, No: 6: 95; *R.C.L.*, 1903, No: 190-95: 309. Also see Harlaftis, *A History of Greek-Owned Shipping*, 6-24, for the impact of Greek independence on sea-bound trade in the Eastern Mediterranean basin. Also see, Gounaris, *Steam over Macedonia*.

³⁴ E. Themopoulou, *Salonique, 1800-1875: Conjoncture Économique et Mouvement Commercial*, (Unpublished Ph.D. diss., Paris: Université de Paris I Pantheon-Sorbonne, 1994), 316. Also see N. Svoronos, *Le commerce de Salonique*, 277.

³⁵ Themopoulou, *Salonique*, 339-344.

grains to the local produce and purchased Selanik produce mainly for regular market clearance.³⁶

The advent of American and Indian competition in international markets, growing protectionism in the continent, and the ensuing price depression in international cereal markets in the aftermath of the transport revolution simply intensified competition and put local cereal producers under immense pressure. They now faced a multitude of challenges. They had to cope with the swift depression in cereal prices, compete with good quality cereal varieties in overseas markets, get around the problem of transportation costs, and jump over the hurdle of prohibitive tariff walls sheltering continental agriculture from foreign competition. Besides, they had to compete with imported cereals in the largely underprotected domestic markets. As we shall see, little could be done to overcome any of these problems and the region failed to make a breakthrough in overseas cereal trade.

2.1.1. Price Depression and the Stalemate in Overseas Trade

The worldwide depression in cereal prices did not hit Selanik markets until the early-1880s. The inflationary moment of the Russo-Turkish War of 1876-1877 and the disastrous crop failure of 1879 helped maintain local cereal prices for a while.³⁷ From the early 1880s onwards, however, cereal prices started to decline rapidly in Salonica. The price depression was quite swift with prices descending by over 42.5% between the early 1870s and 1895 (See Table 2.1). The only exception to this secular downward trend was the speculative leap of 1891-1892, which was caused mainly by the withdrawal of Russian cereals from the world markets due to the severe famine of 1891.³⁸ The ensuing vacuum in overseas markets increased the demand for local produce and fuelled cereal prices in Salonica almost up to the pre-depression levels. Once the Russians stepped back into the international markets, local prices went under and continued their uninterrupted descent until 1895.

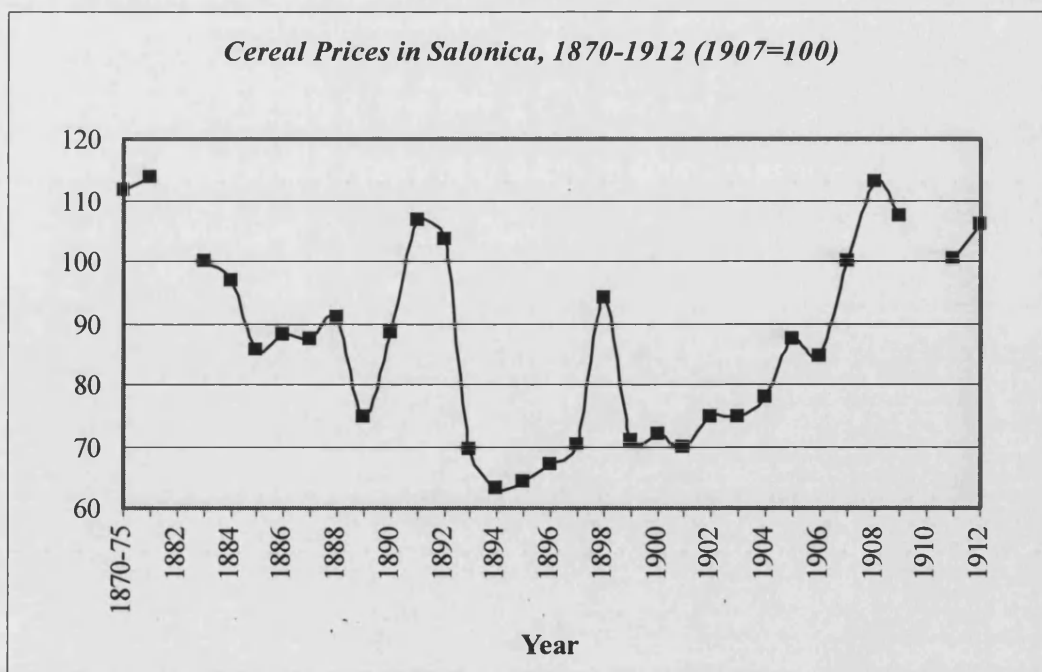
³⁶ Harlaftis, *A History of Greek-Owned Shipping*; Themopoulou, *Salonique*.

³⁷ *F.O.A.S.*, 1883, N.6: 93; PRO, *F.O.* 195/1256, 17.10.1879, Blunt to Layard; BA, *ŞD-Selanik*, 2008/41, 6.Ra.1296 (27.2.1879).

³⁸ *F.O.A.S.*, 1893, N. 1310: 5-6.

The post-1895 price recovery was both slow and limited. Not even strong exogenous shocks could initiate a lasting recovery. For instance, 1896 was a bad year for cereal producers throughout the world. Crops had failed in India, Russia and in Western Europe.³⁹ This situation increased the demand for Selanik grains and created many opportunities for local merchants to market their produce overseas at favourable prices. Not surprisingly, speculative trading in local markets quickly drew prices up to new heights. Prices started rising in Salonica from mid-April 1896 onwards and increased about 40% in just a fortnight.⁴⁰ As the surplus of the hinterland rapidly glutted the Salonica market, however, local prices again went under. That year, cereal prices increased by a modest 5.0% on average, adding only marginally to the long-term recovery trend. Yet, local speculators, especially the leading cereal merchants of the region such as the Modiyano and the Alatini families, earned handsome profits from speculative trading and retained their undisputed control over the cereal market of Salonica.⁴¹

Chart 2.1.



Source: See Appendix 1.

³⁹ *Asir*, 14.R.1314 (22.9.1896), N. 110: 2.

⁴⁰ *Asir*, 13.Ca.1314 (20.10.1896), N. 118: 2.

⁴¹ *Asir*, 13.Ca.1314 (20.10.1896), N. 118: 2; *Asir*, 4. C. 1314, (10.11.1896), N. 124: 1.

Another exogenous price shock was generated by the combined effect of the Greco-Turkish War of 1897 and the Spanish American War of 1898. To start with, the American harvest of 1897 was relatively poor and the possibility of war with Spain heightened speculative concerns in European cereal markets. Apprehensive of the price controls superimposed by a syndicate formed by leading American cereal merchants and trading houses, European merchants turned increasingly towards the alternative grain markets of the Mediterranean basin.⁴² From April onwards, the grain merchants of Salonica started to receive orders from their agents in Mersailles, Trieste, Genova, and Liverpool.⁴³

Simultaneously, the mounting tensions between the Ottoman and Greek governments over the diplomatic status of Crete erupted into armed conflict on April 10. The orders of the Ottoman army fighting in Northern Greece and Western Macedonia further increased the demand for cereals, fanning the inflationary moment in the local cereal markets. The region had entered 1897 with minimal grain stocks, which had been largely consumed largely during the previous year.⁴⁴ Moreover, the harvest of 1897 was likely to be a poor one and was expected to stand below its normal level by as much as 50.0%.⁴⁵ In fact, the situation was serious enough to draw the attention of local authorities. The local government briefly considered the possibility of imposing an export ban and set up a special committee to monitor regional grain reserves. The committee eventually maintained that the local reserves were sufficient to provide supplies for both the local civilian population and the army and concluded that the region could release an extra 7,500 tons for export until the end of the year. The export ban was not imposed, but it became quite apparent that the existing stocks could not be sufficient to meet the incoming orders from the overseas markets.⁴⁶ The situation gave way to a quasi-Kindlebergerian mania in Salonica. Prices rose by an unprecedented 70.0% over just a fortnight between April 20 and May 9.⁴⁷ However, soon it became

⁴² *Asir*, 2.M. 1316 (22.5.1898), N. 279: 1.

⁴³ *Asir*, 25.Z.1315 (16.5.1898), N. 277: 1; *D.T.O.G.*, 15.Z.1315 (6.5.1899), N. 692: 146.

⁴⁴ PRO, *F.O.* 78/4835, 15.9.1897, Report by Mr. Consular Assistant Heathcore on the Harvest of 1897 in the District of Salonica; PRO, *F.O.* 78/4835, 20.9.1897, Capety to Blunt; PRO, *F.O.* 78/4835, 28.9.1897, Heathcore to Blunt.

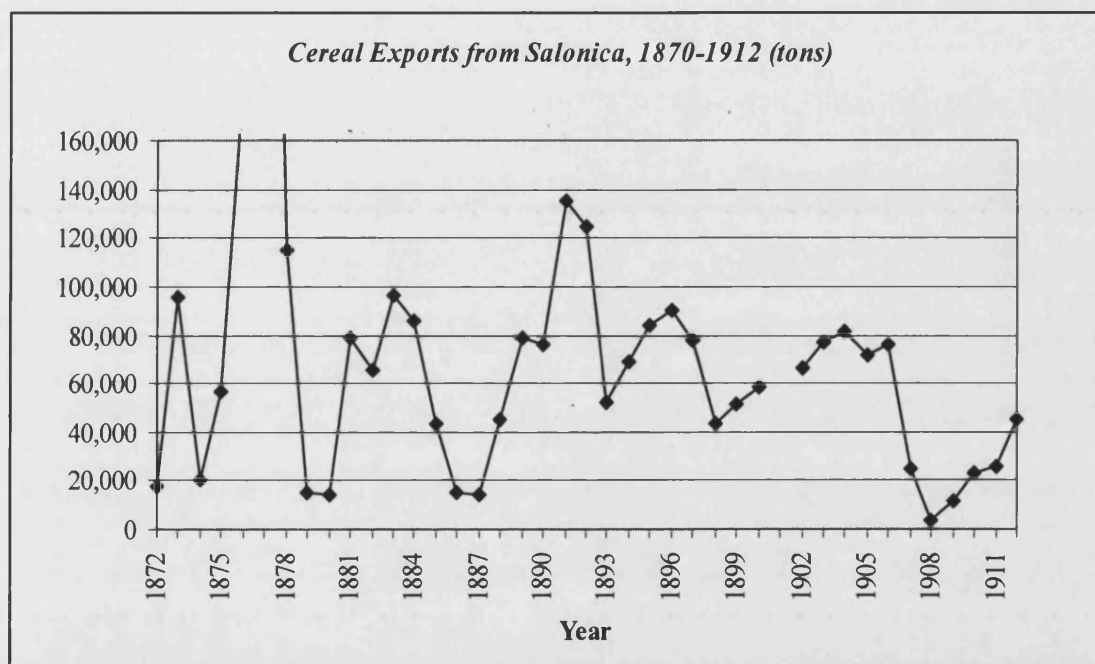
⁴⁵ PRO, *F.O.* 78/4835, 20.9.1897, Capety to Blunt; *F.O.A.S.*, 1898, N. 2270: 6; *R.C.L.*, 1899, N.142-147: 1132.

⁴⁶ *Asir*, 2.M. 1316 (22.5.1898), N. 279: 1.

⁴⁷ *Asir*, 2.M. 1316 (22.5.1898), N. 279: 1.

evident that the American syndicate was ready to relax price controls and provide European markets with sufficient supplies. Besides, the war with Greece lasted only a month.⁴⁸ Under the circumstances, the speculative bubble burst in Salonica and the bull market in cereals could not realistically be maintained for long. Next year, stagnation hit the Salonica markets again, and the prices reverted to the mediocre levels of the long-term recovery trend.⁴⁹

Chart 2.2.



Source: Compiled from Gounaris, *Steam over Macedonia*, 92-93. For raw figures in tons see Appendix 3.
Note: 450,672 ton exports in 1877.

After 1905, a combination of domestic and international events drove cereal prices up rapidly. The first destabilising shock came with the demand boom generated by the Russo-Japanese War and the Russian revolution of 1905. War and revolution in Russia largely disturbed the Black Sea grain trade and almost instantly increased the European demand for local cereals. The situation fanned speculation in Salonica and cereal prices went up by about 15.0% on average in 1905.⁵⁰ The 1905 stocks largely were exhausted by October, and the region entered 1906 with minimal reserves. A

⁴⁸ PRO, F.O. 78/4835, 15.9.1897, Report by Mr. Consular Assistant Heathcore on the Harvest of 1897 in the District of Salonica.

⁴⁹ F.O.A.S., 1898, N. 2270: 6; *Asir*, 2.M. 1316 (22.5.1898), N. 279: 1.

severe local crop failure that year further depressed output levels, a situation that aggravated inflation in domestic markets.⁵¹ This time, however, the crop failures proved more persistent than usual, and a streak of successive harvest failures between 1907 and 1910 seriously undermined the productive capacity of the region. Consequently, cereal prices in Salonica increased by 40% between 1904 and 1910. Only the above average harvests of 1911 and 1912 could reverse this inflationary trend.⁵² On the eve of the Balkan Wars, cereal prices were more or less restored to their pre-1875 levels. However, the export markets were a lost cause now as adverse economic conditions prevented local producers from competing in international markets.

Export performance of the sector remained unmistakably sluggish during the period under consideration. Cereal exports from Salonica lingered around an average of 70,000 tons, with only brief instances of rapid expansion and growth (See Chart 2.2). Even the construction of three important railway lines, which linked Salonica to the Macedonian hinterland, could not initiate a breakthrough in overseas trade. The opening of the Üsküp, Manastir and Istanbul railway lines in 1872, 1892 and 1894, respectively, could not jump-start overseas trade. Only two exogenous shocks, that is the Russo-Ottoman War of 1876 and the Russian famine of 1891, triggered a short-lived expansion in overseas trade. Following the restoration of balances in international cereal markets, however, regional exports settled back to the mediocre 70,000-ton benchmark and remained at that level until 1905. After this date, exports from the region declined swiftly. The above mentioned streak of harvest failures were responsible largely for the unusually poor export performance of the region. The gradual recovery materialised only with the reversal of harvest trends in the following years. Still, exports from Salonica amounted only to 44,770 tons in 1912.

A number of factors seem to have underlined the sluggish export performance of the region and its persistent failure to respond to emergent competition in the overseas markets. Serious supply side factors withheld the realisation of the export potential of the region. These supply side problems will be discussed in detail in the following chapter. It suffices to say for now that the failure to modernise agriculture, intense scarcity of labour, and the political instability that affected the Macedonian countryside

⁵⁰ *Asir*, 20.Z.1321 (7.3.1904), N. 371: 1; *Asir*, 2.S.1322 (18.4.1904), N.410: 1.

⁵¹ *Asir*, 20.Z.1321 (7.3.1904), N. 371: 1.

⁵² *F.O.A.S.*, 1911, N. 5017: 8; *F.O.A.S.*, 1912, N. 5234: 7.

largely undermined the region's capacity to respond to the challenge of the overseas markets. However, equally serious problems affected the actual process of marketing and withheld the local cereal producers from making headway in the overseas markets. In what follows, I will concentrate on these market constraints in detail.

The Transaction Cost Constraint: The Railway Tariffs

High costs of overland transport had for long been a persistent and indeed prohibitive problem for local cereal producers. The main river systems of the region were too shallow and unpredictable, thus rendering the cheapest option for the transportation of bulky goods infeasible. The local merchants had to transport cereals overland from the interior to the port of Salonica for export. At that time, the roads were in poor condition and did not allow for easy cart transportation. Therefore, the caravans had to rely on more expensive animal transportation, which naturally increased the costs of overland transportation.⁵³

This situation put the local farmers at a disadvantage, especially against their counterparts in the Black Sea region, who could transport their produce with relative ease, safety, and at a considerably lower cost along the extensive waterways provided by the Rivers Danube, Dniester, Dnieper and Don to the main Black Sea ports.⁵⁴ Similarly, the North American cereal producers could transport their produce on railways, lakes, canals and river systems with ease, safety, and at a relatively low cost. In this respect, the local producers were already at a 'transaction cost' disadvantage before the appearance of railways in the region. For instance, all transaction costs, including the insurance and octroi charges involved in transporting wheat from Chicago to Liverpool totalled to 50 cents per bushel, or covered only a third of Liverpool wheat price c.1870.⁵⁵ In contrast, the local transport costs in Selanik could constitute as much as 50.0% of the f.o.b price of wheat in Salonica, and could amount to 50 cents per bushel in the mid-1860s.⁵⁶ In other words, carrying grains all the way from Chicago to Liverpool could cost as much as transporting cereals over to the port of Salonica from its hinterland.

⁵³ Gounaris, *Steam over Macedonia*, 24-26.

⁵⁴ Harlaftis, *A History of Greek-Owned Shipping*, 3-38.

⁵⁵ Harley "Transportation, the World Wheat," 225.

The construction of railways undoubtedly cut the cost of transportation and increased the speed and security of conveyance. In this respect, the positive impact of railways on regional cereal production cannot be denied.⁵⁷ However, the railways did not come problem-free, and they did not solve all the problems associated with the transportation of bulky cereals everywhere in the region. First, the subsidiary roads linking the interior grain fields to the rail lines and to the major urban centres of the region remained in quite poor condition throughout the region. Under the circumstances, intermediary merchants were compelled to convey the cereal produce on animals to railway stations. Reliance on this rudimentary method of carriage increased the costs of transportation.⁵⁸ Secondly, the tariffs on these railway lines were set at exorbitantly high rates, due to the high kilometric guarantees given by the Ottoman government to the railway companies.⁵⁹ For instance, the railway tariffs on cereals could constitute as much as a third of the wheat prices and a half of the prices of oat, rye, barley or maize in Salonica in the 1880s.⁶⁰

This situation disadvantaged local cereal producers and merchants alike. The mercantile community of Salonica in specific felt the pressure of the railway tariffs and put incessant pressure on the railway companies to reduce the tariffs.⁶¹ In 1888, Messrs. Alatini Brothers, the leading grain merchants of Salonica, voiced the concerns of the mercantile community in a report submitted to the British consulate:

Unfortunately, the ever-increasing competition of America and India, whose products find their way to centres of production in Europe, and the low prices which are the natural result, have deprived the export trade of Salonica of all the development ... In fact, the landed proprietors have found it impossible to realise their harvests by sending them abroad owing on the one hand, to the low prices of the markets, and, on the other hand, to the tariffs of the Salonica Railway, which are still enormously high ...⁶²

⁵⁶ Gounaris, *Steam over Macedonia*, 25.

⁵⁷ Gounaris, *Steam over Macedonia*, 87-130.

⁵⁸ *P.P.A.P.*, 1874, V. 32: 870; *F.O.A.S.*, 1875, N. 17: 449.

⁵⁹ For an excellent discussion of Macedonian railway tariffs and kilometric guarantees see Gounaris, *Steam over Macedonia*, 74-86.

⁶⁰ *D.T.O.G.*, 16.R.1313 (5.10.1895), N. 562: 472.

⁶¹ PRO, *F.O.* 195/1585, 15.4.1887, Translated Petition Presented to the Ministry of Public Works by the Salonica Chamber of Commerce.

⁶² *F.O.A.S.*, 1888, N. 394: 2-3.

In the same year, the Alatini report also appeared in the semi-official journal of the *Istanbul Chamber of Commerce*. The report pointed to the prohibitive nature of railway tariffs and subtly drew the Porte's attention to the urgency of the matter.⁶³ The voice of the Alatini report could not have gone unnoticed in Istanbul. The Alatinis were extremely powerful in Salonica. They controlled the bulk of the export/import trade, served as the primary grain suppliers for the provincial military garrisons, assumed a strong presence in local credit markets, had firm interests in urban construction industry and real estate market, and owned almost all industrial establishments in the city of Salonica.⁶⁴ Together with other influential Jewish families of the town, the Alatinis owned or controlled all major business concerns in Salonica.⁶⁵ The family maintained contacts in consular offices and government bureaus at the highest level. Such leading figures of the family as Alfred Alatini had established firm relations with local notables, government officials and European consuls residing in Salonica. Through these connections they could, and seemingly did, put considerable political and diplomatic pressure on the *Oriental Railway Company*.

In the months following the publication of the Alatini Report, the concerns of the mercantile community led by the Alatini family took a more structured and official tone. The Salonica Chamber of Commerce and the provincial government assumed active initiative in the resolution of the matter and put incessant pressure on the representatives of the *Oriental Railway Company*. These efforts were backed strongly by the British consul, Mr. Blunt, who had been petitioning the embassy, complaining about the adverse effect of the railway tariffs on British trade with Serbia via the port of Salonica for almost a decade.⁶⁶ The ensuing political and diplomatic pressures eventually bore fruit and forced the Oriental Railway Company to reduce the tariffs over the Salonica-Üsküp line.⁶⁷

Reductions had an immediate positive impact on overseas trade. The hinterland stocks accruing from the bountiful harvest of 1888 and the yield of the good harvest of

⁶³ *D.T.O.G.*, 15.N.1305 (26.5.1888), N. 178: 255-257.

⁶⁴ See Chapter 5 for details.

⁶⁵ S. Dumont, "The Social Structure of the Jewish Community of Salonica at the End of the Nineteenth Century", *Southeastern Europe/L'Europe du Sud-Est*, 5, N. 2, (1979): 53-64.

⁶⁶ PRO, *F.O.* 195/1360, 15.4.1881, Blunt to Goschen; PRO, *F.O.* 78/3646, 12.8.1884, Blunt to White; PRO, *F.O.* 78/4288, 16.1.1890, Blunt to White.

⁶⁷ *F.O.A.S.*, 1889, N. 623: 11-12, 16.

1889 were transported over to Salonica, glutting the market and causing a considerable reduction in cereal prices in 1889.⁶⁸

However, world cereal prices declined even further during the 1890s and soon railway tariffs once again became a notorious problem for local merchants and producers. A glance at the contemporary newspapers and petitions reveal the intensity of the complaints of Salonica's merchants and landlord's about the exorbitance of the railway tariffs. For instance, a group of merchants from Salonica argued that the tariffs were preventing quite literally the traders from sending the produce of its hinterland to Salonica, even in times of buoyant demand and rising prices.⁶⁹ Similarly, a group of landlords from the neighbouring province of Manastir complained about the "absurdity" of the high railway tariffs and pointed to the fact that trains arriving with goods at Manastir were returning to Salonica almost completely empty. This, they argued, was causing implicit revenue losses for the Ottoman government, whilst putting the local cereal producers at a serious disadvantage.⁷⁰ Another anonymous merchant from the district of Selanik reprimanded the tariff policy of the *Oriental Railway Company* and suggested that a reduction in railway tariffs would actually increase the revenue of the company. He also argued that a reduction in tariffs would decrease the kilometeric guarantee burden of the Ottoman government. A reasonable reduction would help generate a substantial recovery in grain trade and encourage cereal cultivation in the region. Thus, he held, the company, the government, cereal producers and merchants would all benefit from potential tariff reductions.⁷¹

The political pressure exerted by local notables, prominent merchants and European consuls again bore fruit, and forced the railway companies to agree to further reductions on the Manastir line in 1894 and on the Üsküp line in 1897.⁷² These final reductions could have a positive impact on local cereal trade, but they came too late to make a lasting impact on overseas trade. The damage had already been done over the previous two decades. Pressed hard under adverse conjuncture of the international economy and prohibitive transportation costs, many long-time cereal producers in the region had already switched to the production of more profitable and less bulky cash

⁶⁸ *F.O.A.S.*, 1891, N. 822: 5.

⁶⁹ *D.T.O.G.*, 16.R.1313 (5.10.1895), N. 562: 472.

⁷⁰ *Asir*, 30.B.1313 (29.12.1895), N.190: 1

⁷¹ *Asir*, 13.N.1313 (26.02.1896), N. 198: 1.

⁷² Gounaris, *Steam over Macedonia*, 75-76.

crops, such as opium, tobacco, sesame, cotton, and silk cocoons.⁷³ Besides, the crop failures of the 1897-1905 period undermined largely the export potential of the region. Under the circumstances, tariff reductions simply fell short of bringing about the desired effect.

The Marketing Process and Lack of Regulatory Bodies:

Another serious problem that undermined the export potential of the region was the poor marketing quality of local grains. The cereal produce sent from the interior often arrived at Salonica in a heavily debased condition.⁷⁴ Above all, wheat contained broken seeds mixed with rye, barley and oats, as well as with hay and sand. At times, the debris could weigh as much as 40.0% of the produce.⁷⁵

Debasement hurt overseas trade in a number of important ways. First, the intermediary merchants had to pay for the transportation of mere debris over the roads and railways. Thus, debasement inflated the costs of transportation, which, as we have seen, were already prohibitively high. Second, the poor quality of the marketed produce undermined the commercial reputation of local cereals and seriously curtailed the competitiveness of the sector in overseas markets. European merchants, quite justifiably, favoured the better sieved Russian and American grains and showed interest in cereals from Salonica only under extraordinary conditions.⁷⁶

There were a few reasons for the poor marketing quality of the local produce. To start with, the use of mechanised sieves was not widespread in the region. Thus, it was difficult to separate weak and broken seeds or sand and hay from the marketed produce.⁷⁷ The lack of an institutional framework that would encourage the introduction and diffusion of this complex and expensive technology was largely responsible for the persistence of the problem throughout the region.⁷⁸

⁷³ *D.T.O.G.*, 16.R.1313 (5.10.1895), N. 562: 472; *F.O.A.S.*, 1896, N. 1663: 7.

⁷⁴ *Asir*, 20.Za.1318 (11.3.1901), N. 566: 2.

⁷⁵ *Asir*, 28.Ş.1319 (10.12.1901), N. 640: 2-3.

⁷⁶ *P.P.A.P.*, 1873, V. 29: 735; *Asir*, 20.Za.1318 (11.3.1901), N. 566: 2; *Asir*, 20.C.1320 (15.9.1902), N. 717: 2.

⁷⁷ *Asir*, 20.C.1320 (15.9.1902), N. 717: 2.

⁷⁸ See Chapter 3 for the difficulties encountered in the introduction, diffusion and maintenance of modern agricultural technology into the region.

In addition, there were serious problems in the marketing process itself that allowed for, and indeed quite openly encouraged, debasement. At the time, most of the surplus grain ended up in the hands of estate owners, intermediary merchants and tax-farmers.⁷⁹ These agents either marketed the produce in nearby urban markets or sold it to local representatives of the large trading houses of Salonica. The representatives, in turn, forwarded the produce to Salonica and took a handsome commission in return for their services. No public authority or semi-autonomous body regulated or oversaw the marketing of cereals. The administrative councils and local municipalities could oversee marketing within urban centres they governed, but lacked simply the political and administrative capacity to regulate the marketing of cereals in the countryside and along the railway lines.⁸⁰ Under the circumstances, the actual process of marketing went largely unchecked leaving much room for deceptive practices.

Debasement was the typical manifestation, or rather the outcome, of this unregulated market framework. It seems the producers probably sold the mixed, broken and sandy grains to the local merchants, arguing that they did not have mechanised sieves at their disposal. The local merchants and the tax-farmers further debased the produce before selling it to the intermediary merchants and the agents, probably claiming that the phoney farmers and landlords were responsible for the poor quality of the produce. The intermediaries acting on behalf of the trading houses and working on commission probably mixed the grains with more debris along the railway line and sent it to Salonica in quite poor condition.⁸¹

The exporters in Salonica faced a crucial decision. They could either fully cover the additional costs of exporting the produce in prime condition, or ship the debased produce as it was, accepting lower prices and further penalties for debasement in the well monitored English and French markets. Neither option was desirable for the trading houses. Sieving tons of debased produce would simply increase operational costs and lead to considerable loss of revenue. However, sending the debased produce abroad would both lead to lower prices and undermine the commercial reputation of local cereals in European markets.

⁷⁹ See Chapter 4 for taxation practices and systems of land-tenure in Selanik.

⁸⁰ For the organisation of local marketing networks see Chapter-5.

⁸¹ *Asir*, 2.Za.1319 (10.2.1902), N. 657: 1.

The leading cereal traders of Salonica chose to sieve grains, especially primary cereals such as wheat and maize, in their warehouses and flour factories and incurred the ensuing operational costs.⁸² Disturbed by this situation the leading trading houses of Salonica took certain precautions that would help resolve the problem.⁸³ They formed a cartel and imposed a surcharge of five *paras* for every *kıyye* of grain sold in the town, regardless of the quality or the condition of the grain produce. The surcharge was to be paid by the merchants and intermediary agents, who were largely responsible for debasement. In principle, the money accruing from the surcharge was to be collected under a special fund and used to sieve the debased grain in Salonica.⁸⁴

The members of the cartel misused this fund. They happily shared the returns accruing from the surcharge and continued to sieve some of the produce in their private warehouses and flourmills. The produce marketed by smaller merchants, who did not have sieving facilities at their disposal, was not sieved at all and was shipped overseas in quite poor condition, much to the annoyance of the importers in Europe and other Mediterranean ports.⁸⁵ At any rate, the actual producers, who already suffered from declining prices and high costs of transportation, ultimately paid the surcharge. The agents and intermediary merchants claimed the surcharge from the farmers, either directly by transmitting the surcharge or indirectly by offering lower prices.⁸⁶

A decade later, members of the cartel voiced their concerns over debasement in a rhetorical fashion and asked for new legislation that would enable the municipal authorities to penalise deceitful merchants and intermediary agents. Thus, they argued, they could abolish the surcharge and ship the produce in prime condition to overseas markets.⁸⁷

At the time, such regulatory legislation was not entirely unforeseen in Ottoman lands. For instance, certain trade regulations had been instituted to secure the quality of

⁸² *Asır*, 2.Za.1319 (10.2.1902), N. 657: 1.

⁸³ The entire grain trade of the city was managed by twenty merchant houses. In practice however most of the overseas trade was conducted by the Alatini and Modiano families. *1320 S.V.S.* (1893: 432-433).

⁸⁴ *Asır*, 29.C.1324 (16.8.1906), N. 1104: 2.

⁸⁵ *Asır*, 29.C.1324 (16.8.1906), N. 1104: 2.

⁸⁶ *Asır*, 29.C.1324 (16.8.1906), N. 1104: 2.

⁸⁷ *Asır*, 2.Za.1319 (10.2.1902), N. 657: 1; *Asır*, 20.C.1320 (15.9.1902), N. 717: 2.

grains in the neighbouring town of Dedeğaç. There, the exporters were obliged to buy the produce that contained a maximum of 2.0% debris. Anything above the 2.0% margin had to be cleaned by the intermediary merchants and delivered to the exporter in good condition. Naturally, all the associated costs of sieving were to be incurred by the intermediaries.⁸⁸ Even in Salonica, the local officials and the municipal government closely monitored the marketing of red hot chilli peppers and successfully prevented the debasement of the produce.⁸⁹

However, the situation was somewhat more complex for wheat trade. It was not easy to institute such regulatory measures in the heavily structured cereal market of Salonica. Neither the local municipality nor the local chambers of agriculture and commerce had the administrative muscle and the political capacity to monitor and regulate the overseas cereal trade, which was firmly controlled by the influential families of the town. Besides, the sheer size and scope of cereal trade rendered effective regulation even more difficult.⁹⁰ Nevertheless, in 1907, local officials considered the establishment of a wheat exchange in Salonica, which would impose quality controls and ensure fair and competitive trading in the city markets.⁹¹ The large trading houses opposed the idea of a *boursier*, which potentially could jeopardise their hitherto unchallenged grip over Salonica market.⁹² Repeatedly, they argued against the establishment of the wheat exchange and put considerable pressure on the local authorities in order to prevent it. They claimed that the Salonica cereal market was not, after all, that important to necessitate a *boursier*.⁹³

Their argument was somewhat justified. Cereal trade in Salonica had shrunk over the last few years and the city could actually do without a *boursier*, as it had done for decades. However, the line of defence put forth by the trading houses was also rhetorical. First, there were quite a few wheat exchanges operating successfully in such towns as Izmir, Konya, Ankara and Eskişehir. Some of these towns had trading volumes comparable to that of Salonica.⁹⁴ Secondly, the second clause of the regulations

⁸⁸ *Asır*, 20.Za.1318 (11.3.1901), N. 566: 2.

⁸⁹ *Asır*, 9.B.1322 (19.9.1904), N. 914: 2; *Asır*, 5.N.1324 (22.10.1906), N. 1122: 3

⁹⁰ *Asır*, 31.R.1325 (3.6.1907), N. 1183: 2.

⁹¹ BA, *ŞD-Ticaret*, 1224/50, 26.N. 1325 (2.11.1907).

⁹² *Asır*, 29.C.1324 (16.8.1906), N. 1104: 2; *Asır*, 31.R.1325 (3.6.1907), N. 1183: 2.

⁹³ *Asır*, 31.R.1325 (3.6.1907), N. 1183: 2.

⁹⁴ *Asır*, 24.R.1325 (6.6.1907), N. 1185: 2.

governing the establishment and operation of cereal exchanges in the empire clearly stipulated that any town endowed with a chamber of commerce and agriculture was, in principle, entitled to a cereal exchange. Salonica was certainly fit for one.⁹⁵

The Chairman of the Chamber of Commerce, Mahmud Kapancı Efendi, was not entirely convinced by the cartel members' line of reasoning and demanded the establishment of a wheat exchange in Salonica. He presented his official application to the Sublime Porte on September 3, 1907. The Porte was quick to respond to the application, and the Ministry of Commerce and Public Works issued the necessary permit on October 30, 1907.⁹⁶ The legal ground was ready for the establishment of a regulated 'wheat-market' in Salonica. However, the evidence at hand indicates that the plan did not materialise in practice because of the opposition of the trading houses. There is no sign that either the planned wheat exchange or the large trading houses did much to improve the quality of the produce marketed in Salonica. Debasement remained a problem.

2.1.2. Transformation of the Domestic Market: Between New Horizons and Old Problems:

The overseas cereal trade constituted an indispensable component of the regional economy earlier in the nineteenth century. As we have seen, cereals had been one of the leading, if not the primary, export items of the region. Export trade provided local farmers with an important source of livelihood and prosperity. It also brought riches to prominent landlords, local merchants, commercial intermediaries, and the leading 'bourgeois' families of Salonica, and thus contributed to the overall process of capital accumulation. In this respect, the economic importance of the overseas cereal trade cannot be denied.

In fact, cereal trade was much more diffuse and extensive than the Salonica oriented export trade would suggest. Cereals constituted the main food staple of the

⁹⁵ BA, *ŞD-Ticaret*, 1224/50, 26.N. 1325 (2.11.1907).

⁹⁶ BA, *ŞD-Ticaret*, 1224/50, 26.N. 1325 (2.11.1907); *Manastır*, 20.Za.1325 (26.12.1907), N. 1164: 2.

local population.⁹⁷ In urban areas, people mainly consumed standard white bread, which was made primarily of good quality wheat. The diet of the rural populace was somewhat more modest; peasant farmers normally consumed a peculiar type of bread baked from a blend of wheat and lesser grain varieties, such as, rye, barley, maize and oats.⁹⁸ This special place of cereals as the basic food staple of the region presumably assured their vibrant and *regular* trading in local markets. Providing wheat supplies to urban centres constituted the primary axis of the regional cereal trade. According to the estimates presented in Table 2.1, the consumption of wheat in urban areas accounted for about 65-70.0% of the total wheat consumption in the region. This should not come as a surprise, for the rural population relied mainly on their own produce for basic staples and remained outside the extended circuit of commodity exchange. In certain districts where cash crop production was particularly predominant, such as Drama, Kavala, Sari-Şaban and Provişte, the dependence of the rural population on markets for basic staples was more prevalent. The consumption of wheat in these locations probably accounted for the region's remaining commercial wheat consumption. In general, however, the provision of wheat for the urban population appears to have accounted for the bulk of the regional trade in cereals. In what follows, I will concentrate on this urban dimension of the cereal trade.

Table 2.1.

<i>Estimated Wheat Consumption in Selanik, 1876-1911 (tons)</i>					
Year	<i>I</i> Total Output	<i>II</i> Exports	<i>III</i> Imports	<i>IV</i> Domestic Consumption (I-(II-III))	<i>V</i> Urban Consumption
1876	n.a.	50,184	-	n.a.	38,640
1894	81,500	8,200	-	73,300	47,665
1906	79,750	2,100	6,900	84,550	60,088
1911	n.a.	-	47,500	n.a.	85,804

Source: Output figures from 1890 salname and 1907 statistics. Exports from Gounaris, *Steam over Macedonia*, 92-93. Imports from *F.O.A.S.*, 1906, N. 3867: 10-11; *F.O.A.S.*, 1911, N. 5017: 13-21. Urban Consumption based on adjusted urban population estimates presented in Table 1.15.

Note: In estimating urban wheat consumption, I assumed that each person would on average consume 200 kg. of wheat annually. I then multiplied this figure with the available estimates of urban population and reached indicative estimates of urban wheat consumption. Per capita consumption figures were based on, Güran, *19. Yüzyıl Osmanlı Tarımı*, 93.

⁹⁷ T. Stoianovich, *Balkan Worlds, the First and Last Europe*, (Armonk, New York, London, England: M.E. Sharpe, 1994), 209; J. Baker, *Turkey*, (New York: Henry Holt and Company, 1877), 86. For the diet of local populace also see Draganof, *Macedonia and Reforms*, (London, 1908).

⁹⁸ *R.C.L.*, 31.1.1909, No. 262: 133-135.

The local trade in wheat provisions seems to have grown steadily during the period under consideration. According to the estimates presented in Table 2.1, urban wheat consumption more than doubled between 1876 and 1911 and reached an all time high of 85,804 tons on the eve of the Balkan Wars. In due course, exports diminished from over 50,000 tons to virtually naught in 1911. Thus, the urban domestic market became predominant in regional wheat trade by the eve of the Balkan Wars.

The growth of urban demand for local cereals created many opportunities for cereal producers and allowed them to resist the tide of depression, particularly through the crisis ridden 1880s and 1890s. Indeed, local farmers increasingly turned towards the immediate domestic urban markets and specialised in provisioning the region's growing urban population. Wheat and flour were imported in significant amounts only in times of severe crop failures. Otherwise, the domestic markets remained the exclusive source of local cereal consumption.

This is a telling observation. As I have noted, the Ottoman trade regime was quite liberal and the domestic markets were on the whole unprotected from the winds of foreign competition. Under the circumstances, we would normally expect the cheap American, Russian and Indian cereals and flour to capture a commanding position in the domestic urban markets. Therefore, we must seek alternative factors that can help explain the predominance of local produce in regional markets. Two preventive factors appear particularly important in this respect. The first is high harbour dues and charges prevailing in the port of Salonica. The second is, again, the prohibitive costs of overland transportation in the region.

Excessive harbour dues and charges, customs tariffs and various labour services charged at the port of Salonica had been a matter of complaint amongst the merchants involved in overseas trade.⁹⁹ To start with, the ships calling at Salonica had to pay quite substantial anchorage dues that could vary between 10 and 30 *kuruses*, according to the tonnage of the ship and the duration of its stay in the port. In addition, merchants discharging and loading cargoes alongside the quay were obliged to pay an extra harbour due to the appointed quay commissioners. The normal rate was 20 *paras* per ton of cargo handled at the quay. However, the surcharge over cereals was subject to a

different scale. The merchants had to pay one *para* per *kile* of wheat, maize, rye and sesame and three *paras* per *kile* of barley and oats discharged along the quay line.¹⁰⁰ It is not easy to determine the rate of effective protection provided by these charges and dues. However, altogether they could amount to about 2.0% of the current wheat price prevailing in Salonica, adding only marginally to the protection provided by the 8.0% *ad valorem* import tariff.¹⁰¹

The porters of Salonica, however, imposed a more substantial trade barrier. The porters constituted one of the most powerful segments of the town's working classes. They were organised under a powerful guild that regulated all matters pertaining to portage in the port. The guild set the charges of portage at considerably high rates and, through passive resistance and tough bargaining managed to dictate its terms to merchants and intermediary agents trading in Salonica.¹⁰² There is no evidence at hand that gives detailed information on the charges claimed by the guild. Therefore, it is not easy to determine the rate of protection provided by the extra costs of portage. However, considering the persistent protests of the local and foreign merchants and the incessant diplomatic pressure exerted by European consuls, we can reasonably suggest that the charges imposed by the guild of porters increased the tariff barriers quite substantially.¹⁰³ These charges must have helped increase the effective rate of protection by an indeterminate but evidently significant margin.

⁹⁹ PRO, *F.O.*, 195/1641, 1890, Dispatch No. 49 prepared by Consul Blunt on 'Dues authorised to be levied by the Salonica Quay Commissioners under the Sultans Firman'; PRO, *F.O.*, 198/2029, 25.1.1897, Blunt to Currie; PRO, *F.O.*, 198/2929, 26.1.1898, Blunt to Currie.

¹⁰⁰ PRO, *F.O.*, 195/1641, 1890, Dispatch No. 49 prepared by Consul Blunt on 'Dues authorised to be levied by the Salonica Quay Commissioners under the Sultans Firman'.

¹⁰¹ Consider the following hypothetical case: Let us assume that a 25 ton ship loaded fully with a wheat cargo anchored at Salonica in 1890. The ship would pay at least 10 *kurus* in total, or 40 *paras* per ton, for anchorage. In addition, the merchant would pay 38 *paras* per ton of wheat discharged at the quay, which adds up to about 80 *paras* in all. In 1890, the fob price of a ton of wheat in Salonica was about 37 *kurus*. Therefore, 80 *para* surcharge would correspond to 2.2% of the local price of wheat in Salonica.

¹⁰² D. Quataert, *Social Disintegration*; D. Quataert, "The Silk Industry of Bursa, 1880-1914," in H. İslamoğlu (ed.) *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 284-299; D. Quataert, "The Workers of Salonica," in D. Quataert and E. Zürcher (eds.), *Workers and the Working Class in the Ottoman Empire and the Turkish Republic*, (London and New York: I. B. Tauris Publishers in Association with Institute of Social History, Amsterdam, 1995), 59-74; S. Dumont, "Une organisation socialiste ottomane: la federation ouvrière de Salonique (1908-1912)," *Etudes Balkaniques*, 11, N. 2, (1975): 22-39; S. Dumont, "A Jewish, Socialist and Ottoman Organization: the Workers' Federation of Thessaloniki," in M. Tunçay and E. Zürcher (eds.), *Socialism and Nationalism in the Ottoman Empire, 1876-1923*, (London and New York: British Academic Press, An Imprint of I. B. Tauris Publishers in Association with the International Institute of Social History, Amsterdam, 1994), 49-76.

¹⁰³ For official complaints of the merchants of Salonica see PRO, *F.O.* 195/1065, 3.7.1875, Blunt to Elliot; PRO, *F.O.* 195/1065, 18.7.1875, Blunt to Elliot; PRO, *F.O.* 198/2029, 25.1.1897, Blunt to

The construction of a commercial harbour in Salonica and of a short railway line that linked the new harbour to the Salonica railway station in the early 1900s, reduced the rate of effective protection provided by the above discussed dues, charges and tariffs.¹⁰⁴ The new harbour that allowed for direct anchorage and reduced harbour dues and other charges associated with moorage. The short railway line allowed trains direct access to the port, and curbed the monopolistic powers of the guild, which brought about a notable reduction in the associated costs of portage. Indeed, the construction of the rail line between the harbour and the railway station, seem to have somewhat constrained the powers of the guild. Many porters formerly employed between the quays and the railway station lost their jobs and became mere carriers wondering the streets of Salonica.¹⁰⁵ Despite the blow, however, the guild did not entirely lose its influence in the town and continued to claim charges from traders in the port until the end of the period. The organisational power of the guild and its influence manifested in boycotts of Austrian and Greek goods in 1908-1910. The guild of porters and the boatmen of Salonica assumed active initiative in the organisation and execution of these successful boycotts and refused to handle Austrian and Greek cargoes, causing much distress among traders while earning the admiration of the local representatives of the Committee of Union and Progress.¹⁰⁶

In addition, the construction of the new harbour did not lead to a reduction in harbour dues and charges as might be expected. Quite to the contrary, the French Harbour Company set the dues at exorbitantly high rates.¹⁰⁷ For instance, the harbour due for wheat was set at 15 *paras* per 100 kg, or at 1.5 *kuruşes* per ton. The local price

Currie; PRO, *F.O.* 198/2929, 26.1.1898, Blunt to Currie; PRO, *F.O.* 195/2357, 30.4.1910, Lamb to Lowther.

¹⁰⁴ See Gounaris, *Steam over Macedonia*, and Anastassiadou, *Salonique*, for construction of railway connection between the port and the railway terminal and the construction of a new port in the town.

¹⁰⁵ Quataert, "The Workers of Salonica," 60.

¹⁰⁶ For the details of the boycott of Austrian goods and the leading role played by the porters and boatmen of Salonica see PRO, *F.O.* 195/2298, 23.10.1908, Lamb to Lowther; PRO, *F.O.* 195/2298, 26.10.1908, Lamb to Lowther; PRO, *F.O.* 195/2330, 19.10.1909, Lamb to Lowther. Also see E. Yavuz "1908 Boykotu" [The Boycott of 1908], *ODTÜ Gelişme Dergisi, Türkiye İktisat Tarihi Üzerine Araştırmalar Özel Sayısı* (Special Issue on Turkish Economic History), (1978): 163-181.

For the details of the boycott of Greek goods in Salonica see PRO, *F.O.* 195/2358, 1.6.1910, Lamb to Lowther; PRO, *F.O.* 195/2358, 10.6.1910, Lamb to Lowther; PRO, *F.O.* 195/2358, 18.6.1910, Lamb to Lowther; PRO, *F.O.* 195/2358, 28.6.1910, Lamb to Lowther.

¹⁰⁷ PRO, *F.O.*, 195/2133, 26.6.1902, Shipley to O'Conor.

of wheat was about 32 *kuruş* per ton at the time, that is c.1900.¹⁰⁸ Thus, the dues charged by the Harbour Company accounted for 4.7% of the local wheat price. These dues were clearly higher than those prevailing at any other Ottoman port in the Mediterranean.¹⁰⁹ When combined with the surcharge claimed by the porters and the 8.0% tariff, the harbour dues could provide some degree of protection for the regional cereal markets.

However, it seems the degree of protection provided by the tariffs, charges and other dues claimed at the port and the customs were not entirely sufficient to prevent imported cereals and flour from making headway in the internal domestic markets at the expense of the local produce. By the mid-1900s, the region had already become a regular importer of cereals and flour coming mainly from the Black Sea region. In 1911, imports accounted for about 40.0% of total urban wheat consumption in Selanik (see Table 2.1). In order to understand the underlining reasons for growing import dependency we must also consider the changes in the overall costs of transportation, particularly from Salonica towards the hinterland.

The exorbitant costs of transportation seem to have provided the sector with some degree of *de facto* protection until the early and mid-1890s. Surely, the high costs of transportation were far from being a blessing for local merchants and farmers, for these costs prevented them from reaping fully the benefits of the growing home demand for cereals. For instance, as late as 1896, the railway tariffs, despite previous reductions, prevented the cereal producers of Avrethisari from sending their produce to the neighbouring town of Siroz, which was only a few railway stops away. Consequently, grain stocks piled up in the warehouses, waiting for a substantial recovery in prices that would allow for profitable trading within the region.¹¹⁰ Clearly, the high costs of transportation constituted a serious problem for almost everyone involved in the cereal trade, except perhaps the railroad companies.

Yet, the prohibitive cost of transportation also gave local cereal producers a substantial competitive edge against imported wheat and flour coming from United States, India and more importantly, from the Black Sea basin. The wheat producers

¹⁰⁸ PRO, F.O. 195/2064, 1899, Convention, Port de Salonique.

¹⁰⁹ PRO, F.O. 195/2064, 1899, Convention, Port de Salonique.

¹¹⁰ *Asir*, 5.Za.1313 (18.4.1896), N. 66: 1-2.

located in the immediate hinterland of the leading towns benefited considerably from the protection provided by the high costs of transportation prevailing in the region. Apparently, this was an important factor that helped maintain cereal production in the region during the depression ridden 1880s and the early 1890s.

During the early 1890s, the situation changed dramatically for local cereal producers. The reduction of tariffs on goods travelling from Salonica towards Üsküp in 1891 brought the interior urban markets within easier reach of Russian and American producers.¹¹¹ The construction of two new railway lines in the mid-1890s and the subsequent reductions in tariffs also helped liberalise the urban markets of the interior and intensified the competition faced by the local producers. The complaints of a group of merchants from Manastir illustrate the adverse impact of the tariff reduction on local trade. According to these merchants, the *Oriental Railway Company* charged O.L. 15 for a wagonload of flour arriving from Manastir to Salonica in 1896. In contrast, cheap Russian flour coming from Salonica to Manastir was charged 40.0% less for the same distance and paid only O.L. 9 in railway tariffs. Under the circumstances, the local producers failed to market their produce and, more importantly, they faced intense overseas competition not only in Salonica but also in the recently rail-linked towns of the interior.¹¹²

Table 2.2

<i>Cash Crop Prices Relative to Wheat 1880-1912 (1880-1884=100)</i>				
Period	Tobacco	Cocoons	Opium	Cotton
1885-1889	111	121	119	107
1890-1894	88	117	116	82
1895-1899	125	102	117	91
1900-1904	199	114	117	125
1905-1909	156	91	129	104
1910-1912	207	120	190	130

Source: Compiled from Gounaris, *Steam over Macedonia*, and *Asir*. For disaggregate data see Appendix 1 and 4.

¹¹¹ PRO, F.O. 195/1768, 14.4.1892, Blunt to Clareford. This tariff reduction was the outcome of Britain's diplomatic pressures to circumscribe the rapid advance of Austrian commercial interests into the Balkans.

¹¹² *Asir*, 5.Za.1313 (18.4.1896), N. 66: 1-2. For similar complaints also see *Asir*, 13.N.1313 (26.2.1896), N. 52: 1; *Asir*, 11.L.1313 (27.3.1896), N. 59: 1-2; *Asir*, 9.Za.1313 (22.4.1896), N. 67: 1.

Not surprisingly, regional cereal trade soon came under the orbit of American and Russian trade. Trading houses of Salonica now increasingly preferred imported cereals and flour over the more expensive and poor quality local produce.¹¹³ Thus, the last bastion of local cereal producers, the domestic urban markets, fell to the hands of foreign competitors. The region became a regular importer of wheat and flour in the late 1900s.

Pressed hard under intense foreign competition both in overseas and domestic markets, the adverse income effect of sluggish prices, and the prohibitive costs of transportation, local cereal producers increasingly turned towards alternative agricultural pursuits. As relative prices turned in favour of cash crops (see Table 2.2), farmers and landlords switched to the production of these more lucrative and less bulky cash crops. Thus, regional cereal production went into a notable crisis from the turn of the century onwards and emerged as a largely retarded sector by the end of the period. The rapid growth of cash crop production in the region must be associated, among other things, with the sustained crisis in and the gradual retardation of cereal production.

2.2. Cotton Cultivation: American Competition and the Blessing of the Domestic Market

Cotton was the single most important commercial crop of the Selanik region until the 1860s. We know that cotton was cultivated in the fertile plains of Siroz and was exported overseas as early as the sixteenth century.¹¹⁴ However, the real expansion of cotton cultivation came later in the second half of the eighteenth century. Strong overseas and local demand for cotton increased the attraction of cotton production for local farmers.¹¹⁵ By c.1800, the districts of Siroz, Zihne, Yenice and Selanik had become primary centres of cotton cultivation in the Ottoman Empire.¹¹⁶ Cotton exports from Salonica rose from 1,130 tons in the early 1750s to 1,630 tons in the late 1780s and reached a peak of 7,700 tons by c.1800.¹¹⁷ By the turn of the nineteenth century,

¹¹³ *Asir*, 5.Za.1313 (18.4.1896), N. 66: 1-2

¹¹⁴ McGowan, *Economic Life*, 42-44.

¹¹⁵ Themopoulou, *Salonique*, 487.

¹¹⁶ Stoianovich, "Land Tenure," 403-404.

¹¹⁷ Svoronos, *Le commerce de Salonique*, 247; Themopoulou, *Salonique*, 512.

cotton had become the primary commercial crop of the region, generating about 6,000,000 *kuruşes* in export earnings.¹¹⁸

After the turn of the nineteenth century local cotton producers began to run into serious difficulties. Both overseas and domestic demand for local cotton varieties contracted rapidly from the early 1810s onwards, pushing the sector into a severe recession. The rapid mechanisation of cotton spinning in continental Europe proved extremely injurious for overseas cotton trade of Selanik. The short, hard and thick cotton staple varieties produced in the region yielded satisfactory results in hand spinning but they were not ideally suitable for mechanised mule spinners.¹¹⁹ The rough cotton staple could not resist the strain of mechanised spinners and frequently broke in the spinning process. Breakage was a serious problem for mule technology. The entire machine had to be stopped until the operators fixed the breakage. Given the consequent productivity loss, most mill owners preferred the strong but soft American and Egyptian cotton varieties that could resist the continuous motion of the mule spinner. The high quality American cottons out-marketed the cotton varieties coming from the Levant. The cotton produced in Selanik proved no exception. Exports from Salonica declined from an all time high of about 13,000 tons in the late 1810s to less than 2,000 tons in the early 1850s. By the early 1860s, cotton exports had fallen to merely 600 tons.¹²⁰

The decline of the local spinning industries from the 1820s onwards also struck a heavy blow to regional cotton production. Mounting British competition in overseas and later in domestic markets spawned the decline, indeed the collapse, of artisanal cotton spinning industry in the region as well as in Thessaly. This situation led to a further contraction in the demand for local cotton and pushed the sector into a severe crisis from the 1830s onwards. Production declined in all leading centres of cotton cultivation. By the 1860s, regional cotton production yielded only 3,500 tons in all.¹²¹

The American Civil War brought about a short-lived recovery in cotton production that lasted until the end of the 1860s. The disruption in the American cotton trade during the Civil War led to serious supply deficiencies throughout Europe and

¹¹⁸ Themopoulou, *Salonique*, 487.

¹¹⁹ *D.T.O.G.*, 30.B.1304 (24.4.1887), N.121: 115-116.

¹²⁰ Themopoulou, *Salonique*, 512.

¹²¹ Themopoulou, *Salonique*, 512.

forced European manufacturers to turn towards the old Levantine suppliers.¹²² Selanik was among the regions that attracted the attention of European merchants. However, the quality of the cotton staple produced in the region still constituted a serious and potentially prohibitive problem. The Ottoman government, in cooperation with a group of British merchants, took the initiative to improve the quality of cotton varieties produced in the region. The authorities imported and distributed 40 tons of Egyptian and 64 tons of American cotton seeds in Selanik between 1863 and 1868. Local farmers successfully adopted the new seed, which yielded satisfactory results both in quality and quantity.¹²³ In response, many farmers in Siroz and Zihne abolished the cultivation of tobacco, sesame and cereals and switched to cotton. Consequently, regional cotton production reached an all time high of 17,820 tons in 1867; about 11,000 tons were exported, and the rest remained in local storehouses waiting for purchasers.

Table 2.4.

<i>Average Cotton Prices in Salonica, 1870-1912 (d/ton)</i>	
Period	Average Price
1870-1875	1035
1880-1884	650
1885-1889	565
1890-1894	424
1895-1899	412
1900-1904	552
1905-1909	586
1910-1912	784

Source: Compiled from Gounaris *Steam over Macedonia*, and *Asır*. For details see, Appendix 4.

However, the cotton boom did not last long. The restoration of cotton production in the United States in the aftermath of the Civil War brought about a swift contraction in overseas demand for Levantine cottons.¹²⁴ In Salonica, cotton prices plummeted by 37.0%, at an annual rate of 4.7%, between the early 1870s and the early 1880s. The price of no other agricultural commodity, not even wheat, contracted so drastically. These adverse price trends forced many producers out of cotton production and

¹²² See R. Owen, *Cotton and the Egyptian Economy 1820-1914*, (Oxford: Oxford University Press, 1969), and O. Kurmuş, "The Cotton Famine and its Effects on the Ottoman Empire," in H. İslamoğlu (ed.) *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 160-169, for the impact of American civil war on Egyptian and Ottoman cotton production.

¹²³ F. Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış* [An Overview of Turkish Agricultural History], İstanbul: Devlet Basımevi, 1938), 135. BA, *ŞD-Selanik*, 2033/27, 16.Ra.1287 (15.6.1870).

compelled them to take up the production of more remunerative crops such as tobacco¹²⁵

Establishment of a number of local cotton spinning concerns in the late 1870s and the 1880s gave way to a partial recovery in cotton production.¹²⁶ In response to the fresh demand generated by new mills, cotton cultivation recovered in Siroz and Zihne. In 1886 British consul Blunt reported that the “cultivation of cotton in Macedonia [was] steadily [extending] owing to the establishment of cotton mills”.¹²⁷ A year later the recovery was still notable and “... the cultivation of [cotton] ... [was] increasing annually in the province owing to the progress made by the cotton manufactures”.¹²⁸ An official Ottoman report published in the provincial newspaper *Selanik* in 1888 underlined the same connection between the emergence of local spinning concerns and the recovery in cotton cultivation. The correspondent suggested that “the opening of spinning factories in the *vilayet* caused an increase in the consumption of cotton and we have not the slightest doubt that if our cultivators show energy and perseverance more awarding results will be obtained than from cereal crops”.¹²⁹

Meanwhile, the quality of the local cotton staple had again emerged as a notorious problem. The cotton seeds imported during the American Civil War had largely degenerated over time, due to climatic conditions and inadequate cleaning.¹³⁰ The quality of cotton fibres deteriorated and the local cotton varieties fell short of meeting the needs of the local spinning concerns.

Nothing was done to improve the quality of local cotton varieties until the mid-1880s. Probably alarmed by the complaints of local mill owners, the Ottoman authorities took certain measures to restore the quality of cotton varieties in the region.¹³¹ Upon orders from the Ministry of Agriculture and Commerce, 2,570 kgs of

¹²⁴ Themopoulou, *Salonique*, 505.

¹²⁵ *P.P.A.P.*, 1873, V. 29: 746; *P.P.A.P.*, 1874, V. 32: 509.

¹²⁶ See Chapter-5 for a detailed discussion of the growth of textile industries in the region. Also see D. Quataert, *Ottoman Manufacturing*; D. Quataert, *Workers, Peasants*; Gounaris, *Steam over Macedonia*; Anastasiadou, *Salonique*. Also see M. Palairé, *The Balkan Economies, c.1800-1914, Evolution without Development*, (Cambridge: Cambridge University Press, 1997).

¹²⁷ *F.O.A.S.*, 1886, N. 24: 6.

¹²⁸ *F.O.A.S.*, 1887, N. 75: 3.

¹²⁹ *F.O.A.S.*, 1888, N. 348: 2; PRO, *F.O.* 78/4119, Extract from the Salonica Gazette, 1.5.1888.

¹³⁰ BA, *ŞD-Selanik*, 2003/27, 16.Ra.1287 (15.6.1870); *P.P.A.P.*, 1874, V.32: 509.

¹³¹ *D.T.O.G.*, 25.Z.1305 (2.9.1888), N. 192: 418.

new American seeds were imported and distributed to cotton producers in Salonica in 1886.¹³² Compared to earlier efforts, the scope of this seed refreshment project was small and yielded relatively limited results.¹³³ As we shall see, the quality problem remained unresolved until the turn of the twentieth century.

Regional cotton production turned increasingly towards the domestic markets in the late 1890s and the early 1900s. The establishment of a number of new spinning concerns in Salonica, Ağustos, Vodine and Karaferye increased the demand for cotton, which gave way to a notable increase in cotton prices in Salonica. Moved by the price increase, many farmers, especially the long frustrated cereal producers, switched to cotton production. By 1895 regional cotton production had reached 3,000 tons and probably continued to rise until the early 1900s. However, the degeneration of cotton seeds was now a notorious problem. Local mill owners were seriously considering cotton imports from overseas as the local varieties fell short of meeting the specific technical requirements of the mechanised ring spinners, which were commonly used in local mills.¹³⁴ In response, the local authorities, in cooperation with the leading cotton merchants and yarn producers of the region, imported 40 tons of cotton seed from the United States and Izmir and distributed them to farmers in Siroz and Zihne in 1898.¹³⁵ Apparently, the scheme was successful and the new imported seeds, especially the ones coming from the Izmir region, yielded satisfactory results.¹³⁶ As such, domestic production could be maintained around 3,000 tons throughout the 1890s and the early 1900s.¹³⁷ Cotton imports into Salonica remained insignificant during this period.

The unprecedented growth in the tobacco business in the region seriously undermined regional cotton production after the turn of the century. As relative prices turned in favour of tobacco, many farmers, including the cotton cultivators of Siroz and Zihne switched to the cultivation of tobacco¹³⁸ In 1905, regional cotton production had declined by almost a third and yielded no more than 2,100 tons in total. This decline troubled the Ottoman government, for the growing attraction of tobacco production in

¹³² *F.O.A.S.*, 1888, N. 348: 2; *PRO, F.O.* 78/4119, Extract from the Salonica Gazette, 1.5.1888.

¹³³ *D.T.O.G.*, 25.Ra.1305 (11.12.1887), No. 154: 3.

¹³⁴ *Asır*, 26.N.1315 (17.2.1898), N. 254: 2; *D.T.O.G.*, 5.L.1315 (26.2.1898), N. 686: 68-69

¹³⁵ BA, *ŞD-Ticaret*, 1213/17, 21.N.1316 (4.2.1899).

¹³⁶ *D.T.O.G.*, 5.L.1315 (26.2.1898), N. 686: 68-69; *Asır*, 23.N.1322 (1.1.1904), N. 935: 2.

¹³⁷ See Chapter 1, Table 1.8.

¹³⁸ *Asır*, 1.N.1320 (1.12.1902), N. 737: 1; *Asır*, 3.Za.1320 (2.2.1903), N. 754: 3.

the region, at the expense of cotton, meant revenue losses. As cotton cultivators of Zihne and Salonica turned into tobacco producers, they began to pay their taxes to the PDA rather than the Ottoman Revenue Administration.¹³⁹ Concerned by the growing fiscal predominance of the PDA, the government authorities attempted, rather in vain, to counterbalance the growing attraction of tobacco cultivation in the region and tried to keep farmers in cotton production as long as possible. These efforts, as before, concentrated mainly on the improvement of the quality of local cotton varieties. The anticipation was that better quality cotton would fetch higher prices and render cotton production still attractive for local farmers. Seed distribution schemes continued during the late 1900s.¹⁴⁰

In addition, efforts were made to improve the quality of the *marketed* output. The ginneries in the countryside were in the habit of manipulating the machines so as to obtain higher cotton turnouts. However, such manipulated machines did a poor job of cleaning debris and the seeds the cotton contained and, perhaps more importantly, they seriously damaged the cotton fibre. The cotton thus ginned fetched lower prices in Salonica.¹⁴¹ To prevent such fraudulent practices and to secure the quality of the locally ginned cotton produce, the Ottoman government appointed officials from local councils and agricultural inspectors to examine the ginning machines in Siroz and Zihne districts and authorised them to seal off the faulty machines.¹⁴²

Evidently, these efforts could do little to regenerate growth in regional cotton cultivation. The attraction of tobacco production was simply overwhelming. By 1912, regional cotton cultivation yielded only 2,000 tons.¹⁴³ Under the circumstances, local mills turned increasingly towards overseas suppliers and began to import cotton regularly from other Levantine markets, especially from the Adana, Izmir and Aleppo regions. A leading centre of cotton production had become dependent on imports by 1912.

¹³⁹ See below for the collection of tobacco and silk taxes by the PDA.

¹⁴⁰ BA, *Irade-Ticaret ve Nafia*, 441/4319-7, 26.S.1324 (20.4.1906).

¹⁴¹ *Asır*, 29.Ş.1322 (7.10.1904), N. 928: 2; *Asır*, 22.L.1322 (29.12.1904), N. 943: 2; *Selanik*, 3.Za.1322 (9.1.1905), N. 1888: 2.

¹⁴² *Asır*, 21.Z.1323 (15.2.1906), N. 1051: 1; *Asır*, 12.M.1324 (8.3.1906), N. 1057: 2.

¹⁴³ See Chapter 1, Table 1.8.

Thus, regional cotton production lost ground in both overseas and domestic markets, due to a combination of complex structural and conjunctural factors. First, the contraction of overseas demand and the intensifying competition in domestic markets seem to have constituted an adverse economic climate for cotton producers and underlined the decline of the sub-sector in the long-term. Many farmers ultimately turned away from cotton cultivation and sought new opportunities in the rapidly growing tobacco business. Secondly, the lack of regulatory bodies and an institutional framework that could help support and sustain medium and long-term growth processes made a significant difference between growth and retardation. The failure to maintain the quality of cotton seeds and of the marketed produce were the manifestations of this institutional weakness. In this regard, cotton producers shared a similar fate with cereal cultivators.

3. Agricultural Production under Overseas Influence:

3.1. Silk Production: Disaster and Recovery:

Sericulture had for long been a principal agrarian pursuit in the region. The districts of Selanik and Kesendire had already emerged as important centres of sericulture in the eighteenth century. The silk produced and spun by local farmers was sent regularly to the Italian peninsula and France, as well as to a number of important Levantine towns such as Bursa and Izmir.¹⁴⁴ In addition, the silk cloth weavers of Salonica consumed considerable amounts of locally produced silk in weaving the famous headgears (*türban*) worn by the Janissary corps and the special silken bath towels (*peştemal*) commonly used throughout the Ottoman Empire.¹⁴⁵

The sector continued to expand during the first half of the nineteenth century. According to one contemporary estimate, regional silk output was around 12,000 kg at around the turn of the century. By 1845, raw silk production had reached 43,000 kg in the town of Salonica alone.¹⁴⁶ The growth of the sector in this period, as before, owed

¹⁴⁴ Svoronos, *Le commerce de Salonique*, 260. These figures also contain silk coming from neighbouring province of Thessaly.

¹⁴⁵ Svoronos, *Le commerce de Salonique*, 257-260.

¹⁴⁶ Themopolou, *Salonique*, 459. Also see C. Issawi, *Economic History of Turkey*, 257-258, for the growth of Macedonian silk production.

much to the buoyancy of overseas and domestic demand for the yarn and various cloth varieties produced in the region. The mechanisation of silk production in the region, and the subsequent improvements in the quality and, perhaps more importantly, the consistency of local produce, enhanced its marketability in the overseas markets.¹⁴⁷

This expansionary process was interrupted from the late 1850s onwards, due mainly to a supply side shock superimposed by the appearance of virulent silkworm disease, namely *pebrine*, in the region.¹⁴⁸ The disease first surfaced in France in the mid-1850s and spread rapidly, causing much devastation in almost all leading centres of sericulture in Europe and the Mediterranean basin.¹⁴⁹ The disease spread rapidly in Selanik and seriously undermined regional silk cocoon production in the 1860s. Frustrated with the persistence of the disease, many producers abandoned sericulture and either left their mulberry groves unattended or simply uprooted trees and converted the groves into arable land during this period.¹⁵⁰

The sector entered a phase of remarkable recovery from the early 1870s onwards. This recovery was linked primarily to the successful containment of the *pebrine* disease in the region. From the early 1870s onwards, the local sericulturists started importing *pebrine*-free silkworm eggs raised in accordance with the Pasteur method. Initial experimentations with the sterilised (French) eggs were quite successful and yielded encouraging results in both quality and quantity. However, failures and frustrating results were also quite common during the early years of recovery. Many farmers purchased incredulous silkworm eggs at bargain prices and soon realised that

¹⁴⁷ At the time, European silk weaving industries were turning increasingly towards mechanisation. Technically, it was imperative to use consistent silk threads in order to assure prime results in mechanised weaving. Otherwise the pieces turned out to be extremely poor in quality. Even though some consistency could be achieved in hand reeling, the results obtained in mechanised reeling were more satisfactory. The rise of mechanised spinning in Salonica enabled the sector to turn increasingly towards the overseas markets. In fact, throughout the early nineteenth century, raw silk exports to the Italian peninsula, France and the Levant grew rapidly to reach 43,000 kg in the early 1850s. See Svoronos, *Le commerce de Salonique*, 260, and Themopoulou, *Salonique*, 468, for the growth of regional silk production and mechanised reeling in Salonica.

¹⁴⁸ Both production and exports of silk almost collapsed in this period. According to Themopoulou's figures Salonica silk production diminished down to 10,000 kg. See Themopoulou, *Salonique*, 468.

¹⁴⁹ See K. Firro, "Silk and Agrarian Changes in Lebanon, 1860-1914," *International Journal of Middle East Studies*, 22, (1990): 151-169; R. Owen, "The Silk Reeling Industry of Mount Lebanon, 1840-1914: A Study of the Possibilities and Limitations of Factory Production in the Periphery," in H. İslamoğlu (ed.), *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 271-283; Owen, *The Middle East*, 155-160; Quataert, "The Silk Industry," 284-299, for the impact of pebrine disease on sericulture in the Levant.

¹⁵⁰ *D.T.O.G.*, 11.L.1304 (3.7.1887), N. 131: 184.

the eggs were badly infected. Crops failed disastrously and the cultivators incurred heavy losses. Despite these failed attempts, however, the widespread introduction of imported *pebrine*-free eggs underlined the beginnings of a quick recovery in sericulture.¹⁵¹

More successful results in combating the disease were achieved in the late 1870s and the 1880s. In 1876, the Ottoman government banned the importation and sale of eggs that had not been raised and inspected in accordance with the Pasteur method.¹⁵² This legislation was intended to prevent the infected eggs from entering the Ottoman production cycle. Apparently, the regulation served its purpose and helped improve the quality of egg varieties imported and sold in the region. Soon, local sericulturists started using, quite commonly, the prime quality Garnier and Fabre eggs imported from France.¹⁵³ Also, alternative egg suppliers found increasing appeal among local cocoon producers. Large quantities of silkworm eggs were imported from Japan and the United States.¹⁵⁴

Thus, the condition of the silkworm eggs improved noticeably within a decade, owing much to the efforts of local silk cocoon producers and merchants. By the early 1880s, considerable progress had been made in combating the epidemic, and the silkworm disease was diminishing in important centres of production.¹⁵⁵ By the late 1880s, the disease had almost entirely disappeared from the region.¹⁵⁶ Mulberry plantations and silk cocoon production were expanding in primary centres of sericulture such as Selanik, Gevgeli and Kesendire.¹⁵⁷ In addition, the sector was making considerable progress in other parts of the province. In Karaferye for instance, an increasing number of people turned towards cocoon production. The development of the sector was particularly impressive around the town of Ağustos, where the farmers began to plant new mulberry trees.¹⁵⁸ Production expanded in other parts of the region such as

¹⁵¹ *P.P.A.P.*, 1873, V. 29: 748.

¹⁵² *D.T.O.G.*, 11.L.1304 (3.7.1887), N. 131: 184; Quataert, *Ottoman Reform*, 247.

¹⁵³ *F.O.A.S.*, 1893, N. 1310: 7-8; 1320 S.V.S., 1902, 480.

¹⁵⁴ *F.O.A.S.*, 1888, N. 254: 2; 1307 S.V.S., 1890, 52. Importation of Japanese and American eggs seems to have become a wide spread practice throughout the period.

¹⁵⁵ *F.O.A.S.*, 1883, C.N. 6: 101; *F.O.A.S.*, 1886, N. 24: 6.

¹⁵⁶ *F.O.A.S.*, 1886, N. 24: 6.

¹⁵⁷ *F.O.A.S.*, 1886, N. 24: 6; 1307 S.V.S., 1890, 52; 1312 S.V.S., 1895, 300-309.

¹⁵⁸ 1307 S.V.S., 1890, 52; 1312 S.V.S., 1895, 272.

Vodine and Longaza, where sericulture had been abolished almost entirely in the previous decades.¹⁵⁹

Table 2.5.

<i>Average Silk Cocoon Prices in Salonica, 1870-1912 (d/lb)</i>	
Period	Average Price
1870-1875	17
1880-1884	52
1885-1889	51
1890-1894	48
1895-1899	37
1900-1904	40
1905-1909	41
1910-1912	58

Source: Compiled from Gounaris, *Steam over Macedonia*, and *Asir*. For details also see, Appendix 4.

These developments took place under quite favourable market conditions. The recovery of the silk industries in France, Italy and in such leading Ottoman centres of silk production as Bursa and Izmit provided the sector with some fresh demand stimulus. Consequently, cocoon prices began to rise from the early 1870s onwards.¹⁶⁰ In 1871, silk cocoons fetched 17*d* per pound. By the mid-1870s, the prices had risen massively to an average of 70*d* per pound.¹⁶¹ Later in the 1880s, the upward price trend was somewhat arrested due to mounting Japanese competition in overseas markets. Consequently, cocoon prices in Salonica fell down to an average of 51*d*. Nevertheless, buoyant overseas and domestic demand for local produce helped maintain regional cocoon prices well above the pre-1875 levels (See Table 2.5).¹⁶²

The swift rise in silk cocoon prices during the late 1870s and their relative stability throughout the 1880s constituted a strong market incentive to take up sericulture in the region. In the early 1890s, the provincial Ottoman authorities were reporting that remunerative prices served as the main motivation for farmers to take up silk cocoon production in the province of Karaferye.¹⁶³ Similar market signals encouraged other farmers to turn to silk cocoon production in districts of Selanik,

¹⁵⁹ 1307 S.V.S., 1890, 52; 1312 S.V.S., 1895, 324.

¹⁶⁰ *P.P.A.P.*, 1883, C.N. 6: 100.

¹⁶¹ Gounaris, *Steam over Macedonia*, 96-97.

¹⁶² *F.O.A.S.*, 1887, N. 75: 3.

Vodine, Gevgeli and Kesendire. Overall, this commercial dynamic seems to have been the underlining force in the recovery of the sector.¹⁶⁴

By the early 1890s, regional silk cocoon production had already made a considerable recovery and this expansionary process continued throughout the 1890s and the 1900s. This time, however, the expansion of the sector took place under relatively unfavourable demand side conditions, at least in the overseas markets. The rapid recovery of sericulture in Europe and the Levant and the general rise in world silk production, led to a notable downturn in silk cocoon prices. Selanik proved no exception and local prices started to decline from the early 1890s onwards. However, the sector continued to grow during this period. In the early 1890s, regional silk cocoon production yielded about 1,300 tons. By 1907, regional production had gone up by 26.4% to reach 1,643 tons.¹⁶⁵

The continued dynamism and growth of the sector cannot be attributed to the buoyancy of overseas demand. Growing Japanese competition in international markets seriously hurt Selanik's silk cocoon exports, which declined from 371 tons in 1890 to 246 tons in the late 1890s.¹⁶⁶ The institutional support of the PDA and the expansion of the domestic demand for local silk produce were primary factors that sustained the dynamism of the sector.

The PDA actively encouraged the recovery and growth of sericulture in the region during the 1890s and the 1900s. PDA officials concentrated their efforts mainly on supplying mulberry plants free of charge to farmers willing to take up silk cocoon production. One of the pressing problems of regional silk cocoon production in the late 1880s was the scarcity of mulberry plants. As has already been noted, during the depression years, many frustrated farmers uprooted their mulberry groves. The recovery of the 1870s and the 1880s increased the demand for mulberry leaves. Despite the plantation of new trees and the improvement of existing groves in some parts of the region, severe mulberry leaf shortages emerged throughout, forcing local mulberry leaf prices to rise.¹⁶⁷ The immediate priority of the PDA was to tackle this supply side

¹⁶³ 1312 S.V.S., 1895, 272.

¹⁶⁴ 1312 S.V.S., 1895, 272.

¹⁶⁵ See Table 1.7.

¹⁶⁶ See Table 1.7.

