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### INTEGRATION – DISINTEGRATION – REINTEGRATION. GREECE AND THE INTERNATIONAL SYSTEM OF CASHLESS PAYMENT FROM THE MIDDLE AGES TO 1914

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**INTEGRATION - DISINTEGRATION - REINTEGRATION.  
GREECE AND THE INTERNATIONAL SYSTEM  
OF CASHLESS PAYMENT FROM THE MIDDLE AGES TO 1914**

*Introduction*

The international system of cashless payments was a process of financial integration originally based upon the bill of exchange as a means of financial transfer that had developed during the commercial revolution in Italy between the twelfth and fourteenth centuries. Put simply, the process was framed as an increase in the numbers of merchants across the world that regularly used this mechanism of settling payments without using cash. Since the fourteenth century at the latest, the Byzantine Empire became integrated into — or at least closely tied to — the system, which was at that time still dominated by the Italian merchant bankers. From the later Middle Ages, therefore, Greece and the Greek merchants were part of the system. They were integrated into this system to a degree that varied over time. This is the interesting aspect of the story. As a general rule it can be observed that whenever an area, a region or a particular group of merchants and financiers had become integrated into this mechanism they would not usually exit or opt out of the system subsequently. And whenever there were processes of disintegration — which can also be observed — these were very unlikely to be reversed: normally they were final. In general, the process of integration or disintegration was a somewhat unilinear one. Now, the Greek case is interesting, as it seems to have been marked by deviation from this rule, i.e. there were alternating patterns of integration and disintegration. The subsequent sections therefore address the following questions:

Why did the process of integration come to a halt after the Ottoman occupation during the second half of the fourteenth century?

What were the particular features of the process of re-integration since the later seventeenth century, and

why did it take so long — to *ca.* 1914 — for this process (of re-integration) to be finally and fully accomplished?

Solving these questions will tease out a very peculiar pattern, a pattern that may be called a “Greek” way of integration into the international mechanism of

cashless payments. This process was in many ways unique; only during the later nineteenth century similar patterns can be observed for some other South-Eastern European countries.

### *Medieval Greece and the International Mechanism of Cashless Payment*

During the Late Byzantine era, some of the more important innovations in commerce and finance that had been developed within the Mediterranean area, especially in Italy, were introduced in the Eastern Mediterranean and the Black Sea region<sup>1</sup>. One of the key innovations was the system of cashless payment based upon the bill of exchange that had been developed during the commercial revolution on the Italian Peninsula<sup>2</sup>. From the later fourteenth century at the latest, Byzantine merchant bankers adopted the technique of the *cambium per litteras*, framed in particular by the promissory note and the banker's draft. As the leading authority in this department has noted, such "modern" forms of payment transfers were used not only for exchanges between Byzantine merchants and Italians, but also within the Byzantine financial system and economy itself<sup>3</sup>. Italian merchants had since the later twelfth century developed an increasingly sophisticated mechanism and commercial and financial web which now covered other areas of Europe that were relevant to Italy's financial economy, such as NW Europe and the eastern part of the Iberian Peninsula — and since the fourteenth century, as noted above, also parts of the Eastern Mediterranean and some areas within reach of the Black Sea shores<sup>4</sup>. The system basi-

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1. ANGELIKI E. LAIOU, Exchange and Trade, Seventh-Twelfth Centuries, in: *The Economic History of Byzantium. From the Seventh to the Fifteenth Century*, EADEM (ed.) [Dumbarton Oaks Research Library and Collection, 39], Washington, DC 2002, p. 697-770; K.-P. MATSCHKE, Commerce, Trade, Markets, and Money, Thirteenth – Fifteenth Centuries, in: LAIOU (ed.), *ibid.*, p. 771-806. Cf. IDEM, Rechtliche und administrative Organisation der Warenversorgung im byzantinischen Raum: Die Strukturen des 13. bis 15. Jahrhunderts, in: *Handelsgüter und Verkehrswege. Aspekte der Warenversorgung im östlichen Mittelmeerraum (4. bis 15. Jahrhundert). Akten des Internationalen Symposiums Wien, 19.-22. Oktober 2005*, E. KISLINGER – J. KODER – A. KÜLZER (ed.), Wien 2010, p. 205-221.
  2. M. A. DENZEL, Wechsel, Wechsler, Wechselbrief, in: *Lexikon des Mittelalters*, VIII, 1997, col. 2086–2089.
  3. K.-P. MATSCHKE, Geldgeschäfte, Handel und Gewerbe in spätbyzantinischen Rechenbüchern und in der spätbyzantinischen Wirklichkeit. Ein Beitrag zu den Produktions- und Austauschverhältnissen im byzantinischen Feudalismus, *Jahrbuch für Geschichte des Feudalismus* 3 (1979) 181-204, here p. 189 (hereafter: MATSCHKE, Geldgeschäfte).
  4. M. A. DENZEL, "La Practica della Cambiatura". Europäischer Zahlungsverkehr vom 14. bis zum

cally spread to these regions by the Byzantine business partners of the Italians, who adopted these techniques and instruments, starting to use them within their own, intra-Byzantine commercial and financial transfer operations.

Unfortunately, there is a dearth of Byzantine sources relating to such matters. Wherever those sources are preserved, they usually relate to singular transfers and isolated events which are neither significant nor documented in a satisfactory way, lending themselves to the reconstruction of a pattern or system. Official rates of exchange, derived for instance from price currents, are likewise absent, even though chapter 45 in Francesco Balducci Pegolotti's *Pratica della mercatura* lists Constantinople, as well as Rhodes and Famagusta in the Eastern Mediterranean, as financial places involved in bill transactions with Florence<sup>5</sup>. In fact, this is the only more or less confirmed reference to Byzantine financial places that were integrated into this system — if the mere incidence of such a place being named within the Italian manuals can be taken as a proxy for the incidence of “integration into the system” (the fact that a particular place is named for bills to be drawn can be taken as evidence for an integration — however strong it may be — of that particular place into the system). If it is assumed that Pegolotti compiled his *Pratica della mercatura* from a predominantly Florentine point of view<sup>6</sup>, it would be justified to suppose — following Peter Spufford — that the other important Italian financial markets, mainly Genoa and Venice, would also have operated regular bill transactions with the imperial capital at Constantinople. Their commercial interests within the Byzantine Empire were often even stronger than those of Florence<sup>7</sup>. In fact, Pegolotti's manual suggests that the Venetian possessions at Candia on Crete<sup>8</sup>, the Armenian dominions in Laiazzo<sup>9</sup>, as well as Alexandria<sup>10</sup>, were likewise

