

## CHAPTER 1

# Introduction

### Trade, money, and states in the Mediterranean basin

Money is usually defined by economists in terms of its functions, most prominently as a means of exchange, but also as a means of payment, a unit of account and a store of value. These roles also articulate a logical explanation of how and why the use of money originated. In the economists' view, true money or full-fledged money needs to fulfill all of these functions. In fact, we know from its actual historical development that many forms of money performed only some of these functions.

Historically, the function of money as a means of payment appears to be older than its role as a means of exchange. Ancient rulers collected tribute and other forms of payment long before a market and the use of money as a means of exchange emerged. Even in a city like Carthage, and exclusively in the Persian empire, for instance, the coinage of money appeared solely for the purpose of providing a means of making military payments and not as a medium of exchange.<sup>1</sup> It is thus possible to have money without market exchange and market exchange without money as in the case of barter.<sup>2</sup> Barter was a costly and unwieldy system of exchange, however. With the establishment of a stable measure of value, exchange was greatly facilitated. Although many goods served in this capacity, metals eventually began to be employed both as a unit of account and a means of exchange. The general acceptability of metallic money in effect reduced transaction costs and stimulated the expansion of trade. As a result, monetization, the expansion

<sup>1</sup> Max Weber, *General Economic History* (Glencoe, IL: The Free Press, 1927), chapter 19. See also Michael Crawford, "Money and Exchange in the Roman World," *Journal of Roman Studies* 60 (1970), 40–48; and Michael F. Hendy, *Studies in the Byzantine Monetary Economy c. 300–1450* (Cambridge University Press, 1985) arguing the same for a much later period, for the Romans and the Byzantine state.

<sup>2</sup> A decline in the availability of money did not always lead to a decline in market exchange. When the former occurred, market exchange came under pressure but in some cases survived as barter and other practices, such as payment of taxes in kind, took over. For an example from Medieval India, see John Leyell, *Living Without Silver: the Monetary History of Early Medieval North India* (Delhi: Oxford University Press, 1990).

## 2 A Monetary History of the Ottoman Empire

of the use of money, has been associated with commercialization, the emergence and spread of markets. Both the notion of money itself and the historical development of different forms of money depended critically on the institution of the market.<sup>3</sup>

Even more important than exchange and markets in the spread of the use of money was the expansion of long-distance trade. Many societies which possessed large resources in precious metals did not begin exploiting them until the development of trade called for plentiful supplies of money. An important forerunner of coined money was the precious metal bars privately stamped by merchants which appeared in Indian commerce and later in Babylonia and China. The *shekel* of the Ancient Near East was nothing but a piece of silver bearing the stamp of a certain mercantile family, which was recognized for conscientiousness in weighing. The Chinese *tael* was similarly a piece of bar silver stamped by the mercantile guilds. It is thus clear that exchange and trade preceded and created money rather than the other way around.<sup>4</sup>

States did not take over the creation of money and assume a monopoly of that process until later. In the form of coinage, money first appeared in seventh century BC Lydia, located not coincidentally, on the Anatolian coast, well within the trade networks of Antiquity. An important motive for the political authorities in issuing coin was to provide themselves a convenient means of extracting and mobilizing revenue. By issuing coin and demanding its use in tax payments, the states established both a definition of legal tender for state payments and a uniform standard for private exchange. Nonetheless, we should underline that money as a means of state payments is logically distinct from its function as a means of exchange.<sup>5</sup>

After the earliest coinage of the Greek city states circulated around the Aegean and the Mediterranean as a medium of exchange, the conquests of Alexander the Great were instrumental in their introduction to Egypt, the Persian Empire and northern India.<sup>6</sup> The Roman Empire represented an important stage in the development of money and monetary systems. The political and economic unification of the Mediterranean basin and the lands beyond facilitated the emergence of a monetary system based on gold, silver and copper coinage in this large area. With state regulation of the standards of each, a reasonably well-defined relationship developed between the

<sup>3</sup> Sanjay Subrahmanyam (ed.), *Money and the Market in India, 1100–1700* (Delhi: Oxford University Press, 1994), 1–19.

<sup>4</sup> Paul Einzig, *Primitive Money, in Its Ethnological, Historical and Economic Aspects*, revised and enlarged edition (Oxford: Pergamon Press, 1966); Philip Grierson, *The Origins of Money* (University of London: The Athlone Press, 1977); Weber, *General Economic History*, 236–44; Pierre Vilar, *A History of Gold and Money, 1450–1920* (London: New Left Books, 1976), pp. 16–29.