¹⁶⁷ *D.T.O.G.*, 11.L.1304 (3.7.1887), N. 131: 184; FOAS, 1889, N. 623: 4.

problem. In 1891, the PDA officials imported 5,000 mulberry plants from Bursa and distributed them to farmers willing to take up sericulture. Next year, the scope of the project was extended, and additional 24,000 plants were distributed.¹⁶⁸ The distribution schemes probably continued throughout the late 1890s and the 1900s and became better structured with the establishment of a mulberry plantation at the agricultural school in Salonica.¹⁶⁹ The PDA's efforts bore fruit. Silk cocoon production spread further into a number of new locations in the province. In districts such as Avrethisarı, Katrin, Longaza and Razlık silk cocoon production was virtually nonexistent in the 1880s. By the 1900s, these districts too had become important centres of silk cocoon production.¹⁷⁰

The PDA also took certain measures that helped ensure the quality of silkworm eggs imported into the region. As we have seen, the quality of eggs used by the local sericulturists had improved notably, owing much to the importation of disease free egg varieties from France, U.S. and Japan. The establishment of a silkworm egg factory by the Aladini Brothers in Salonica must have also helped improve the quality of the eggs used by the local silkworm raisers.¹⁷¹ However, it seems that some infected or weak egg varieties still found their way into the production cycle, and indeed, cheap imported eggs from France and Italy that did not carry an inspection 'banderol' turned out to be defective.¹⁷² The PDA, in cooperation with the Ottoman government, attempted to prevent this problem. First, a department of sericulture was established in the agricultural school near Salonica in the early 1900s and the silkworm eggs raised there were sold to producers at relatively low prices. Thus, the producers enjoyed a viable alternative to the cheap, uninspected eggs coming from Europe. Second, a special egg inspection committee was established in Salonica in 1906. The committee included Nesib Bey, the chief agricultural inspector of Salonica, Ihsan Efendi, a sericulture expert from the Agricultural School, and a number of officials from the PDA. The committee inspected samples from imported eggs, refusing the ones failing to adhere to the standards set by the Pasteur procedure.¹⁷³ Apparently, the inspections were thorough

¹⁶⁸ *F.O.A.S.*, 1893, N. 1310: 7-8.

¹⁶⁹ *Asir*, 24.M.1319 (13.5.1901), N. 582: 2; *T.Z.N.M.*, 20.II.1328 (3.5.1912), V. 18: 263.

¹⁷⁰ 1312 S.V.S., 1894, 246-247, 257, 323, 430; 1313 S.V.S., 1895, 430.

¹⁷¹ *F.O.A.S.*, 1893, N. 1310: 7-8.

¹⁷² *R.C.L.*, 1907, N. 244-249: 480-484.

¹⁷³ *Asir*, 13.Ca.1325 (24.6.1907), N. 1190: 2; *R.C.L.*, 1908, N. 250-255: 830-831. Also see Quataert, *Ottoman Reform*, 248.

and covered all eggs imported into the region, regardless of the label they carried.¹⁷⁴ These efforts probably improved the quality of silk cocoons produced in the region. In fact, contemporary sources explicitly attribute the growth of production and exports in the late 1900s to the improvement in the quality of silk cocoons produced in the region.¹⁷⁵

Finally, the expansion of domestic demand was another factor that underlined the growth of the sector during the 1890s and the 1900s. Revival of silk reeling industries accompanied the containment of the *pebrine* disease and the subsequent recovery of sericulture in the region. Numerous filatures equipped with modern technology were opened in the environs of Salonica, Vodine and especially in Gevgeli. Most of these filatures were owned by private entrepreneurs, but the PDA, too, established a number of model filatures to encourage silk reeling in the region.¹⁷⁶ The proliferating cotton and silk weaving industries consumed an increasing share of the silk yarn produced in the region.¹⁷⁷ The regeneration of silk reeling and the buoyancy of demand for the silken cloth varieties in local, especially urban, markets and in other Ottoman towns, created a demand dynamic that underlined the sustained growth of silk cocoon production in the region during the 1890s and the 1900s.

At any rate, silk production was overall a success in Selanik during the period under consideration. The recovery from an epidemic that was highly contagious and difficult to contain must be considered a considerable success, given the difficulties encountered throughout Europe in combating the disease. The expansion of sericulture in the region in spite of mounting Japanese competition and declining prices is another indicator of the remarkable vigour of the sub-sector at large. This vigour derived from the buoyancy of home demand for locally produced silk, on the one hand, and the institutional support provided by the PDA and, to a lesser extent, the Ottoman government on the other. These demand side dynamics and institutional factors enabled sericulture to grow during the late 1890s and the early 1900s. A similar, if not more dramatic, picture also prevailed in the case of tobacco production.

¹⁷⁴ These inspection of French eggs carrying the official bandroles of inspection by the committee in Salonica led to the protests of the French government at both consular and embassy levels. See BA, *ŞD-OMZ*, 544/24, 20.B.1327 (7.8.1909).

¹⁷⁵ *F.O.A.S.*, 1909, N. 4359: 9; *F.O.A.S.*, 1910, N. 4579: 11; *F.O.A.S.*, 1912, N. 5017: 10.

¹⁷⁶ BA, *ŞD-Maliye*, 368/51, 28.B.1314 (2.1.1897); BA, *ŞD-Maliye*, 378/42, 20.Ca.1316.

¹⁷⁷ See Chapter 5.

3.2. Tobacco Cultivation: Monopolies, Regulations and Foreign Trading Houses

Tobacco production was a long established agrarian pursuit in Selanik. Locally grown tobacco had found regular purchasers in Europe and throughout the Mediterranean basin at least since the seventeenth century.¹⁷⁸ Besides, local people regularly consumed unusually large amounts of local tobacco, thus adding to the overall demand for local tobacco varieties.¹⁷⁹ The local population, as well as European and Mediterranean consumers, favoured the local tobacco varieties for their smoking quality and flavour. In particular, Katrin, Kır, Sarı Şaban, Yenice, İskeçe and Gümülcine varieties were favoured for their distinct sweet and smooth taste and appealing yellowish colour. Other lower quality tobacco varieties, such as Provişte and Daridere, were ideal for blending purposes and added flavour and smoothness to the relatively strong Virginia tobacco varieties.¹⁸⁰

Local tobacco production grew rapidly during the eighteenth century, owing mainly to the robustness of domestic and especially overseas demand. Output figures are not available for earlier periods, but we know that tobacco production yielded about 10,000 tons in Yenice and Drama alone in c. 1800.¹⁸¹ Considering that regional tobacco production yielded about 18,000 tons in its golden era, just before the Balkan Wars, we can confidently assume that production probably increased rapidly during the century. Export figures confirm this observation. According to Svoronos, exports rose rapidly from a mere 1,000 tons in 1750 to reach 9,000 tons in c.1800.¹⁸²

After the turn of the nineteenth century, tobacco production in Selanik ran into serious difficulties. The efforts of the Ottoman government to bring tobacco production

¹⁷⁸ Svoronos, *Le commerce de Salonique*, 264; H. İnalcık, "The Ottoman State: Economy and Society, 1300-1600," in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 267-268; J. R. Lampe, and M. R. Jackson, *Balkan Economic History, 1550-1950, From Imperial Borderlands to Developing Nations*, (Bloomington: Indiana University Press, 1982), 40; A. Şener, *Tanzimat Dönemi Osmanlı Vergi Sistemi* [Ottoman Taxation System during the Tanzimat Era], (Istanbul: İşaret, 1990), 159.

¹⁷⁹ According to a nineteenth century account for instance all men, a majority of women and most children used tobacco on a regular basis and consumed, on average, 7.7 kgs of tobacco annually. See Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış*, 164.

¹⁸⁰ *D.T.O.G.*, 1.Ra.1315 (31.7.1897), N. 656: 249-250.

¹⁸¹ Svoronos, *Le commerce de Salonique*; Themopoulou, *Salonique*.

under tighter fiscal control had a retarding effect on regional tobacco production. The government used the internal custom duties and a number of other surcharges to maximise the revenues accruing from tobacco trade during the first half of the nineteenth century.¹⁸³ Squeezed under regressive taxation and prohibitive tariffs and duties, many producers simply gave up tobacco cultivation and switched to the production of alternative crops such as cotton. By the 1860s, regional tobacco production had fallen to 6,000 tons in total.¹⁸⁴

Heavy taxation practices of the Ottoman government also encouraged many merchants and producers to turn increasingly towards contraband trade. The tobacco trade conducted with Egypt as well as with other Levantine markets came under the orbit of contraband trade. In response, the Ottoman government declared tobacco a state monopoly in 1861, so as to consolidate its control over the tobacco trade and to prevent further revenue losses. The government banned imports to eliminate all foreign competition in the domestic markets. A wide range of new fiscal regulations and administrative measures were also instituted to consolidate the monopoly's fiscal grip over tobacco production. Taxes were simplified. The standard 10% tithe remained in effect. In addition, all the excise taxes and customs duties previously claimed were consolidated under a new surcharge of 12 *куруşes* per *okka*, which was called the *müruriye* (passage) charge. The *müruriye* was to be collected in cash and directly from the person selling the produce in local markets. Officials were appointed to collect the *müruriye* charges at local fairs and market places.¹⁸⁵ However, the export trade still remained outside the fiscal reach of the Ottoman government. The tobacco destined for exports remained exempt from the *müruriye* charges, mainly due to the pressure exerted by the European powers. Also, the tobacco sold in Istanbul was exempt from *müruriye*, and the importers in Istanbul were responsible for the payment of the surcharge.¹⁸⁶

The immediate impact of the government monopoly on tobacco production in Selanik is hard to discern. Available evidence suggest that the introduction of the *müruriye* charge proved extremely injurious to the farmers producing lower quality tobaccos for consumption in domestic markets. In fact, some of these producers were

¹⁸² Svoronos, *Le commerce de Salonique*, 264.

¹⁸³ Şener, *Tanzimat Dönemi Osmanlı*, 159-160; Themopoulou, *Salonique*, 640-647.

¹⁸⁴ Themopoulou, *Salonique*, 528.

¹⁸⁵ Şener, *Tanzimat Dönemi Osmanlı*, 159.

¹⁸⁶ Şener, *Tanzimat Dönemi Osmanlı*, 159.

compelled to abandon tobacco cultivation because of the fiscal burden of the new levy.¹⁸⁷ Contraband trade appears to have grown rapidly during the same period and the tobacco trade with the Albanian provinces and Egypt fell increasingly outside the immediate fiscal reach of the Ottoman government.

Upon its financial bankruptcy in the mid 1870s, the Ottoman government agreed to cede the tax revenues accruing from excise taxes and monopolies over to a group of Istanbul bankers in 1879. The ensuing consortium of bankers, commonly known as the *Rüsumat-ı Sitte İdaresi* (Administration of Six Revenues, ASR), was to remain in control of these revenues for the next ten years. The revenues ceded to the consortium would be used to serve the outstanding Ottoman debt.¹⁸⁸ Within this context, all the revenue accruing from the tobacco monopoly was put under to the management of the ASR.¹⁸⁹

The establishment of the ASR led to the tightening of monopoly controls over the production and sale of tobacco. The tobacco monopoly followed a hard line in taxation and managed to tune the tithe returns to levels of production in a more direct fashion, leaving relatively little room for tax evasion.¹⁹⁰ The monopoly also tightened controls to eliminate contraband trade. As I have noted above, the tobacco trade conducted with certain Ottoman provinces, and especially with Egypt, increasingly became contraband over the last decade and a half. Many European merchants shipped the tobacco produce first to Malta, as if it were destined for exports, but then forwarded the produce to Egypt. Merchants avoided the *müruriye* charges they would have paid had they sent the produce directly to Egypt. This practice inflicted considerable losses on the tobacco monopoly. The monopoly, in cooperation with local customs, began to set up insurmountable difficulties for tobacco exports to Malta in an effort to bring the trade with Egypt under its control.¹⁹¹

The preventive measures of the monopoly caused outrage among European merchants. The attitude of the monopoly and customs authorities led to repeated

¹⁸⁷ *P.P.A.P.*, 1874, V. 32: 508.

¹⁸⁸ Issawi, *Economic History of Turkey*, 361.

¹⁸⁹ A. Vefik, *Tekâlif Kavaidi* [Rules of Taxation], 2, (Dersaadet [Istanbul]: Kanaat Matbaası, 1911), 314.

¹⁹⁰ *P.P.A.P.*, 1883, C.N. 6: 100, 114.

protests at both consular and embassy levels. The issue remained unresolved for a decade and was ultimately settled in favour of European trading houses in the late 1880s.¹⁹² However, it is important to note that this was the first recorded attempt of a tobacco monopoly to bring the tobacco trade in Ottoman lands under its control.

Despite trade restrictions and heavy taxation, tobacco production and trade continued to expand in Selanik at least until the early 1880s. Once again, the dynamism of overseas demand generated considerable growth in the sector. Especially, the demand coming from Austria-Hungary, Russia, the Italian peninsula and France, in addition to Istanbul, constituted a boon to local tobacco production and largely underscored its expansion in this period. In 1883, the British Consul General Blunt was reporting that “tobacco is by a long way the leading product in the *sancak* of Drama where its cultivation is a very successful and paying industry and increases annually notwithstanding the heavy taxes it is subject to”.¹⁹³ According to Blunt, local tobacco cultivation reached a prime state of perfection and the exports formed the most important part of the trade by 1885.¹⁹⁴

The formation of a new tobacco monopoly, *Société de la Régie Cointéressée des Tabacs de l'Empire Ottomane* (*Régie* hereafter) in 1884, marked a watershed in regional tobacco production. The *Régie* was an offshoot of the PDA and was responsible for the collection and the management of the tithes accruing from tobacco production. In addition, unlike the previous Ottoman tobacco monopoly, the *Régie* was endowed with far reaching privileges that enabled it to control the production, processing and marketing of tobacco cultivated in the empire.¹⁹⁵

According to the regulations governing the production and sale of tobacco in the empire, the *Régie* was obliged to grant permits and to extend short term credits for those willing to take up tobacco cultivation.¹⁹⁶ Tobacco grown without a valid permit was

¹⁹¹ PRO, *F.O.* 294/11, 7.3.1881, Goschen to Blunt; *P.P.A.P.*, 1883, C.N. 6: 100; PRO, *F.O.* 195/1484, 7.9.1884, Anonymous Merchant to Blunt.

¹⁹² See below for details.

¹⁹³ *P.P.A.P.*, 1883, N. 6: 100

¹⁹⁴ *F.O.A.S.*, 1887, N. 75: 7-8.

¹⁹⁵ For a detailed discussion of the establishment of the *Régie* and its powers see Quataert, *Ottoman Reform*; Parvus, *Türkiye'nin Mali Tutsaklığı*; Issawi, *The Economic History of Turkey*.

¹⁹⁶ The following outline of the *Régie* regulations are based on the following sources: *D.T.O.G.*, 3.C.1304 (26.2.1887), N. 113: 59-60; *D.T.O.G.*, 12.N.1304 (4.6.1887), N. 127: 156-157; Vefik, *Tekâlif Kavaidi*, 314-318, and Quataert, *Ottoman Reform*, 265-267; Quataert, *Social Disintegration*, 13-14.

considered contraband and could be confiscated by the *Régie* authorities. In addition, tobacco cultivation on plots smaller than half a *dönüm* and behind stone walls was forbidden so as to prevent petty smuggling. All permits had to be renewed on a yearly basis. The *Régie* was obliged to buy all the tobacco other than the produce sold to merchants for export purposes. When the *Régie* bought the produce, the *Régie* authorities weighed the produce after the harvest and the price was determined through a tough bargaining session between the producer and the representatives of the *Régie*. In case of irreconcilable disagreements, a third party, usually the village headmen or a local notable, was called in to help settle the dispute. Once an agreement was reached, the producers were expected to hand in the tobacco to the nearest *Régie* depot at their own expense. Upon delivery, the cultivator was given a certificate stating the quality, amount, and the value of the produce.

The *Régie* paid for storage for the first six months, but thereafter the owners incurred all storage expenses. If the product remained in the depots for two years without actually being purchased by the *Régie*, then the owners could ask the produce to be auctioned and sold for export. If the produce could be sold through auctioning, then the producer would receive the net sum after the deduction of storage expenses. Otherwise, the *Régie* was obliged to purchase the tobacco immediately at a price determined through the mediation of third parties. At any rate, after the actual purchase, the *Régie* withheld the tithe from the producers and handed it over to the PDA at the end of each month. When the produce was sold for export, then the merchants were held accountable for the payment of the tithe directly to the *Régie* at a rate of 10.0% of the sale value of the produce. Finally, all the produce purchased by the *Régie* was processed, priced and sold by the *Régie*. The *Régie* could also export the cigarettes and numerous tobacco goods produced in its factories and workshops. Import restrictions remained in effect.

The entry of the *Régie* into the local tobacco scene initially led to a rapid expansion of tobacco cultivation in the region. Behind this expansionary process lay the competition between the *Régie* and trading houses. Habitually, the trading houses and merchants operating in the region extended credits to producers prior to the cultivation of the tobacco plants on the basis of the understanding that they would be the sole purchaser of the final produce at the going market prices after the harvest. This practice was commonly known as “booking” (*peyleme*). Local merchants and the agents of

trading companies would often refuse to buy the tobacco produce previously “booked” by other merchants and agents, so as to circumscribe the bargaining power of the producers and to prevent cutthroat competition in the pricing process.¹⁹⁷ Competition would take place prior to “booking”, when merchants and agents competed to secure the privilege to buy the best tobacco produce by extending short-term credits to local farmers. In this environment, taking part in the tobacco trade required a solid presence within the local marketing networks and a firm access to credit markets. Thus, only the agents of large European trading houses, well-connected local firms, and some prominent landlords and moneylenders were able to maintain a solid presence in regional tobacco markets. Smaller merchants were marginalised largely in spot markets; they either traded in inferior tobacco varieties or acted as agents *cum* commissioners of larger players.¹⁹⁸ In this context, the practice of “booking” emerged as a means of securing a solid market share for large players in the regional tobacco trade without having to inflate purchasing prices.

The *Régie* entered regional tobacco markets quite forcefully and extended credits to local farmers who were willing to take up tobacco cultivation. The *Régie* expected to consolidate its control over processes of production and marketing. Thus, it could conveniently drive other competitors, especially the competing foreign trading houses, off the markets and assume a *de facto* monopoly position. It could then buy the best tobacco at favourable prices, tax the cultivators, process the tobacco, manufacture cigarettes, and sell them both for domestic consumption and exports under quite favourable terms. As we shall see, the primary motive of the *Régie* remained unaltered in the following decades and focused on the elimination of market competition in tobacco trade.

The liberal credit policies of the *Régie* and the competing trading houses induced a rapid expansion of tobacco cultivation, particularly in the district of *Drama*.¹⁹⁹ However, the extraordinary “boom” conditions did not last long. The aggressive credit policy of the *Régie* served its purpose and forced many competing merchants out of the tobacco market. The smaller players were out-competed by the *Régie*. The *Régie* liberally used credits and cultivation permits to “encourage”, if not compel, the tobacco

¹⁹⁷ For the practice of booking see *Asir*, 6.L.1320 (5.1.1903), N. 746: 1; *Asir*, 7.Z.1323 (1.2.1906), N.1048: 2.

¹⁹⁸ *Asir*, 7.Z.1323 (1.2.1906), N.1048: 2.

cultivators to sell their produce directly to the *Régie*, rather than to the agents and representatives of the trading houses that conducted the bulk of overseas trade in the region.²⁰⁰ Besides, under the new regulations, the merchants, instead of the producers, were obliged to pay the tithes directly to the *Régie*. This new fiscal burden probably put some of the small merchants at a disadvantage and helped elevate the *Régie* to a commanding position in local tobacco markets. In fact, within a few years the *Régie* and the Austrian tobacco monopoly Hertzog Company emerged as the primary purchasers in regional tobacco markets and were quite capable of controlling prices.²⁰¹ Under the circumstances, the expected price rise never materialised (see Table 2.6). Quite to the contrary, regional tobacco prices started to decline notably from 1885 onwards, putting many indebted tobacco producers under financial strain. Besides, the complex practice of obtaining cultivation permits and the tobacco cultivators' obligation to transport their produce over to the *Régie* depots at their own expense created additional problems.²⁰² Pressed hard under sluggish prices and restrictive, and sometimes costly, regulations, some farmers abandoned tobacco cultivation.²⁰³

The *Régie* also adopted a hardline policy to combat smuggling and contraband trade. Through a network of inspectors, controllers and armed guards, the *Régie* attempted to prevent the illegal production and sale of tobacco as strictly as possible. Producers with a history or a presumed tendency to engage in contraband trade were instantly denied permits of production. This restrictive practice was in fact against the regulations, which obliged the *Régie* to issue permits to anyone willing to take up tobacco production on open fields over half a *dönüm*. Nevertheless, the *Régie* officials, despite protests from the Ottoman government, continued to punish, sometimes unfairly, some tobacco producers suspected of engaging in contraband trade and cooperating with the intermediary merchants.²⁰⁴ It seems that the carrot (credits) and

¹⁹⁹ *F.O.A.S.*, 1888, N. 394: 8-9.

²⁰⁰ For the complaints of merchants about the *Régie* regulations see, PRO, *F.O.* 195/1484, Anonymous merchant to Blunt, 7.9.1884; *F.O.A.S.*, 1887, N. 75: 3; *F.O.A.S.*, 1888, N. 394: 8-9.

²⁰¹ *D.T.O.G.*, 15.N.1305 (26.5.1888), N. 178: 255.

²⁰² For the complaints of tobacco producers concerning the *Régie* regulations see *F.O.A.S.*, 1888, N. 254: 2; BA, *ŞD-Selanik*, 22.C.1305 (5.3.1888); PRO, *F.O.* 78/4119, Pecchioli to Blunt, 2.4.1888; BA, *M.V.*, 51/36, 11.12.1305 (23.2.1890).

²⁰³ *F.O.A.S.*, 1888, N. 254: 2; *D.T.O.G.*, 15.N.1305 (26.5.1888), N. 178: 255.

²⁰⁴ BA, *ŞD-Selanik*, 22.C.1305 (5.3.1888); BA, *M.V.*, 51/36, 11.12.1305 (23.2.1890); BA, *M.V.*, 76/41, 7.Ra.1311 (17.9.1893); BA, *M.V.*, 76/7, 22.S.1311 (3.9.1893).

stick (permits) policy of the *Régie* was crucial in bringing tobacco cultivation under its administrative and fiscal control, at least in the primary centres of tobacco cultivation.²⁰⁵

Table 2.6

<i>Average Tobacco Prices in Salonica, 1870-1912 (d/lb)</i>	
Period	Average Price
1880-1884	40
1885-1889	36
1890-1894	28
1895-1899	35
1900-1904	54
1905-1909	54
1910-1912	77

Source: Compiled from Gounaris, *Steam over Macedonia*, and *Asir*. For details see Appendix 4.

Note: The average tobacco price was based on the prices of three tobacco varieties, namely Guibek, Kir, and Prosotsani.

At the same time, in cooperation with the customs authorities in Kavala and Salonica, the *Régie* attempted to prevent the contraband Egyptian trade conducted through Malta. The British merchants willing to trade with Malta were asked for authentic certificates, which were to be received directly from the British customs authorities in London or Liverpool. Otherwise, the tobacco in which these merchants dealt would be considered contraband and denied clearance from the ports of Salonica and Kavala. As before, the restrictive measures of the *Régie* led to protests by British merchants and their local agents at the consular and embassy levels.²⁰⁶ Eventually, the conflict was resolved in favour of the British merchants in 1888, who were allowed to carry on their trade through Malta without restrictions.²⁰⁷ Nevertheless, the *Régie*'s efforts to prevent contraband tobacco trade with Egypt *via* Malta, proved useful to the *Régie* in causing problems for intermediary merchants. In this sense, the *Régie* seems to have used its anti-contraband stance quite rhetorically to circumscribe the commercial influence of export companies and their agents in regional tobacco markets.

Despite the *Régie*'s strong presence however, overseas trade with Europe, Istanbul and the Black Sea basin continued to expand during the 1880s, and exports rose

²⁰⁵ *F.O.A.S.*, 1893, N. 1310: 10-11.

²⁰⁶ *F.O.A.S.*, 1887, N. 75: 3; *F.O.A.S.*, 1888, N. 394: 8-9.

to about 5,139 tons in 1886 to 8,556 tons in 1897.²⁰⁸ In this respect, contrary to the claims of British consuls, the *Régie* did not really hinder exports. It simply dominated the tobacco markets much to the annoyance of the British, French and Italian trading concerns operating in the region.²⁰⁹

The advent of the late-1890s saw crucial transformations in regional tobacco trade. In February 12, 1894, the *Régie* subcontracted its commercial transactions to *Banque de Salonique* according to an agreement signed between the two institutions on February 12, 1894. In turn, the *Banque* set up the *Commercial Company of Salonica Limited* in London on March 14, 1895. The *Commercial Company* was granted the exclusive right to purchase and sell tobacco, cigarettes and cigars in and out of the region at prices set by the *Régie*. The Alatini, Fernandez, Misrachi, Salem, Morpurgo and other leading merchant families of Salonica controlled the Company. The profits were to be shared between the *Commercial Company* (30.0%) and the *Régie* (70.0%) after the deduction of a 5.0% share for reserve, 5.0% for interest payments, and an additional 7.5% for the administrative council of the province.²¹⁰

Two primary reasons appear to have prompted this arrangement. First, the *Régie* lost considerable amounts of money due to the liberal credit policies it pursued during the previous decade, and evidently, it wanted to step back from the competitive risks of commercial transactions in tobacco trade. Secondly, the cost incurred through commercial transactions could be avoided through subcontracting, so that the *Régie* could simply capitalise on the profits accruing from the sale of tobacco, without really having to carry the economic and administrative burden of regulating and supervising market transactions. The contract was signed with the strongest and most respected of all the commercial and financial concerns operating in the region. Therefore, there was little risk in sub-contracting. Following the establishment of the *Commercial Company*, the *Régie* was engaged predominantly in the taxation of tobacco production and the

²⁰⁷ PRO, F.O. 78/4119, Pecchioli to Blunt, 2.4.1888.

²⁰⁸ See Table 1.7.

²⁰⁹ As has been implied, by the early 1890s, the *Régie* had become the primary purchaser in tobacco markets, together with the Austria-Hungarian tobacco monopoly, the Hertzog Company, and the two concerns conducted bulk of overseas trade through Salonica and especially through the port of Kavala, much to the annoyance of the British, Italian and French. See *D.T.O.G.*, 15.N.1305 (26.5.188), N. 178: 203; *D.T.O.G.*, 4.Za.1307 (21.6.1890), N. 286: 295; *F.O.A.S.*, 1896, N. 1663: 3-4.

²¹⁰ E. Pech, *Manuel des Societes Anonymes fonctionnant en Turquie*, (Paris, 1907), 203-204.

prevention of contraband trade. From 1895 onwards, it simply withdrew from commercial transactions associated with tobacco production.²¹¹

This subcontracting arrangement was based on mutual interests. The merchant families, which had a major stake in the *Banque de Salonique*, could, and in fact did, benefit immensely from the sub-contracting arrangement. The trade was profitable and through their financial resources and solid presence in local marketing networks, the merchant families could virtually dominate the local tobacco trade. Indeed, in 1896-1897, the *Commercial Company* entered regional tobacco markets quite aggressively and made large purchases of tobacco. That year, the tobacco sales for *Commercial Company* reached 3,100 tons, which was about 40.0% of the *entire* tobacco produce of the region at the time. In the following years, the tobacco sales of *Commercial Company* increased steadily and by the turn of the century the concern had already become the primary purchaser of tobacco in the region. Its sales reached 4,180 tons in 1900-1901 and climbed to 6,180 tons in 1902-1903.²¹² In these years, regional tobacco production yielded an annual average of about 8,000 tons; so the *Commercial Company* captured at least 75.0% of the tobacco trade. The produce bought by the *Commercial Company* was sold both in the domestic and overseas markets, but most of the produce was sent overseas, especially to United Kingdom, Italy, Germany, France and Istanbul. Thus, it is reasonable to assume that the bulk of the export trade was also conducted by the *Commercial Company*, with the possible exception of Austria-Hungarian trade, which was conducted exclusively by the *Hertzog Company*.²¹³

By the turn of the nineteenth century regional tobacco trade had become largely oligopolistic. The booking convention continued all along and enabled the two primary players, the *Hertzog Company* and the *Commercial Company*, to control purchasing prices at the expense of the tobacco producers.²¹⁴ Local agents and prominent notables and landlords played a crucial role in this process. Usually, the agents would book the produce of entire villages and sometimes sub-districts, prior to the harvests. Once the tobacco was harvested, the agents would arrive at the local markets and bargain first with the prominent landlord of the district. Upon apparently dramatic and rumpus

²¹¹ Pech, *Manuel des Societes*, 203; *Asir*, 27.N.1313 (11.3.1896), N. 53: 1.

²¹² Pech, *Manuel des Societes*, 203.

²¹³ *Asir*, 18.N.1320 (11.12.1902), N.742: 1; *Asir*, 14.Za.1320 (12.2.1903), N.757: 1.

²¹⁴ *Asir*, 18.N.1320 (11.12.1902), N.742: 1; *Asir*, 14.Za.1320 (12.2.1903), N.757: 1; *Asir*, 9.Z.1320 (3.3.1903), N.764: 2-3; *Asir*, 12.Ra.1321 (8.6.1903), N. 789: 1.

bargaining, the landlord would accept with great disappointment and often outrage a considerably low price for his quality tobacco. Thus, the price would be set for the entire village or sub-district and other smaller producers and sharecroppers would have to sell their produce at the same 'market' price to the agents. Behind closed doors, the prominent landlord would not only get a handsome commission, but would in fact receive a higher price than the rate negotiated publicly.²¹⁵ As such, the actual purchasing price was controlled and handsome profits accrued to landlords, agents and the export companies.

The civil war in Cuba and the subsequent American-Spanish War induced a notable rise in global tobacco prices from 1896 onwards. The *Commercial Company* benefited from the price rise and generated its highest ever profits between 1896-1898. In 1896, 3.3 million *kuruşes* were distributed to shareholders. In 1897, the profits reached a record 7.8 million *kuruşes*, although they fell to 4.3 million *kuruşes* in the following year.²¹⁶ Clearly, the company's oligopolistic control over the domestic tobacco markets and its capacity to mediate the purchase prices in cooperation with the *Hertzog Company* secured handsome profits for the company. However, the Cuban conflict and the Spanish War also induced American tobacco concerns to show growing interest in the high quality tobacco varieties produced in Selanik. American companies entered regional markets and made considerable purchases from 1897 onwards.²¹⁷ After a few years of regular trading and preliminary networking, American tobacco concerns established permanent offices in Kavala and Xanthia in 1902.²¹⁸ The firms pursued an extremely aggressive pricing policy, and, contrary to the spirit of the booking convention began to offer higher prices *and* credits to producers.²¹⁹ Thus, within a few years, American tobacco concerns, especially *Johnston Mayer Company*, rose to prominence in local tobacco trade, at the expense of the established oligopolies.²²⁰

The increasing overseas demand for local tobacco varieties and the intensifying competition between the tobacco concerns operating in the region led to a substantial

²¹⁵ *Asir*, 3.Za.1320 (2.2.1903), N.754: 1.

²¹⁶ Pech, *Manuel des Societes*, 204.

²¹⁷ *Asir*, 16.Za.1319 (24.2.1902), N. 661: 2.

²¹⁸ *F.O.A.S.*, 1904, N. 3250: 4.

²¹⁹ *Asir*, 29.Za.1319 (10.3.1902), N. 665: 2; *Asir*, 10.Z.1319 (20.3.1902), N. 668: 2.

²²⁰ *F.O.A.S.*, 1904, N. 3250: 4; *Asir*, 30.L.1320 (29.1.1903), N.753: 2.

rise in regional tobacco prices.²²¹ Rising prices encouraged many farmers to switch to tobacco cultivation in this period. Production boomed in Drama, Kavala, Sari-Şaban and Yenice and spread rapidly into new locations, such as Avrethisarı, Karaferye, Demirhisar, Nevrekop, Gevgeli and Siroz, which were better known as the leading cereal and cotton producing districts of the region.²²² Production increased from 7,500 tons in 1897 to 11,750 tons in 1907. Exports also rose proportionately from 8,556 to 9,479 tons during the same period.²²³

The dynamism and growth of the sector appears to have continued until the eve of the Balkan Wars. According to one estimate, tobacco production in Selanik probably yielded about 18,000 tons, and exports from the entire Macedonian hinterland reached an all time high of 18,889 tons in 1912.²²⁴ Clearly, tobacco cultivation constituted the most dynamic sector of the regional economy during the period under consideration.

Despite strong American and European presence in regional markets, the *Régie* remained in control of local tobacco production. It issued cultivation permits, collected the tithes and led the efforts to prevent smuggling. On all fronts, the *Régie* acted quite rigorously. Even though the *Commercial Company* conducted the commercial transactions of the *Régie*, the producers who, for one reason or another, could not sell their produce to intermediary merchants and agents for export purposes often brought their produce to the *Régie* depots.²²⁵ This was an important advantage for the local tobacco producers as it secured the sale of their produce regardless of the prevailing market condition, because the *Régie* was obliged to purchase all the produce grown legally within the region. However, this convention also posed serious problems for the cultivators. The *Régie* depots were not always situated in the vicinity of their villages. The cultivators, possibly small-scale producers, were at times obliged to carry their produce over long distances. Delays were quite common, and in fact, the producers who failed to deliver their produce to the depots on time were frequently accused of being

²²¹ Direct link between mounting (American) competition and rising prices is also supported by contemporary accounts. See *Asır*, 28.B.1320 (30.10.1902), N.728: 1; *Asır*, 12.Ra.1321, N.789: 1; BA, *TFR.1.A.*, 2/177, 23.10.1320 (5.1.1905).

²²² *Asır*, 10.Z.1319 (20.3.1902), N. 668: 2; 1.N.1320 (1.12.1902), N.737: 1; BA, *TFR.1.SL.*, 35/3478, 23.I.1323 (5.4.1907).

²²³ See Table 1.7.

²²⁴ See Palairat, *The Balkan Economies*.

²²⁵ The sale would be conducted by the *Commercial Company* But still, in tune with regulations, all the produce not directly sold to merchants was, in theory, bought by the *Régie*; hence the compulsion to deliver the produce over to the *Régie* depots.

engaged in contraband trade.²²⁶ Besides, some depots were in a deplorable state; tobacco bales were thrown on top of each other and lay unattended for months before they were actually bought by the *Commercial Company*.²²⁷

The producers engaged in smuggling were, whenever caught, punished severely by the *Régie* authorities. At times, the *Régie* carried out unfairly executed confiscations. For instance, when harvests turned out to be poor, the *Régie* realised that the produce fell short of the initial output estimates set by its officers prior to the realisation of the harvest. Thus, many producers faced charges of involvement in illegal contraband trade and they were quite unfairly punished by the *Régie* authorities. Similarly, when harvests turned out to be bountiful, the *Régie* accused the farmers of undertaking illegal tobacco cultivation on plots larger than initially reported to the representatives of the *Régie*.²²⁸ The tobacco producers often complained about these measures to government authorities. At times, the Ottoman government found the *Régie* justified in its actions and acknowledged that, despite its harshness, the *Régie* was acting in line with regulations. Sometimes, however, the government found the *Régie*'s measures unjustifiably harsh and unfair and protested them. For instance, the inspections of the *Régie* guards (*kolcus*) often took excessively abusive tones. There are reported cases of guards publicly searching and beating women suspected of possessing tobacco under their skirts.²²⁹ At times, the *kolcus* even entered the household of tobacco growers unlawfully and searched for unregistered tobacco while at the same time abusing women and girls.²³⁰ The Ottoman government rebuked such offensive and unlawful acts, but the *Régie*'s powers remained largely unchecked.

The cumbersome and sometimes vexatious regulations and policies of the *Régie*, farmers did not discourage farmers from tobacco cultivation. The unprecedented boom in tobacco prices encouraged many to remain in tobacco production and attracted others to the sector, regardless of the inconvenience caused by the *Régie*. Many tobacco producing small farmers benefited considerably from their engagement in the trade. The

²²⁶ See BA, *TFR.ISL.*, 35/3478, 23.I.1323 (5.4.1907).

²²⁷ For the depot problems see BA, *TFR.I.MN.*, 35/3402, 27.XII.1321 (12.3.1906); BA, *TFR.I.KV.*, 59/5826, 14.II.1322 (27.4.1906); *TFR.I.KV.*, 64/6354, 10.IV, 1322 (23.6.1906).

²²⁸ For example see BA, *TFR.I.KV.*, 28/2769, 6.V.1321 (19.7.1905); BA, *TFR.ISL.*, 11/1032, 21.II.1321 (4.5.1905); BA, *TFR.I.MN.*, 69/6856, 23.V.1323 (5.8.1907); BA, *TFR.I.MN.*, 84/8309, 28.II.1323 (10.2.1908).

²²⁹ BA, *TFR.ISL.*, 8/730, 11.I.1321 (24.3.1905).

²³⁰ BA, *TFR.I.KV.*, 8/745, 10.XI.1320 (23.1.1905).

positive income effect of tobacco cultivation appears to have spread relatively evenly throughout the countryside, as the American bid raised the purchasing prices upward from the early 1900s onwards. There are reported cases of petty tobacco growers improving their old houses and farm buildings, building walls around their fields, and buying new animals in this period.²³¹ Clearly, these basic investments could not have been carried out in an adverse conjuncture and under poor distributional arrangements.

Overall, the story of regional tobacco production emerges as a broad, multi-layered process of tension and constant struggle between the foreign trading houses, the *Régie* and the local tobacco producers. The competition between the trading houses specialising in export trade and the *Régie* appear to have worked in favour of local tobacco producers, particularly after the robust entry of American trading companies into regional tobacco markets around the turn of the century. As we shall see in the following chapters, the rapid growth of tobacco cultivation had far reaching consequences. For instance, the dynamism in tobacco cultivation can be directly associated with the growth of urban processing industries and broader processes of urban growth in the region. Thus, the American and European trading houses, as well as the *Régie*, emerged as strong “growth poles” capable of generating processes of propulsive growth in other sectors of the regional economy as well. Yet, more sterile, or contained, processes of growth also emerged under favourable market conditions without much propulsive impact on other sectors of the regional economy. Opium production, which had no immediate forward linkages within the regional economy, appears to be a case in point.

3.3. Opium Production: The Dynamism of the Overseas Markets

Poppy cultivation was virtually unknown in Selanik prior to the 1860s. A “Turkish” farmer from the district of Iştib in neighbouring Kosova introduced the crop into the region for the first time in 1865. This anonymous farmer bought a handful of poppy seeds on a visit to Karahisar in central Anatolia and cultivated them on his farm back in Iştib. Encouraged by the success of his experiment, he extended the cultivation

²³¹ *Asır*, 3.Za.1320 (2.2.1903), N.754: 1.

of the crop to a much larger scale in the following year and again achieved prime results in both quality and quantity.²³²

The success of this pioneering initiative seems to have set an example in the district and encouraged other farmers to take up poppy cultivation. Soon, poppy cultivation had spread throughout the province of Kosova and from there expanded rapidly into the province of Selanik. By the 1880s, the northern districts of Istrumca and Tikveş had become important centres of poppy cultivation.²³³ Thus, within a matter of two decades, regional opium production had increased from virtually nil to 62 tons in 1880.²³⁴

Behind this expansionary process lay mainly the buoyancy of overseas demand for the high quality opium produced in the region. The expansion of pharmaceutical industries in Europe and the United States, the rising military and medical demand for opiates, and the (forced) “liberalisation” of the opium trade in Asia, especially in China, increased the world demand for opium from the 1870s onwards.²³⁵ The exceptionally high quality opium produced in the region thus found much acclaim amongst European and American merchants.²³⁶ More often than not, foreign and Ottoman merchants purchased the opium harvest almost entirely. The bulk of the local produce was shipped by British merchants and sent to China for immediate consumption. The remaining produce was sent to the United States, Germany and France to be used in pharmaceutical industries. In addition, some opium was sent regularly to Istanbul to be used in hospitals, army headquarters and coffeehouses.

In response to growing demand for opium, world opium production increased considerably over the last few decades, which led to a notable reduction in world opium

²³² *P.P.A.P.*, 1883, N. 6: 101.

²³³ 1307 *S.V.S.*, 1890, 53.

²³⁴ See Table 1.9.

²³⁵ M. Booth, *Haşhaştan Eroine, Uyuşturucunun 6000 Yıllık Öyküsü* [From Opium to Heroine, The 6000 Year History of Drugs] (İstanbul: Sabah Kitapları, 1997).

²³⁶ The rich soils of the *İstib/Tikveş* basin and the arid climate of the region in general, created an environment that was particularly well suited to the cultivation of poppies. The poppy yields were usually high in quality and contained high dose of morphine extract, which could go up to 12% to 13% of the weight of the opium produce. At the time, only the prime quality opium produced in *Malatya* and *Karahisar* region in central Anatolia could yield such high levels of morphine. In fact, the opium produced in *Kosova* and *Selanik* was superior to many other varieties produced throughout the Empire. For instance, the much favoured *Izmir* produce was quite inferior and scarcely contained 9% morphine extract in total (*P.P.A.P.*, 1883, C. N. 6: 101; *F.O.A.S.*, 1887, N. 75: 3).

prices.²³⁷ Opium prices in Salonica followed the global trend. Between the early 1880s and the late 1890s for instance, opium prices in Salonica declined by 18.1% (See Table 2.3).²³⁸ This was a considerable decline. However, when we consider the balance of changing relative prices in the region, it is possible to argue that opium possibly constituted the most lucrative cash crop produced in the region during this generally deflationary period (See Table 2.2). In fact, many farmers who took up poppy cultivation in this period were responding to strong market signals and remunerative prices. In 1890, British Consul General Blunt reported that the local farmers were increasing their sowings of poppy in response to the high prices offered by American and British merchants.²³⁹ In 1895, Blunt argued that "...the cultivation of the poppy has largely increased in Macedonia, and as, moreover, the Salonica and Constantinople varieties are most in demand in foreign countries, it may be confidently expected that the annual harvest here will before long begin to rival that of Asia Minor".²⁴⁰ Accordingly, both exports and production of opium grew rapidly during the period. Output increased from 61.7 tons in 1880 to 201.1 tons in 1902, while exports grew proportionately from probably around 55-60 tons to over 200 tons during the same period.²⁴¹ The overwhelming weight of exports in total production leave little doubt about the propulsive impact of strong overseas demand on regional opium production.

Table 2.3.

<i>Average Opium Prices in Salonica, 1870-1912 (d/lb)</i>	
Period	Average Price
1870-1875	n.a.
1880-1884	144
1885-1889	139
1890-1894	132
1895-1899	118
1900-1904	114
1905-1909	161
1910-1912	254

Source: Compiled from Gounaris, *Steam over Macedonia*, and *Asır*. See Appendix 4 for details.

²³⁷ Booth, *Haşhaştan Eroine*.

²³⁸ The opium prices seem to have declined proportionately throughout the empire. During the same period, opium prices declined in Istanbul as well. In the late 1890s for instance, the Geyve and Nallihan produce fetched 17% and 18.3% less compared to the early 1880 price levels. The inferior Malatya produce was marketed for 39% below its early 1880s levels (Quataert, *Ottoman Reform*, 300).

²³⁹ *F.O.A.S.*, 1891, N. 822: 3; *F.O.A.S.*, 1891, N. 962: 4.

²⁴⁰ *F.O.A.S.*, 1896, N. 1663: 7.

²⁴¹ See Table 1.9.

Two additional factors seem to have underlined the rapid expansion of poppy cultivation in the region. The Ottoman government provided considerable support for poppy producers and actively encouraged the production of the crop. The government granted attractive tax exemptions for farmers who took up poppy cultivation for the first time. Local authorities also provided logistic and technical support to interested farmers. Agricultural inspectors were sent to the districts to inform farmers on the exigencies of poppy cultivation and opium production. These measures must have encouraged the expansion of tobacco cultivation throughout the region.²⁴²

The compactness of opium and the relatively low costs of transportation associated with the product probably constituted another incentive that encouraged poppy cultivation. Indeed, many cereal producers of the interior districts turned increasingly towards poppy cultivation so as to avoid the prohibitive railway tariffs that had held them back from marketing their bulky cereal produce in Salonica.²⁴³ Under the circumstances, poppy cultivation continued to expand especially in the interior mountainous districts of the region during the late 1890s and the 1900s.²⁴⁴

Both the production and exports of opium fell considerably in the post-1905 period. Output declined swiftly to 77 tons and exports contracted to 75 tons in total by 1908.²⁴⁵ This contraction was due mainly to a streak of bad harvests that hit the region during the mid-late 1900s. Crops failed disastrously in 1905, 1907, 1908 and 1909.²⁴⁶ However, buoyant British and American demand for local opium remained firmly in place. The ensuing supply deficiencies gave way to a substantial rise in opium prices (see Table 2.3). This price increase occurred despite a notable deterioration in the quality of the opium produced in the aftermath of harvest failures; on occasions, the morphine content was reported to have fallen to 11.0%. Still, the local produce competed well with other opium varieties produced in the Levant.²⁴⁷ Indeed, later in

²⁴² For details of the government's support to local opium producers see Chapter 3.

²⁴³ *D.T.O.G.*, 16.R.1313 (5.10.1895), N. 562: 472.

²⁴⁴ *Asir*, 21.R.1314 (29.9.1896), N. 112: 1; *Asir*, 12.B.1318 (5.11.1900), N. 531: 1; *D.T.O.G.*, 16.R.1313 (5.10.1895), N. 562: 472.

²⁴⁵ See Table 1.9.

²⁴⁶ *R.C.L.*, 1905, N. 214-219: 829; *F.O.A.S.*, 1906, N. 3655: 4; *F.O.A.S.*, 1909, N. 4359: 9; *F.O.A.S.*, 1910, N. 4579: 12.

²⁴⁷ For instance, inferior opium varieties produced in the 'Izmir' region were often marketed as the produce of 'Selanik' in Istanbul markets, much to the annoyance of local merchants (*Asir*, 18.N.1323 (16.11.1905), N. 1027: 2; *Asir*, 9.Ra.1324 (3.5.1906), N. 1073: 2).

1912, agreeable weather conditions enabled output levels to rise to more than 100 tons.²⁴⁸

Despite the setback caused by harvest failures, opium retained its commercial significance, and accounted for about 9.0% of the total value of exports from the port of Salonica in the late 1900s, generating an average value of over £100,000 *per annum*.²⁴⁹ At the time only tobacco could generate comparable export earnings. Thus, through half a century of sustained expansion and growth, opium became one of the leading commercial crops of the region. More importantly, Selanik became one of the leading centres of poppy culture in the Levant, fulfilling the expectations of Consul Blunt in 1895. Behind this expansionary process lay favourable market trends, the high quality of the produce, buoyant, almost inelastic overseas demand, low costs of transportation and the active encouragement of the Ottoman government. In this respect, opium appears as the antithesis of cereal production, which suffered from the (absence of) same factors that underlined the growth of opium production during the period under consideration.

Conclusion

Demand side factors and institutional processes largely underlay the emergence of a dual agrarian structure in the region during the late nineteenth and early twentieth centuries. Favourable demand conditions were largely responsible for the rapid growth and success of silk cocoon, opium and especially tobacco production in the Selanik region. In contrast, cotton and cereal production suffered from tight competition in the overseas and, especially after the turn of the century, in the largely under-protected domestic market. Under these circumstances, both sub-sectors performed poorly and remained largely retarded until 1912.

The success of tobacco production and sericulture in the region owed much also to the regulatory framework and the institutional support provided by the PDA and the

²⁴⁸ Palairat, *The Balkan Economies*, 344. This figure seems to be an overestimate. According to a British consular report, the 1912 opium yield was 1600 cases (*F.O.A.S.*, 1912, N. 5234: 9). At the time an opium case weighed 141 lbs. (*F.O.A.S.*, 1911, N. 4797: 10), which brings the 1912 harvest to slightly over 100 tons.

²⁴⁹ Gounaris, *Steam over Macedonia*, 94-97.

foreign trading houses. The PDA actively encouraged and supported the farmers willing to take up sericulture in the region and thus contributed in important ways to the recovery and growth of silk cocoon production in Selanik. The case of tobacco followed a similar but relatively more troubled path compared to that of silk cocoon production. The tobacco *Régie* initially had a retarding effect on tobacco production. The *Régie*'s efforts to bring the production, taxation and marketing of this lucrative crop under its control initially scared some farmers away from tobacco production and drew smaller merchants out of business. However, once the *Régie* established its control, it provided considerable financial support to local farmers and actively encouraged the development of tobacco production in the region. The *Régie* also tightly controlled and regulated the production and marketing of tobacco and thus set the rules of the game in the tobacco business. More importantly perhaps, the *Régie* effectively enforced these rules and managed to bring some degree of order and regularity into the production and marketing processes. The strict, if draconian, presence of the *Régie* in regional tobacco markets left little room for such fraudulent practices as debasement, which, as we have seen, created serious problems for cotton and cereal exporters during the same period. In this regard, through its regulatory powers and active support, the *Régie* contributed to the development of tobacco production in the region.

However, the strict pricing and taxation policies of the *Régie* withheld the positive income effects of tobacco production from reaching the lower strata of the agrarian society at large. The *Régie* and the Austrian tobacco monopoly, *Hertzog Company*, set prices at low levels that best served their financial interests often at the expense of the producers. The local landlords participated in this process and used their influence to set the local prices at considerably low rates in return for handsome commissions and remunerative prices for their own produce. Nevertheless, this apparent "market-failure" did not hinder the development of the sector due to the robustness of both the home and overseas demand during this period. The entry of Americans into local tobacco markets seriously challenged the *Régie*'s and *Hertzog Company*'s oligopolistic grip over regional tobacco markets and turned the situation somewhat in favour of tobacco producers. The Americans entered local markets in an aggressive manner and made massive purchases at high prices, often at the expense of the *Régie*. Attracted by the remunerative prices offered by the American companies, many farmers turned to tobacco cultivation and consequently regional tobacco production and exports grew rapidly during the 1900s and brought handsome returns to all parties involved in

tobacco trade. Thus, within the context of a more competitive market formation and a solid institutional framework that regulated and enforced the rules of the game, tobacco production rose to unprecedented levels in Selanik.

The case of tobacco sets the counterfactual against which we can consider both cereal and cotton production. Both of the latter sub-sectors suffered from the lack of regulatory bodies that could oversee the production and marketing of crops and enforce the rules of the game without leaving much room for deceitful trading practices. The debasement of cereal crops that surfaced in the process of unregulated market transactions emerged as a serious problem that undermined cereal and cotton exports from the region. The sluggish export performance, in turn, largely circumscribed the growth potential of cotton and cereal production. Cereal production also suffered from prohibitive transaction costs that held grain marketing at bay. This situation undermined the export potential of regional cereal production and circumscribed its capacity to serve the rapidly growing urban markets. Yet, transportation costs, together with the charges and tariffs levied at the port of Salonica, provided local cereal producers with some degree of protection and allowed them to benefit from growing domestic urban demand during the 1890s. However, the gradual reduction in railway tariffs and port charges later in the 1900s reduced this slight margin of protection and exposed local markets to intense foreign competition. Subsequently, the sector contracted further, and, by the end of the period, the region became a net importer of cereals.

It is interesting to note that opium production, too, sets the counterfactual to cereal production in this respect. Opium trade was largely unregulated. However, opium cultivators benefited from high quality opium produced in the region, and also enjoyed lower transportation costs. Thus, opium production grew rapidly, often at the expense of cereal and cotton production, until the early 1900s. After this date, however, severe crop failures disrupted opium production and the sub-sector remained largely retarded until the end of the period.

Overall, in this chapter, we have seen the ways in which demand side factors and institutional processes conditioned the emergence of a dual agrarian structure in the region. Certain demand conditions and institutional processes simply favoured the production of certain crops while others remained largely 'excluded' during the period under consideration. Here the sub-sectors that could articulate with overseas markets

and were directly affiliated with European financial and commercial interests grew by leaps and bounds. Other sub-sectors, such as cotton and cereal production, suffered from unfavourable demand conditions and struggled to keep up with intensifying foreign competition in a frustrating institutional void. The financial weakness and the organisational inaptitude of the Ottoman government were largely responsible for the persistence of the feeble institutional framework. In the following two chapters, we turn our attention to government policy and consider the role played by the Ottoman state in processes of agrarian transformation discussed above.

CHAPTER III

DYNAMICS OF AGRARIAN TRANSFORMATION - 2: AGRICULTURAL REFORM AND GOVERNMENT POLICY

Introduction

In the previous chapter, I argued that demand-side conditions and certain institutional processes underlay the emergence of a dual agrarian structure in the region, which was characterised by the coexistence of retarded and dynamic sub-sectors. I suggested that adverse demand conditions set the broad conjunctural background to the retardation of such important sub-sectors as cereal and cotton production. I also argued that certain market failures and prohibitive transportation costs undermined the production of these crops during the same period. In contrast, the dynamic sectors, namely tobacco and silk cocoon production, benefited from favourable demand conditions and/or adequate institutional support and systematic market regulation. For instance, tobacco production benefited immensely from the buoyancy of overseas demand as well as the institutional support and the regulatory framework provided by the tobacco *Régie*. Likewise, logistic and technical support provided by the PDA was important for the rapid development of silk cocoon production from the late 1880s onwards. Finally, opium production grew in response to robust overseas demand for the high quality opium produced in the region.

These developments, however, did not take place in a political void. The Ottoman government interfered with agrarian processes and tried to enhance the strength and stability of the sector. In this chapter, we shall turn our attention to this important issue and consider the role of the state in processes of agrarian change. This effort is important for a number of empirical and conceptual reasons.

Research on agricultural reform policies, concentrated mainly on the Anatolian provinces and paid little attention to other parts of the empire.¹ The current chapter

¹ D. Quataert, *Ottoman Reform and Agriculture in Anatolia, 1876-1908*, (Unpublished Ph.D. diss., Los Angeles: University of California Los Angeles, 1973); T. Güran, *19. Yüzyıl Osmanlı Tarımı Üzerine Araştırmalar* [Research on Nineteenth Century Ottoman Agriculture], (Istanbul: Eren Yayıncılık, 1998); T. Güran, "Tanzimat Döneminde Tarım Politikası", [Agricultural Policy in the Tanzimat Period] in O. Okyar and H. Inalcık (eds.) *Social and Economic History of Turkey (1071-1920): Papers Presented to the First International Congress on the Social and Economic History of Turkey*, (Ankara: Meteksan

attempts to fill this persistent lacuna by concentrating on the impact of government policy on agriculture in the Selanik region during the period under consideration, using original and virtually unused evidence gathered from European and Ottoman archives. In this respect, the chapter constitutes a significant empirical contribution to Ottoman economic history.

A thorough discussion of government policy is essential for the integrity and comprehensiveness of our analysis of agrarian change in the Selanik region. So far, I have concentrated mainly on market processes and considered European capitalism as an important dynamic that determined the broad pattern of agrarian transformation in the region. However, endogenous factors also played an important role in this transformation process and need to be taken into account. Focusing on state policy allows us to consider the endogenous dynamics of agrarian change in the region.

First, let me clarify the conceptual parameters of my approach. It is important to note that agricultural policy was not a sterile, unidirectional process that ran from the “state” to the “civil society”. Quite the contrary, agricultural reform was a dynamic and interactive *process* deeply influenced by the economic and political power struggles. Government officers and bureaucrats strove to mediate and control this conflict-ridden process and attempted to preserve and consolidate the political and economic interests of the central government in due course. In this regard, I consider agricultural policy as an integral part of the central government’s quest for economic and political power, rather than a straightforward drive for economic modernisation.

Political centralisation remained one of the primary concerns of the Ottoman government during the Hamidian era.² The central government attempted to consolidate its political and administrative presence in the provinces during this period. Toward this end, the government took certain administrative measures and invested in infrastructure projects, on the one hand, and attempted to involve local notables (*eşraf*) more directly in the political process, particularly in the Anatolian and Arab provinces, on the other.

Limited Şirketi, 1980), 271-277; F. Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış* [An Overview of Turkish Agricultural History], İstanbul: Devlet Basımevi, 1938).

² E. D. Akarlı, *The Problems of External Pressures, Power Struggles, and Budgetary Deficits in Ottoman Politics under Abdülhamit II: Origins and Solutions*, (Unpublished Ph.D. diss., Princeton: University of Princeton, 1976); E. D. Akarlı, “Abdülhamid II’s Attempt to Integrate Arabs into the Ottoman System,” in D. Kushner (ed.) *Palestine in the Late Ottoman Period*, (Jerusalem and Leiden: Yad Izhak Ben-Zvi and E. J. Brill, 1986), 74-89; E. D. Akarlı, “Provincial Power Magnates in Ottoman Bilad Al-Sham and Egypt, 1740-1840,” in Temimi (ed.), *La vie sociale dans les provinces arabes a l’époque ottomane*, V. 3, (Zaghouan: Publications du Centre d’Etudes et de Recherches Ottomanes, Morisques, de Documentation et d’Information, 1988), 41-56; C. Findley, *Bureaucratic Reform in the Ottoman Empire: The Sublime Porte, 1789-1922*, (Princeton: Princeton University Press, 1980); İ. Ortaylı, *İmparatorluğun En Uzun Yüzyılı* [The Longest Century of the Empire], 1.P. (1983), (İstanbul: İletişim Yayınları, 1999); S. J. Shaw, and E. K. Shaw, *History of the Ottoman Empire and Modern Turkey, V. II, Reform Revolution and Republic: The Rise of Modern Turkey, 1808-1975*, (Cambridge, New York, New Rochelle, Melbourne, Sydney: Cambridge University Press, 1988).

As such, the government sought to deepen its authority and establish a diffused and more indirect power base in the provinces. I argue below that agricultural policy constituted an integral component of the government's efforts to expand its influence in the provinces. Through a combination of political persuasion and financial support, the authorities tried to involve the local notables into processes of agrarian reform and hence into broader decision making processes. As such, they sought to maintain a solid basis for governance in the provinces, especially in places where ethnic and political tensions were particularly intense. As I shall demonstrate, Selanik was a case in point.

The government's concern for agricultural reform was in line with its fiscal concerns. Agriculture was the largest sector of the Ottoman economy and constituted the primary source of revenue for the Ottoman government.³ *Ceteris paribus*, a robust agrarian economy meant that the government could improve its fiscal profile and use the sources at its disposal to finance its costly military and administrative reform projects.⁴ In this context, the government attempted to provide technical, logistic and financial support to farmers, especially to small-scale peasant farmers who constituted the backbone of Ottoman agriculture, with a view to promoting growth and stability in the sector. The Selanik region was no exception.

However, agricultural policy making was a complex process within which the fiscal and political concerns of the Ottoman government often proved irreconcilable. The government officials apparently found themselves in an impasse whereby they could not attain both policy objectives simultaneously. The fiscal feebleness and the organisational inadequacies of the provincial governments often forced officials to compromise fiscal concerns in favour of political priorities. For instance, when the government used the fiscal means at its disposal to secure the alliance and cooperation of notables, it failed to provide sufficient support to actual cultivators due mainly to insufficiency of public funds. Likewise, the authorities' attempt to support the cultivators in order to enhance agricultural production proved politically untenable in the face of the active and/or passive resistance of notables who jealously wanted to maintain their grip over public resources. Under the circumstances, the authorities tried to find a compromise between political priorities and fiscal concerns. It seems political

³ For the fiscal reforms see Akarlı, *The Problems of External Pressures*; Y. Cezar, *Osmanlı Maliyesinde Bunalım and Değişim Dönemi (XVIII, yy. dan Tanzimat'a Mali Tarih)*, [Era of Crises and Change in Ottoman Fiscal Policy (Fiscal History From XVIIIth Century to the Tanzimat)] (Istanbul: Alan Yayıncılık, 1986); T. Güran, *Tanzimat Döneminde Osmanlı Maliyesi: Bütçeler ve Hazine Hesapları, 1841-1861 [Ottoman Finances in the Tanzimat Period: Budgets and Financial Calculations, 1841-1861]* (Ankara: Türk Tarih Kurumu Basımevi, 1988); A. Şener, *Tanzimat Dönemi Osmanlı Vergi Sistemi [Ottoman Taxation System during the Tanzimat Era]*, (Istanbul: İşaret, 1990).

⁴ For a discussion of the inherent fiscalism of the reform efforts see Quataert, *Ottoman Reform*, and G. A. Sayar, *Osmanlı İktisat Düşüncesinin Çağdaşlaşması*, [The Modernisation of Ottoman Economic Thought] (Istanbul: Der Yayınları, 1986).

priorities reigned supreme and the officials ultimately used the organisational and fiscal means at their disposal to secure the political cooperation of notables.⁵

As it will be explained below, similar processes were at work in the Selanik region.⁶ The authorities sought to consolidate the economic and political power-base of the (Muslim) notables and thus attempted to prevent the dissolution of the political *status quo* in the region. Consequently, the efforts to modernise agriculture remained limited, yielding little success towards the end of the period. This policy line ultimately failed as ethnic tensions eventually erupted into armed conflict in 1912. Nevertheless, agricultural policy was consequential in the sense that the failure to provide adequate financial and technical support to the actual farming communities consolidated the market-induced processes of agrarian retardation in the region.

In what follows, I concentrate first on the government's efforts to create an agrarian bureaucracy that would carry out certain reform projects in the countryside and provide technical and logistic assistance to farmers. Second, I discuss the government's efforts to provide financial support to farmers. In the final section, I focus on the actual implementation of these policies and the practical aspects of the reform initiative. In this context, I discuss the attempts to introduce new techniques of production into agriculture and to encourage greater diversification in the sector. In this section, I also discuss the impact of 'crisis management' schemes instituted by the authorities. The chapter ends with some concluding remarks on the impact of government policy on processes of agrarian transformation in the Selanik region.

1. The Creation of an Agrarian Bureaucracy and the Selanik Agricultural School

The establishment of an agrarian bureaucracy constituted an important component of agrarian reform policies pursued by the Ottoman government during the Hamidian era. The authorities concentrated their efforts on two issues in the process of bureaucratic reorganisation. First, they focused on the administrative reorganisation of the agrarian bureaucracy at both the ministerial and provincial levels. Second, they worked on the creation of a cadre of agricultural experts who would help introduce and

⁵ Akarlı, "Abdülhamid II's Attempt to Integrate," 74-89; Akarlı, "Provincial Power Magnates," 41-56.

⁶ For ethnic and political conflicts in Macedonia see B. Jelavich, *History of the Balkans, Twentieth Century*, V. 2, 1. P. (1983), (Cambridge: Cambridge university Press, 1994), 89-94; L. S. Stavrianos, *The Balkans since 1453*, (1. P. 1958), (London: Hurst and Co. Publishers, 2000), 513-544.

dissipate new techniques of production throughout the countryside. Both tasks posed serious difficulties for the Hamidian authorities, which faced grave fiscal, administrative and political problems that circumscribed their capacity to set up and maintain a working and effective bureaucratic apparatus. Nevertheless, as it has been amply demonstrated by Quataert, the authorities took important steps in this direction and managed to implement agricultural reform policies that yielded significant results, particularly in the Anatolian provinces of the empire.⁷

In what follows, first I briefly discuss the broad processes in bureaucratic reorganisation within central and provincial governments and then move on to consider effects of these developments in the province of Selanik. In this context, I discuss the organisation of an agrarian bureaucracy in Selanik and assess the activities of the agricultural schools set up in the region. I point out the organisational strengths and weaknesses of the provincial agrarian bureaucracy and argue that certain weaknesses superimposed by fiscal insolvency and administrative inadequacies seriously impaired the capacity of the provincial government to carry out extensive reforms in the countryside until the late-1890s. Afterwards, however, the provincial bureaucracy dealing with agricultural matters became more effective, thanks mainly to the efforts of agricultural inspectors appointed to the districts. Despite these developments, the administrative capacity and the organisational reach of the agrarian bureaucracy still fell short of the needs of an extensive region that faced a multitude of agricultural problems ranging from grasshopper attacks to the adverse effects of the persistent depression in cereal markets. In this context, the difficulty of attracting the graduates of agricultural schools to poorly paid government posts hampered the reform efforts.

1.1. Bureaucratic Organisation: Prospects and Limitations

The early foundations of an agrarian bureaucracy in the Ottoman Empire date back to the Tanzimat period. Various councils and commissions dealing with agricultural matters were established within the Foreign Ministry, the Finance Ministry, and the Ministry of Commerce at different points in time during the early years of the Tanzimat era. The most important of these councils were the Council of Agriculture (*Ziraat Meclisi*) and the Council of Public Works (*Nafia Meclisi*) established in the 1840s and the 1850s, respectively.⁸ These councils primarily served as advisers to the central government and prepared regular reports on the condition and problems of agriculture in the provinces and made proposals to overcome these difficulties.

⁷ See Quataert, *Ottoman Reform*, 64-154.

⁸ Quataert, *Ottoman Reform*, 64-91; T. Güran, *19. Yüzyıl Osmanlı Tarımı*, 45-63; A. Akyıldız, *Osmanlı Merkez Teşkilatında Reform* [Reform in Ottoman Central Administration] (İstanbul: Eren Yayınları, 1993), 127-140.

Apparently, the councils played an important role in shaping the direction of agricultural policy. For instance, the appointment of agricultural directors (*ziraat müdürleri*) to the provinces was first suggested by the Council of Agriculture. Subsequently, the central government approved the proposal and appointed officials to the provinces.⁹

The creation of a separate budget for public works in the late 1840s, the foundation of a department overseeing agriculture and public works within the Council of State (*Şura-i Devlet*) in 1868, and, the establishment of an independent Ministry of Commerce and Agriculture (*Ticaret ve Ziraat Nezareti*) in the same year were important developments that laid the foundations of an agrarian bureaucracy during the Tanzimat period. The establishment of the first agricultural school near Istanbul in 1847 was another important step in this respect.¹⁰

Despite these initial developments, however, the Ottoman agrarian bureaucracy remained in its relative infancy until the end of the Tanzimat period. The implementation of agricultural reform policies formulated by the above mentioned councils, remained largely confined to a number of pilot projects in designated locations and a few logistic and legislative measures intended to encourage the growth of commercial agriculture in the empire. The pilot projects involved providing credit, seeds and plants to local farmers in a number of sub-provinces in Anatolia. The measures taken to encourage the growth of commercial agriculture were mainly legislative acts, which included exemptions from various tithes, abolishing trade monopolies and other restrictions against the marketing of agricultural products, and customs duty exemptions for imported agricultural machines and quality seeds. Yet, government efforts remained limited during this period and the apparent growth of agricultural production was primarily instigated by the initiative of the provincial farming and mercantile communities.¹¹

With the advent of the Hamidian era important steps were taken to set up an agrarian bureaucracy both in the centre and the provinces. The most important developments at the centre were the foundation of a Scientific Committee for Agriculture (*Ziraat Heyet-i Fenniyesi*) in 1892, and the establishment of the Ministry of Forests, Mines and Agriculture (*Orman, Maden ve Ziraat Nezareti*) in 1893. The Scientific Committee acted as the central government's agent to direct agricultural reform and assumed numerous responsibilities that ranged from determining the general direction of agricultural reform policy to supervising the newly established agricultural

⁹ Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış*, 83-84.

¹⁰ Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış*, 198-204; Quataert, *Ottoman Reform*, 64-91; Güran, *19. Yüzyıl Osmanlı Tarımı*, 45-59.

¹¹ Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış*, 76-140; Güran, *19. Yüzyıl Osmanlı Tarımı*, 45-59.

schools and model farms. The establishment of a new independent ministry was also important, as it helped create a separate bureaucratic entity that dealt exclusively with agricultural matters as distinct from commerce and public works. As such, the agrarian bureaucracy could determine its policy objectives and priorities and use the budgetary sources at its disposal to set up and maintain a more centralised bureaucratic system in the provinces.¹²

The establishment of better structured agrarian bureaucratic organisations at a provincial level was another important development of the Hamidian era. From the early 1880s onwards, the central government started appointing agricultural inspectors to the provinces on a regular basis.¹³ These agricultural inspectors were responsible mainly for the administration of the agricultural schools and model farms in their respective provinces and often acted as the practical carriers of the reform programs. In addition, the agricultural inspectors participated actively in the implementation of the 'crisis management' policies of the Ottoman government, and directed a wide range of schemes to this effect, such as combat against diseases and the attack of hazardous insects and seed distribution schemes designed to counterbalance the adverse effects of crop failures. However, as Quataert rightly points out, the efforts of the agricultural inspectors fell short of bringing about the desired effect in reform and modernisation.¹⁴

Another important development at the provincial level during the Hamidian era was the establishment of semi-autonomous Chambers of Agriculture (*Ziraat Odaları*) from the early 1880s onwards. The members of these chambers were elected from amongst the prominent provincial notables, agriculturalists and merchants. The duties of the chambers included the preparation of regular reports on the condition of agriculture and the factors impeding its development. However, the executive powers of the chambers were quite limited. The chambers could do very little without the authorisation and financial support of the local and central governments, except for organising minor agricultural exhibitions and competitions to encourage agricultural development. Thus, the chambers mainly served as transmitters of information between the provinces and central government until they were officially abolished in the mid-1890s. After this date, many agricultural chambers merged with the local chambers of commerce and continued to provide information and support to central as well as provincial governments.¹⁵

¹² Kurdoğlu, *Türk Ziraat Tarihine Bir Bakış*, 198-203); Quataert, *Ottoman Reform*, 64-91; Shaw and Shaw, *History of the Ottoman Empire*, 230-234.

¹³ Quataert, *Ottoman Reform*, 64-91.

¹⁴ Quataert, *Ottoman Reform*, 336-345.

¹⁵ Quataert, *Ottoman Reform*, 64-91.

The formation of an agrarian bureaucracy in the province of Selanik followed the broad pattern described above. The best sources that provide information on the development of an agrarian bureaucracy in the region are the provincial yearbooks (*salnames*) published by the government. The 1882 yearbook clearly shows the weakness and indeed the virtual absence of a comprehensive bureaucratic apparatus dealing with agrarian matters at the onset of the Hamidian era. The only government department that could have dealt with agricultural matters during this early period was the administration of forests (*Orman Idaresi*) situated in the provincial capital, Salonica. The department included an inspector general, another inspector for the districts of Drama and Siroz, and three administrative assistants in all.¹⁶

Selanik's bureaucracy grew steadily throughout the 1890s. By the late 1900s, there was at least one agricultural inspector in each *kaza*. Besides, there was also one chamber of commerce and agriculture in almost every district.¹⁷ Both the agricultural inspectors and the chambers of commerce and agriculture worked actively to encourage modernisation and to combat natural disasters in their respective districts. Although the efforts yielded some success in combating the adverse effects of natural calamities, the energetic venture of a handful of agricultural inspectors fell short of providing sufficient technical and logistic support to farmers.¹⁸ Here the main problem seems to have emanated from the priorities of the local government. The provincial authorities were apparently reluctant to allocate sufficient public funds towards extensive agrarian reform. Instead, available fiscal resources were used primarily to consolidate the organisational power and the bureaucratic reach of the other compartments of the provincial bureaucracy, such as the departments of tax collection, justice and public security.¹⁹ In other words, the local government seems to have pursued a more direct approach to resolve its fiscal and political problems and prioritised reform in areas of fiscal and administrative organisation. Agrarian reform came further down the list of official priorities.

1.2. The Agricultural School of Salonica: Potential and Reality

The Hamidian authorities showed considerable attention to the education and training of agricultural experts. During the 1880s and the early 1890s, numerous bright graduates of the leading Ottoman schools, such as the Imperial *Lycée (Mekteb-i Sultani)* and the Civil Service School (*Mekteb-i Mülkiye*), were sent to France, Belgium and Germany on full government scholarship to study agricultural sciences. Upon

¹⁶ 1299 S.V.S., 1882, 58-168.

¹⁷ 1324 S.V.S., 1907.

¹⁸ See below for a discussion of the crisis management policies of the local government.

¹⁹ See Chapter 4.

graduation, these students served as agricultural inspectors in the provinces and eventually ascended to higher posts within the bureaucratic hierarchy. The government also appointed these experts to teaching positions in agricultural schools.²⁰

Three major agricultural schools were established in Istanbul, Salonica, and Bursa during the Hamidian era. The schools successfully educated and trained hundreds of agricultural experts. The graduates of the prestigious *Halkalı* Agricultural School in Istanbul entered the bureaucratic hierarchy on quite advantageous terms and rose rapidly in the ranks to reach positions of power with relative ease and speed. The graduates of the schools in Salonica and Bursa often had to settle for with lesser bureaucratic positions in the provinces.²¹

The agricultural schools contributed significantly to the creation of a cadre of educated agrarian bureaucrats. However, it is important to note that the participation of these agriculturalists into the actual reform process remained limited. Only a small portion of the graduates became agricultural inspectors and worked in close contact with farming communities. The majority of the graduates either became desk-bound bureaucrats in administrative positions or pursued careers elsewhere in the private sector.

The Agricultural School of Salonica (*Selanik Hamidiye Ziraat Ameliyat Mektebi*) opened in early October 1889 with a glittering ceremony, which was attended by the governor general of Selanik, high ranking bureaucrats and officers and prominent local notables.²² The school was located about seven kilometres west of Salonica. The school complex included numerous school buildings, student dormitories, spacious gardens, and a model farm of about 150 hectares. Altogether, the entire complex cost the local government more than O.L. 5,000, significantly overshooting the estimated budget of O.L. 4,000.²³

The school policy for student selection had a distinctly 'populist' overtone. The basic requirements for admission were straightforward and emphasised Ottoman citizenship, fitness, youth and prior academic excellence.²⁴ The populist emphasis was evident in the sensitivity of the school administration towards the class status and

²⁰ Quataert, *Ottoman Reform*, 64-91.

²¹ Quataert, *Ottoman Reform*, 92-109; İ. Tekeli and S. İlkin, *Osmanlı İmparatorluğu'nda Eğitim ve Bilgi Üretim Sisteminin Oluşumu ve Dönüşümü* [The Formation and Transformation of the Education and Systems of Information in the Ottoman Empire] (Ankara: Türk Dil Tarih Kurumu Yayınları, 1993), 80-81.

²² *D.T.O.G.*, 17.S.1307 (12.10.1889), N. 250: 488-499; *F.O.A.S.*, 1889, N. 623: 10.

²³ *D.T.O.G.*, 26.Za.1306 (24.07.1889), N.188: 271; *D.T.O.G.*, 17.S.1307 (12.10.1889), N. 250:488-499.

²⁴ 1313 S. V. S, 1895, 125.

religious background of the students. The entrants were to be from farming families (*çiftçi*) and no priority was given to any particular religious community in admission. Apparently, these two principles were emphasised to secure the incorporation of the school graduates in the actual process of reform and innovation in rural areas. In favouring the *çiftçi* sons for instance, the authorities sought to create a cadre of well trained experts who had deep rooted family interests in farming and were therefore more likely, at least in principle, to be engaged in agricultural pursuits upon graduation. Similarly, by maintaining a careful balance between the Muslim and the non-Muslim entrants, the administrators were hoping to reach all farming communities, irrespective of their cultural, linguistic and religious backgrounds.²⁵ Thus, new techniques and know-how would be better disseminated at the grassroots level and reach a wider range of cultivators through the active agency of school graduates.