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17. Jahrhundert [Beiträge zur Wirtschafts- und Sozialgeschichte, 58]], Stuttgart 1994, chapter 3.
  5. Under the heading *termini di cambiore*. See FRANCESCO BALDUCCI PEGOLOTTI, *La pratica della mercatura*, ed. A. EVANS, Cambridge, Mass. 1936 (2<sup>nd</sup> New York 1970), cap. XLV (hereafter: PEGOLOTTI).
  6. Cf. P. SPUFFORD, Spätmittelalterliche Kaufmannsnotizbücher als Quelle zur Bankengeschichte. Ein Projektbericht, in: *Kredit im spätmittelalterlichen Europa*, M. NORTH (ed.), Köln – Wien 1991, p. 103-120.
  7. P. SPUFFORD, *Handbook of Medieval Exchange*, London 1986 (hereafter: SPUFFORD, *Handbook*); IDEM, *Money and its Use in Medieval Europe*, Cambridge 1988.
  8. PEGOLOTTI, p. 105-107; see also M. A. DENZEL, Münz- und Währungssysteme in der Levante nach Pegolottis *Practica della Mercatura*, in: *Ordo et Mensura III*, D. AHRENS (ed.), St. Katharinen 1995, p. 384-402.
  9. PEGOLOTTI, p. 59-63; cf. R. DAVIDSOHN, *Geschichte von Florenz. Die Frühzeit der Florentiner Kultur*, v. IV: Gewerbe, Zünfte, Welthandel und Bankwesen, Osnabrück 1969, p. 395.
  10. PEGOLOTTI, p. 69-76; cf. also S. Y. LABIB, *Handelsgeschichte Ägyptens im Spätmittelalter (1171-1517)*, Wiesbaden 1965.

integrated into the system of cashless payments.

Without doubt Constantinople — or rather its Genoese quarter of Pera — was the location with the closest financial connections to the Western European system of cashless payments. Constantinople was not only by far the most important commercial metropolis and financial centre of Byzantium, whose influence as a gateway between north, south, east and west reached far beyond the rather narrow economic limits of the Byzantine Empire: it was also the focal point for the business handled by the Italian merchants. Its function as a financial intermediary and clearing centre is borne out by the fact that Genoese Caffa not only maintained financial relations with Genoa, but also operated a regular exchange with Constantinople since about 1340<sup>11</sup>. Constantinopolitan merchants thus acted as brokers in bill transactions between the Black Sea and the Mediterranean, as noted in the journal (*Libro dei Conti*) of Giacomo Badoer, a merchant banker from Venice who was himself active in the financial transfers between Constantinople and the West between September 1436 and February 1440<sup>12</sup>.

In this way Constantinople — which had been a focal point for precious metal transfers between East and West since the fall of the Western Roman Empire — continued to act as a financial intermediary between Byzantium and the West. It is less certain, however, to what extent it continued in this role, as the volume of financial transfers that were settled without using cash cannot be established for certain. For the same reasons it is also impossible to determine the economic weight and financial impact of cashless payments in the Byzantine economy. The depreciation and inherent weakness of the Byzantine currency might also have negatively influenced Byzantium's weight in the international system of cashless payments, as it seems clear that devaluation led to a change in the pattern of cashless payments. Whilst initially most payments involving Constantinople on the one hand and Italian centres of finance on the other had been settled using *hyperpera* as a transfer currency — arguably one of the most stable currencies for transactions in this area, that was however

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11. SPUFFORD, Handbook, p. 230; cf. M. A. DENZEL, Wechselplätze als territoriale Enklaven an der europäischen Peripherie: Von der Anbindung zur Integration von Finanzmärkten im System des bargeldlosen Zahlungsverkehrs (Spätmittelalter bis beginnendes 20. Jahrhundert), in: *Leipzig, Mitteldeutschland und Europa. Festgabe für Manfred Straube und Manfred Unger zum 70. Geburtstag*, H. ZWAHR – U. SCHIRMER – H. STEINFÜHRER (ed.), Beucha 2000, p. 545-560, here p. 550-551 (hereafter: DENZEL, Wechselplätze).

12. See CÉCILE MORRISSON, Coin Usage and Exchange Rates in Badoer's Libro di Conti, *Dumbarton Oaks Papers* 55 (2001) 217-245, especially p. 225-226. I am indebted to my colleague, Prof. Klaus-Peter Matschke (Leipzig), for providing a copy of this article.

“limited to those of the two principal Italian trading cities, Venice and Genoa” —<sup>13</sup> from the mid-fourteenth century quotations were increasingly made in Italian currency. This can be taken as a clear evidence for the depreciation of Byzantine currency, which would not be particularly attractive for international payments any more<sup>14</sup>. It is also a very clear expression of Constantinople’s subordinate position within the international financial economy of the fourteenth century that was marked by the dominance of Italian financial centres.

For the first half of the fifteenth century there are two further sources that allow a tentative reconstruction of the cashless payments mechanism centring on the Mediterranean. These are the *Pratica della mercatura* by Giovanni di Antonio da Uzzano<sup>15</sup> and the *Libro di mercatantie et usance de’ paesi*, two contemporary manuals or merchants’ books that may be used for a tentative reconstruction of the financial network of the time<sup>16</sup>. Uzzano’s manual is particularly illustrative of financial relations between Genoa and the Eastern Mediterranean. It confirms the existence of regular bill transactions between Genoa and her commercial “colonies” in Caffa and Pera, as well as the island of Chios (an important producer of gum mastic), the possessions of the Knights of St John on Chios, as well as Famagusta — which since 1373-1374 was in effect Genoese territory. Alexandria and Damascus were particularly important as terminal points for regular caravans and traffic that had originated within Asian/Indian realms<sup>17</sup>. In fact, it seems as though at that time Genoa would have been the last of the Italian financial places that had regular bill transactions with the Eastern Mediterranean area.

Apart from the regular exchanges between Venice and Alexandria, possibly even Syria, which without doubt still existed during the time under consideration, Genoa’s predominance within the financial exchanges between the West and Byzantium becomes evident. Most of these transactions involved the Genoese outlet of Pera; the role and function of the financial centres and places within the Byzantine Empire discussed so far was highly contingent upon the place and function of Genoa within the international financial system. Appar-

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13. SPUFFORD, Handbook, p. 286.

14. Ibid.

15. G.-F. PAGNINI DELLA VENTURA, Della decima e di varie altre gravezze imposte dal commune di Firenze, Della moneta e della mercatura de’ Fiorentini fino al secolo XVI, v. IV: La Pratica della Mercatura scritta de Giovanni di Antonio da Uzzano nel 1442, Lisbon - Lucca 1766 (hereafter: UZZANO, Pratica della Mercatura).

16. *Libro di mercatantie et usanze de’ paesi*, ed. F. Borlandi, El Libro di Mercatantie et Usanze de’ Paesi, Torino 1936.

17. UZZANO, Pratica della Mercatura, pp. 133-135.

ently transactions involving Genoa at the Italian end usually involved Chios, whereupon transactions with Venice were usually settled using Alexandria as a transfer or clearing point. These were the main streams of finance, although some very irregular financial transfers on bills between French locations and the Knights Hospitallers' possessions on Chios and Alexandria, as well as between Ragusa and Constantinople, are documented<sup>18</sup>. So much for the moment, as far as the sources go.