<sup>5</sup> Richard von Glahn, *Fountain of Fortune, Money and Monetary Policy in China, 1000–1700* (Berkeley and Los Angeles, CA: University of California Press, 1996), 18–20.

<sup>6</sup> Philip Grierson, *Numismatics* (Oxford University Press, 1975), pp. 9–44.

different types of coinage. Gold was used for large transactions and for the store of wealth while bronze and later copper dominated the small daily transactions. Silver coinage occupied the middle ground. As prime examples of commodity money, the value of gold and silver coins remained closely linked to the commodity value of the metals they contained. In contrast, bronze and copper coinage often circulated as fiat money at values attached to them by the state which was above their metal content.<sup>7</sup> The development of this system went hand in hand with the expansion of markets, the commercialization of the economy and the increasing use of money.<sup>8</sup> Many of the monetary terms used in Europe and the Middle East during the modern era date back to the Roman period.

The Antiquity also took seriously the coinage monopoly of the state. The issuing of coinage has been considered an important symbol of sovereignty for rulers since the early coinage of Ancient Greece.<sup>9</sup> The Romans' motives for issuing coinage went beyond the representation of sovereignty, however. Like the earlier states, the Romans needed some form of money in order to collect taxes and make payments to the soldiers, bureaucrats, and others. Perhaps more importantly, they were aware that there existed a linkage between the availability of money and the well being of the economy. Coinage was thus issued to facilitate exchange and trade and promote a better functioning economy.<sup>10</sup>

Monetization needs to be interpreted in a broader context, however. Although the main function of money or a monetary system was to facilitate the exchange of goods and services and discharge of fiscal and other obligations, the presence of money did more than simply reduce transaction costs. With the advent of money, economic relationships became more abstract and less personal. Cash payments tended to replace seasonal labor obligations, further weakening traditional means of maintaining power and influence. In the longer term, as payments were conventionalized and

<sup>7</sup> Premodern states lacked the authority to maintain fiat currency for a long period of time. The ultimate example of fiat money is paper money which has virtually no commodity value. Before the modern era, paper currencies were successfully used only in China until the fourteenth century. Von Glahn, *Fountain of Fortune*, 48–70.

<sup>8</sup> R. A. G. Carson, *Coins of the Roman Empire* (London and New York: Routledge, 1990); Keith Hopkins, "Taxes and Trade in the Roman Empire," *Journal of Roman Studies* 70 (1980), 101–25; E. Lo Cascio, "State and Coinage in the Late Republic and Early Empire," *Journal of Roman Studies* 71 (1981), 76–86; Louis C. West and Allan Chester Johnson, *Currency in Roman and Byzantine Egypt* (Princeton University Press, 1944); Richard Duncan-Jones, *Money and Government in the Roman Empire* (Cambridge University Press, 1994); and Marcello de Cecco, "Monetary Theory and Roman History," *The Journal of Economic History* 45 (1985), 809–22.

<sup>9</sup> Thomas R. Martin, *Sovereignty and Coinage in Classical Greece* (Princeton University Press, 1985).

<sup>10</sup> An excellent discussion is provided by Hopkins, in "Taxes and Trade," 101–25. The fiscalist position has been argued by Crawford, "Money and Exchange," 40–48 and Hendy, *Byzantine Monetary Economy*.

#### 4 A Monetary History of the Ottoman Empire

regularized, the expansion in the sphere of money had ever greater impact on society as well as the economy.<sup>11</sup>

Ever since the first appearance of metal coins, the large geographical area from Persia in the east to western Europe, with the Mediterranean basin often providing the critical medium of interaction, has witnessed some of the most lively exchanges in the evolution of coinages. These exchanges were due, above all, to the maintenance of commercial contacts within and between these regions. Not only Ancient Greek, Roman, Sassanian, Byzantine, Islamic, and Western European coinage and design but also techniques of production and mint administration have interacted in this basin. The Mediterranean basin also remained in contact with the other two independent monetary traditions of the Old World, that of the Indian subcontinent and that of China together with east and southeast Asia.<sup>12</sup> Over the centuries, the Mediterranean and Indian traditions of coinage continued to be influenced by each other thanks to the maintenance of commercial linkages while the east and southeast Asian coinage pursued a mostly independent line until the modern era.<sup>13</sup> Paper money was used in China sporadically between the eleventh and fourteenth centuries after having first appeared there several hundred years earlier. It reached Iran via the Mongols in the thirteenth century. Marco Polo, for example, refers to the use by the Mongols of paper money, which did not appear in Europe until the seventeenth century.