The school was run like a military academy. The students were kept under close supervision and were subject to strict disciplinary measures. All students were to board at the school quarters throughout the academic year and all their expenses, including a monthly allowance of 10 *kuruşes*, were to be met by the government. The average day of the students was strictly structured. Education was intense and captured much of the day. Each day the students attended five and a half hours of classroom teaching and three and a half hours of practical training in the field. Between the classes and the training sessions they were given a total of three hours of rest and breaks. They had an additional five hours for other needs and duties, such as cleaning, prayers, physical exercise and homework. The remaining eight hours were reserved for sleeping.²⁶

The three-year course syllabus was based on the program of the French agricultural schools.²⁷ In the first year, the students took basic courses in religious education, Turkish, French, calculus, geography, public administration and drawing. In the second year, they followed more advanced courses on the same topics and in addition took general courses on agricultural science, chemistry, metallurgy, botany and animal husbandry. In their final year, they focused on specialised topics such as the construction and design of agricultural buildings, agricultural industry and technology, agricultural chemistry, techniques of combat against hazardous insects and animals, sericulture, horticulture, viticulture and general accounting. In the same year, they also completed their core courses on Turkish and French.²⁸ Throughout, the students went

²⁵ *D.T.O.G.*, 17.S.1307 (12.10.1889), N. 250: 488-499.

²⁶ 1313 S.V.S., 1895, 125. For an excellent account of colonial education systems see T. Mitchell, *Colonising Egypt*, Berkeley, (Los Angeles and London: University of California Press, 1991), and R. Guha, "On Some Aspects of the Historiography of Colonial India," in R. Guha (ed.) *Subaltern Studies*, I, (Oxford: Oxford University Press, 1982). For Ottoman comparisons see F. Göçek, *The Rise of the Bourgeoisie and the Demise of the Empire*, (Oxford: Oxford University Press, 1996).

²⁷ *D.T.O.G.*, 17.S.1307 (12.10.1889), N. 250: 488-489.

²⁸ 1313 S.V.S., 1895, 126-127; 1320 S.V.S., 1902, 385-386.

through applied training in the model farm and became familiar with the most up-to-date techniques and tools of production.²⁹ Thus, they found ample opportunity to understand the practical exigencies of their trade on the field.

Until the turn of the century, two main groups of teachers were employed side by side at the school. The first group included agricultural experts, who were probably educated abroad and/or had served for many years as agricultural inspectors and gained considerable experience in the field. This group included the energetic agricultural inspector of Selanik, Vitalis *Efendi* - the first headmaster of the school - and his colleagues Avadisyan, Kalfayan, Onnik and Ali Osman *Efendis*. These experts delivered lectures strictly on technical topics, such as agricultural science, sericulture, animal husbandry, viticulture, horticulture, chemistry and geology.³⁰ A second group of predominantly Muslim teachers, possibly graduates of the *Darülfünun* (Faculty of Sciences) or the *Darülmüallimin* (Faculty of Education) in Istanbul, such as Suad *Bey* (the second headmaster of the school), Fazlı Necib, Mahmud, Arif and Ali Haydar *Efendis*, gave general courses on geography, history, calculus, Turkish, French and public administration.³¹

This academic staff, which combined expert agriculturalists and professional teachers, ran the entire program successfully until 1904. From 1889-1904, about ten to fifteen students graduated from the school each year, adding up to a potential sum of about 200 young and well trained agriculturists. After 1904, the staff of the school was replaced by a new group of exclusively Muslim teachers.³² The new teaching staff was possibly the product of the *Halkalı* Agricultural School in Istanbul. These teachers carried the program of the school successfully until 1912. Throughout, the quality of education at the school remained one of the highest by Ottoman standards.

The quality of education and the strict quasi-military atmosphere of the school ensured that its graduates would be disciplined, well-mannered, literate, numerate, multi-lingual and faithful individuals who were also equipped with the specialised knowledge of modern agricultural techniques. These '*çiftçi* youngsters made into technicians' were to be *the* harbingers of modernisation in the Ottoman countryside and, the closest Ottoman term that would signify a gentlemen, i.e. an *efendi*, was bestowed upon them after their graduation. Ironically, the *efendi* graduates of the school

²⁹ See below for the role of *Model Farm* in the trial and introduction of new techniques of production, technology and of new agricultural products into the region.

³⁰ 1313 S.V.S., 1895, 126-127; 1320 S.V.S., 1902: 385-386.

³¹ 1313 S.V.S., 1895, 126-127; 1320 S.V.S., 1902, 385-386. Also see B. Kodaman, *Abdülhamid Devri Eğitim Sistemi* [The Education System of the Hamidian Era] (Ankara: Türk Tarih Kurumu Basımevi, 1991), and Tekeli and Ilkin, *Osmanlı İmparatorluğu'nda Eğitim*, for details of technical and literary higher education and the training of teachers throughout the Hamidian period.

³² 1324 S.V.S., 1907, 239.

were perhaps too well educated and refined for the task they were intended for at the first place. Apparently, many graduates showed little interest in going back to the countryside and sharing their acquired expertise with their fellow countrymen for a number of cultural and economic reasons.

After three years of exposure to intensive education, urban lifestyle and culture, many students grew more ambitious and pursued a career elsewhere, particularly in administrative hierarchy. The best graduates of the school often moved into higher education. They enrolled at the *Halkalı* Agricultural School in Istanbul and eventually joined the ranks of high calibre Ottoman bureaucrats employed in ministries and other leading public institutions. Some of the less successful graduates joined the ranks of local government officials and started their careers as bureaucrats in administrative offices in a sub-provincial centre. These positions, however, were relatively limited in number and mostly at low administrative levels with little prestige and prospect. Besides, low pay in government service and the irregularity with which the government officers received their salaries was also an important factor that discouraged graduates from pursuing their careers in the public sector.³³ Under the circumstances, most graduates of the school pursued careers in the private sector and became clerks, accountants, translators and administrators, or started their own petty businesses in commerce, services and even manufacturing. Thus, they continued to enjoy urban lifestyles and the prestige that came with their educational background and status.³⁴

The authorities soon realised that it would not be possible to attract the graduates of the Agricultural School into public service without good and regular pay and prospects of promotion within the bureaucratic system. Given the limited fiscal sources at their disposal, the authorities considered (alternative) ways of enticing the graduates into public service at the grassroots level. On one occasion, for instance, the authorities entertained the idea of employing the graduates as ‘inspectors of agriculture and technical matters’ (*ziraat ve fen müdürü*) in each district (*kaza*). The cost of these appointments was to be met by a new animal surtax of one or two *kuruşes* for each ‘large headed animal’ in every district.³⁵ In another case, the authorities thought of offering the graduates teaching positions in the elementary schools in villages and small towns, where they could get into direct contact with farming communities and share their expertise with the farmers on the field. The graduates appointed to the schools

³³ See C. Findley, *Ottoman Civil Officialdom: A Social History*, (Princeton: Princeton University Press, 1989) and *Kalemiyeden Mülkiyeye, Osmanlı Memurlarının Toplumsal Tarihi*, [From Scribe to the Bureaucrat, The Social History of the Ottoman Civil Servants], (İstanbul: Tarih Vakfı Yurt Yayınları, 1996), for a detailed discussion of the living standards of Ottoman civil servants during the Hamidian era.

³⁴ See *Asır*, 10.Ş.1323 (9.10.1905), N. 1016: 2; *Asır*, 28.B.1324 (17.8.1906), N. 1112: 2.

³⁵ BA, *TFR.I.A.*, 16/1597, 12.11.1319 (25.1.1904).

were to be paid a monthly salary of 300 *kuruşes*.³⁶ In addition, they were to be kept exempt from military service.³⁷

It seems that such proposals either never really materialised or failed to achieve the desired effect. For instance, there is no evidence to suggest that the above mentioned public fund was ever created. Likewise, the plan to attract agricultural experts to teaching posts in villages and small towns does not appear to have materialised in significant numbers.³⁸ A reform proposal presented to the Sublime Port in 1907 indicates that the local authorities were still complaining about the insufficiency of properly trained specialists in agricultural bureaus and other related government offices in the districts.³⁹ The establishment of a new agricultural school in Siroz in the early 1910s apparently did not change the situation significantly, and the problem of recruiting agricultural experts in government offices persisted until the end of the period.⁴⁰ The inadequacy of expert staff largely undermined the government's ability to provide technical and logistical assistance to farmers. This problem, as we shall see, became particularly apparent in the attempts to diffuse up-to-date technologies and other modern techniques of production in the countryside. It is important to note, however, that the authorities, nevertheless, did their best to promote agricultural 'development' and worked hard to provide technical and logistic assistance to farmers. They devoted considerable energy, time and resources to encourage greater diversification, growth and stability in the sector. These efforts, despite the limitations discussed above, yielded important results that will be discussed below. The credit policy of the Ottoman government constituted the pillar of agricultural reform in the empire.

2. Public Credit Policy and the Agricultural Bank

2.1. General Developments

One of the most tenacious problems of the nineteenth-century Ottoman economy was underinvestment. Capital investment concentrated mainly in the construction sector and was primarily used to finance costly infrastructure projects,

³⁶ *Asir*, 28.B.1324 (17.8.1906), N. 1112: 2.

³⁷ *Asir*, 10.Ş.1323 (9.10.1905), N. 1016: 2.

³⁸ A report published in 1912 mentions the appointment of a school graduate of the agricultural school to an elementary school in one of the villages in the district of Drama (*T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 261). However, I have not been able to find trace of similar appointments in contemporary sources. Indeed, complaints concerning the inadequacy of agricultural experts appear regularly in reports. See below.

³⁹ *TFR. I.UM.*, 25-A/2493, 15.6.1326 (28.8.1910).

⁴⁰ *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 264-265.

such as the construction of railways, roads, harbours, etc.⁴¹ Investment levels remained considerably low in crucial sectors of the economy. In manufacturing, for instance, overall investment levels evidently remained insufficient, despite the establishment of a number of factories in basic consumer industries and the apparent dynamism in certain compartments of artisanal and rural manufacturing industries.⁴² Underinvestment was notable also in agriculture. In general, conventional techniques of production persisted in the sector. These techniques yielded modest results in productivity and only a tentative bulwark against natural hazards that regularly disrupted agricultural production. The gains on the technology front remained confined to regions with a high degree of commercialisation and materialised only towards the very end of the Hamidian era. Otherwise, expansion agricultural lands was normally the main avenue to agricultural growth and the sector remained at a Schumpeterian standstill in general.⁴³

Other problems and impediments that underscored the Schumpeterian standstill included the scarcity of capital, or rather its 'unavailability' for investment. The dearth of capital was associated with a number of complex structural and conjunctural factors, some of which were typical of all peripheral economies in nineteenth century, and others were more peculiar to the Ottoman economy. Briefly, strong rent-seeking motives, tightening European financial control, the liberal trade regime of the empire, and intensifying international competition were all important factors that accentuated underinvestment in key sectors of the economy during the nineteenth century, in general, and throughout the Hamidian era, in particular.⁴⁴

From the very early days of the *Tanzimat* era onwards, the government authorities sought ways to overcome the problem of underinvestment in the economy.

⁴¹ V. Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Şartları Hakkında bir Tetkik*, [Research on the Economic Conditions of the Ottoman Empire] (Ankara: Türk Tarih Kurumu Basımevi, 1994); Ş. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913, Trade, Investment and Production*, (Cambridge: Cambridge University Press, 1987); and, Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, [Dependency and Growth in the Ottoman Economy] (İstanbul: Tarih Vakfı Yayınları, 1994).

⁴² D. Quataert, "The Silk Industry of Bursa, 1880-1914," in H. İslamoğlu (ed.) *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 284-299; D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993); D. Quataert, *Workers, Peasant and Economic Change in the Ottoman Empire, 1730-1914*, (İstanbul: ISIS Press, 1993); D. Quataert, "The Age of Reforms, 1812-1914," in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 759-946. Also see Chapter 5.

⁴³ Quataert, *Ottoman Reform*; D. Quataert, *Manufacturing and Technology Transfer in the Ottoman Empire, 1800-1914*, (İstanbul: The ISIS Press, 1992). Also see O. Okyar, "The Role of the State in the Economic Life of the Nineteenth Century Ottoman Empire," *Asian and African Studies*, 14, (1980), 143-164; Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; A. O. Akarlı, "Growth and Retardation in Ottoman Macedonia, 1880-1910," in Ş. Pamuk and J. G. Williamson (eds.), *The Mediterranean Response to Globalisation before 1950*, (London: Routledge, 2000), 109-133.

⁴⁴ See E. Kıray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar*, [Economic Structure and Foreign Debt in the Ottoman Empire] (İstanbul: İletişim, 1993); E. Eldem, *Osmanlı Bankası Tarihi* [The History of the Ottoman Bank], (İstanbul: Tarih Vakfı Yayınları, 2000), and Akarlı, "Growth and Retardation in," 109-133.

Their efforts concentrated primarily on agriculture. They set up a number of public credit institutions that would provide financial assistance to farmers and agricultural reform projects.

The most important public credit institutions that were set up during the *Tanzimat* era were the 'district funds' (*memleket sandıkları*).⁴⁵ The *sandıks* were first established in the European provinces of the empire in the early 1860s and spread rapidly in other provinces thereafter. The *sandıks* were mainly cooperatives that extended credit exclusively to their members. They were administered by locally elected members who often came from the higher echelons of the social hierarchy, that is to say they were a notable landlord or a prominent merchant and the like. The capital was provided by the *sandık*'s participating members, who granted a certain portion of their produce to the cooperative each year. The interest rates on loans were kept at 12% per annum. Credit was granted to the members either on the basis of real estate collaterals or on personal guarantees acquired from third parties. The net annual profit of the *sandık* was to be used for the construction of public works and schools within the district.⁴⁶

The *sandıks* provided the farming communities with a viable alternative to local moneylenders, who often lent money at exorbitant rates of interest, which could reach up to 40% per annum. The terms of payment, especially for short term credits, were also quite unfavourable. These usurious practices often brought peasant proprietors under acute economic distress, which, at times, gave way to full dispossession under a growing cycle of indebtedness.⁴⁷ The *sandıks* could potentially play an important role in securing small peasant proprietorship in agriculture. Providing cheap loans to farmers could help consolidate their financial profile and help them get through difficult times without having to lose their property and become dispossessed tenant farmers on the land they once held in ownership. The *sandıks* were particularly important in counterbalancing the dislocating effects of market processes and of natural calamities, which often forced farmers into indebtedness that could lead to loss of property. The stabilising potential of the *sandıks* becomes even more evident when we consider the 1858 Land Law and the subsequent legislation that liberalised the land regime of the empire and rendered dispossession a more likely scenario for peasant proprietors in economic distress.⁴⁸

⁴⁵ Here I would like to acknowledge Carter Findley's suggestion for the translation of *memleket sandıkları* as 'district funds' into English.

⁴⁶ Y. S. Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası, 1888-1939*, [Agricultural Bank of the Turkish Republic, 1888-1939], V.1, (İstanbul: Kenan Basımevi ve Kılış Fabrikası, 1939), 2-5; Güran, *19.Yüzyıl Osmanlı Tarımı*, 151.

⁴⁷ The rate of interest charged by usurers could reach up to 40% per annum. See Güran, *19.Yüzyıl Osmanlı Tarımı*, 135-136. Also see Chapter 4.

⁴⁸ See Chapter 4 for a detailed discussion of property rights and the associated land legislation.

However, the *sandıks* suffered from a number of serious drawbacks. First, the capital of the *sandıks* was often insufficient for the purposes they were set up for. Secondly, the existing funds were mismanaged and ended up in the hands of notables and other prominent men, rather than the actual cultivators genuinely in need of financial support. Moreover, the debtors often did not pay back their dues to the *sandıks*, whose financial profile was thus further undermined in the medium term. Finally, the *sandıks*' capital was often transferred to the coffers of the central and provincial government at times of acute fiscal crisis, leaving little or no capital for local use. These drawbacks claimed much from the efficacy of the *sandıks* and their potential could never be fulfilled.⁴⁹

In the early 1880s, The *sandıks* were reformed and transferred into local 'benefit funds' (*menafi sandıkları*). In comparison to the *memleket sandıkları*, the newly established *menafi sandıkları* were somewhat better financed and put under closer supervision of the central government. A surtax (*menafi iane hissesi*) of 1.0% was added to the standard taxes with the specific purpose of financing the benefit funds. This surtax constituted the primary source for the newly established funds, *menafi sandıkları*, and aimed at securing a *regular* flow of capital into them. In addition, the authorities introduced certain measures to check and control the *sandık* councils, which were still administered by locally elected members. The *sandık* administrations were asked to keep proper and regular accounts of their transactions and they were required to report regularly to the Ministry of Commerce and Public Works about their activities on a quarterly basis. In addition, the authorities brought down the official rate of interest to 9.0%, much to the benefit of the debtors.⁵⁰

Despite these important developments, the *menafi sandıkları* suffered from the same problems that had impaired the operation and effectiveness of their predecessors. The local magnates continued to usurp available public funds. In addition, the benefit funds encountered serious problems in the collection of interest and capital payments and thus considerable financial difficulty. Unable to bring some degree of order to the finances and administration of *menafi sandıkları*, the central government ultimately suspended their operations and started preparations for the establishment of a more structured public credit institution in the late 1880s.⁵¹

⁴⁹ Kurdođlu, *Türk Ziraat Tarihine Bir Bakış*, 231-235; Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*, 5-7; Quataert, *Ottoman Reform*, 130; D. Quataert "Dilemma of Development: The Agricultural Bank and Agricultural Reform in Ottoman Turkey, 1888-1908", *International Journal of Middle East Studies*, 6, (1975): 212-213; Güran, *19. Yüzyıl Osmanlı Tarımı*, 152.

⁵⁰ Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*, 7-15; Quataert, *Ottoman Reform*, 130-131; Quataert, "Dilemma of Development," 212.

⁵¹ Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*, 10; Quataert, *Ottoman Reform*, 131-132.

The Agricultural Bank (*Ziraat Bankası*) was established in 1888. The bank was much better financed and administered in comparison to anything that preceded it. The bank was put under the jurisdiction of the Ministry of Commerce and Public Works. A central administrative committee (*idare meclisi*) comprised of appointed and salaried bureaucrats oversaw the organisation, operation and general activities of the bank. Branches were established in all provincial centres and in leading sub-provinces (*sancak*) and districts (*kaza*). These branches were administered by a centrally appointed director, a deputy director, and a committee made up of local representatives. The entire bank network was organised in the form of a well structured bureaucratic hierarchy. Each bank branch in a lesser administrative unit was accountable to the bank branches in higher administrative centres. The provincial branches were directly accountable to the administrative committee in Istanbul.⁵²

The capital of the bank came from a number of sources. First, all assets of the *menafi sandıkları* were transferred to the Agricultural Bank. Secondly, a third of the annual net profits of the bank was added every year to its capital. Finally, the above mentioned surtax *menafi iane hissessi* provided the bank with an important source of regular capital inflow.⁵³

The credit policy of the bank was quite clear and, in principle, the bank provided financial assistance to cultivators at low rates of interest and favourable terms of payment. The rate of interest was set at 6.0%, and an additional 1.0% was charged for administrative expenses. The payment of loans could be spread over a period of one to ten years, depending on the nature of the credit arrangement. Farmers who were directly engaged in agricultural production and who could prove their genuine need for credit for agricultural purposes were eligible to apply for a loan. The official proof of these qualifications was to be obtained from the local village council of elders (*ihdiyâr meclisi*). Credits were extended to cultivators against their mortgaged property and, rarely, on the basis of collective guarantees. Each applicant had to prove his genuine ownership of the real estate that would be mortgaged and the relevant documentation had to be approved by the local village council of elders. The bank assessed the value of the real estate shown as collateral and decided on the final terms of the credit arrangement. Failure to pay the outstanding debts ended in sequestrations. The bank auctioned off the sequestered property to the highest bidder. The only exception to this practice was failure to pay outstanding debts as a result of natural disasters, which could seriously upset agricultural production and give way to acute financial distress in the short and the medium terms. Finally, the ceiling for individual credits was scaled in

⁵² Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*, 45-51, 110-127; Quataert, *Ottoman Reform*, 132-133; Quataert, "Dilemma of Development," 212-217; Güran, *19. Yüzyıl Osmanlı Tarımı*, 152-153.

⁵³ Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*; Quataert, *Ottoman Reform*; Quataert, "Dilemma of Development,"; Güran, *19. Yüzyıl Osmanlı Tarımı*,

accordance with the capital worth of each bank branch. The credit ceiling was set at 5,000 *kuruşes* for branches with capital worth less than one million *kuruşes*. A maximum of 10,000 *kuruşes* and 15,000 *kuruşes* were granted to the applicants in bank branches with a capital worth ten and fifteen million *kuruşes*, respectively.⁵⁴

The annual profit of the Agricultural Bank was distributed among the branches, provincial administrations and the Ministry of Commerce and Public Works. As I have noted above, a third of the profits was set aside as capital for the bank. Another third was sent to the provincial governments to finance schemes that would promote agricultural development and secure the stability of the sector in that province. Finally, the remaining third of the annual bank profits was forwarded to Istanbul to finance the agricultural reform projects undertaken directly by the central government. Thus, the bank served as a public credit institution as well as the financier of agrarian reforms.⁵⁵

The Agricultural Bank, too, suffered from a series of drawbacks, particularly in the early years of its formation. Credit application procedures often proved too complex and cumbersome for ordinary farmers. The typically uneducated farmers often failed to understand the details of bureaucratic procedures and filed incomplete or inadequate applications. Faulty applications often led to the outright denial of credit to needy farmers.⁵⁶ Thus, simple ignorance and unfamiliarity with new bureaucratic procedures prevented the ordinary farmers from access to the public credit markets. Moreover, the bureaucratic procedures were quite costly and could raise the effective rate of interest to 15.0%, or higher in the case of short-term loans.⁵⁷ Under the circumstances, many small peasant farmers turned to the private credit markets where procedures were less cumbersome and familiar practices normally defined the specific terms of the credit arrangement between the moneylender and the debtor.

The attitude of bank administrators seems to have created additional problems. Apparently, bank administrators examined the applications carefully and in general felt reluctant to extend credits to small peasant farmers who had limited financial means at their disposal. The bank administrators had good reason to act cautiously in assessing risky applications. Delays in debt payments and defaults on outstanding debts were

⁵⁴ Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*, 196; Quataert, *Ottoman Reform*, 132-149, Quataert, "Dilemma of Development," 212-218; Güran, *19.Yüzyıl Osmanlı Tarımı*, 134-139.

⁵⁵ Quataert, *Ottoman Reform*, 143-149, Quataert, "Dilemma of Development," 212-218; Güran, *19.Yüzyıl Osmanlı Tarımı*, 144-146.

⁵⁶ *D.T.O.G.*, 7.Ca.1310 (27.11.1892), N. 413: 565-566.

⁵⁷ According to one contemporary report, the expenses associated with a credit application worth 1,000 *kuruşes* was as follows: 9.5 *kuruşes* for notary fees, 20 *paras* for stamp allowance, 5 *kuruşes* for registration fee, 19 *kuruşes* for processing fees (*mübaşiriye*), and 50 *kuruşes* for other legal expenses, which adds up to a total of 84 *kuruşes* (*D.T.O.G.*, 23.C.1309 (23.1.1892), N. 369: 115). This suggests that the procedural fees could constitute an additional and up-front 8.4% on one-year loans. Thus, the official effective rate of interest could go up to 15% and even more (*D.T.O.G.*, 4.Ra.1308 (18.10.1890), N. 303: 493).

common, and caused much trouble for the bank administrators. In addition, bogus applications and other fraudulent practices often led the bank to lose money. For instance, the exaggeration of the value of the real estate shown as collateral was a common practice that cost bank branches dearly. Similarly, the difficulties encountered in the sale of sequestered property put bank administrators in trouble sometimes and compelled them to assign the property back to the original owner at the bank's expense. These problems underlined the administrators' caution in assessing credit applications and possibly enticed them to extend credits to those who could afford to pay it back, instead of the small-scale peasant farmers. Under the circumstances, the available public funds ended up in the hands of local notables, who could readily exert pressure on bank administrators and obtain the available funds. The less fortunate segments of the rural society, that is the small holders, sharecroppers and other agricultural workers, were thus largely excluded from the public credit markets.⁵⁸

This situation was further underscored by the requirement of real estate as collateral against outstanding debts. The dispossessed farmers, especially sharecroppers and other agricultural workers employed on private estates (*çiflik*s), could not apply for bank credits. Also, many modest farmers in possession of small holdings remained reluctant to mortgage and risk their property, which constituted their primary source of livelihood. Thus, many farmers preferred to deal with the local moneylenders, who, unlike the Agricultural Bank, willingly accepted a share of the annual harvest as collateral against outstanding debts. This practice did not put peasant holdings directly at risk and constituted a strong incentive to deal with the local moneylenders, despite the high rates of interest prevailing in private credit markets.⁵⁹

Despite its shortcomings, the bank contributed to the development and stability of agriculture in important ways during the Hamidian era. First, notwithstanding the above mentioned problems and limitations, some public credits found their way into the hands of peasant farmers. The standardisation and simplification of the application procedures, the increasing familiarity of the farmers with bank practices, the improvement of bank services, and the increasing acceptance of collective guarantees as collateral against bank loans, significantly improved farmers' access to public credit markets, particularly after the turn of the century. Thus, the bank contributed significantly to the development of the sector in leading centres of commercial agriculture. As we shall see below, Selanik was not an exception.

⁵⁸ Atasagun, *Türkiye Cumhuriyeti Ziraat Bankası*.

⁵⁹ *D.T.O.G.*, 4.Ra.1308 (18.10.1890), N. 303: 493; *D.T.O.G.*, 28.Ca.1310 (18.12.1892), N. 416: 605; *D.T.O.G.*, 5.C.1310 (25.12.1892), N. 417: 618.

Secondly, the Agricultural Bank funds played a crucial role in the implementation of the agricultural reforms and crisis management schemes initiated by the central or the provincial governments. The most important initiatives of the Ottoman government in this regard involved the establishment of agricultural schools and model farms and the appointment of agricultural inspectors to the provinces. The bank funds regularly transferred to the coffers of the central and provincial governments helped finance these projects. Also, the Agricultural Bank funded most crisis management schemes, such as seed distribution programs and settlement projects.

2.2. Developments in Selanik

In Selanik, both large and small proprietors depended heavily on local usurers in order to acquire short-term loans on the eve of the Hamidian era. *Memleket sandıkları*, and later *menafi sandıkları*, remained largely dysfunctional or fell short of meeting the needs of local farming communities, due mainly to the above discussed organisational drawbacks and the ill-administration of local funds.⁶⁰ The British Consul to Salonica, Richard Wilkinson, highlighted the customs prevailing in the private credit markets during the early 1870s as follows:

No facilities whatever are afforded, either by the Government, or by special public companies. Loans are raised from private parties, commonly at usurious rates of interest, varying from 15 to 24 per cent. These loans are generally contracted for the purpose of replacing stock, or, in seasons of bad harvest, for purchasing seeds.

Mortgages are seldom effected, but, when this occurs, the rate of interest is the same as stated above.

The following method is resorted to by large proprietors to obtain advances on their estates. A deed is drawn up before the Mehkemé, or Ecclesiastical Court, in which the proprietor acknowledges the amount borrowed and appoints the lender his attorney, empowering him at the same time, on the expiration of the term mentioned in the said deed, to sell his estate in case of non-payment. The rate of interest is from 15 to 24 per cent. Small proprietors borrow at the same rate of interest, but give either personal security, or pledge their crops.⁶¹

The establishment of the Agricultural Bank altered the situation significantly in Selanik as well and provided farming communities with a viable alternative to the local usurers. The bank started its operations in 1889 with 22 branches that were located in all districts of the province.⁶² The branches were established with the modest capital

⁶⁰ According to the S.V.S. 1299 (1882), there were only 10 benefit fund (*menafi sandığı*) branches in the province of Selanik. The *sandık* branches were located in the districts of Selanik, Yenice, Avrethisarı, Kesendire, Vodine, Toyran, Istrumca, Menlik, Zihne and Drama.

⁶¹ P.P.A.P., 1870, V. 27: 304.

⁶² *Ziraat Bankasının 1305 Senesinden 1308 Senesi Gayesine Kadar Müddette Vukubulan İkrizatını Mübeyyin İstatistik Defteridir*, 1309 (1891), Istanbul: Dersaadet Matbaası.

stock accruing from the now abolished *menafi sandıkları*. The total capital stock of the bank branches in the region did not exceed 10,000,000 *kuruşes* in 1889. Within a decade, this amount had risen rapidly to reach 21,000,000 *kuruşes* in 1900. The capital of the bank continued to increase during the 1900s and rose by more than 50% to reach 32,000,000 *kuruşes* in 1908.⁶³

The bank branches pursued a liberal credit policy. According to official statistics, between 1889 and 1908, the bank distributed loans worth an average of about 4,190,000 *kuruşes* every year. This suggests that the bank had injected a total sum of 79,610,000 *kuruşes* worth of capital into the agricultural sector solely through the extension of credits during the same period.⁶⁴ This sum was quite significant by contemporary standards. For example, one of the most important infrastructural investments in the region, i.e. the new commercial harbour of Salonica and the new quays, cost the *Civil List* and the contractor company a total of 30,000,000 *kuruşes* at around the turn of the century.⁶⁵ The waterworks, trams and the gas and electricity works of Salonica cost another 22,000,000, 4,400,000 and 11,000,000 *kuruşes*, respectively, adding up to 37,400,000 *kuruşes* in total.⁶⁶ The significance of the amount injected into the sector by the Agricultural Bank becomes even more evident if we consider the real worth of 4,190,000 *kuruşes* in terms of farm tools and implements it could buy at the time. At around the turn of the century, a standard, single bladed American iron plough was sold for 150 *kuruşes* in Salonica, and a good quality mechanised sieve of French make cost about 1,400 *kuruşes*. Therefore, crudely speaking, the capital provided by the bank was theoretically sufficient to buy, in nominal terms, about 27,900 iron ploughs, or 2,990 mechanised sieves *every year* on average.⁶⁷

The credits extended by the bank were quite significant also in per capita terms, and must have improved the financial profile of the farmers noticeably. The bank extended an average of over 4,000 loans every year between 1889 and 1908. The average loan was about 1,100 *kuruşes*. According to Eldem's tentative estimates, per capita income level in the Selanik province was also about 1,100 *kuruşes* in 1907.⁶⁸ If this figure is accurate, then the average loan would have doubled the yearly income of the average farmer. Alternatively, a standard farmer could have bought seven American

⁶³ See Appendix 5 for the rise in the loans of the agricultural bank branches in the region between 1889 and 1908.

⁶⁴ Also see Appendix 5.

⁶⁵ See Chapter 5.

⁶⁶ E. Pech, *Manuel des Societes Anonymes fonctionnant en Turquie*, (Paris, 1907), 185, 192, 198.

⁶⁷ For agricultural machine prices see *O.M.Z.M.*, 11.Za.1317 (12.3.1900), V. 76, N. 1: 28-31.

⁶⁸ Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları*, 227. The same estimate is confirmed by H. N. Brailsford, *Macedonia, Its Races and Their Future*, (London, 1906), 48. Brailsford suggests that the annual income of an average Macedonian farmer was around 1,100 *kuruşes* in the early 1900s.

iron ploughs with this amount, or more than three-quarters of a good quality mechanised sieve imported from France.⁶⁹

These aggregate values and broad average figures point to only the *potential* contribution of the bank to agricultural development, of course. The *actual* contribution of the bank remains to be established according to the distribution of credits and the ways in which these loans were used.

One often comes across swift criticisms of the bank's credit policy in contemporary sources. For example, contributors to one of the leading newspapers of Salonica, *Asır*, time and again pointed to the importance of extending credits to actual *çiftçis* (cultivators), rather than the estate owners whose use of credits for productive ends was by no means certain. Such diffuse credit policies, they argued, would ideally ensure productivity gains in agriculture and help elevate the financial profile of the peasant farmers under economic distress. Besides, providing credit to small scale peasant farmers could enable them to respond to emerging market signals robustly and to switch to the production of agricultural products favoured by the economic conjuncture.⁷⁰

On one occasion, for example, an anonymous, and suspiciously literate, farmer from Yenice complained about the dominance of landlords in public credit markets in a letter to the *Asır*. He argued that this practice left little credit available to actual cultivators. He alternatively demanded a more equitable distribution of credits and suggested that the extension of credits directly to the cultivators would be more beneficial for the development of the sector at large. Besides, the more equitable distribution of available funds, he argued, would have important spill-over effects. It would enable more farmers to use modern technology, and the widespread use of the new technology would, in turn benefit a larger group of cultivators, and thus help overcome difficulties involved in the diffusion of new techniques throughout the countryside.⁷¹

These contemporary accounts have a point and reflect the built-in biases of the bank's credit policy. Similar complaints concerning the distribution of credits surface in archival sources as well. For instance, inquiries over favouritism in the distribution of bank credits are common amongst the provincial governments' correspondences with

⁶⁹ For agricultural machine prices see *O.M.Z.M.*, 11.Za.1317 (12.3.1900), V. 76, N. 1: 28-31.

⁷⁰ See *Asır*, 21.B.1314 (26.12.1896), N. 137: 1; *Asır*, 6.Ş.1314 (10.1.1897), N. 141: 4; *Asır*, 12.B.1322 (22.9.1904), N. 915: 2 for such complaints.

⁷¹ *Asır*, 6.Ş.1314 (10.1.1897), N. 141: 4. For the difficulties encountered in the introduction of modern technology see Section-3 below.

the centre.⁷² These examples of favouritism confirm the validity of the complaints voiced in the *Asır*.

Available qualitative evidence supports the concerns raised in the contemporary sources. The data presented in Appendix 5 suggest that the districts where *çiftlik*s were prominent absorbed the bulk and an increasing share of the bank loans during the period under consideration. More specifically, the districts of Selanik, Karaferye, Vodine, Katrin, Avrethisar, Nevrekop, Gevgeli and Petriç, all locations where estates were common, received about 25-30.0% of the bank loans during the late 1880s and the early 1890s. By the turn of the century, they received about 35-45.0% of the loans. Their share increased even further after the turn of the century and reached slightly over 50.0% in 1908. Accordingly, the share of the districts where small peasant proprietorship was more prominent decreased steadily in the same period.

Overall, it seems reasonable to suggest that the bank's credit policy favoured the estate owners. Despite all the justifiable criticisms raised by the above mentioned contemporary observers, this preference was in line with the fiscal and political considerations and priorities of the Ottoman government. First, most *çiftlik*s were primarily engaged in cereal production, and most districts where *çiftlik*s were particularly common were the leading centres of cereal production in the region. Considering the predominant weight of cereal production and its crucial fiscal importance for the government, we can suggest that providing financial support for cereal producers was a reasonable policy objective, particularly in the depression struck 1880s and 1890s. From this strictly conjunctural perspective, it appears almost natural that the estate owners would receive the lion's share of the available public funds, due to their involvement in cereal production. Indeed, a report published in the Journal of the Istanbul Chamber of Commerce (*Dersaadet Ticaret Odası Gazetesi*) reflects the government's clear concern to provide credit to estate owners in locations where *çiftlik*s were particularly common, such as Selanik, Adana, Aydın and Yanya, during the 1880s and the 1890s.⁷³

We also know that the Ottoman government openly supported the production of crops that remained within its fiscal reach during the Hamidian period. As it has been noted in earlier chapters, the PDA appropriated the tithes accruing directly from the production of silk, tobacco and spirits. Under the circumstances, the government's efforts concentrated primarily on providing support, fiscal or otherwise, to farmers of crops taxable by the central government, such as cereals, cotton, opium, sesame,

⁷² The details of complaints over the distribution of public credits can be found in BA, *TFR.1.MN.*, 4/355, 16.11.1320 (29.1.1905); BA, *TFR.1.KV.*, 31/3080, 25.5.1321 (7.8.1905).

⁷³ *D.T.O.G.*, 12.N.1312 (9.3.1895), N. 532: 109.

leguminous products, potatoes etc. Very little, and mostly technical, support was provided to farmers engaged in tobacco production, sericulture and viticulture.⁷⁴ This seems to have been precisely the case in Selanik as well. The cereal producing districts received an increasing share of the public funds, whereas the share of the districts specialising primarily in the production of tobacco and in sericulture declined steadily during this period. More specifically, Drama, Kavala, Sarı-Şaban, Cuma-i Bala, Provişte and Kesendire, all of which were important centres of sericulture and tobacco production, received a steadily declining portion of public funds. In the late 1880s and the early 1890s, the share of these districts was 20%. By the late 1900s their share had gone down to 10-15%.

However, it is interesting to note that the districts where cotton and opium production was particularly prominent also received a diminishing share of the public funds, despite their growing economic as well as demographic importance. For instance, Siroz and Zihne, leading centres of commercial agriculture and especially of cotton production, received a steadily declining share of the bank loans. Likewise, the primary centres of poppy cultivation, Köprülü, Tikveş and Istrumca received a decreasing share of the public funds. This is a peculiar situation, because one would expect an uninterrupted and increasing flow of funds into these districts in accord with the government's willingness to support farmers specialising in the production of commercial crops that brought tax revenue directly to the government. The clear decline, both in absolute and relative terms, of funds flowing into Siroz, Zihne and Tikveş compels us to pay attention to the political factors underlining the distribution of public funds in this period.

The assignment of an increasing share of public funds to cereal producing regions where estates (*çiftlik*s) were particularly prominent, could well have been associated with the growing political instability in the region. Local notables who were typically Muslim landlords with considerable local power and influence owned most estates. In this respect, the preservation of a strong Muslim contingent in the countryside might have assumed political significance in the region, where ethnic tensions and political instability were particularly noticeable and gradually intensifying. The authorities considered the support of the notables, especially of the powerful Muslim landlords, imperative for the preservation of the political *status quo* in the region.⁷⁵ It is likely that the assignment of public funds to landlords and other men of local prominence was a way of consolidating their fiscal profile and thus securing their political position in the turbulent Macedonian countryside. In this sense, providing credits to local magnates could well have served as a practical tool to affect a political

⁷⁴ Quataert, *Ottoman Reform*.

⁷⁵ See Chapter 4 for the land policies that favoured Muslim landlords in the Selanik region.

alliance between the local authorities and notables. Simple favouritism and outright abuse of public authority might have also played a significant role in the allocation of public loans to notables.⁷⁶ However, the political motive stands out as the more likely dynamic in the unequitable distribution of the public funds. This impression is supported by the apparent, yet quite informal, 'alliance' that emerged between Muslim landlords and the bank officers in the region, especially after the Bulgarian uprising of 1903. Reportedly the bank authorities often sequestered the lands of Bulgarian and Greek peasant farmers, who were indebted to the bank before the maturation date of their loans and assigned the sequestered land to Muslim landlords. Such practices often led to complaints and open conflicts between the new (Muslim) landlords and the former owners of the sequestered property. Interestingly enough, Muslim landlords, who quite rhetorically argued that non-Muslim speculators were acquiring considerable landed property in the region at their expense, also voiced similar complaints.⁷⁷ These accusations and counter-accusations carried a strong political overtone that complicated the economic picture considerably. Clearly, there was intense political conflict over the acquisition of landed property in the region. Seemingly, the Agricultural Bank was an important player in this process.

Overall, a shifting compromise between political priorities and fiscal considerations of the Ottoman government seems to have influenced the credit policy of the bank. Yet, the bank still contributed to the agricultural sector in important ways. First, despite limitations, the Agricultural Bank did extend credits to thousands of farmers, small and large. Some of these credits were definitely used for unproductive purposes. For example, some peasant farmers simply used bank credits to relieve their burden of interest on their outstanding debts to the local landlords and moneylenders. They simply transferred the debt burden to the bank, which charged a much lower interest rate on relatively favourable terms of payment.⁷⁸ In other instances, the money was simply mismanaged and wasted in one way or another. Such cases probably ended up in sequestrations and subsequent dispossession. In addition, however, the small peasant farmers used the bank credits to purchase farm animals and seeds, to carry out minor repairs and improvements in residential buildings, barns and gardens, to pay taxes, and to purchase and repair farm tools and implements.

⁷⁶ For comparisons see Akarlı, "Abdülhamid II's Attempt to Integrate"; Akarlı, "Provincial Power Magnates".

⁷⁷ See Chapter 4 for details.

⁷⁸ *Asir*, 6.Ş.1314 (10.1.1897), N. 141: 4. At the time the average price of a simple American plough was 125 *kuruşes* and the sieves cost 1,250 *kuruşes* each. Therefore, with the O.L.400-500 in question a landlord could purchase 300-400 ploughs and 30-40 mechanised sieves. The sum involved is certainly considerable. Prices are based on the list published in *O.M.Z.M.*, 11.Za.1317 (12.3.1900), V.76, N.1: 26-31.

Finally, the profits of the agricultural bank financed the reform efforts of the provincial government. The expenses of the agricultural school, model farms and the salaries of the agricultural inspectors were all paid by the bank profits accruing to local government coffers. Similarly, the crisis management schemes, which we will discuss in the next section, were all financed by the bank profits. In this respect, the bank's contribution to the reform efforts and to the overall stability of the sector must be emphasised along with the drawbacks that hindered its operations.

3. Reform Efforts and Crisis Management: Obstacles and Promises

On the eve of the Hamidian era, customary techniques of tillage and cultivation dominated Selanik's agrarian economy. Farm tools were of the simplest kind. They included the standard wooden ploughs, wooden-pronged pitchforks, flinted wooden threshers, hand sickles, rudimentary wooden harrows and hand sieves.⁷⁹ The production methods were also conventional. Crop rotation was rarely practiced and fields were normally left for fallow every second year round. The use of fertilisers remained confined to the application of animal pest during the fallow season.⁸⁰ Irrigated agriculture was also limited, and most farmers depended on annual rainfall for the realisation of their crops. Finally, the main method used to increase production was land reclamation from forests and woods.

These conventional techniques of production had been in use for centuries and yielded satisfactory results both in terms of subsistence and commercial needs. This technological base proved capable of supporting the growing population of the region and could uphold a regular *and* expanding export trade in agricultural products for centuries. In this respect, the technology and methods of production used in the region constituted a *working* technological base that was tested and had proved its worth on numerous counts.

The conventional technology was also practical and easy to maintain. The farmers could easily repair and even replace certain parts of their tools and farm implements on their own. The odd iron-monger and the carpenter could undertake repairs of a more complex nature and could provide the farming communities with spare parts and new supplies at affordable costs. In this sense, the existing technological

⁷⁹ See J. Baker, *Turkey*, (New York: Henry Holt and Company, 1877), 405-407, for an excellent depiction of farming techniques in Selanik on the eve of the Hamidian era. Also see *D.T.O.G.*, 11.C.1307 (22.1.1891), N. 266: 56-57 for a brief discussion of farming techniques in the region. For the technology and techniques of production used in agriculture in other parts of the Empire see Quataert, *Ottoman Reform*; Quataert, *Manufacturing and Technology Transfer*; and, Güran, *19. Yüzyıl Osmanlı Tarımı*.

⁸⁰ See 1307 S.V.S., 1890, 47.

base in agricultural production was sustainable and, perhaps more important, economically feasible.

Finally, the conventional technology and methods of production developed through a dynamic process, adapting themselves to local conditions and changing circumstances over centuries. For instance, the existing methods of production emphasised the liberal use of land, which constituted the abundant factor of production in the region. Likewise, the technology in use was in accord with the climatic and geological conditions of the region. For example, the wooden ploughs that merely scratched the surface of the soil, without turning it inside out, suited to the arid climate of the region well, as this method helped maintain the limited humidity of the soil. Similarly, the inadequacy of irrigated agriculture was, among other things, due partly to the salinity of underground waters, which led to hardening of the soil and ultimately rendered it uncultivable.⁸¹ The widespread practice of leaving fields for fallow was also in tune with certain geological features of the region. In many parts, the soil was deficient in some of the essential minerals, such as nitrogen. Therefore, regular fallowing and the application of animal pest during the fallow season were imperative to regenerate the strength of the soil and prevent its eventual exhaustion.⁸²

The effectiveness, practicality, economic feasibility and the environmental suitability of the existing technological base explain its persistence for centuries. As we shall see, these factors continued to underscore the stickiness of this technological base also during the period under consideration. However, certain developments that took place in this period rendered alternative modern technology somewhat attractive to local farmers. In order to understand the underlining dynamics of this process, we must first consider the drawbacks of the conventional technology.

First, the conventional technology was not labour saving. This situation constituted a serious problem in agricultural production, because labour constituted the scarce factor of production in the region. In labour-dependent private estates (*çifliks*), where a combination of sharecropping arrangements and seasonal wage-labour typically constituted the primary form of labour procurement, the labour market constraint was felt particularly strongly. The estate owners often sought alternative ways of cutting down on labour costs and finding ways of recruiting labourers under

⁸¹ F. Adanır, "The Macedonian Question: The Socio-economic Reality and Problems of its Historiographic Interpretation," *International Journal of Turkish Studies*, V. 3, N. 1, (1984-85): 45-47. The problem of salinity was particularly prominent in low-land plain locations, such as the Vardar and Siroz plains.

⁸² Adanır, "The Macedonian Question," 45-47.

more favourable conditions. Among other things, one of the options available to estate owners was the introduction of labour-saving techniques and technology.⁸³

Secondly, although the existing technology could, under ideal weather conditions, yield quantitatively successful results, it could not always secure the quality of the final produce. Especially in cereal production, the quality of the final crop could not be secured with the rudimentary wooden pitchforks and hand sieves that were used to clean the produce off the debris and chaff it naturally contained. This undermined the quality of local produce and constituted a serious disadvantage in marketing.⁸⁴ Besides, the hand sieves were not well suited to the selection of strong and healthy seeds for next year's sowing. Poor quality seeds often undermined the yield ratios and kept overall levels of productivity below the potential levels by as much as 25-50.0%.⁸⁵

Finally, the technological base fell short of securing the stability of production and left it highly exposed to weather conditions and natural factors. Heavy reliance on rainfall increased the risks of draughts, which could, and indeed did, lead to serious crop failures and cause much economic distress for farming communities throughout the region. Similarly, the absence of dams and dykes along the riverbanks increased the chances of flooding in these 'hydraulic' locations. Also, the wooden ploughs that could not cut the soil deeply and evenly, left seeds exposed to attack of hazardous animals and insects.⁸⁶

Two economic processes magnified the weaknesses of the existing technological base and encouraged the adaptation of modern techniques of production and technology from the early 1880s onwards. First, as we have seen in the previous chapter, the severe depression in cereal prices caused a demand induced crisis in regional cereal production and put local farmers under economic and financial strain. Declining prices and tightening competition in international and domestic cereal markets constituted an incentive to increase productivity, cut down on costs of production, and improve the quality of marketed products. The second process that encouraged the introduction of productivity enhancing techniques was the tightening of regional labour markets from the mid-1880s onwards. Accelerating seasonal migration

⁸³ See Chapter 4.

⁸⁴ See Chapter 2 for the problems emanating from the poor quality of marketed cereal output.

⁸⁵ *Asır*, 4.C.1314 (10.11.1896), N. 124: 1; *Asır*, 11.C.1314 (17.11.1896), N. 126: 1. In both articles the agricultural inspector of the province of Selanik, Vitalis Efendi, was arguing that it would be possible to increase the seed yields from 8:1 to 10:1 or even to 12:1 by careful selection. Similarly, British vice-consul residing in the neighbouring province of Kosova, Mr. Shipley, was complaining that the seed yield ratios were remaining well below their potential due to "the very inferior quality of the seed which is foisted [by landlords] upon the peasants, over 30% of which is weed..." (*F.O.A.S.*, 1901, N. 2730: 23).

⁸⁶ See *D.T.O.G.*, 15.M.1305 (3.10.1887), N. 144: 33; *D.T.O.G.*, 2.Za.1309 (28.5.1892), N. 387: 259; BA, *ŞD-Orman, Maden ve Ziraat*, 522/46, 1314; *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 262-263 for endemic grasshopper invasions in the region.

to Greece, Bulgaria and the Anatolian provinces in the aftermath of the Russo-Ottoman war gave way to acute labour shortages in rural areas. The tightness of rural labour markets deemed it more difficult for landlords to find and recruit cheap labour for employment in their estates.⁸⁷ Under the circumstances, estate owners increasingly felt the need to introduce labour saving techniques of production and technology.

Apparently, most contemporary sources understood the need to take innovative steps on the technological front and emphasised, on numerous occasions, the importance of introducing productivity enhancing technology and certain new techniques of production into agriculture. These measures included the introduction of iron ploughs, mechanised sieves and reapers, effective combat against hazardous animals, and the construction of extensive water management systems and irrigation networks. The iron ploughs would help recover soil strength and allow for deep and even tillage that ideally would improve overall productivity.⁸⁸ The mechanised sieves would undercut product and seed quality and provide farmers with an edge in marketing and increase productivity.⁸⁹ The reapers would also save on labour costs.⁹⁰ Effective combat against hazardous animals, such as mice, crows and grasshoppers, would not only improve overall productivity but also prevent frequent crop failures emanating from the attack of such animals.⁹¹ Finally, the construction of dams, dykes and canals, ideally would reduce the vulnerability of agricultural production to adverse climatic conditions.

Despite much acclaim the widespread introduction of modern farming techniques and technology remained limited. The projects that required extensive capital outlays, such as the construction of water management systems and irrigation networks remained extremely limited. In the British, French and Ottoman sources I have consulted, I came across only a few, and mostly unsuccessful, attempts to carry out such projects.⁹² For instance, repeated attempts to convert the marshes of the Vardar River and Lake Yenice into arable land failed to materialise. These swamps remained

⁸⁷ *P.P.A.S.*, 1886, N. 24: 5.

⁸⁸ *Asır*, 11.Ş.1317 (14.12.1899); N.440: 1; *Asır*, 21.C.1318 (16.10.1900), N.525: 1.

⁸⁹ *Asır*, 21.B.1314 (26.12.1896), N. 137:1.

⁹⁰ According to one contemporary estimate a mechanised reaper could ideally reduce the cost of production by about 30% per *dönüm* of land. See *O.M.Z.M.*, 8.Za.1321 (27.1.1904), V.11, N 119: 27.

⁹¹ *Asır*, 4.Z.1315 (25.4.1898), N.272: 1; *Asır*, 4.Ş.1315 (7.12.1899), N. 438: 1; *Asır*, 8.C.1318 (3.10.1900), N.521: 2.

⁹² Especially the silence of the documents pertaining to the Imperial State Council (*Şura-yı Devlet*), especially to Public Works (*Nafia*), Commerce (*Ticaret*), Forests, Mines and Agriculture (*Orman, Maden ve Ziraat*), Contracts (*Mukavelat*) and provincial (*Selanik*) files, is quite telling. According to the 1858 Ottoman Land Law, land reclamations and construction of buildings on *miri* lands had to be permitted by the government authorities and, usually, within the Ottoman bureaucracy such decisions passed through the State Council. Therefore, failure to detect such infrastructure investments among these files can be considered convincing evidence that such projects remained limited in the region throughout.

firmly in place without any significant improvement until the end of the period.⁹³ Likewise, the attempts of a group of prominent notables and merchants led by the chairman of the Istrumca Chamber of Commerce, Umur *Bey*, to drain off 10,000 *dönüms* (1,000 hectares) of flooded fields and to construct dams along the riverbanks of the district also failed.⁹⁴

Similarly, the construction of canals and irrigation networks remained extremely limited and was confined to the isolated efforts of a few prominent landlords and merchant bankers. For instance, at a relatively late date, in 1904, Yako Savol Modiyano, who was one of the leading Jewish bankers of Salonica, and Hıfzı Bey, who possibly was a local notable, combined their efforts to construct canals that would connect the Vardar River to a certain *çiftlik* situated in close proximity to the riverbanks. An Italian engineer, Monsieur Ariogani, was employed in the construction of the canal, which cost the two entrepreneurs a total of O.L. 1,000.⁹⁵ The project was successfully completed and the first rice and grain produce of the farm was harvested in 1906.⁹⁶

The Yako Savol and Hıfzı initiative set an example in the district and other landlords soon showed interest in similar projects. However, unless they had access to firm financial sources it was very difficult, and indeed undesirable, for absentee landlords to finance and maintain such extensive infrastructure outlets. Besides, the construction of irrigation networks often called for the cooperative participation of numerous neighbouring farmers. Such cooperation was not always easy to obtain. Often, farmers with direct access to riverbanks were opposed to the passage of canals through their property, considering it a net loss of arable land. Even when all parties could agree to the legal, technical and financial terms of such projects, the actual process of water management created difficulties, such as the adjustment of water levels and the distribution of water between proximate and interior fields. These technical and management difficulties further discouraged such costly infrastructure projects, which would have ideally helped increase productivity and secure the stability of agricultural production.⁹⁷

The efforts to introduce modern farm implements also yielded limited success until the early 1900s. In the sources I have consulted, I managed to find only a few references to the introduction of modern farm tools and implements. A report prepared by Austria-Hungarian consul in 1885 mentions the importation of some fifty reapers of

⁹³ See 1312 S.V.S., 1895, 159.

⁹⁴ *Asir*, 6.Za.1315 (28.3.1898), N. 264: 2.

⁹⁵ *Asir*, 15.Ca.1322 (29.7.1904), N. 899: 2.

⁹⁶ *Asir*, 24.B.1324 (13.9.1906), N.1111: 1.

⁹⁷ *Asir*, 24.B.1324 (13.9.1906), N.1111: 1.

Johnston Manufacturing Co. of Balatavia into Salonica.⁹⁸ However, all other contemporary sources suggest “technological stagnation” in agriculture at least until the turn of the century.⁹⁹

This stagnation can be attributed to a number of financial, technical and cultural reasons. First, most farmers often found it difficult to afford modern farm tools and machines in the depression struck 1880s and 1890s. The financial constraint was felt strongly among peasant farmers in possession of small holdings, and many found it difficult to purchase even the cheapest of modern farm implements, such as the iron ploughs, and continued to rely on conventional tools. Also, the difficulties that the farmers encountered in the acquisition of public credits and the exorbitance of the interest rates charged in the private capital markets prevented the introduction of new techniques and tools of production. In addition, other investments, such as improvements in houses, farm buildings, fences, fountains, wells and the purchase of additional farm animals, could well be so imperative as to push the purchase of new tools and machines further down in the list of priorities.¹⁰⁰

The absentee *çiftlik* owners, who had a better financial profile, probably found it difficult to invest in new technology under adverse economic conjunctures. However, the main factors that discouraged such investments appear to be more technical and cultural than purely economic, as we shall see below.

Certain technical and logistic drawbacks constituted a serious, and possibly the primary, obstacle to the modernisation of the technological base. The lack of effective agencies that could help choose, introduce, diffuse and maintain the appropriate technology was particularly problematic.¹⁰¹ At least until the late-1890s, the commercial houses importing agricultural machinery into the region were, in general, poorly connected to the hinterland. Most suppliers lacked material representation in the interior towns and often operated through the obscure agency of commercial travellers. It seems that the farmers willing to import new farm implements, at times, found it difficult to actually locate an appropriate intermediary who would be reliable not only in the commercial transactions involved, but also in providing some sort of technical support.¹⁰² Often, the farmers bought the equipment in an *ad hoc* manner. They either

⁹⁸ *P.P.A.S.*, 1886, N. 24: 5; *D.T.O.G.*, 26.B.1302 (11.5.1885), N: 10: 4.

⁹⁹ *P.P.A.S.*, 1887, N. 75: 8; *P.P.A.S.*, 1897, N. 1837: 3; *P.P.A.S.*, 1898, N.2111: 20.

¹⁰⁰ *Asır*, 3.Za.1320 (2.2.1903), N. 754: 1.

¹⁰¹ For the difficulties encountered in the diffusion process see İ. Tekeli and S. İlkin, *The Public Works Program and the Development of Technology in the Ottoman Empire in the Second Half of the Nineteenth Century*, *Turcica*, 28, (1996); and, Quataert, *Manufacturing and Technology Transfer*.

¹⁰² *Asır*, 6.Ş.1314 (10.1.1897), N. 141: 4. In this account, an anonymous *çiftlik* owner from Yenice complains that most farmers who were actually willing to import new machines could not find intermediaries in the area and were forced to go to Salonica to actually purchase the equipment. Eventually, the farmers did not import the ploughs. It is important to note that, Yenice was one of the

had to rely on the word of the intermediary merchants or, whenever available, choose from catalogues provided by the suppliers. In any case, often there was very little or no didactic display. Without an informed choice the farmers could rarely be able to use the tools in question properly.¹⁰³ Occasionally, the local landlords who introduced modern technology into their estates soon realised that the new tools were not well suited to local conditions. For instance, during the early 1880s, a number of estate owners imported the most up-to-date iron ploughs from England. However, it soon became apparent that these iron ploughs were too heavy for the local oxen and buffaloes. After a few years of persistent trial, the landlords threw aside the British ploughs and reverted to the use of conventional wooden ploughs.¹⁰⁴

Inadequate provision of spare parts and technical support constituted another problem for local farmers. The farmers were unfamiliar with the new technology and often found the tools and implements difficult to use and maintain. The local iron mongers were also not entirely informed about the exigencies of the new technology and found it difficult to manufacture spare parts and to repair the new farm implements. Under the circumstances, many farmers refrained from buying the unfamiliar and complex technology that was difficult to maintain.¹⁰⁵

Finally, certain cultural factors underlined the technological stagnation of the 1880s and the 1890s. First, most farmers and landlords had become suspicious of the practicality of modern technology after the failure of early attempts to introduce new farm implements and machines into estates. Moreover, the fact that the conventional implements and tools constituted a working and proven technological base probably underlined the disregard for new technology among the farming communities. Under the circumstances, widespread scepticism emerged as another obstacle to overcome before modern technology could be introduced in any considerable scale.

main agricultural centres in the region (1307 S.V.S., 1890: 48) and was situated along the Manastir-Salonica railway line. (B. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993), 51-53).

¹⁰³ See *Asir*, 19.B.1313 (4.1.1896), N. 35: 2; *Asir*, 11.Ş.1317 (14.12.1899), N. 440: 1, for complaints about the lack of meaningful display and training on new farming techniques and tools.

¹⁰⁴ *D.T.O.G.*, 26.B.1302 (11.5.1885), N. 10: 4; *P.P.A.S.*, 1886, N. 24: 5; *Asir*, 5.M.1314 (16.6.1896), N. 82: 1; *1318 K.V.S.* (1900: 355-356). The technically and logistically inconsiderate importation of technology is best illustrated in an example given by Baker: "I heard of one instance of a gentleman who had an estate on the sea shore and who spent £6000 on machinery, with the view of cultivating the land on a very extensive scale, but did not take into calculation the weight of the engines, etc., and the mechanical arrangements necessary for landing them. The consequence was, they arrived at the beach of the estate, but there was no provision for getting them on the shore from the lighters, and in the attempts to accomplish the task they sank into the sand and the sea ... I believe the engines lie in the sand to this day". See Baker, *Turkey*.

¹⁰⁵ See *Asir*, 3.Ş.1313 (18.1.1896), N. 577: 2 and *O.M.Z.M.*, 11.Za.1317 (12.3.1900), V. 76, N. 1: 28-31, for complaints concerning the complexity of imported technology and the difficulties encountered in finding spare parts in particular.

Second, absentee landlords residing in urban areas often had a relatively limited understanding of agriculture and showed little interest in the actual management of the estates. Therefore, many *çiftlik* owners probably were not interested in the introduction of modern technology. It seems that many *çiftliks*, especially small and medium-sized ones, simply provided basic consumer goods, such as flour, leguminous products, vegetables, fruit, dairy products, poultry, eggs, meat, wood for fire, wines and spirits, for the household of the absentee landlord. Thus, while maintaining their potential as a source of rent income and profit, the *çiftliks* probably assumed a “provisionist” significance for many absentee landlords. Consequently, productivity probably remained a relatively marginal issue and the continuity of production assumed much greater importance within the context of the *çiftlik* economy.

Nevertheless, the labour market constraint still constituted an important incentive to introduce labour-saving techniques and technology. In this regard, however, the landlords faced the opposition of their tenants, who openly resisted the introduction of new techniques that would undermine their position on the estates and make them somewhat redundant in the work process. The resistance of tenant farmers reportedly impaired the introduction of new technology into estates on numerous occasions.¹⁰⁶

The government could have played an important role in easing the technical and cultural difficulties encountered in the introduction and diffusion of new technology and techniques of production throughout the countryside. In this context, the government could have assumed active agency in choosing the appropriate technology, providing farming communities with tools, farm implements, spare parts and technical support, and carrying out educational programs that would display the advantages of modern technology.

In practice, the government played only a limited, yet in certain ways important, role in overcoming these obstacles. The local governments were more successful in providing assistance in the choice and introduction of appropriate technology. However, the local authorities did little in terms of practical displays, giving encouragement and education to farming communities, or providing supplies and technical support.

The model farm attached to the Agricultural School played a leading role in the first time introduction of new farm tools and agricultural machines into the region during this period. The model farm was equipped fully with the most up-to-date

¹⁰⁶ Gounaris, *Steam over Macedonia*, 100. Also compare Quataert, *Ottoman Reform*, 168.

technology imported from abroad, chiefly from Britain, France and the United States.¹⁰⁷ The imported tools and machines were used extensively on the ground and numerous experiments were carried out to test their suitability to local conditions. For instance, the staff carried out experiments with iron ploughs on the model farm and decided that single bladed American ploughs were ideally suited to local conditions and to the specific needs of the local farming communities. The American ploughs were simple in design and easy to handle. They were also affordable and cheaper to maintain in comparison both to other imported plough varieties and the conventional wooden ploughs.¹⁰⁸ Similarly, experiments with mechanised sieves yielded successful results and showed that properly selected wheat seeds yielded between 1:10 to 1:15, as opposed to the conventional 1:8 ratio.¹⁰⁹ Also, the first tractors to be seen in the region were introduced and tested in the model farm.¹¹⁰

The model farm also concentrated on introducing more advanced methods of production. The most up-to-date techniques of production were successfully introduced into the fields, vineyards, gardens and groves, and the mulberry plantations situated within the model farm.¹¹¹ New high yielding seed varieties of barley, summer wheat, parrot seed and some new products, such as asparagus and potatoes, were tested.¹¹² The department of sericulture also produced healthy silkworm eggs that were raised in accord with the Pasteur methods.¹¹³ The departments of dairy products and animal husbandry experimented with the production of pasteurised cheese, butter and yogurt and introduced modern techniques of chicken and pigeon raising.¹¹⁴ The first experiments to apply chemical fertilisers were also carried out in the model farm.¹¹⁵

In this period, the primary problem was in the dissipation of technology throughout the countryside. In this respect, the inadequacy of agricultural experts and other bureaucratic staff constituted a serious problem and largely circumscribed the government's capacity to help dissipate new techniques of production through displays,

¹⁰⁷ From the very early days onwards the farm was equipped with the most up-to-date technology, which was chiefly imported from Britain, France and United States. See *F.O.A.S.*, 1889, N. 623: 10 and *D.T.O.G.*, 17.S.1307 (12.10.1889), N. 250: 488-489.

¹⁰⁸ See the report prepared by the agricultural inspector of Selanik, Vitalis *Efendi*, on the suitability of American ploughs to local conditions in *Asir*, 25.Za.1316 (6.4.1899), N. 369: 1.

¹⁰⁹ *Asir*, 28.C.1314 (4.12.1896), N. 131: 3. Also see, *Asir*, 16.Ra.1320 (23.6.1902), N.691: 2, for the successful use of mechanised sieves in the model farm.

¹¹⁰ *Asir*, 14.L.1323 (11.12.1905), N.1033: 1-2.

¹¹¹ *D.T.O.G.*, 17.S.1307 (12.10.1889), N. 250: 489; *Asir*, 28.C.1314 (4.12.1896), N. 131: 3. The mulberry plants of the model farm were used extensively in the region and sent to other parts of the empire, to locations as distant as Adana and Aleppo (BA, *İrade-Orman ve Maden*, 3296/338-1, 8.M.1319 (27.4.1901)).

¹¹² *D.T.O.G.*, 26.Ş.1306 (27.4.1889), N. 226: 201; *Asir*, 28.C.1314 (4.12.1896), N. 131: 3; *Asir*, 24.Ş.1314 (8.1.1897), N. 146: 1.

¹¹³ BA, *İrade-Orman ve Maden*, 2226/4097-2, 23.Z.1320 (22.3.1903).

¹¹⁴ *Asir*, 28.C.1314 (4.12.1896), N. 131: 3; BA, *İrade-Orman ve Maden*, 1080/610-2, 22.Ca.1326 (21.6.1908).

¹¹⁵ BA, *İrade-Rüsumat*, 1993/781-3, 26.Ş.1319 (7.12.1901).

demonstrations and other means of inducement and encouragement. Nevertheless, the agricultural inspectors did their best to help promote agricultural development and took certain measures to enhance the diversity of production and contribute to the overall stability of the sector. In this context, the encouragement of cash crop production and the crisis management schemes assumed great importance.

The local authorities actively encouraged the production of poppies in the region. Agricultural inspectors were sent out to the countryside to show methods of poppy cultivation and opium production to the farmers willing to take up the production of the crop.¹¹⁶ Also, the government granted a one-year tax-exemption to farmers taking up poppy cultivation to further encourage its production.¹¹⁷ The local authorities also took measures that would help revitalise silk cocoon production in the region. As we have seen, regional silk cocoon production had been badly hit by the malignant pebrine disease in the 1860s and the 1870s. In order to help revitalise the sector, the government took a number of precautions such as banning the importation of uninspected silkworm eggs into the region,¹¹⁸ and assisted the mulberry plant distribution schemes of the PDA.¹¹⁹ Likewise, the authorities supported cotton cultivation. They imported American and Egyptian seeds that yielded much better results in quality and quantity in comparison to local cotton varieties and distributed them to cultivators throughout the region.¹²⁰

The local authorities also devoted considerable energy and financial sources into crisis management during this early period in order to secure the continuity of production and overall stability of the sector. In this context, the government's primary concern was to counterbalance the dislocating effects of frequent harvest failures that were triggered by adverse weather conditions, that is mainly draughts, and other natural hazards, such as floods and grasshopper attacks. Apparently, the authorities used a blueprint policy package to counterbalance the short and medium term effects of harvest failures. A closer look at the ways in which they coped with the severe cereal crop failures of 1874, 1879, 1885-86 and 1888-90 reveals the pattern of crisis management measures. To start with, all three harvest failures were triggered by adverse weather conditions, i.e. either by severe draughts or untimely rains.¹²¹ In all cases, the harvests materialised significantly below their average levels (by as much as

¹¹⁶ *P.P.A.P.*, 1883, C.N.6: 101.

¹¹⁷ *P.P.A.P.*, 1883, C.N.6: 101.

¹¹⁸ *D.T.O.G.*, 11.L.1304 (3.7.1887), N. 131: 184. Also see Quataert (1973: 247).

¹¹⁹ *D.T.O.G.*, 11.L.1304 (3.7.1887), N. 131: 184; *F.O.A.S.*, 1893, N. 1310: 7-8.

¹²⁰ See *D.T.O.G.*, 25.Ra.1305 (11.12.1887), N. 154: 3; *D.T.O.G.*, 25.Z.1305 (2.9.1888), N. 192: 418; *F.O.A.S.*, 1888, N. 348: 2; PRO, *F.O.* 78/4119, 1.5.1888, Extract from the Salonica Gazette.

¹²¹ For 1874 see, *P.P.A.S.*, 1874, V. 33: 952; *P.P.A.S.*, 1875, N. 17: 447-449; PRO, *F.O.* 195/1007, 31.1.1873, Blunt to Granvillekly; PRO, *F.O.* 195/1007, 17.2.1873, Blunt to Elliot. For 1879 see *F.O.A.S.*, 1883, N.6: 93 and for 1885 see *F.O.A.S.*, 1887, N. 75: 2; *F.O.A.S.*, 1888, N. 254: 2.

30-50%). At times and in certain places, the crops failed almost totally, causing acute grain shortages. In each crisis, the local authorities, especially the local chambers of commerce and agriculture, were alarmed by the inadequacy of local grain supplies and immediately sent warnings to the central provincial *vilayet* officials urging them to take instant measures in order to ensure grain supplies for local consumption needs. Upon these requests, the *vilayet* brought the issue directly to the attention of the Porte, and asked at once for, a) the imposition of export prohibitions, which would secure regional supplies and help redirect surplus grain earmarked for marketing towards the deficit areas within the region, and, b) the transfer of additional monetary funds or in kind provisions (seeds) with a view to help restore cereal production in the region. Apparently, each time, the Porte responded with unusual speed and precision to the requests. First, it issued the necessary legislative orders to back the prohibition of exports and successfully resisted the protests of the local mercantile communities involved in grain trade and the diplomatic pressure that European consuls put on the government in the name of liberal trade.¹²² Secondly, by granting tariff exemptions to the farmers willing to import new seeds and by actively encouraging grain imports into the region, the Porte not only secured sufficient supplies for local consumption, but also indirectly encouraged the continuation of cereal production.¹²³ Thirdly, through the agency of various public credit institutions, particularly through the *menafi sandıkları* and the Agricultural Bank branches, Istanbul provided the funds necessary to finance the efforts to send provisions to the needy farmers. On numerous occasions, the local bank branches distributed credit to the distressed farmers, thus providing them with the financial means to purchase seeds and draft animals necessary to restore their interest in cereal cultivation.¹²⁴ In support of the measures taken by the bank, the local authorities also assumed full responsibility in crises management and successfully executed seed distribution schemes in selected disaster areas.¹²⁵ As such, in the short term, the Ottoman authorities played a crucial role in preventing harvest failures from reaching famine proportions, and in the medium-term, helped maintain levels of cereal production during these crucial years which were marked by a persistent depression in the price of cereals.

¹²² For the details of export bans see Chapter-2 and for 1974 see PRO, *F.O.* 195/1007, 28.4.1874, Blunt to Locock; PRO, *F.O.* 195/1007, 12.6.1874, Blunt to Elliot; for 1879 *F.O.A.S.*, 1883, N.6: 93; PRO, *F.O.* 195/1256, 17.10.1879, Blunt to Layard; BA, *M.V.*, 6/14, 11.S.1303 (18.11.1885); BA, *M.V.*, 7/3, 30.Ra.1303 (6.1.1886); BA, *M.V.*, 8/79, 24.C.1303 (30.3.1886).

¹²³ BA, *ŞD-Selanik*, 2008/41, 6.Ra.1296 (27.2.1879); BA, *M.V.*, 52/18, 17.B.1307 (9.3.1890); BA, *M.V.*, 54/18, 10.L.1307 (29.5.1890); BA, *M.V.*, 56/39, 1.M.1308 (17.8.1890); BA, *M.V.*, 57/28, 25.M.1308 (10.9.1890).

¹²⁴ For approved proposals for financial support to drought hit farmers in Selanik see BA, *M.V.*, 38/7, 1.R.1306 (5.12.1888); BA, *M.V.*, 54/19, 10.L.1307 (29.5.1890); *D.T.O.G.*, 4.Za.1307 (21.6.1890), N. 286: 294; BA, *M.V.*, 58/39, 20.S.1308 (5.10.1890). For examples of rejected proposals, due either to notable recovery in districts or insufficiency of local funds, see BA, *M.V.*, 24/34-1, 30.Z.1303 (18.9.1887); BA, *M.V.*, 62/60, 6.B.1308 (15.2.1891). Also, for an example of financial assistance to local farmers hit by heavy rains and hail see BA, *M.V.*, 68/75, 10.C.1309 (10.1.1892).

¹²⁵ BA, *İrade-Ticaret ve Nafia*, 25/1399, 4.B.1315 (28.11.1897).

Overall, government policy seems to have assumed, to a large extent, a defensive overtone in the depression struck 1880s and the 1890s and prioritised stability and greater diversification over modernisation as such. More notable progress seems to have taken place on the technology front from the late 1890s onwards. In 1897, for example, 406 iron ploughs, twenty-three mechanised sieves and seven miscellaneous machines worth a total of about 84,000 *kuruşes* were imported into Salonica.¹²⁶ In the following year, about 248 iron ploughs, ninety-six mechanised sieves and nine miscellaneous machines were imported and sold in Salonica at a cost of 144,000 *kuruşes*.¹²⁷ In 1905, 216 iron ploughs, 30 sieves and 37 other machines including a tractor were imported and sold.¹²⁸ Statistics pertaining to the late-1900s are lacking. However, available qualitative sources suggest that the relative dynamism on the technological front continued uninterrupted.¹²⁹

The underlining reasons for this relative dynamism can be attributed to a number of important institutional developments. In order to contain the growing ethnic tensions in the Macedonian provinces, the Ottoman government implemented a series of administrative, military and financial reforms in the early 1900s. Broadly speaking, the primary objectives of this reform scheme was to enhance the administrative capacity of the government, improve public security, improve the fiscal profile of provincial governments, and to generally better the economic and political conditions in the region.

The details of this reform scheme shall not detain us here. It is important to note, however, that, the reforms had serious repercussions on government's agrarian policy as well and prioritised modernisation along with stability and diversification as a policy objective. The clear emphasis on modernisation found its prime manifestation in a reform proposal prepared by the local authorities and presented to the Sublime Porte. This report underlined the significance of providing logistic and technical support to farmers, of further research into modern agricultural methods, greater diversification, and improvement in product quality. To this effect, the report recommended the employment of additional agricultural inspectors, the establishment of new model farms and agricultural schools, and the foundation of numerous agricultural machinery depots (*zirai alet depoları*) that would rent and sell new farm tools, implements and machines on favourable financial terms to local farmers in leading centres of agriculture.¹³⁰

¹²⁶ *Asır*, 26.Z.1318 (15.4.1901), N. 574: 2.

¹²⁷ *Asır*, 26.Z.1318 (15.4.1901), N. 574: 2.

¹²⁸ *Asır*, 24.B.1324 (13.9.1906), N. 1111: 1.

¹²⁹ See below.

¹³⁰ BA, *TFR.1.UM.*, 22/2200, 1323 (1905-06). Also see BA, *TFR.1.SL.*, 67/6692, 29.I.1323 (11.4.1907); (BA, *TFR.1.M.*, 23/2249, 1326 (1908-09) for similar reform proposals.

Important measures were taken in the direction recommended by the reform proposal during the late 1900s and the early 1910s. The local authorities opened another model farm near Salonica in the early 1910s. The new model farm was situated in close proximity to Salonica-Üsküp and Salonica-Istanbul railway lines and encompassed a total area of 14 hectares. The farm was fully equipped with modern farm implements and machines, which included mechanised harvesters and water pumps. Experiments with high-yield seed varieties and new agricultural products were also carried out in the new model farm.¹³¹ In addition, numerous experimentations with modern farming techniques, technology and agricultural products were carried out also in the newly founded Agricultural School in Siroz.¹³²

The new school and the model farms also assumed a more active role in the dissipation of new technology and products throughout the countryside. They sent out, free-of-charge, harvesters and mechanised sieves to near-by villages and estates during peak harvest time to assist the farming communities and to demonstrate the advantages of using these modern machines. For example, the Agricultural School in Siroz sent out harvesters to the northern districts of Cuma-i Bala and Nevrekop and provided good quality cotton and maize seeds to local farmers in Siroz in 1912.¹³³

Another significant development in this later period was the establishment of agricultural machinery depots in leading centres of agriculture throughout the region. The largest depot was established in the district of Selanik. This depot sold a wide range of farm implements and machines, which included iron ploughs, mechanised sieves, iron harrows, hoes, reapers, harvesters, beehives, butter-churns, machines used to make milk cream and spare parts. Smaller depots were also established in Siroz, Istrumca, Drama, Vodine, Karaferye and Yenice. These secondary depots only sold essential tools and machines, such as iron ploughs, hand sieves, harrows, hoes, reapers, beehives, butter-churns, cream machines, and spare parts. In every depot, there was a workshop that could repair old machines and other farm implements and provide spare parts.¹³⁴ The depots offered low prices and favourable terms of payment to cultivators. Each item was sold to farmers for 20.0% below its retail price, and the payments were spread over a period of five years. More costly machines, such as sieves, reapers and harvesters, could be rented out from the depots in return for a small fee and put to work in estates and villages under the supervision of agricultural inspectors.¹³⁵

¹³¹ *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 260-261.