Much less straightforward is the task of placing the empirical record — which has to remain incomplete — into the commercial and financial network centred on Italy, the eastern part of the Iberian Peninsula and NW Europe<sup>19</sup>. Without doubt the process of integration of the Byzantine financial places into this European network was more comprehensive than suggested by the admittedly scarce and fragmented written sources. What we have are the Italian merchants' manuals<sup>20</sup>, but it is less clear to what extent these manuals accurately reflect the factual density and regularity of the financial streams and transaction between the European cashless payments mechanism and its outposts in the Eastern Mediterranean/Black Sea area of their time. Firm conclusions in this regard could only be derived from exchange rate notations, which are, however, lacking for this period and geographical area. But it seems reasonable to assume that at least Constantinople during the Middle Ages would have been somewhat more closely tied to the system than by purely sporadic exchange notations, i.e. that there would have been some preliminary stage of integration into the international mechanism of cashless payment achieved by some Byzantine places, at least Constantinople/Pera by the early 1400s. Moreover, there

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18. M. MOLLAT, *Der königliche Kaufmann. Jacques Cœur oder der Geist des Unternehmertums*, Munich 1991, p. 208.
19. M. A. DENZEL, Die Integration Deutschlands in das internationale Zahlungsverkehrssystem im 17. und 18. Jahrhundert, in: *Wirtschaftliche und soziale Integration in historischer Sicht. Arbeitstagung der Gesellschaft für Sozial- und Wirtschaftsgeschichte in Marburg 1995*, E. SCHREMMER (ed.), Stuttgart 1996, p. 58-109; IDEM, Die Integration ostmittel-, ost- und südosteuropäischer Städte in die internationalen Zahlungsverkehrsverbindungen im 19. und beginnenden 20. Jahrhundert, *Südost-Forschungen* 55 (1996) 45-73; IDEM, Wechselplätze, p. 547-549; IDEM, The System of Cashless Payment as a Basis for the Commercial Integration of Europe and the World in: *From Commercial Communication to Commercial Integration (Middle Ages to 19th Century)*, IDEM (ed.), Stuttgart 2004, p. 199-248.
20. IDEM, Handelspraktiken als wirtschaftshistorische Quellengattung vom Mittelalter bis in das frühe 20. Jahrhundert. Eine Einführung, in: *Kaufmannsbücher und Handelspraktiken vom Spätmittelalter bis zum beginnenden 20. Jahrhundert/Merchant's Books and Mercantile Pratiche from the Late Middle Ages to the Beginning of the 20th Century*, M. A. DENZEL - J.-C. HOCQUET - H. WITTHÖFT (ed.), Stuttgart 2002, p. 11-45.

might have existed independent regional subsystems within the Eastern Mediterranean, manifested for instance by regular exchanges between Constantinople, Pera and Caffa on the one hand and perhaps Chios and Rhodes on the other.

A first preliminary conclusion can be derived, however. Seen from the angle of the Italian-centred international cashless payment mechanism that had evolved during the fourteenth and fifteenth centuries, the Eastern Mediterranean/Black Sea area, including Constantinople/Pera at the crossroads between these two economic zones, represented a commercial-financial region of secondary order, a financial periphery, so to speak, with the dominating core formed by the Italian and Iberian Peninsula. Whilst Italian financial markets at that time were already fully integrated, representing the geographical and functional core of the system — with integration reaching to the NW European financial markets of Bruges, London and Paris — financial markets within the Eastern Mediterranean/Black Sea periphery were only loosely tied to the system, even though the relative dearth of reliable sources does not permit further speculation about the degree or strength of this financial connection.

Nevertheless, the evidence supports a further hypothesis. It seems obvious that even these loose bounds of financial integration at a very rudimentary stage which we can observe for this period were lessened by the constant advances of the Ottoman Empire in these realms. Most powerfully manifested by the fall of Constantinople in 1453, the Turkish conquest would clearly have led to a reversal of the pattern; it is clear that it would have triggered a process of financial disintegration of the Eastern Mediterranean/Black Sea zone. Western merchants since the 1500s did not regularly use or carry out bill transactions with this area anymore; the first “professional” exchange brokers’ manual, Martin van Velden’s *Fondament van de Wisselhandeling* (Amsterdam, 1629), does not mention regular bill transactions — expressed by regular patterns of exchange notations — that would have involved locations and financial places “beyond the realms of Christendom”<sup>21</sup>. Constantinople and some of the other more important economic-financial centres of the Ottoman Empire were not even noted in the Western European merchants’ manuals. This pattern only changed during the seventeenth and eighteenth centuries when Mediterranean exchange

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21. M. VAN VELDEN, *Fondament van de Wisselhandeling: Onderrichtingh ghevende van alle voornaemste Wisselen van Christenrijck, so van Trates, Remessen, vergelijcking van prysen, verscheyden comissionen, te vormen, voegen ende calcula van baet of schade te maecken naer den cours, die te oordeelen, ende naer gelegentheyd van tijdt of plaets te konnen sचेyden*, Amsterdam 1629, Voor-Reden; <sup>2</sup>1647 (German translation: *Underricht der Wechsel-Handlung*, Frankfurt-am-Main 1669).



intensified again and Dutch, French and English merchants became involved in that area by setting up branches and companies within Ottoman cities.

The question remains what the background or fundamental reason for this process of financial disintegration was. Cashless transfers of money using bills of exchange requires networks and systems of mutual trust. Those who are involved in the system — if it works on regular patterns — require essentially stable and fundamentally trustworthy relationships with the partners on the other side of the deal. Otherwise permanent financial or exchange relations based on creditworthiness and the willingness to honour the bills would neither be feasible nor possible. Italian merchants fulfilled these requirements amongst each other, even when they were based at locations outside the Italian realm, such as places within the Byzantine Empire, for instance at Caffa. The system of cashless payment could even involve some of the native Byzantine merchants as financial partners or correspondents of the Italians, whenever they were part of the Italian business dealings, as suggested by numerous examples contained in Giacomo Badoer's *Libro di Conti*<sup>22</sup>. But as soon as the Italians were ousted gradually from the Ottoman realms financial connections based on regular bill transactions and exchange rate quotations were likewise withdrawn. Native Ottoman merchants were not incorporated into this financial network based upon mutual trust — not yet. In this way the rudimentary stage of integration into the system that had obviously been achieved by the fifteenth century can be seen from a different perspective: Constantinople and her financial satellites within the Eastern Mediterranean and Black Sea area were during the Late Byzantine period tied much more closely to the NW European system of cashless exchange than during the Early Modern period. Within the European and Near Eastern realms, including the Levant, this represents a unique constellation, at least within the sector of cashless payments: it would take centuries until this process of disintegration could be reversed. The relatively high stage of financial integration of the Levant and Black Sea area with Europe that had prevailed during the Middle Ages and the process of re-integration in the early modern period was interrupted or severed by at least two centuries of financial disintegration. Within the commercial and financial history of Europe this is a rather peculiar phenomenon.

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22. MATSCHKE, *Geldgeschäfte*, p. 189 and n. 63.