With the Germanic invasions, the monetary traditions as well as economy and commerce in the Mediterranean basin were divided into two branches. In the western provinces of the Roman Empire, the decline of population, trade, and the urban economy was accompanied by a sharp decrease in the availability and use of coinage and other forms of money. Gold disappeared and European coinage came to consist mostly of small silver pennies. An increasing proportion of payments began to be made in kind or in terms of labor. There thus emerged in feudal Europe a growing distinction between the standard of value and the means of exchange. The means of exchange

<sup>11</sup> For recent essays on the social impact of money, see Jonathan Parry and Maurice Bloch (eds.), *Money and the Morality of Exchange* (Cambridge University Press, 1989).

<sup>12</sup> Grierson, *Numismatics*, pp. 9–44. For the early evolution of monetary systems in India and Southeast Asia, see Leyell, *Living Without Silver*; and Robert S. Wicks, *Money, Markets and Trade in Early Southeast Asia, the Development of Indigenous Monetary Systems to AD 1400* (Ithaca, NY: Cornell University, Studies on Southeast Asia, 1992).

<sup>13</sup> Grierson, *Numismatics*, 44–71; for the monetary system of Mughal India during the sixteenth and seventeenth centuries, see J. F. Richards (ed.), *The Imperial Monetary System of Mughal India* (Delhi: Oxford University Press, 1987). For a more general perspective emphasizing the continued commercial, monetary, and financial interaction between Europe and Asia during the Early Modern period, see Frank Perlin, “Monetary Revolution and Societal Change in the Late Medieval and Early Modern Times – a Review Article,” *Journal of Asian Studies* 45 (1986), 1037–48; and Frank Perlin, “Financial Institutions and Business Practices across the Euro-Asian Interface: Comparative and Structural Considerations, 1500–1900,” in Hans Pohl (ed.), *The European Discovery of the World and its Economic Effects on pre-Industrial Society, 1500–1800* (Stuttgart: Franz Steiner, 1990), 257–303.

were sometimes coins but more often other commodities and primitive moneys, foods, spices, cloth, jewelry, and animals. Barter or other forms of moneyless exchanges also became widespread. Coins were in many respects no more money than many other commodities. Only in international trade were they still preferred as a means of exchange to any other commodity.<sup>14</sup>

Since the urban economy and economic activity remained stronger in the eastern Mediterranean, the Roman traditions of gold, silver, and copper coinage continued to flourish in the Byzantine Empire.<sup>15</sup> Until the eleventh century, the gold *nomizma* or *bezant* of the Byzantine Empire unified the Mediterranean as “the dollar of the Middle Ages.”<sup>16</sup> When the Islamic states began to expand from Arabia and Syria in the seventh century, the two economies they came into contact with, the Byzantine and the Sassanian, already were highly monetized. From the outset, the Islamic rulers attempted to integrate these established monetary systems into their own fiscal and economic framework. The first truly Islamic coins were issued as part of the famous monetary reform of Caliph Abd al-Malik in AD 696–97.<sup>17</sup> These efforts were mostly successful, and one of the salient features of almost every Islamic state in the Middle Ages, stretching from Spain to the Indian subcontinent, has been the prominent role of gold, silver, and copper coinage. In Islam too, issuing of coinage as well as having prayers read for one’s name, “*sahib-i sikke ve hutbe*,” came to be considered the most important symbols of sovereignty for a ruler.<sup>18</sup> In short, Islamic states were influenced by and carried on many of the monetary traditions of the Mediterranean basin.

From a numismatics perspective, the common denominators of Islamic coinage were their almost entirely epigraphic character and the use of Arabic script which contrasted both with the pictorial coin types and the

<sup>14</sup> Peter Spufford, *Money and its Use in Medieval Europe* (Cambridge University Press, 1988), 7–105; also, Carlo M. Cipolla, *Money, Prices, and Civilization in the Mediterranean World, Fifth to Seventeenth Century* (Princeton University Press, 1956), 3–11; Cipolla, “Currency Depreciation in Medieval Europe,” *Economic History Review* 15 (1963), 413–22 and Marc Bloch, *Esquisse d'une Histoire Monétaire de l'Europe* (Paris: Librairie Armand Colin, 1954), 3–28. Such a breakdown of the monetary system and the shift to a barter economy occurred, of course, not only in feudal Europe but in many other societies at other times although perhaps not always so dramatically.