¹³² *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 260-261, 263.

¹³³ *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 260-261.

¹³⁴ BA, *TFR. I.UM.*, 22/2200, 1323 (1905-06); *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 260-261.

¹³⁵ BA, *TFR. I.UM.*, 22/2200, 1323 (1905-06).

The more active involvement of agricultural schools and model farms in the dissemination of new technology and especially the establishment of the agricultural machinery depots must be considered important developments that underlined the relative dynamism on the technological front from the early 1900s onwards. The agricultural depots appear to have been particularly important in this respect. In 1909 alone, the depots sold numerous agricultural machinery, including a total of 153 iron ploughs, 715 spare iron blades for imported ploughs, six mechanised sieves, thirty harvesters, 697 beehives and 100 other miscellaneous farm tools and machines.¹³⁶ The next year, the depots sold another 138 iron ploughs and numerous machines.¹³⁷ Besides, the repair and other services provided by the depots probably helped ease the technical problems encountered in the maintenance and adaptation of new technology and contributed to the relative technological dynamism of this period.

We cannot attribute this relative dynamism solely to the efforts of the Ottoman government. We should also take into consideration the active involvement of private initiatives in this process. First of all, the agents of agricultural machine manufacturers, especially from Germany, Austria-Hungary and the United States, seem to have improved their connections in the hinterland and started working with local agents, rather than the odd commercial traveller.¹³⁸ The suppliers also put greater emphasis on the provision of spare parts.¹³⁹ In addition, the establishment of a number of workshops in Salonica, which manufactured, among other things, simple farm implements and spare parts, was another important development that helped ease the technical and logistic difficulties encountered in the introduction of new technology in the previous decades.¹⁴⁰

Second, it seems that the landlords and local notables began to assume a more active role in the introduction and, perhaps more importantly, the dissemination of new techniques. For instance, upon the suggestions and persistent encouragement of Vitalis *Efendi*, Hacı Nafi Bey from Istrumca agreed to import 100 iron ploughs and sold the

¹³⁶ *T.Z.N.M.*, 30.II.1328 (13.5.1912), N. 18: 266-267.

¹³⁷ PRO, *F.O.*, 195/2359, 24.11.1910, Lamb to Marling.

¹³⁸ PRO, *F.O.*, 195/2111, 23.3.1901, Freeman to O'Connor; *O.M.Z.M.*, 11.Za.1317 (12.3.1900), V. 76, N. 1: 28-31. The latter source gives detailed information on the names of agents importing and selling machines and farm implements throughout the Macedonian countryside. Most of these agents are cited as 'merchants' (*tüccar*). However, there are also the names of landlords and prominent government officers listed as 'men of interest' (*eshab-ı alaka*). Also see *P.P.A.P.*, 1905, N. 3655: 11 for the penetration of machinery suppliers deeper into the Macedonian hinterland.

¹³⁹ *T.Z.M.N.*, 25.Ca.1330 (13.5.1912), N. 18: 266-267.

¹⁴⁰ *Asir*, 20.Ş.1324 (11.10.1906), N. 1119: 4; *Asir*, 26.Z.1318(15.4.1901), N. 574: 2; *1315 S.V.S.* (18??: 578). It seems that at least one such workshop producing iron furnaces and farm implements was established in Salonica during this period. The factory manufactured iron ploughs based on American and Greek models and a wide range of spare parts for imported foreign machines and other farm implements. A second concern was established in the late-1900s within the context of the Salonica Hamidiye Industrial school (1320 S.V.S., 1903, 392). However, the contribution of this concern remained limited as it was primarily intended for educational purposes.

tools to the local farmers for about 20% below their retail price.¹⁴¹ In 1900, another landlord from the district of Selanik bought a mechanised sieve for O.L. 14 and after cleaning his own produce, set out to sieve the grain harvest of the neighbouring farms and villages in return for small contributions.¹⁴² The same year, numerous landlords undertook similar measures and imported 50 mechanised sieves and made the machines available for general public use in their respective districts.¹⁴³ In 1904, landlords from the district of Selanik successfully introduced the use of modern machinery in their estates.¹⁴⁴ Some prominent notables even went so far as to import fancy tractors around 1900s. Upon the encouragement of Vitalis *Efendi* again, the brother of a certain Süleyman *Paşa*, Ali *Bey* bought a tractor worth O.L. 400 in 1905. The machine could till 30 to 40 *dönüms* of land per day and, with its fifteen horsepower traction, could till the land 30 to 40 centimetres deep.¹⁴⁵ Within ten days, two prominent landlords, Hıfzı and Rahmi *Beys*, combined their financial means to import another tractor with exactly the same qualifications.¹⁴⁶ Probably, other landlords took similar measures, but, their efforts remained limited and went under-reported in the available sources.¹⁴⁷

The underlining reasons for the landlords' growing interest in the introduction of new technology are not easy to ascertain. However, it is possible to make a few suggestions. First, the above mentioned developments in logistics, namely the encouragement and support of government officers and the technical guidance of the agricultural school and the model farm(s), might have played an important role in enticing landlords to introduce new technology into their estates.

Second, labour scarcity seems to have incited the adaptation of productivity enhancing technology, especially iron ploughs, reapers and mechanised sieves, into the estates. Especially, the acceleration of emigration to Greece, Bulgaria and the United States, the growing attraction of booming urban sectors, and the rapid growth of cash crop production, particularly of tobacco production seem to have aggravated the difficulty of finding and recruiting agricultural workers in the estates by the end of the first decade of the century.

¹⁴¹ *Asır*, 25.Z.1316 (6.4.1899), N. 369: 1.

¹⁴² *Asır*, 1.C.1318 (26.9.1900), N. 519: 2.

¹⁴³ *Asır*, 12.B.1318 (5.11.1900), N. 531: 1.

¹⁴⁴ *P.P.A.S.*, 1904, N. 3430: 11.

¹⁴⁵ *Asır*, 14.L.1323 (11.12.1905), N.1033: 1-2.

¹⁴⁶ *Asır*, 24.L.1323 (21.12.1905), N. 1036: 2.

¹⁴⁷ More general statements indicative of growing landlord interest in the importation of technology can be found in *Asır*, 17.C.1319 (30.9.1901), N. 622: 3; *P.P.A.S.*, 1906, N. 3867: 15. Also the above mentioned report published in the journal of the Ministry of Forests, Mines and Agriculture mentions many landlords and man of local prominence, who imported small numbers of machines and other farm implements directly from suppliers (*O.M.Z.M.*, 11.Za.1317 (12.3.1900), V. 76, N. 1: 28-31). For instance, a certain Suad *Bey* from *Selanik* imported a chicken machine in 1897 (*BA, İrade-Rüsumat*, 735/382-5, 16.R.1315 (13.9.1897)). It is highly probable that these silent, yet significant, efforts continued into the 1910s.

Despite the growing landlord interest the introduction of new technology and techniques of production remained limited even in this later period. The introduction of new technology remained confined to a number of *çifliks* owned by prominent notables and merchants. The problem was that the new technology and techniques of production could not reach all the way to the thousands of peasant farmers, who continued to constitute the backbone of agriculture in the region. Despite the improvements discussed above, agency problems, financial constraints, different investment priorities, the 'stickiness' of the existing technological base, preconceptions and ignorance persisted to create insurmountable difficulties for the dissemination of new technology. In 1911, the British consul residing in Salonica was reporting to London that, despite the efforts of local authorities, the 'insurmountable conservatism' of the majority of farmers in the region was a serious impediment to the general employment of up-to-date agricultural machinery.¹⁴⁸ The "insurmountable conservatism" of local farmers was underlined by the above-mentioned set of complex economic and technical factors.

The attempts to promote greater diversification in agriculture and to support farmers willing to produce (taxable) cash crops and other agricultural products continued also in this later period. For example, the authorities set up special committees for the inspection of silkworm eggs imported into the region. These measures contributed significantly to the containment of the pebrine disease and the growth of silk cocoon production in the region, particularly after the turn of the century.¹⁴⁹ Similarly, the support provided to cotton cultivators continued. The distribution of high yielding seed varieties that were better suited to the arid climate of the region contributed to the growth of cotton cultivation in important ways, at least until the commencement of the unprecedented boom in tobacco cultivation early in the twentieth century.¹⁵⁰ The authorities encouraged farmers also to produce alternative crops such as red peppers, roses, fruit, and vegetables.

The crisis management schemes continued as well. Now, however, the government largely failed to maintain the levels of cereal production, due mainly to the sheer persistence and scope of harvest failures that hit the region between 1897 and 1910. In the pre-1897 period, harvest failures materialised sporadically and their after effects usually did not last more than a year or two. In 1897-1910, the harvest failures proved more persistent and could last as long as four to five years in succession as they did in 1897-1902 and 1907-1910. Contemporary European sources maintain that unusually severe climatic conditions and mainly severe droughts caused these fits of harvest failure. Chronic underinvestment in cereal production, especially

¹⁴⁸ *F.O.A.S.*, 1911, N. 5017: 8.

¹⁴⁹ *Asir*, 13.Ca.1325 (24.6.1907), N. 1190: 2; *R.C.L.*, 1908, N. 250-255: 830-831.

¹⁵⁰ *BA, ŞD-Ticaret*, 1213/17, 21.N.1316 (4.2.1899); *D.T.O.G.*, 5.L.1315 (26.2.1898), N. 686: 68-69; *Asir*, 23.N.1322 (1.12.1904), N. 935: 2.

underinvestment in irrigation and drainage, and the acceleration of rural de-population must have also played a significant role in *deepening* the effects of unfavourable weather conditions. At any rate, the impact of these two uninterrupted runs of harvest failure was quite severe and entailed a notable contraction in regional cereal production in this later period.

The Ottoman government remained consistent in implementing crisis management schemes and went on to support the needy cultivators. The available archival documents suggest that the seed distribution schemes, tariff exemptions, cheap credit procurements all remained in effect. For instance, the Agricultural Bank extended credits to the needy farmers in the Siroz district upon orders of the local authorities.¹⁵¹ Given the growing attraction of cash crop production, especially that of tobacco, and the sheer magnitude and persistence of harvest failures, it was difficult to sustain cereal production through crisis management policies or other similar measures. Yet, it is fair to suggest that the cereal producers of the region would have suffered severely from the harvest failures in the absence of the government's persistent efforts to contain the crisis. In this sense, the government's contribution to the overall stability of the sector must be highlighted.

Conclusion

From a comparative perspective, what the Ottoman government could not do strengthen and modernise agriculture appears to have been more consequential than what it actually did. Examples of successful agrarian modernisation under the auspices of the government are abundant and set the counterfactual against which we can assess the role of government policy in the Ottoman empire during the late nineteenth and the early twentieth centuries. For instance, the effective protection provided by corporatist governments in the European continent contributed to the modernisation and growth of agriculture.¹⁵² Likewise, the guiding support and the active encouragement provided by the Japanese government to farming communities contributed to the rapid development of the sector during the Meiji period.¹⁵³ In contrast, bounded by the terms of the liberal

¹⁵¹ For the extension of credits to needy farmers see, BA, TFR.1.SL, 216/21558, 29.7.1327 (12.10.1911). For import duty exemptions and seed distribution schemes, see BA, TFR.1.SL, 164/16390, 13.10.1325 (26.12.1909).

¹⁵² P. Bairoch, "European Trade Policy, 1815-1914", in P. Mathias and S. Pollard, *The Cambridge Economic History of Europe, The Industrial Economies: The Development of Economic and Social Policies*, V. VIII, (Cambridge: Cambridge University Press, 1989), 1- 160.

¹⁵³ See P. Francks, *Japanese Economic Development, Theory and Practice* (London: Routledge, 1993).

trade agreements signed with European powers, the Ottoman government could not provide the same degree of protection to farmers. Under the circumstances, government's ability to provide technical, logistic and financial support became extremely important for the strength and robustness of the sector in the Ottoman Empire. However, the organisational feebleness of the Ottoman government, which was ultimately due to its financial and political weakness, withheld its ability to provide effective support to the agricultural sector. Efforts towards this end often yielded limited results, remained confined to a number of commercial centres, and failed to bring about the desired effect in agricultural modernisation. The diplomatic, fiscal and political constraints of the Ottoman government largely set the background to the apparent "weakness" and vulnerability of the agricultural sector during the period under consideration.

Selanik was not an exception. Although the authorities managed to take important steps in the introduction of new means and methods of production in the agricultural schools and model farms, they failed to encourage the diffusion of this new technology throughout the countryside, mainly because of serious financial and institutional constraints. Some success could be achieved in this regard only towards the end of the period, but the accomplishments were limited in scope and remained confined to a limited, if significant, number of estates. Indirect measures, such as tax-exemptions and encouragement schemes yielded results that were more considerable and assisted the development of commercial agriculture, especially the growth of cash crop production, in the region. Likewise, the successful crisis management schemes helped maintain the overall stability of agricultural production to a certain extent. Consequently, we can consider the Ottoman state as a facilitator of commercialisation and stability in the sector.

Within the limits of this overall policy, the authorities appear to have compromised fiscal concerns for pressing political priorities. This tension becomes particularly apparent in the distribution of public funds through the medium of the Agricultural Bank. Clearly, the bank provided some support to the farming communities under acute economic distress. The bank credits enabled these communities to better respond to market signals in the short term and gave them the financial edge necessary to maintain their ownership status over land in the medium term. The bank also provided funds for the reform and 'crisis management' schemes of the government. For

all these reasons, the contribution of the bank to the overall *stability* and commercialisation of the agrarian economy must be emphasised. However, the Agricultural Bank also appears as a great under-achiever, or rather a missed opportunity, in terms of facilitating modernisation in agriculture. The predominance of notables in public credit markets seriously undermined the potential of the bank to contribute to agricultural development. In this context, the political considerations of the state and its efforts to maintain the influence of Muslim notables in the countryside appear to be particularly important.

Some notables responded to the support of the Ottoman government and took active initiative to modernise and enhance production, but only towards the end of the period and under extremely distressing political conditions. However, these efforts remained limited and came too late to make a lasting difference in the sector. The disintegration following the Balkan Wars virtually demolished all and it was up to Greek authorities to revitalise agriculture in the region in the aftermath of the Great War. The delayed response of the local notables to the support and encouragement of the Ottoman government can only be understood against the backdrop of the broader distributional processes at work. In the following chapter we turn our attention to a discussion of property rights, tenure systems and taxation to complete our analysis of the dynamics of agrarian change in the Selanik region during the period under consideration.

CHAPTER-IV

THE DYNAMICS OF DISPOSSESSION AND THE LOGIC OF RENT-SEEKING:

PROPERTY RIGHTS, TENURE SYSTEMS AND TAXATION

Introduction

In the previous two chapters, I have discussed the forces underlining the transformation of the agrarian economy at large. I have argued that the dynamic interplay between world economic forces and the modernisation efforts of the Ottoman government led to the emergence of a “dual” agricultural economy in the region, involving retarded and rapidly growing sub-sectors. I have noted that the sub-sectors that articulated well with the world economy grew rapidly in response to robust overseas demand and the active support of the offshoots of European economic interests in the region, namely large trading houses and the *Ottoman Public Debt Administration* (PDA). Silk cocoon, opium and especially tobacco cultivation grew rapidly in the region under such favourable demand side conditions, and with the financial, technical and logistic support of the above mentioned establishments. In contrast, the sub-sectors that were not favoured by the conjuncture of the world economy went into a process of serious retardation, despite the government’s efforts to promote economic growth and stability in these “excluded” sub-sectors of the agrarian economy. The fiscal and organisational feebleness of the Ottoman government, and certain institutional inadequacies, which manifest particularly in the organisation of the marketing processes, undermined efforts to modernise agriculture. In this process, prohibitive transaction costs that were superimposed by the reckless tariff policy of railway companies and the lack or ineffectiveness of market regulation proved particularly detrimental, and the ensuing transaction cost constraint further undermined the growth potential of the “excluded” sub-sectors.

In this chapter, I will discuss the transformation of socio-economic institutions that conditioned the direction and pattern of economic change in the Selanik region during the late nineteenth and early twentieth centuries. In this broad context, I will pay close attention to distributional processes, and concentrate on the connections between property rights, systems of land tenure, and taxation, on the one hand, and processes of capital accumulation, commercialisation, and urbanisation, on the other. I will utilise an eclectic analytical framework in discussing these complex issues. I will borrow from two established traditions in economic and social history, namely neo-Marxism and neo-institutionalism. I will use the neo-Marxist approach to discuss mainly, a) the pattern of surplus appropriation and capital accumulation in the regional economy, and b) the dynamics of rural displacement, dispossession and urbanisation.¹ As such, I hope to discuss the structural processes and the institutional dynamics underlining the crisis of the agrarian economy, on the one hand, and the growing tide of urbanisation in and emigration out of the region, on the other. I will also borrow from neo-institutionalism to discuss the forces underlining the commercialisation of the regional economy at large, and that of the agricultural sector in particular.² I will concentrate on the relations of property and distribution as important determinants of how and to what extent economic agents could be incorporated into the market economy. More specifically, I will discuss property rights, systems of land tenure and taxation as crucial institutional processes that conditioned the incentive structures faced by economic agents. As such, I hope to shed light on the acute under-investment in agriculture and on the forces that underlay the persistence of strong speculative motives in the regional economy.

1 This literature is vast and a full assessment of the basic discussions revolving around this complex theoretical and historical issue is beyond the scope of the thesis. However, the primary contributions to this literature can be cited as follows: K. Marx, *Pre-Capitalist Economic Formations*, 1. P. (1964), (London: Lawrence & Wishart, 1978); Dobb, M. (1963) *Studies in the Development of Capitalism*, 1. P. (1946), London: Routledge and Kegan Paul. R. Hilton (ed.) *The Transition from Feudalism to Capitalism*, (London: New Left Books, 1976); E.P. Thompson, *The Making of the English Working Class*, 1. P. (1963), (Harmondsworth: Penguin, 1968); R. Brenner "Agrarian Class Structures and Economic Development in Pre-Industrial Europe", *Past and Present*, 70, (1976): 30-35; R. Brenner, "The Origins of Capitalist Development: A Critique of Neo-Smithian Marxism", *New Left Review*, 104, (1977): 25-93. For a comprehensive account of this literature see H. J. Kaye, *The British Marxist Historians, An Introductory Analysis*, 1. P. (1984), (New York: St Martin's Press, 1995).

A more exchange oriented approach within the neo-Marxist tradition can be found in the works of P. Sweezy, "The Transition from Feudalism to Capitalism," *Science and Society*, 14, (1950): 134-157; A. G. Frank, *Capitalism and Underdevelopment in Latin America*, (New York: Monthly Press Review, 1967); I. Wallerstein, *The Modern World-System I, Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, (San Diego, California: Academic Press, 1974).

2 K. Polanyi, *The Great Transformation, the Political and Economic Origins of Our Time*, (Boston: Beacon Press, 1957); D. C. North and R. B. Thomas, *The Rise of the Western World, A New Economic History*, 1. P. (1973), (Cambridge, New York, New Rochelle, Melbourne and Sydney: Cambridge University Press, 1988); D. C. North, *Institutions, Institutional Change and Economic Performance*, 1. P. (1990), (New York and Cambridge: Cambridge University Press, 1993); E. L. Jones, *Growth Recurring, Economic Change in World History*, 1.P. (1988), (Oxford: Clarendon Press, 1993).

Before proceeding any further, however, it is necessary to clarify some of the conceptual and methodological issues central to this discussion. First, it is important to re-emphasise that the nineteenth century Ottoman economy was an inseparable part of the still expanding global capitalism. As we have seen in previous chapters, local economic structures evolved and metamorphosed in tandem with this tide of globalisation. Distributional processes and property relations were not isolated from this process of articulation and metamorphosis. Quite to the contrary, they represented an important socio-economic domain within which the process of globalisation was starkly felt. However, the social and economic domain of redistribution and of property also constitutes a multi-layered and complex arena of political power struggles and of social and economic conflict. In this sense, the distributional processes and relations of property consist of context bound historical contingencies, which can dissect, distort, and at times resist against the global processes at work.

The dynamic interaction of the “local” and the “global” processes underscored the emergence of an amorphous economic structure in Ottoman lands that dialectically accommodated elements both in line with the moment of globalisation, on the one hand, and those that undermined or mitigated it, on the other. In other words, the socio-economic domain as defined by property relations and distributional processes embody the tensions and contradictions, and indeed the peculiarities, of the “Ottoman” path to peripherisation and modernity. In this respect, they constitute an important, if indispensable, component of economic change and transformation. As we shall see, the case of Ottoman Selanik proves no exception.

In what follows, I will first introduce the basic features of the classical Ottoman land regime and discuss its broad transformation from the sixteenth century onwards. This long-term perspective on land and taxation matters will set the historical and conceptual background against which I will consider the transformations taking place in Selanik during the late nineteenth and early twentieth centuries. The discussion will mainly centre around two broad issues; namely, the gradual consolidation of property rights and increasing commercialisation of land as a primary factor of production. In addition, I will concentrate on the Ottoman taxation system, and assess its impact on the processes of capital accumulation, and the organisation of the relations of production in

agriculture. In the second section, I will consider the developments in Selanik and concentrate mainly on the institutional framework within which property rights were secured and enforced, and the legal stipulations that helped proprietors to appropriate the surplus produce. In the third section, I will discuss the implications of these legal, institutional and organisational conditions for the transformation of the regional economy, in conjunction with economic and political developments.

1. The Transformation of the Ottoman Land Regime and Systems of Taxation: A Long-Term Perspective

The pillars of the Ottoman political *status quo* during the “classical” period rested on the extensive coordinating powers of a relatively centralised patrimonial state apparatus. The patrimonial state mediated processes of political integration, redistribution, and of warfare through a network of interlocking and hierarchical tributary arrangements.³ In Islamic jurisprudence, conquest constituted one of the primary means through which ownership over land could be established. Conquest gave proprietary rights to the Islamic community (*umma*), and the Islamic state, as the custodian of the rights of the *umma* and of the Islamic, or *şer’i*, order at large, emerged as the primary legitimate authority that could establish proprietary rights over conquered lands.⁴

³ For the adaptation of Weber’s concept of patrimonialism to the Ottoman case see C. Findley, *Bureaucratic Reform in the Ottoman Empire: The Sublime Porte, 1789-1922*, (Princeton: Princeton University Press, 1980). For a more refined version of the Weberian approach see K. Barkey, *Bandits and Bureaucrats, The Ottoman Route to State and Centralisation*, (Ithaca: Cornell University Press, 1994); and, F. Göçek, *The Rise of the Bourgeoisie and the Demise of the Empire*, (Oxford: Oxford University Press, 1996). Also see H. İnalcık, *The Ottoman Empire, The Classical Age, 1300-1600*, 1. P. (1973), (London: Phoenix, 1994); H. İnalcık, “The Ottoman State: Economy and Society, 1300-1600,” in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 9-410, for a comprehensive discussion of the Ottoman state apparatus and its broad organisation during the ‘classical period’. Also see R. A. Abou-El-Haj, *Formation of the Modern State, The Ottoman Empire, Sixteenth to Eighteenth Centuries*, (Albany: State University of New York Press, 1991); H. İslamoğlu-İnan, *State and Peasant in the Ottoman Empire, Agrarian Power Relations and Regional Economic Development in Ottoman Anatolia during the Sixteenth Century*, (Leiden, New York and Köln: E. J. Brill, 1994); J. Haldon, “The Ottoman State and the Question of State Autonomy: Comparative Perspectives”, in H. Berktaş and S. Faroqhi (eds.) *New Approaches to State and Peasant in Ottoman History*, (London: Frank Cass, 1992), 18-108; J. Haldon, *The State and the Tributary Mode of Production*, (London and New York: Verso, 1993).

⁴ H. Cin, *Osmanlı Toprak Düzeni ve Bu Düzenin Bozulması* [Ottoman Land System and its Degeneration] (Konya: Selçuk Üniversitesi Yayınları, N. 105, 1992), 9-12, 49-62; M. T. Sönmez, *Osmanlı’dan Günümüze Toprak Mülkiyeti, Açıklamalı Sözlük* [Land Ownership from Ottoman Times to

The practice of bringing conquered lands under the custodianship of the state served two important purposes. First, this practice enabled the state to collect taxes from conquered lands. This was indispensable for the creation of a public treasury and for the upkeep of the broader state apparatus and its armies. Secondly, the state largely drove its legitimacy from its 'custodianship' over the rights held by the *umma* as stipulated by the fundamental principles of *şer'i* law. The preservation of *umma*'s right to benefit from all worldly possessions (*ayn*), that ultimately belonged to God, was particularly important for establishing a solid ideological basis for legitimate rule in tune with the precepts of Islamic legal tradition.⁵

The Ottomans inherited these Islamic practices, as well as some of the deep rooted Byzantine conventions, and brought much of the conquered land under the direct custodianship of the state and hence the public treasury. These lands were termed state (*miri*) lands.⁶ The political, economic and military power of the Ottoman state rested upon its legitimate control over the *miri* lands. The sultan granted military fiefs (*dirliks*) to prebendal families and other members of the military class. The appointed fief holders (*timariots*) held the rights to revenue collection within the *dirlik* territory. In addition, the *timariot* was given a private plot (*hassa çiftlik*) for his subsistence needs. In return, the *timariot* was responsible for the upkeep of a certain number of cavalymen and for serving in the Ottoman army during military campaigns. The *timariot* was also accountable for maintaining public order within the *dirlik* territory and for regulating matters pertaining to taxation.⁷

Within the context of the *miri* land system, the actual occupiers of the land, i.e. the peasant cultivators (*reaya*) in possession of small holdings (*çift-hane*), held usufruct

the Present, A Comprehensive Dictionary] (Ankara: Yayımevi A.Ş., 1998), 215-223; İnalçık, "The Ottoman State," 44-54; 103-118.

⁵ See H. İslamoğlu-İnan "Peasants, Commercialisation and Legitimation of State Power in Sixteenth Century Anatolia," in Ç. Keyder and F. Tabak (eds.), *Landholding and Commercial Agriculture in the Middle East*, (Albany: State University of New York Press, 1991), 57-76; İslamoğlu-İnan, *State and Peasant*.

⁶ For a categorical discussion of *miri* lands see Cin, *Osmanlı Toprak Düzeni*, 49-62; İnalçık, "The Ottoman State," 103-119, and İslamoğlu-İnan, *State and Peasant*, 56-70.

⁷ For a discussion of the *dirlik/timar* system see, Ö. L. Barkan, *Türkiye'de Toprak Meselesi*, [Land Issues in Turkey], Collected Works, V. 1, (İstanbul: Gözlem Yayınları, 1980), 805-872; H. İnalçık, *The Ottoman Empire, The Classical Age, 1300-1600*, 1. P. (1973), (London: Phoenix, 1994), 104-120; Cin, *Osmanlı Toprak Düzeni*, 64-96; and, H. Gerber, *The Social Origins of the Modern Middle East*, (London: Mansell Publishing Limited, 1987), 9-17.

(*tasarruf*) rights.⁸ However, the state held the plain ownership (*rakabe*) of the land. This situation practically rendered the occupier of the *miri* land to be the state's perpetual "tenant". This tenancy relation between the state and the tenant was expressed in a special contractual deed called the *tapu*. The *tapu* contract set the terms and conditions of tenancy and specified the obligations of the *raiyyet*. These obligations mainly included the regular payment of all *şer'i* and customary (*örfi*) taxes certain services due to the state and the *timariot*. In return, the holder of the *tapu* deed acquired *exclusive* rights of possession and usufruct. Yet, the tenant could not independently carry out certain legal transactions and make alterations on land that entailed rights of plain ownership. That is, the *miri* land could not be independently leased, sold, mortgaged, shown as collateral or bequeathed by the *raiyyet*. Only the usufruct rights held by the tenant could be transferred (*ferağ*) to a third party, conditional upon the payment of a transfer fee and the permission of the local *timariot* granted before the local Islamic courts. Similarly, the fields under cultivation could not be converted into orchards and vineyards, as these alterations would altered the *miri* status of the land into freehold property (*mülk*), in accordance with certain principles of *şer'i* law (see below). Similarly, the law prohibited the construction of buildings and the planting of fruit trees without special permits.⁹

The *miri* system of land tenure and the associated *dirlik* system were imperative for the broader organisation of the Ottoman political *status quo* and for the consolidation of state power. First, the state maintained its ultimate ownership over conquered lands and thus jealously retained its rights over land matters and control over taxation. Second, the separation of usufruct rights from plain ownership over *miri* lands and the associated restrictions brought over the sale, transfer and mortgage of such property enabled the central government to the subsistence of the peasant farmers and to prevent, at least in theory, their alienation from the land through dispossession. The preservation of small peasant proprietorship helped keep the countryside politically pacified. The (unarmed) peasant farmers constituted a politically more manageable social group that could not *directly* challenge the authority of the state and the sultan.

⁸ For the legal position of cultivators see İnalçık, "The Ottoman State," 108; Barkan, *Türkiye'de Toprak Meselesi*, 725-788.

⁹ For a detailed discussion of usufruct rights over *miri* lands see Cin, *Osmanlı Toprak Düzeni*, 115-166, and Sönmez, *Osmanlı'dan Günümüze Toprak*, 52-54, 201-203.

Besides, the *dirlik* system helped finance the upkeep of a police force in the provinces and served as an important mechanism of social control and political pacification.¹⁰

The *dirlik* system also helped contain the power base of the local military contingent. As we have seen, the assignment (*tefviz*) of the *miri* lands to peasant farmers presupposed the separation of usufruct rights from that of revenue collection, which withheld, at least in theory, the local *timariot* from emerging as a powerful feudal lord over the *dirlik* territory. The authority of the *timariot* was further checked by the presence of local judicial authorities that effectively prevented him from monopolising all powers of jurisdiction, policing and of surplus appropriation in his person. The sultan's capacity to transfer and dismiss fief holders was also important in circumscribing the *timariot's* power and securing his obedience to central authority. Finally, the upkeep of a central army directly loyal to the person of the sultan empowered him with considerable powers of negotiation, deterrence and, when necessary, armed intervention against the provincial military elite.¹¹

Thus, a structural link between processes of surplus appropriation, military organisation and social control was established within the context of the classical *dirlik* system. The state's custodianship and control over the *miri* lands constituted the very basis of this organisational process.

The *miri* lands constituted the primary axis of the Ottoman land regime in the early modern period.¹² Yet, other forms of property also prevailed. Islamic jurisprudence recognised land reclamation as another important source of establishing proprietorship over land. Individuals who converted 'dead' (*mevat*) lands into arable land could acquire proprietary rights over the thus "vivified" lands, provided that they acted with due permission and knowledge of the judicial authorities. Such lands became the freehold property (*mülk*) of the individuals who 'vivified' them. Islamic jurisprudence, as well as other Ottoman practices emanating from established customs (*örf*), also recognised as freehold property, a) the lands within or in close proximity of towns and villages; b) orchards, vineyards and gardens; c) former *miri* lands sold to private parties; c) some of the lands granted to participants in military campaigns; and,

¹⁰ See, Barkey, *Bandits and Bureaucrats*.

¹¹ See, Barkey, *Bandits and Bureaucrats*.

d) some lands left in possession of Christians who converted to Islam following the conquest. The recognition of these lands as freehold *mülk* property was conditional upon the acquisition of the title-deed (*temlikname*) from judicial authorities or directly from the sultan.¹³

The proprietor (*malik*) of the *mülk* land could sell, transfer, use and benefit from it, subject to minor restrictions and the usual *şer'i* and customary taxes.¹⁴ *Mülk* lands could be inherited directly by the children, parents, spouses, siblings and other immediate relatives (*asabe*) of the deceased proprietor.¹⁵ *Mülk* lands were inviolable properties of the *malik* and the *malik* could exclude others from using and benefiting from it. *Mülk* property could not be easily confiscated. *Şer'i* law allowed for confiscation primarily to protect the property from damage and deterioration. For instance, in cases of extreme (*fahişi*) abuse, the *malik* could lose his/her proprietary rights.¹⁶ The state could confiscate *mülk* for public interest as well; however, such seizures could be carried out only under extraordinary circumstances and the state was obliged to pay the full value of the property to the *malik* in question.¹⁷

Mülk property could be endowed to pious foundations and other charitable organisations as set by the fundamental principles of *şer'i* law. According to the *şer'ia*, the endowment of property for religious or charitable purposes had to be the personal act of an individual out of his/her devotion to God. Thus, only *mülk* lands could be used to form a *vakıf*. Such *vakıfs* were termed as 'real', or 'proper', *vakıfs* (*vakf-ı sahih*), whereby both the ownership and the usufruct rights of the owner were transferred in perpetuity to the legal entity of the *vakıf* itself.¹⁸ The property donated to a *vakıf* was

¹² İnalcık suggests that about 87% of land was *miri* in the early sixteenth century and most of this *miri* land was administered under the *timar* system (İnalcık, *The Ottoman Empire*, 110).

¹³ See Cin, *Osmanlı Toprak Düzeni*, 26-35; M. T. Sönmez, *Osmanlı'dan Günümüze Toprak*, 203-205.

¹⁴ For a discussion of the legal rights associated with and restrictions over the use of *mülk* see Cin, *Osmanlı Toprak Düzeni*, 9-17; Sönmez, *Osmanlı'dan Günümüze Toprak*, 203-205.

¹⁵ Barkan, *Türkiye'de Toprak Meselesi*, 352-353; Cin, *Osmanlı Toprak Düzeni*, 271-292.

¹⁶ H. Karaman, *Anahatlarıyla İslam Hukuku, Hususi Hukuk* [Precepts of Islamic Law, Private Law], V. 2, (İstanbul: Ensar Neşriyat, 1985), 279-280; Sönmez *Osmanlı'dan Günümüze Toprak*, 171.

¹⁷ Cin, *Osmanlı Toprak Düzeni*, 26-35; Sönmez, *Osmanlı'dan Günümüze Toprak*, 203-205.

¹⁸ Another form of *vakıf* was the one formed by the endowment of state (*miri*) lands, or rather of the revenue that accrued from them. This type constituted a deviation from the *şer'i* principle that defined a *vakıf* as the pious act of an individual. Consequently, *vakıfs* formed by the assignment of *miri* land were called the *gayr-ı sahih* (improper) *vakıfs*. Only the *sultan*, or a person authorised by him, had the liberty to permit the use of *miri* lands for the formation of such endowments, and on the condition that they served clearly defined religious or charitable purposes beneficial to all Muslims and/or the public in general. The

definitive and inalienable; that is, it could not be reconverted into *mülk* once donated to a *vakıf*.¹⁹ The endower/founder (*vākıf*) had the right and the obligation to determine the exact purpose and organisation of the *vakıf*. The *vakıfs* were also exempt from the non-*şer'i* taxes, and were thus subject to considerably lighter fiscal dues.²⁰ This fiscal advantage constituted the primary economic motive in converting *mülk* lands into *vakıf* status. Besides, the *vakıfs* enjoyed other privileges that brought considerable economic advantages for the administrators of *vakıf* property. For instance, the endower could stipulate in the *vakıf* deed that the management of the *vakıfs* should be inherited by his descendants.²¹ The lands donated to a *vakıf* were inalienable properties of the *vakıf*. That is, they could be leased, "but not sold or bought as freehold property; [they were] not subject to suit and seizure for nonpayment of debt, so could not be used in the ordinary way as security for borrowing".²² In this sense, the administrators of the *vakıfs* and their heirs could benefit from the property on quite favourable fiscal terms, without having to worry about losing the property as a result of indebtedness and other financial obligations. A *vakıf* was also entitled to collect a fair rent, that is rent at the going market rate, from its tenants under the protection of the law. Thus, the *vakıfs* emerged as the rent-yielding property *par excellence* within the context of the Ottoman land regime.²³

The Ottoman land regime underwent a fundamental transformation during the seventeenth and eighteenth centuries. Underneath this process lay fiscal problems of the Ottoman state. The need to adapt to new and expensive military technologies, and frustrating wars fought over a vast territory for extended time periods put incessant pressure on state finances and constantly drained revenues accruing to the imperial treasury. The cost of keeping and training regular professional armies equipped with expensive military hardware in ever-larger numbers put a regular (cash) burden on the

state retained its basic ownership rights (*rakabe*) on such property, but the right to administer the property was transferred to the endowment as stipulated by its deed. See Cin, *Osmanlı Toprak Düzeni*, 37.

¹⁹ L. Steeg, "Land Tenure," in E. L. Mears (ed.) *Modern Turkey, A Politico-Economic Interpretation, 1908-1923 Inclusive, with Selected Chapters by Representative Authorities*, (New York: MacMillan Company, 1924), 240.

²⁰ Steeg, "Land Tenure," 242.

²¹ Steeg, "Land Tenure," 241. Also see R. H. Davison, *Reform in the Ottoman Empire, 1856-1876*, (New York: Gordian, 1963), 257; M. A. Ubcini, *Osmanlı'da Modernleşme Sancısı* [Pains of Modernisation in the Ottoman Empire], 1. P. (1851), (Istanbul: Timaş Yayınları, 1998), 199.

²² Davison, *Reform*, 258.

²³ B. Johansen, *The Islamic Law on Land Tax and Rent, The Peasants' Loss of Property Rights as Interpreted in the Hanafite Legal Literature of the Mamluk and Ottoman Periods*, (London, New York and Sydney: Croom Helm, 1988), 108.

treasury and intensified the fiscal crisis. In addition, the growing administrative expenses of the Ottoman government ruling over a vast empire, one that stretched from central Europe to the Caucuses and from Crimea to Yemen further exacerbated the fiscal problems. These adverse fiscal circumstances called for a substantial realignment of Ottoman state finances. Here, the primary challenge that the Ottomans faced was the creation of alternative sources of cash revenue for the central treasury and the adoption of more intensive and “monetised” methods of tax collection.²⁴

The Ottoman response to the emergent fiscal crisis was quite mixed and involved a number of fiscal, financial, and monetary measures. Domestic borrowing, the regular debasement of the currency, the introduction of new taxes, the sale of *miri* lands as *mülk* property to private parties, and the attempts to impose tighter fiscal controls on *vakıfs* were some of the measures taken by the Ottoman government in response to the mounting fiscal crisis.²⁵ From the viewpoint of our discussion, the most important development took place probably within the *miri* system of land-tenure. The Ottoman government systematically waived some of its control over the *miri* lands to gain certain short-term fiscal advantages. One of the most consequential developments in this regard was the gradual expansion of the practice of tax farming throughout the imperial domains.

Tax farming, or *iltizam*, was already a common form of tax collection during the classical period. The collection of the taxes due on *miri* lands assigned to the central treasury or other imperial revenue sources such as customs were regularly auctioned off to individuals in return for an up-front cash payment (*maktu*). These *miri* lands were termed *mukataalı*, or *miri mukataa*. According to this arrangement, which was similar to a rental transaction, the lease holder acquired the right to collect the due taxes for a specified period of time as stipulated by the rental contract drawn between the state and the lease-holder. Following the termination of the contract, usually after one or two years, a new agreement had to be reached and another *maktu* payment made before the tax farmer could assume the same tax collection privileges.²⁶

²⁴ M. Genç, “XVIII. Yüzyılda Osmanlı Ekonomisi ve Savaş”, [Ottoman Economy and War in Eighteenth Century], *Yapıt*, 49, N.4, (1984): 51-61; Y. Cezar, *Osmanlı Maliyesinde Bunalım and Değişim Dönemi (XVIII. yy. dan Tanzimat’a Mali Tarih)*, [Era of Crises and Change in Ottoman Fiscal Policy (Fiscal History From XVIIIth Century to the Tanzimat)], (İstanbul: Alan Yayıncılık, 1986).

²⁵ See Cezar, *Osmanlı Maliyesinde Bunalım*.

Although tax farming constituted an important method of revenue collection for the imperial treasury throughout the classical period, the practice remained largely confined to the lands where revenue was assigned directly to the public treasury. The *miri* lands granted as *dirliks* were kept outside the tax farming system. However, tax farming was gradually extended to include the *dirliks* assigned to the provincial military cavalry during the seventeenth and eighteenth centuries. First, smaller *dirlik* units, that is the *timars*, were converted into *mukataalı* status. Gradually, larger units devoted to the financing of higher military and administrative positions (*has* and *zeamet*) were brought under the *mukataa* system. More importantly, the duration of the *mukataa* arrangements was slowly expanded to cover longer time periods. Finally, in 1695, the government began to allow the holding of the *mukataas* for the lifetime of the leaseholder. The lands held by this long-term arrangement was called *malikane mukataa*. In the *malikane* system, the leaser of the right to collect the taxes due on a specific land or area (*mukataa*) on a life-time basis paid an up-front lump sum amount, and, in addition, pledged to pay a certain fixed cash amount to the treasury annually. In return, the ‘owner’ of the *malikane* acquired the right to collect revenue within the territory in question during his lifetime. Thus, the *malikane mukataa* holder emerged as the collector of taxes and rent on *miri* lands in return for a fee.²⁷ Legally speaking, the state still held the rights of plain ownership (*rakabe*) over the *malikane*, but the long-term nature of his lease and ability of the lessee to negotiate the passing of the *mukataa* to his heirs under similar terms blurred the differences between purely state-contracted rights and outright ownership in practice.²⁸

By the end of the eighteenth century, the *mukataa* system had expanded considerably. The standard *malikane* practice was now quite common throughout the empire and constituted an important source of regular cash flow into the imperial treasury. In addition, the government adopted certain methods that helped expand the *mukataa* system on a broader social basis. For instance, the treasury introduced the practice of issuing chits or shares (*esham*) against the tax revenue, or rather the net future profits, expected from *mukataalı miri* lands with a view to attract smaller investors to tax farming and raise the necessary capital to finance the mounting

²⁶ Cezar, *Osmanlı Maliyesinde Bunalım*; Genç, “XVIII. Yüzyılda Osmanlı Ekonomisi”.

²⁷ Genç, “XVIII. Yüzyılda Osmanlı Ekonomisi”.

²⁸ A. Salzman, “Qualifying the ‘Institutionality’ of the Ottoman State: The *Malikane Mukataa* [Lifeterm Revenue-Contracting] and Proprietary Realities in the 18th Century Middle East”, Unpublished

budgetary deficits.²⁹ Although these practices secured the flow of cash revenues directly into the treasury and enabled the central state to meet its expenses, the *mukataa* system, fell short of resolving the fiscal crisis of the central government, for it led to the appropriation of agrarian surplus by local agents at the expense of the central treasury. Yet, the eighteenth century also witnessed the diffusion of state authority in the provinces and the realignment of Ottoman finances. In this sense, it is possible to argue that the new fiscal arrangements/system suited not only the emergent financial requirements of the state but also its internal political realities.³⁰

This process of fiscal and political realignment was accompanied by an expansion of the relatively 'autonomous' socio-economic domain accommodated by the *mülk* and *vakıf* properties. The acquisition of *mülk* property through *şer'i* sales, as well as through land reclamations, and the subsequent endowment of such property to *vakıfs* appear to have been particularly important in this respect.³¹

The structural impact of the conversion of newly acquired *mülk* property into *vakıf* status was twofold. On the one hand, the *vakıfs* provided the local power magnates with an ideal source of rent income that was inviolable, inalienable *and* that brought considerable fiscal advantages to the endower. Thus, the *vakıfs* helped consolidate the financial profile of the local power magnates and contributed to the 'primitive accumulation' of capital through systematic appropriation and marketing of the economic surplus generated within the *vakıf* domain. On the other hand, the *vakıfs* also strengthened the prestige of the local power magnates. The welfare functions and public

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²⁹ For the details of the *esham* practice see Cezar, *Osmanlı Maliyesinde Bunalım*, 79-88.

³⁰ M. Genç, "Osmanlı Maliyesinde Malikane Sistemi", [Malikane System in Ottoman Finances], in O. Okyar and Ü. Nalbantoğlu (eds.), *Türkiye İktisat Tarihi Semineri* [Turkish Economic History Seminar], (Ankara: Hacettepe Üniversitesi Yayınları, 1975), 230-296; Ş. Pamuk, *Osmanlı İmparatorluğu'nda Paranın Tarihi* [The History of Money in the Ottoman Empire] (İstanbul: Tarih Vakfı Yurt Yayınları, 1999), 174-187.

³¹ H. İnalcık, "The Emergence of Big Farms, Çiftlik: State, Landlords and Tenants," in Ç. Keyder and F. Tabak (eds.), *Landholding and Commercial Agriculture in the Middle East*, (Albany: State University of New York Press, 1991), 19-28; G. Veinstein, "On the Çiftlik Debate," in Ç. Keyder and F. Tabak (eds.), *Landholding and Commercial Agriculture in the Middle East*, (Albany: State University of New York Press, 1991), 37-47; B. McGowan, *Economic Life in Ottoman Europe, Taxation, Trade and Struggle for Land, 1600-1800*, (Cambridge, London, New York, New Rochelle, Melbourne, Sydney: Cambridge University press and Editions de la Maison des Sciences de l'Homme, 1981), 45-79, 121-170.

services provided by the *vakıfs* often signified the endowers' influence and helped consolidate their power.³²

The emergence of tax farming, or more specifically the *malikane* system, as the dominant form of revenue collection restructured and transformed land tenure and surplus appropriation relations over *miri* lands. The long tenure of the tax farmer over a given *mukataa* enabled him to establish a dominant position over the cultivators of the land. The latter became rent-payers liable to the tax farmer. In other words, the *malikane mukataa* system obscured the tenancy relation between the state and the *raiyyet*, and practically replaced it with a tenancy relation of a private nature set between the tax farmer and the occupier of the land. Thus, within the *malikane mukataas*, the tax farmer emerged as a rent collector, or the appropriator of the economic surplus generated within the *mukataa* area. The holder of the *malikane* came close to acquiring the status of a 'proprietor' cum landlord.³³ More importantly, certain prominent individuals used their influence and position to obtain, from Istanbul, the necessary permission to convert parts of their *malikanes* into private estates, which they subsequently endowed as *vakıfs*. Such practices enabled certain local power magnates (*ayan*) to amass considerable economic power and to enhance their political influence within their respective territories, especially in the eighteenth century.³⁴

The emergence of the local *ayan* as a powerful group did not necessarily imply the immediate loss of government control over the provinces; nor did it mean automatic de-centralisation. Indeed, many *ayan* remained loyal to the central authority and served as active agents of central government throughout the provinces.³⁵ However, others

³² For the political and social functions of the *vakıfs* see, N. Özbek, "The Politics of Poor Relief in the Late Ottoman Empire, 1876-1914," *New Perspectives on Turkey*, 21, (1999): 1-34.

³³ Y. Nagata, "The Role of the Ayans in Regional Development During the Pre-Tanzimat Period in Turkey: A Case Study of the Karaosmanoğlu Family," in *Studies on the Social and Economic History of the Ottoman Empire*, (İzmir: Akademi Kitabevi, 1995), 119-133; Nagata, *Tarihte Ayanlar, Karaosmanoğulları Üzerine bir İnceleme* [Ayans in History, A Case Study on Karaosmanoğulları], (Ankara: Türk Tarih Kurumu Basımevi, 1997).

³⁴ B. MacGowan, "The Age of Ayans, 1699-1812," in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 637-758; Nagata, "The Role of the Ayans"; Nagata, *Tarihte Ayanlar*; Also see Y. Nagata, "The Decline of the Ottoman Empire's Doctrine of State Landownership: The Development of the Çiftlik Type of Landownership," in *Studies on the Social and Economic History of the Ottoman Empire*, (İzmir: Akademi Kitabevi, 1995), 135-139.

³⁵ A. Salzmann, "Qualifying the 'Institutionality' of the Ottoman State"; Nagata, *Tarihte Ayanlar*; Akarlı, "Provincial Power Magnates in Ottoman Bilad Al-Sham and Egypt, 1740-1840," in Temimi (ed.), *La vie sociale dans les provinces arabes a l'époque ottomane*, V. 3, (Zaghouan:

worked against the authority of Istanbul. In the existing literature, it is not yet exactly clear what led some *ayan* into insurgence, while others simply chose to cooperate with and remain loyal to the central authority. However, what the government could deliver to the local elite, both politically and economically, appears to have made the critical difference in the *ayan*'s decision between compliance and insurgence. In this context, it is interesting to note that the *ayan* in such areas as Egypt and Rumelia that had considerable economic potential and solid links to the emerging 'world economy' managed to seriously challenge the authority of Istanbul. Yet, other, more contingent, political and even diplomatic factors played an important role in the ebbs and flows of power relations between the centre and the provincial *ayan* in the eighteenth century.

During the reign of Mahmud II (1808-1839) and the early years of the Tanzimat period (1839-1876), radical measures were taken to exert the authority of the central government over the provinces in a more direct and effective manner. The central government organised a series of military campaigns to eliminate the sway of the insurgent provincial magnates. In some instances, the state reclaimed the landed property held by the *ayan* in the form of *malikanes* in order to curb the *ayan*'s economic and political power. The leaders of some prominent *ayan* families were appointed to distant locations as governors and officers. In addition, the long defunct *dirlik/timar* system was abolished and the associated *miri* lands were brought under the direct control of the public treasury.³⁶

The internal political and military turmoil that accompanied the liquidation of *malikanes* and of certain *vakıfs* brought about considerable confusion over land matters and taxation. The reformers of the Tanzimat era paid due attention to issues of landownership and property rights and took a series of administrative and legislative measures that would help reinstate state control over land-matters and bring some order to fiscal matters. These measures included the enactment of special laws that regulated the administration of *vakıfs*, the use of agricultural lands, the acquisition of title deeds, the inheritance of landed property and collaterals in the 1840s and the 1850s.³⁷ However, the most important and comprehensive piece of legislation enacted during the

Publications du Centre d'Etudes et de Recherches Ottomanes, Morisques, de Documentation et d'Information, 1988), 41-56.

³⁶ S. J. Shaw and E. K. Shaw, *History of the Ottoman Empire and Modern Turkey, V. II, Reform Revolution and Republic: The Rise of Modern Turkey, 1808-1975*, (Cambridge, New York, New Rochelle, Melbourne, Sydney: Cambridge University Press, 1988), 6-17.

Tanzimat period was the 1858 Land Law. A thorough analysis of the 1858 Land Law shall not detain us here. But, it is important to discuss certain important features of the Land Law in order to clarify our technical discussion of property rights.

The 1858 Land Law remained largely true to the word and the spirit of the classical Ottoman laws (*kanuns*) pertaining to land matters and introduced certain complementary but important principles that helped clarify some of the complex legal issues at hand. In this context, the 1858 Land Law attempted to reassert the supreme custodianship of the state over *miri* lands and, clause after clause, elucidated the specific rights and obligations of the title deed holders.³⁸

As in the classical land regime, the state retained the plain ownership (*rakabe*) of the *miri* lands and granted the exclusive right of usufruct (*tasarruf*) to actual cultivators, conditional upon the exchange of the old title deeds in their hands with a new certificate of tenancy, also called *tapu*, at the local government offices.³⁹ This principle of re-registration was important in order to clarify the confusion prevailing over the rights of proprietorship associated with *miri* lands. This measure, as signified in the *tapu* concept, confirmed the state's plain ownership over *miri* lands and defined the central government, once again, as the ultimate authority that could establish and confirm

³⁷ Barkan, *Türkiye'de Toprak Meselesi*, 317-332.

³⁸ G. Baer, "Land Tenure in Egypt and the Fertile Crescent, 1800-1950," in C. Issawi (ed.), *The Economic History of the Middle East, 1800-1914*, (Chicago and London: The University of Chicago Press, 1966), 83-84; D. Warringer, "Land Tenure Problems in the Fertile Crescent in the Nineteenth and Twentieth Centuries," in C. Issawi (ed.), *The Economic History of the Middle East, 1800-1914*, (Chicago and London: The University of Chicago Press, 1966), 72; K. Karpat, "The Land Regime, Social Structure, and Modernisation in the Ottoman Empire," in W. R. Polk and R. L. Chambers (eds.), *Beginnings of Modernisation in the Middle East, The Nineteenth Century*, (Chicago and London: The University of Chicago Press, 1968), 86-90; S. Yerasimos, *Az gelişmişlik Sürecinde Türkiye, Tanzimattan 1. Dünya Savaşına* [Turkey in the Process of Underdevelopment, From Tanzimat to the Great War], V.2, (İstanbul: Gözlem Yayınları, 1975), 705; Barkan, *Türkiye'de Toprak Meselesi*, 343; P. Sluglett, and M. Farouk-Sluglett "The Application of the 1858 Land Code in Greater Syria: Some Preliminary Observations," in T. Khalidi (ed.) *Land Tenure and Social Transformation in the Middle East*, (Beirut: American University of Beirut, 1984), 413; D. Quataert, "The Age of Reforms, 1812-1914," in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 857; H. İslamoğlu-İnan, "Hukuk, Mülkiyet, Meşruyet, Mukayeseli Tarih Yazımı İçin bir Öneri," [Law, Property, Legitimacy, A Suggestion for Comparative History], in *Osmanlı'dan Cumhuriyet'e Problemler, Araştırmalar, Tartışmalar, 1. Uluslararası Tarih Kongresi, 24-26 Mayıs 1993, Ankara*, [From Ottoman Times to the Republican Era, Problems, Research and Debates, 1st International History Conference, 24-26 May 1993, Ankara], (İstanbul: Tarih Vakfı Yurt Yayınları, 1998), 1-13; H. İslamoğlu-İnan, "Administering Property: Law and Statistics," Unpublished Paper Presented at Conference on *Shared Histories of Modernity: State Transformation in Chinese and Ottoman Contexts* at Sabancı University in Istanbul on May 15, 2000; H. Gerber, *The Social Origins of the Middle East*, 68-70.

³⁹ *Arazi Kanunnamesi*, (Land Code), O. Çeker (ed.), *Osmanlı Kanunları Serisi: 2* [Ottoman Law Series, V. 2], (İstanbul: Ebru Yayınları, 1985), 14, Article 3.

proprietary rights over *miri* lands. The same measure also secured the integrity of the legal rights held by the possessor of the title deed. The possession of the *tapu* certificate simply signified the possessor's legal claim to proprietorship over *miri* lands on a legally enforceable basis. This aspect of the Land Law was of crucial importance, as it defined property rights as a legal category signified by the possession of the *tapu* deed. That is, no other legal condition, such as the obligation to pay certain *şer'i* and customary taxes etc., could signify the proprietary rights of the title deed holder over *miri* lands, with the same degree of certainty, as did the title deed. In this sense, the 1858 Land Law helped clarify matters pertaining to the ownership and use of *miri* lands, and, *ceteris paribus*, facilitated the implementation and enforcement of the law.

Given the importance of the *tapu*, the legal framework that regulated the actual acquisition of the title deeds was of prime importance for the consolidation of the proprietary rights held by the title deed holders. The 1858 Land Law primarily adopted the principle of individual 'ownership' (*ferdi tasarruf hakkı*) over *miri* lands and required the registration of title deeds on an individual basis for each village household. Accordingly, Article 8 forbade collective landholding and Articles 130 and 131 prohibited the acquisition of the lands of an entire (occupied) village by a few individuals.⁴⁰ Thus, the Land Law openly gave priority to the acquisition of the title deeds by the actual possessors cum cultivators of the land, or the *reaya* as such.

However, certain clauses of the law, also implicitly allowed collective landholding and the acquisition of title deeds for large tracts of land by individual parties. For instance, Articles 15-18 of the Land Law practically allowed collective, or rather shared (*bi'l iştirak*), ownership over *miri* lands.⁴¹ Article 78 stipulated that anyone who brought *miri* land under cultivation for more than ten years without a legal permit could acquire a title deed to that land upon the payment of the due registration fee. Also, a person who had practically occupied abandoned (*mahlul*) land for over ten years and had kept it under cultivation during this period could acquire the title deeds freely even if s/he did not have a legal permit to start with. Should there be conflicting claims thereof, however, the occupier could still obtain a deed upon the individual's acceptance and confession to his/her unlawful act, the settlement of the conflict and the

⁴⁰ *Arazi Kanunnamesi*, 20, 69-70, Articles 8, 130, 131.

⁴¹ *Arazi Kanunnamesi*, 21-22, Articles 15-18.

payment of the registration fee.⁴² Likewise, any individual who put dead *mevat* land into productive use could acquire the *tapu* certificate and assume full rights of possession and usufruct as stipulated by the law.⁴³

It is important to note that the practice of granting *tapu* deeds to persons who had reclaimed or 'vivified' *mevat* lands deviated from the classical practice of granting such lands as *mülk* property to the persons in question. As we have seen, the *mevat* lands previously had been associated, albeit indirectly, with the relatively "autonomous" socio-economic domain of the *mülk* and *vakıf* categories. However, the 1858 Land Law established a careful association between *mevat* and *miri* categories and thus implicitly extended state ownership into the domain of *mevat* lands. This deviation from the classical practice underscores the state's concern with consolidating its control over land matters. In fact, the state's immediate concern was to clarify the legal status of landed property and to deepen state control therein, rather than a straightforward and *a priori* commitment to the preservation of the proprietary rights of the *reaya*. Quataert points out that the 1858 Land Law helped legalise and confirm patterns of landholding within the *miri/mevat* domain. Existing research on the actual registration of title deeds supports Quataert's view and depicts a highly diverse picture whereby both the *reaya* and prominent individuals in possession of large tracts of land registered the land in their name and acquired title deeds. Local power balance, traditions and other more contingent political factors seem to have played an important role in the registration process and the subsequent acquisition of the title deeds by private parties.⁴⁴

Despite important organisational and institutional drawbacks, the aforementioned developments contributed to the consolidation of the proprietary rights of title deed holders. The inadequacies of provincial administrations and the justice

⁴² *Arazi Kanunnamesi*, 48, Article 78.

⁴³ *Arazi Kanunnamesi*, 58, Article 103.

⁴⁴ For the registration of title deeds by powerful individuals and tribal leaders at the expense of the actual occupiers of the land see, D. Warringer, "Land Tenure Problems," 72-75; Sluglett and Farouk-Sluglett "The Application of the 1858 Land Code"; A. Jwadih, "Aspects of Land Tenure and Social Change in Lower Iraq during the Late Ottoman Times," in T. Khalidi (ed.), *Land Tenure and Social Transformation in the Middle East*, (Beirut: American University of Beirut, 1984), 333-356; H. Gerber, *The Social Origins of the Modern Middle East*. For examples of the registration of title deeds by independent peasant farmers see M. Mundy, "The State of Property: Late Ottoman Southern Syria (The Kaza 'Ajlun, 1875-1918)," in H. İslamoğlu (ed.), *Constitutions of Property in Comparative Perspective*, (Albany and Paris: State University of New York Press for the European Science Foundation, Forthcoming); M. Mundy, "Village Authority and the Legal Order of Property (The Southern Hauran, 1876-1922)," in R. Owen (ed.), *New Perspectives on Land Issues in Middle Eastern History*, Forthcoming; Quataert, "The Age of Reforms,".

system; simple incompetence of some government officers and judicial staff, and corruption in government offices seem to have compromised the efficacy of the legal and administrative measures, particularly during the crucial transitional years of the Tanzimat era.⁴⁵ Later in the Hamidian period, the improvements in provincial administration seemingly helped overcome some of the difficulties encountered in the previous years.⁴⁶ Also, the land surveys undertaken by the authorities seem to have further improved the situation in favour of the title-holder (see below). It is my impression that most of the disputes over land 'ownership' were settled and most individuals in possession of *miri* lands came to hold a *tapu* whether through surveys, corrupt practices, brutal force or by way of legal action by the mid-1890s. As we shall see in the case of Selanik, the disputes during this later period were largely over the *violation* of rights held by individuals. Proof of proprietorship, to the best of my knowledge, was hardly a serious and inconsolable matter. The litigants could normally prove their ownership status before the courts and other government offices. Local governments and judicial authorities systematically decided in favour of those who could prove, beyond reasonable doubt, their ownership status and enforced the law to their best capacity. In this respect, proof of ownership, that is the possession of a *tapu* certificate, now constituted an important source of power. In the case of those individuals who managed to acquire *tapus* for sufficiently large *miri* territory, these documents also allowed holders to appropriate the economic surplus generated within

⁴⁵ For the inadequacies of the Ottoman legal system during the Tanzimat era see H. Cin, "Tanzimat Döneminde Osmanlı Hukuku ve Yargılama Usulleri," [Ottoman Law and Legal Procedures in the Tanzimat Era], in H. D. Yıldız (ed.), *150. Yılında Tanzimat* [Tanzimat in its 150th Anniversary] (Ankara: Türk Tarih Kurumu Yayınları, 1992), 11-32; G. Bozkurt, "Tanzimat and Law," in *Tanzimat'ın 150. Yıldönümü Uluslararası Sempozyumu, Ankara 31 Ekim – 3 Kasım 1989* [Tanzimat in its 150th Anniversary, Conference Proceedings, Ankara 31 October – 3 November 1989] (Ankara: Türk Tarih Kurumu Basımevi, 1994), 279-286; *Tanzimat'tan Cumhuriyet'e Türkiye Ansiklopedisi* [Encyclopedia of Turkey from Tanzimat to the Republic], V. 3, 1985, "Tanzimat'tan Sonra Kanunlaştırma Hareketleri," [Legalisation Efforts after Tanzimat] by B. Tahiroğlu; *Tanzimat'tan Cumhuriyet'e Türkiye Ansiklopedisi* [Encyclopedia of Turkey from Tanzimat to the Republic], V. 3, 1985, "Tanzimat'tan Sonra Resepsiyon," [Legal Reception after Tanzimat] by Ü. Azrak. For a more general account see, İ. Ortaylı, *İmparatorluğun En Uzun Yüzyılı* [The Longest Century of the Empire], 1.P. (1983), (İstanbul: İletişim Yayınları, 1999).

⁴⁶ For improvements in provincial administrations and the legal system during the Hamidian era see *Tanzimat'tan Cumhuriyet'e Türkiye Ansiklopedisi* (Encyclopedia of Turkey from Tanzimat to the Republic), V. 1, 1985, "Tanzimat'tan Cumhuriyet'e Ülke Yönetimi," [Public Administration from Tanzimat to the Republic] by M. Çadırcı; *Tanzimat'tan Cumhuriyet'e Türkiye Ansiklopedisi* [Encyclopedia of Turkey from Tanzimat to the Republic], V. 1, 1985, "Tanzimat ve Meşrutiyet Dönemlerinde Yerel Yönetimler" [Local Administrations during the Tanzimat and Constitutional Era] by İ. Ortaylı; İ. Ortaylı, *Tanzimat'tan Cumhuriyet'e Yerel Yönetim Geleneği* [The Tradition of Local Administrations from Tanzimat to the Republic], (İstanbul: Hil Yayınları, 1985); İ. Ortaylı, "II. Abdülhamid Devrinde Taşra Bürokrasisinde Gayrimüslimler," [Non-Muslims in Ottoman Provincial Bureaucracy during the Hamidian Era], in *Sultan II. Abdülhamid ve Devri Semineri, 27-29 Mayıs 1992* [Seminar on the Hamidian Era, 27-29 May 1992], (İstanbul: Edebiyat Fakültesi Basımevi, 1994), 163-172.

the *miri* lands on a legally enforceable basis. The *tapu* concept as set by the 1858 Land Law constituted the legal basis of this empowerment.

The 1858 Land Law and the supplementary legislation enacted during the 1860s and 1870s brought about important relaxations over the acquisition and transfer of *miri* property. As we have seen, the classical land regime put important restrictions on the transfer of *miri* lands. At first, the 1858 Land Law adopted similar restrictive principles in regulating the transfer of *miri* property. However, subsequent legislation introduced important relaxations in transactions, especially in those related to sales, mortgage, collaterals, leases and inheritance.

Sale, Mortgage and Collateral: According to the 1858 Land Law, the title-deed holders could not fully and directly exercise certain rights associated with the plain ownership (*rakabe*) of the land. For instance, the title-deed holders could not sell the land. They could *transfer* (*ferağ*) their title deeds to a third party but *only* with the permission of the local authorities.⁴⁷ Similarly, the creditors could not get *miri* lands sequestered as a result of the title-deed holders' failure to pay his/her outstanding debts, because technically the land was not the property of the title-deed holder. Upon the death of the title deed holder the debts would simply accrue to his/her heirs. If no heirs could be found, then the land could be "sold", or more appropriately re-assigned, to others by the state.⁴⁸ By the same token, the *miri* lands could not be held as collateral. However, the law allowed the title deed holder to relinquish his/her rights to creditors in trust (*vefaen ferağ*). In this case, the creditors would "withhold" (*hapis*) the title to the land and the title-deed holder could not reclaim his rights without the full repayment of the debt.⁴⁹ If the title-deed holder failed to pay the outstanding debts in his/her lifetime and if his/her heirs could not pay them either, then the title deeds would remain practically "withheld" by the creditors or their heirs, providing them the right to reclaim the debt in the event that the land was auctioned for reassignment by the government authorities. The proceeds from the auction would go to the creditors primarily, after the deduction of a certain fee (commission) by the state.⁵⁰

⁴⁷ *Arazi Kanunnamesi*, 29-30, Articles 36, 38. Also see Ö. L. Barkan *Türkiye'de Toprak Meselesi*, 344; H. Cin, *Osmanlı Toprak Düzeni*, 166-167.

⁴⁸ *Arazi Kanunnamesi*, 65-66, Article 115.

⁴⁹ *Arazi Kanunnamesi*, 66, Article 116.

⁵⁰ *Arazi Kanunnamesi*, 67, Article 118.

Although these regulations allowed the transfer of *miri* lands and theoretically enabled the title-deed holder to show it as collateral against debt and other liabilities, the regulations were still quite restrictive. For instance, the existing legislation practically barred the title deed holders from access to credit markets on favourable terms and discouraged creditors from extending long-term credits to farmers, due mainly to the technical complications and the long-term risks associated with the practice of '*vefaen ferağ*' and "land capture" (*hapis*). In this respect, the 1858 Land Law, fell short of meeting the specific needs of the rapidly growing commercial economy, for it did not allow land to become fully commodified, not yet.

In the 1860s and the 1870s, however, the Ottoman government enacted supplementary legislation that largely liberalised the transactions related to mortgages and collaterals. First, the restrictions on the sale of *miri* lands to pay the outstanding debts of the title-deed holder were removed. Two pieces of legislation promulgated in 1861 allowed the sale of property against the debt owed to the state during the lifetime of the title deed holder. In 1869, new legislation endorsed the sale of title deeds for the payment of all private debts during the lifetime of the title holder. In 1872, the scope of this legislation was extended further to hold the heirs of the title deed holder accountable for the payment of outstanding debts owed to the state. In 1911, the existing legislation was adjusted to include debt to private parties as well.⁵¹

Similar modifications eased the technical difficulties encountered in using land as collateral. A regulation enacted in 1869 made the sale of the title deeds of an indebted individual compulsory upon his/her death even if s/he had heirs. This legislation was important as it provided the creditor's the vague, if not impractical, right to "withhold" the title deed of the debtor with enforceability. According to Barkan, this legislation closely approximated the practice of *vefaen ferağ* to an absolute collateral (*kati ferağ*).⁵²

Lease: Previously, the title-deed holder could not independently lease the *miri* land in his possession to a third party. The 1858 Land Law expanded the usufruct rights held by the title deed holders and granted them the *exclusive* right to use and benefit

⁵¹ Ö. L. Barkan, *Türkiye'de Toprak Meselesi*, 1980, 346; Cin, *Osmanlı Toprak Düzeni*, 339-343.

⁵² Barkan, *Türkiye'de Toprak Meselesi*, 348.

from the *miri* land in their possession. Thus, Article 23 openly allowed leases.⁵³ Articles 10 and 14 secured the ultimate proprietary rights of the title-deed holder against third parties and stipulated that no other person could cultivate or benefit in any other way from the land without the permission of the title-deed holder. If such an unlawful act did occur, the title-deed holder retained the right to have the perpetrators expelled by due legal action.⁵⁴

Inheritance: The classical land regime put important restrictions over the inheritance of *miri* property. Prior to the enactment of the 1858 Land Law, Ottoman legislation recognised only the sons and daughters of the title deed holder as legal heirs.⁵⁵ If no such heirs could be identified, the property would then accrue to the public treasury (*beyt-ül mal*), which would then reassign the land to a third party as stipulated by the law. The close relatives of the deceased, such as the partners, parents and the siblings had to make, like any other legal party, the necessary down payment (*bedel-i menfaat*) to acquire the title deed. In this respect, the old Ottoman legislation defined inheritance rights on a narrow basis for *miri* lands in comparison to freehold *mülk* property, which, as we have seen, could be inherited, without any extra cost, by close relatives (*asabe*) of the *malik*.

The 1858 Land Law extended the right of inheritance on *miri* lands quite considerably and recognised the parents, as well as the children, of the deceased as legal heirs.⁵⁶ Supplementary legislation enacted in 1867 allowed the inheritance of title deeds also by the siblings, spouses and grandchildren of the title-deed holders.⁵⁷ Thus, by the 1870s, the laws governing the inheritance of *miri* property approximated quite closely those that regulated the inheritance of freehold *mülk* and *vakıf* property.

The consolidation of the proprietary rights over *miri* lands and the liberalisation of transactions related to sales, mortgages, collaterals, leases and inheritances involving *miri* lands had important economic repercussions. First, the liberalisation of these transactions brought the proprietorship of *miri* land close to freehold status. Secondly,

⁵³ *Arazi Kanunnamesi*, 23-24, Article 23.

⁵⁴ *Arazi Kanunnamesi*, 20-21, Articles 10, 14.

⁵⁵ Cin, *Osmanlı Toprak Düzeni*, 259-261.

⁵⁶ *Arazi Kanunnamesi*, 36, Articles 54, 55. Also see Barkan, *Türkiye'de Toprak Meselesi*, 357-358.

⁵⁷ Barkan *Türkiye'de Toprak Meselesi*, 359-360; Cin, *Osmanlı Toprak Düzeni*, 344-346.

the land legislation allowed the near complete commodification of land as a primary factor of production. These two consequential developments serve as a key to understanding the underlining dynamics of agrarian transformation, during the Hamidian era. The implication of the legal measures for a) the commercialisation of agriculture, b) the structuration of land and credit markets, and c) the transformation of the relations of production in agriculture is particularly important to note.

a) Consolidation of property rights meant first and foremost that the proprietors could exercise their “ownership” rights freely, subject only to minor regulations and usual fiscal obligations. They could exclude all other parties from interfering with the production process and from violating the property in a way that would undermine the proprietors' capacity to fully benefit from it. Besides, the extension of the rights of inheritance practically prevented the return of *miri* property to the public treasury (*beyt ül mal*) upon the death of the proprietor and thus secured the continuity of ownership within the broader family unit.

These liberties and privileges in ownership must have, *ceteris paribus*, constituted a strong incentive for the proprietors to respond to market forces, increase production, and to invest in the property.⁵⁸ Hence, the land legislation, in its broad structural sense, seems to have articulated well with the ongoing commercialisation process in agriculture. In this respect, we can consider the Ottoman government as an important agent of commercialisation and integration with the capitalist world economy, particularly during the Hamidian era.

b) The increasing commodification of land allowed the establishment of a solid structural link between land and credit markets. Theoretically speaking, the liberalisation of the mortgage of land and of its use as collateral helped reduce “transaction costs” in land and credit markets and rendered transactions easier and more definitive for all the parties involved. The new legislation also enabled the proprietors to have direct access to credit markets, especially for long-term loans. Indeed, thousands of farmers were able to receive credit on favourable terms from public credit institutions, particularly from the Agricultural Bank, showing their *miri* “property” as collateral during the Hamidian period. Similarly, transactions in private credit markets expanded notably, following the liberalisation of regulations that governed collaterals

and mortgages. Many private banks, individual bankers and usurers extended credits to land owners quite liberally during the same period. Although some of the credit thus obtained could not always be put to productive use, such financial arrangements nevertheless enhanced the flexibility of the agrarian economy at large.⁵⁹ In this respect, the increasing commodification of land articulated firmly the moment of commercialisation and of the spread of modern capitalist relations in the countryside.

c) The commodification of land and the consolidation of property rights also had important repercussions for the restructuring of the relations of production in agriculture. Firstly, the commodification of land increased the title deed holders' risk of dispossession and thus added to their insecurity. Indeed, many proprietors lost their entitlement to land under distressing mortgages and became tenants on the lands they once held in ownership in almost all parts of the empire during the Hamidian era. Other dispossessed farmers left for urban areas and joined the ranks of the urban working classes and provided the necessary cheap labour power for the growing urban sectors. Such dynamics of dislocation reflected the cruel face of the ongoing "modernisation" process. However, these dislocations also helped accelerate the rise of a "market society" in Ottoman lands.⁶⁰

Secondly, the liberalisation of leases contributed to the liberalisation of tenancy relations over all *miri* lands. Now, the title deed holder could become a rentier landlord over *miri* property. The *exclusiveness* of the rights of usufruct empowered the title deed holder with the capacity to appropriate the surplus generated within the *miri* property on a legally enforceable basis. In this respect, the land legislation seems to have allowed the primitive accumulation of capital in Ottoman lands. However, the surplus appropriated by the landlords rarely found its way to productive ends. Intense competition in both overseas and domestic markets increased the risks associated with such productive investments. In addition, high transaction costs emanating from certain institutional inadequacies prevented proprietors from undertaking investment in key

⁵⁸ Also see Quataert, "The Age of Reforms", 861.

⁵⁹ See Chapter 3 for the distribution of Agricultural Bank credits.

⁶⁰ Here the term market society is based on Polanyi's conceptualisation of transition from barter-based traditional societies to those characterised by the presence of comprehensive networks of commodity exchange regulated and secured by the body-politique. Within this context, the key process emerges as the commodification of labour power and its incorporation into the market process through economic dislocation and political mediation. See K. Polanyi, *The Great Transformation*.

productive sectors of the economy, especially in agriculture.⁶¹ Under the circumstances, the Duesenberry effect absorbed the income accruing to the landlords and they spent their money to finance the lavish life styles they led in towns.⁶² In some instances, the proprietors invested considerable sums into real estate development, particularly in the growing urban areas.⁶³ However, the proprietors appear to have invested the bulk of their capital into usury practices and financial arbitrage, both within the empire and in European money and stock markets.⁶⁴ The chronic financial insolvency of the Ottoman state also created ample opportunities for these people of economic means profit considerably from extending short-term credits to the government. The most common form of such lending was tax farming. In order to understand the logic of this usury practice we should consider briefly the systems of taxation that prevailed throughout the empire during the period under consideration.

From the early years of the Tanzimat period onwards, the central government attempted to centralise taxation practices and tried to put the sources of tax revenue under the responsibility of appointed governors and officers. The central government abolished the practice of tax farming in 1840/1841 and commissioned salaried officers for the collection of tithes in the provinces. However, this practice (*emaneten idare*) led to significant reaction and confusion over the collection of taxes and gave way to a notable contraction in government revenue. The appointed tax collectors were often forced into isolation and encountered immense difficulties in collecting the taxes and in converting the in-kind tax payments into cash, before forwarding the due amount to

⁶¹ See Chapters 2 and 3 for the institutional factors that impaired the development of agricultural sector.

⁶² The Dusenberry effect can be summarised as follows: “even if per capita incomes in backward regions rise ... any potentially favourable impact on savings will be annihilated by an increase in the propensity to consume as people in these regions try to catch up with the consumption standards prevalent in the industrially advanced countries”. See D. Hunt, *Economic Theories of Development: An Analysis of Competing Paradigms*, (New York, London, Toronto, Sydney, Tokyo, Singapore: Harvester Wheatsheaf, 1989), 55.

⁶³ See Chapter 5.