### *The Process of Re-Integration of Greece into the International System of Cashless Payments*

Pushing the model further and moving on to the modern period the gradual process of re-integration of Greece into the north-western European cashless payments mechanism during the early modern period and up to the twentieth century can be separated into two distinct periods, i.e. the period of Ottoman occupation which lasted until the 1830s, and the subsequent period up to the First World War.

#### 1. Ottoman Greece

As part of the Ottoman dominions, Greece partook in the process of re-integration of the Ottoman Empire into the European-centred network of financial exchange or cashless payment transactions. Just when exactly this process commenced, i.e. whether this took place during the later seventeenth or early eighteenth century, cannot be determined for certain; again the available sources do not permit such a precise conclusion. It is quite possible — probable in fact — that Smyrna would have been amongst the first places within Ottoman realms that would become tied to the European system again by means of regular exchange rate quotations with western and central European financial markets. If that was the case the process would very much have been driven by the Greek, Jewish, Armenian and other European merchants resident at these places. But it was not before the mid-eighteenth century that European financial markets would regularly quote exchange rates on the cities within Ottoman realms — evidence of regular exchange transactions in both directions. Vienna commenced regular exchange quotations on Constantinople from 1780 onwards (this connection was in operation with some interruptions until 1858), followed by Salonika in 1780-1781 and Smyrna in 1803<sup>23</sup>. This development was the result of the trade flows between Western and Central Europe and Greece: a favourable trade balance enjoyed by Greece, which was due in particular to the large imports of cotton from the Levant, made regular transfers of funds to Greek financial markets necessary using Austrian merchant bankers in Vienna. The firm of the *Reichsgraf* (Imperial Counts) *von Fries*<sup>24</sup> which had

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23. *Währungen der Welt VI: Geld und Währungen in Europa im 18. Jahrhundert*, J. SCHNEIDER - O. SCHWARZER - F. ZELFELDER - M. A. DENZEL (ed.), Stuttgart 1992, p. 251-253; *Währungen der Welt I: Europäische und nordamerikanische Devisenkurse 1777-1914*, J. SCHNEIDER - O. SCHWARZER - F. ZELFELDER (ed.), Stuttgart 1991, v. III, p. 410-411 (hereafter: SCHNEIDER - SCHWARZER - ZELFELDER, *Währungen der Welt I*).

24. F. CZEIKE, *Historisches Lexikon Wien*, v. II, Wien 1993, p. 418.

specialized in bill brokerage attained a peculiar reputation within this process that involved Vienna as a clearing centre for western and central European exchange dealings with Salonika and the Levant due to the fact that a lot of Greek merchants emigrated in the Habsburg Empire from the seventeenth century onwards<sup>25</sup>. The movement of the exchange was, however, particularly volatile compared to other financial markets of the time during the later eighteenth century. On the one hand this was due to the rather instable system of currency and monetary circulation within the Ottoman Empire. On the other, the movement of the exchange reflected the movement in the balance of trade that was structurally negative for the northern Europeans, as highlighted graphically in the report of Felix Beaujour, French consul at Salonika in 1801:

*Imports from Germany amount to ... 1,544,550 Piastres; they will not normally surpass about 2,000,000 Piastres even during the best years. Exports to Germany on the other hand are at least at 5,000,000 Piastres every year. Accordingly the balance is in favour of the Turks in the order of at least three million each year which has to be paid using cash or paper upon which the trade in bills between Salonika and Vienna is essentially based. Close to six million Thalers or Zecchini are being struck within Austrian mints every year, most of which are exported to the Ottomans, of which at least a third goes from Vienna to Greece in return for immeasurable imports of cotton from Macedonia. Merchant-banker Fries has become very prominent in these dealings of late, the amount of which has become further augmented by clearing operations and other settlements with the East that are due in cash. For these rea-*

25. N. G. SVORONOS, *Le commerce de Salonique au XVIIIe siècle*, Paris 1956, p. 121, 181-182, 197-199, 219, 225, 322. For the Greek emigration to the Habsburg Empire see OLGA KATSIARDI-HERING, *Das Habsburgerreich: Anlaufpunkt für Griechen und andere Balkanvölker im 17.-19. Jahrhundert*, *Österreichische Osthefte* 38 (1996) 171-188; EADEM, *Il mondo europeo degli intellettuali greci della diaspora (sec. XVIII ex.-XIX in.)*, in: *Niccolò Tommaseo: Popolo e nazioni italiani, corsi, greci, illirici. Atti del Convegno internazionale di Studi nel bicentenario della nascita di Niccolò Tommaseo, Venezia, 23-25 gennaio 2003*, F. BRUNI (ed.), Roma - Padova 2004, p. 69-85; EADEM, *The Networks of the Greek Commercial Traffic*, in: *Greek Economic History, 15th-19th Centuries*, S. I. ASDRACHAS (ed.), Athens 2007, v. I, p. 435-455, here p. 436, 441-444, 451-452 (hereafter: KATSIARDI-HERING, *Networks*); EADEM, *The Allure of Red Cotton Yarn, and how it came to Vienna: Associations of Greek Artisans and Merchants operating between the Ottoman and Habsburg Empires*, in: *Merchants in the Ottoman Empire*, SURAIYA FAROQHI - G. VEINSTEIN (ed.), Paris - Louvain - Dudley 2008, p. 97-131. Especially for the nineteenth century see AGGELIKI IGGLESSI, *Liaisons commerciales entre l'Europe centrale et la Grèce du Nord au début du 19ème siècle*, Paris 1984.

*sons Austria always sends over more in cash than she receives back, even though this balance is not only based upon the Austrian merchants' commerce but in fact covers the commerce of other merchants such as the Dutch, French or Italians who have sent over cargoes to Vienna wishing to settle their balance with the Levant. They will then ask a Viennese banker to settle their outstanding balances with Turkey. This system of financial markets and exchanges covers all areas of Europe but focuses upon the Vienna – Salonika channel. In this way the Austrian capital handles the lion's share of Europe's exchanges with Macedonia and Vienna determines the rate of exchange on Salonika. This rate has been fluctuating considerably of late; there is hardly another financial place within Europe with rates as volatile as these. I am inclined to believe that this volatility is the result of the instable Turkish currency on the one hand and the acumen and skill of the Greek merchants on the other to manipulate this rate in their favour. Effectively this rate is always in Greece's favour which without doubt primarily results from the nature and balance of these trades<sup>26</sup>.*

What the consul however fails to acknowledge here — perhaps he has no particular knowledge about this — is the fact that, beneath Vienna, a large part of the trades between Greece and the Holy Roman Empire was channelled through the Leipzig trade fairs. Here the term “Greek” had become proverbial for all merchants from the Ottoman realms that came hither with goods and Viennese bills of exchange. After settling their purchases at Leipzig they returned home, again via Vienna, yet not before honouring the bills drawn on Vienna by the sales proceeds of goods they had brought from Leipzig. The close commercial and financial ties between “the Greeks” and Saxony were particularly intensive after the Seven Years' War, not least because they facilitated large cotton imports from Salonika to Saxony — imports that became crucial during the stage of early industrialization. In fact it may be said that cotton imports from the “Greek” areas of the Ottoman Empire provided a vital basis for Saxony's industrialization that was fundamentally based upon cotton spinning and weaving.