<sup>15</sup> Hedy, *Byzantine Monetary Economy*, and P. Grierson, *Byzantine Coins* (London: Methuen & Co. Ltd., 1982); also West and Johnson, *Currency in Roman and Byzantine Egypt*.

<sup>16</sup> Robert S. Lopez, “The Dollar of the Middle Ages,” *The Journal of Economic History* 11 (1951), 209–34; Cipolla, *Money, Prices and Civilization*, 13–23; and Robert S. Lopez and W. Raymond Irving, *Medieval Trade in the Mediterranean World, Illustrative Documents* (New York, NY: Columbia University Press, 1955), 10–16.

<sup>17</sup> P. Grierson, “The Monetary Reforms of ‘Abd al-Malik,” *The Journal of the Economic and Social History of the Orient* 3 (1960), 241–64; and Andrew S. Ehrenkreutz, “Monetary Aspects of Medieval Near Eastern Economic History,” in M. A. Cook (ed.), *Studies in the Economic History of the Middle East* (London: Oxford University Press, 1970), 38–41.

<sup>18</sup> The right to issue *sikke* applied only to gold and silver coinage. From the beginning, the Islamic tradition regarded copper coinage as an essentially local affair. See S. Album, *A Checklist of Islamic Coins*, second edition (Santa Rosa, CA: S. Album, 1998), 9.

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## 6 A Monetary History of the Ottoman Empire

Latin characters that dominated Europe.<sup>19</sup> Despite these external differences, however, the two traditions continued to interact throughout the Middle Ages thanks to the strength of the commercial linkages across the Mediterranean. The traditional Islamic denominations were the gold *dinar*, the silver *dirham* and the copper *fels* or *fulus*, terms which had Roman, Antiquity and Byzantine origins, respectively. Late medieval Europe, in turn, owed and borrowed much from Islamic monetary practices and traditions. In the twelfth and thirteenth centuries, in the waning days of Byzantine economic and commercial power, the Islamic gold *dinars* provided an internationally recognized standard of payment and sometimes served as the medium of exchange around the Mediterranean, replicating the role played earlier by the *nomizma*.<sup>20</sup> Other commercial and monetary forms were also exchanged across the Mediterranean. The commenda, for example, the most popular type of business partnership in medieval Europe owes its origins to the *mudaraba* of medieval Islamic societies and found its way through trade across the Mediterranean to western Europe. There is a good deal of debate as to whether the European bills of exchange were influenced by the Islamic *suftadja* and *hawala*.<sup>21</sup>

In Islamic states, too, the monetary practices of governments were conditioned by the needs of markets and especially long-distance trade and recurring shortages of specie and coinage that affected all medieval economies. Even though the influence of merchants in these states was limited, they were listened to and tolerated by the rulers because of their important economic role. In comparison to the Italian city states, for example, the medieval Islamic states were not the states of merchants, but most often, the states were not against them either.<sup>22</sup> Most Islamic states made efforts to maintain steady supplies of coinage. The authorities often adopted free minting in order to encourage and increase the availability of coinage. Even more importantly, many states were careful not to adopt interventionist practices and allowed money markets to function on their own in order to maintain the circulation of specie and coinage.<sup>23</sup>

<sup>19</sup> Michael L. Bates, "Islamic Numismatics, Sections 1–4," *Middle East Studies Association Bulletin* 12/3 (1978), 1–16; 12/4 (1978), 2–18 and 13/1 (1979), 3–21; and Ehrenkreutz, "Monetary Aspects," 37–50.

<sup>20</sup> Cipolla, *Money, Prices and Civilization*, 13–23; Andrew S. Ehrenkreutz, "Studies in the Monetary History of the Near East in the Middle Ages," *Journal of the Economic and Social History of the Orient* 2 (1959), 128–61; and A. M. Watson, "Back to Gold – and Silver," *The Economic History Review* 20 (1967), 1–34.

<sup>21</sup> Abraham L. Udovitch, "At the Origins of the Western Commenda: Islam, Israel, Byzantium," *Speculum* 37 (1962), 198–207 and Eliyahu Ashtor, "Banking Instruments between the Muslim East and the Christian West," *Journal of European Economic History* 1 (1972), 553–73.