⁶⁴ E. Kiray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar*, [Economic Structure and Foreign Debt in the Ottoman Empire] (İstanbul: İletişim, 1993); H. Kazgan, *Galata Bankerleri* [The Bankers of Galata] (İstanbul: TEB Yayınları, 1991); G. Kazgan, *Tanzimat'tan XXI. Yüzyıla Türkiye Ekonomisi, Birinci Küreselleşmeden İkinci Küreselleşmeye* [Turkish Economy from the Tanzimat to the Twenty-First Century, From the First Wave of Globalisation to the Second] (İstanbul: Altın Kitaplar Yayınevi, 1999); E. Eldem, *Osmanlı Bankası Tarihi* [The History of the Ottoman Bank] (İstanbul: Tarih Vakfı Yayınları, 2000). For the speculative transactions of notables in Istanbul Stock Exchange see, A. Fertekligil, *Türkiye'de Borsa'nın Tarihi* [The History of Stock Exchange in Turkey] (İstanbul: İMKB Yayınları, 1993),.

Istanbul. The failure of the practice of direct tax collection inevitably compelled the government to revert to the practice of tax farming in 1843-1844.⁶⁵

The authorities nevertheless tried to impose tighter controls over the tax farmers and took certain measures to improve the system of tax collection in favour of the central treasury and of the cultivators, who suffered immensely in the hands of tax farmers. The efforts had only limited success, and the predominance of local agents in fiscal processes went largely unchallenged until the end of the Tanzimat period. Provincial notables (*eşraf*), powerful merchants and usurers especially managed to capture commanding positions in tax farming auctions either through influence or the sheer use of the financial power at their disposal.⁶⁶

During the early years of the Hamidian era, the authorities systematically tried to impose tighter controls over the tax collection processes. They attempted to introduce more effective methods of direct tax collection; to replace the proportional tithe with a fixed land tax; to contract the due taxes collectively to villagers themselves, rather than to tax farmers; to impose tighter controls on the activities of tax farmers; and to increase the competitiveness and fairness of tax-farm auctions. The efforts of the central government were only partially successful. At times and in certain parts of the empire, the power and influence of local agents simply proved impermeable, and the practice of tax farming continued to be the dominant form of revenue collection. This was the case especially in Eastern Anatolia and the Arab lands, where local notables, sheikhs and other feudal lords still reigned supreme.⁶⁷ In more central areas, that is in the Rumelian and Anatolian provinces, administrative inadequacies and corrupt practices compromised the effectiveness and applicability of the decrees and regulations promulgated by the central government. Besides, the sustained price depression of the 1880s and the 1890s abated the attraction of tax farming and many risk averse tax farmers shied away from auctions. Under the circumstances, a few tax farmers with

⁶⁵ E. D. Akarlı, *The Problems of External Pressures, Power Struggles, and Budgetary Deficits in Ottoman Politics under Abdülhamit II: Origins and Solutions*, (Unpublished Ph.D. diss., Princeton: University of Princeton, 1976); E. D. Akarlı, "Economic Policy Budgets in Ottoman Turkey, 1876-1909," *Middle Eastern Studies*, 28, N. 3, (1992): 443-476. A. Şener, *Tanzimat Dönemi Osmanlı Vergi Sistemi* [Ottoman Taxation System during the Tanzimat Era], (İstanbul: İşaret, 1990); Z. Karamursal, *Osmanlı Mali Tarihi Hakkında Tetkikler* [Studies on Ottoman Fiscal History], (Ankara: Türk Tarih Kurumu Basımevi, 1989).

⁶⁶ K. Karpat, "The Land Regime," 84-86; Barkan *Türkiye'de Toprak Meselesi*, 343; Y. Cezar, *Osmanlı Maliyesinde Bunalım*, 244-280; Shaw and Shaw, *History of the Ottoman Empire*, 114; Quataert, "The Age of Reforms," 854-855.

considerable economic power and local influence dominated auctions and acquired privileges in taxation at exorbitantly low prices at the expense of the central treasury.⁶⁸

The efforts of the central government apparently yielded more significant results only towards the end of the Hamidian era. Arguably, the most significant quantitative indicator of the government's increasing capacity in revenue collection is the proportion of the actual tithe receipts (*tahsilat*) to the expected total tithe revenues (*tahakkukat*). According to Shaw's figures, the ratio of *tahsilat* to *tahakkukat* rose steadily from about 72% in the late 1890s to 84% in the early 1910s.⁶⁹ A number of administrative and economic reasons seem to have underlined this improvement in the efficiency of tithe collection. The establishment of more comprehensive systems of local government seem to have contributed significantly to the government's capacity to collect taxes, especially in commercially developed, central, and rail-linked areas of the empire. Also, the control of the Ottoman Public Debt Administration (PDA) over the collection and management of an increasing share of the tithe revenues in certain districts seems to have helped improve the overall efficacy of tax farming. Finally, the recovery in agricultural prices seems to have increased the attraction of tax farming, particularly for smaller investors. Hence, higher bids for tax-farms, less tax in arrears, and a better approximation of the actual to the expected revenues became possible.⁷⁰

Whatever the improvements in the government's capacity to impose tighter controls on tax farming may have been, the practice still remained the primary means of tithe collection throughout the empire. About 90-95% of the provincial tithe revenue was collected by means of tax farming during the Hamidian era.⁷¹ The persistence of tax farming was consequential. First, certain aspects of tax farming, which we shall discuss in greater detail in the next section, had regressive effects on agriculture and put peasant farmers under economic distress. Secondly, tax farming was a lucrative means of income generation from which the investors could expect to earn up to 30% in profits, depending on the economic conjuncture, the market position of the tax farmer, and his

⁶⁷ Akarlı, *The Problems of External Pressures*; Quataert, *Ottoman Reform*.

⁶⁸ Akarlı, *The Problems of External Pressures*.

⁶⁹ S. J. Shaw, "The Nineteenth-Century Ottoman Tax Reforms and Revenue Systems," *International Journal of Middle East Studies*, 6, (1975): 453.

⁷⁰ See Chapter-1 for a discussion of the impact of rising prices on tax farming returns.

⁷¹ Akarlı, *The Problems of External Pressures*; S. J. Shaw, "The Nineteenth-Century Ottoman Tax Reforms".

capacity to extract surplus from the taxpayers.⁷² At no point in the nineteenth century did an investment yield such high returns. Thus, tax farming, together with landlordism, emerged as the primary rentier activity, especially if the investor was a person of local prominence and influence.

Overall, the metamorphosis and restructuring of the land regime and systems of taxation had important implications for the transformation of the Ottoman economy during the late nineteenth and early twentieth centuries. These developments were in line with the moment of capitalist incorporation and underscored the consolidation of a highly commercialised economy with considerable potential for primitive accumulation and long-term capitalist transformation. In this broad process, landlords, tax farmers, merchants and usurers, who appropriated and/or marketed the rural surplus, acted as the active agents of the ongoing commercialisation process.⁷³ However, commercialisation did not immediately translate into processes of modernisation and full-blown capitalist transformation. The attractiveness of usury practices and financial arbitrage undermined the valorisation of capital and withheld agents from investing into agriculture and manufacturing. Also, the desire and ambition to lead opulent (urban) lifestyles intensified the problem of underinvestment in key sectors of the agricultural economy. Under the circumstances, the development of modern sectors as well as agriculture remained limited, and the Ottoman economy lagged seriously behind its contemporaries in Europe as well as in Asia and the Americas.⁷⁴ Meanwhile, the insecurities of the Ottoman population and their exposure to market risks became greater than ever before. Many farmers lost their entitlement to land under unfavourable market conditions and became tenants over the lands they once held in “ownership”.⁷⁵ Others sought their fortunes elsewhere in urban areas and overseas.⁷⁶ This process of displacement amid commercialisation marks the emergence of a “market society” in Ottoman lands. We now turn to the manifestation of this process in the Selanik region.

⁷² R. Kasaba, *The Ottoman Empire and the World Economy, The Nineteenth Century*, (New York: State University of New York Press, 1987); Quataert, *Ottoman Reform*.

⁷³ See Kasaba, *The Ottoman Empire*.

⁷⁴ A. O. Akarlı, “Growth and Retardation in Ottoman Macedonia, 1880-1910,” in Ş. Pamuk and J. G. Williamson (eds.), *The Mediterranean Response to Globalisation before 1950*, (London: Routledge, 2000), 109-133.

⁷⁵ T. Güran, *Tanzimat Döneminde Osmanlı Maliyesi: Bütçeler ve Hazine Hesapları, 1841-1861* [Ottoman Finances in the Tanzimat Period: Budgets and Financial Calculations] (Ankara: Türk Tarih Kurumu Basımevi, 1998).

⁷⁶ See B. C. Gounaris, “Emigration from Macedonia in the Early Twentieth Century,” *Journal of Modern Greek Studies*, 7, (1989): 133-153, for a discussion of the forces underlining emigration to US from Macedonian provinces.

2. Relations of Property and (Re)Distribution: The Selanik Region, c.1880-c.1910

2.1. The Consolidation of Property Rights: Registration, Deliverance of Justice and Law Enforcement

The registration of the title deeds proceeded steadily in Selanik during the Tanzimat and Hamidian periods. During the Tanzimat era, the authorities took a number of important administrative measures that would bring some order to cadastral records and secure the more systematic registration of the title deeds. First step taken in this direction was probably the fiscal surveys carried out by the Ottoman government during the early 1840s. These surveys were primarily intended to bring some order to the payment of property and income taxes. The records were kept in quite a detailed manner and the authorities registered the precise nature, the basic characteristics and the value of the real estate held by individuals in almost all provinces of the empire. Selanik was included in this broader scheme. The local authorities registered the real property held by individuals in the province.⁷⁷ This early fiscal survey was a preliminary step to revise and update the existing land as well as tax registers.⁷⁸

Important administrative measures were also taken to register the title deeds and to supervise land transactions on a regular basis during the last decade of the Tanzimat period. Following the promulgation of the Law of Provincial Administration in 1864, an imperial registry (*Defter-i Hakani*) was established to register all land transactions. In the early 1870s, the *Defter-i Hakani* was further expanded to register land transactions at a sub-provincial (*sancak*) level. In addition, special committees called the *tahrir-i emlak komisyonları* were set up to oversee the registration of title deeds in the *sancaks*. Numerous government offices (*emlak kalemi*) were also established in the sub-districts (*kazas*) to supervise and administer matters pertaining to real property on a regular

⁷⁷ T. Güran, "Tanzimat Döneminde Tarım Politikası", [Agricultural Policy in the Tanzimat Period] in O. Okyar and H. İnalçık (eds.) *Social and Economic History of Turkey (1071-1920): Papers Presented to the First International Congress on the Social and Economic History of Turkey*, (Ankara: Meteksan Limited Şirketi, 1980), 271-277; T. Güran, *19. Yüzyıl Osmanlı Tarımı Üzerine Araştırmalar* [Research on Nineteenth Century Ottoman Agriculture], (Istanbul: Eren Yayıncılık, 1998).

⁷⁸ İslamoğlu-İnan, "Administering Property".

basis.⁷⁹ Thus, a comprehensive and well-diffused regulatory bureaucratic system had been instituted on the eve of the Hamidian period.

The special committees (*tahrir emlak komisyonları*) were particularly active during the last years of the Tanzimat period. These committees began to register title deeds and conducted land surveys throughout the region from the early 1870s onwards.⁸⁰ Apparently, the early efforts of the committees and other government offices failed to bring complete order to local registers. Disputes over the ownership of landed property could still be seen. An example drawn from Ottoman and British archives should illustrate the point.

In the early 1870s, a heated dispute arose between the heirs of a certain Hasib Paşa and the dragoman of the British Consulate in Salonica, Mr. Bizzo, concerning the ownership of a certain estate (*çiftlik*) named Citros located in the district of Karaferye. Mr. Bizzo claimed that Citros was sold entirely to him by the deceased Hasib Paşa. However, the heirs of Hasib Paşa argued that their father held the estate in partnership with Mr. Bizzo. Subsequently, the litigants were asked to provide the authorities with conclusive proof of ownership. The heirs of Hasib Paşa failed to provide the *tapu* to the court, but they insisted on their claims. Subsequently the local authorities carried out an investigation into the local registers to determine the exact legal status of the estates held by the heirs of Hasib Paşa. The authorities managed to confirm Hasib Paşa's ownership of sixteen estates in the district of Karaferye, but failed to find conclusive evidence to confirm his ownership over twenty estates, which were currently held by his heirs. Citros was among this latter group. In any case, the dispute between the heirs of Hasib Paşa and Mr. Bizzo could not be resolved for decades, hence causing considerable upset for the British diplomats in Istanbul and Salonica. As late as 1904, the appeals and the hearings were still continuing.⁸¹ The importance of this case is that it

⁷⁹ See 1299 S.V.S., 1882. Also for organisation of provincial governments Shaw and Shaw, *History of the Ottoman Empire*, 83-91.

⁸⁰ See, BA, *ŞD-Selanik*, 2005/1, 24.Ş.1289 (27.10.1872). Also see the reports published in *P.P.A.P.*, 1870, V. 27: 273-303, which cite regularly the registration of title deeds by local authorities throughout the European provinces. The widespread registration of title deeds in the European provinces, particularly in the province of Selanik, is also mentioned by J. Baker, *Turkey*, (New York: Henry Holt and Company, 1877), 397-398.

⁸¹ BA, *ŞD-Selanik*, 2006/15, 22.S.1292 (30.3.1875). Also see PRO, *F.O.* 195/1065, 22.1.1873, Blunt to Elliot, Salonica; PRO, *F.O.* 195/283, *Memorandum on the Administration of Justice in Macedonia*, by H. du Vallon, N. 152, 29.10.1904.

illustrates the continuing confusion over ownership of landed property and points to the feebleness of local land registers in the early 1870s.

More focused and systematic efforts were made to register the title deeds and to update cadastral records came later in the 1870s and the 1880s. The bureaucratic machine set up during the last decade of the Tanzimat era apparently served its purpose well. It seems that the *defteri hakani*, the *emlak tahrir komisyonları* and the *emlak kalemleri* managed to supervise land transactions and brought some degree of order to the land registers. In addition, the authorities carried out two more land surveys, one in 1878 and the other in 1886. These surveys facilitated the registration of the title deeds on an extensive basis throughout the province. Finally, another land survey conducted in 1907 probably secured the near universal registration of title deeds in the region.⁸²

The proprietors themselves showed considerable interest in land registration and assumed active initiative to acquire their *tapu* certificates from the local government offices. As we have seen, the law provided the title deed holders with security of tenure and granted them exclusive rights of usufruct and possession on a legally enforceable basis. This legal empowerment and the security provided by the law probably constituted a strong incentive for the proprietors to register the land in their name and to acquire their title deeds. A few examples from the districts of Razlık and Drama should illustrate the point:

At some point during the early 1900s, eight villagers from Panya village in the district of Razlık reclaimed land from the nearby woods and used it for a number of years without registering the property. In 1909, the villagers applied for registration at the local government offices. The local authorities initially showed some concern over the use of the land without a legal permit for a number of years, but ultimately granted the title deeds to the villagers, once the villagers proved that they had paid all due taxes during the time of their unlawful occupation.⁸³ As such, the villagers managed to legalise and consolidate their entitlement to land and could now enjoy all the legal privileges that the law granted.

⁸² Gerber, *The Social Origins of the Modern*, 77; Quataert, *The Age of Reforms*, 860.

⁸³ BA, *TFR. I.SL.*, 209/2862, 13.5.1325 (26.7.1909).

In another case, a certain Hüseyin Pehlivan from the village of Rasovika in Drama, applied for a title deed for the four *dönüms* of land he had reclaimed from the local woods. He argued that he had been in possession of this land for twenty three years and that he was entitled to a *tapu* certificate in accordance with Article 78 of the 1858 Land Law, which granted title deeds to those cultivating a piece of land for more than ten years without a valid permit. However, investigations carried out by the local village council showed that Hüseyin Pehlivan had been in possession of the land for only three years. Thus, Hüseyin Pehlivan could not acquire the title deed he sought.⁸⁴ Yet, the case shows the growing interest of the land holders in registering their lands, obtaining title deeds, and thus legalising their claims to “ownership”. The desire of Hüseyin Pehlivan to register the land in his name and his knowledge of the due legal procedure is telling in this respect.

The actual implementation and enforcement of the law was also imperative for the consolidation of the proprietary rights of title deed holders. The inadequacies of the Ottoman justice system and law enforcement agencies are well known and need not be reiterated here in great detail. It suffices to say that the corruption and incompetence of judges, procedural complications and inconsistencies, overcrowded court rooms, endless delays and appeals in legal proceedings, and the ineptitude of the provincial security forces were among the causes of the poor administration of justice and law enforcement throughout the Tanzimat era.⁸⁵ In addition, political and diplomatic pressures frequently brought to bear upon the Ottoman courts undermined the impartiality of court decisions and at times compelled the judges to prioritise the interests of certain prominent individuals over others. This appears to have been particularly true for the legal cases involving the Civil List, certain high-ranking officers, prominent notables, influential merchants and European citizens protected by capitulatory treaties. In short, the impartial and generic application and enforcement of the law was compromised by the organisational, political, fiscal and, at times, diplomatic feebleness of the Ottoman state in this early period.

⁸⁴ BA, *TFR. I.SL.*, 139/13863, 28.1.1323 (10.4.1907).

⁸⁵ See *Tanzimat'tan Cumhuriyet'e Türkiye Ansiklopedisi* [Encyclopedia of Turkey from Tanzimat to the Republic], V. 3, 1985, “Tanzimat'tan Sonra Kanunlaştırma Hareketleri” [Legalisation Efforts after Tanzimat] by B. Tahiroğlu, 588-601. Also see, Cin, “Tanzimat Döneminde”; Bozkurt, “Tanzimat and Law”; Azrak, “Tanzimat'tan Sonra Resepsiyon”; Ortaylı, *İmparatorluğun En Uzun Yüzyılı*.

Some of these problems proved persistent during the Hamidian period as well. Corruption still prevailed in courtrooms, and this weakness enabled certain powerful individuals to exert pressure upon local courts and to influence the decision of some corrupt and opportunistic judges. Besides, the organisational inadequacies of the overall legal system continued to impair the efficiency and the alacrity of the legal proceedings, much to the disappointment and frustration of the litigants.⁸⁶ Yet, the increasing autonomy of the judicial organs; the regularisation and standardisation of the court procedures; improvements in the hierarchical and bureaucratic organisation of the entire justice system, and the appointment of much better trained graduates of the newly established Imperial Law School (*Mekteb-i Hukuk-u Şahane*) to the courts were all important developments that helped improve the efficiency, fairness and the internal consistency of the *overall* legal system during the Hamidian period.⁸⁷

In addition, the general improvement in the organisation and diffusion of the security forces, especially that of the rural gendarmerie, as well as the establishment of telegraphic services and the construction of railways helped create a more effective bureaucratic government organisation and presumably eased some of the technical difficulties encountered in the implementation and enforcement of the law.⁸⁸

During my research in the Ottoman archives, I came across interesting legal cases which indicate that the local authorities showed considerable sensitivity towards the proprietary rights of the title deed holders and managed to successfully enforce court decisions, despite the complexity and political sensitivity of the cases involved. These cases are only illustrative and the full verification of the point I base on them requires in depth research into local court registers. Still, the cases at hand point to the unmistakable concern of the local authorities to honour the ownership rights of the title-deed holders and attest to the presence of a comprehensive legal and bureaucratic framework that was capable of delivering justice and enforcing the law. It is also important to note in this context that I have not run into a legal case to the contrary, that is a case wherein the authorities remained insensitive to a violation of the proprietary rights held by landowners.

⁸⁶ PRO, F.O. 195/1065, 22.1.1873, Blunt to Elliot, Salonica; PRO, F.O. 195/283, *Memorandum on the Administration of Justice in Macedonia*, by H. du Vallon, N. 152, 29.10.1904.

⁸⁷ Shaw and Shaw, *History of the Ottoman Empire*, 216-218; 246-251.

Yako Savol Modiyano, a prominent banker of Salonica, owned an estate (*çiftlik*) in the northern district of Gevgeli. He rented the estate to a lawyer named Menteş Istromi. Menteş administered the estate and forwarded the annual rent to Yako Savol after retaining his share. In the early 1900s, Menteş took Yako Modiyano to court, arguing that the estate actually belonged to him and that Mr. Modiyano had acquired the estate illegally. We do not know what prompted Menteş to resort to such action, but he seems to have put considerable pressure on the judges of the *nizamiye* court in Gevgeli in an effort to influence their decision. The local court was unable, and perhaps unwilling, to resolve this delicate case and forwarded it to the higher court in Salonica. Yako Savol presented the *tapu* certificate and the contract of tenancy signed with Menteş to the court in Salonica, whereupon the judge ruled in favour of Yako Savol.⁸⁹

Another case involved the violation of a *çiftlik* belonging to a certain colonel (*miralay*) Eşref Bey by the tenants of a neighbouring *çiftlik* owned by another local notable, Salahaddin Bey. Salahaddin held that the vineyard in between the two estates belonged to his *çiftlik*. Possibly acting under Salahaddin's instructions, his tenants entered the vineyards in dispute and harvested the grapes without Eşref's permission. Eşref Bey notified the local authorities and brought legal action against the intruders. The local authorities carried out an investigation into local land registers, and concluded that the vineyards in question fell well within the borders of Eşref's estate and that they clearly stood outside Salahaddin's. Eşref was then asked to produce the title deeds as proof of ownership at the court, which he did. Consequently, the local judge decided that the intruding tenants had caused a damage of O.L.100 in Eşref's property and accordingly ordered Salahaddin to pay the full amount to Eşref as the guarantor (*kefil*) of the tenants. The tenants remained in custody throughout the proceedings.⁹⁰

In yet another case, the tenants of the *çiftlik*s of Viraste and Istavroz in Longaza refused to pay their dues to the Greek (absentee) landlord and occupied the property claiming that they were the actual proprietors of the land. However, the landlord applied to the local court and presented the judges his *tapu* certificate. The court ruled in favour of the landlord, who subsequently called in twelve gendarmes from the local garrison to expel the tenants. The tenants retaliated by burning the woods adjacent to the estate.

⁸⁸ Shaw and Shaw, *History of the Ottoman Empire*, 246-251.

⁸⁹ BA, *TFR. I.SL*, 10/991, 7.III.1319 (20.5.1903).

Subsequently, the landlord hired a dozen of armed guards (*bekçis*) to protect the estate from the possible attacks of his former tenants and demanded further protection from the local authorities.⁹¹

In another similar case, the Bulgarian tenants of a certain Akil Bey from Cuma-i Bala went on “strike”, and refused to carry out their duties. Akil Bey was furious, as he had paid the annual wages of the tenants worth 2,330 *куруşes* in advance. He notified the local authorities (*kaymakamlık*) in Cuma-i Bala and presented his *tapu* certificate and the contract of tenancy. He demanded that the tenants be expelled from his property instantly. The local authorities sent an officer escorted with a couple of *gendarmes* to the estate to carry out investigations. Some of the tenants complained that they did not carry out the boycott of their own will and were forced to do so upon the pressure of Bulgarian bands operating in the region. They added that they had nothing personal against Akil Bey and that they wanted to continue working in his estate. However, other tenants were less complacent. They argued that they wanted to leave the estate, but added that they could not do so in the middle of winter (January). They asked for the permission of Akil Bey to stay in the estate until the end of March. However, Akil Bey insisted on the immediate deposition of those who did not accede to the terms of the tenancy agreement and those who supported the Bulgarian bands. The local authorities were somewhat reluctant to carry out the depositions and expressed some concern about the political sensitivity of the case. However, the governor of the district (*kaymakam*) decided that Akil Bey was the proprietor (*mutasarrıf*) of the estate and that he was entitled to demand the removal of the insurgent tenants. Accordingly, he ordered the deposition of the tenants, although he added that due care should be taken during the deposition not to aggravate the (political) situation further.⁹²

In another case, the ownership rights of a Bulgarian landlord from Cuma-i Bala were at stake. Sometime in the early 1900s, the military commander of the district, Salih Paşa, purchased an estate, which had been sequestered and subsequently auctioned by the Agricultural Bank upon the failure of a Bulgarian landlord, Mişa, to pay his debts to

⁹⁰ BA, *ŞD-Selanik*, 2030/3, 15.Ra.1316 (3.8.1898). For a similar border dispute see BA, *TFR.1.SL.*, 14/1349, 11.R.1321 (7.7.1903).

⁹¹ BA, *BEO-Ayniyat*, 1622/3318, 8.Ca.1306 (10.1.1889); BA, *TFR.1.SL.*, 115/11479, 15.C.1324 (27.8.1904).

⁹² BA, *TFR.1.SL.*, 67/6684, 15.XI.1320 (28.1.1905).

the Bank.⁹³ However, Salih Paşa began to claim rent from the tenants occupying the neighbouring estate still owned by Mişa. At the time, Mişa was in Bulgaria, so his tenants informed Mişa's father about the situation. Mişa's father took the case to the local court and requested the termination of Salih Paşa's "unlawful interference". The court carried out an investigation, which confirmed Mişa's ownership of the land. A subsequent court decision asked Salih Paşa to withdraw from Mişa's property immediately and to pay back the rent he had appropriated unlawfully from the tenants to Mişa. Salih Paşa objected to the court's decision and argued that the tenants were trying to avoid the payment of their dues and to force him out of his property.⁹⁴ Unfortunately, the available documentation does not reveal how the case was ultimately resolved. It is quite unlikely that Salih Paşa could win the case unless he proved Mişa's title deed wrong.

Certain common features of the cases cited above are important to note. In all cases, the *tapus* and in some cases the local land registers were used systematically to prove and confirm land ownership. Once the ownership status of the litigants was established beyond reasonable doubt, the courts and the local authorities ruled strictly in favour of the title deed holder. Also, the courts and local authorities applied the law quite systematically, regardless of the religious and the ethnic affiliation of the litigants involved. Particularly, in the case of Mişa, the protection of the property rights of a Bulgarian landlord *in his absence* against a Muslim landlord illustrates the generality with which the law was applied by the courts. Finally, it is important to note the way in which the law was enforced by the Ottoman authorities. In the case of Eşref versus Salahaddin, the local authorities held the intruding tenants under custody. Salahaddin was probably obliged to pay the O.L.100 in question promptly to Eşref so as to secure the release of his tenants. In the cases involving the Greek landlord from Longaza and

⁹³ BA, *TFR.1.SL.*, 43/4266, 8.III.1320 (24.5.1904).

⁹⁴ BA, *TFR.1.SL.*, 45/4481, 1.V.1320 (14.7.1904); BA, *TFR.1.SL.*, 48/4763, 25.V.1320 (7.8.1904). The reasons behind the concerns of the Bulgarian tenants become more apparent when we consider the following citation from Draganof: "In 1904 a Turkish society was founded at Kumonovo to dispossess the Christian proprietors. Several rich beys and the functionaries of the agricultural bank were members of this society. The functionaries of the bank illegally sold several landed estates belonging to Christians and mortgaged to the bank. Traïco Stoïanoff, Dimitri Christeff, and Spas Ilieff of the village of Mlado Nagoritchino, caza of Kumanovo, saw the following properties sold before the expiry of the mortgages: The first, 50 dulum for a debt of £T 12.5; the second, 60 dulum for a debt of £T 20, and the third, 40 dulum for a debt of £T1. The purchasers of these lands are Turks who have received title deeds after having paid off the mortgages. The Russian and Austrian consuls were acquainted with this circumstance". See Draganof, *Macedonia and Reforms*, (London, 1908), 39.

Akil Bey from Cuma-i Bala, too, we witness the actual involvement of the local *gendarmerie* forces to enforce the law.

Thus the legal cases above illustrate the authorities' concern for maintaining the integrity of the title deed holders' proprietary rights. By this time, the title deed holders not only held *exclusive* and *inviolable* rights to use and benefit from their property, but they also enjoyed the security and empowerment provided by the legal enforceability of their rights. In other words, the legal entitlement to land became a *real* source of social and economic power for title deed holders. The crucial matter here is to determine the exact socio-economic conditions under which proprietors could exercise this power. For this, we need to discuss the land tenure relations that prevailed in the region during the Hamidian era. This discussion should cast some light on the underlining dynamics of commercialisation and economic dislocation in the regional economy.

2.2. The Peasant Proprietors, the Landlords and Their Tenants

2.2.1. Landholding Patterns

Small peasant proprietorship and estate ownership coexisted in Selanik during the Hamidian period. It is difficult to determine the relative weight of these two forms of landholding due to a lack of published statistics and detailed research into cadastral registers. Secondary sources often maintain that *çiftlik*s were particularly widespread and constituted the predominant form of landholding in the region during the second half of the nineteenth century.⁹⁵ This view is to a certain extent correct. As we shall see, estates were indeed quite common in certain parts of the region. However, the contention that the *çiftlik*s constituted the predominant form of landholding seems somewhat illfounded. The problem emanates from the sources and the methodology used in reaching this conclusion.

First, the historical evidence used to support this argument is flimsy. To our best knowledge, the Ottoman government did not publish comprehensive statistics on

⁹⁵ J. R. Lampe, and M. R. Jackson, *Balkan Economic History, 1550-1950, From Imperial Borderlands to Developing Nations*, (Bloomington: Indiana University Press, 1982); B. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993); Gounaris, *Steam over*

landholding. In the lack of official statistics, most contemporary observers contrived estimates an *ad hoc* manner. For instance, the oft-cited estimate of the British consul Wilkinson, which suggested that the *çiftlik*s accounted for about 60% of all the land under cultivation in the province of Selanik in the late 1860s, was probably not based on reliable evidence.⁹⁶ The estimates put forth by the Bulgarian historian Draganof appear equally tenuous. Draganof suggests that over 75.0% of the arable land was held by *çiftlik* owners in the late 1900s.⁹⁷

Secondly, there seems to be a tendency to make sweeping generalisations about landholding patterns on the basis of highly selective evidence that pertains to a limited number of districts where *çiftlik*s were particularly common. The evidence put forth by Lampe and Jackson on *çiftlik* formation in the Macedonian provinces is a case in point. According to their figures, about 41.7 to 77.5% of all rural settlements in the districts of Selanik, Menlik, Demirhisar and Petriç were *çiftlik*s in the mid-1870s. Thus, Lampe and Jackson conclude that the *çiftlik*s constituted the predominant form of landholding in broader Macedonia.⁹⁸ However, these (low-land/valley) districts were quite untypical and had a particularly high concentration of *çiftlik*s for certain historical reasons.⁹⁹ Similarly, the oft-cited British data published by Issawi is equally misleading. Issawi's figures suggest that about 40% of all holdings were estates larger than 200 hectares in the district (*kaza*) of Selanik during the early 1860s. Again, the district of Selanik was one of the locations where *çiftlik*s were unusually common, and hence, the data published by Issawi cannot be taken to represent the broader patterns of landholding in the region at large.¹⁰⁰

Macedonia; Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, [Dependency and Growth in the Ottoman Economy] (İstanbul: Tarih Vakfı Yayınları, 1994); Quataert, "The Age of Reforms".

⁹⁶ Wilkinson seems to have based his estimates on a previous report sent to London. This report suggests that estates larger than 50 acres (200 *dönüms*) accounted for 60% of all the land under cultivation in the district of Selanik. The same report also maintains that estates larger than 75 acres (300 *dönüms*) surfaced 25% of all agricultural land in the district of Drama. We do not know at all how the British consuls compiled this data. See, C. Issawi, *The Economic History of Turkey*, 203.

⁹⁷ Draganof, *Macedonia and Reforms*, 36.

⁹⁸ Lampe and Jackson, *Balkan Economic History*, 136.

⁹⁹ İnalçık associates *çiftlik* formation in European provinces with extensive land reclamations carried out by notables. See H. İnalçık, "The Emergence of Big Farms"; McGowan, *Economic Life in Ottoman Europe*; and, F. Adanır, "The Macedonian Question: the Socio-economic Reality and Problems of its Historiographic Interpretation," *International Journal of Turkish Studies*, 3, N. 1, (1984/85): 43-64. For opposing views on *çiftlik* formation see G. Veinstein, "On the *Çiftlik* Debate", in Ç. Keyder and F. Tabak (eds.), *Landholding and Commercial Agriculture in the Middle East*, (Albany: State University of New York Press, 1991), 35-56).

¹⁰⁰ Issawi, *Economic History of Turkey*, 203.

In the absence of reliable statistics, two proxies can help us delineate the landholding patterns in the region, namely the ratio of households residing in *çiftlik*s to all rural households and the share of *çiftlik*s in all rural settlements. The first proxy can be used to indicate, albeit tentatively, the probable weight of *çiftlik*s in overall landholding, under the somewhat vague assumption that the land under cultivation in *çiftlik*s and peasant villages, or *karyes* proper, would be a function of the number of resident households. The second proxy, that is the share of *çiftlik*s in all rural settlements, can give us important hints about the variations in landholding patterns in the region.

The data on rural settlements can be extracted from the provincial yearbooks (*salnames*). Almost all *salnames* contain information on the number of rural settlements in Selanik, but only the yearbook of 1896 includes detailed information on the number of rural households residing in respective *çiftlik*s and peasant villages. Therefore, I decided to use the 1896 *salname* to determine the patterns of landholding that prevailed in the region during the mid-late 1890s. This data set is presented in Table 4.1. According to them, 75.0% of all rural settlements in the province included peasant villages (*karye*) and the remaining 25.0% included *çiftlik*s. The peasant villages accounted for a massive 89.0% of all the rural households in the province, while the remaining 11.0% resided in *çiftlik*s. Although it is difficult to determine the precise share of *çiftlik*s in actual landholding on the basis of this evidence, the sheer weight of village households in total rural households suggest that small peasant proprietorship was probably the primary, if not the dominant, form of landholding in Selanik during the late nineteenth century. This point is also supported by the generally held contention that the *çiftlik*s in the region were usually small and medium sized. Although some estates could be well over 2,000 hectares, most *çiftlik*s varied between 100-500 hectares and the average size of *çiftlik*s stood somewhere between 300-350 hectares.¹⁰¹ If so, given the sheer weight of *karyes* and peasant households would suggest even more strongly that small peasant proprietorship was the most typical form of landholding in the region.

¹⁰¹ M. Palairat, *The Balkan Economies, c.1800-1914, Evolution without Development*, (Cambridge: Cambridge University Press, 1997), 342.

Table 4.1.

<i>Patterns of Landholding in the Province of Selanik, c. 1895</i>								
<i>Distribution of Rural Settlements</i>				<i>Distribution of Rural Households</i>				
<i>Western and Central Low-Land Districts (Incekara and Vardar Plains)</i>								
District	Çiftlik	Karyes	Total	Çiftlik %	Çiftlik	Karyes	Total	Çiftlik %
Selanik	64	36	100	64	2,241	4,576	6,817	33
Karaferye	63	8	71	89	1,965	1,786	3,751	52
Yenice	55	34	89	62	1,919	4,488	6,407	30
Vodine	35	30	65	54	1,161	3,503	4,664	25
Katrin	22	15	37	59	826	1,760	2,586	32
Total	239	123	362	66	8,112	16,113	24,225	33
<i>Vardar Valley</i>								
Avrethisar	31	113	144	22	1,254	5,292	6,546	19
Toyran	11	71	82	13	305	4,724	5,029	6
Gevgeli	23	62	85	27	1,211	5,108	6,319	19
Tikveş	25	99	124	20	772	6,331	7,103	11
Total	90	345	435	21	3,542	21,455	24,997	14
<i>Karasu Valley</i>								
Petriç	27	44	71	38	833	4,217	5,050	16
Demirhisar	5	76	81	6	121	7,706	7,827	2
Menlik	6	42	48	13	111	4,244	4,355	3
Total	38	162	200	19	1,065	16,167	17,232	6
<i>Siroz, Drama and Zihne Plains</i>								
Siroz	27	141	168	16	1,413	12,676	14,089	10
Kavala	4	21	25	16	n.a.	n.a.	n.a.	n.a.
Drama	16	90	106	15	212	8,571	8,783	2
Zihne	5	38	43	12	117	5,567	5,684	2
Sarı Şaban	8	52	60	13	n.a.	n.a.	n.a.	n.a.
Total	60	342	402	15	1,742	26,814	28,556	6
<i>The Highland Districts (Northern Mountainous Range)</i>								
İstomca	-	65	65	-	-	4,379	4,379	-
Köprülü	-	89	89	-	-	5,776	5,776	-
Nevrekop	8	120	128	6	353	12,687	13,040	3
Cuma-i Bala	4	26	30	13	213	3,386	3,599	6
Razlık	-	12	12	-	-	4,699	4,699	-
Total	12	312	324	4	566	30,927	31,493	2
<i>The Southern Peninsula</i>								
Longaza	14	85	99	14	424	8,776	9,200	5
Kesendire	10	137	147	7	282	5,667	5,949	5
Total	24	222	246	10	706	14,443	15,149	5
<i>Provincial Aggregates</i>								
Province	463	1,506	1,969	24	15,733	125,919	141,652	11

Source: Compiled from 1312 S.V.S., 1895.

The data presented in Table 4.1 also suggest considerable variation in landholding patterns in the region. *Çiftlik* concentration was particularly high in lowland districts and along the valley stretches. For instance, the concentration of *çiftlik*s was

extremely high in the lowland districts of Selanik, Yenice, Karaferye, Vodine and Katrin, which are situated over the Vardar plain and along the valley stretches of the Incekara river basin in western Selanik. In these districts, 66.0% of all rural settlements were *çiftliks* and about 33.0% of all rural households resided on *çiftliks*. The *çiftliks* were also quite common in central and northern districts that stretched along the Vardar and Karasu valleys, although it must be noted that peasant holdings assumed much greater importance in central and northern districts in comparison to the low-land districts of the Vardar plain and the Incekara river basin. *Çiftliks* were particularly common in the plain/valley districts of Avrethisar, Gevgeli, Tikveş and Petriç. A quarter of all rural settlements in these four districts were *çiftliks* and over 16.0% of all rural households lived on *çiftliks*.

Almost everywhere else, however, peasant villages (*karyes*) dominated the countryside. Small peasant proprietorship was the dominant form of landholding in northern highland districts, in the mountainous southern peninsula and along the Siroz-Zihne-Drama-Sarı Şaban range. In the northern highland districts, peasant villages accounted for 96% of all rural settlements and 98% of all rural households. Compared to these highland districts, *çiftliks* were relatively more common along the Siroz-Zihne-Drama-Sarı Şaban range. In Siroz, for instance, there were numerous large estates, some of which could be as large as 20000-30000 *dönüms* (2000-3000 hectares).¹⁰² Still, small peasant proprietorship constituted the predominant form of landholding in these districts. About 85% of all rural settlements that were scattered along the Siroz-Zihne-Drama-Sarı Şaban range were peasant villages, and about 94% of all rural households resided in *karyes*. Small peasant holdings were particularly predominant in leading centres of tobacco production. In Drama for instance, *çiftlik* households constituted only 2% of the total. Unfortunately, household data is not available for the districts of Kavala and Sarı Şaban, but considering the overwhelming weight of *karyes* in these districts, we can suggest that small peasant holdings were dominant also in Kavala and Sarı Şaban. Finally, small peasant proprietorship appears to have been the dominant form of landholding also in the mountainous range that stretches southwards along the southern peninsula.

¹⁰² For instance, 236 households resided in the *çiftlik* of Sarmısaklı. Assuming that each household worked on 100 *dönüms* (see Section 4.3), we can suggest that the size of Sarmısaklı could have been over 23,000 *dönüms* (1312 S.V.S., 1895, 374).

The evidence presented above puts considerable doubt on the view that *çiftlik*s constituted the dominant form of landholding in the region during the late nineteenth century. Alternatively, the same evidence suggests that small peasant proprietorship was probably much more important than that assumed in existing secondary sources. In this context, the predominance of small peasant proprietorship in cash crop producing districts of the Siroz-Zihne-Drama-Sarı Şaban range is particularly important to note. This observation suggests that small peasant proprietors constituted the backbone of commercial agriculture, which was the most dynamic component of the region's agrarian economy during the period under consideration.¹⁰³ Yet, the data presented above also underline that the *çiftlik*s constituted an integral component of the regional economy. In what follows, I will discuss the 'ideal-type' characteristics of the peasant household economy and of the *çiftlik*s to highlight their relative weaknesses and strengths. This discussion should shed some light on the dynamics of agrarian change, growth, retardation and urbanisation in the Selanik region during the period under consideration.

2.2.2. Peasant Household Economy

Small peasant proprietors were people of modest means. Peasant holdings were quite small, rarely exceeding fifty *dönüms*. The best data on the size of peasant holdings are available from the 1907 agricultural statistics, which contain valuable and unique information on the size of peasant holdings in leading districts of Selanik. These data are presented in Table 4.2. According to the statistics, 32.0% of all rural households that were engaged *directly* in agricultural production cultivated plots smaller than ten *dönüms* and about 87.0% of them cultivated holdings smaller than 50 *dönüms*. The households that worked on holdings larger than 50 *dönüms* constituted only 13.0% of all rural households engaged in agricultural production. The official statistics suggest that the average size of all these holdings was around 13 *dönüms*. However, this average figure might be an underestimation, as the official figures tend to somewhat understate the area of land under cultivation; hence, the average size of the "typical" peasant

¹⁰³ See F. Adanır, "Ottoman Peasantries, c.1360 – c.1860," in T. Scott (ed.) *The Peasantries of Europe: From the Fourteenth to the Eighteenth Centuries*, (London and New York: Longman), 269-310.

holding appears smaller than it actually was.¹⁰⁴ Most contemporary sources often cite 20-30 *dönüms* as the average size of the “typical” peasant holding.¹⁰⁵

Table 4.2.

<i>Distribution and Average Size of Holdings per Household in the Province of Selanik, 1907</i>						
District	Land Under Cultivation in each District (Dönüms)	Total Number of Households in each District	Total Number of Households Cultivating Less than 10 Dönüms	Total Number of Households Cultivating Between 10-50 Dönüms	Total Number of Households Cultivating More than 50 Dönüms	Average Size of Holding per Household (Dönüms)
<i>The Sub-Province (Sancak) of Selanik</i>						
Yenice	85,780	3,250	200	3,050	-	26.0
Vodine	62,700	3,000	500	2,000	500	21.0
Istrumca	50,400	3,750	1,900	1,500	350	13.0
Karaca Abad	82,500	6,000	1,500	3,000	1,500	14.0
Total	281,380	16,000	4,100 (26%)	9,550 (60%)	2,350 (14%)	17.6
<i>The Sub-Province (Sancak) of Drama</i>						
Drama	104,650	6,515	1,000	4,000	1,515	16.0
Provişte	16,186	3,000	1,000	1,900	100	5.0
Ropçoz	27,865	3,000	200	2,700	100	9.0
Total	148,701	12,515	2,200 (17%)	8,600 (69%)	1,715 (14%)	11.8
<i>The Sub-Province (Sancak) of Siroz</i>						
Siroz	171,000	20,000	8,000	9,000	3,000	9.0
Menlik	40,150	4,000	500	2,500	1,000	10.0
Razlık	41,450	2,925	2,155	770	-	14.0
Petriç	148,417	6,417	1,925	3,850	642	23.0
Demirhisar	41,300	7,300	3,000	4,000	300	6.0
Total	442,317	40,642	15,580 (38%)	20,120 (50%)	4,942 (12%)	10.9
<i>Provincial Statistics</i>						
Total	872,398	69,157	21,880 (32%)	38,270 (55%)	9,007 (13%)	12.6

Source: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Senesi Avrupa-yı Osmanlı Ziraat İstatistiği* [1323 Agricultural Statistics of the European Provinces of the Ottoman Empire] (İstanbul: Dersaadet Mahmud Bey Matbaası, 1907), k, n).

Many peasant proprietors also owned small garden plots or vineyards attached to their houses. These small plots were usually about 2-3 *dönüms* in size. The peasant farmers grew vegetables, fruit trees and various legumes in these gardens for immediate

¹⁰⁴ For the weaknesses of the 1907 statistics see Devlet İstatistik Enstitüsü, *Osmanlı Dönemi Tarım İstatistikleri, 1909, 1913 ve 1914* [Agricultural Statistics of Turkey during the Ottoman Period], Prepared by T. Güran, (Devlet İstatistik Enstitüsü, Tarihi İstatistikler Dizisi, V.3, Ankara: Devlet İstatistik Enstitüsü Matbaası, 1997), XXII.

¹⁰⁵ *P.P.A.P.*, 1870, V. 27: 304; and, Draganof, *Macedonia and Reforms*, 39. 30 *dönüms* appear as a reasonable estimate. According to Güran the average size of peasant holdings in the Anatolian provinces was around 34 *dönüms*. Small -holdings also dominated the Anatolian countryside. The distribution of Anatolian holdings was similar to that of Selanik province. In 1909, 26.6% of all holdings were smaller than 10 *dönüms*. 48.2% were between 10-50 *dönüms* and only 25.2% were larger than 50

consumption within the household unit. The vineyards provided the grapes used to produce wine, spirits, vinegar and grape syrup, all of which were important items of consumption for peasant families. They often marketed the surplus produce of the gardens and vineyards in the nearby towns and fairs and thus earned extra cash income.¹⁰⁶

The peasants were also engaged in animal husbandry. The animal inventory of the “typical” peasant household included one or two oxen used mainly as draught animals, a few cows, sheep or goats, pigs (in the case of Christian farmers) and chickens. These animals were often kept in the barns attached to the house and the livestock was raised in the communal pasture lands and the woods surrounding the villages. The peasants consumed the milk, butter, cheese, skins and wool obtained from these animals and also marketed some of their produce for extra cash income.¹⁰⁷

The peasants relied on traditional technology and techniques of production. The farm implements were simple but practical, easy to maintain and cheap to replace. Production methods were conventional. Crop rotation was rarely practiced and lands were left for fallow every second year round. Irrigated agriculture was largely limited, and the farmers depended mainly on annual rainfall for the realisation of their crops. The use of fertilisers remained limited to the application of animal pest during the fallow season.¹⁰⁸

The family unit provided the main source of labour power in these small peasant farms. Men and women worked the fields and the garden plots collectively, taking responsibility for different tasks. Able-bodied men cultivated the fields, while women and children contributed to the reaping of crops. Women also undertook housework, attended to farm animals, spun yarn, and wove cloth, carpets, rugs and blankets for household consumption. The younger men, and sometimes the younger women, took up seasonal employment on a regular basis. Men either worked in urban construction industries or in *çiftlik*s as farm hands during the peak harvest season. Women took up seasonal employment in tobacco processing and silk reeling industries and sometimes

dönüms. See T. Güran, *19. Yüzyıl Osmanlı Tarımı Üzerine Araştırmalar* [Research on Nineteenth Century Ottoman Agriculture] (İstanbul: Eren Yayıncılık, 1998), 82.

¹⁰⁶ *P.P.A.P.*, 1870, V. 27: 304.

¹⁰⁷ *P.P.A.P.*, 1870, V. 27: 305.

worked as domestic servants in urban areas.¹⁰⁹ Recourse to seasonal employment was more common amongst highland villagers and peasants in possession of very small holdings. Such practices probably remained relatively limited in cash crop producing lowland districts, where the demand for labour power was relatively high due to the labour-intensive nature of cash crop production.

Small peasant proprietors did occasionally hire farm hands to ease the burden of the family members during the harvest season. The employers provided food and shelter for the agricultural workers, and the wages were normally paid in cash at the going market rate. Such arrangements took place mainly in years when harvests were particularly bountiful. Abrupt changes in the size of the family unit triggered by untimely deaths, departure of able bodied men for military service, and marriages might have also prompted peasant proprietors to hire wage labourers on a seasonal basis. Yet, contemporary sources suggest that such arrangements remained relatively limited and the family unit normally served as the main source of labour power in small peasant farms.¹¹⁰

The quest for alternative sources of labour power was more apparent in larger peasant holdings that could not be cultivated entirely by a single family. Relatively well off peasant proprietors in possession of larger holdings, say over 50 *dönüms*, usually rented parts of their property to less fortunate peasant families residing in the same village. The latter either held very small holdings or had become entirely dispossessed for whatever reason.¹¹¹ Recruitment of sharecroppers from outside the village community was rare because of the tightness of rural labour markets, where the *çiftlik* owners keenly competed to recruit as many labourers as possible to be employed in their estates (see below). It is not possible to determine how widespread these small-scale tenancy arrangements were, due to lack of conclusive evidence.

The peasant proprietors were subject to a number of fiscal dues and obligations. The most important of the taxes paid by peasant proprietors were the tithe (*aşar*) and the

¹⁰⁸ Also see Chapter 3 for a detailed discussion of the technological base of Ottoman agriculture during the late nineteenth century.

¹⁰⁹ See Chapter 5.

¹¹⁰ See *P.P.A.P.*, 1870, V. 27: 303-305. Also see Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*.

¹¹¹ Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*.

animal taxes (*ağnam* and *canavar resmi*). They also paid a number of fixed taxes, which included the road tax (*yol vergisi*), paid either in cash or in labour-services, and a property tax (*vergi*). In addition, Muslim men were obliged to serve in the army. Christian subjects were exempt from military service, but they had to pay a military exemption tax (*cizye/bedelat-ı askeriye*).¹¹² Some proprietors also paid certain irregular dues to rural guards and sometimes to armed bands and other local bandits for “protection”, particularly in the highlands where banditry was more common.¹¹³ After the payment of these taxes and dues, the peasants retained all the income accruing from the marketing of their produce and from earnings acquired through by-employment and seasonal work.

Overall, the peasant household economy stood on a tenuous balance between the security of self-sufficient production, the risks incurred from exposure to market processes, the real burden of fiscal obligations and, last but not least, the natural and climatic conditions to which they were exposed. The size and value of the marketable surplus and the demand for the goods and services provided by the family units were important determinants of the cash earnings that accrued to the family unit. Unfavourable market trends and the lack of demand for the goods and services provided by the family could seriously upset the cash flows. Also, dislocating shocks of harvest failures, the untimely death of able-bodied men and women, absence during military service and, perhaps more importantly, the death of draught animals could upset seriously the precarious balance of the household economy. In fact, such distressing shocks constituted the weakest link in the broader organisation of the peasant economy and could shake its foundations, namely labour power, draught-power and harvests. The difficulty of meeting financial obligations, particularly the payment of taxes and dues collected in cash, could be very distressing for the peasant farmers. Yet, under favourable economic conjunctures and benign climatic conditions, the peasants could enjoy relative prosperity and security of subsistence.

¹¹² Shaw, “The Nineteenth-Century Ottoman Tax Reforms”; A. Vefik, *Tekâlif Kavaidi* (Rules of Taxation), V. 2, (Dersaadet (İstanbul): Kanaat Matbaası, 1911).

¹¹³ Consider the following cynical comment of the British vice-consul residing in Manastir concerning the security services provided by the bands.

“In some instances these small bands have raised money from the villages upon the promise to defend them from raids of other bands, thus setting themselves up as a sort of ‘Life and Property

2.2.3. The Çiftlik Economy

The organisation of *çiftlik* agriculture had certain built-in strengths and weaknesses. Most *çiftlik*s in the region were owned by local Muslim notables (*eşraf*), influential government officials, prominent Christian and Jewish moneylenders and merchants.¹¹⁴ Landowners typically resided in towns and either left the administration of the *çiftlik*s to trusted bailiffs or sublet them to intermediaries in return for an annual rent.

The *çiftlik*s were heavily dependent on labour power.¹¹⁵ The most common form of labour procurement in the *çiftlik*s was sharecropping. Three forms of sharecropping prevailed in the region, namely *ortakçılık*, *kesmecilik* and the recruitment of agricultural workers (*ter-oğlans*) on a yearly basis. In the first instance, the landlord provided the tenant (*ortakçı*) and his family with land, a cottage for shelter, a stable for the livestock and a store room for the fodder. The landlord also supplied the seeds for sowing. In return, the tenant farmer provided the labour power, the farm tools and the draft animals. The produce was divided *equally* between the landlord and the tenant, after the deduction of the tithe and the seed share necessary for next year's sowing. The straw was usually kept by the tenants, but some close-fisted landlords chose to retain their share of the straw. The tenants were also responsible for conveying the landlord's share of the crop to his grain store, which usually was located in the town where he normally resided. In addition, the tenants provided the landlord with extra labour services. These services included carting firewood from the hills, helping the landlord harvest the crops in the fields spared for his subsistence needs and the maintenance and operation of the mill usually owned by the landlord. The labour dues could reach up to a few hours every week or about ten days a year. The tenants were not paid for this extra labour, but the landlord often gave them small garden plots, about 2-3 *dönüms* in size, for which they did not have to pay any rent. Landlords also allowed the tenants to graze their livestock over estate pastures and to use the woods within to the estate. Aside from their obligations to the *çiftlik* owner, the tenants were also responsible for paying the same taxes and fiscal dues claimed from independent peasant proprietors, except for the

Insurance Company'. They are not only higher in their charges for insurance, but even more cheeky and energetic than the typical insurance agent" (PRO, F.O. 195/1553, 14.4.1886, Groschen to Blunt).

¹¹⁴ Adanır "The Macedonian Question"; McGowan, *Economic Life in Ottoman Empire*.

¹¹⁵ The following discussion of different forms of tenancy prevailing in the estates is based on the following sources: P.P.A.P., 1870, V. 27: 304; H. N. Brailsford, *Macedonia, Its Races and Their*

property tax (*vergi*), which was paid by the landlord. *Ortakçılık* constituted the most common form of sharecropping in the region during the period under consideration.

The second form of sharecropping was *kesmecilik*, which was quite similar to *ortakçılık*. The main difference between the two practices was that the *kesmeci* tenant stipulated a fixed quantity of the crop, irrespective of the actual yield. The amount of the fixed payment was agreed upon between the landlord and the *kesmeci*. The landlords rarely preferred this form of tenancy agreement. Although bountiful harvests could be advantageous for the landlord, bad harvest years were particularly detrimental and could, at times, compel the landlord to pay the tenants more than the yield of that year's harvest. Besides, many landlords found out many *kesmeci* tenants had little incentive to work hard in order to improve the quality and quantity of the harvest.

Finally, the landlords employed a third group of sharecroppers (*ter-oğlans*) in their estates. The *ter-oğlans* were often recruited from the lowest strata of the rural populace and typically included dispossessed peasants who, unlike the *ortakçıs* or *yarıcıs*, had neither the oxen nor the farm implements they could bring into the partnership. The *ter-oğlans* were often employed on an annual basis and received a combination of in-kind and cash payments in return for their services. The landlords also provided basic shelter, farm implements, draught animals and seeds.¹¹⁶

Under all these sharecropping practices, the tenancy agreements were verbal, although there is evidence to suggest that they became increasingly formalised towards the end of the century.¹¹⁷ The tenancy agreements were normally renewed on a yearly

Future, (London, 1906); Draganof, *Macedonia and Reforms*; Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*, Adanır, "The Macedonian Question"; Baker, *Turkey*.

¹¹⁶ According to the report of the British consul Calvert to Manastır, the *ter oğlans* were employed under arrangements that varied considerably from one place to the other within the province. For instance, in one district, the *ter oğlans* were paid 68.5-77.5 bushels of Indian corn and rye in equal proportions, and about 16s in cash for the entire year in the late 1860s. In another district, they only received 73 bushels of wheat. In a third district they got 45.5 bushels of rye, barley and millet mixed, 33.5 lbs. of salt, 140 lbs. of leek and cabbages, half a raw ox-hide to make footwear for the family and cash wages that varied from 9s to 13s 6d (*P.P.A.P.*, 1870, V. 27: 304; also see Pamuk (1994: 203)). James Baker, a British officer who held an estate near Salonica during the late 1870s, mentions similar forms of payment, which included £10 and extra allowances of grain and food amounting to £8 annually. Plus, the *ter oğlan* and his family were given shelter. In another instance, the payment included two bushels of wheat, barley and rye each, plus a 15% share of the crop after the deduction of the seed share and the tithe (Baker, *Turkey*, 400). Three decades later, the earnings of the *ter oğlans* were still quite modest. According to Draganof, they received fixed annual wages that amounted to 80 to 100 bushels of grain (corn, rye and maize mixed), 18s to 20s of cash, 5 to 8 pints of petroleum and 10 okes (1,300 grs.) of haricots.

¹¹⁷ For a sample of a written tenancy agreement, see Draganof, *Macedonia and Reforms*, 45-46.

basis, although some arrangements could extend up to three to six years. At the end of each term, usually in early March, a new agreement would be reached between the tenant and the landlord. Each party was entitled to terminate the agreement unilaterally at the end of the season. In that case, the tenants would leave the estate and the landlord would employ new sharecroppers for the following year. However, if the tenants were indebted to the landlord, they could not terminate the tenancy agreement until they fully paid their debt. Most tenants were indebted heavily to the landlords, who willingly extend credits at times of economic distress (due to crop failures, death of draught animals and the like). Many peasant farmers often failed to pay their outstanding debt to the landlords. Therefore, they could not terminate the tenancy agreements and ended up working on the estates for extended periods of time, sometimes indefinitely. Indebtedness stands out as the main reason behind perpetual tenancy agreements.¹¹⁸

The landlords also employed seasonal wage labourers during peak harvest time. These seasonal workers, both men and women, were often recruited from amongst peasants coming from highlands in quest of extra cash earnings.¹¹⁹ The landlords normally hired these workers to assist the sharecropping tenants during harvest time.¹²⁰ Thus, sharecropping supported by seasonal wage-labour constituted the broad framework for the organisation of the labour process in *çiftlik*s.

The organisation of the production process in the *çiftlik*s was quite similar to that of the small peasant holdings. The tenant farmers mainly used the same technology and methods of production to cultivate the land and harvest the crops. However, the introduction of new labour saving technology, such as light iron ploughs, mechanised sieves and reapers, was relatively more common in the *çiftlik*s. Especially from the early 1900s onwards, the introduction of new technology proceeded much faster on *çiftlik*s, owing mainly to growing labour shortages and the improvements in the technical and logistic facilities that were imperative for the effective introduction and diffusion of imported technologies.¹²¹

¹¹⁸ Draganof, *Macedonia and Reforms*, 45-46.

¹¹⁹ Palairat, *The Balkan Economies*, 342.

¹²⁰ Also see N. P. Mouzelis, *Modern Greece, Facets of Underdevelopment*, (London: MacMillan, 1978), 6.

¹²¹ See Chapter 3.

The *çiftlik*s normally specialised in labour-saving agricultural produce. The scarcity of labour in the region probably encouraged landlords to concentrate on cereal production and especially on animal husbandry, which required relatively little labour input. The income generated through the marketing of the annual surplus produce probably constituted an important portion of the landlord's earnings accruing from the *çiftlik*. However, many landlords occasionally leased out the grazing grounds of the *çiftlik* and the fields left for fallow as winter pastures to flock-masters coming down from the highlands. Some landlords also invested considerably in animal husbandry and owned flocks of their own and kept these animals on their estates the year round. The meat and produce of these animals, namely dairy products, skins and wool, were marketed in the rapidly growing urban areas and brought considerable earnings to *çiftlik* owners.

Labor dependency constituted the weakest point of the *çiftlik* economy. Dependency on labour power meant that the *çiftlik* economy remained highly exposed to the transformations taking place in regional labour markets. As we shall see, the labour market constraint put *çiftlik* owners into a very difficult situation and compelled some of them to liquidate their estates and others to specialise in animal husbandry, particularly after the turn of the century.

3. Dynamics of Commercialisation, Rural Displacement and the Logic of Rent Seeking

3.1. Property Rights and Peasant Proprietors

Small peasant proprietors benefited from the consolidation of property rights. The inviolability and the exclusiveness of property rights and security of tenure provided by law underscored, *ceteris paribus*, the market responsiveness of small peasant farmers and contributed to the rapid growth of commercial agriculture in the region in important ways throughout the Hamidian era. During the late 1890s and the early 1900s, the growth of cash crop production in leading centres of commercial agriculture must be structurally associated with the consolidation of property rights and the security of tenure and property that was provided by the legal and institutional framework discussed above. It is doubtful that the cultivators would have otherwise responded to emergent market incentives with such vitality, because small peasant

proprietorship was still predominant in the region and this vulnerable segment of the agrarian society would feel reluctant to alter their means of livelihood without sufficient institutional and legal assurances.

The liberalisation of collaterals and mortgages had important implications for the small peasant proprietors. On the one hand, this development enabled them to access credit markets on relatively easy terms. Although the peasants' capacity to access public credit markets was circumscribed by the predominance of landlords and cumbersome application procedures, many farmers nevertheless received bank credits.¹²² This situation enabled some small peasant proprietors to escape the extortion of usurers. Therefore, in a broad sense, the liberalisation of collaterals and mortgages contributed to the stability of the peasant household economy and assured its predominance in the region at large during the period under consideration.

On the other hand, however, the liberalisation of collaterals and mortgages also increased the risks of dispossession for the small peasant proprietors. Indeed, many farmers were unable to pay their debt and eventually lost their property under distressing economic conditions and a growing cycle of indebtedness. Even farmers who had managed to receive credits from the Agricultural Bank could fail to fulfil their financial obligations and subsequently face sequestrations. Such processes of rural displacement can be observed best from the back page of the local daily, *Asır*, where land transactions taking place in the province were reported regularly. Among these pages, one comes across countless examples of the dispossession and sequestration of property following the debtors' failure to meet financial obligations towards private parties or the Agricultural Bank. Likewise, the Council of State (*Şurayı Devlet*) documents in Istanbul archives contain hundreds of cases about farmers who failed to pay their debt to the bank and lost their property.

A number of factors and processes seem to have pushed peasant proprietors into indebtedness and subsequent dispossession during the period under consideration. The fiscal dues and fees collected from the rural population put peasant families under constant economic strain and often forced them into indebtedness under adverse economic conditions. In fact, contemporary sources often cite the (growing) fiscal

¹²² See Chapter 3.

burden of the peasantry as an important, if not the primary reason, for indebtedness and dispossession.¹²³

Two factors appear to have increased the fiscal burden of the peasantry. First, the rise in the tithe rate by 20% in 1894 and by another 0.6% in 1900 increased considerably the real tax-burden of the rural population. The rise in the tithe rate reduced the cash income accruing to peasant families. Under the circumstances, families found it more difficult to disburse such fiscal dues as animal taxes, the road tax, property tax and the military exemption tax, which were to be paid in cash. Normally, peasant families could have made up for the loss of (cash) income by taking up by-employment or seasonal work or by switching to the production of more lucrative crops. In fact, many peasants did take up by-employment and seasonal jobs in rural and urban areas during this period.¹²⁴ Likewise, many took up the production of more lucrative cash crops during this period. However, the crop failures that afflicted the countryside in the post-1895 period rendered the tax burden intolerable for small peasant proprietors. The periods of 1897-1902 and 1906-1910 were unusually poor harvest years for cereal producers. 1897-1898 and 1902-1904 were bad years for cotton producers; the opium and poppy yields of 1905 and 1909 were either poor or below average, and 1903-1904 and 1907-1911 were unusually disappointing for sesame producers. Despite the successful crisis management schemes put into effect by the Ottoman government, such persistent crop failures reduced the income of small peasant proprietors quite substantially and put them under considerable financial strain. Many farmers borrowed money from local usurers, as well as the Agricultural Bank in order to meet their fiscal obligations and other expenses. Apparently, such credit arrangements frequently ended in the sequestration of property and eventual dispossession.

In some instances, the dispossessed peasants simply could not break through the predicament of indebtedness, and they became tenants on lands they once owned. The clearest manifestation of this process was the emergence of “mixed villages”, where some fields were cultivated by peasant farmers and others were tilled by the tenants of one landlord or another.¹²⁵ Clearly, the increasing commodification of land set the

¹²³ For complaints concerning the rising tax burden of rural populace see PRO, *F.O.* 94/17, 26.11.1892, Shipley to Blunt.

¹²⁴ See Chapter 5 for a discussion of by-employment in silk reeling and woolen textile industry.

¹²⁵ According to Draganof in the village of Novo-Selo located in the neighbouring province of Kosova, 300 *dönüms* of arable land were owned by ten peasant households and the remaining 400

institutional background for dispossession and the spread of such petty tenancy relations in the region during the period under consideration, particularly towards the end of the Hamidian era.

Other dispossessed peasants, who could somehow break away from the fetters of indebtedness and financial dependency, left the countryside and migrated either to urban areas or abroad. A number of push and pull factors underlined these processes of migration and emigration.

Extortions of tax farmers were another source of constant distress for the peasant farmers. Despite repeated attempts by the Ottoman government to impose tighter controls on tax farming, the power of the tax farmer largely went unchecked during the period under consideration. The abuses and extortions of tax farmers were incisive. Through fraudulent practices and outright coercion, tax farmers could collect considerably higher fiscal dues than the official tax rates. For instance, tax farmers often overestimated the value and/or amount of the annual harvest in order to extract as much surplus as possible from the taxpayers.¹²⁶ Also, tax farmers refrained from making bids forward before the realisation of the summer crops so as to secure a handsome margin of profit and to avoid the adverse effects of probable crop failures. This meant that the tax-farm auctions would take place only in August. Until then, the crops had to lie harvested in the fields, waiting for a tax farmer to arrive on the scene to collect the due tithe. Often, crops were left in the open, exposed to adverse weather conditions, attacks of animals, and theft.¹²⁷ This situation not only undermined the producers' bargaining power *vis à vis* the tax farmers, but it also reduced overall productivity and led to revenue losses for both the farmers and the government alike. Sometimes, the frustrated farmers harvested and marketed the crops before the arrival of the tax farmer. However,

dönüms were owned by one landlord (Draganof, *Macedonia and Reforms*, 39). In the village of Isnefça, in Kosova, most of the land was owned by 30 Muslim families, but some fields were cultivated by tenants under sharecropping arrangements (PRO, F.O. 195/2453, 14.5.1913, Memorandum on the case of the village of Isnefça in the *nahiye* of Rayanovo of the district of Kilkış, by Consul General Lamb). Likewise, in the central district of Üsküp, in 55 of 146 villages surveyed by the local authorities the land was cultivated both by small peasant proprietors and sharecroppers (PRO, FO 195/2232, 29.1.1906, Satow to Graves).

¹²⁶ For instance, many tax farmers tended to overestimate the value of certain crops, such as grapes and fruits, the tithes of which were paid in cash rather than in kind. In instances where the tithes were claimed in kind, such as cereals, the tax farmers often tried to overstate the amount of the crop in question. For extortions and fraudulent activities of tax farmers, see, PRO, FO 195/1362, Extract from a letter from Mr. Consul General Blunt's correspondent at Serres on August 23, 1881; PRO, F.O. 94/17, 26.11.1892, Shipley to Blunt; BA, TFR.1.SL., 16/1537-1, 12.Ca.1321 (6.8.1903).

they were often caught upon the complaint of the irritated tax farmer and subsequently faced serious charges of tax evasion. The local courts appear to have systematically ruled against the tax evaders and sentenced them to pay the due amount as well as a substantial fine in order to discourage the farmers from resorting to similar action in the future and to set an “example” for the neighbouring villages.¹²⁸ At any rate, the detrimental effects of the practice of tax farming, in general, and extortions of tax farmers, in particular, stand out as important factors that put peasant farmers under economic distress.

The local authorities made repeated attempts to improve the methods of tithe collection throughout the Hamidian era. In the early 1880s, the authorities abolished the practice of tax farming and appointed officers to collect the due taxes.¹²⁹ These early efforts yielded little success. The appointed tax collectors faced insurmountable difficulties. First, the number of appointed officers was not sufficient for the prompt collection of the tithes in the province. This led to serious delays in the collection of the tithes and gave way to tax evasion and loss of revenue.¹³⁰ Secondly, the officers were unable to market the in-kind tithe payments at favourable prices. The difficulty of finding purchasers in the regional markets that were dominated by prominent notables, landlords, merchants and usurers, who also had a substantial stake in tax farming, proved particularly prohibitive and led to grave revenue losses for the local government.¹³¹ The inadequacy of storage facilities and roads further exacerbated the problems faced by the officials.¹³² Finally, some opportunistic government officials abused their authority for personal gain. Some accepted bribes and turned a blind eye to those who evaded taxation. Others confiscated the produce in storehouses and some simply played with accounts to embezzle public revenue. After four years of this desperate trial, the authorities once again reverted to the practice of tax farming.

¹²⁷ For complaints regarding this issue, see PRO, *F.O.* 195/1484, Report on the Trade of Monastr for 1883; *Asir*, 30.Ra.1320 (7.7.1902), N. 695: 2; *Asir*, 2.R.1321 (29.6.1903), N. 795: 2.

¹²⁸ See BA, *ŞD-Selanik*, 2004/18, 28.S.1289 (6.5.1872).

¹²⁹ PRO, *F.O.* 195/1362, Extract from a letter from Mr. Consul General Blunt's correspondent at Serres dated August 23, 1881.

¹³⁰ PRO, *F.O.* 195/1362, Extract from a letter from Mr. Consul General Blunt's correspondent at Serres dated August 23, 1881.

¹³¹ PRO, *F.O.* 195/1362, 7.9.1881, Blunt to Granville; *D.T.O.G.*, 20.Za.1302 (31.8.1885), N. 201: 1; BA, *M.V.* 6/97, 30.Ra.1303 (6.1.1886).

¹³² BA, *M.V.* 6/97, 30.Ra.1303 (6.1.1886).

During the late 1880s and the 1890s, the local authorities tried to impose tighter controls on tax farmers, and took measures that would help improve the efficiency of tax collection in general. Attempts were made to improve the competitiveness of tax farming auctions and to assure the fairness of the bids made by potential tax farmers. Also, certain administrative and bureaucratic measures were taken to impose tighter control on government officials in charge of tax farming auctions, in particular, and the collection of taxes, in general. In addition, efforts were made to secure the prompt payment of revenues by the tax farmers.¹³³ Although abuse of authority, extortions and other fraudulent practices could be seen during this later period as well,¹³⁴ the efforts yielded some success, particularly towards the turn of the century. The authorities managed to enhance the competitiveness of auctions and to receive better prices for the tax-farms, especially in the late 1890s and the early 1900s.¹³⁵ Thus, the government's efforts helped consolidate state finances and bring some degree of order to fiscal processes during the late Hamidian period. However, the local authorities could do little to interfere in the *redistributional* relationship between the tax farmer and the taxpayer, which enabled the tax farmers to continue to exploit the cultivators.

The government was able to take more systematic measures that aimed at circumscribing the exploitative power of the tax farmers only after the turn of the century. In connection with the broader reorganisation of the administration of the Macedonian provinces, the central government again attempted to establish a more direct fiscal relationship with the taxpayer. This time the government did not attempt to collect the tithes directly from the taxpayers. Rather, it tried to introduce alternative methods that would give priority to villagers in tax farming auctions. Thus, ideally, the tax farmer could be eliminated and the taxes could be collected in cash in a way mutually beneficial to both the government and the taxpayer. However, some prominent

¹³³ See BA, *M.V.* 66/39, 19.Z.1307 (26.7.1891); PRO, *F.O.* 195/2111, 2.1.1901, Ditzmourice to Burseu. Also, see the report presented to the vilayet by the governor of Nevrekop, Salih Vasfi Efendi, for the measures to be taken to improve the collection of tithes and to increase the fairness of tax-farm auctions (BA, *ŞD-Selanik*, 2028/17, 30.Ra.1316 (18.8.1898)). Also see Vefik, *Tekâlif Kavaidi* for a detailed discussion of the changes in the regulations governing the tithe farm auctions.

¹³⁴ For an example of corrupt practices of government officers dealing with tax-farm auctions see the case involving the governor of Tikveş, who was accused of threatening certain bidders so as to help a number of prominent notables to dominate the auctions and to acquire the tax-farms at exorbitantly low prices. The governor probably took a handsome commission in return for his services. The investigations failed to prove the involvement of the governor in such practices, yet he was taken from his duty in Tikveş and reappointed to a distant post (BA, *ŞD-Selanik*, 2034/4, 8.M.1317 (18.5.1899)). Also, see the case involving the manager of the public warehouse (*ambar emini*) of Kalkandelen, who sold the crops in store for personal gain (BA, *ŞD-Selanik*, 2041/6, 8.L.1304 (30.6.1887)).

¹³⁵ PRO, *F.O.* 195/2111, 2.1.1901, Ditzmourice to Burseu.

landlords, who had a substantial interest in tax farming, responded swiftly against this decision and put considerable pressure on peasant villages to withdraw from the auctions.¹³⁶ Soon, it became apparent that it would indeed be very difficult to by-pass the prominent landlords cum established tax farmers, as long as the practice of tax farming itself remained in effect. In response, the local authorities attempted to introduce a fixed land tax that would replace the proportional tithe. The scheme was initiated first in thirty selected villages of the neighbouring province of Kosova in 1904. The local authorities sent out officials to these villages in order to determine, together with the local village councils and agricultural inspectors, the productivity and the average annual yield of the land in the possession of each household. Thus, the contribution of each household to the total fiscal burden of the entire village commune was determined. After this point, the authorities took the average annual value of the tithe returns accruing from the tax-farm auctions of the previous five years and determined the annual tax burden of the village commune according to this average.¹³⁷ Each year, the appointed officers would make the necessary adjustments and register the changes in the composition and the amount of the produce in each village so as to prevent over or under taxation in subsequent years.¹³⁸

The scheme was successful and satisfied both the villagers and the authorities alike. The villagers paid their taxes promptly and almost no payments were left in arrears. Encouraged by the success of the scheme, the authorities extended it further to include the respective central districts (*kazas*) of the Provinces of Manastir and Selanik the following year. Government officials carried out similar surveys in designated villages and set the fiscal liability of each village household.¹³⁹ Again the scheme proved a success and the villagers paid the due taxes promptly without leaving much in arrears.¹⁴⁰ However, the resistance of landlords and other prominent individuals undermined the expansion of the scheme to other districts in the province.¹⁴¹ In most districts of the province of Selanik, tax farming remained in effect until the end of the period under consideration.

¹³⁶ See BA, *M.V.* 106/70, 11.S.1321 (9.5.1903).

¹³⁷ PRO, *F.O.* 294/37, 25.2.1905, Monahan to Townley; *Asir*, 25.S.1323 (1.5.1905), N. 977: 2.

¹³⁸ *Asir*, 24.C.1323 (24.8.1905), N. 1003: 2; *Asir*, 5.B.1323 (4.9.1905), N. 1006: 2.

¹³⁹ *Asir*, 4.Z.1322 (6.2.1905), N. 954: 2.

¹⁴⁰ *Asir*, 18.N.1323 (16.11.1905), N. 1027: 2.

¹⁴¹ For the resistance of landlords to the new scheme see PRO, *F.O.* 195/2232, 29.1.1906, Satow to Graves; PRO, *F.O.* 294/38, 8.4.1906, Monahan to Blunt; PRO, *F.O.* 195/2232, 8.4.1906, Monahan to O'Connor.

Another important push factor that enticed peasants to migrate was the deteriorating political circumstances in the countryside, especially after the turn of the century. Mounting ethnic conflicts and the tension between armed Greek and Bulgarian bands, on the one hand, and the Ottoman security forces, on the other, posed a threat to the lives and property of peasant proprietors. Under the circumstances, many families left rural areas and sought refuge in the relative security of the proliferating urban areas. The relative lightness of urban taxes, which included a low revenue (*temettü*) tax on businesses and the usual property (*emlak*) taxes, was probably another important factor that encouraged farmers to migrate to urban areas. Others left the region for Greece and Bulgaria and started new lives as agriculturalists or urban workers. Thousands more emigrated to the United States in pursuit of new opportunities and handsome remittances.¹⁴²

Overall, the consolidation of property rights and the liberalisation of land transactions had far reaching, if contradictory, consequences for the peasant household economy and the agricultural sector. On the one hand, the consolidation of property rights and the liberalisation of land transactions worked well with the moment of commercialisation and the ongoing process of integration with the world capitalist economy. These legal measures helped create the appropriate incentive structure that encouraged proprietors to respond to market signals with vitality and facilitated the proprietors' access to financial markets. On the other hand, the same legal process exposed peasants to market risks more directly and set the institutional background to their dispossession under unfavourable economic, fiscal and political conditions. Rural displacement had far reaching consequences. First, it underscored the persistence and spread of exploitative tenancy relations in the region. Secondly, displacement underlined the depopulation of rural areas, which ultimately brought the agrarian economy of Selanik to a halt and furthered its steady contraction from the early 1900s onwards. The very same process set the institutional background to processes of urbanisation and thus put its imprint on the ongoing modernisation process.