But let us return to the Ottoman Empire during the later eighteenth century. Exchange rate quotations similar to the Vienna – Greece notation can be detected for other western European financial metropoleis, in particular

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26. F. DE BEAUJOUR – M. C. SPRENGEL, *Schilderung des Handels von Griechenland, besonders der Stadt Thessalonich*, Weimar 1801, p. 160-162.

Leghorn<sup>27</sup> and Marseille<sup>28</sup> as well as Trieste<sup>29</sup>, and briefly (from 1802 to 1805) even for Genoa. These exchange rates were quoted on either Constantinople and/or Smyrna. As noted in the *État du commerce du Levant* dating from 1784 with regard to Marseille, the latter city “draws bills of exchange from the Levant on England, Holland, and Germany”<sup>30</sup>. In either case — i.e. both Constantinople and Smyrna — the main actors involved in the financial networks on the Ottoman side of the deal were the Greek merchants, supplemented by some Jewish and Armenian individuals; in Constantinople not only the so-called *Phanariotes*<sup>31</sup> were prominent in such financial transactions, but also other rich merchant(-banker)s in close connections with the Greek diaspora<sup>32</sup>. This may be seen from the example of the famous Constantinopolitan merchant-banker Stavros Ioannou whose dense financial network extended to Vienna, Venice and Smyrna as well as Amsterdam, Leghorn and Messina, but also Salonika and Ioannina in the late eighteenth century.<sup>33</sup> Finally, there existed cashless payment from Kefalonia to Venice at least since the beginning of the eighteenth century<sup>34</sup>.

27. SCHNEIDER – SCHWARZER – ZELFELDER, *Währungen der Welt I*, p. 223-225.

28. F. REBUFFAT – M. COURDURIÉ, *Marseille et le négoce monétaire international (1785-1790)*, Marseille 1966, p. 124.

29. T. SKLAVENITIS, *Τα εμπορικά εγχειρίδια της Βενετοκρατίας και Τουρκοκρατίας και η Εμπορική Εγκυκλοπαίδεια του Νικολάου Παπαδοπούλου*, Αθήνα 1991. Cf. OLGA KATSIARDI-HERING, *Migrations von Bevölkerungsgruppen in Südosteuropa vom 15. Jahrhundert bis zum Beginn des 19. Jahrhunderts*, *Südost-Forschungen* 59/60 (2000-2001) 125-148, here p. 145-145; EADEM, *La presenza dei greci a Trieste: tra economia e società (metà sec. XVIII – fine sec. XIX)*, in: *Storia economica e sociale di Trieste*, v. I: *La città dei gruppi, 1719-1918*, R. FINZI – G. PANJEK (ed.), Trieste 2001, p. 519-546; EADEM, *Central and Peripheral Communities in the Greek Diaspora: Interlocal and Local Economic, Political, and Cultural Networks in the Eighteenth and Nineteenth Centuries*, in: *Homelands and Diasporas. Greeks, Jews and Their Migrations*, MINNA ROZEN (ed.), London – New York 2008, p. 169-180, here p. 173.

30. *État du commerce du Levant en 1784, d'après les registres de la chambre de commerce de Marseille*, in: *Œuvres de C. F. Volney*, Paris 1825, v. III, p. 321-340, as quoted in: CH. ISSAWI (ed.), *The Economic History of the Middle East 1800-1914. A Book of Readings*, Chicago – London 1966, p. 31-37, here p. 36.

31. Cf. T. STOIANOVICH, *Diasporas and Territorial Tripartition*, in: S. I. ASDRACHAS (ed.), *ibid.* (above, n. 25), v. I, p. 423-435, here p. 431-432; J. GOTTWALD, *Phanariotische Studien*, *Leipziger Vierteljahrschrift für Südosteuropa* 5 (1941) 1-58.

32. KATSIARDI-HERING, *Networks*, and the literature there cited.

33. ANGELIKI INGLESI, *Βορειοελλαδίτες έμποροι στο τέλος της Τουρκοκρατίας. Ο Σταύρος Ιωάννου*, Αθήνα 2004. For Ioannina there exists a table with “exchange rates” from 1819, but these rates were not rates of bills of exchange, but money rates: S. I. ASDRACHAS (ed.), *ibid.* (above, n. 25), v. II: *Sources*, ed. EFTYCHIA D. LIATA, p. 333.

34. For an example of a bill of exchange from Kefalonia to Venice from 1705, see *ibid.*, p. 331.

It is clear therefore that by the later eighteenth century the financial connections and linkages between the Ottoman Empire and occidental Europe were closer and denser than they had ever been over the preceding 250 years. High and reliable levels of mutual trust had been created between merchants in the West and the East. The level of financial integration went even so far that bills of exchange were sometimes even issued in different languages and scripts, using the Latin alphabet and a western language for the Europeans, as well as duplicates written in Turkish-Arabic for the other side of the deal. In this way the levels of transparency, communication and trust were increased. Around the mid-eighteenth century French merchants still urgently pleaded the Sultan to issue an ordinance and firm sets of rules regarding transactions on bills of exchange, so as to increase the deficient level of trust and institutional safety within this segment of financial markets<sup>35</sup>. But as such an ordinance was never issued the Ottoman Empire never became fully integrated into the western European system of cashless payment before the First World War; the integrative process never reached beyond the degree of “close affiliation” in the case of Smyrna and Salonika. Only in Constantinople’s one may speak of a “transition to integration” (even though the final stage was never reached), as Constantinople was regularly quoted in the exchange currents of some of the more important western European financial markets, a feature suggestive of regular bi-lateral bill transactions. Without doubt this fact — Constantinople was much more frequently and with more regularity quoted than for instance Smyrna — can be attributed to her persistently negative trade balance with western and central Europe. As the European merchants resident at places such as Constantinople never found as many export cargoes for balancing out the trade flows “they found it useful to join the payments networks between the capital city and the provinces. The tax revenues of the provinces being sent to the capital city by the tax collectors were thus exchanged with the funds European merchants wanted to send from Istanbul to their associates in the provinces so that the latter could pay for the goods they wanted to purchase and ship to Europe”<sup>36</sup>. It was the southern and central European financial markets mentioned previously that would channel the major share of these financial transactions with the Levant. Evidence for a subsystem that developed and operated *within* the bounds of the Byzantine Empire — akin to the mechanisms within the Baltic Sea area — on the other hand is hard to come by. There are early traces of a possible development of such a sub-system, which, however are hard to

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35. Archives nationales, Paris: Archives étrangères, B III 64, fols. 35–46.

36. Ş. PAMUK, *A Monetary History of the Ottoman Empire*, Cambridge 2000, p. 170.

substantiate<sup>37</sup>.