3.2. Property Rights and the Crisis of the *Çiftlik* Economy

The consolidation of property rights and the increasing commodification of land had important implications for the estate owners as well. First, the new legal and institutional framework bestowed considerable power on the landlords and enabled them to appropriate the economic surplus generated within the *çiftlik* economy on quite favourable terms, as indicated by the specific tenancy agreements discussed above. *Ortakçılık* constituted the most secure form of surplus appropriation for the estate owners. The practice not only guaranteed the proprietor the 50.0% share of the *çiftlik*'s annual produce, but it also provided him the necessary labour supply. In addition, the rent accruing from the lease of fallow lands and meadows as winter pastures provided an extra source of income for the *çiftlik* owners. The new laws secured the economic advantages of the landlords. The law recognised the inviolability and exclusiveness of their ownership rights. The judiciary and the security forces enforced these rights. Thus, the legal and administrative reforms further empowered the landlords. Under the circumstances, the *çiftlik*s emerged as the ideal rent yielding property, provided that the *çiftlik* owners were able to recruit the labour power they needed in their estates.

As we have seen, the indebtedness of tenant farmers served as an important, if not the primary, means of labour procurement in the *çiftlik*s. From the viewpoint of the landlord, the indebtedness of tenants was particularly advantageous, for it largely moderated the difficulty of recruiting agricultural workers in an economic setting where labour power constituted the scarce factor of production (see below). However, the debt bondage did not necessarily imply that the landlord had the capacity to squeeze the last farthing out of his tenants. Labour relations that prevailed in most *çiftlik*s were often quite balanced. Contemporary sources describe the relationship between the landlords and the tenants as “friendly” and based on “mutual interest”. The landlords were often careful not to upset the tenants, especially the *ortakçıs* and the *kesmecis*, who, constituted the cream of rural workers in the region because they brought into the partnership their draught animals and farm implements. Acute labour scarcity and the keen competition among landlords for sharecroppers and other agricultural workers evidently played a significant role in securing the general well being of the tenants. Thus, the tenants were able to use the gardens and grazing grounds of the *çiftlik*, which, as we have seen, provided the tenants with an important source of livelihood and

¹⁴² Gounaris, “Emigration from Macedonia”:

subsistence. The *çiftlik* owners also helped the tenants at times of need. The landlords provided seeds and allowances to the tenants at times of crop failures, so as to secure the continuation of agricultural production in their estates. Under the circumstances, the tenants often behaved dutifully and worked to the best of their ability. As we shall see, adverse political and economic circumstances began to disrupt these “friendly” relations. The bitter disputes that arose between some landlords and their tenants brought the *çiftlik* economy to a halt from the early 1900s onwards. However, the landlords could control the labour process in their estates and appropriate the surplus without prohibitive problems and on quite favourable terms during the 1880s and the 1890s. In this regard, the landlords clearly benefited from the legal empowerment provided by their ownership status and the institutional reforms that uphold this status. This empowerment and the landlords’ capacity to expropriate an economic surplus largely explain the strong desire to amass landed property, particularly in the relatively densely populated, commercially developed and rail-connected parts of the region.¹⁴³

During the entire period, the real problem for the landlords was to recruit seasonal workers to assist the sharecroppers during peak harvest time. Selanik had an extremely low population density. The overall surface of the province was around 36,700 square kilometres.¹⁴⁴ This suggests that the population density of the region never really exceeded 33 people per square kilometre during the period under consideration. According to Palairret’s figures, this figure was well below that of many comparable Balkan economies at the time. For instance, the population density of Serbia was 60.5 person per square kilometres in 1910, while the same figure was 49.6 for Dalmatia, 45.6 for Bulgaria, 41.8 for Greece and 37.1 for Bosnia. The population density of Selanik exceeded only that of Montenegro, which had only 24.6 residents per square kilometre. Clearly, labour scarcity remained a serious structural problem for *çiftlik* owners, regardless of the changes taking place in the level and composition of regional population.

Emigration and urban migration intensified the problem of labour scarcity in rural areas and the pressure on estate owners. For example, in the aftermath of the cessation of Thessaly to Greece in 1885, mass emigration from the region gave way to

¹⁴³ Baker, *Turkey*, 399-412.

¹⁴⁴ V. Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Şartları Hakkında bir Tetkik*, [Research on the Economic Conditions of the Ottoman Empire] (Ankara: Türk Tarih Kurumu Basımevi, 1994), 17.

acute scarcity of labour in the countryside and compelled many estate owners to experiment with labour saving technology in their estates.¹⁴⁵ However, labour scarcity intensified considerably after the turn of the century. The rapid growth of urban economies, the boom in the tobacco trade, and the intensification of political turmoil in the entire Macedonian countryside had serious dislocating effects for the *çiftlik* economy.

First, rural depopulation caused by urban migration and emigration proved particularly distressing for the *çiftlik* owners. As the agricultural workers coming from the highlands and other regions increasingly sought their fortunes in the growing urban areas and abroad, the supply of labour that could be employed readily in the estates on a seasonal basis contracted quite notably.

Second, the growing attraction of cash crop production brought about certain dislocations in regional labour markets. More specifically, the spread of tobacco production in highland districts encouraged many agricultural workers to stay in their villages in order to contribute to the production of this highly labour intensive crop within the family unit. As opposed to seeking employment in *çiftliks* as they used to.

The mounting political instability throughout the region seriously upset the relations between the typically Christian tenants and Muslim landlords and rendered the recruitment of labour more problematic for the *çiftlik* owners. In some instances, such as the above mentioned case of Akil Bey, political tensions gave way to the expulsion of tenants from the estates, despite the growing severity of labour shortages. Not surprisingly, some estate owners who faced problems similar to those of Akil Bey switched to land intensive animal husbandry, while others simply chose to liquidate their estates. In short estate ownership became an increasingly problematic endeavour in the Selanik region.

Local peasants bought some or parts of these liquidated estates.¹⁴⁶ It appears that the Ottoman state also showed some interest in these liquidated estates and purchased

¹⁴⁵ See Chapter 3.

¹⁴⁶ See Palairot, *The Balkan Economies*, 343.

them to settle some of the immigrant Muslim families coming from Bulgaria.¹⁴⁷ Strong motives to amass landed property persisted, particularly amongst the burgeoning commercial classes of the region. In some instances, purely speculative motives stirred the acquisition of landed property. Prominent notables, powerful merchants and bankers *cum* moneylenders competed keenly to acquire landed property in anticipation of future profits, particularly in the commercially developed parts of the region and along the railway lines.¹⁴⁸

Other motives, for land acquisition were of a more subtle nature. First, land remained the most tangible guarantee for creditors in local credit markets. Notables, merchants, bankers and usurers dominated local credit markets, and extended credit to peasant farmers and needy landlords, who mortgaged their land or offered it as collateral in return for the money they borrowed. Subsequent failure to pay outstanding financial obligations ultimately gave way to the concentration of landed property in the hands of creditors, although this outcome was not necessarily advantageous for them. A stark example of disadvantageous acquisitions can be seen in the transactions of the Modiyano and Alatini families. During the 1890s and the early 1900s, these families extended credit to petty farmers, needy landlords and other individuals in possession of real property. In addition, both families guaranteed the contracts of some prominent tax farmers in return for collaterals.¹⁴⁹ Most of the capital needed for such transactions was provided by *Banque de Salonique*, which the Modiyanos and the Alatinis controlled together with a consortium of French bankers. In addition, both families borrowed heavily in international capital markets and from other banks operating in the region. Thus, both families incurred heavy debts and placed considerable capital in speculative credit arrangements. This situation eventually led both families to bankruptcy. As land prices started collapsing in the aftermath of the Ottoman Italian War of 1911, the Modiyanos and Alatinis realised that they could not fulfill their outstanding financial obligations. Although the value of the assets (O.L. 700,000) owned by the two families

¹⁴⁷ For the settlement of immigrants into former *çiftlik*s see BA, *M.V.* 140/33, 6.C.1328 (14.6.1910).

¹⁴⁸ For an example of such speculative land transactions, see the case of Tahir Umur Paşa, who purchased an estate belonging to the Civil List in the district of Drama with a view to sell it in parcels to private parties. Tahir Umur Paşa, travelled to Istanbul on numerous occasions and lobbied actively there to secure the sale of the estate to him. Eventually, the Paşa acquired the estate for 700,000 *kuruşes* in total. However, subsequent investigations revealed that the real value of the estate was at least 2,000,000 *kuruşes* (BA, *B.E.O.-Ayniyat*, 668/394). The available documentation does not reveal how the case was finally resolved. However, the document illustrates the speculative motives underlining certain real estate transactions.

were sufficient to meet their liabilities (O.L. 400,000), the realisable value of their assets was much lower. Unable to pay their outstanding financial obligations, the leading members of both families hurriedly left for Paris by early morning train on December 1, 1911, without even declaring a moratorium on their business transactions.¹⁵⁰

Secondly, real estate ownership provided the means necessary to enter into the lucrative business of tax collection. Tax farmers were required to show real estate in their possession as collateral, before they could make a bid to acquire the privileges associated with tax collection. These privileges came with a risk. If a tax farmer failed to pay the agreed-upon sum fully and promptly to the government, the authorities simply sequestered the property shown as collateral and auctioned it to recover the difference in question. Thus, the government saw collateral as a security for the protection of the interests of the public treasury and the prompt payment of the revenues owed by the tax farmers. The authorities followed quite a strict policy in this regard and did not hesitate to sequester and auction the property of the tax farmers who failed to fulfil their obligations. Countless examples of such sequestrations appear in documents related to the Selanik province in the fiscal (*maliye*) section of the Supreme Council of State (*Şurayı Devlet*) documents. The same documents and other sources, however, also indicate that tax farmers found ways of getting around the regulations. For example, many tax farmers acquired virtually useless landed property and showed it as collateral at a value well above its actual market value. In such instances, the tax farmers could easily default on their obligations. The government authorities would then encounter serious difficulties in recovering the revenue thus lost. Often no purchasers could be found, and if the land was ever sold, the returns remained well below the amount owed by the tax farmer.¹⁵¹ Despite repeated attempts to prevent such fraudulent practices by an accurate assessment of the real estate shown as collateral, the problem was not solved entirely and it continued to entail revenue losses for the government. Nevertheless, it is clear that the requirement of real property as collateral against tax-farms allowed only the individuals in possession of landed property to enter auctions and to benefit from the lucrative opportunity of appropriating and marketing the agrarian surplus. This opportunity enhanced the attraction of acquiring landed property.

¹⁴⁹ BA, M.V. 110/24, 18.B.1322 (28.9.1904).

¹⁵⁰ PRO, F.O. 195/2382, 2.12.1911, Lamb to Lowther.

Finally, certain political considerations apparently played an important role in the acquisition of landed property in the region. For instance, the Ottoman government showed some concern over the acquisition of extensive landed property by prominent Bulgarian, Greek and Jewish merchants and moneylenders, whereas it encouraged some Muslim notables to hold onto and expand their landed property regardless of the economic circumstances. Indeed, many Muslim notables continued to buy land in the region, despite the intensifying problem of labour scarcity and procurement.¹⁵²

Thus, considerable capital was tied to unproductive ends. Speculative land transactions tied valuable capital to agricultural pursuits where productivity was low and the labour market constraint was almost prohibitive. Also the attraction of usury practices, especially of tax farming, enticed economic agents to invest considerable sums in land, for the ownership of this primary factor of production was a precondition to access credit markets. More specifically, debtors had to hold land to borrow in private and public markets and creditors had to hold land to become tax farmers. As considerable capital was tied to speculative transactions and usury practices, little capital could be channelled into productive investments. This situation, among other reasons, kept the “developmental” potential of the regional economy at bay during the period under consideration.

Conclusion

Overall, the consolidation of property rights over land emerges as an important dynamic underlying the structural changes in the regional economy. The consolidation of property rights facilitated the processes of commercialisation and the growth of commercial agriculture in the region. Simultaneously, it enhanced the processes of dispossession and rural displacement, which, in turn, culminated in urban migration and emigration amid growing ethnic tensions and rising tax burden. The destructive

¹⁵¹ *Asir*, 13.L.1319 (23.1.1902), N. 652: 1; BA, *TFR.I.SL.*, 13/1271, 27.Ra.1321 (23.6.1319); BA, *M.V.*, 109/83, 26.R.1322 (10.7.1904).

¹⁵² For the government’s concern over the acquisition of landed property by non-Muslims see, BA, *M.V.* 83/107, 22.S.1312 (17.2.1895). Also see Chapter 3 for the financial support to that the government provided the Muslim landlords through the Agricultural Bank.

creativity of modernisation found its clear manifestation in the consolidation of property rights and subsequent processes of urbanisation and commercialisation.

The consolidation of property rights and the restructuring of the taxation processes had serious implications also for the pattern of capital accumulation and investment. First, consolidation of property rights and the associated liberalisation of collaterals and mortgages undergirded the emergence of a fluid land market in the region. This development had important, if contradictory, implications for the transformation of the regional economy during the period under consideration. On the one hand, it facilitated proprietors' access to credit markets, for they could now show their property as collateral against the credits they acquired. Despite all the problems involved in such credit arrangements, these credits contributed to the commercialisation and stability of the agricultural sector in a broadly structural sense. However, the emergence of a fluid land market also exacerbated speculative motives and encouraged many merchants, bankers and landlords to acquire massive amounts of property that yielded relatively little profits in both the short and medium term. This situation not only undermined productive investment, but it also seriously curtailed the broader process of the valorisation of capital.

The taxation process had import dislocating effects on the agrarian economy. Excessive taxation and the extortions of tax farmers put an immense burden on the peasant household economy, and fed the processes of dispossession, urban migration and emigration. Perhaps more importantly, the practice of tax farming itself emerged as an economic domain within which rent-seeking motives were most manifest. The practice of tax farming was possibly the most lucrative means of income generation for those in possession of landed property and for those who had access to or control over financial resources. This situation exacerbated intense speculation over the sale and purchase of real estate and tied usury and mercantile capital into fictitious transactions, which naturally increased the opportunity cost of investing in alternative, higher productivity pursuits in agriculture and manufacturing.

The transformation of the socio-economic domain occupied by property and redistribution had a dual impact on the transformation of the regional economy. Redistribution processes were in line with the broader commercialisation process and helped consolidate the integration of the regional economy with the expanding capitalist

moment in world history. However, the same processes and structures exacerbated rent seeking motives and speculative transactions which seriously curtailed the valorisation of capital and thus undermined the development of primary sectors of the regional economy. Thus, there emerged in Selanik a highly commercialised economy marked by strong dynamics of dispossession, insecurity and exploitation, on the one hand, and the “black hole” of speculative motives and speculative transactions that absorbed the growth and modernisation potential of the regional economy, on the other.

CHAPTER-V

FACETS OF MODERNISATION:

SERVICES, URBAN CONSTRUCTION INDUSTRY AND MANUFACTURING

Introduction

In the previous chapters, I have concentrated mainly on the transformation of the rural economy. I have discussed the impact of world economic forces, the modernisation efforts of the Ottoman government, and property relations on the transformation of the agricultural sector. I have argued that these forces and processes had a combined, dual impact on agriculture. They enhanced commercialisation and contributed, in important ways, to the development and growth of certain sub-sectors of the agrarian economy, namely tobacco, silk and opium production. However, the same processes gave way to serious retardation in other sub-sectors. Enhanced integration with the international markets and the subsequent intensification of overseas competition put considerable pressure on cereal and cotton cultivators and eventually led to serious retardation in these primary sub-sectors of the agrarian economy. Likewise, the organisational and financial weakness of the Ottoman government underlay retardation in agriculture. Although certain financial and organisational measures taken by the Ottoman government contributed to the commercialisation and overall stability of the agricultural sector, these modernisation efforts fell short of generating the desired break-through in the agricultural sector. Pressed hard under complex political, diplomatic and fiscal problems, the Ottoman government ultimately failed to provide sufficient technical, logistic and financial support to local farmers, and it could not provide them with an effective bulwark against the winds of foreign competition in domestic markets. Under the circumstances, the sub-sectors that were not

favoured by the world economy remained seriously retarded. Finally, the relations of property and redistribution that prevailed in the region also contributed this twofold rural structure. The consolidation of property rights and the liberalisation of the land regime combined well with the moment of commercialisation and integration with capitalist world economy. However, certain rigidities inherent in the prevailing systems of land-tenure and the associated mechanisms of surplus appropriation and taxation deepened the retardation process. This complex set of developments generated a strong “push-factor” that led people away from agriculture and set the structural background for rapid emigration from and urbanisation within the region.

In this final chapter, I will discuss the development of the modern urban sector. I will concentrate mainly on the growth and development of the urban service sector, the construction industry, and the manufacturing sector. By concentrating on the development of the urban economy, I also hope to partially fill a persistent gap in the existing literature, a gap that has impaired our vision and understanding of nineteenth century Ottoman economy. Until the mid-1980s, scholars working on Ottoman economic history concentrated mainly on agriculture and paid relatively little attention to the transformation and development of urban sectors. Their focus on agriculture was both justifiable and necessary, since agriculture constituted the most important sector of the Ottoman economy and thus served as the key to understanding the broader trends of the Ottoman economy. There were also good conceptual reasons for concentrating on agriculture at the time. Theories of economic development that were in vogue during the 1960s and 1970s, attributed considerable importance to the agricultural sector and considered it as the primary source of the capital and labour needed to reach the “take-off” stage in modern economic growth.¹ Ottoman economic historians commonly subscribed to this liberal approach at the time and made a considerable effort to study the agricultural sector.² Other sectors went largely under-studied, except a few pioneering studies.³

¹ W. A. Lewis, “Economic Development with Unlimited Supplies of Labour,” *Manchester School of Economic and Social Sciences*, 22, N. 2, (1954); G. Ranis, and G. Fei, “A Theory of Economic Development,” *American Economic Review*, 51, N. 4, (1961); and Rostow W. W. Rostow, *The Stages of Economic Growth*, (Cambridge: Cambridge University Press, 1960). Also see D. Hunt, *Economic Theories of Development: An Analysis of Competing Paradigms*, (New York, London, Toronto, Sydney, Tokyo, Singapore: Harvester Wheatsheaf 1989), for a discussion of the post-war theories of economic development.

² C. Issawi, (ed.) *The Economic History of the Middle East, 1800-1914*, (Chicago and London: Chicago University Press, 1966); C. Issawi, *The Economic History of Turkey*, (Chicago and London: The University of Chicago Press, 1980); V. Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Hakkında bir Tetkik*, [Research on the Economic Conditions of the Ottoman Empire], 1. P. (1970), (Ankara: Türk Tarih

In the mid-late 1980s, the World System Analysis (WSA) redefined the research agenda in Ottoman social and economic history and left a strong imprint that still prevails in the field. The proponents of the WSA concentrated on agriculture, but they also discussed the rapid development of the commercial economy in rich historical detail and paid considerable attention to networks of commodity circulation and credit.⁴ In addition, the WSA paid considerable attention to the transformation of the manufacturing industries throughout the empire⁵ and to the rapid development of towns, especially of port-cities, throughout the Eastern Mediterranean basin.⁶

Despite the contributions of the WSA, our knowledge of urban economic life and the development of urban sectors still remain relatively limited. For instance, there has been little research on the development of the urban service sector, except for a few

Kurumu Basımevi, 1994); Z. Y. Hershlag, *Introduction to the Modern Economic History of the Middle East*, (Leiden: E. J. Brill, 1964); Ö. L. Barkan, *Türkiye’de Toprak Meselesi*, [Land Issues in Turkey], Collected Works, V.1, (İstanbul: Gözlem Yayınları, 1980); D.Avcıoğlu, *Türkiye’nin Düzeni*, [The Order of Turkey], V. 1, (Ankara: Bilgi Yayınevi, 1966); S.Yerasimos, *Az gelişmişlik Sürecinde Türkiye, Tanzimattan 1. Dünya Savaşına* [Turkey in the Process of Underdevelopment, From Tanzimat to the Great War], V. 2, (İstanbul: Gözlem Yayınları, 1975).

³ The exceptions include the works of E. C. Clark, “The Ottoman Industrial Revolution,” *International Journal of Middle East Studies*, 5, (1974): 65-76; G. Baer, “Guilds in the Middle Eastern History,” in Cook (ed.) *Studies in the Economic History of the Middle East*, (London: Oxford University Press, 1970), 11-30; G. Baer, “The Administrative Economic and Social Functions of Turkish Guilds,” *International Journal of Middle East Studies*, 1, (1970): 28-50; Issawi, *The Economic History of Turkey*; C. Issawi, “De-industrialization and Re-industrialization in the Middle East since 1800,” *International Journal of Middle East Studies*, 12, (1980): 469-479; G.Ökçün, *Osmanlı sanayii 1913-1915 İstatistikleri*, [The 1913-1915 Ottoman Industrial Statistics] 1. P. (1970), (İstanbul: Hil yayınları, 1984); L. Erder, “Bursa İpek Sanayiinde Teknolojik Gelişmeler (1835-1865) [Technological Developments in the Silk Industry of Bursa, 1835-1865] (*METU Studies in Development, Special Issue on Turkish Economic History*, 1978), 111-122, and O. Kurmuş, “Some Aspects of Handicrafts and Industrial Production in Ottoman Anatolia, 1800-1915,” *Asian and African Studies*, 15, (1981): 85-101; O. Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, [The Penetration of Imperialism into Turkey], 1. P. (1974), (Ankara: Savaş Yayınları, 1982).

⁴ R. Kasaba, *The Ottoman Empire and the World Economy, The Nineteenth Century*, (New York: State University of New York Press, 1987); R. Kasaba, “Was there a Compradore Bourgeoisie in Mid-Nineteenth-Century Western Anatolia,” *Review*, 11, (1988): 215-288; R. Kasaba, “Open-Door Treaties: China and the Ottoman Empire Compared,” *New Perspectives on Turkey*, 7, (1992): 77-89; L. T. Fawaz, *Merchants and Migrants in Nineteenth Century Beirut*, (Cambridge, MA: Cambridge University Press, 1983); Ş. Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913, Trade, Investment and Production*, (Cambridge: Cambridge University Press, 1987); Ş. Pamuk, “Anatolia and Egypt During the Nineteenth Century: A Comparison of Foreign Trade and Foreign Investment,” *New Perspectives on Turkey*, 7, (1992): 37-55; Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, [Dependency and Growth in the Ottoman Economy] (İstanbul: Tarih Vakfı Yayınları, 1994); E. Kıray, *Osmanlı’da Ekonomik Yapı ve Dış Borçlar*, [Economic Structure and Foreign Debt in the Ottoman Empire] (İstanbul: İletişim, 1993).

⁵ Ş. Pamuk, “Osmanlı Zanaatlerinin Yıkılması,” [The Decline of Ottoman Manufactures] *Toplum ve Bilim*, 23, (1983): 75-99; Pamuk, *The Ottoman Empire*; Pamuk, *Osmanlı Ekonomisinde Bağımlılık*; Kasaba, *The Ottoman Empire*.

studies that focus primarily on Istanbul and to a lesser extent on Izmir and Salonica.⁷ Likewise, the development of the urban construction sector received very little attention from economic historians, except for a few scholars who have undertaken pioneering research on the transformation of urban landscapes and architectural styles in the leading towns of the Empire.⁸ Finally, the economic history of the Ottoman manufacturing industry has yet to be written, building on Quataert's pioneering work, which has enhanced our vision of nineteenth century Ottoman manufactures considerably.⁹

The current chapter is an attempt to begin to fill the gap in our knowledge of urban economies and their development during the late nineteenth and the early twentieth centuries. The chapter relies on a broad range of primary sources and an extensive secondary literature in an effort to provide a comprehensive picture of urban development and economic transformation in the region. In the first section, I discuss the pull-factors underlying urbanisation, namely growing integration into the world economy along with arrival of railways and the rapid growth of commercial agriculture in the region. In the second section, I consider the development of the urban service sector in tandem with the proliferation of commerce and trade. In the third section, I discuss the physical development of the regional towns, with an emphasis on Salonica, which represented the urban experience *par excellence* at the time. Finally, I discuss the development of the manufacturing industries in the region, focusing on the growth of the factory system as well as developments in artisanal manufacturing. The chapter ends

⁶ See essays in Ç. Keyder, Y. E. Özveren and D. Quataert (eds.), *Doğu Akdeniz'de Liman Kentleri, 1800-1914*, [Port Cities of the Mediterranean] (İstanbul: Tarih Vakfı Yurt Yayınları, 1994), 121-157.

⁷ For Izmir see T. Baykara, (ed.) *Son Yüzyillarda İzmir ve Batı Anadolu, Uluslararası Sempozyumu Tebliğleri*, [İzmir and Western Anatolia in the Last Centuries, International Conference Papers] (İzmir: Akademi Kitabevi, 1994). For Salonica see M. Anastasiadou, *Salonique, 1830-1912, Une ville ottomane à l'âge des Réformes*, (Leiden, New York, Köln: Brill, 1997); G. Veinstein, (ed.) *Salonique, 1850-1918, La "ville des Juifs" et le réveil des Balkans*, (Paris: Editions Autrement, 1993).

⁸ M. M. Cerasi, *Osmanlı Kenti, Osmanlı İmparatorluğu'nda 18. ve 19. Yüzyillarda Kent Uygarlığı ve Mimarisi* [Ottoman City, Urban Civilisation and Architecture in 18th and 19th Century Ottoman Empire] (İstanbul: Yapı Kredi Yayınları, 1999); M. Çadırcı, *Tanzimat Döneminde Anadolu Kentleri'nin Sosyal ve Ekonomik Yapıları* [The Social and Economic Structure of Anatolian Towns in the Tanzimat Era] (Ankara: Türk Tarih Kurumu Basımevi, 1991); P. Dumont, and F. Georgeon (eds.) *Modernleşme Sürecinde Osmanlı Kentleri* [Ottoman Towns in the Modernization Process] (İstanbul: Tarih Vakfı Yurt Yayınları, 1996); R. Kasaba, (ed.) *Cities in the World System*, (New York, Westport-Connecticut and London: Greenwood Press, 1991).

⁹ D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993); D. Quataert, *Workers, Peasant and Economic Change in the Ottoman Empire, 1730-1914*, (İstanbul: ISIS Press, 1993).

with some concluding remarks on the overall dynamics of modernisation and the associated proliferation of urban economies throughout the region.

1. The Dynamics of Urbanisation: Railways, Overseas Trade and Commercial Agriculture

The arrival of railways in the region had far reaching economic consequences. Despite all the problems encountered in the operation and pricing of railway services in the region, railways certainly enhanced the region's integration with global markets and contributed to the expansion and deepening of the commercial economy.¹⁰ Railways integrated Salonica to its hinterland and the inland commercial centres of the Southern Balkans much more effectively than before. Salonica emerged as the primary commercial gateway that linked the region via the Mediterranean basin to global markets. The commercial dynamism that the railroads thus generated is directly related to the dynamics of urbanisation in the region during the late nineteenth and early twentieth centuries. In what follows, I discuss the impact of railways on commerce and urbanisation.

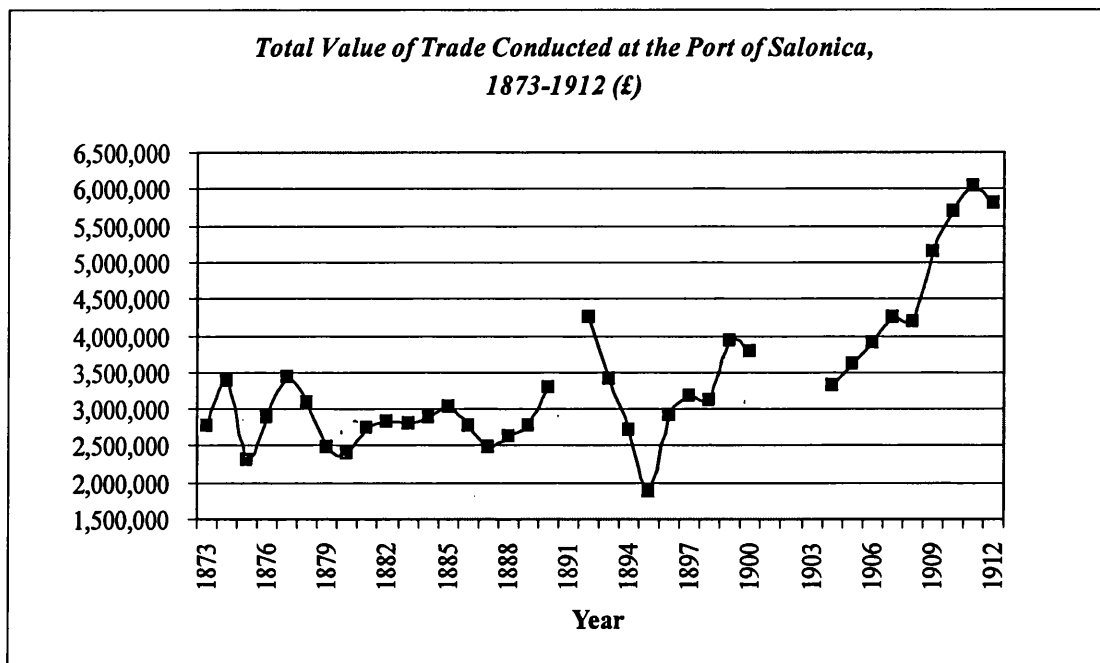
A consortium of French and Austrian bankers led by an energetic Belgian banker, Baron Maurice de Hirsch, built the first railway line in the region, connecting Salonica to the northern Macedonian town of Üsküp (Skopje). Its construction commenced in 1871, and the entire 219-mile network was opened to public traffic on December 29, 1874. In 1888, a new extension line connected the Salonica-Üsküp line to the Serbian network. Thus, the port-town of Salonica was connected to continental Europe via the Serbian and Austria-Hungarian railway networks. Soon the Paris-Belgrade-Salonica route became the shortest and quickest connection that linked Northern Europe to Asia via Port Said.¹¹ The British-Indian mail service began to run through Salonica and the bulk of almost the entire Serbian transit trade came to be conducted through the town.¹²

¹⁰ For the adverse impact of railway tariffs on agricultural development see Chapter 2.

¹¹ B. C. Gounaris, *Steam Over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993), 42-62; V. Engin, *Rumeli Demiryolları*, [Rumelian Railways] (İstanbul: Eren Yayıncılık ve Kitapçılık Ltd. Şti, 1993), 207-219.

¹² PRO, F.O. 195/1619, 10.8.1888, Blunt to White, Salonica.

Chart 5.1.

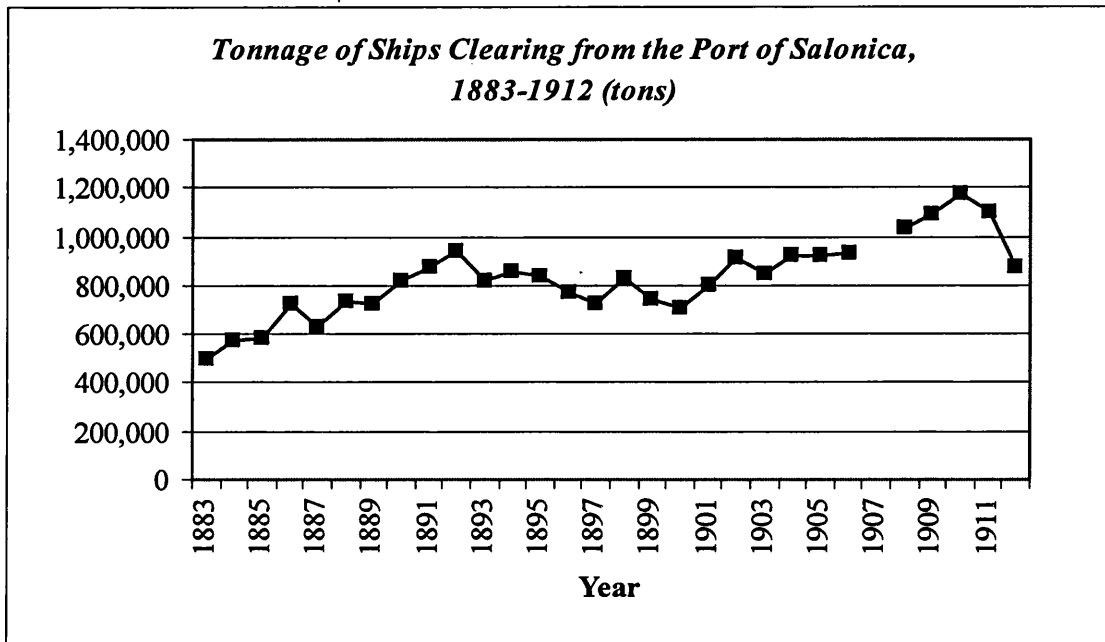


Source: Compiled from Gounaris, *Steam over Macedonia*, 174-175.

These developments naturally enhanced commercial activity in the region, especially in Salonica. Both the overseas trade and the volume of shipping conducted at the port of Salonica increased considerably during the 1880s and the early 1890s (See Charts 5.1 and 5.2).¹³ By the mid-1890s, Salonica had become one of the most important terminal points in communications and trade linking the southern Balkan Peninsula to Europe, thanks to Salonica's railway and maritime connections. The construction of two more railway lines that connected Salonica to Manastir in the west and to Istanbul in the east, in 1894 and 1896, respectively, enhanced intra-regional trade among the Macedonian provinces and consolidated Salonica's undisputed central position in the region.¹⁴

¹³ Also see L. Berov, "The Course of Commodity Turnover at the Thessalonica Port and the West European Economic Cycle, the Nineteenth Century up to 1912," *Etudes Balkaniques*, N. 4, 1985, pp. 72-88.

Chart 5.2.



Source: F.O.A.S., Miscellaneous Volumes, 1883-1912. See Appendix 7.

The advent of the railways brought about important transformations in the regional economy. The most important transformation probably took place in the organisation of marketing networks throughout the region. Prior to the arrival of the railways, such leading towns as Salonica, Siroz, Drama, Vodine, Karaferye, and Kavala served as primary centres of distribution and marketing in the region.¹⁵ In addition, numerous fairs and market places facilitated commercial relations. However, transportation facilities and commercial connections remained relatively undeveloped. The bulk of the regional trade took place in small market places that were regularly set up in towns once or twice each week.¹⁶ Local producers and petty merchants marketed their produce mainly in these local markets. Intermediary merchants and retailers working with import/export houses of Salonica also sold their merchandise and bought the local produce for export in local markets.¹⁷ A number of fairs served as important loci of commercial activity in the region at large. Although these fairs were much more important in the earlier decades of the nineteenth century, they continued to serve important functions and provided producers and merchants with a regulated economic

¹⁴ PRO, F. O. 195/1768, 14.4.1892, Blunt to Clareford, Salonica.

¹⁵ Gounaris, *Steam Over Macedonia*, 15-41.

¹⁶ Ö. Şen, *Osmanlı Panayırları, 18.-19. Yüzyıl* [Ottoman Fairs, 18th and 19th Centuries] (İstanbul: Eren Yayınları, 1996).

¹⁷ 1307 S.V.S., 1890, 239-240.

environment where products could be traded commonly in large quantities.¹⁸ According to one contemporary estimate, the trading volume of nine fairs still operating in the region amounted to O.L. 75,000 in the early 1890s.¹⁹

The arrival of the railways led to a reorganisation of marketing networks. Railways quickly became the main commercial arteries of the region, and caravan trade quickly lost its importance and became subsidiary to railway carriage, which provided merchants and producers with cheaper, faster and more secure means of transportation.²⁰ Subsequently, the rail-connected towns emerged as the primary loci of marketing and exchange in the region. The trading houses of Salonica set up offices and retail shops in these towns and from there reached the entire countryside through a well connected network of intermediary merchants, retailers and local representatives. An extensive chain of village-based small retail shops also supported this distribution network. Thus, marketing increasingly assumed a hierarchical structure in the region, as the trading houses of Salonica increasingly dominated local markets both as mass purchasers of local produce and as retailers of imported products. Spatially, commercial activity concentrated increasingly in rail-connected towns and extended in a web-like fashion down to the hamlets and villages. In due time, the local markets, and the once prolific fairs lost their importance and were pushed to the bottom of the newly established marketing hierarchies.²¹

A comprehensive credit system supported the entire marketing network, enabling the agents and intermediaries to run their petty businesses in cooperation with the prominent trading houses of Salonica. Prior to the 1880s, such businesses were conducted primarily through private credit arrangements between merchants and moneylenders.²² The Ottoman Bank was the only financial institution in the region and the bank's commercial functions were limited. It mainly handled government accounts and extended credit to provincial administrations.²³ With the arrival of railways and

¹⁸ For the foundation, operation and organisation of fairs see Şen, *Osmanlı Panayırları*, 17-24.

¹⁹ 1307 S.V.S., 1890, 239. This amount is quite significant. At around the same time, the commercial harbour of Salonica cost the government over O.L.290,000

²⁰ Gounaris, *Steam Over Macedonia*, 58-62.

²¹ For the impact of railways on marketing networks see PRO, *F.O.* 195/1255, 27.6.1879, Blunt to Layard, Salonica. Also see Gounaris, *Steam Over Macedonia*, 168-205.

²² See Chapters 3 and 4 for a discussion of regional credit markets and their broad organisation in the 1870s and the 1880s.

²³ For the operations of the Ottoman Bank see A. Autheman, *La Banque impériale ottomane*, Paris: Comité pour l'histoire économique et financière Ministère de l'Économie et des Finances, 1996,

growing tide of commercialisation in the region, however, the need for commercial banks became quite pressing for all parties involved in trade. In response to this need, a group of prominent merchants from Salonica established a new commercial bank in Salonica in cooperation with the *Länderbank* of Vienna and the *Comptoir d'Escompte* of Paris in 1888. The new bank, *Banque de Salonique*, liberally extended credit to the mercantile community and provided financial support for agents and trading houses involved in overseas trade.²⁴ In 1899, the *Banque de Mytilini* was established mainly to serve Greek commercial interests in the region. In 1905, the *Bank of Industrial Credit of Athens* merged with the *Bank of Athens* within two years and it served similar ends. In 1906, the German *Orient Bank* started its operations in Salonica. The *Orient Bank* was actually a branch of *Deutsche Orient Bank*, which was founded in the same year in Istanbul. In 1908, the Serbian *Beogradska Zadruga* was established in Salonica. Finally, the *Bulgarian National Bank* opened a branch in Salonica in December 1912. These credit institutions, especially *Banque de Salonique* and *Banque de Mytilini*, contributed to the development of the commercial economy and the expansion of overseas trade. Also, they provided capital for the establishment of new trading and manufacturing concerns in the region.²⁵

The region's enhanced integration into the world economy underlay the growth of port-cities and rail-connected towns as important centres of commerce, finance and manufacturing. Salonica grew by leaps and bounds as the leading port-town of the Southern Balkan Peninsula, and it served as an important commercial gateway between its vast hinterland and international markets. Likewise, rail-connected towns that had considerable agricultural potential grew rapidly during the period under consideration. Such important centres of commercial agriculture as Siroz, Drama, Istrumca, Tikveş/Kavadar, Avrethisarı, Karaferye, Gevgeli, and Yenice emerged as leading centres of commerce upon the arrival of the railways and grew rapidly during the 1880s and the 1890s.²⁶ The rapid growth of cash crop production in these districts during the same period also contributed to the expansion of trade and the concomitant growth of these towns. For instance, the growth of such railway towns as Istrumca, Tikveş/Kavadar and Gevgeli owed much to the proliferation of sericulture and opium

pp. 57-68; and, E. Eldem, *Osmanlı Bankası Tarihi* [The History of the Ottoman Bank] (İstanbul: Tarih Vakfı Yayınları, 2000), 1-9.

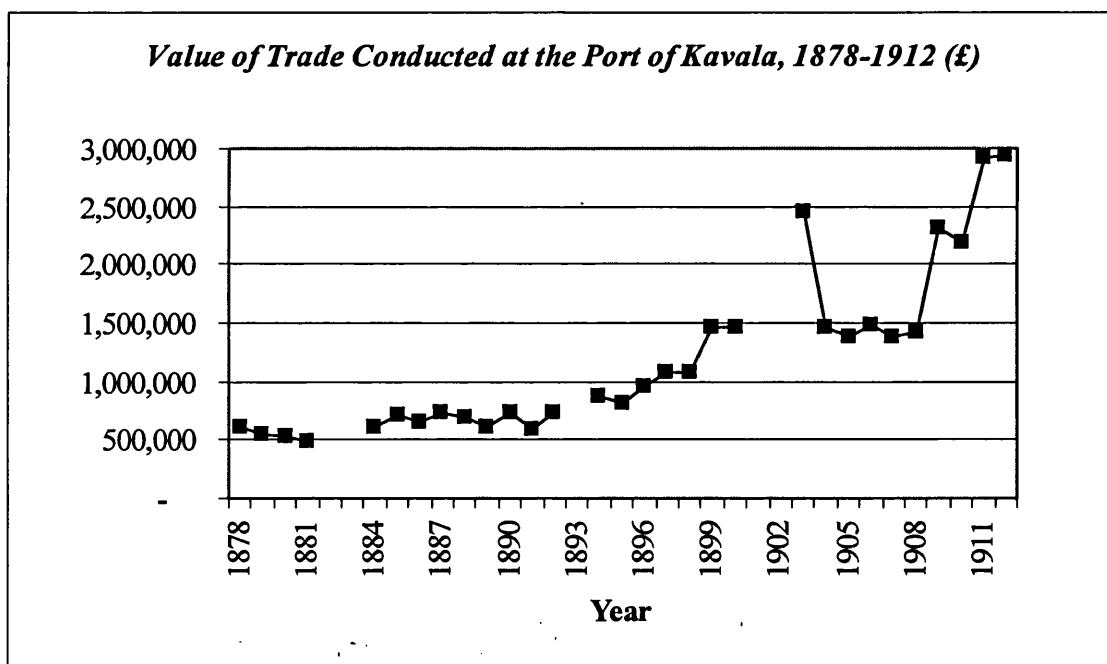
²⁴ Gounaris, *Steam Over Macedonia*, 169.

²⁵ Gounaris, *Steam Over Macedonia*, 168-172.

²⁶ 1313 S.V.S., 1896, 315; Gounaris, *Steam Over Macedonia*, 198.

production in these districts. Likewise, the rapid growth of Siroz, Drama and Yenice was associated with the impressive growth of cotton and especially tobacco cultivation in their immediate hinterlands.²⁷ The propulsive impact of commercial agriculture on urban growth manifested particularly in Kavala's impressive growth during the period under consideration. In the 1870s, Kavala was a trivial port-town with a population of only 5,000 residents. During the 1880s and especially the 1890s, the town grew as the primary centre of tobacco trade in the region. In this period, the expanding tobacco trade gradually shifted away from Salonica and concentrated in the port-town of Kavala, which was closer to the primary tobacco producing districts, Drama, Kavala, Provişte, and Sarı-Şaban. Accordingly, the population of the town rose rapidly in the same period, to reach 24,000 in 1911. On the eve of the Balkan Wars, Kavala had become the third largest city in the region, after Salonica and Siroz.²⁸

Chart 5.3.



Source: Compiled from Gounaris, *Steam Over Macedonia*, 174-175.

²⁷ See Chapter 2 for the development of commercial agriculture in these districts.

²⁸ A. Yeralimpos, "Tanzimat Döneminde Kuzey Yunanistan'da Şehircilik ve Modernleşme," [Urban Planning and Modernization in Northern Greece during the Tanzimat Period], in P. Dumont and F. Georgeon (eds.) *Modernleşme Sürecinde Osmanlı Kentleri* [Ottoman Towns in the Process of Modernization] (Istanbul: Tarih Vakfı Yurt Yayınları, 1996), 31-59.

Overall, the arrival of railways strengthened the region's commercial ties with overseas markets and undergirded the acceleration of urbanisation in the region. As port-cities and rail-connected towns emerged as the primary loci of distribution and marketing, thousands of refugees, displaced peasant families and other agricultural workers migrated to urban areas, both on a permanent and seasonal basis, in a quest of jobs in the proliferating urban sectors. In this regard, the rapid development of the urban service sector was an important pull factor that attracted thousands into the urban areas.

2. The Development of the Urban Service Sector

The urban service sector constituted one of the most dynamic components of urban economic life in the region. The following discussion indicates that the sector expanded notably during the period under consideration and gradually became a leading field of economic activity in the region. This expansion was in tandem with the region's growing integration into the world economy. Below I concentrate on developments in three segments of the urban service sector, namely transport and commerce, catering and consumer services, and modern urban professions.

2.1. Commerce and Transportation Services

The intensification of commercial activity in port cities and rail-linked towns was the primary dynamic that underlay the rapid development of the urban service sector. The apparent dynamism of the transport sector was probably the clearest manifestation of this link between commercialisation and the development of the service sector. Thousands were employed as boatmen, porters and carriers at harbours, quays, railway stations, as well as at local markets, bazaars, and fairs. The porters and the boatmen of Salonica were an important component of the work force employed in transportation. The boatmen carried the merchandise between the ships anchored at the port and the quay line that stretched along the seashore. At the quay, the porters handled the merchandise and carried it over to the warehouses and depots, which were mostly situated at the west-end of the town. In addition, the porters carried goods between the quays and the railway terminus located at the Vardar Kapı Quarter located also in the west-end. In addition, many unskilled labourers worked as simple carriers, especially in the bazaars and the market places. The number of porters, boatmen and ordinary carriers

working in Salonica is difficult to determine. However, some contemporary accounts suggest that their numbers could be measured in hundreds, if not thousands.²⁹ The same accounts and other evidence indicate that the number of workers employed in transportation increased steadily in tandem with the rapid growth of overseas trade and the expansion of railway services in the region.

The railways brought a similar dynamism to the transportation sector in interior towns as well. The railway companies hired hundreds of workers, including drivers, conductors, station workers, guards, technicians, engineers, porters, and other administrative employees, such as clerks, goods managers, weighers and loading clerks. The Oriental Railway Company employed a technical and administrative staff of about 300 people in the early 1880s.³⁰ Following the completion of the Manastir and Istanbul lines, the total number of employees working for the railway companies probably reached 1,000. Many more workers must have been employed as ordinary porters and carriers in the railway towns. We lack the data that would help us estimate long-term changes in the numbers of transportation workers. Logically speaking, however, we can maintain that employment opportunities in the transportation sector were very limited before the arrival of the railways and that they steadily increased thereafter.

The provision of transportation services for urban commuters was another important field of economic activity. The physical expansion of the towns brought about an acute problem of public transportation in urban centres. Especially in Salonica, thousands of workers and employees had to commute to and from work every day of the week, including Saturdays and Sundays. In the late 1880s, 20 omnibuses and about 200 horse carriages constituted the primary means of public transport in Salonica. In addition, about 300 rowing boats ran along the quays carrying hundreds of passengers

²⁹ D. Quataert, "Premières fumées d'usines," in *Workers, Peasants and Economic Change in the Ottoman Empire, 1730-1914*, (Istanbul: The ISIS Press, 1993), 159-174; D. Quataert, "The Workers of Salonica," in D. Quataert and E. Zürcher (eds.) *Workers and the Working Class in the Ottoman Empire and the Turkish Republic*, (London and New York: I. B. Tauris Publishers in Association with Institute of Social History, Amsterdam, 1995), 59-74; P. Dumont, "Une organisation socialiste ottomane: la fédération ouvrière de Salonique (1908-1912)," *Etudes Balkaniques*, 11, N.2, (1975): 22-39; P. Dumont, "The Social Structure Jewish Community of Salonica at the End of the Nineteenth Century," *Southeastern Europe/L'Europe du Sud-Est*, 5, N. 2, (1979): 33-72; P. Dumont, "Naissance d'un socialisme ottoman," in G. Veinstein (ed.), *Salonique, 1850-1918, La 'ville des Juifs' et le réveil des Balkans*, (Paris: Editions Autrement, 1992): 195-208; P. Dumont, "A Jewish, Socialist and Ottoman Organization: the Workers' Federation of Thessaloniki," in M. Tunçay and E. Zürcher (eds.) *Socialism and Nationalism in the Ottoman Empire, 1876-1923*, (London and New York: British Academic Press, An Imprint of I. B. Tauris Publishers in Association with the International Institute of Social History, Amsterdam, 1994), 49-76.

³⁰ Gounaris, *Steam Over Macedonia*, 67.

between the residential quarters of the east-end and the city centre every day.³¹ However, these services were far from being sufficient to meet the needs of the growing urban population. Soon, commuting became a pressing problem that caused serious delays at work, particularly in the morning hours. The construction of a relatively comprehensive tram network in 1893 somewhat alleviated the congestion in the streets of Salonica.³² Yet, for all these improvements, the Tram Company was unable to keep up with the rapid growth of the town. Numerous extensions over the network and the improvement of services during the early 1900s did little to solve the problem of commuting and traffic congestion. The trams were often packed during the rush hours, and many residents still ended up taking omnibuses and carriages to commute to work. This situation led to frequent traffic jams in the city centre, particularly along the quays. In response, the town council considered alternative means of public transportation and proposed to run ferry services along the coastline in order to facilitate public transportation in Salonica.³³ The proposal soon materialised, and the first ferry services started running along the shores of Salonica in 1907.³⁴ Thus, public transportation became a “sector” on its own with the establishment of tram and ferry services in the town. The tram and ferry companies probably employed hundreds of workers. In addition, hundreds more earned a living from carriage and omnibus traffic and many more worked as boatmen carrying urban commuters along the quays. Salonica’s public transportation system was exceptionally well developed in comparison to other towns of the region. Nevertheless, public transportation was probably a growing field of economic activity also in the other towns that had a growing and sizeable population such as Siroz, Tikveş/Kavadar, Karaferye, Drama and Kavala. Unfortunately, we lack the information on the extent and growth of the public transportation sector in these towns.

2.2. Catering and Consumer Services

Urban growth brought about the need to provide basic as well as luxury services to the urban population. Above all, providing the foodstuffs and other basic consumer goods for the market dependent, wage-earning urban population acquired increasing economic significance in almost every town of the region. Hundreds of petty street

³¹ 1307 S.V.S., 1890, 96.

³² For the construction of a comprehensive tram network in Salonica see below.

³³ *Asır*, 28.C.1323 (28.8.1905), N. 1004: 2.

³⁴ *F.O.A.S.*, 1907, N. 3867: 3.

traders, shopkeepers, greengrocers, fruiterers, bakers, butchers and fish, chicken, milk, cheese, butter and yogurt sellers provided basic foodstuffs for the urban residents. Likewise, other petty traders sold certain luxury goods, such as wines, spirits, sugar, candy, dried fruit and coffee to more prosperous residents, who were rapidly acquiring new tastes and lifestyles in the proliferating urban areas. Also, such artisans as public bath workers and barbers provided certain services that were essential for the well being of the urban population. Many other artisans, such as carpenters, glaziers, well makers and bricklayers, were employed to repair buildings and to maintain other fixtures in almost every town.

Table 5.1 provides a detailed list of such urban occupations and indicates the number of artisans employed in catering and consumer services in the late 1880s. Since these statistics incorporate only the number of registered, full-time artisans, the workforce employed in this important branch of the service sector appears smaller than we would normally expect. For instance, the official statistics cite 25 public baths but only nine public bath carers (*hamamcı*) in the region. This simple observation attests to the probable underestimation inherent in the data set. Nevertheless, the statistics maintain the importance and diversity of the catering and consumer services in urban economic life.

The provision of comfort, entertainment, as well as regular catering to urban population also acquired increasing importance as new bourgeois lifestyles flourished in the rapidly growing towns. Traditional coffeehouses, modern cafes, restaurants and casinos provided entertainment for town residents and served as public spaces for socialisation and recreational activity.³⁵ Hotels, motels and inns that could be found in almost every town provided shelter, comfort and food for visitors as well as for bohemian residents who chose to live in the relatively sterile and liberal atmosphere of the hotel rooms.³⁶ Finally, cooks served food, pastry, and sometimes a shot of brandy or *rakı*, or a warm cup of tea or coffee, for the townspeople in small corner-shops or mobile booths, particularly at lunchtime and in the “happy hour” after work. In other words, the service sector developed by serving the “relaxation” and convenience of a

³⁵ For a general account of traditional coffee houses and cafes see M. Anastasiadou, “Son Osmanlılar Döneminde Selanik Kahvehaneleri,” [Salonica Coffee Houses in the Late Ottoman Era] in H. Desmet-Grégoire and F. Georgeon (eds.) *Doğu'da Kahve ve Kahvehaneler* [Coffee and Coffee Houses in the East] (Istanbul: Yapı Kredi Yayınları, 1998), 87-100.

³⁶ P. Dumont, “Le français d’abord” in G. Veinstein (ed.), *Salonique, 1850-1918, La ‘ville des Juifs’ et le réveil des Balkans*, (Paris: Editions Autrement, 1992), 208-226.

fast growing group of middle-class professionals, who were either self-employed or working for the government, commercial companies and factories (see below).³⁷

Table 5.1.

<i>Number of Artisans Employed in the Urban Service Sector (Late 1880s)</i>	
<i>Occupation</i>	<i>Number of Artisans (Total)</i>
Baker	2,150
Butcher	1,230
Yogurt Maker	920
Gardener	861
Vineyard Carer	566
Cheese Maker	460
Carriage Driver	328
Cotton Fluffer	286
Greengrocer	235
Coffee Maker	200
Goldsmith	155
Money Lender	150
Suger and Candy Makers	81
Milk Seller	78
Dried Fruit Seller	69
Barber	60
Motel Keeper	47
Coal Seller	41
Chemist	40
Grocer	40
Petition Writer	31
Cook	21
Fruiterer	20
Butter Maker	17
Chicken Seller	16
Fishmonger	15
Salt Seller	10
Public Bath Carer	9
Glaizer	5
TOTAL	8,136
SHARE IN URBAN POPULATION	0

Source: 1303 S.V.S., 1886, Appendix; 1307 S.V.S., 1890, 223-226.

Thus, as urban centres grew, the demand for services increased proportionately, creating new job opportunities and attracting many others to urban areas. In this sense, the growth of catering and other urban consumer services appear as a self-perpetuating process that was tuned to the growth of urban population and the associated emergence

³⁷ For Salonica's glittering nightlife see Anastassiadou, "Son Osmanlılar Döneminde Selanik"; Anastassiadou, *Salonique*.

of modern lifestyles. A work organisation process that revolved around in offices, factories and warehouses sustained the vitality of the urban consumer services.

2.3. Modern Urban Professions

One of the most important achievements of the Hamidian era was in the field of human resource development. Political centralisation and socio-economic modernisation were the two primary policy objectives of the Hamidian era. Sultan Abdülhamid II and his advisers understood the importance of mass education for both of their policy objectives and put considerable energy and resources into reforming the education system. New primary and secondary schools, military academies, vocational schools, and universities were founded both in the provinces and in Istanbul in order to train and educate new doctors, teachers, lawyers, judges, clerks, accountants, administrators, officers and bureaucrats.³⁸ Thousands of well-trained professionals graduated from these institutions during the Hamidian era. This cadre of professionals worked in private and public institutions and contributed to the modernisation and centralisation drive in important ways.³⁹ More significantly, they formed the backbone of the emerging bourgeois middle-classes that played leading political roles in two defining moments of Ottoman-Turkish history, namely the Young Turk revolution of 1908, and the foundation of the Turkish Republic in the early 1920s.⁴⁰

The growing commercial economy provided many opportunities for middle-class professionals in the Selanik region. The banks, commercial houses, insurance agencies, and factories employed hundreds, if not thousands, of these educated professionals as clerks, accountants, administrative assistants, legal consultants and lawyers, and managers. We do not have detailed data on changes in the number of these employees. However, it is possible to establish a broad trend by looking at the changes

³⁸ B. Kodaman, *Abdülhamid Devri Eğitim Sistemi* [The Education System of the Hamidian Era], (Ankara: Türk Tarih Kurumu Basımevi, 1991); İ Tekeli and S. İlkin, *Osmanlı İmparatorluğu'nda Eğitim ve Bilgi Üretim Sisteminin Oluşumu ve Dönüşümü* [The Formation and Transformation of the Education and Systems of Information in the Ottoman Empire] (Ankara: Türk Dil Tarih Kurumu Yayınları, 1993).

³⁹ C. Findley, *Bureaucratic Reform in the Ottoman Empire: The Sublime Porte, 1789-1922*, (Princeton: Princeton University Press, 1980); C. Findley, *Ottoman Civil Officialdom: A Social History*, (Princeton: Princeton University Press, 1989).

⁴⁰ Ş. Mardin, *Jön Türklerin Siyasi Fikirleri, 1895-1908*, (İstanbul: İletişim Yayınları, 1989); Ç. Keyder, *State and Class in Turkey: A Study in Capitalist Development*, (London: Verso, 1987); E. J. Zürcher, *Turkey, A Modern History*, (London and New York: I.B. Tauris & Co Ltd, 1993); F. Ahmad, *The Making of Modern Turkey*, (London and New York: Routledge, 1993).

in the number of trading houses, banks, insurance agencies, the manufacturing concerns and schools operating in the region. The relevant data come from the provincial yearbooks. I have compiled this data in Table 5.2 for two benchmark years for which statistics were more comprehensive, that is for 1890 and 1907. The table points to a considerable increase in the number of commercial, financial and other professional institutions operating in the region during the period under consideration. Based on this indicative evidence, it is fair to suggest that the number of professionals employed in these establishments increased at least proportionately during the same period.

Table 5.2.

<i>The Growth of Urban Professions in Selanik, 1890-1907</i>		
	1890	1907
Banks	3	5
Bankers	11	15
Tarding Houses	22	60
Insurance Agencies	16	26
Factories	59	148
Lawyers	13	35
Public Schools	1,354	1,901
Hospitals	n.a.	22
Doctors	14	45
Chemists	n.a.	42
Dentists	n.a.	7

Source: 1307 SVS (1890: 256-260); 1324 SVS (1907: 544-556).

Note: The Data pertaining to factory numbers are taken from Table 5.5. In fact, the 1907 values pertain to the 1910 estimates presented in Table 5.5.

The centralisation and modernisation efforts of the Ottoman government, too, contributed to the growth of the urban service sector in important ways. The deepening of the government presence in the provinces and the associated improvements in local government services created new employment opportunities for middle-class professionals. Many high school and university graduates began their careers in provincial governments as clerks, translators, administrators, experts and technicians. Similar trends were at work also in Selanik. As I discussed in Chapter 3, the provincial government expanded notably in the Selanik region during the Hamidian period. The functions of the local government widened and new departments and government offices specialising in different administrative and judicial tasks were established, or expanded, at the sub-provincial and district levels. Accordingly, the number of officials

employed by the local government increased steadily during the Hamidian era. By the late 1900s, provincial bureaucracy had become an integral component of the rapidly growing urban service sector.

In addition, the modernisation attempts of the Ottoman government contributed to the rise of the urban middle classes in the region. For example, we observe a considerable increase in the number of professionals employed in health and educational services in the Selanik region. This development can be associated directly with the Ottoman government's efforts to modernise health and education services throughout the empire. Although serious financial and institutional drawbacks continued to impair the efficiency of public health services until the end of the Hamidian era, the achievements in this field were nevertheless quite impressive. The provincial government established a number of public and military hospitals in the region during the 1880s and the 1890s. According to the official yearbooks, there were only three hospitals in the region in the late 1870s.⁴¹ By the early 1900s, there were a total of 16 hospitals that provided basic health services to the general public and to the armed forces stationed in the province (See Table 5.2).⁴² We do not know the number of doctors, nurses and other technical personnel employed in these hospitals, but their numbers probably increased along with the establishment of new hospitals. In addition, private doctors, chemists and dentists provided health services to the local urban population. The number of these doctors, chemists and dentists increased during the 1890s and the 1900s. According to the data presented in Table 5.2, the number of registered doctors working in the region increased from 14 to 45 between 1890-1907. The number of registered dentists and chemists rose to 7 and 42, respectively, by 1907.

We also see a notable improvement in education services in the region. The local authorities established new elementary schools not only in the leading urban centres but also in the villages during the period under consideration. In addition, new high schools and vocational academies were established in order to train technicians and administrators to be employed in local government offices and in the private sector. The number of public schools rose from 1,354 in 1890 to 1,901 in 1907 (See Table 5.2). Official statistics on the number of teachers employed in these schools are not available,

⁴¹ 1293 S.V.S., 1876, 77-79.

⁴² There was at least one hospital in Salonica, Karaferye, Kesendire, Toyran, Istrumca, Katrin, Gevgeli, Drama, Kavala, Siroz, Demirhisar, Cuma-i Bala, Nevrekop and Razlık during the late 1900s. See 1324 S.V.S. (1907: 293-495).

but it is possible that this number exceeded 4,000 in the late 1900s, whereas it probably was at most 3,000 in the 1890s, and much smaller in earlier decades.

3. The Construction Boom and the Growth of Salonica

The construction sector emerged as one of the primary fields of economic activity and investment, especially from the mid-1890s onwards, when urbanisation accelerated in the region. Thousands of residential, commercial and public buildings, as well as important urban infrastructures, were built to accommodate the ongoing process of urban growth.

3.1. Regional Trends and Patterns

The Ottoman authorities compiled rich data on the number of commercial and residential buildings existing in the leading towns of the region and regularly published these statistics in provincial yearbooks (*salnames*). The data resulted from the government's efforts to clarify and consolidate its fiscal claims over the real estate owned by individuals residing in urban areas.⁴³ The authorities carefully monitored the construction of residential and commercial buildings in order to secure the collection of property taxes (*emlak vergisi*). They systematically registered the nature, estimated value, and the annual rent accruing from these buildings.⁴⁴ The summary data published in the *salnames* were probably based on these fiscal registers. I use these statistics to demonstrate the dynamism of the urban construction industry during the period under consideration. The available data are quite detailed, but there are gaps in the information provided. The provincial yearbooks for 1876 and 1882 contain ample data on the number of residential and commercial buildings. I rely mainly on these statistics in my estimations for 1880. However, these particular provincial yearbooks do not contain information on such important towns as Kavala, Gevgeli, Tikveş, Cuma-i Bala, Razlık, Menlik, Petriç, Longaza and Katrin. In order to by-pass this statistical constraint, I rely

⁴³ H. İslamoğlu-İnan, "Administering Property: Law and Statistics," Unpublished Paper Presented at Conference on *Shared Histories of Modernity: State Transformation in Chinese and Ottoman Contexts* at Sabancı University in İstanbul on May 15, 2000.

⁴⁴ S. J. Shaw, "The Nineteenth-Century Ottoman Tax Reforms and Revenue Systems," *International Journal of Middle East Studies*, 6, (1975): 421-459.

on the yearbooks for 1895 and 1896 to determine roughly the number of buildings for any observation missing in the earlier yearbooks and thus in my estimates for 1880.⁴⁵

The resulting estimates for 1880 are slight over-representations. Probably, there were fewer buildings in 1880 compared to the levels reached by the mid-1890s. Therefore, carrying some of the 1895 and 1896 values over to 1880, almost certainly inflates the earlier estimates, perhaps by as much as 10% for residential buildings, and by 5% for commercial buildings.⁴⁶ This adjustment, however, maintains the relative comparability of the 1880 figures with the detailed statistics published in the 1907 yearbook, which covers the number of buildings in all leading towns of the region. A comparative analysis of the 1880 estimates and the 1907 statistics enables me to observe the broad trends in the sector in a more consistent empirical framework. Table 5.3 presents the data set on which I base my observations.

Table 5.3 suggests considerable dynamism in urban construction activity during the period under consideration. According to the data, the number of residential and commercial buildings increased by 55.9% and 54.5% respectively. These numbers slightly understate the actual dynamism of the construction industry during the 1880s, 1890s, and the 1900s. First, the overestimation inherent in the 1880 estimate leads to a percentage figure that under-represents the expansion of the sector during the period under consideration. Secondly, our proxy variable is not sensitive to the transformation of architectural styles and reflects only changes in the actual number of buildings. As I shall discuss below, the construction of modern multi-story commercial and residential buildings became quite fashionable in Salonica and other leading towns in the last quarter of the nineteenth century. In this sense, there was an actual “deepening” of construction activity, which our proxy variable does not represent. Finally, the proxy variable does not take into account the contribution of such important infrastructure investments as harbours, quays, paved streets and avenues, and water and gas works to the dynamism of the urban construction sector (see below). All the same, the evident

⁴⁵ The data contained in the 1895 and 1896 yearbooks were not as comprehensive as the earlier ones, but these yearbooks included valuable data on missing observations in the earlier yearbook. Therefore, I did not use 1895 and 1896 yearbooks as benchmark, but simply used the data contained in them to improve the accuracy and comparability of my estimates for 1880.

⁴⁶ The available figures for residential buildings in 1880 and 1895 suggest that the number of residential buildings grew by about 38% during the 1880s and the early 1890s. The data carried over from c.1895 to 1880 accounted for about a third of the estimate for 1880. If so the values could have been inflated by slightly more than 10% in total. Similar considerations suggest a 5% overestimation for commercial buildings.

expansion in the number of urban dwellings and commercial buildings and the associated (physical) growth of towns points to the dynamism of the region's urban construction sector during the period under consideration.

Table 5.3 also reveals important clues about the forces underlying the apparent dynamism of the construction industry. As I discussed above, growing integration into the world economy, the construction of railways, and the simultaneous growth of the commercial economy were the primary factors that underlay the processes of urban growth in the Selanik region during the period under consideration.

Table 5.3 suggests that the same forces also fed into the physical expansion of the towns. In order to demonstrate the impact of these factors, I have grouped the leading towns of the region in accordance with their ideal type characteristics. I have used three categories, namely "port-towns", "rail-connected towns and centres of commercial agriculture", and "highland towns". The pattern that emerges from the data presented in Table 5.3 is clear. The port cities and rail-linked towns grew most rapidly during the period under consideration, while the development of the commercially isolated highland towns remained more limited.

More specifically, the number of residential and commercial buildings in Salonica and Kavala increased by 96.9% and 83.6%, respectively, from c.1880-1907. Likewise, the physical growth of rail-connected towns and centres of commercial agriculture increased by 50.0% and 52.8%, respectively, during the same period. The expansion of highland towns was relatively modest, and the number of commercial and residential buildings in these towns increased only by 11.8% and 19.0%, respectively.

This should come as no surprise. The concentration of commercial activity and the subsequent growth of the service and manufacturing industries in port-cities, rail-linked towns and in important centres of commercial agriculture underlay their physical expansion. Hundreds of new shops, warehouses and other workshops were built to physically accommodate the growing urban economies. Thousands of residential buildings were erected to accommodate the growing urban population, and numerous hotels, inns, restaurants, casinos, pubs and coffee houses were built to cater to the needs of urban residents.

Table 5.3.

<i>The Physical Growth of 'Interior' Towns, 1880-1907</i>				
<i>(Categorical Analysis of the Changes in the Number of Buildings)</i>				
<i>Town</i>	<i>Residential Buildings</i>		<i>Commercial Buildings</i>	
	1880	1907	1880	1907
<i>Port Cities</i>				
Salonica	5,215	9,694	3,144	5,633
Kavala *	1,627	3,775	252	602
TOTAL	6,842	13,469	3,396	6,235
% CHANGE	96.9%		83.6%	
<i>Rail-Connected Towns and Centres of Commercial Agriculture</i>				
Gevgeli *	646	865	288	515
İstrumca	939	1,460	485	515
Tikveş/Kavadar *	797	1,297	138	303
Vodine	1,102	1,291	350	623
Avrethisar	1,200	1,255	195	433
Yenice	1,016	1,616	539	570
Toyran	870	1,000	189	358
Demirhisar	563	733	169	340
Siroz	3,035	4,416	1,581	2,192
Zihne	350	635	62	117
Drama	397	2,113	338	535
TOTAL	10,915	16,681	4,334	6,501
% CHANGE	52.8%		50.0%	
<i>Highland Towns</i>				
Nevrekop	706	1,434	482	619
Cuma-i Bala *	1,514	1,544	432	421
Razlık *	946	889	n.a.	n.a.
Menlik *	532	700	190	205
Petriç *	1,149	1,149	279	287
Longaza *	409	464	198	203
Kesendire / Poliroz	460	420	18	59
Katrin *	989	1,378	261	285
TOTAL	6,705	7,978	1,860	2,079
% CHANGE	19.0%		11.8%	
<i>Overall Regional Trends</i>				
REGIONAL TOTAL	24,462	38,128	9,590	14,815
% CHANGE	55.9%		54.5%	

Source: 1293 S.V.S., 1876; 1299 S.V.S.,1882; 1312 S.V.S., 1895; 1313 S.V.S., 1896; 1324 S.V.S.,1907.

Notes: 1) The c.1880 figures are based mainly on 1876 and 1882 yearbooks. The 1907 estimates are from the 1907 yearbook.

2) Towns with an asterisk are the ones for which no observation was available for c.1880. In order to compensate for this deficiency I used the data contained in 1895 and 1896 yearbooks to roughly determine the number of buildings for each missing category. Also see Text.

3) The 'Commercial Buildings' include: Shops, warehouses, hotels (*han* and *otel*), public baths, restaurants, bakeries, casinos, workshops and coffee houses.

Likewise, in leading towns of the region, local municipalities and other public and private bodies put considerable effort and resources into the modernisation of urban infrastructures, which further added to the dynamism of construction activity in these

leading centres of commerce. In this respect, the physical expansion of urban centres and the growth of urban economies appears to have been mutually reinforcing.

This structural link between commercialisation and the physical expansion of towns becomes more important when we consider the relatively sluggish growth of highland towns in the same period. In general, highland districts participated in the commercial economy only in a very limited way. Their distance from railways and major roads underlay the relative isolation of these towns. The highland economies specialised mainly in animal husbandry, self-sufficient agricultural production, and small-scale textile manufacturing. Under the circumstances, the highland towns could not capitalise on the commercial opportunities that became readily available to the leading centres of commercial agriculture, rail-linked towns and the port cities. Consequently, the development of the urban construction sector also remained relatively limited in the highland towns.⁴⁷ The only exception to this was the highland town of Nevrekop, which developed rapidly as an important centre of textile manufacturing and became one of the leading towns of the region by the late 1900s. Notwithstanding the example of Nevrekop, we can suggest that urban growth and the concomitant development of the construction sector took place mainly along the coast-line, in lowland plains and along the valley systems, where commercial dynamism was more pronounced and penetrating. The commercial dynamic underlining the physical growth and development of towns shall become more clear when we consider the case of Selanik, which was the leading urban centre of the region by virtue of serving as a gateway between a vast hinterland and the world economy.

3.2. The Growth of Salonica

In the mid-1870s, Salonica was already quite a sizeable port-town with an estimated population of 80,000 residents. The town grew steadily throughout the following three decades and became one of the leading “metropolises” of the eastern Mediterranean basin, with a population of about 180,000 on the eve of the Balkan Wars.

⁴⁷ However, note that the numbers of buildings in most of the highway towns were missing in the yearbooks of 1876 and 1882. Therefore, I had to use the 1895 and 1896 data for 1880. As I have noted above, this method has somewhat inflated the 1880 figures for highland towns and understated the respective growth rates for the period under consideration. Yet, considering that the margin of error could have been by as much as 10%, we could still suggest that the expansion of highland towns was relatively modest in comparison to port-cities and rail-connected towns.

The physical transformation of the town accompanied its demographic growth. First, the number of buildings increased considerably. In 1876, there were about 5,200 residential and 3,144 commercial buildings in Salonica. By 1907, these numbers had risen to 9,694 and 5,633, respectively (See Table 5.3). Secondly, the entire face of the town was transformed within a matter of four decades. Modern impressions and eclectic interpretations of many different (European) architectural styles gradually replaced local ones. By 1910, the town also boasted quite extensive modern infrastructure outlets, such as a sizeable commercial harbour, extensive quays that stretched along the waterfront, wide avenues, paved streets, public gardens, railway and tram networks, as well as extensive water, gas and electricity works. With all these modern features and eclectic architectural decorum, Salonica inspired its residents and visitors to imagine it as a fledging Paris, or rather a Marseilles in the Levant.⁴⁸ This outcome represented a relatively rapid process of urban growth and transformation, thanks to various agents and forces that I shall discuss below.

In the late 1860s, the city of Salonica was still circumscribed by the old city walls. Construction of residential and commercial buildings outside the old walls was prohibited by imperial decree. This legal constraint withheld the physical expansion of the city for decades and gave way to chronic overcrowding within the town.⁴⁹ The centrally located Jewish Quarter of the town was especially cramped; narrow, disorderly and squalid streets barely separated the residential and commercial buildings.⁵⁰ The city walls obstructed sea-borne trade and compelled ships to load and discharge their cargoes at a nearby location situated on the western side of the town.⁵¹

In 1870, the reformist governor general of Selanik, Sabri Paşa, convinced Istanbul to consent to the demolition of the city walls and to the construction of new buildings beyond the confines of the old city quarters. This was an important development that changed the entire facade of the town and allowed its rapid

⁴⁸ A. Yeralimpos, and V. Colonas, "Un urbanisme cosmopolite", in G. Veinstein (ed.) *Salonique, 1850-1918, La 'ville des Juifs' et le réveil des Balkans*, (Paris: Editions Autrement, 1992), 158-176.

⁴⁹ 1307 S.V.S., 1890, 89.

⁵⁰ For a report that discusses the state of the town and the problem of hygiene see *Rumeli*, 1.Ra.1290 (29.4.1873), N. 10: 1-2. Also see Anastassiadou, *Salonique*, 141.

⁵¹ N. C. Moutsopoulos, "Une ville entre deux siècles", in G. Veinstein (ed.) *Salonique, 1850-1918, La 'ville des Juifs' et le réveil des Balkans*, (Paris: Editions, Autrement, 1992), 20-40.

expansion.⁵² The old city walls along the waterfront were demolished in the early 1870s.⁵³ New houses, shops, bazaars, offices, hotels and warehouses were soon built along the seashore, as well as within the old commercial centre of the town, the Frenk Mahallesi.⁵⁴ The town also rapidly expanded beyond the old city walls. The opening of the Salonica-Üsküp railway line in 1872 quickly transformed the west-end of the town into an important commercial centre. Numerous commercial buildings and warehouses were constructed around the railway terminus situated in the Vardar Kapı Quarter.⁵⁵ This neighbourhood initially grew also as a promising residential centre and many houses were built between the old city walls and the railway terminal. Soon, however, it became apparent that the marshes of the Vardar River constituted a grave inconvenience for residents; the malicious attacks of mosquitoes, particularly at night, and the constant risk of malaria soon drove many residents away from the neighbourhood.⁵⁶ Moreover, the establishment of a number of factories in this spacious part of the town created further distress among the residents of the Vardar Kapı Quarter. The noise and pollution caused by these factories ultimately forced many inhabitants to leave the neighbourhood for alternative residences in the northern and especially the eastern end of the town.⁵⁷ Eventually, residential development came to a halt and the entire west-end became one of the leading commercial centres of the town from the mid-1880s onwards.

Residential development took place mainly in the north and east ends of the town. Following the Russo-Ottoman War of 1876, thousands of Muslim refugees poured into the empire.⁵⁸ Some of these refugees settled in the northern Muslim quarters of the town.⁵⁹ The Kalameriye Quarter in the north-east end of the town was another

⁵² Similar legislation enabled other port towns to expand rapidly beyond the old walls. The oft-cited cases in point are the port-towns of Kavala and Volos. See, Yeralimpos, "Tanzimat Döneminde Kuzey".