## 2. After Independence

It was the Greek struggle for independence from the Ottoman Empire that created new impulses for the process of (re-)integration into the north-western European system of cashless payment after the 1830s. The mere fact that the main financial centres used by Greek merchants — especially Salonika, but also Smyrna and, of course, Constantinople — lay outside the new Greek Kingdom argues against a fast process of Greek integration into the system. Athens and Patras, the main Greek sea port, had to develop a financial infrastructure on their own before they could be substituted for the former Ottoman clearing centres. Shortly after formal independence from the Sublime Porte in 1821-1830, Athens and Patras developed into financial markets of some inter-regional standing but it would take several decades — at least between 10 and 20 years — until a stage of affiliation or even integration with the international system of cashless payment transaction could be achieved. This was due to the rather instable currency situation. Merchants usually used short term bills (on three months sight) quoted in French Francs or British Pounds, rather than the new official currency of Phoenix and Drachma. Those bills were traded at a premium, usually in the order of four to six per cent<sup>38</sup>. From about 1837 there were regular exchange rate quotations from Athens and Patras on London, Paris, Trieste and Vienna, sometimes even on Hamburg and Amsterdam (these exchange rates, however, were expressed as cross exchange rates, using official quotations in Trieste)<sup>39</sup>. Greek financial markets were not yet quoted by the other European exchange markets, which means that they were only very loosely tied to the European-centred system. It is remarkable that there was no change in this situation after the foundation of the (first) National Bank of Greece in 1841-1842 by Georgios Stavrou, a Greek from Vienna<sup>40</sup>.

37. Cf. ELENA FRANGAKIS-SYRETT, *The Commerce of Smyrna in the Eighteenth Century (1700-1820)*, Athens 1992, p. 143.

38. MARGARITA DRITSAS, *Monetary Modernisation in Greece: Bimetallism or the Gold Standard (1833-1920)*, *Journal of European Economic History* 28 (1999) 9-48, here p. 15, n. 13.

39. F. NOBACK, *Münz-, Maass- und Gewichtsbuch. Das Geld-, Maass- und Wechselwesen, die Kurse, Staatspapiere, Banken, Handelsanstalten und Usanzen aller Staaten und wichtigern Orte*, Leipzig 1858, p. 52; J. C. *Nelkenbrecher's allgemeines Taschenbuch der Maaß-, Gewichts- und Münzkunde, der Wechsel- Geld- und Fondscourse u.s.w. für Banquiers und Kaufleute*, ed. F. WOLFF, Berlin <sup>16</sup>1842, p. 38.

40. M. S. EULAMBIO, *The National Bank of Greece. A History of the Financial and Economic Evolution of Greece*, Athens 1924, p. 1-7; E. K. STASINOPOULOS, *Ἡ ἱστορία τῆς Ἐθνικῆς Τράπεζης τῆς Ἑλλάδος, 1841-1966*, Ἀθήνα 1966, p. 33-35.

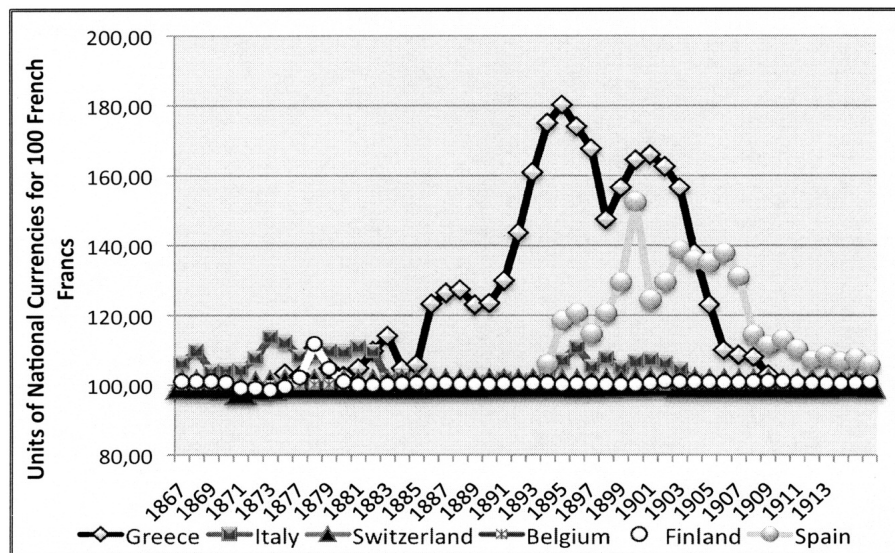
The inherent weakness of Greek currency, as well as her low volume of trade neither required nor facilitated a process of integration of Greece into the international system of finance. The next decisive step was taken when the young kingdom joined the Latin Monetary Union in 1868 — the respective Act was passed on April 10th, 1867, whilst full implementation would take until November 1882. The Latin Monetary Union had been formed on the 23rd of December 1865 by France, Belgium, Switzerland and Italy with the major aim of creating of a bimetallic currency system with both gold and silver as monetary metals. It had been manifestly based on the French desire to create an antidote to the British Gold Standard, a kind of bimetallic currency bloc, which was successful inasmuch as French currency and monetary policy became the guiding monetary principles within the southern European realms that had or would subsequently join the Union which became dominated by France. This applied especially to countries such as Greece which joined the Union in 1868<sup>41</sup>, whilst others — without formally joining — still adopted these monetary policies, such as the Papal States (1866-1867), Romania (1868), as well as Finland and Spain<sup>42</sup>. In this way Paris became not only the leading French financial market but also the main place of financial transactions handled by the other members of the Union. The rise of Paris, however, did not fundamentally alter patterns of payment and cashless transactions from the Greek point of view — even though from the time of joining the exchange on Paris increased in importance. There was, however, as yet no regular exchange rate notation in the reverse direction.

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41. O. SWOBODA, Die kaufmännische Arbitrage. Eine Sammlung von Notizen und Usancen sämtlicher Börsenplätze der Welt, ed. A. SANDHEIM, Berlin <sup>11</sup>1902, p. 69 (hereafter: SWOBODA, Kaufmännische Arbitrage); SOPHIA LAZARETOU, Monetary and Fiscal Policies in Greece: 1833-1914, *Journal of European Economic History* 22 (1993) 285-311 (hereafter: LAZARETOU, Monetary and Fiscal Policies).

42. F. ZELFELDER, Der Lateinische Münzbund: Grundlagen, Entstehung und Scheitern, in: *Währungen der Welt I: Europäische und nordamerikanische Devisenkurse 1777-1914*, v. III, J. SCHNEIDER – O. SCHWARZER – F. ZELFELDER (ed.), Stuttgart 1991, p. 105-121, here p. 110-113.