⁵³ *P.P.A.P.*, 1871, V.29: 544.

⁵⁴ *P.P.A.P.*, 1874, V. 32: 670-672; *P.P.A.P.*, 1874, V.33: 953.

⁵⁵ *F.O.A.S.*, 1888, N. 394: 6-7.

⁵⁶ 1307 S.V.S., 1890, 90.

⁵⁷ It is interesting to note that the residents of the Vardar Kapı Quarters of Salonica resisted the establishment of the Torres spinning factory in the early 1880s. The residents were concerned about the residents was the pollution and noise that the factory would cause. However, the case was resolved in favour of the Torres family; the Chamber of Commerce and the municipality supported the entrepreneur families and the factory was eventually established in the Vardar Kapı quarter as initially planned. For details see BA, *ŞD-Selanik*, 2012/6, 5.R.1302 (22.1.1885).

⁵⁸ K. Karpat, *Ottoman Population, 1830-1914, Demographic and Social Characteristics*, (Madison-Wisconsin and London: University of Wisconsin Press, 1985); N. İpek, *Rumeli'den Anadolu'ya Türk Göçleri, 1877-1890*, [Turkish Immigration from Rumelia to Anatolia, 1877-1890] (Ankara: Türk Tarih Kurumu Basımevi, 1992). Also see Chapter-1.

⁵⁹ BA, *ŞD-Selanik*, 2012/4, 17.R.1302 (29.1.1885).

residential centre that grew rapidly in the 1880s. The old walls in this part of the city, too, were demolished, and the twelve hectare estate of a Muslim notable, Şeyh Abdülkadir Efendi, was parceled out and sold to new settlers. In the early 1880s, a new development plan brought an additional 150 hectares into use in the north-eastern part of the town.⁶⁰ Numerous villas and spacious residential dwellings mushroomed in Kalameriye, and the neighbourhood soon became one of the most fashionable parts of the town.⁶¹ In 1887, the south-eastern walls of the town were demolished and a new avenue, the Hamidiye Caddesi, was built, connecting the neighbouring Hamidiye Quarter directly to the city of Salonica. Similar to the Kalameriye, the Hamidiye Quarter developed rapidly to accommodate handsome residential buildings. European residents and diplomatic envoys working in Salonica moved to this part of the town.⁶²

Meanwhile, considerable infrastructure construction was taking place in Salonica. The construction of the quays along the waterfront was the largest and the most costly project. Raising the necessary capital to finance it initially posed a serious challenge for the local government and municipal authorities. To overcome the difficulty, the authorities soon came up with a brilliant idea. They auctioned the land that would be reclaimed from the sea upon the completion of the quay walls. Both European and local speculators showed immediate interest in the auctions and parceled out the most valuable land stretching along the coastline. Within a matter of few months, the local government had raised almost O.L. 100,000 from the auction.⁶³ An Italian company took over the construction of the quay walls. The works commenced in 1871 and were close to completion by the summer of 1874. However, later in the same year, the works came to an abrupt halt due to the exhaustion of funds. The full completion of this project had to wait until 1882.⁶⁴

Other main avenues of the town, namely the Vardar, Kalameriye, Islahhane and Midhat Paşa Avenues, were enlarged and repaired.⁶⁵ In addition, the municipality

⁶⁰ Yeralimpos, "Tanzimat Döneminde Kuzey," 50.

⁶¹ *F.O.A.S.*, 1888, N. 394: 6-7.

⁶² 1312 S.V.S., 1895, 186.

⁶³ *P.P.A.P.*, 1871, V.29: 544; *PRO, F.O.* 195/1065, 16.1.1875, Blunt to Elliot. Mr. Abbott, one of the leading British residents of the town, and the Alatini family were heavily involved in real estate development along the quay and purchased considerable land along the coast line in the 1870s (*PRO, F.O.* 195/2064, 8.4.1899, Blunt to O'Conor).

⁶⁴ *P.P.A.P.*, 1875, C.N. 17: 455-456; *PRO, F.O.* 195/1065, 16.1.1875, Blunt to Elliot; *P.P.A.P.*, 1883, N. 6: 102.

⁶⁵ 1312 S.V.S., 1895, 191.

opened numerous new streets and roads, and widened and improved the existing ones. By the end of the 1880s, at least a quarter of the streets in the town was paved with lava stone imported from Bandırma and Napoli.⁶⁶ Masonry was of high quality and due attention was paid to “secure good drainage traps at the centre of cross streets, with a slight inclination for the water fall”.⁶⁷ British Consul General Blunt reported in 1889, that “Salonica had the best paved streets in Turkey”.⁶⁸

In 1890, a disastrous fire broke out in the Jewish and Frenk Quarters of the town and wiped out a third of the old city. 1,560 houses were burnt to ashes within a matter of few hours, leaving 10,000 people homeless.⁶⁹ This was a crucial twist of fate that entirely changed the face of the town in the following years. The quarters destroyed by the fire were rebuilt. This time, however, the construction was carried out according to a plan drawn out by the local municipality. Wide avenues, orderly streets and new intersecting squares soon replaced the disorderly and enclosed public spaces of the old city.⁷⁰ New multi-story residential buildings were built within the old Jewish Quarter. The entire neighbourhood was transformed into one of the most expansive areas of the town, accommodating the spacious mansions of the city’s rising bourgeoisie. A similar development took place in the Frenk Quarter. New passages and office buildings were erected in the quarter. The merchant families of the town built their own business centres. The most famous of these were the Alatini, Savol, Tişano, Yıldız, Saías, Rongot and Lombardo business centres (*hans*). Thus, by the mid-1890 the Frenk Quarter once again became a leading business centre.⁷¹

The development of the town towards its western and eastern ends continued throughout the 1890s and the 1900s. In the Vardar Kapı end of the town, new factories and warehouses were built. In the east, residential development continued rapidly. After the fire, the local government and the representatives of the Jewish community helped resettle the displaced Jewish residents of the town in the Kalameriye Quarter and the

⁶⁶ 1312 S.V.S., 1895, 192.

⁶⁷ *F.O.A.S.*, 1888, N. 394: 6-7; *1307 S.V.S.* (1890: 91-92).

⁶⁸ *F.O.A.S.*, 1889, N. 623: 7.

⁶⁹ PRO, *F.O.* 78/4288, 3.9.1890, Blunt to Manohan.

⁷⁰ According to one estimate, the share of public spaces in the town area increased from 17% to 29% following the fire of 1890 (Yeralimpos, “Tanzimat Döneminde Kuzey,” 50). Also, the construction of streets was impressive. The municipality built a total of 99,504 square meters of pavements in the town in 1893 alone (1310 S.V.S., 1893, 208).

⁷¹ 1312 S.V.S., 1895, 192; Yeralimpos, “Tanzimat Döneminde Kuzey,” 50-51.

northern side of the Hamidiye Quarter.⁷² Also, the Hamidiye and the associated Yalılar neighbourhoods became increasingly popular among the prosperous families of the town. With their extensive public gardens, wide avenues and well-planned and orderly streets, the Hamidiye and Yalılar Quarters soon became the suburbs of the town.⁷³ Not surprisingly, real estate speculators purchased sizeable parcels of land in the east-end of the town, forcing the land prices to increase exponentially. For instance, land prices rose from one *kuruş* per *arşın* in 1901 to 25 *kuruşes* in 1905 in the most distant parts of the *Yalılar* Quarter.⁷⁴

Real estate development continued also along the coastline. Two developments were particularly striking in this period. The first was the construction of the new commercial harbour. An imperial decree issued on November 31, 1887, granted to the *Civil List* the concession for the construction of a commercial port in Salonica. Despite the pressing need for the construction of a new harbour and a spacious customs house, no action was taken until the mid-1890s. The delay probably emanated from a lack of funds. The active resistance of the influential guild of porters, that had quite literally monopolised the handling of goods at the port of Salonica, also hampered the commencement of harbour works for quite a while.⁷⁵ On July 20, 1896, the ministers of the *Civil List* finally signed a contract with a French entrepreneur, Edmond Bartissol, for the construction of a commercial harbour in Salonica. According to the contract, the harbour works were to be completed within the following five years. The entire project would cost £260,000. A fifth of the sum was to be advanced by the *Civil List* and the rest was to be financed by the contractor company, *Société ottomane de Construction du Port de Salonique*. The company was granted the right to exploit the port for five years.⁷⁶ Following a brief period of logistical and financial build up, the construction work commenced in 1897.⁷⁷ A number of technical and financial difficulties caused delays in the actual construction process, but the harbour was finally completed in 1903.⁷⁸

⁷² 1312 S.V.S., 1895: 192.

⁷³ 1307 S.V.S., 1890: 94-95.

⁷⁴ *Asır*, 28.C.1323 (28.8.1905), N. 1004: 2.

⁷⁵ D. Quataert, "The Workers of Salonica," 59.

⁷⁶ PRO, F.O.195/2064, 1899, Memo to the Ambassador O'Connor; *Asır*, 14.S.1314 (25.7.1896), N. 601: 2; *Asır*, 25.N.1314 (27.2.1897); *Asır*, 15.N.1319 (22.12.1901), N. 645: 2. For details of the contract see E. Pech, *Manuel des Societes Anonymes fonctionnant en Turquie*, (Paris, 1907) 168-171.

⁷⁷ *Asır*, 25.N.1314 (27.2.1897), N. 155: 2; F.O.A.S., 1898, N.2111: 9-10.

⁷⁸ See F.O.A.S., 1900, N. 2468: 5; *Asır*, 18.L.1318 (7.2.1901), N. 557: 2; *Asır*, 24.Za.1320 (23.2.1903), N. 760: 1. Also see Anastassiadou, *Salonique*, 142-144;

The second development in infrastructure was the enlargement of the quays. The rising volume of trade in Salonica and the increasing public traffic in the town were causing serious congestion along the quays. Goods discharged from the small boats lay along the quay walls and often occupied even the adjacent avenues, obstructing pedestrian and carriage traffic. After the arrival of tramways in 1893 (see below), the congestion along the quays became intolerable. The *Civil List* soon took steps to expand the quays in order to solve the problem. In 1899, the authorities approached the harbour construction company. The project on offer involved the widening of the quays from 12 to 24 meters along the coastal strip that stretched between Olympos square and the White Tower. The harbour company welcomed the offer and estimated the cost of the project at O.L. 34,000.⁷⁹ Following intense bargaining, the harbour company and the representatives of the *Civil List* finally agreed upon a substantially lower budget of O.L. 11,000.⁸⁰ Necessary capital would be provided from the *Privy Purse*, and the *Civil List* would reserve all rights after the completion of the project. The works commenced in 1904,⁸¹ and the reconstruction of the entire quay line was completed probably by 1908.⁸²

Other important infrastructure developments took place throughout the 1890s and the 1900s. The most important projects were the construction of quite comprehensive water, gas and electricity networks and the foundation of a tram service that cut through the town from the west-end to the east.

Prior to the mid-1880s, the city did not possess a comprehensive water distribution scheme. The residents mainly relied on underground waters and used wells to meet their needs. In addition, two small streams passing through the town were the primary sources of fresh running water. However, the streams were far from sufficient for the needs of the town, and chronic water shortages affected the city, especially in

⁷⁹ *Asir*, 14.M.1317 (24.5.1899), N. 382: 2.

⁸⁰ *Asir*, 12.B.1318 (5.11.1900), N. 531: 2; *Asir*, 11.Ş.1318 (4.12.1900), N. 539; *Asir*, 24.Ş.1318 (17.12.1900), N. 543: 2; *Asir*, 3.M.1319 (22.4.1901), N. 576: 2; *Asir*, 26.Ca.1319 (9.9.1901), N. 616: 2; *Asir*, 8.M.1321 (6.4.1903), N. 771: 2.

⁸¹ *Asir*, 12.Ş.1322 (31.10.1904), N. 926: 2; *Asir*, 22.Ş.1322 (31.10.1904); *Asir*, 12.L.1322 (19.12.1322), N. 940: 2.

⁸² *F.O.A.S.*, 1907, N. 3867: 3.

dry summer seasons. The rapid growth of the town population aggravated the water supply bottlenecks from the 1870s onwards.⁸³

In 1888, a prominent notable of Salonica, Nemlizade Hamdi Efendi, received the concession to carry water from the Vardar River to Salonica and to construct water wells in the hilly northern quarters of the town.⁸⁴ Another notable from Karaferye, Talib Ağa, was granted the concession to build a canal to bring fresh running water from the nearby Kel Baba and Şeyh Suyu streams over to the Kalameriye end of the town. Talib Ağa completed this project successfully in the late 1880s, and a regular 20-30 *mesuro* water supply for the town was thus guaranteed. Within this scheme, Talib Ağa also built a public fountain in Kalameriye Quarters to serve the needs of local population.⁸⁵ The commencement of the much larger Vardar project had to wait until 1891. In 1890, Hamdi Efendi ceded the concession to *Ottomane des Eaux de Salonique*, which was a joint stock company founded by a group of Belgian capitalists with an initial capital of 5,000,000 French francs. Subsequently, the Water Company and the Ottoman government signed a contract on January 12, 1891. The contract secured the management rights of the Water Company for fifty-one years in return for the construction of the project.⁸⁶ Construction started in 1891 and the water canals were completed by 1893. The water was first brought from the Vardar plain to the waterworks situated near the Beşçınar public gardens in the west side of the city. The water was then pumped by steam power to the reservoirs situated in the upper part of the city and from there distributed to the entire city. The contractor company built five hydrants and seven public fountains along with the main distributary channels.⁸⁷

Extensions, improvements and repairs on the waterworks continued until the end of the period. The Water Company became the main supplier of fresh drinking water to Salonica. Although complaints concerning the pricing policy of the Water Company were voiced in city circles, the new network made life easier for the Salonicans.⁸⁸ The service also improved the sanitary conditions in a city where epidemics of cholera,

⁸³ 1312 S.V.S., 1895, 182.

⁸⁴ BA, *Mukavelat*, 3/174-183, 21.Ş.1305 (2.5.1888).

⁸⁵ 1307 S.V.S.(1890: 93).

⁸⁶ BA, *Mukavelat*, 5/60-66, 1.C.1308 (21.1.1891).

⁸⁷ *F.O.A.S.*, 1893, N. 1310: 21.

⁸⁸ For complaints about the tariffs charged by the water company, see *Asir*, 6.Ca.1316 (22.9.1898), N. 314: 2-3; *Asir*, 20.Z.1316 (30.4.1899), N. 375: 2; *Asir*, 9.N.1323 (6.11.1905), N. 1024: 2.

typhus, and chronic diarrhoea, all emanating from contaminated water, had claimed the lives of many adults and infants in the past.⁸⁹

The second important infrastructure project was the construction of gasworks in the town. In 1887, the imperial government granted a concession to a British subject, Sir Kirby, to build and manage gas works in Salonica for thirty-five years. Later that year, Sir Kirby sold the concession to a French company, *Société du Gas*, which implemented the entire project in a short time.⁹⁰ The company began to lay the first pipes along the streets of Salonica in 1889, and the actual gas distribution started in 1890. Construction proceeded rapidly in the following few years. By the mid-1890s, most streets of the town had been illuminated by gas lamps.⁹¹ The gas works continued to expand steadily throughout the following decade. In some years, the works had to be suspended due to lack of funds. Still, the expansion of the network continued well into the late 1900s, thanks to the timely credits that the local banks extended to the construction company.⁹²

Another important infrastructure development of the 1890s was the construction of an extensive tram network in the town. We see, once again, a local Muslim notable, Hamdi Bey, behind the tram project. Hamdi Bey was granted a concession to build and run tram lines in the town of Salonica on 11 September, 1889.⁹³ In 1892, a joint stock company, *Compagnie ottomane des Tramways de Salonique*, was established in Belgium to raise the necessary capital. Once Hamdi Bey and his Belgian associates secured a capital of 15,000,000 French francs, they launched the project. Under the direction of Monsieur Kaul, an engineer from Luxembourg, the construction proceeded quickly. By mid-1893, half of the projected network was completed. Within that year, tram services commenced. In the first six months, the trams carried 779,847 passengers, and the company earned about 4,000 French francs in profits. Next year, the entire 8.8 km-long network was completed, connecting the east and west ends of the town. The

⁸⁹ A. S. Ünver "Les épidémies de choléra dans les terres Balkaniques aux XVIIIe et XIXe siècles", *Etudes Balkaniques*, 4, (1973): 89-97.

⁹⁰ *F.O.A.S.*, 1889, N. 623: 9-12.

⁹¹ 1312 S.V.S., 1895, 186.

⁹² *F.O.A.S.*, 1910, N. 4579: 5-6.

⁹³ BA, *Mukavelat*, 4/67-76, 21.Za.1306 (19.7.1889); *F.O.A.S.*, 1889, N. 623: 11); Pech, *Manuel des Sociétés*, 198. This Hamdi Bey was probably different from the Nemlizade Hamdi Bey who played the leading role in the *Vardar* waterworks project.

company was a success from this point on. Passenger numbers reached 4,000,000 and the annual profits rose to 41,000 French francs in the late 1890s and the early 1900s.⁹⁴

The development of the east-end, particularly of the Hamidiye Quarter, soon brought about the need to extend the tram services beyond the White Tower. The construction of a new four-kilometre line that connected the White Tower to the Depot located at the outskirts of the Hamidiye Quarter commenced in 1897. The Tram Company completed the project within three years, and new trams started running along the Hamidiye Boulevard in 1900.⁹⁵ Meanwhile, services on existing lines improved. The number of carriages running through the town at rush hours increased.⁹⁶ New late night and early morning trams were put into service. New seats were added to carriages to secure the privacy of Muslim women. Also, due care was taken to improve the punctuality of the services.⁹⁷ In 1904, a new project was initiated to build a second tram track along the quay with a view to increasing the flow of services between the railway terminus and the White Tower.⁹⁸ This project proceeded rapidly and was probably completed in 1905.⁹⁹ Yet, the trams could still not keep up with the rapid growth of the town population. Municipal authorities considered alternative measures that would help alleviate the problem of public transportation. In 1905, the growing need for new electric trams for the town was voiced for the first time in city circles.¹⁰⁰ Later in that year, the *Société ottomane d'Electricité de Salonique et Smyrne* was established in Istanbul to set up the first electricity works and to run the trams on electricity in Izmir and Salonica. This company, too, brought together a group of Belgian capitalists led by Mr. Barlett and influential Ottomans, including Ziya Paşa, who successfully obtained the necessary concession from the central government and raised the due capital in Europe toward the realisation of the project.¹⁰¹

⁹⁴ Pech, *Manuel des Societes*, 199; Anastassiadou, *Salonique*, 168.

⁹⁵ *Asır*, 25.Ca.1315 (20.10.1897), N. 220: 2.

⁹⁶ *Asır*, 29.Ş.1316 (12.1.1899), N. 346: 2.

⁹⁷ *Asır*, 20.R.1319 (6.8.1901), N. 606: 2.

⁹⁸ *Asır*, 12.L.1322 (19.12.1904), N. 940: 2.

⁹⁹ *Asır*, 22.L.1322 (29.12.1904), N. 943: 2.

¹⁰⁰ *Asır*, 5.N.1323 (2.11.1906), N. 1023: 2;

¹⁰¹ Pech, *Manuel des Societes*, 193. The thirty-five year concession was granted by the imperial government to Mr. Barlett on July 30, 1899 (BA, *Irade-İmtiyazat ve Mukavelat*, 52/628, 22.Ra.1317 (30.7.1899)). Later in 1903, the concession was extended for another 35 years from its expiry date in 1923 (BA, *Irade-Ticaret ve Naifa*, 327/837, 16.R.1321 (12.7.1321); PRO, *F.O.* 195/2182, 23.1.1904, Graves to O'Conor).

In 1906, a group of engineers from Belgium arrived Salonica.¹⁰² Following preliminary investigations and planning, the engineers ordered the importation of the necessary equipment from Belgium. The engineers soon completed the project and the first electric tram started running along the streets of Salonica in June of 1907.¹⁰³ The Tram Company also provided electricity for the town. In 1908, apart from several private consumers, three theatres and the Aladini Flour Mill were illuminated by electrical power. The next year, three main avenues as well as a few principal cafés situated around the *Olympos* Square and the seashore were lit by electricity.¹⁰⁴

Table 5.4.

<i>Comperative Returns over Alternative Investments (Late 1900s)</i>	
<i>Investment Option</i>	<i>Annual Returns</i>
<i>Average Annual Return over Real Estate Owned in Salonica</i>	18%
<i>Banque de Salonique</i>	10%
<i>Société anonyme ottomane Industrielle et Commerciale de Salonique</i>	10%
<i>Banque Imperial Ottomane</i>	7%
<i>Interest Rate of the Agricultural Bank</i>	7%
<i>Société anonyme ottomane des Mines de Kassandra</i>	6%
<i>Commercial Company of Salonica Limited</i>	6%
<i>Ottoman Government Bonds (Average Effective Interest Rate, 1876-1914)</i>	5.50%
<i>Société ottomane d'Electricité de Salonique et Smyrne</i>	5%
<i>Compagnie ottomane de Eaux de Salonique</i>	4%

Source: Pech, *Manuel des Societes*, 109, 128, 140, 186, 193, 205, 230); Kiray, *Osmanlı'da Ekonomik Yapı*, 12; Güran, *19. Yüzyıl Osmanlı Tarımı*, 153.

All these projects reflect the prosperity, technical modernisation and the material improvements that affected the lives of Salonicans. Clearly, a considerable amount of wealth accumulated in Salonica during the period under consideration. As we have seen, the Ottoman government was partly responsible for the flow of wealth into the town. The *Civil List* and the local municipality played an important role in providing the necessary capital for some of the infrastructure projects. However, the bulk of the capital that poured into the city appears to have originated from local mercantile classes, notables and European capitalists.

In order to better demonstrate the interests of these agents in urban real estate development, I present a brief list of some of the prominent real estate owners in

¹⁰² *Asır*, 25.Z.1324 (19.2.1906), N. 1052: 2.

¹⁰³ *Asır*, 25.Za.1325 (7.1.1907), N. 1144: 1-2; *F.O.A.S.*, 1909, N. 4359: 7.

Salonica around 1910 in Appendix 6. The data are extracted from an Ottoman tax ledger that contains information on the fiscal liabilities of the real estate in question. The ledger is far from being exhaustive, but it reveals useful information on the involvement of notables and mercantile classes in urban real estate development. For instance, the common presence of Muslim proprietors, who carry the prestigious titles of *paşa*, *ağa* and *bey*, point to the heavy involvement of wealthy notables and individuals in urban real estate development. The frequent appearance of Muslim women with the prestigious title of *hanım* in the list, likewise, confirms the preoccupation of wealthy Muslim families in real estate business. The frequent appearance of certain Jewish and Greek family names on the list indicate that the town's ethnically mixed elite shared the costs as well as the benefits of real estate development in Salonica.

Handsome returns appear to have been the main attraction of urban real estate development in Salonica. The above mentioned data also reveal some useful, and quite unique, information on the annual average yield of various types of real estate in Salonica. According to the data, the annual rent income that an average building generated in Salonica could reach 18.0% of the estimated value of the building. More specifically, residential buildings yielded an annual rent income that equalled average 15.0% of the actual estimated value of the property, while the same figure for commercial buildings was 19.0%. If this information is accurate, then real estate ownership emerges as a relatively profitable and secure investment option. For example, the leading firms and banks located in Salonica paid between 4-10.0% in dividends every year in the late 1900s (See Table 5.4). Between 1886-1914, the average effective annual rate of interest on government bonds was 5.5%. The *Agricultural Bank* charged 7.0% interest on loans extended to farmers. Money lending and tax farming were profitable investments that could yield as much as 30-40.0% of profit per annum.¹⁰⁵ Yet, money lending and tax farming involved serious risks.¹⁰⁶ These comparative figures indicate that real estate ownership in Salonica was probably one of the most lucrative and presumably the least risky of all investment options that were available to people of economic prominence in the region. This attractiveness of real estate development undergirded the physical growth of Salonica and other towns.

¹⁰⁴ *F.O.A.S.*, 1908, N.4121: 7.

¹⁰⁵ *Asır*, 9. B. 1313 (25.12.1895), No: 34: 1-2; J. Baker, *Turkey*, (New York: Henry Holt and Company, 1877), 401.

European capitalists showed considerable interest in real estate development. They were involved, to some extent, in the construction of commercial and residential buildings. Even more so, they participated in infrastructure projects, such as the construction of the commercial harbour, quays, gas and water works and trams. All the projects carried out by European capitalists, without exception, yielded handsome returns for the investors. These returns underlay European interest in infrastructure projects. Also, the constant struggle between the European powers to establish a strong foothold in the Balkans set the political and strategic backdrop against which these infrastructure outlets proceeded in the region. In this context, the predominance of French, Belgian and especially Austrian capital in infrastructure outlets illustrates the political and strategic nature of European presence in the region.¹⁰⁷

The physical development of Salonica, then, can be associated with a number of interlocking structural processes at work. First, the moment of “peripherisation” encompassed the entire process of urban growth and the rapid development of the construction industry in Salonica. The concentration of commercial activity in this important port-city of the Levant constituted the broad historical backdrop against which the construction industry grew. The construction industry expanded rapidly to accommodate physically the town’s commercial and demographic growth. Secondly, the efforts to modernise the city fuelled the growth of the urban construction industry. The construction of wide avenues, paved streets, water, gas and electricity works, modern transport systems, as well as the emergence of new eclectic architectural styles in the town marked this development. Thirdly, the local elite seems to have responded swiftly to the emergent opportunities provided by the interlocking processes of “peripherisation” and “modernisation”. Local mercantile classes and prominent notables assumed active initiative in real estate development. They invested considerable sums of capital in the construction of both residential and commercial buildings. The primary motive behind this interest in real estate development was apparently the returns accruing from such investments. However, the prestige and power that came with ownership of real estate in urban areas too must have moved the elite. The proliferation of luxurious mansions, kiosks and other stylish buildings owned by prominent

¹⁰⁶ See Chapter-5 for details.

¹⁰⁷ M. Kent (ed.), *The Great Powers and the End of the Ottoman Empire*, (London: Frank Cass, 1996); and, S. J. Shaw, and E. K. Shaw, *History of the Ottoman Empire and Modern Turkey, V. II, Reform Revolution and Republic: The Rise of Modern Turkey, 1808-1975*, (Cambridge, New York, New Rochelle, Melbourne, Sydney: Cambridge University Press, 1988), for the details of inter-imperialist rivalries over the Ottoman Empire.

individuals testify to this lavish interest in prestige and power. Probably similar economic and political concerns incited European capitalists to invest considerably in real estate development in Salonica, although the economic motives seem to have been more important in their case.

4. The Growth and Transformation of the Manufacturing Industry

In the early 1870s, the region's manufacturing base included artisanal shops that specialised in the production of textiles, household utensils, furniture, basic iron goods and food processing.¹⁰⁸ There were only a few "industrial" establishments in the region. These establishments included a number of silk filatures, a few tanneries, a steam-engined flourmill, and a soap factory.¹⁰⁹ The products of these artisanal and "industrial" concerns were consumed largely within the region. The exceptions were the specialty textile products, specifically the famed heavy woollen cloth (*şayak*), silken bath towels (*peştimal*) and silken veils (*bürümcük*), which were in demand also in the Ottoman and Levantine markets.¹¹⁰ The urban manufacturing industries of the region, then, were typically characterised by small scale artisanal production based on simple technology on the one hand, and a high degree of concentration on products sold in the immediate consumer markets, on the other. Mechanisation and production with a view to acquiring a larger share for the intra-regional and international markets remained limited. Intense European competition, technical difficulties encountered in the introduction, adaptation and maintenance of imported technology and, last but not the least, risk averse entrepreneurial behaviour undergirded relative isolation and the technological limitations of the urban manufacturing sector.¹¹¹

¹⁰⁸ Anastasiadou, *Salonique*; Gounaris, *Steam Over Macedonia*; Dumont, "The Social Structure".

¹⁰⁹ Gounaris, *Steam Over Macedonia*, 134; D. Quataert, "Premières fumées d'usines," 160-161.

¹¹⁰ 1299 S.V.S., 1883, 206-208; Gounaris, *Steam Over Macedonia*, 134; Quataert, "Premières fumées d'usines," 160-161.

¹¹¹ D. Quataert, *Manufacturing and Technology Transfer in the Ottoman Empire, 1800-1914*, (Istanbul: The ISIS Press, 1992); D. Quataert, "The Age of Reforms, 1812-1914," in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press, 1994), 759-946.

The late nineteenth century, however, appears as a period of growth, deepening and diversification for the manufacturing industry.¹¹² It is very difficult to measure the growth performance of the sector during these years. Available output figures provide only limited information on a few leading industries, mainly textiles, and are silent on many important branches of the sector.¹¹³ Besides, available data is often cross-sectional and do not allow a systematic long-term analysis.¹¹⁴ Thus, it is necessary to find an alternative proxy to help us establish the broad trends in sectoral performance.

Changes in the number of industrial establishments operating in the region can illustrate the development of the sector. This proxy can also enable us to surmise the changing composition of manufacturing production in time. The proxy in question, however, has certain drawbacks. First, it cannot fully account for the variations in the size of industrial establishments and therefore cannot fully account for the contribution of each establishment to the performance of the manufacturing sector at large. Second, it is not sensitive to changes taking place in the level of productivity in different branches of the manufacturing sector. Therefore, it is necessary to maintain a critical distance to the implied results of the proxy variable. Yet, the exercise, as we shall see, is useful in reaching certain conclusions of a more general nature.

Table 5.5 presents the number of industrial establishments operating in the region in ten-year intervals between 1880 and 1910. The data pertaining to 1880 are based on the contributions of Gounaris, Quataert and Palaret and incorporate industrial establishments that existed in the region during the 1870s.¹¹⁵ As it is, the data set is somewhat incomplete, because it does not include a number of factories that actually

¹¹² For the literature on the manufacturing industries on Salonica see Quataert, *Ottoman Manufacturing*; D. Quataert, "Premières fumées d'usines," 159-174; Quataert, "The Age of Reforms"; Quataert, "The Workers of Salonica," 59-74; B. Gounaris, "Selanik", in Ç. Keyder, E. Özveren and D. Quataert (eds.), *Doğu Akdeniz'de Liman Kentleri, 1800-1914* [Port Cities of the Eastern Mediterranean, 1800-1914] (İstanbul: Tarih Vakfı Yurt Yayınları), 103-120. Gounaris, *Steam Over Macedonia*; M. Palaret, *The Balkan Economies*; İ. Tekeli and S. İlkin "İttihat ve Terakki Hareketinin Oluşumunda Selanik'in Toplumsal Yapısının Belirleyiciliği" [The Determining Role of the Social Structure of Salonica in the Formation of the Committee of Union and Progress], in O. Okyar and H. İnalçık (eds.) *Türkiye'nin Sosyal ve Ekonomik Tarihi, 1071-1920* [Turkey's Social and Economic History, 1071-1920], (Ankara: Metaksan Limited Şirketi) 351-382; V. Kacarkova, and E. Nikova, "Thessaloniki and the Bulgarian-Greek Economic Relations in the Twentieth Century," *Etudes Balkaniques*, N. 2, (1986): 3-16; Anastasiadou, *Salonique*; and, Yeralimpos, "Tanzimat Döneminde Kuzey".

¹¹³ On cotton yarn production in Macedonian provinces, see Palaret, *The Balkan Economies*, 351.

¹¹⁴ See below for a discussion of production trends in woolen textile manufacturing.

¹¹⁵ Quataert, "Premières fumées d'usines"; Gounaris, *Steam Over Macedonia*; Palaret, *The Balkan Economies*.

existed at the time but went unrecorded in available sources. An unknown number of silk filatures and iron works situated in Salonica, a few mechanised flour mills operating in Karaferye, Avrethisarı, Vodine, Drama and Ağustos are cases in point. Therefore, the 1880 estimates do not fully represent the number of mills operating in the region and must be considered an under-representation by at least 20 establishments.¹¹⁶

The data set pertaining to 1890 is based on the provincial yearbook of that year, which provides a detailed list of the factories operating in the region.¹¹⁷ I have added to the numbers reported in the official yearbook an additional textile concern, one ice factory, four chair manufactures, a machinery repairs workshop and three macaroni factories, which are cited in British consular reports and also mentioned by Quataert, Gounaris and Palairat.¹¹⁸

The data for 1900 are based mainly on the relatively comprehensive 1890 estimates. In estimating the number of establishments in 1900, I simply controlled for the opening and closure of industrial establishments during the 1890s and adjusted the 1890 numbers accordingly, by adding or subtracting the respective observations. Otherwise, I assumed that the industrial profile did not significantly change over time and carried the 1890 values over to 1900. I extracted the information about factory openings and closures from contemporary sources that reported such activity, namely, the provincial yearbooks, British consular reports, and the existing secondary literature. In addition, I referred to Ottoman archival sources, especially the State Council (*Şura-yı Devlet*) and the Imperial Decree (*İrade*) collections, the local newspaper *Asır*, and the journal of the French Chamber of Commerce of Istanbul, *Revue Commerciale du Levant*.

¹¹⁶ Gounaris, *Steam Over Macedonia*, 136. For instance, we know that there were about 18 silk filatures operating in Salonica in 1874 (E. Themopoulou, *Salonique, 1800-1875: Conjoncture Économique et Mouvement Commercial*, Unpublished Ph.D. diss., (Paris: Université de Paris I, Pantheon-Sorbonne, 1994), 459). However, it is not exactly clear how many filatures existed in c.1880. Quataert maintains that there were only two filatures operating in Salonica and an additional six operating in the nearby villages in the late 1880s (Quataert, "Premières fumées d'usines," 164). The 1890 Ottoman provincial yearbook cites only four silk concerns in Salonica (1307 S.V.S., 1890, 230-231). Therefore, it is difficult to exactly point out the number of filatures operating in the towns as of 1880. Hence, I decided to keep silk filatures out of our data set for c.1880. Similarly, according to the 1890 yearbook, there were about 12 flour mills operating in numerous towns other than Salonica, i.e. two in Vodine, one in Drama, one in Sari-Şaban, one in Kavala, one in Longaza, four in Karaferye, and two in Ağustos, (1307 S.V.S., 1890, 230-231). Their number in c.1880 is not exactly clear, so I left these establishments too out of my computations. Thus, including the iron workshops etc. in Salonica, I have possibly excluded a total of 20 establishments for c.1880.

¹¹⁷ 1307 S.V.S., 1890: 230-231.

Finally, the 1910 estimates are based on a British consular report dated 1911. The report includes a list of industrial establishments operating in the leading urban centres of the region.¹¹⁹ I adjusted the British data to account for the new establishments and a number of closures that the consular report apparently overlooked. Thus, I estimated the number of industrial establishments on a cross sectional basis for four benchmark years.

Another difficulty encountered in the process of data compilation was to determine what an industrial establishment, or a “factory” proper, really entailed during the late nineteenth and early twentieth centuries. In both Ottoman and European sources, there was no clear indication as to the definition of a factory. Often, the identification of a workplace as a factory was not disputable. The food processing and textile mills that utilised steam power and employed tens and hundreds of workers could be legitimately termed as factories. Similarly, large workshops, such as the tobacco processing concerns that employed hundreds of workers, could be justifiably categorised as factories. However, there was also a grey zone of manufacturing concerns that stood very close to artisanal workshops. This grey zone included such workplaces as oil presses, small tanneries, flour mills, smaller brick and tile works, numerous distilleries and small workshops producing iron goods. In order not to inflate the estimates, I excluded this latter group of workplaces in my “factory” category.¹²⁰ In other words, I included only the sizeable and relatively mechanised establishments in my calculations.¹²¹ This methodological choice enhanced consistency within the data set.

¹¹⁸ *F.O.A.S.*, 1886, N. 24: 6-7; Quataert “Premières fumées d’usines,” 165; Gounaris *Steam Over Macedonia*, 135-138; Palaret, *The Balkan Economies*, 346-352.

¹¹⁹ *F.O.A.S.*, 1912, N. 5017: 4.

¹²⁰ The only exception to this were the large tanneries situated in Salonica, Vodine and Kavala, which are cited in the 1911 British consular report.

¹²¹ In the 1913-1915 industrial survey the definition of a ‘factory’ included flour mills capable of grinding 100 quintals of grain within 24 hours, soap factories employing at least 10 workers, mechanised factories employing at least 10 workers, and non-mechanised factories employing more than 20 workers. Our definition is not as clear-cut. Yet, by excluding the smaller workplaces, I have improved the comparability of the data set with the 1913-1915 survey. See Devlet İstatistik Enstitüsü, *Osmanlı Sanayii, 1913, 1915 Yılları Sanayi İstatistikleri* [Ottoman Industry, Industrial Census of 1913,1915], Prepared by G. Ökçün, (Devlet İstatistik Enstitüsü, Tarihi İstatistikler Dizisi, V.4, Ankara: Devlet İstatistik Enstitüsü Matbaası, 1997).

Table 5.5

<i>Number of Leading Industrial Establishments in Selanik, c.1880-c.1910</i>				
<i>Consumer Goods</i>				
Sector	c.1880	c.1890	c.1900	c.1910
Cotton Yarn	2	4	6	10
Cotton Cloth	0	0	2	3
Woolen Cloth	0	0	0	3
Fannel, Shirts and Underwear	0	0	1	13
Tanneries	0	0	0	4
TOTAL TEXTILES	2	4	9	33
Flour Mills	5	27	30	34
Macaroni	0	3	3	2
Rice	0	0	0	3
Distillery and Breweries	1	2	3	3
Ice	0	1	1	3
Soda Water	0	0	0	2
TOTAL FOOD PROCESSING	6	33	37	47
Soap	2	6	6	13
Paper	0	1	1	1
Shoe	0	0	0	1
TOTAL MISCELLANEOUS	2	7	7	15
Cutlery	n.a.	0	0	2
Chairs	0	4	4	4
TOTAL CONSUMER DURABLES	0	4	4	6
TOTAL CONSUMER GOODS	10	48	57	101
<i>Construction and Iron Works</i>				
Sector	c.1880	c.1890	c.1900	c.1910
Tile and Brick Works	0	1	1	2
Iron Works	n.a.	3	3	4
Nails	0	1	1	1
Machine Repairs	0	1	1	1
TOTAL CONSTRUCTION ETC.	n.a.	6	6	8
<i>Raw Material Processing</i>				
Sector	c.1880	c.1890	c.1900	c.1910
Silk	n.a.	4	23	32
Tobacco	0	1	4	6
Hempseed	0	0	0	1
TOTAL PROCESSING	0	5	27	39
<i>Industrial Aggregate</i>				
	c.1880	c.1890	c.1900	c.1910
TOTAL	10	59	90	148

Source: See Text.

Table 5.5 points to the dynamism of the region's industrial manufacturing sector. First, the last row maintains the growth of the region's urban industrial base between 1880 and 1910. More specifically, there was a minimum of ten, and possibly thirty, industrial establishments in the region in the 1880s. On the eve of the Balkan Wars, the estimated number of factories had increased to 148. This basic observation

leaves little doubt about the growth of industrial production in the region during the period under consideration.

Secondly, the data indicate the growing diversification of industrial production in the Selanik region. In the early 1880s, the existing industrial establishments in Selanik included flourmills, cotton spinning mills, silk filatures, and a few other consumer goods industries. In contrast, the region's industrial base included mechanised weaving concerns, flannel, underwear and shirting factories, and a number of establishments producing a variety of basic consumer goods, such as macaroni, beverages, ice, shoes, and tobacco products in the early 1910s. In addition, local entrepreneurs established numerous sweatshops producing iron goods, cutlery and furniture and a number of tobacco processing factories and silk reeling concerns.

In what follows, I will discuss the underlying dynamics of this growth process, focusing on a) demand side conditions, b) factor costs, and c) entrepreneurship.

4.1. Dynamics of Industrial Growth and the Rise of the Factory System

4.1.1. Demand Side Factors

Favourable demand side conditions underlay the growth of industrial production in Selanik. First, domestic demand for certain consumer goods and construction materials increased quite notably during the period. Two processes of structural transformation underlay the expansion of the domestic demand. First, the growing tide of urbanisation generated fresh demand for basic consumer goods, processed foodstuffs, beverages and other items for immediate consumption. Likewise, the physical growth of cities and the proliferation of the urban construction industry generated additional demand for certain materials, such as nails, bricks, tiles, iron frames and fittings. Second, the growth of commercial agriculture, especially of tobacco production, led to a rise in disposable cash income of the farming communities, particularly after the turn of the century.¹²² Subsequently, the local demand for manufactured consumer goods expanded even further, as cash crop producers became detached from subsistence farming and increasingly involved in the broader circuit of commodity exchange.

¹²² See Chapter 2, the section on tobacco production.

Imports from overseas probably absorbed a good portion of this fresh demand. As I have discussed above, imports grew steadily during the period under consideration. Such imported goods as textiles and certain foodstuffs captured a commanding position in the expanding domestic markets, owing much to the aggressive marketing strategy of foreign trading houses and the expansion of credit networks throughout the region. However, the rapid expansion of domestic demand worked also to the advantage of local manufacturing industries, especially in the low value added consumer goods and in commodities that directly appealed to local tastes. Indeed, the manufactured goods produced in local factories were consumed predominantly within the region. Take, for instance, the cotton spinning concerns of Salonica, Vodine, Karaferye and Ağustos. Local artisanal and mechanised weaving concerns, as well as peasant women weaving cloth within the confines of the rural household economy, consumed the coarse yarn spun in these cotton mills.¹²³ Likewise, the cotton and woollen weaving manufacturers and the ready made cloth and footwear industries sold their products in both regional and in growing urban, markets. All foodstuffs and beverages were consumed locally.¹²⁴ Likewise, the soap factories catered exclusively to local demand.¹²⁵ The industrial sectors linked to the booming construction industry also sold their products primarily in regional markets.¹²⁶

Some consumer and construction goods industries, however, managed to expand their market reach beyond the region and sold their products in other Ottoman markets. For instance, the local cotton spinning concerns traded regularly with interior Macedonia, Albania, Anatolia, and the Aegean Islands.¹²⁷ Similarly, the famous Olympos brewery in Salonica marketed its beer also in Istanbul and Izmir.¹²⁸ The local

¹²³ *P.P.A.P.*, 1883, C.N. 6: 97; *D.T.O.G.*, 12.B.1302 (27.4.1885), N. 9: 25; *F.O.A.S.*, 1886, N. 24: 7; *D.T.O.G.*, 30.R.1304 (24.1.1887), N. 108: 25-16; *F.O.A.S.*, 1889, N. 623: 9; *1307 S.V.S.* (1890: 228); *F.O.A.S.*, 1893, N. 1310: 21-22; *1312 S.V.S.* (1895: 264); *1315 S.V.S.* (1898: 578); *R.C.L.*, 1907, N: 238-243: 991.

¹²⁴ Alcoholic beverages, soft drinks and the ice as well as the flour milled in local industrial concerns were sold in domestic markets see *F.O.A.S.*, 1893, N.1310: 21; *Asır*, 5.M.1324 (3.3.1906), N. 1055: 2.

¹²⁵ *F.O.A.S.*; 1903, N. 3100: 5; *F.O.A.S.*, 1904, N. 3250: 5-6.

¹²⁶ For iron works see *F.O.A.S.*; 1886, N. 24: 7; *F.O.A.S.*, 1888, N. 254: 4-5 and for brick and tile production see *F.O.A.S.*, 1888, N. 394: 6.

¹²⁷ *P.P.A.P.*, 1883, C.N. 6: 97; *D.T.O.G.*, 12.B.1302 (27.4.1885), N. 9: ???; *F.O.A.S.*, 1886, N. 24: 7; *D.T.O.G.*, 30.R.1304 (24.1.1887), N. 108: 25-16; *1307 S.V.S.* (1890: 228); *F.O.A.S.*, 1893, N. 1310: 21-22; *1312 S.V.S.* (1895: 264); *1315 S.V.S.* (1898: 578); *F.O.A.S.*, 1902, N. 3100: 5; *R.C.L.*, 1907, N: 238-243: 991.

¹²⁸ Quataert, "Premières fumées d'usines," 166.

tile and brick factories, especially the large concern owned by the Alatini family, sold their products in Izmir, Istanbul and Rhodes.¹²⁹

The apparent expansion of intra-regional trade in these products can be associated with two processes. First, the demand dynamic generated by the rapid growth of such leading towns of the Levant as Izmir and Istanbul appears to have provided an important pull-factor that created ample opportunities for local industrialists. Second, the gradual abolition of internal customs duties during the late 1870s and the late 1880s was a crucial development that enabled local manufacturers to take advantage of the opportunities offered by the neighbouring consumer markets of the Levant.¹³⁰

Another source of demand for manufactured goods, particularly for textiles and processed foodstuffs was the Ottoman state itself. From the 1840s onwards the Bulgarian textile industry was the primary supplier of woollen *şayak* and *aba* cloths for the Ottoman army. However, following the Russo-Ottoman War of 1876 and Bulgaria's subsequent autonomy, the Ottoman army withdrew its orders from Bulgaria. The Bulgarian woollen textile industry went into a period of crisis,¹³¹ but this situation created new opportunities for Ottoman woollen textile manufacturers. The weavers of Selanik, who had for centuries been manufacturing a variety of woollen cloths for both civil and military consumption, soon became an important supplier of woollen cloth for the Ottoman army. The bulk of woollen cloth production took place within the context of artisanal manufacturing.¹³² However, it is important to note here that the lucrative sale of woollen textiles to the army encouraged a number of entrepreneurs to establish mechanised weaving concerns in the region. In 1904, a *şayak* factory was opened in Siroz. In 1906 an integrated woollen textile mill was established in Salonica and another concern was set up in Ağustos next year. Finally, in 1911, a group of Jewish entrepreneurs established a large mill in Salonica, catering exclusively to army orders.¹³³ Thus, the extra demand generated by the Ottoman army undergirded the

¹²⁹ *F.O.A.S.*, 1910, N. 4579: 12; *F.O.A.S.*, 1911, N. 4797: 11.

¹³⁰ *F.O.A.S.*, 1889, N. 623: 9; *Asır*, 23.Ca.1314 (30.10.1896), N. 121: 1. Internal customs duties on goods to be transported overland within the Empire were abolished earlier in 1878. In 1889, the charges on goods to be transported over sea routes were abolished entirely. See Ş. Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, [Dependency and Growth in the Ottoman Economy], (Istanbul: Tarih Vakfı Yayınları, 1994), 130-131.

¹³¹ Palaret, *The Balkan Economies*, 70-73, 82, 189-196.

¹³² See Section 4.2. below.

¹³³ Quataert, "Premières fumées d'usines," 162, 169; Gounaris, *Steam Over Macedonia*, 139-143; Palaret, *The Balkan Economies*, 348.

expansion of the mechanised woollen textile industry in the region, especially after the turn of the century.

The provision of flour and other foodstuffs for the local armies also created certain opportunities for industrialists. The third army corps stationed in the Macedonian provinces included about 75,000 soldiers.¹³⁴ At the time, the average Ottoman soldier was given a daily ration of 960 grams of bread.¹³⁵ This meant that each soldier consumed on the average 350 kilograms of bread annually. The total bread consumption of the entire third army corps, therefore, could reach up to 26,000 tons. This was a considerable amount and required the regular provision of about 20,000 tons of flour for the army annually. The leading cereal merchants of Salonica, the Alatini brothers, conducted the bulk of this lucrative business in army provisions. The Alatini brothers processed army provisions in their large flourmill in Salonica. Prominent notables also held a considerable stake in provisioning; some owned their own flour mills and processed and packed the produce before forwarding the flour over to the military barracks.¹³⁶

Finally, the growth of cash crop production had a propulsive impact on industrialisation, as witnessed by the rapid growth of the silk reeling and tobacco processing industries. As it has been discussed in Chapter 2, the appearance of the malignant *pebrine* disease in Salonica and its environs led to an unprecedented decline in regional silk production from the mid-1850s onwards. The collapse of sericulture, in turn, forced numerous silk reeling concerns out of business in the 1860s and the 1870s. According to contemporary estimates, there were about 35 mechanised silk filatures in Salonica that employed a total of 2,000 workers in the mid-1840s. By the late 1860s, there were only 15 filatures employing about 1,000 workers.¹³⁷ The contraction of the sector continued throughout the 1870s. In the early 1880s, there remained only two filatures operating in Salonica and another six filatures operating in nearby villages.¹³⁸

¹³⁴ G. Tokay, *Makedonya Sorunu, Jön Türk İhtilali'nin Kökenleri (1903-1908)*, [Macedonian Question and the Origins of the Young Turk Revolution, 1903-1908] (İstanbul: Afa Yayınları, 1996), 107.

¹³⁵ *R.C.L.*, 31.1.1909, No. 262: 133-135.

¹³⁶ For example, the İsmail Paşa, who was a leading contractor for the army, owned a large flour mill in the district of Koçana in the neighbouring province of Kosova (1318 K.V.S., 1901, 484).

¹³⁷ E. Themopoulou, *Salonique*, 459.

¹³⁸ Quataert, "Premières fumées d'usines," 160-162.

The silk reeling industry made a notable recovery following the successful containment of the *pebrine* disease and the subsequent recovery in sericulture from the 1880s onwards.¹³⁹ Gevgeli emerged as the primary centre of silk reeling. Ottoman provincial yearbooks report no silk concerns in Gevgeli in the late-1880s, but the 1895 yearbook reports 18 filatures operating in the town.¹⁴⁰ In 1907, there were a total of 28 silk concerns in Gevgeli alone.¹⁴¹ By 1910, a total of 32 filatures were operating in the entire Selanik region.

Most of the silk concerns were privately owned. However, the Ottoman Public Debt Administration (PDA) set up at least three model filatures in the region during the 1890s, one near Salonica, the other in Vodine, and the third in Gevgeli.¹⁴² The Gevgeli plant was the largest of these filatures. It was installed with the most up-to-date technology and boasted 60 reels capable of producing 8,000 kilograms of raw silk annually.¹⁴³ Unfortunately, this factory closed down in 1899, due to prohibitive energy costs resulting from technical flaws and poor management.¹⁴⁴ At any rate, these factories set an example and encouraged the establishment of new silk-reeling concerns throughout the region.

Likewise, the tobacco processing industry grew rapidly during the period under consideration. The growth of the tobacco trade from the mid-1880s onwards had a propulsive impact on tobacco processing. In 1888, the tobacco *Régie* set up a tobacco factory in Salonica to process tobacco and to produce cigarettes and other tobacco

¹³⁹ See Chapter 2 for the recovery and growth of sericulture in Selanik.

¹⁴⁰ 1313 S.V.S., 1895, 290.

¹⁴¹ 1324 S.V.S., 1907, 334.

¹⁴² BA, *ŞD-Maliye*, 368/51, 28.B.1314 (2.1.1897); BA, *ŞD-Maliye*, 378/42, 20.Ca.1316 (6.10.1898).

¹⁴³ *Asır*, 3.R.1314 (11.9.1896), N. 107: 2.

¹⁴⁴ *Asır*, 2.Za.1319 (10.2.1902), N. 657: 1. Usually the closure of the PDA filature in Gevgeli is linked to rising wages (Quataert, "Premières fumées d'usines," 164). However, contemporary Ottoman reports point to certain technical difficulties as the primary cause of the factory's closure. The factory was initially designed for 120 reels and the machinery, especially the boilers, were installed accordingly. However, due to reasons unknown to us, only 60 reels were installed and had to be operated on boilers adjusted to the requirements of 120 reels. This technical mismatch inflated the energy costs and coal expenses averaged as high as 60 francs per day. In addition, excessive remuneration of the managers, clerks and engineers further inflated operational costs and ultimately forced the factory into closure in 1899. A sum of O.L. 1,000 was necessary to undertake the technical adjustments that would render the factory economically feasible. However, neither the PDA nor any other private agent made an effort to reinvest in the mill. Probably, the downturn of global silk prices discouraged both the private entrepreneurs and the PDA from putting more money into the factory. Thus, possibly the largest reeling concern of the region was abandoned to idleness.

products.¹⁴⁵ A few years later, the *Régie* set up another tobacco processing plant in Gevgeli.¹⁴⁶ In the early 1900s, the leading tobacco concerns operating in the region, namely Commercial Co. and the Hertzog Co., established two more tobacco-processing factories in Salonica.¹⁴⁷ The densest concentration of tobacco processing plants was probably in Kavala, Drama, Siroz and Yenice. We do not have detailed information on the number of tobacco processing plants operating in these towns at the time, but we know that about 20,000 workers were employed regularly in tobacco processing. It is reasonable to assume on the basis of this figure that there were a significant number of small, medium and large-scale workshops in these leading centres of tobacco production.¹⁴⁸

Overall, the opportunities that emerged in regional and intra-regional markets and the sustained demand generated by the Ottoman army, prepared the structural ground for the growth of industrial production in the region. However, the underlying dynamics of this growth process cannot be explained entirely with reference to demand side factors. Supply side dynamics, too, must be considered.

4.1.2. Factor Costs: Wages, Energy Costs and Raw Material Prices

Given the relatively liberal trade regime of the empire, the local manufacturing industries would not have been able to compete with their European counterparts, unless they could maintain a competitive edge in pricing. In this regard, the region's industrial establishments seem to have enjoyed, at varying degrees and in certain periods, three primary advantages, namely low wages, access to water streams and the availability of cheap raw materials.

In the existing literature, the availability of cheap labour is commonly considered one of the primary reasons underlying the growth of the sector in Selanik.

¹⁴⁵ *F.O.A.S.*, 1893, N. 1310: 10-11.

¹⁴⁶ Quataert, "Premières fumées d'usines," 164; Gounaris, *Steam Over Macedonia*, 140.

¹⁴⁷ *Asir*, 10.Z.1319 (20.3.1902), N. 668: 2.

¹⁴⁸ *Asir*, 10.Z.1319 (20.3.1902), N. 668: 2; *1320 S.V.S.* (1903: 560, 566). Consider for instance the tobacco workshop owned by a certain Alexander Efendi in Siroz, which employed about 100 workers in 1903. Similarly, a certain Naşohik Efendi was running a sizeable tobacco processing plant near Siroz which was in excellent condition and earning good returns (*Asir*, 3.Za.1320 (2.2.1903), N. 754: 2-3). No doubt there were similar cases in Drama, Kavala, and Yenice (*R.C.L.*, 1907, N.238-243: 832-833, 991-

However, there is also a tendency to suggest that the rise in urban wages, especially in the town of Salonica, somewhat arrested this dynamism, particularly after the turn of the century. It is argued that the rise in urban wages led to a notable reorganisation, or rather relocation, within regional manufacturing industries; that is to say that, industrial growth came to a halt in Salonica and shifted increasingly towards such interior towns as Ağustos, Vodine, Karaferye and Gevgeli, where labour costs were relatively low.¹⁴⁹

Indeed, labour costs were notably lower in the inland towns. No comprehensive wage data is available. However, the scattered evidence at hand does allow for a cautious analysis of wage differentials between Salonica and inland towns. For example, in the late 1880s, young girls working in cotton spinning manufactures in Yenice earned an average of 4.5*d*.¹⁵⁰ Likewise, unskilled female domestic servants and cooks earned, on the average, 5.5*d* per day in the interior towns.¹⁵¹ Young girls working in the cotton mills of Salonica received an average wage of about 7.5*d*. The situation was slightly better for senior workers, but a notable wage gap between Salonica and the interior towns prevailed. For example, the relatively senior and skilled female spinners received 1*s* 1*d* in Yenice and the most skilled, possibly senior, domestic servant received 7.5*d* in the interior. Skilled female workers employed at the *Régie*'s tobacco factory in Salonica earned 1*s* 4*d*, that is almost twice as much. Similar wage differentials seem to have prevailed for male workers as well. Unskilled male labourers earned 4.5*d* to 6.5*d*, or an average of 5.5*d*, in the interior towns around 1890.¹⁵² This wage rate was considerably lower than the wages received by young boys working in the cotton mills of Salonica, who received anything between 7*d* and 11*d*, or an average of 9*d*. In the early 1900s, the wage gap between Salonica and the interior towns was still in place. For instance, in 1903, the unskilled workers employed in the tobacco processing plant owned by Alexander *Efendi* in Siroz received 6.5*d* to 1*s* 3*d*.¹⁵³ Their counterparts in Salonica got 11*d* to 1*s* 6*d* in 1906.

It is quite probable that this relative cost advantage, *inter alia*, constituted a strong incentive for setting up industrial concerns in interior towns. Yet, in my opinion,

995, 996-997). Unfortunately the sources do not reveal details about the number and size of these concerns.

¹⁴⁹ Quataert, "Premières fumées d'usines,".

¹⁵⁰ 1303 S.V.S., 1886: Appendix.

¹⁵¹ 1303 S.V.S., 1886: Appendix.

¹⁵² 1303 S.V.S., 1886: Appendix.

¹⁵³ *Asir*, 3.Za.1320 (2.2.1903), N. 754: 2-3.

low urban wages underlay the overall process of industrial development throughout the region, at least until the late 1900s. As I have noted above, since no comprehensive wage series are available, it is not possible to quantify trends in urban wages with accuracy. However, the scattered evidence at hand does suggest that local industrialists benefited from the availability of cheap, unskilled labour in the region at large.

In 1873, the young girls working in a silk factory in Salonica were earning daily wages between 10*d* and 1*s*, or an average of 11*d*.¹⁵⁴ In 1893, the relatively skilled women employed in the tobacco *Régie* received 1*s* to 1*s* 4*d*, or an average of 1*s* 2*d*, while the unskilled girls working in cotton mills received only 4*d* to 11*d*, or an average of 7.5*d*.¹⁵⁵ The wages of skilled female workers stood around an average of 1*s* 5*d*, while the unskilled young girls received only an average of 6.5*d* in 1906.¹⁵⁶ If these observations are representative of broad trends in the region, then we can suggest that the nominal wages of skilled female labourers increased by as much as 20.0%. In contrast, however, the nominal earnings of unskilled girls declined consistently, by as much as 32% during 1873-1893, and another 13.3% during 1893-1906. It is more difficult to determine *real* trends in female wages, for we lack a comprehensive cost of living index for the Selanik region. However, using Williamson's cost of living indices for the Ottoman Empire, we can determine broad trends in real wages.¹⁵⁷ According to Williamson's estimates, the cost of living in the Ottoman Empire increased by 15.0% between 1893-1906. If so, the real wages received by skilled female workers probably increased only marginally by about 5.0%. In contrast, the earnings of the unskilled women declined by as much as 25.5% during the 1890s and the 1900s.¹⁵⁸

The conditions were not any better for unskilled male workers. Although they received relatively higher wages in comparison to female workers, their nominal and real earnings also declined steadily between the mid-1890s and the mid-1900s. In the early 1890s, unskilled male labourers in cotton mills earned wages that ranged between 1*s* 6*d* to 2*s*, or an average of 1*s* 9*d*, while young boys earned 7*d* to 11*d*. In 1906,

¹⁵⁴ Gounaris, *Steam Over Macedonia*, 267.

¹⁵⁵ Gounaris *Steam Over Macedonia*, 267-268.

¹⁵⁶ Quataert, "The Workers of Salonica," 71.

¹⁵⁷ J. G. Williamson, "Real Wages and Relative Factor Prices in the Third World 1820-1940: The Mediterranean Basin," (Discussion Paper N. 1842, Harvard Institute of Economic Research, Harvard University, Cambridge, MA, 1998), Appendix, Table A2.2.

unskilled male workers received somewhat lower wages at 11*d* to 1*s* 6*d*, or an average of 1*s* 3*d*, per day.¹⁵⁹ Based on these scattered observations, we could maintain that the nominal wages received by unskilled male workers, and possibly by young boys, dwindled by about 29.0% during this reflationary period. In real terms, the decline could well have been as much as 40.0%.¹⁶⁰

The relatively privileged segment of the work force, namely skilled male workers, received considerably higher wages during the same period. In the mid-1870s, skilled male labourers were earning something around 1*s* 3*d* per day.¹⁶¹ A decade later, their wages stood somewhere between 1*s* 10*d* and 2*s* 11*d*, or an average of 2*s* 4.5*d*.¹⁶² After the mid-1890s, they started earning higher nominal wages. In 1905-6, for instance, a skilled male worker would receive an average daily wage of 3*s* 3*d*.¹⁶³ If so, we can maintain that the wages of a skilled male worker increased by 37.0% in nominal terms between the mid-1880s and 1906. In real terms, the increase could well have been as much as 28.0%.¹⁶⁴

Based on this evidence, we can suggest that the industrial sector of Salonica benefited from the low and declining wages, especially those received by unskilled labourers. As we have seen in the previous chapters, distressing economic and political conditions in the countryside forced many dispossessed peasant proprietors out of agricultural pursuits and compelled them to seek their fortunes in growing urban areas. Likewise, many refugee families coming from the Balkans settled in urban areas under the auspices of the Ottoman government. This downcast and unskilled labour force, together with the urban poor already residing in towns, constituted the backbone of the working classes employed in the manufacturing industries. Most of these workers were disorganised and had little bargaining power *vis à vis* the factory administrations. Young women, girls, boys, and other unskilled male workers in particular were

¹⁵⁸ In estimating the changes in real wages, I assumed that maximum wages received by female workers represented skilled workers. I also took the average of the wages received by unskilled girls. Finally I simply deflated nominal values by the Williamson estimates.

¹⁵⁹ Quataert, "Premières fumées d'usines," 170.

¹⁶⁰ Again, I used Williamson's cost of living index to deflate nominal wages. Accordingly I assumed that the cost of living increased by 15% during the same period.

¹⁶¹ *P.P.A.P.*, 1975, V. 34: 383.

¹⁶² Gounaris, *Steam Over Macedonia*, 245.

¹⁶³ Gounaris, *Steam Over Macedonia*, 245; Quataert, "Premières fumées d'usines," 170.

vulnerable and could be disposed of and replaced by other unskilled workers at any time. Under the circumstances, these unskilled workers were often compelled to accept low wages, and were exploited to the extreme under highly distressing and unhygienic conditions that prevailed in most factories.¹⁶⁵ The intense exploitation of the disorganised and downcast work force clearly bestowed industrialists with a considerable advantage in cost effectiveness, during the 1890s and the early 1900s.

The skilled labourers posed greater problems for the local industrialists during this period. As we have seen, this relatively privileged segment of the urban workforce, especially the skilled male workers, received higher and increasing wages during the period under consideration. This should not come as a surprise, because skilled labourers were scarce and difficult to recruit under modern “factory” conditions. Under the circumstances, the factory owners paid handsome wages to skilled workers to recruit and employ them as machine operators, foreman and supervisors. However, even the wages received by these skilled workers lagged behind their counterparts in Europe and the Mediterranean basin. According to Williamson, Ottoman wages lagged seriously behind their continental and many Mediterranean counterparts at least until the early 1900s.¹⁶⁶ In this respect, it is fair to suggest that in general low wages and highly exploitative work conditions provided local industrialists with a cost advantage that enabled them to resist the tide of foreign competition in domestic markets.

After the mid-1900s, however, a series of organised strikes hit the manufacturing centres of the region, especially Salonica. The liberal political atmosphere generated 1908 revolution and the gradual erosion of real wages in the previous decades, triggered industrial action in most parts of the region in 1908.¹⁶⁷ The strikes were successful in most instances. They managed to receive considerable wage

¹⁶⁴ According to Williamson Ottoman cost of living increased by a modest 6,8% between 1885 and 1906 (Williamson, “Real Wages and Relative,” 10). I used these estimates to deflate the nominal values cited in the text, i.e. average of 2s 4.5d for c.1885 and 3s 3d c. 1905.

¹⁶⁵ For the condition of working classes in Salonica see Dumont, “*The Social Structure*,” 44-45; Quataert, “*Premières fumées d’usines*,” 168-173; Quataert, “*The Workers of Salonica*,” 69-74; Gounaris, *Steam Over Macedonia*, 135-143. Also see, A. Makal, *Osmanlı İmparatorluğu’nda Çalışma İlişkileri: 1850-1920, Türkiye Çalışma İlişkileri Tarihi* [Labour Relations in the Ottoman Empire: 1850-1920, A History of Labour Relations in Turkey] (Ankara: İmge-Kitabevi, 1997), 178-207.

¹⁶⁶ According to Williamson the Ottoman real wage performance lagged considerably behind Europe and many Mediterranean economies. See, J. G. Williamson, “Real Wages and Relative Factor Prices around the Mediterranean, 1500-1940,” in Williamson, J. G. and Ş. Pamuk (eds.) *The Mediterranean Response to Globalisation before 1950*, (London and New York: Routledge, 2000), 62.

¹⁶⁷ D. Quataert, “The Economic Climate of the Young Turk Revolution of 1908,” in *Workers, Peasants and Economic Change in the Ottoman Empire, 1730-1914*, (İstanbul: The ISIS Press) 49-62.

increase and were able to negotiate better working conditions.¹⁶⁸ According to one estimate, wages rose by about 60.0% in Salonica between 1905 and 1908.¹⁶⁹ For instance, following a determined and well-organised strike, the workers of the *Olympos* brewery managed to increase their wages from an average of 1s 4d to 2s 1d in 1909. In the same year, following another determined strike action, workers in the Alatini flour mills managed to get a substantial wage increase from a previous average of 1s 11d to 2s 8d. In the Alatini brick factory, average wages of senior workers increased by about 60-70.0%, reaching a high of 2s 10d the same year. Even the young female workers benefited from such determined strike action and their average earnings more than doubled to reach 1s 3d in 1912.¹⁷⁰ This substantial rise in wages curtailed the comparative cost advantage hitherto enjoyed by the industrialists. In fact, after 1908, industrial growth slowed down quite notably not only in Salonica, but also in leading centres of industrial production in the region. Investment activity came to a halt in many factories, and the capital stock was left to deteriorate and a number of plant closures took place during the late 1900s. Apparently, rising labour costs underlay industrial lethargy and factory closures.¹⁷¹

Another crucial supply side factor that affected the growth of industrial manufacturing in the region was the availability of water-power. In specific, the inland towns of Vodine, Karaferye, Ağustos and Siroz were located ideally along streams and rivers, which enabled manufacturers direct access to virtually costless water power to generate energy. Not surprisingly, the machinery installed in all the flourmills and the cotton spinning factories located in the above mentioned towns were propelled by water power.¹⁷² Surely, this was an important cost cutting advantage. The region had very limited coal reserves and the bulk of coal that would be used in steam powered factories had to be imported from overseas, particularly from Cardiff.¹⁷³ Imported coal was

¹⁶⁸ Dumont, "Une organisation socialiste"; Dumont, "A Jewish, Socialist and Ottoman Organization"; Quataert, "Premières fumées d'usines"; Quataert, "The Workers of Salonica".

¹⁶⁹ Palairt, *The Balkan Economies*, 353.

¹⁷⁰ Quataert, "The Workers of Salonica," 70-72.

¹⁷¹ Palairt, *The Balkan Economies*, 353-355.

¹⁷² 1312 S.V.S., 1895, 263-264; 1313 S.V.S., 1896, 266, 289, 315-316, 341; 1324 S.V.S., 1907: 326-329.

¹⁷³ At the time, there was only one lignite coal mine in Siroz, which produced about 100 tons of coal annually (1307 S.V.S., 1890, 64-65; 1320 S.V.S., 1903, 490). This amount was not sufficient to meet the needs of local railways and factories, and about 15,000 to 40,000 tons had to be imported annually between the late 1880s and the 1910s.

expensive and probably became even more so between the 1880s and the 1910s.¹⁷⁴ Besides, coal had to be transported to factories via railway, hence further inflating the energy costs. Not surprisingly, energy-costs, especially when combined with poor management or inadequate technical planning, could, and did, cause financial problems for manufacturers. For example, inflated energy costs were one of the major reasons for the closure of the famed Saïas spinning mill.¹⁷⁵ The closure of the PDA's Gevgeli silk filature likewise was related to prohibitive energy costs.¹⁷⁶ Thus, it can be argued that the growth of industrial production in leading industrial centres of the interior, such as Vodine, Karaferye and Ağustos, would most likely have been limited without the availability of water power.¹⁷⁷

Local manufacturing industries also enjoyed certain cost advantages that enabled them to carve out a niche in local markets, despite intense overseas competition. For example, the cotton spinning industry benefited considerably from the availability of cheap cotton supplies coming from the Siroz and Zihne districts. As it has been discussed in Chapter 2, cotton prices declined by about 60.0% from the early 1870s to the late 1890s. This swift decline was beneficial for local spinning concerns and enabled them to maintain competitive prices throughout the 1890s. However, this trend was reversed after the turn of the century. The rapid growth of tobacco production at the expense of cotton production led to a swift rise in cotton prices from c.1900 onwards. This situation increased the costs incurred by local spinning mills and put them under considerable financial stress. Some local mills, including the spinning concern owned by the Saïas family, could not resist the burden of rising input costs and eventually went

¹⁷⁴ Comprehensive coal price series are not available for Salonica for this period. The available figures are extremely scattered (thirteen observations for forty years) and do not allow for a robust analysis of cycles and trends. However, unpublished research data gathered by Pamuk suggest a secular increase in Istanbul coal prices, by as much as 15%, from 1885-1889 to 1905-1910. According to his data, there is also apparent trend acceleration after c.1900. It is very likely that similar trends in imported coal prices prevailed in Salonica. I would like to thank Professor Pamuk for allowing me to use his data set.

¹⁷⁵ It must be noted that the primary reason behind the closure of the Saïas mill in 1901 was the financial difficulties faced by the Saïas family. In 1896, the Saïas family lost 1,000,000 francs upon the collapse of the Karamanos Bank in Marseilles, which administered the financial transactions of the family in Europe. Subsequently, the family started extracting capital from the cotton mill to meet its outstanding financial obligations and deliberately forced the management of the company into growing indebtedness. Under the circumstances, the factory management found it difficult to meet current expenses, about all the cost of the coal and cotton used in the mill. Eventually the firm went bankrupt, and a consortium of Jewish Bankers took the company over and started operations in 1907, under a new joint stock company named *Nouvelle Filature* (*Asir*, 2.B.1319 (14.10.1901), N. 625: 2; *Asir*, 5.B.1319 (17.10.1901), N. 626: 2; Gounaris, *Steam Over Macedonia*, 142).

¹⁷⁶ *Asir*, 2 Za.1319 (10.2.1902), N. 657: 1.

¹⁷⁷ See Quataert, "Premières fumées d'usines," 163; Palaret, *The Balkan Economies*, 350.

bankrupt.¹⁷⁸ Nevertheless, we can suggest that declining cotton prices proved quite advantageous for the development of the cotton industry in the region in the late nineteenth century. Similarly, the availability of locally produced animal skins, wool, barley, grapes and olive oil probably supported the growth of other important industrial sectors, such as skin processing, woollen textile manufacturing, beer and spirit making and soap manufacturing.

4.1.3 Entrepreneurship

Dynamic entrepreneurship played a determining role in the growth of industrial production. Two socio-economic groups assumed active entrepreneurial initiative during the period under consideration. Prominent Jewish families constituted the first group of entrepreneurs that pioneered industrial development in the region. These families owned and managed almost all the leading industrial concerns in Salonica. For instance, the Alatinis owned the largest flourmill of the town, a large silk filature, a tile and brick factory, an ice factory and the *Olympos* brewery.¹⁷⁹ The Saias, Modiano, Torres, Savol and Misrachi families owned all the cotton spinning concerns in Salonica, either in partnership or independently.¹⁸⁰ The Modiano family also owned a large workshop producing shirts, underwear, veils and umbrellas.¹⁸¹ The Misrachi family had shares in the distilleries and the breweries of the town.¹⁸² The Torres family owned a hempseed factory.¹⁸³ In addition, a number of smaller Jewish entrepreneurs had interests

¹⁷⁸For instance, rising cotton prices constituted an extra burden for the Saias spinning mill and played a role in its closure (*Asir*, 2.B.1319 (14.10.1901), N. 625: 2; *Asir*, 5.B.1319 (17.10.1901), N. 626: 2).

¹⁷⁹ The available documents that reveal the details of Alatinis interests in industrial establishments are as follows: A general account can be found in *R.C.L.*, 1907, N. 238-243: 991-995. More specific information, especially concerning government permits and tariff exemptions over imported machinery, can be obtained from: for the ice factory and the brewery, BA *ŞD-Ticaret*, 1193/13, 24.Ra.1309 (28.10.1891); BA, *ŞD-Selanik*, 2048/38, 22.C.1322 (3.9.1904); and, for the flour mill, BA, *ŞD-Ticaret*, 1191/34, 26.B.1308 (7.3.1891). Also see Gounaris *Steam Over Macedonia*, 134-143; Quataert, "Premières fumées d'usines," 160-168; Anastassiadou, *Salonique*, 197-200.

¹⁸⁰ For the cotton spinning interests of the Saias family see *D.T.O.G.*, 12.B.1302 (27.4.1885), N. 9: 37; *D.T.O.G.*, 30.R.1304 (24.1.1887), N. 108: 25-26; *P.P.A.P.*, 1883, V.72: 97; PRO, *F.O.* 195/1196, 26.10.1878, Barker to Layard. For the textile interests of Torres and Misrachi families see BA, *ŞD-Selanik*, 2012/6, 5.R.1302 (22.1.1885). For a general account see *R.C.L.*, 1907, N. 238-243: 993. Also see Gounaris, *Steam Over Macedonia*, 134-143; Quataert, "Premières fumées d'usines," 160-168; Anastassiadou, *Salonique*, 197-200.

¹⁸¹ 1324 *S.V.S.* (1907: 555).

¹⁸² *D.T.O.G.*, 17.M.1303 (26.10.1885), N. 22:11; *D.T.O.G.*, 30.S.1303 (7.12.1885), N. 25:1-2.

¹⁸³ BA, *ŞD-Ticaret*, 1225/59, 2.Za.1326 (26.11.1908); Gounaris, *Steam Over Macedonia*, 140.

in soap making,¹⁸⁴ woollen textiles,¹⁸⁵ and iron foundries.¹⁸⁶ These Jewish families had important advantages that enabled them to assume entrepreneurial initiative. First, they had direct access to and control over regional capital markets. Almost all of these families acted as bankers and financial brokers and often worked in close contact, and at times in partnership, with European financial institutions.¹⁸⁷ As we have seen, especially the Alatini family had considerable financial interests and, together with Fernandez and Misrachi families, controlled *Banque de Salonique*, which was the strongest private financial institution of the region at the time.¹⁸⁸ Financial connections of the said Jewish families certainly enhanced their capacity to undertake industrial investments.

Secondly, these families had firm commercial contacts, which proved particularly useful in purchasing raw materials and in the distribution of manufactured products both within and beyond the region. For instance, the spinning concerns owned by Jewish families often entered the local cotton markets robustly and made mass purchases so as to secure low prices. Similarly, the yarn produced in their mills could be mass marketed thanks to the well-established network of agents and intermediary merchants in which these families played a central role. Their commercial contacts in other parts of the empire, especially in Izmir and Istanbul, served as another important marketing convenience, which helped the local industrial concerns stretch their market reach beyond the region.

Finally, the Jewish industrial concerns benefited from the skills and expertise accumulating within the broader community. Jewish professionals educated in new local schools or in Europe worked in these establishments as lawyers, clerks, accountants and even as engineers.¹⁸⁹ They worked actively in the establishment, operation and management of the industrial establishments. Besides, these professionals worked in close contact with European experts and technicians and played an important

¹⁸⁴ *Asir*, 28.S.1314 (8.8.1896), N. 610: 2.

¹⁸⁵ Kapanci, Jahiel, Benussan families owned the weaving concern established in 1911 (Quataert, *Premières fumées d'usines*," 162, 169.)