**Exchange Rates in the Latin Monetary Union, 1867-1914<sup>43</sup>**

This may be explained by the fact of the comparatively low Greek volume of transactions<sup>44</sup>; dominated by primary products — and mostly by cotton, the Greek export economy became gradually displaced by the Egypt production. More important, however, was the fact that joining the club of the Latin Monetary Union did not make the Greek monetary problems disappear. The Greek currency remained rather instable. It is not necessary to go into every detail here, as the monetary history of eighteenth-century Greece is comparatively well known. Mostly the monetary problems arose from budgetary deficits of the Greek state in its numerous wars and conflicts with the Ottoman Empire over the possessions in Thessaly and Epiros after the Russian-Turkish War of

43. On the exchange rate of the Drachma against the French Franc between 1876 and 1914, see LAZARETOU, *Monetary and Fiscal Policies*, p. 310; and for the period until 1909, see C.-J. DAMIRIS, *Le système monétaire grec et le change*, v. I, Paris 1920, p. 48; For the years 1877 to 1882 there exist different Greek exchange rates, which have been published by I. A. VALAORITIS, *Ἐθνικὴ Τράπεζα τῆς Ἑλλάδος*, v. I: *Ἱστορία τῆς Ἐθνικῆς Τράπεζης τῆς Ἑλλάδος*, 1842-1902, Ἀθήνα 1902, p. 349ff. On the other exchange rates, see M. A. DENZEL, *Handbook of World Exchange Rates, 1590 to 1914*, Farnham – Burlington 2010, *passim*.

44. This may be seen by the total advances by discount of the National Bank of Greece (in Millions of drachmas): 1859: 5,644; 1861: 9,728; 1869: 5,798; 1870: 9,158; 1877: 28,113; 1878: 19,632; 1886: 32,546; 1888: 19,855; S. THOMADAKIS, *Sample of Commercial Bills Discounted by the National Bank of Greece (1859-1888)*, Athens 1984, p. 18.

1877/78 and Crete, which came under Greek dominion initially in 1899, and was formally acknowledged to be Greek territory in 1908 and 1913 (Treaty of Bucharest). These conflicts were largely financed drawing on foreign exchange loans, as well as the increased level of printing of money (bank notes). Such aspects would have kept north-western European investors very cautious, and there was as yet no apparent need — nor any degree of trust — for a regular exchange between Western Europe and Greece as manifested by bills drawn on a Greek financial place (and noted in the exchange rate currents accordingly). An instable currency and lack of trust prevented any further processes of integration within the European-centred system of cashless transactions; a fate that Greece shared with the other southern and southeast-European economies, as well as the Ottoman Empire.

But contrary to other southern European economies, such as Serbia, Bulgaria, Romania, Montenegro and Albania, we find a regular money rate — the only example of a money rate before the First World War (different from an exchange rate!) — quoted from Trieste on Greece expressed in Greek drachmas from 1901 onwards<sup>45</sup>. Trieste was, by far, the main port for commercial exchange between Austria-Hungary and the Eastern Mediterranean<sup>46</sup>. This aspect allows two fundamental conclusions. First, Greek merchants in Trieste had a strong interest in Greek currency, as the Austro-Hungarian Empire was amongst Greece's main trading partners; obviously most of these trades went overseas. The use of a money rate — rather than an exchange rate — even though quoted regularly, strongly suggests that this trade was still mostly financed using cash rather than bills. This does not mean that no bills were used whatsoever, but there are clear indications that cash — in this way the Greek paper currency (Drachma) still played the predominant role within this business. The Greek paper currency became increasingly stabilized after 1909; with the adoption of the gold exchange standard in 1910 Greece had finally become a member of the club of stable currency systems prevailing across Europe enjoying a high degree of stability particular with regard to the exchange rate against the French Franc and the money rates on Trieste.

Therefore the way towards full integration into the north-western system of cashless payment had technically been paved in 1914. In fact Athens was quoted from New York from 1915 onwards — which is a clear indication of this process. But the Ur-Catastrophe of the First World War (1914-1918) drew these achievements to an end very rapidly and harshly. Similar to most of the

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45. *Ibid.*, v. III, p. 448.

46. *I porti di Trieste e della regione giulia dal 1815 al 1918*, F. BARBUDIERI (ed.) [Archivio economico dell'unificazione italiana, 14.2], Roma 1965.

other continental European economies the War led to a halt in the process of financial integration for several years. But there was light at the end of the tunnel. In 1919 London — still the world's leading financial centre — as well as Paris commenced exchange rate quotations on Athens, followed by Milan (1920), Zurich and Prague (1924) and Berlin (1925) to name but a few of the most important financial markets involved<sup>47</sup>. By that time and the same token Greece was finally fully integrated into the international system of cashless payments.

The last point on the agenda would be a brief synopsis of the development of financial markets within the Greek economy during the nineteenth century. Patras never retained her importance as a permanent financial market within the Greek subsystem. As a general rule it seems as though from the establishment of the Gold Standard onwards at latest the cashless payments mechanism and exchange transactions with foreign countries focused on one central financial market within each country, and it is clear that within Greece Athens was the most likely candidate to evolve as the leading financial centre as it had all the necessary preconditions. It was the biggest city, the most important economic centre of the region, and it operated regular exchange rate quotations not only on London, Paris, Vienna and Trieste, but also — albeit less regularly — on Hamburg and Amsterdam (which were quoted using cross exchange rates involving exchange rate notations at Trieste, see above). These patterns were retained until the First World War, whilst the exchange rate quotation on Marseille became subsequently integrated into the exchange rate on Paris. After 1889 Trieste was the only Austrian financial market quoted from Athens, and immediately during the years prior to the War a lump sum quotation on “Austria” was used<sup>48</sup>. Due to the bilateral trades Trieste probably remained the most important trading partner of Athens — as well as the most important correspondent financial market; only on the grounds of integration into the Latin

47. *Währungen der Welt II: Europäische und nordamerikanische Devisenkurse 1914-1951*, J. SCHNEIDER – O. SCHWARZER – M. A. DENZEL (ed.), Stuttgart 1997, p. 62, 141, 182, 270, 343, 376, 507-508.

48. *J. C. Nelkenbrecher's allgemeines Taschenbuch der Münz-, Maaß- und Gewichtskunde, der Wechsel-, Geld- und Fonds-Curse u.s.w.*, ed. H. SCHWABE, Berlin <sup>19</sup>1871, p. 36; *J. C. Nelkenbrecher's Taschenbuch für Kaufleute, II. Teil: Münz-Tabelle*, ed. C. NEUBAUER, Berlin <sup>20</sup>1877, p. 75; O. SWOBODA, *Die kaufmännische Arbitrage. Eine Sammlung von Notizen und Usancen sämtlicher Börsenplätze für den praktischen Gebrauch*, Berlin <sup>7</sup>1889, p. 100; IDEM, *Kaufmännische Arbitrage* [111902], p. 70f.; IDEM, *Die Arbitrage in Wertpapieren, Wechseln, Münzen und Edelmetallen. Handbuch des Börsen-, Münz- und Geldwesens sämtlicher Handelsplätze der Welt*, ed. M. FÜRST, Berlin <sup>14</sup>1913, p. 340.

Monetary Union the exchange rate on Paris would have retained some official predominance.

There were no other Greek financial markets within the international system of cashless payments and transactions. Patras had had some importance during the first decades of the nineteenth century, and those places and financial markets that had come under Greek dominion subsequently, such as Candia (present-day Iraklion) and Chania on Crete (1899-1908), as well as Salonika in Macedonia (1912) still followed the usances that applied with regard to Constantinople. Crete had until then operated regular exchange rate quotations on Trieste, London and Marseille<sup>49</sup>. Salonika had quoted London, Paris, Leghorn, Vienna and Trieste<sup>50</sup>. In this way the rayon of exchange rate quotations from the newly-acquired possessions closely corresponded to the patterns of exchange applying to Athens, which made it logical to follow the Athenian blueprint, rather than creating an independent subsystem or sub-pattern.