¹⁸⁶ Two Jewish entrepreneurs, Şalom and Benjamen, owned the nail factory in Salonica (BA, *ŞD-Ticaret*, 1179/10, 10.N.1302 (23.6.1885)). Also Minassian and Tiano families owned a number of iron foundries in the town (*R.C.L.*, 1907, N. 238-243: 994).

¹⁸⁷ For a list of bankers operating in Salonica see *1307 S.V.S.* (1890: 256); *1324 S.V.S.* (1907: 549). See Chapter-1 for banking details.

¹⁸⁸ Pech, *Manuel des Societes*, 126-129.

¹⁸⁹ Dumont, *The Social Structure*, 45.

role in the importation of know-how and technology into the industrial establishments.¹⁹⁰

Another social group that assumed active entrepreneurial initiative in the region was the Greek mercantile community. The Greek mercantile community had long established commercial interests and controlled a wide network of marketing and credit connections throughout the region and beyond.¹⁹¹ Similar to Jewish entrepreneurs, the Greek merchants capitalised on these commercial and financial contacts. They set up and managed manufacturing concerns in regular partnerships and marketed the produce through their connections.

These commercial and financial connections largely explain the proliferation of Greek-owned industrial concerns in the region, especially in inland towns of Vodine, Karaferye, Ağustos and Siroz. All the cotton spinning mills located in these towns were owned and managed exclusively by Greek entrepreneurs.¹⁹² Also, Greek merchants

¹⁹⁰ Especially the spinning mills owned by Jewish families imported machinery and technical and administrative expertise from England. For instance, the Saias mill imported machinery direct from England and it was managed by two British directors, Mr. J. Ashworth and Mr. Thomas Johnson (*P.P.A.P.*, 1883, V.72: 97; PRO, *F.O.* 195/1196, 26.10.1878, Barker to Layard). The large mill owned by the Torres and Misrachi families imported all the machinery from England; the spinners were supplied by Howard and Bullough of Accrington, the openers and lap machines by Crighton of Manchester and the engines and boilers by the Galloways Ltd. of Manchester (BA, *ŞD-Selanik*, 2012/6, 5.R.1302 (22.1.1885); *F.O.A.S.*, 1893, N. 1310: 21-22). Similarly the Alatinis flour factory imported its machinery from Europe (BA, *ŞD-Ticaret*, 1191/34, 26.B.1308 (7.3.1891); BA, *ŞD-Ticaret*, 1193/13, 24.Ra.1309 (28.10.1891); BA, *ŞD-Ticaret*, 1214/4, 7.Ca.1317 (13.9.1899)). Also, the brewery and the ice factory owned by the Alatinis operated on imported machinery (BA, *ŞD-Selanik*, 2048/38, 22.C.1322 (3.9.1904)). The machinery installed at the Torres hempseed factory was also imported (BA, *ŞD-Ticaret*, 1225/59, 2.Za.1326 (26.11.1908)). Likewise the woollen cloth factory owned by Şalom and Benjamen imported the weaving machines from Europe (BA, *ŞD-Ticaret*, 1179/10, 10.N.1302 (23.6.1885)).

¹⁹¹ T. Stoianovich, "The Conquering Balkan Orthodox Merchant," *Journal of Economic History*, 20, (1960): 234-313; V.Kacarkova, and E. Nikova, "Thessaloniki and the Bulgarian-Greek Economic Relations in the Twentieth Century," *Etudes Balkaniques*, 2, (1986): 3-16; G. Harlaftis, *A History of Greek-Owned Shipping, The Making of and International Tramp Fleet, 1830 to the Present Day*, (London and New York: Routledge, 1996).

¹⁹² The first spinning mill in the region was established in Ağustos in 1876 by a group of Greek entrepreneurs led by Dimitri Longo (BA, *BEO-Ayniyat*, 668/205, 17.S.1392 (25.3.1875); BA, *ŞD-Selanik*, 2006/10, 28.S.1292 (5.4.1875)). In 1884 a few Greek merchants established the first spinning mill in Vodine (*1307 S.V.S.*, 1890: 230-231). In 1894 a new water powered spinning mill was founded in Ağustos by a group of Greek entrepreneurs, Bili Tsitsi and Co. (*R.C.L.*, 1907, N.238-243: 995). Next year, the owners of the first Ağustos mill, Dimitri Longo and Co., opened another mill in Vodine (BA, *ŞD-Ticaret*, 1209/12, 16.B.1315 (10.12.1897); Gounaris, *Steam Over Macedonia*, 139-140). In 1894, Goutzas and Karatzas established a third mill in Ağustos (BA, *ŞD-Ticaret*, 1220/2, 3.Ra.1321 (30.5.1903); Gounaris, *Steam Over Macedonia*, 139). In 1902 a group of Greek and 'Muslim' entrepreneurs, Sossidis and Faik Hoca Nota, established the first water powered mill in Karaferye (Veroia) (Gounaris, *Steam Over Macedonia*, 140; *R.C.L.*, 1907, N.238-243: 995). In the early 1900s two additional mills, one in Karaferye and another in Vodine, were set up by Greek entrepreneurs, Hatzinikolaki and Lappas respectively. Thus, by 1910, Greek entrepreneurs owned seven out of ten spinning mills in the region. According to Palairot these concerns accounted for 67% of the region's spinning capacity (Palairot, *The Balkan Economies*, 351).

owned numerous factories in these towns. These concerns included woollen textile mills, tobacco processing workshops, brick and tile factories, distilleries and ice factories.¹⁹³ Greek industrial interests did not remain confined to interior towns. Following the establishment of a number of banks strongly affiliated with Greek financial interests. Greek capitalists were able to set up a number of factories in Salonica and interior towns in the late 1900s. These concerns included a few woollen textile concerns, macaroni factories, an ice factory and a number of tanneries.¹⁹⁴ On the eve of the Balkan Wars, the Greek mercantile community controlled the majority of the industrial concerns in the region.

Similar to Jewish entrepreneurs, the Greek merchants played a crucial role in the importation and adaptation of technology, expertise and know-how. The difference between the two groups appears to be in the degree of the diffusion of their investments in the region. Whereas Greek interests spread throughout the hinterland, Jewish concerns remained largely concentrated in Salonica. This situation once again draws our attention to the importance of community links in the establishment of industrial and other major business concerns in the region.

Overall, industrial manufacturing grew steadily and assumed increasing importance within the regional economy during the late nineteenth century. More importantly, perhaps, Selanik became one of the leading industrial centres of the Eastern Mediterranean basin by 1912. With its 148 factories that produced a wide range of primary consumer goods the industrial base of Selanik compared well with that of Istanbul and surpassed Western Anatolia.¹⁹⁵ However, Selanik was not, nor could it be, a Catalonia, or comparable to the industrial zones emerging in, say, northern Italy. First, intense overseas competition seriously circumscribed the export potential of the sector. Local entrepreneurs simply could not compete with their European counterparts who literally dominated global markets. Under the circumstances, the manufacturers of Salonica, as well as those in other parts of the empire, found a niche only in local and proximate intra-regional markets within the Ottoman Empire. As we have seen, they

¹⁹³ *R.C.L.*, 1907, N.238-243: 832-833, 991-997. Greek entrepreneurs owned a tile and brick factory in Siroz in 1911 (BA, *ŞD-Ticaret*, 1229/38, 5.S.1328 (6.2.1910)). Also see Gounaris, *Steam Over Macedonia*, 1993, pp. 139-143; Quataert, "Premières fumées d'usines," 160-173.

¹⁹⁴ *R.C.L.*, 1907, N.238-243: 991-995. For the ice factory owned by Yorgiyadis and Co. see BA, *ŞD-Ticaret*, 1226/12, 14.M.1327 (6.2.1909). Also see Gounaris, *Steam Over Macedonia*, 139-143; Quataert, "Premières fumées d'usines," 160-173.

succeeded in finding that market niche. However, there was tight overseas competition even in domestic markets. This competition compelled many local manufacturers to specialise in the production of primary consumer goods that appealed directly to local tastes and needs. Although initially the lower end of the expanding local and intra-regional markets provided new opportunities for manufacturers, the market eventually became saturated, leaving little scope for further expansion. Besides, most of these consumer goods were low value added products that left a relatively small profit margin for industrialists. As factor costs rose in the manner discussed above, many industrial establishments naturally faced serious economic problems and the ones that were mismanaged simply went bankrupt in due course.

At this point, it is important to address the crucial question as to why the dynamic, experienced and relatively prosperous entrepreneurial class of the Selanik region did not respond to the overseas challenge by investing in productivity enhancing technology. It is probable that adverse political circumstances, growing labour discontent and rising factor costs kept some industrialists from investing in new technology, especially from the mid-1900s onwards. It is also likely that the attractiveness of alternative investment options, such as money lending, financial arbitrage and real estate development played a role in curtailing investment in manufacturing industry. As I noted earlier, money lending, tax farming and real estate speculation yielded much higher returns than any other investment option available to local entrepreneurs at the time.¹⁹⁶ This situation increased the opportunity cost of productive investments and entrepreneurs felt reluctant to invest in manufacturing, where market risks were considerable, profit margins were narrow(er), and overseas competition was tight. When industrial ventures were not, or no longer, profitable, entrepreneurs opted to invest in these alternative and often lucrative ventures. These preferences contributed to the technological standstill in manufacturing industries and the subsequent failure to respond to the challenge of overseas competitors. In other words, the institutional and economic environment that rendered speculative real estate transactions, tax farming, financial arbitrage and other usury practices reinforced the lethargic conditions in the manufacturing sector. The absence of a strong and financially sound state apparatus left a regulatory and institutional vacuum that allowed speculative and usury activities to flourish. This institutional lacuna absorbed much of the available

¹⁹⁵ The industrial survey of 1913-1915 reports a total of 148 factories in İstanbul and 125 in İzmir Devlet İstatistik Enstitüsü, *Osmanlı Sanayii, 1913, 1915 Yılları Sanayi İstatistiki*, 13.

capital, leaving little for productive investment elsewhere, thereby working as a major factor to hold the long-term developmental potential of the regional economy at bay in this period.

4.2. Artisanal Manufacturing

Probably the most prominent part of the artisanal manufacturing sector in Salonica was textiles. The region had a long history of being one of the most important centres of textile manufacturing in the Ottoman Empire. For example, Salonica was a leading centre of woollen cloth production. For centuries, the Jewish artisans of Salonica manufactured fine woollen cloth (*şayak*) for the Janissary corps.¹⁹⁷ They also produced various kinds of coarse woollen cloth (*aba*, *çuha* and *kepe*) that were regularly sold in Ottoman and European markets as well as in the region. Similarly, the cotton spinning manufacturers of Salonica and Siroz marketed their quality cotton yarn in Ottoman and European markets throughout the seventeenth and the eighteenth centuries.¹⁹⁸ The local cotton weaving manufactures also consumed a substantial amount of locally produced cotton. The cotton weavers of Salonica and Siroz produced headgear (*türbans*), tunics and underwear for the Janissary corps. Artisans in Salonica Vodine and Karaferye also produced a variety of popular cloth varieties such as *alaca*, and bath garments and towels (*peştemals* and *havlus*).¹⁹⁹

By the turn of the nineteenth century, textile manufacturers began to encounter certain problems. As in other parts of the empire, mounting European competition put the textile manufacturers under considerable economic distress from the 1820s onwards. After the 1830s, competition in international and domestic markets hurt the artisanal

¹⁹⁶ See Chapter 4 and Section 3.2 above.

¹⁹⁷ S. Faroqhi, "Labor Recruitment and Control in the Ottoman Empire (Sixteenth and Seventeenth Centuries)," in D. Quataert (ed.) *Manufacturing in the Ottoman Empire, 1500-1950*, (Albany: State University of New York Press, 1994), 30-33.

¹⁹⁸ S. D. Petmezas, "Patterns of Protoindustrialization in the Ottoman Empire. The Case of Eastern Thessaly, c. 1750-1860," *Journal of European Economic History*, 19, N. 3, (1990): 575-604.

¹⁹⁹ Palairat, *The Balkan Economies*, 76. For details of pre-nineteenth century textile manufacturing in Salonica see N. Svoronos, *Le commerce de Salonique au XVIIIe siècle*, (Paris: Presses Universitaires de France, 1956); Petmezas, "Patterns of Protoindustrialization"; Quataert, *Ottoman Manufacturing*; Ş. Pamuk, "The Silk Industry of Bursa, 1880-1914," in H. İslamoğlu (ed.) *The Ottoman Empire and the World Economy*, (Cambridge: Cambridge University Press, 1987), 284-299; Quataert, "The Age of Reforms"; M. Genç, "Ottoman Industry in the Eighteenth Century: General Framework, Characteristics and Main Trends," in D. Quataert (ed.) *Manufacturing in the Ottoman Empire and Turkey, 1500-1950*, (Albany: State University of New York Press, 1994), 59-86; Themopoulou, *Salonique*.

cotton spinning industry particularly badly. By the 1850s, the artisanal spinning industry had almost entirely collapsed in the region, and the sector had retreated to the confines of rural household economy.²⁰⁰

European competition adversely affected the weaving sector as well. Woollen textile production was forced to retreat in the overseas markets, as British woollen goods flooded European markets from the early 1800s onwards. Besides, the raw wool produced in the region became quite cheap for European merchants, following the debasement of the Ottoman silver currency during the early decades of the nineteenth century.²⁰¹ This situation encouraged European merchants to make heavy purchases in the Salonica wool market, leaving little produce for local use.²⁰² Local producers thus faced serious supply bottlenecks, especially in quality wool varieties. Pressed hard under unfavourable demand conditions and supply side bottlenecks, many Jewish manufacturers either abandoned weaving and became directly involved in the overseas wool trade, or specialised in the production of coarse woollen goods. In addition, the abolition of the Janissary corps in 1826 entailed a notable contraction in demand for woollen as well as cotton products, because of the collapse of the military demand for *türban* headgear.²⁰³ These developments put considerable pressure on local woollen and cotton textile manufacturers and eventually forced some of them to abandon the trade.

By the 1870s, the artisanal cotton and woollen textile industries had contracted notably. However, both cotton and woollen weaving manufacturers managed to survive the onslaught of overseas competition, the collapse of military demand and the adverse effects of currency devaluation. Many artisans responded to these crises by concentrating on the production of either “authentic” or low-value added, coarse textile goods that appealed directly to the tastes and the needs of the Ottoman people. For example, in the early 1880s the woollen cloth manufacturers of Salonica, Karaferye, Vodine, Siroz, Drama and especially of Nevrekop were still weaving coarse woollen

²⁰⁰ Quataert, *Ottoman Manufacturing*.

²⁰¹ For the debasement of the Ottoman silver currency, see Ş. Pamuk, *Osmanlı İmparatorluğu'nda Paranın Tarihi* [The History of Money in the Ottoman Empire] (İstanbul: Tarih Vakfı Yurt Yayınları, 1999), 210-217.

²⁰² Palaret, *The Balkan Economies*, 55-56. According to Pamuk, the Ottoman *kuruş* lost 50% of its silver content between the late 1760s and 1808. See Ş. Pamuk, “Appendix: Money in the Ottoman Empire, 1326-1914”, in H. İnalcık and D. Quataert (eds.) *An Economic and Social History of the Ottoman Empire, 1300-1914*, (Cambridge, New York and Melbourne: Cambridge University Press), 970.

²⁰³ Palaret *The Balkan Economies*, 55-56.

cloth (*aba, kepe*), horse cloth (*çul*), rugs (*kilim*) and carpets (*halı*).²⁰⁴ These products were consumed predominantly within the region, although the famed *abas* were still sent regularly to other Macedonian provinces, to Greece and to Istanbul.²⁰⁵ The cotton cloth weavers of Salonica, Siroz, Nevrekop and Provişte continued to manufacture a range of popular cotton cloth varieties, such as *kirbast* and *alaca*.²⁰⁶ The artisans of Salonica, Karaferye, Yenice and Siroz produced cotton bath garments and fancy silken towels (*peştamal, ipekli hamam takımı* and *ipekli havlu*) for local people, who habitually paid regular visits to the public baths.²⁰⁷ The former *türban* weavers in Salonica increasingly specialised in the production of conventional veils (*bürümcük* and *peçekari*) worn commonly by Muslim women. The cloth weavers in Salonica and Kavala also manufactured other types of coarse cotton cloth varieties, such as bed sheets (*yataklık bezi*), regular white cloths (*beyaz bez* and *pamuk bezi*), curtains (*perde*) and sofa throws (*döşeme*).²⁰⁸ In Yenice, artisans continued to produce linen and silken cloth varieties (*keten* and *ipekli bez*).²⁰⁹

According to official statistics, artisanal textile manufacturing still employed about 10,900 full-time workers in Selanik during the mid-1880s. Most of these workers clustered in the weaving sector (See Table 5.6). At the time, the urban population of the region probably stood around 150,000. Thus, full-time artisans engaged in textile production accounted for about 7.3% of the urban population. If these estimates are accurate, then we can suggest that the sector still constituted an important component of urban economic life in the region. Besides, these numbers do not include an indeterminate number of part-time workers engaged or employed in textile manufacturing. Therefore, normally we would expect that the sector had a greater degree of importance than that indicated by the percentage mentioned above.

This brief account should indicate that artisanal manufacturing went through a period of reorganisation, as well as relative decline, and adopted itself to emergent economic conditions by focusing on domestic markets. Through a combined strategy of specialisation in the production of popular goods and of moving towards the lower end

²⁰⁴ 1299 S.V.S., 1883: 206-208; Palairret, *The Balkan Economies*, 56.

²⁰⁵ 1299 S.V.S., 1883: 206-208; Palairret, *The Balkan Economies*, 76.

²⁰⁶ 1299 S.V.S., 1883, 206-208.

²⁰⁷ 1299 S.V.S., 1883, 206-208.

²⁰⁸ 1299 S.V.S., 1883: 206-208.

²⁰⁹ 1299 S.V.S., 1883: 206-208.

of the domestic markets, artisanal textile manufacturing survived well into the 1880s and continued to fulfil important economic functions. The only exception to this, as we have noted, was cotton spinning, which collapsed almost totally.

Table 5.6

<i>Number of Workers Employed in Leading Artisanal Manufacturing Industries (Late-1880s)</i>	
Occupation	1886/1890
<i>I) Textiles</i>	
Textile Weavers (Woolen and Cotton)	7,470
Tailors	1,900
Mat Makers	715
Horse-Cloth Makers (<i>Muytab</i>)	620
Cotton Spinners	124
Cotton Sac Makers	45
Fez Makers	28
TOTAL	10,902
<i>II) Leather-Works</i>	
Cobblers and Shoe Makers	2,225
Saddle and Harness Makers	395
Fur Processors	145
Tanners	140
TOTAL	2,905
<i>III) Household Durables and Consumer Goods</i>	
Millers	4,820
Potters	814
Candle Makers	146
Basket Weavers	75
Quilt Makers	55
Chair Makers	30
Knife Makers	29
Coopers	27
Chest Makers	20
Umbrella Makers	7
Lamp Makers	6
Soap Makers	6
TOTAL	6,035
<i>IV) Metal-Works</i>	
Shoeing-smiths	448
Tin Polishers	270
Tinsmiths	240
Coppersmiths	180
Gun Makers	175
Clock Makers and Repairers	79
Hand-Loom Makers	34
TOTAL	1,426
<i>V) Manufactures Related to Urban Construction Industry</i>	
Ironsmiths	1,880
Masons	1,055
Carpenters	381
Painters	254
Brick and Tile Makers	231
Stone Cutters	227
Pavers	215
Plasterers	175
Joiners	101
Sawyers	48
Beam Makers	40
Graters	6
TOTAL	4,607
TOTAL ARTISANAL MANUFACTURING	25,875
REGIONAL URBAN POPULATION	150,000
TOTAL SHARE IN URBAN POPULATION	17%
% of Textiles in Total	
Factory Employment	2500
Tobacco Processing	5000
TOTAL MANUFACTURING	17388

Source: 1303 S.V.S., 1886: Appendix; 1307 S.V.S., 1890: 223-226.

Unfortunately, the available quantitative data do not allow a comprehensive analysis of the performance of artisanal textile manufacturing industries in the region in the post-1880 period. However, qualitative sources and the limited quantitative evidence at hand reveal the dynamism of certain branches of textile manufacturing. In this respect, we are relatively better informed about woollen textile manufactures and carpet and rug making. There is also evidence to assess the scope of cotton cloth manufacturing and, to a lesser extent, of mat and fur production. In what follows, I shall take stock of the existing sources to outline the dynamism of textile manufacturing industries in the post-1880 period.

As it has already been noted, the formation of an autonomous Bulgarian principality created new opportunities for local woollen textile manufactures, and injected a new dynamism into the sector. In the late 1880s, there were 2,125 looms weaving *şayak* and *aba* cloth in Gevgeli, Nevrekop and Tikveş. In the entire province, woollen cloth manufacturers produced a total of 543,000 square meters of *aba* and *şayak*. This output level was considerable and compared reasonably well with the Bulgarian woollen cloth output at its peak in c.1870, which stood somewhere between 1,400,000-1,650,000 square meters.²¹⁰

However, the real growth of woollen cloth production took place later in the 1890s. For instance, in the mid-1890s, artisans were producing an estimated 800,000 square meters of *aba* cloth in Gevgeli alone.²¹¹ The weavers of Karaferye produced another 15,000 square meters of *şayak* and an additional 67,000 square meters of *aba*, *şayak*, and other miscellaneous woollen cloth varieties were produced in the highland towns of Razlık and Nevrekop.²¹² These *şayaks* and *abas* were sold primarily to the military units stationed in the area, and the balance was consumed either locally or sent to Manastır, Kosova, Istanbul and even Bulgaria.²¹³ Besides, an unknown amount of woollen cloth was produced and consumed locally in a number of locations such as Avrethisarı, Katrin, Kesendire, Demirhisar, Cuma-i Bala, Menlik, Provişte and Zihne.²¹⁴ Taking the above figures into account, it is possible to suggest, somewhat conservatively, that the production of coarse woollen cloth reached at least 1,000,000

²¹⁰ 1307 S.V.S., 1890, 227.

²¹¹ 1313 S.V.S., 1896, 290.

²¹² 1312 S.V.S., 1895, 263, 430, 446.

²¹³ 1312 S.V.S., 1895, 263, 430; 1315 S.V.S., 1898, 576-577.

²¹⁴ 1312 S.V.S., 1895, 246-247, 257, 309, 397, 410, 433; 1313 S.V.S., 1896: 361, 373, 393.

square meters by the late 1890s.²¹⁵ If so, regional woollen cloth output could well have grown by more than 80.0% within a decade. When we take into account the carpets, rugs and woollen stockings manufactured in the province the overall dynamism of the sector becomes even more apparent.²¹⁶ This observation is also supported by consul Blunt's commercial reports, which regularly point to the growth of local woollen industries in response to growing military, local civilian and intra-regional demand for *şayak* and *aba* cloths.²¹⁷

Assessing the performance of the other branches of artisanal textile manufacturing is more difficult, due to a lack of output statistics. Nevertheless, the limited evidence at hand indicates that the production of a number of textiles continued to be important throughout the period. Cotton and cotton silk mix cloth manufacturing is a case in point. In the early 1890s, cotton cloth manufacturers in Nevrekop, Köprülü, Avrethisar, Zihne, and Yenice operated a total of 1,650 looms, generating an estimated annual revenue of O.L. 25,000.²¹⁸ Nevrekop was the leading centre of cotton weaving, and boasted some 500 looms that produced 10,000 rolls of cotton cloth (*bez*) annually.²¹⁹ In Yenice, there were 52 looms producing *bennurk* cloth.²²⁰ The production of bath towels and garments continued in Salonica and Karaferye. In addition, there were 50 looms producing bath garments (*hamam takımı*) in Akça Mescid.²²¹ The production of the *alaca* cloth, shirtings, tunics, sail cloth, towels and bath garments continued in Avrethisarı, where the sector employed about 100 artisans in the mid to late 1890s.²²² Cotton weaving also retained its importance in Siroz and became prominent in Provişte in the late 1890s.²²³ The 1907 provincial yearbook indicates that

²¹⁵ This output level compares well with Bulgarian figures. Palairer (1997: 192) maintains that woollen output of entire eastern Rumelia was, including factory production, 423,000 m². Unfortunately no output figures are available for northern Bulgaria to make comparisons. Nevertheless the comparisons must be handled carefully due to lack of data pertaining to the weight of the woollen produce as well as the area.

²¹⁶ For instance in Provişte there were 141 looms weaving 25,000 pieces of coarse *çul* cloth and rugs in c.1890. At the same date, in the entire province about 300,000 pairs of woollen stockings were produced and sold by Vlach tribes (1307 S.V.S., 1890, 228).

²¹⁷ *F.O.A.S.*, 1886, N 24: 6; *F.O.A.S.*, 1887, N. 75: 3; *F.O.A.S.*, 1888, N. 394: 3; *F.O.A.S.*, 1893, N. 1310: 8; *F.O.A.S.*, 1896, N. 1663: 7.

²¹⁸ 1307 S.V.S., 1890, 227.

²¹⁹ 1312 S.V.S., 1895, 446.

²²⁰ 1313 S.V.S., 1896, 325.

²²¹ 1307 S.V.S., 1890, 228.

²²² 1312 S.V.S., 1895, 246-247; 1313 S.V.S., 1896, 242; 1315 S.V.S., 1898, 355.

²²³ 1313 S.V.S., 1896, 575, 434; 1315 S.V.S., 1898, 552.

cotton weaving industries were still operating in the above mentioned locations, with no visible decline or contraction.²²⁴

The manufacturing of ready-made clothing constituted another important component of the artisanal textile sector. The data presented in Table 5.6 suggest that there were about 1,900 active tailors operating in the region in the late 1880s. This should not come as a surprise. Although ready made European outfit varieties had become very popular among certain sections of the urban populace, many relatively modest urban residents still regularly asked the local tailors to cut out frocks, suits, winter coats, shirts and skirtings for occasional use.²²⁵ Urban middle classes and government officers constituted the regular customers of the local tailors.²²⁶

It is also important to note that a specialised textile manufacturing industry developed around the booming tobacco trade from the mid-1890s onwards. The production of sacks and mats to be used in the processing and packing of tobacco grew notably from c.1890 onwards. At the time, 715 mat makers (*hasırcı*), 620 woollen and goat's hair sac weavers (*muytab*) and 45 cotton sac (*kirpas penbesi*) producers were operating in the region (See Table 5.6).²²⁷ By the late 1890s, the sector had expanded notably, particularly in the tobacco growing districts.²²⁸ For example, more than 100,000 sacs made of goat's hair were produced annually in Provişte in the late 1890s. In addition, between 50,000 to 100,000 straw mats were manufactured. These mats were used primarily in the processing of tobacco, especially in the separation, lining and the withering of the produce.²²⁹ In Provişte alone, the industry employed 250 sac weavers and 800 mat makers.²³⁰ Perhaps more than a thousand workers were employed in sac

²²⁴ 1324 S.V.S., 1907, 221.

²²⁵ The following example is illustrative of the growing popularity of ready made clothing imported from Europe, especially among the more 'modern' and prosperous components of Salonica's populace. In the early 1900s the *Karamürsel* woollen cloth factory opened a branch in Salonica. One of the journalists working for *Asır* was apparently 'struck' by the quality and attractive prices of the cloths sold at the *Karamürsel* shop. He bought a couple of arşins of the finest quality *şayak* cloth and gave it to a local tailor, İsmail Hakkı Efendi, to cut out one coat and a suit for him. The result was outstanding. The reporter then goes on to criticise the ones who chose to buy fancy, yet lower quality and less durable, European dresses just for the 'fashion' and 'trademark'. No doubt the new urban consumer culture was in full swing among the middle income classes of the town (*Asır*, 9.Ca.1317 (15.9.1899), N. 414: 1; *Asır*, 22.Z.1318 (11.4.1901), N. 574: 2).

²²⁶ Dumont, "The Social Structure," 43.

²²⁷ 1307 S.V.S., 1890, 223-228.

²²⁸ 1312 S.V.S., 1895, 467.

²²⁹ 1313 S.V.S., 1896, 434.

²³⁰ 1315 S.V.S., 1898, 552.

weaving and mat making in Kavala and Drama.²³¹ Apparently, together with woollen textiles and possibly cotton cloth making, the manufacturing of sacs and mats for the tobacco industry was one of the leading textile manufacturing activities in the region. It is fair to suggest that the sector grew in tune with the booming tobacco trade, especially after the turn of the century.

Table 5.7.

<i>Manufacturing Artisans Working in the Town of Salonica, 1883 and 1898</i>		
Occupation	1883	1898
Tinsmiths	15	290
Tin Polishers	20	35
Ironsmiths	15	142
Coppersmiths	10	28
Cobblers and Shoe Makers	22	446
Coopers	27	27
Saddle and Harness Makers	11	11
Chest Makers	5	46
Clock Makers	17	47
TOTAL	142	1,072

Source: 1303 S.V.S., 1883, Appendix; Dumont, "The Social Structure," 42.

The region also possessed a diverse urban manufacturing base that went well beyond the confines of the textile industry. In all cities throughout the region, there were artisans working to produce various goods exclusively for the local population. The production of primary consumer goods and household utensils was of great importance. For instance, flour milling was possibly the most basic artisanal occupation that was almost universal throughout the region. In every urban centre, there were a number of small water powered mills producing flour for the local population.²³² As Table 5.6 indicates, flour milling was one of the largest of all artisanal industries. The sector employed 4,820 full time artisans in the late 1880s. Similarly, thousands of artisans laboured to produce shoes and footwear, pots, tin cups, copper cutlery, candles, baskets, quilts, household furniture, guns and clocks along with a number of other essential consumer goods. Another group of artisans manufactured key iron products, bricks, tiles and timber, all of which were basic inputs for the booming urban construction industry. These full-time artisans employed in non-textile manufacturing industries totalled

²³¹ 1315 S.V.S., 1898, 571.

²³² 1307 S.V.S., 1890, 234-235.

15,000 souls and constituted another 10.0% of the region's urban population in the late 1880s.

Lack of conclusive quantitative evidence precludes definitive statements about the growth performance of these diverse artisanal manufacturing sectors. However, the existing secondary literature firmly holds the view that artisanal manufacturing rose in importance in tune with growing urbanisation in the region. For example, Paul Dumont, who studied the Jewish artisans of Salonica, suggests that artisanal production grew rapidly, mainly in response to growing urbanisation and the rapid 'modernisation' of lifestyles in the town.²³³ Recently, Meropi Anastassiadou has confirmed Dumont's findings and pointed to the rapid proliferation of artisanal manufacturing in response to growing tide of urbanisation and modernisation in Salonica.²³⁴

This view is confirmed by Table 5.7, which indicates the growth of the number of artisans registered in the town of Salonica between 1883 and 1898. The increase in the number of full-time artisans employed in the making of household goods, cutlery, furniture and footwear is particularly striking. Among other reasons, the development of the sector can be attributed to the growth in urban demand for the goods that it produced. Comparable data were not available for other artisanal sectors.²³⁵ Nevertheless, considering the relatively limited nature of European competition in such consumer goods as pots, tin cups, copper cutlery, candles, baskets, quilts and household furniture, we would expect a similar expansion in other artisanal occupations. By the same token, we could somewhat speculatively expect a similar expansion in artisanal sectors in other, interior, towns of the region, especially in rail-connected centres of commercial agriculture where urban growth was more prominent.

Overall, a number of demand side factors seem to have created certain opportunities that enabled local artisanal manufacturers to survive, and even to expand

²³³ Dumont "*The Social Structure*," 38-44.

²³⁴ Anastassiadou, *Salonique*, 337.

²³⁵ The data presented in Table 5.7 reveals only a partial picture of the growth process. For 1883 I used the relatively comprehensive 1886 provincial yearbook. For 1898 I mainly extracted the data for 1898 mainly from Dumont and Anastassiadou. I could only incorporate the coinciding artisanal sectors included in both data set to maintain consistency between two observations. Nevertheless, it might be also illustrative to note that the 1886 yearbook reports 1,856 full time artisans working in both manufacturing and service sectors. Dumont/Anastassiadou estimate a total of 2,272 artisans in 1898. However, it must be noted that many crafts cited in the 1886 yearbook are not included in the Dumont/Anastassiadou series. See Dumont, "*The Social Structure*," 42; Anastassiadou, *Salonique*, 337.

their activities during the period. The growth of local urban, military and intra-regional demand for textiles, processed foodstuffs and other primary consumer goods was particularly important in this respect. Also the rapid growth of cash crop production, especially of tobacco production, had a propulsive impact on certain branches of artisanal manufacturing. It is important to note that these were exactly the same demand side factors that underlay the growth of mechanised manufacturing sectors in the region. However, the advantage of small scale artisans was that they produced a wide range of high and low value added manufactured goods and thus catered to the needs of the local (urban) population from the richest to the poorest segments. It is precisely this wide, yet specialised, market spread that enabled artisanal manufacturing to resist the tide of overseas competition and flourish during the period under consideration.

Conclusion

The arrival of the railways in the region and the growing tide of commercialisation were the primary factors that underlay urbanisation in the Selanik region. The development of the service sector and a frenzy of construction activity accompanied urban growth. Commercial, transportation and catering services grew rapidly in accord with the proliferation of urban areas, especially of port cities and railway towns, which served as the nexus of marketing and distribution in the region. In addition, new urban professions emerged and expanded in response to the growth of the commercial economy and the ongoing process of modernisation. New commercial and residential buildings, as well as extensive infrastructures, were built to physically accommodate the urban masses and the growing commercial economy. Local mercantile classes, notables and European capitalists played an important role in the growth of this leading urban sector and invested considerable sums into commerce, catering, transportation, and urban real estate development.

The proliferation of the urban economies and the emergence of new urban lifestyles also created fresh demand for consumer goods and construction materials. The bulk of new urban demand, appears to have been, was absorbed by imports from overseas. However, these developments also created new opportunities for the manufacturing sector. In addition, the rapid growth of cash crop production created fresh demand for new processing and manufacturing products in the region. The

dynamic entrepreneurial classes that had direct access to financial sources and assumed a strong presence in local and intra-regional marketing networks soon responded to emerging opportunities and established new factories in leading urban centres of the region. In due course, they benefited considerably from the availability of cheap labour power, raw material inputs and abundant water power and found a stable, if narrow, market niche in the region, despite intense foreign competition. However, local markets soon saturated and many industrial concerns encountered demand side problems. Also, the notable rise in factor costs, especially in wages, put considerable pressure on local capitalists and brought industrial expansion to a halt in most parts of the region. Many industrialists failed to respond to the challenge by upgrading their technology and adopting more aggressive marketing strategies that would expand their business horizons beyond the immediate markets. In this process, a complex set of political and economic factors helps explain the reluctance of the local capitalists. For one, worsening political conditions and growing uncertainties in the region probably withheld them from investing into industrial projects. More importantly, the attraction of usury practices, real estate speculation, tax-farming, and financial arbitrage increased the opportunity cost of productive investments, making manufacturers reluctant to invest in risky industrial projects.

The artisanal manufacturing sector, on the other hand, benefited from the expansion of urban demand. Self-employed artisans who relied on simple technology and low capital outlays and specialised in the production of goods that appealed directly to local tastes or on high value added products, were able to respond well to emerging opportunities in urban areas. Also, the textile sector benefited considerably from robust government demand for woollen textiles and from the proliferation of the tobacco processing industry. Thus, small-sized artisanal establishments survived and even grew in importance despite an initial period of adaptation and re-organisation during the earlier decades of the nineteenth century.

The richness and diversity of the urban experience marks the complexity and contradictions of the modernisation process in the Selanik region. First, the apparent growth and proliferation of urban economies stand in contrast with the processes of retardation and backwardness that affected agriculture. The different impact of the world economic forces on agriculture and modern sectors appears to have undergirded the apparent contrast. While capitalist integration brought riches to mercantile classes,

notables, moneylenders, and other agents of capitalist integration, the excluded segments and compartments of the agrarian economy paid a heavy price and fell into severe crisis and retardation. Also, the political and institutional environment seems to have fed into the widening contrast by allowing the persistence of speculative and rent-seeking motives. Surplus capital simply did not find its way into disadvantaged agricultural sectors. Instead, it went into urban areas and projects, which yielded higher returns and provided a more amenable lifestyle for men of prominence and power.

Second, the contrasts and tensions that gradually emerged within the urban process itself underlines the complexity of the modernisation pattern that we encounter in the Selanik region. The coexistence of modern factories, sweatshops and dynamic small-scale artisanal manufactures, which utilised different levels of technology, adopted different forms of labor procurement, and specialised in the production of different types of goods underlined not only the richness of the urban experience but also its transitional nature. In this transition, facets of “modernity” mesh with those of “tradition”. Likewise, mounting political tensions and emergence of urban forms of resistance and discontent underline the explosive nature of this transitional process. It can not be a coincidence that the 1908 Young Turk revolution erupted in Salonica. I interpret this movement as the historical outcome of the political and economic tensions that had been building up in the region along with its gradual transformation and urbanisation. Intensifying economic inequalities, political tensions, and shifts in cultural and ethnic identities accompanied these developments ultimately metamorphosing into irreconcilable revolutionary movements and wars that concluded the Ottoman period of the region’s history.

AFTERWORD

Selanik became one of most modernised and dynamic regions of the Ottoman Empire during the late nineteenth and the early twentieth centuries. With its tightly knit marketing networks and extensive railway systems, relatively well-developed financial markets, fluid land market, modern factories, burgeoning urban areas and port-cities, Selanik had clearly become one of the leading commercial regions of the entire eastern Mediterranean basin by the turn of the twentieth century.

Two primary forces underlay the process of economic modernisation in the region, namely the capitalist world economy and the reform efforts of the Ottoman government. Enhanced integration with the world economy brought new opportunities and helped bolster economic modernisation in the region. For instance, certain sub-sectors of the agrarian economy, namely tobacco, opium and to a lesser extent silk cocoon production benefited from robust overseas demand, and the institutional and financial support provided by the Ottoman Public Debt Administration (PDA) and the European and American trading houses operating in the region. Likewise, European capitalists played an important role in the development of marketing and financial networks, economic infrastructure (railways, harbours and urban utilities), urban real estate development, and the emergence of modern manufacturing concerns in the region. In this regard, the capitalist world economy appears to have been the prime driver of economic modernisation and growth in the region.

The Ottoman state also contributed to the moment of commercialisation and overall economic development. Legal reforms that largely liberalised the land-regime of the empire and the consolidation of property rights over land, the establishment of the Agricultural Bank, the foundation of agricultural schools, model farms and agricultural machinery depots were all important steps that helped enhance commercialisation and economic modernisation in the region. Likewise, the infrastructure investments carried out by the Ottoman government contributed significantly to the commercialisation and urbanisation of the regional economy during the period. In addition, timely and well-executed crisis management schemes undertaken by the government enhanced the

stability of the agrarian economy at large and increased its capacity to resist crop failures and other dislocating factors.

However, processes of economic growth and modernisation proceeded hand in hand with those of serious economic retardation and dislocation in the region. Ironically, the very same forces that fostered processes of economic growth and modernisation also undermined its long-term potential for economic development.

Enhanced integration with the world economy retarded certain key compartments of the regional economy. Intense European competition in overseas markets and, more importantly, in the under-protected domestic market posed serious demand-side problems for manufacturers and agriculturalists alike.

Foreign competition in domestic markets, for instance, circumscribed the growth potential of manufacturing industry and forced it to specialise in the production of low-value-added goods that appealed directly to the tastes and needs of the local population. This situation left the manufacturing industry, especially modern manufacturing concerns, extremely vulnerable to changes in factor prices. Rising labour costs, raw material and energy prices quickly ate into the already narrow profit margins and put local manufacturing concerns, especially textile producers, under acute economic distress, forcing some into bankruptcy towards the end of the period.

Likewise, the radical reduction in global freight rates and transportation costs, combined with the ensuing price depression in global markets left local cereal and cotton producers exposed to intense foreign competition in both overseas and domestic markets. Subsequently, the sub-sectors went into a period of serious and long-lasting recession and within a matter of two decades agricultural production declined by about 30%. More importantly, the ensuing recession created serious socio-economic dislocations in the sector. Pressed hard under distressing mortgages and debt incurred at usury interest rates during the crisis, many farmers ultimately lost their lands and became tenants over the property they once owned. Subsequently, dispossessed farmers were forced to accept the exacting terms of unfavourable tenancy agreements. Others increasingly turned to non-agricultural pursuits, especially to seasonal migration and to by-employment, whenever these options were available. Many more chose to migrate to cities, and still others emigrated overseas in quest of new opportunities and remittances.

Clearly, such dislocations constitute the destructive creativity of modernisation and mark the beginnings of what we can call a “Great Transformation” (after Polanyi) in Ottoman lands. However, these socio-economic dislocations prepared the structural background to the political and ethnic tensions that seriously disrupted economic development in the Selanik region later from mid-1900s onwards.

The fiscal, political and diplomatic weakness of the Ottoman government gave way to economic retardation and arrested the ongoing process of economic development in the region. In this context, three processes/linkages appear particularly important to note.

First, the diplomatic weakness of the Ottoman government was a serious problem. Bound by the trade treaties signed with European powers, the Ottoman government could do little to shelter domestic markets from overseas competition. This circumscribed the growth potential of the manufacturing sector at large and gave way to serious retardation in agriculture. Likewise, the government could not effectively control or mediate the tariff policies of the railway companies who charged exorbitant fares. Inflated transaction costs, in turn, undermined the development of the agricultural sector, especially of cereal production, which had for centuries been the primary axis of agricultural production in the region.

Secondly, the fiscal feebleness of the government had a retarding effect on the agricultural sector at large. The mammoth fiscal needs of the government put a heavy burden on the rural economy and put farmers under acute economic distress. Under adverse price and/or harvest conditions, many farmers failed to meet their fiscal and or financial obligations and eventually lost their property. Their distress accelerated the processes of agrarian retardation and socio-economic dislocation.

Third, the fiscal weakness of the government also circumscribed its capacity to institute far-reaching economic reforms. Pressed hard under serious political and financial problems, the government was compelled to concentrate its reform efforts in such crucial areas as provincial administration, justice, and security. Under the circumstances, financial resources available for economic reform remained limited. The

government failed to provide sufficient and/or regular logistic and technical support to the farmers in the region. Thus, agriculture remained at a technological standstill, which circumscribed the competitiveness of the sector, especially in overseas markets. When combined with inflated transaction costs, unfavourable price conditions and rural depopulation, technological stagnation circumscribed the growth potential of the agrarian economy.

Finally, the fiscal feebleness and the organisational inadequacies of the Ottoman government left a massive regulatory vacuum within which speculative and rent-seeking motives could be liberally manifested. The fiscal weakness of the central government undermined its organisational capacity and prevented it from consolidating its power over the provinces. Notwithstanding the relative centralisation drive of the Hamidian era, the lack of direct government control in the provinces allowed for, and indeed necessitated, the maintenance of alternative, more indirect forms of governance in the provinces, whereby local agents held key positions of power and controlled processes of economic redistribution. Under the circumstances, such rent-seeking practices as tax-farming, usury, concession hunting, and real estate speculation emerged as lucrative means of income generation and power consolidation. Thus, considerable capital was tied to speculative ends. Although such practices contributed to capital accumulation, they ultimately undermined the valorisation of capital in its broad sense. To put it briefly, the weakness of the state left ample space for speculation and rent seeking, which effectively hindered productive investments and thus arrested economic development, especially in agriculture.

Thus, a dual economic structure emerged in the region towards the end of the nineteenth century, whereby facets of “modernity” meshed with those of economic retardation. Clearly, this duality reflects the transitional nature of the regional economy at large and points to the dynamic interaction of local structures with the encompassing moment of incorporation into the capitalist world economy. The tensions and contractions of this transformation process ultimately fed into the ethnic and political tensions and pulled and pushed the region towards mass uprisings, revolution and ultimately to war. The catastrophes of the two Balkan Wars and the Great War marked the end of a unique era of striking contrasts; contrasts that were manifest in the coexistence of processes of growth and retardation, of modernisation and tradition, and of transformation and standstill. Ironically, these contrasts did not evolve in

contradiction, but metamorphosed in a process of dialectic interaction and unity. It appears that the mould, or the driver, of this evolution process was the sweeping power of European capitalism.

The case of Selanik also reveals important clues about the problematic nature of economic growth and modernisation in the late nineteenth century Ottoman Empire at large. Enhanced integration with European capitalism certainly brought new opportunities for economic growth in other parts of the empire. Western Anatolia, Thrace and Istanbul, Adana and certain parts of central Anatolia benefited considerably from enhanced integration with the world economy and became leading centres of commercial agriculture and economic growth, especially after the arrival of the railways from the 1870s onwards. In this process, rail served towns and port cities emerged as centres of commerce, finance and manufacturing.

However, processes of economic growth remained circumscribed and came in sporadic fits when conditions were most appropriate. First, growth surfaced in sectors that meshed well with the moment of capitalist incorporation; 'excluded' sectors remained largely retarded, due mainly to serious demand side constraints and prohibitive transaction costs. Besides, growth processes could not be sustained indefinitely, for the feebleness of the technological base, particularly in agriculture, left the production process highly exposed to the unexpected shifts in demand side conditions (typically manifest in prolonged price depressions) and or supply side shocks. Under the circumstances, it proved extremely difficult to sustain enclaved growth processes.

The fiscal, organisational and diplomatic feebleness of the Ottoman state apparatus also exacerbated the problems of the Ottoman economy and circumscribed its developmental potential at large. An excessively liberal trade regime, a heavy and rising fiscal burden, insufficient market regulation, inadequate promotion and diffusion of new technology, and the resilience of endemic rent-seeking motives were the manifestations of a weak(ening) state apparatus that could do little to counterbalance the dislocating and retarding effects of enhanced integration with European capitalism.

Thus, the Ottoman economy emerged as a troubled, yet dynamic, one, which was overburdened with serious institutional inadequacies, prohibitive transaction costs,

erratic demand conditions, and dislocating political, economic and financial effects of enhanced integration with capitalist world economy. Under the circumstances, the response to the challenge of ever aggressive expansion of capitalism could not materialise in Ottoman lands, not at least until the later years of the Unionist, or perhaps more appropriately later in the Republican, era. Seen from a comparative perspective, the late nineteenth century was a period of falling behind, of widening divergence, and of deepening relative backwardness for the Ottoman economy.

APPENDIX 1

Tax Revenues and the Estimation of the Real Tax Base

1. Tithe Revenues:

For the compilation of tithe revenues I used two sprimary sources. First, I used the regular fiscal data published by the Ottoman government. This data was available on a provincial basis only for the period 1888-1895. Secondly, I used the fiscal data published in provincial yearbooks to complete the series until 1905. Thus, it was possible to compile a comprehensive tithe data series for the entire period, 1888-1905. The data is presented in Table-1 below.

Table-1:

<i>Accruing Tithe Revenues for Selanik (1888-1905)</i>	
Year	Tax Revenues
1888	21,917,681
1889	25,186,456
1890	19,592,817
1891	21,561,813
1892	27,926,619
1893	24,773,471
1894	19,584,497
1895	21,176,812
1896	20,438,247
1897	20,187,636
1898	19,312,164
1899	21,810,000
1900	27,027,000
1901	22,098,869
1902	19,590,693
1903	23,851,969
1904	23,507,821
1905	22,439,400

Source: Devleti Aliyeyi Osmaniyenin Varidat ve Masarifati Umumiyesinin Sal Muhasebesidir, 1305-1312, Dersaadet, 1888-1895; 1299-1324 S.V.S., 1882-1905.

2. Compilation of the Tax Deflator:

I gathered the price data necessary to deflate tax revenues from two sources. I mainly used Gounaris's data on cereal prices in Selanik. However, Gounaris's series had gaps for certain years, namely 1887, 1901, 1902 and 1904. To overcome this deficiency, I used the price data regularly published in the local daily *Asir*. I mainly took the first observation pertaining to the first week of each month of the lunar calendar and then averaged the monthly estimates to reach annual figures. This effort enabled me to compile a comprehensive price series for 1883-1909. The data is presented in Table-2 below.

Table 2:

<i>Cereal Prices in Selanik, 1883-1909 (Pence)</i>							
Year	Wheat	Barley	Maize	Oats	Rye	Total	3MA
1883	93	62	67	63	84	100.08	
1884	85	65	65	65	85	96.78	94.2
1885	80	57	54	64	71	85.69	90.2
1886	84	63	57	63	59	88.20	87.1
1887	83	57	59	54	63	87.38	88.8
1888	87	60	63	54	59	90.92	84.3
1889	70	48	50	58	55	74.73	84.7
1890	80	59	60	67	67	88.33	89.9
1891	104	68	65	66	92	106.70	99.5
1892	92	88	63	68	78	103.39	93.2
1893	63	48	48	54	48	69.58	78.7
1894	55	37	50	41	43	62.98	65.5
1895	56	38	51	41	43	64.08	64.7
1896	59	43	51	42	45	66.91	67.1
1897	67	44	47	51	51	70.20	77.1
1898	98	58	58	54	67	94.16	78.4
1899	68	48	48	43	46	70.80	79.0
1900	70	48	48	43	49	72.12	70.9
1901	63	46	50	45	50	69.82	72.2
1902	65	53	52	64	53	74.68	73.0
1903	70	51	53	46	45	74.56	75.7
1904	69	49	59	47	55	77.92	79.9
1905	74	65	61	64	66	87.33	83.3
1906	80	60	54	59	61	84.57	90.6
1907	90	76	60	69	88	100.00	99.2
1908	118	69	67	67	87	113.03	106.8
1909	108	69	69	57	75	107.26	

source: B.C. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor* (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993), 92-93. Data for 1887, 1901, 1902, 1904, compiled from miscellaneous issues of the local daily *Asir*. See text for details.

Based on the 1907 statistics, I then determined the weight of each crop in the commodity basket (see Table-3) and then compiled a standard Laspeyres price index for the period 1883-1909, taking 1907 as the base year. Then I compiled a 3-year moving average, which served as proxy for a tax-deflator due to reasons discussed in Chapter-1. By deflating the indexed nominal tithe revenues I could reach a 'real' tithe index, which I used as proxy to determine production trends in cereal production.

Table-3:

<i>Cereal Production and Weights (Kuruşes)</i>		
Crop	Value	%
Wheat	73,451,664	32.4
Barley	41,092,464	18.1
Oats	9,207,300	4.1
Rye	27,084,540	11.9
Maize	76,121,961	33.5
TOTAL	226,957,929	100.0

Source: Orman ve Maden ve Ziraat Nezareti İstatistik İdaresi, *1323 Ziraat İstatistiği*, 1907, 11-33.

APPENDIX 2

Provincial Population and Number of Households in Selanik

<i>Population and Residential Building Statistics Pertaining to the Province of Selanik, 1876-1912</i>								
<i>Town</i>	<u>Population</u>				<u>Residential Buildings</u>			
	1876	1894	1906	1912	1876	1894	1906	1912
Salonica	80000	88000	98930	157900	5215	8321	9694	n.a.
İstrumca	n.a.	n.a.	9320	n.a.	939	1360	1460	n.a.
Tikveş / Kavadar	n.a.	4557	11022	21000	797	n.a.	1297	n.a.
Toyran	n.a.	4819	n.a.	n.a.	870	n.a.	1000	n.a.
Avrethisar	n.a.	5376	8000	n.a.	1200	1255	1255	n.a.
Katrin	n.a.	2869	2093	n.a.	n.a.	989	1378	n.a.
Karaferye	n.a.	8891	14000	14000	1914	1120	2232	n.a.
Gevgeli	n.a.	2000	4000	5000	n.a.	646	865	n.a.
Kesendire / Poliroz	n.a.	2134	1700	n.a.	460	403	420	n.a.
Longaza	n.a.	1716	2000	n.a.	n.a.	409	464	n.a.
Vodine	n.a.	7449	n.a.	13000	1102	1185	1291	n.a.
Yenice	n.a.	8281	8500	n.a.	1016	1616	1616	n.a.
Siroz	n.a.	21602	n.a.	32000	3035	4416	4416	n.a.
Petriç	n.a.	4651	n.a.	n.a.	n.a.	1149	1149	n.a.
Demirhisar	n.a.	3425	n.a.	n.a.	563	733	733	n.a.
Cuma-i Bala	n.a.	5592	5250	n.a.	n.a.	1514	1544	n.a.
Zihne	n.a.	2424	n.a.	n.a.	350	535	635	n.a.
Razlık	n.a.	4728	n.a.	n.a.	n.a.	946	889	n.a.
Menlik	n.a.	n.a.	3000	n.a.	n.a.	685	700	n.a.
Nevrekop	n.a.	5755	n.a.	n.a.	706	1434	1434	n.a.
Drama	n.a.	6933	12700	13000	n.a.	1287	2113	n.a.
Kavala	n.a.	5357	21000	24000	n.a.	1627	3775	n.a.
Provişte	n.a.	n.a.	2000	n.a.	n.a.	n.a.	560	n.a.

Source: 1293 S.V.S., 1876; 1312 S.V.S., 1896; 1324 S.V.S., 1906; *F.O.A.S.*, 1912, N. 5234: 3-4.

APPENDIX 3

Cereal Exports from Salonica

<i>Cereal Exports from Macedonia, c.1870-1912 (Tons)</i>							
Year	Wheat	Barley	Maize	Oats	Rye	Millet	Total
1872	9,161	2,210	4,018	1,340	889	n.a.	17,618
1873	39,643	10,714	15,000	10,781	19,286	n.a.	95,424
1874	10,286	4,821	4,286	n.a.	1,286	n.a.	20,679
1875	19,582	n.a.	n.a.	11,316	n.a.	n.a.	56,580
1876	50,184	n.a.	n.a.	17,712	n.a.	n.a.	188,928
1877	162,360	n.a.	n.a.	29,520	n.a.	n.a.	450,672
1878	27,552	n.a.	n.a.	17,220	n.a.	n.a.	114,636
1879	2,571	1,786	n.a.	6,786	n.a.	n.a.	14,956
1880	0	n.a.	n.a.	8,143	1,286	n.a.	14,071
1881	13,929	16,071	19,714	10,179	18,857	n.a.	78,750
1882	18,075	16,863	12,011	9,345	9,377	n.a.	65,671
1883	31,527	17,734	24,633	8,867	13,793	n.a.	96,554
1884	13,695	16,256	29,063	7,926	19,212	n.a.	86,152
1885	6,630	6,995	10,123	8,669	11,133	n.a.	43,550
1886	787	5,806	1,692	5,215	1,210	n.a.	14,710
1887	5,904	1,786	n.a.	4,428	n.a.	n.a.	14,563
1888	11,571	10,714	17,357	4,457	643	n.a.	44,742
1889	26,500	15,000	8,591	18,133	10,389	n.a.	78,613
1890	45,835	8,492	5,341	6,126	10,630	202	76,626
1891	56,000	25,000	6,800	5,775	40,827	974	135,376
1892	35,800	18,600	26,650	14,434	27,758	1,201	124,443
1893	5,900	7,900	12,800	7,900	15,750	1,750	52,000
1894	8,200	12,800	25,000	8,850	13,800	500	69,150
1895	10,976	15,680	28,420	13,720	13,720	588	83,692
1896	36,750	16,660	10,780	15,092	9,800	735	89,817
1897	30,382	16,170	6,860	10,780	12,740	490	77,422
1898	11,910	14,700	3,430	10,486	2,744	69	43,339
1899	19,173	11,281	3,676	12,809	3,580	349	50,868
1900	15,584	14,216	14,519	8,088	5,463	233	58,103
1901	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1902	0	15,000	36,000	12,000	3,500	n.a.	66,500
1903	3,800	22,500	20,000	23,400	6,800	n.a.	76,500
1904	0	28,200	11,500	26,000	15,300	n.a.	81,000
1905	5,400	17,000	20,400	15,500	13,500	n.a.	71,800
1906	2,100	19,400	21,930	23,680	7,390	1,400	75,900
1907	700	8,035	1,730	7,628	6,170	700	24,963
1908	645	1,386	463	925	51	432	3,902
1909	0	4,000	2,000	4,500	500	160	11,160
1910	0	0	11,500	9,900	1,000	200	22,600
1911	0	8,800	6,100	8,300	1,600	418	25,218
1912	0	7,474	29,751	3,250	3,661	637	44,773

Source: B. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993), 92-93.

APPENDIX 4

Cash Crop Prices in Salonica

<i>Cash Crop Prices in Salonica, 1880-1912</i>				
Year	Tobacco	Cocoons	Opium	Cotton
1880-1884	40	52	144	650
1885	43	n.a.	120	612
1886	39	61	107	n.a.
1887	32	52	204	528
1888	29	37	121	536
1889	37	53	144	584
1890	29	48	156	588
1891	n.a.	n.a.	n.a.	396
1892	31	57	108	380
1893	26	49	126	366
1894	26	37	138	392
1895	37	38	98	417
1896	38	36	120	399
1897	38	36	102	410
1898	34	39	157	406
1899	28	n.a.	114	427
1900	30	40	142	537
1901	n.a.	31	171	492
1902	67	44	94	518
1903	66	44	102	581
1904	54	41	63	631
1905	43	39	91	527
1906	47	39	117	620
1907	53	46	208	610
1908	58	n.a.	192	n.a.
1909	70	n.a.	199	n.a.
1910	80	n.a.	158	n.a.
1911	78	58	336	784
1912	72	n.a.	269	n.a.

Source: B. Gounaris, *Steam over Macedonia, 1870-1912, Socio-Economic Change and the Railway Factor*, (New York: East European Monographs, Boulder, Distributed by Columbia University Press, 1993), 96-97, 114-115.

Notes: 1) Tobacco prices are based on the arithmetic average of the prices of three different tobacco varieties, namely Gülibek, Kır and Prosotsani.
2) Data for 1887, 1901, 1902, 1904 were compiled from miscellenous issues of the local daily *Asır*.

APPENDIX 5

AGRICULTURAL BANK CREDITS

Table 1

<i>Loans Given by the Agricultural Bank in the Province of Selanik, 1889-1908 (Kuruşes)</i>			
Year	Total Value of Loans	Number of Debtors	Loan Per Debtor
1889	1,281,808	877	1,462
1890	3,950,024	3,225	1,225
1891	4,748,409	4,832	634
1892	5,128,635	3,440	1,491
1893	6,274,374	3,810	1,647
1894	4,770,692	3,197	1,492
1895	4,602,762	3,326	1,384
1896-1897	n.a.	n.a.	n.a.
1898	4,923,219	6,111	806
1899	3,226,776	3,868	834
1900	3,340,177	3,690	905
1901	3,770,354	5,133	735
1902	3,502,665	5,708	614
1903	2,675,095	2,446	1,094
1904-1907	n.a.	n.a.	n.a.
1908	7,001,340	7,492	935
Annual Averages	4,228,309	4,083	1,090

Source: Ziraat Bankasının İkrizatını Mübeyyin İstatistik Defteridir, 1305-1324, 1889-1908, Dersaadet: Matbayı Osmaniye.

Table 2

<i>Distribution of Agricultural Bank Credits between Districts, 1889-1908 (Kuruş)</i>														
	1889	%	1890	%	1891	%	1892	%	1893	%	1894	%	1895	%
Districts with High Çiftlik Concentration (Also the Leading Centers of Cereal Production)														
Selanik	135,293	10.6	365,998	9.3	194,137	4.1	207,600	4.0	383,100	6.1	364,383	7.6	512,982	11.1
Karaferiye	2,000	0.2	18,700	0.5	37,500	0.8	63,350	1.2	122,750	2.0	177,610	3.7	164,125	3.6
Yenice	47,540	3.7	130,025	3.3	158,705	3.3	298,050	5.8	287,750	4.6	250,900	5.3	293,917	6.4
Vodine	31,560	2.5	109,350	2.8	170,050	3.6	174,650	3.4	279,350	4.5	139,800	2.9	130,700	2.8
Katrin	-	-	61,200	1.5	66,350	1.4	145,700	2.8	141,800	2.3	57,950	1.2	50,500	1.1
Avrethisar	77,421	6.0	242,922	6.1	123,300	2.6	282,075	5.5	309,400	4.9	69,530	1.5	109,865	2.4
Gevgeli	5,000	0.4	149,100	3.8	62,800	1.3	76,250	1.5	232,800	3.7	199,575	4.2	135,925	3.0
Petriç	25,900	2.0	78,750	2.0	81,950	1.7	236,825	4.6	241,800	3.9	99,900	2.1	84,505	1.8
TOTAL	324,714	25.3	1,156,045	29.3	894,792	18.8	1,484,500	28.9	1,998,750	31.9	1,359,648	28.5	1,482,519	32.2
Districts where Small-Scale Peasant Proprietorship was Predominant (Also Primary Centers of Tobacco Production and of Sericulture)														
Drama	195,700	15.3	286,517	7.3	377,139	7.9	86,117	1.7	342,250	5.5	243,698	5.1	287,650	6.2
Kavala	29,690	2.3	63,018	1.6	36,400	0.8	62,450	1.2	100,875	1.6	48,075	1.0	76,000	1.7
Sarı Şaban	19,300	1.5	305,839	7.7	192,600	4.1	264,242	5.2	273,904	4.4	143,375	3.0	125,675	2.7
Cuma-i Bala	14,500	1.1	77,000	1.9	52,250	1.1	60,050	1.2	105,400	1.7	106,625	2.2	140,200	3.0
Provişte	-	-	-	-	-	-	158,650	3.1	221,800	3.5	156,879	3.3	151,775	3.3
Kesendire	85,601	6.7	115,750	2.9	190,446	4.0	151,150	2.9	152,941	2.4	241,409	5.1	208,850	4.5
TOTAL	344,791	26.9	848,124	21.5	848,835	17.9	782,659	15.3	1,197,170	19.1	940,061	19.7	990,150	21.5
Districts where Small Scale Peasant Proprietorship was Predominant, although the Çiftlik were common (Also Leading Centers of Opium and Cotton Production)														
Siroz	213,300	16.6	529,778	13.4	447,542	9.4	562,907	11.0	494,050	7.9	546,609	11.5	422,558	9.2
Zihne	65,968	5.1	276,142	7.0	153,653	3.2	358,531	7.0	352,834	5.6	170,750	3.6	179,525	3.9
Köprülü	64,700	5.0	235,750	6.0	262,850	5.5	279,500	5.4	396,250	6.3	271,900	5.7	214,400	4.7
Tikveş	-	-	181,722	4.6	157,600	3.3	318,050	6.2	271,450	4.3	201,800	4.2	158,475	3.4
Istrumca	134,585	10.5	190,525	4.8	338,025	7.1	311,300	6.1	379,625	6.1	245,900	5.2	258,155	5.6
TOTAL	478,553	37.3	1,413,917	35.8	1,359,670	28.6	1,830,288	35.7	1,894,209	30.2	1,436,959	30.1	1,233,113	26.8
Categorical and Provincial Aggregates														
SUB-TOTAL	1,148,058	90	3,418,086	87	3,103,297	65	4,097,447	80	5,090,129	81	3,736,668	78	3,705,782	81
OTHER DISTRICTS	133,750	10	531,938	13	1,645,112	35	1,031,188	20	1,184,245	19	1,034,024	22	896,980	19
PROVINCE	1,281,808	100	3,950,024	100	4,748,409	100	5,128,635	100	6,274,374	100	4,770,692	100	4,602,762	100

Source: Ziraat Bankasının İkratını Mübeyyin İstatistik Defteridir, 1305-1324, 1889-1908, Dersaadet: Matbayı Osmaniye.

Table 2 (Cont.)

<i>Distribution of Agricultural Bank Credits between Districts, 1889-1908 (Kuruş) (Cont.)</i>														
	1898	%	1899	%	1900	%	1901	%	1902	%	1903	%	1909	%
Districts with High Çiftlik Concentration (Also the Leading Centers of Cereal Production)														
Selanik	655,391	13.3	182,230	5.6	397,820	11.9	399,970	10.6	285,425	8.1	139,150	5.2	548,675	7.8
Karaferye	269,300	5.5	194,330	5.9	122,325	3.7	122,350	3.2	116,830	3.3	226,905	8.5	998,930	14.3
Yenice	226,222	4.6	134,518	4.1	213,305	6.4	209,975	5.6	198,200	5.7	110,650	4.1	427,600	6.1
Vodine	210,475	4.3	84,650	2.6	318,125	9.5	211,400	5.6	139,675	4.0	86,325	3.2	266,475	3.8
Katrin	69,375	1.4	71,360	2.2	128,725	3.9	211,018	5.6	142,855	4.1	94,000	3.5	285,456	4.1
Avrethisar	119,000	2.4	54,380	1.7	193,525	5.8	321,200	8.5	493,500	14.1	82,600	3.1	495,075	7.1
Gevgeli	105,325	2.1	69,050	2.1	159,275	4.8	197,325	5.2	192,035	5.5	89,075	3.3	568,440	8.1
Petriç	91,485	1.9	107,325	3.3	45,660	1.4	31,805	0.8	66,095	1.9	87,500	3.3	110,000	1.6
TOTAL	1,746,573	35.5	897,843	27.4	1,578,760	47.3	1,705,043	45.2	1,634,615	46.7	916,205	34.2	3,700,651	52.9
Districts where Small-Scale Peasant Proprietorship was Predominant (Also Primary Centers of Tobacco Production and of Sericulture)														
Drama	361,254	7.3	100,850	3.1	172,465	5.2	68,047	1.8	71,865	2.1	78,795	2.9	351,300	5.0
Kavala	51,575	1.0	22,750	0.7	28,850	0.9	13,600	0.4	32,250	0.9	16,500	0.6	63,825	0.9
Sarı Şaban	71,270	1.4	68,250	2.1	62,775	1.9	57,050	1.5	20,675	0.6	47,835	1.8	33,850	0.5
Cuma-i Bala	121,900	2.5	139,825	4.3	88,925	2.7	97,100	2.6	50,450	1.4	85,850	3.2	218,875	3.1
Provişte	164,563	3.3	36,115	1.1	124,867	3.7	102,625	2.7	99,240	2.8	80,225	3.0	162,875	2.3
Kesendire	133,650	2.7	106,921	3.3	60,083	1.8	108,950	2.9	57,300	1.6	58,790	2.2	126,600	1.8
TOTAL	904,212	18.4	474,711	14.5	537,965	16.1	447,372	11.9	331,780	9.5	58,790	13.8	126,600	13.7
Districts where Small Scale Peasant Proprietorship was Predominant, although the Çiftlik were common (Also Leading Centers of Opium and Cotton Production)														
Siroz	246,347	5.0	132,880	4.1	216,297	6.5	181,565	4.8	280,700	8.0	203,602	7.6	155,689	2.2
Zihne	98,950	2.0	61,500	1.9	59,800	1.8	65,600	1.7	75,030	2.1	93,504	3.5	69,770	1.0
Köprülü	147,365	3.0	500,150	15.3	165,700	5.0	240,700	6.4	191,925	5.5	120,000	4.5	178,050	2.5
Tikveş	280,675	5.7	136,750	4.2	105,050	3.1	70,225	1.9	82,875	2.4	204,475	7.6	195,770	2.8
Istrumca	416,050	8.5	134,039	4.1	148,400	4.4	224,775	6.0	64,675	1.8	189,175	7.1	600,950	8.6
TOTAL	1,189,387	24.2	965,319	29.5	695,247	20.8	782,865	20.8	695,205	19.8	810,756	30.3	1,200,229	17.1
Categorical and Provincial Aggregates														
SUB-TOTAL	3,840,172	78	2,337,873	71	2,811,972	84	2,935,280	78	2,661,600	76	1,785,751	78	5,027,480	84
OTHER DISTRICTS	1,083,047	22	888,903	29	528,205	16	835,074	22	841,065	24	889,344	22	1,973,860	16
PROVINCE	4,923,219	100	3,226,776	100	3,340,177	100	3,770,354	100	3,502,665	100	2,675,095	100	7,001,340	100

Source: Ziraat Bankasının İkratını Mübeyyin İstatistik Defteridir, 1305-1324, 1889-1908, Dersaadet: Matbayı Osmaniye.

APPENDIX 6

Real Estate Ownership in Salonica

<i>Leading Real Estate Owners in Salonica and Annual Returns over Real Estate Owned in Salonica, c.1910 (Kuruses)</i>					
<i>Name of the Person</i>	<i>Type of Estate</i>	<i>Location</i>	<i>Value (1)</i>	<i>Annual Rent (2)</i>	<i>(2)/(1)</i>
Ismail Paşa	Residential	Hamidiye Quarters	70,000	13,000	19%
Salih Paşazade Kamil Bey	Residential	Hamidiye Quarters	40,000	7,500	19%
Nuriye Hanım	Residential	Hamidiye Quarters	105,000	22,500	21%
Messiuier Sifaldir (?)	Residential	Hamidiye Quarters	27,000	27,000	100%
Messiuier Levi Modiyano	Residential	Hamidiye Quarters	420,000	40,000	10%
Mekteb-i Sanayi	Residential	Hamidiye Quarters	200,000	48,000	24%
Remoşin Ankelaki (?)	Residential	Hamidiye Quarters	50,000	5,000	10%
Yorgi İsteryadi	Residential	Hamidiye Quarters	20,000	3,100	16%
Marpulgo Kostandi	Residential	Hamidiye Quarters	50,000	4,500	9%
Ayşe Hanım	Residential	Hamidiye Quarters	50,000	5,000	10%
Mekteb-i Sanayi	Coffee House	Hamidiye Quarters	22,000	6,000	27%
Mekteb-i Sanayi	Shop	Hamidiye Quarters	16,000	3,500	22%
Mahmud Efendi	Bakery	Vardar Avenue	30,000	6,000	20%
Manmud Kamil Efendi	Restaurant	Vardar Avenue	42,000	4,500	11%
??? Efendi	Shop	Manastir Avenue	15,000	1,600	11%
Esref Bey	Coffee Shop	Vardar Avenue	13,000	13,500	104%
Avram (???)	Large Store	Manastir Avenue	30,000	4,500	15%
Saias Family	Tobacco Plant	Kolombo Quarters	200,000	120,000	60%
Herzog Co.	Tobacco Plant	Kolombo Quarters	450,000	81,800	18%
Marori	Coffee Shop	Rihtim (Quay)	155,000	9,120	6%
????	Bakery	Idare-i Askeri Street	15,000	1,800	12%
Ahmed Kapancı	Hotel and Coffee Shop	Olimpos Square	550,000	80,000	15%
Ahmed Kapancı	Residential and Large Store	Olimpos Square	100,000	19,500	20%
Hristo Adamo	Residential and Restaurant	Rihtim (Quay)	40,000	7,250	18%
Ahmed Kapancı	Shop	Olimpos Square	49,500	6,650	13%
Kerem Efendizade (???) Bey	Shop	Kalamerye Avenue	21,000	2,200	10%
Ahmed Çavuş	Shop	Unkapanı Quarters	25,000	1,400	6%
Morpurgo Family	Shop	Kazgancılar Quarters	25,000	1,500	6%
Sofia Konstandin	Bakery	Çarşı Başı Quarters	40,000	4,500	11%
Mirtaki Efendi	Large Store	Unkapanı Quarters	30,000	3,400	11%
Simon Mano	Shop	Çarşı Başı Quarters	27,000	1,500	6%
Salmon Bija (???)	Shop	Kazgancılar Quarters	35,000	1,000	3%
Atiye Hanım	Bakery	Sabri Paşa Avenue	30,000	3,600	12%
Rukiye Hanım	Shop	Sabri Paşa Avenue	23,000	3,000	13%
Mehmet and Mustafa Efendis	Coffee Shop	Hükümet Square	87,000	12,000	14%
Torres Zadeler	Shop	Sabri Paşa Avenue	30,000	4,000	13%
Şevki Efendi	Large Store	Sabri Paşa Avenue	30,000	7,500	25%
Bekir Sadık Efendi	Shop	Örtülü Çarşı	17,500	5,400	31%
Bekir Sadık Efendi	Large Store	Örtülü Çarşı	37,500	4,200	11%
Bekir Sadık Efendi	Three Large Stores	Örtülü Çarşı	75,000	8,400	11%
Süha Bey	Large Store	Örtülü Çarşı	110,000	12,000	11%
Nikola Paparişi (??)	Pub	Keşişler Quarters	90,000	11,500	13%
Ahmed Kapancı Efendi	Large Store	İstanbul Çarşısı	55,000	4,200	8%
Miyaz Asin Efendi (???)	Shop	Yalı Kapusu Quarters	40,000	3,450	9%
Mustafa Efendi	Shop	Yalı Kapusu Quarters	18,000	1,600	9%
Nuri Efendi	Large Store	Parmak Kapu Quarters	20,000	7,000	35%
Mösyö İsak Şalom	Large Store	İştira Quarters	20,000	7,000	35%
Hacı Hamid Efendi	Large Store	İştira Quarters	25,000	8,000	32%
Süha Bey	Large Store and Land Plot	İştira Quarters	45,000	4,750	11%
Ottoman and Salonica Banks	Three Large Stores	Şişeciler Quarters	76,000	10,000	13%
Yusuf Bozuncu	Twenty two Large Stores	Frenk Quarters	160,000	22,000	14%
(???)	Shop	Büyük Pazar	15,000	2,500	17%
As above	Shop	Büyük Pazar	9,000	2,100	23%
Hacı Hüseyin Efendi	Residential	Lombardo Street	200,000	20,500	10%
Murad Fikri Efendi	Shop	Karılar Pazarı	22,000	2,400	11%
Mışon Argaz	Large Store	Karılar Pazarı	15,000	1,200	8%
Dimitri Boyacı	Large Store	Süpürgeciler Quarters	65,000	5,000	8%
Hasan Efendi	Residential	Belediye Avenue	80,000	8,800	11%
Hüsnü Efendi	Residential	İslahane Quarters	45,000	5,200	12%
Hafız Kerim Efendi	Residential	Sözsüzü Quarters	30,000	2,700	9%
Şeyh Esref Bey	Shop	Vardar Avenue	45,000	8,400	19%
Toniez Sason (?)	Bezirhane	Frenk Quarters	60,000	5,000	8%
Salime Hanım	Residential	İslahane Quarters	35,000	4,400	13%
Hacı Selim Ağa	Large Store	Kantar Street	45,000	4,000	9%
??? Pandali	Residential	Hamidiye Quarters	40,000	4,000	10%
Yako and Levi Modiyano	Site	Sabri Paşa Avenue	550,000	180,000	33%
Levi Modiyano	Large Store	Şişeciler Quarters	650,000	110,000	17%
TOTAL			5,857,500	1,062,620	18%
RESIDENTIAL TOTAL			1,462,000	221,200	15%
COMMERCIAL TOTAL			4,395,500	841,420	19%

Source: BA, TFR. I.M., 20/1919, 19.2.1326 (22.1.1885).

APPENDIX 7

Shipping in Selanik

<i>Tonnage of Ships Clearing from the Ports of Salonica and Kavala, 1883-1912</i>		
Year	Salonica	Kavala
1883	500,434	n.a
1884	574,215	n.a
1885	578,088	n.a
1886	725,043	n.a
1887	632,917	169,788
1888	733,755	169,976
1889	726,916	191,453
1890	813,122	123,509
1891	871,468	n.a
1892	943,153	171,829
1893	813,488	n.a
1894	858,161	n.a
1895	838,433	205,489
1896	772,854	241,115
1897	725,156	207,332
1898	824,953	
1899	741,447	246,525
1900	703,744	191,269
1901	795,135	n.a
1902	910,673	n.a
1903	842,167	228,006
1904	919,430	219,576
1905	922,073	237,656
1906	927,132	247,067
1907	n.a.	n.a
1908	1,037,460	286,285
1909	1,090,825	293,478
1910	1,173,643	328,327
1911	1,096,168	381,256
1912	874,788	344,053

Source: F.O.A.S., *Miscellaneous Volumes*, 1883-1912.

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