### *Conclusion*

Without doubt the process of integration of Greece – or rather Greek merchant bankers – into the European-centred international system of cashless payments founded by Italian bankers during the Middle Ages was a very peculiar one. It exhibited some rather extraordinary features, as an initial stage of comparatively high integration with the system was followed by a reversal or process of disintegration that set in during the late Byzantine period, even before the formal take over by the Ottomans. After the conquest of Constantinople (1453) integration suddenly stopped and was only resumed – under profoundly changed political and institutional parameters – during the later seventeenth century. Whilst still under Ottoman rule, therefore, re-integration followed disintegration. But whilst the process was clearly under way by the eighteenth century a full or near-full level of integration was not achieved until long after Greek independence, as the major economic and commercial centres used by Greek merchants still remained under Ottoman rule during most parts of the nineteenth century. Only Salonika officially came under Greek rule; subsequently ‘new’ places of finance evolved, such as Patras, and, above all, Athens. Until the First World War, however, Athens remained only ‘tied’ to the inter-

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49. CH. NOBACK – F. NOBACK, *Vollständiges Taschenbuch der Münz-, Maass- und Gewichts-Verhältnisse, der Staatspapiere, des Wechsel- und Bankwesens und der Usanzen aller Länder und Handelsplätze*, Leipzig 1851, p. 190 (hereafter: NOBACK – NOBACK, *Taschenbuch*); *Nelkenbrecher's Taschenbuch* [1877], p. 224.

50. NOBACK – NOBACK, *Taschenbuch*, p. 1068. See also *Nelkenbrecher's Taschenbuch* [1877], p. 784.

national system — but not fully integrated as represented by extensive bilateral exchange rate quotations with the major financial markets of western Europe, such as Paris, London etc. Full integration was only achieved after the First World War.

What were the reasons for this rather peculiar pattern of financial integration exhibited or experienced by Greek merchant bankers? As I have attempted to demonstrate, there were two major phenomena. First, there simply was a lack of mutual trust that prevented stable and permanent commercial and financial exchange relationships. Western European merchants profoundly distrusted their Ottoman counterparts; likewise the economic and commercial policy of the Ottoman Empire towards Europe was profoundly prohibitive and distrustful inasmuch as the Ottoman governments did their best to tax, hinder or curb bilateral exchanges with the West. Institutional safety and stability of mutual relationships, however, are the most important conditions for stable business relationships. In this way the paths of the western and eastern merchant bankers diverged since the later Middle Ages. Mutual distrust was even carried into the nineteenth century: whilst financial relationships within the area and Western Europe had become stabilized during the eighteenth century, whilst Greece was still under Ottoman rule, the newly-emerged independent kingdom of the 1820s and 1830s again lacked the levels of trust by the northern Europeans needed for integration. This was due in particular to the unstable monetary system and the state that did not manage to create a safe and stable currency for financial exchange with the rest of the world.

This aspect was tied to the second reason, the general lack of interest of “the West” in the Greek realms as a source of imports or destination for exports — with the obvious exception of cotton. The stage of development of the continental European economies and the structure of their balance of trade simply did not require regular financial relations with Greece as manifested by regular patterns of bilateral exchange rate quotations within the broker’s manuals and exchange rate currents of the larger financial centres of the time. Payments were settled using cash, i.e. gold, or the dominant yet inherently instable Greek paper currency (the Drachma). Only from the time of adoption of the Gold (Exchange) Standard in 1910 and the final stabilization of the currency Greek merchants became fully integrated into the international payments mechanism and fully recognized as an equal partner within the international financial networks. After the end of the War this integration centred on the financial market of Athens.

In this way Greece represents a very peculiar case study of financial market integration in medieval and modern Europe. It also highlights a very general truism, demonstrating in a very exemplary way how important trust is in

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economic relationships, manifested for instance in the affiliation of merchants or groups of merchants with some of the larger working mechanisms of their time, such as international financial markets. Without trust — into one's partner, his or her currency, or the legal framework within which any transaction was embedded — a process of full integration was impossible to conceive. Wherever the necessary levels of trust were created and accumulated, however, success would prevail, as the Greek example shows in a particularly graphical way.

## ΠΕΡΙΛΗΨΗ

### ΕΝΣΩΜΑΤΩΣΗ - ΔΙΑΛΥΣΗ - ΕΠΑΝΕΝΤΑΞΗ. Η ΕΛΛΑΔΑ ΚΑΙ ΤΟ ΔΙΕΘΝΕΣ ΣΥΣΤΗΜΑ ΠΛΗΡΩΜΩΝ ΧΩΡΙΣ ΜΕΤΡΗΤΑ ΑΠΟ ΤΟΝ ΜΕΣΑΙΩΝΑ ΕΩΣ ΤΟ 1914

Το κείμενο εξετάζει τη διαδικασία ένταξης της Ελλάδας στο διεθνές σύστημα πληρωμών χωρίς μετρητά. Η πρώτη εμφάνιση του συστήματος αυτού εντοπίζεται στη βυζαντινή περίοδο, όταν έμποροι-τραπεζίτες στις ελληνικές πόλεις λίγο ως πολύ συνδέονταν στενά με το επικεντρωμένο στην Ιταλία μεσογειακό σύστημα πληρωμών — μία εξελικτική διαδικασία, η οποία μάλλον οδηγήθηκε σε τέλμα μετά την κατάκτηση της Ανατολικής Μεσογείου από τους Οθωμανούς. Μία νέα αρχή διαπιστώνεται από τα τέλη του 17ου αιώνα, όταν παρατηρείται μία (επανα)σύνδεση των κυριότερων εμπορικών και οικονομικών κέντρων της Οθωμανικής Αυτοκρατορίας — Κωνσταντινούπολη, Σμύρνη και Θεσσαλονίκη — με το ευρωπαϊκό σύστημα πληρωμών χωρίς μετρητά. Το Βασίλειο της Ελλάδος, που δημιουργήθηκε τον 19ο αιώνα, προσδέθηκε επίσης σε αυτό το σύστημα, αλλά — όπως όλα τα κράτη του νοτιοανατολικού ευρωπαϊκού χώρου — εντάχθηκε σε αυτό πλήρως μόλις μετά τον Α΄ Παγκόσμιο Πόλεμο. Αυτή η διαδικασία εξέλιξης αναλύεται στο ανωτέρω άρθρο μέσα από τις διαθέσιμες συναλλαγματικές ισοτιμίες, ενώ η αδυναμία του ελληνικού νομίσματος τον 19ο αιώνα είχε ως συνέπεια να εμποδίσει έως ένα βαθμό την πρόωμη ένταξη των ελληνικών οικονομικών αγορών στο διεθνές σύστημα πληρωμών χωρίς μετρητά.

MARKUS A. DENZEL