<sup>22</sup> A. L. Udovitch, "Merchants and *Amirs*: Government and Trade in Eleventh Century Egypt," *Asian and African Studies* 22 (1988), 53–72.

<sup>23</sup> S. D. Goitein, *A Mediterranean Society, the Jewish Communities of the Arab World as Portrayed in the Documents of the Cairo Geniza*, vol. I: *Economic Foundations* (Berkeley and Los Angeles, CA: University of California Press, 1967), 229–66; Gilles P. Hennequin,

One state with considerable influence on Ottoman monetary practices was that of the Ilkhanids, the Mongols of Persia. Thanks to Mongol control of the long-distance trade routes from China to Western Asia where they were connected to merchants arriving from Europe, the Ilkhanids had access to large amounts of silver. After converting to Islam towards the end of the thirteenth century, they established a new monetary system in Persia and went on to produce prodigious quantities of gold and silver coinage which included some of the most interesting examples of calligraphic engraving by an Islamic state. The network of Ilkhanid mints increased dramatically to more than 200 locations, mostly in western and northern Persia but also in eastern and central Anatolia, which was ruled directly from the capital city of Tebriz. The quality and the abundance of Ilkhanid coinage provides strong evidence for the revival of economic and commercial activity both in Persia and Anatolia during the thirteenth century.<sup>24</sup>

While the states of Antiquity and medieval Islam took the coinage monopoly seriously, in feudal Europe the rule was the appropriation of the coinage function by numerous jurisdictions and their proprietors. The coinage right remained officially reserved for the king or the emperor, but the actual manufacture of coins was carried out by an association of handicraft producers. The revenue from the coinage business thus fell to the individual coinage lord and the latter began to derive considerable revenue from seigniorage or minting fees. With the rising importance of taxation as a source of revenue, there emerged a new need for steady supplies of coinage. An even greater tendency for debasement arose from the growth of government expenditure and budget deficits which steadily increased with the consolidation of centralized states and the rise in the costs of warmaking and military spending, especially from the fourteenth century onwards.<sup>25</sup> There were losers as well as winners from debasements, however, and whether strong or weak money prevailed often depended on the balances of power between those that held onto state power and benefited from debasements and those that stood to suffer from a sliding currency and spiraling prices.<sup>26</sup>

“Points de vue sur l’Histoire Monétaire de l’Egypte Musulmane au Moyen Age,” *Annales Islamologiques*, Institut Français d’Archéologie Orientale du Caire, 12 (1974), 3–44 and Gilles P. Hennequin, “Nouveaux Aperçus sur l’Histoire Monétaire de l’Egypte au Moyen Age,” *Annales Islamologiques*, Institut Français d’Archéologie Orientale du Caire, 12 (1974), 179–215; Bates, “Islamic Numismatics,” 1–16; 2–18 and 3–21. For a brief but insightful discussion of the importance of numismatics and metrology for the historiography of Islamic societies, also see R. Stephen Humphreys, *Islamic History, a Framework for Inquiry*, revised edition (Princeton University Press, 1991), 49–53.

<sup>24</sup> John Masson Smith Jr. and F. Plunkett, “Gold Money in Mongol Iran,” *Journal of the Economic and Social History of the Orient* 11 (1968), 275–97 and John Masson Smith Jr., “The Silver Currency of Mongol Iran,” *Journal of the Economic and Social History of the Orient* 12 (1969), 16–41; also M. A. Seifeddini, *Moneti Ilkhanov XIV veka* (Baku: 1968).

<sup>25</sup> Cipolla, “Currency Depreciation in Medieval Europe,” 413–22.

<sup>26</sup> For an insightful account, see Spufford, *Money and its Use*, chapter 13.

## 8 A Monetary History of the Ottoman Empire

Trade and especially payments along the Mediterranean had been dominated by the merchants and currency systems from the eastern end during most of the Middle Ages. As late as the thirteenth century, the eastern Mediterranean and the Near East enjoyed a higher degree of commercialization, monetization, and sophistication of the related institutions.<sup>27</sup> However, a major shift was already underway in Europe beginning in the eleventh century. Over the following two centuries, the growth of trade and monetization were supported by the expansion of silver coinage.<sup>28</sup> With the reappearance of gold in the thirteenth century, European coinage returned to a three tiered structure of gold, silver, and copper.<sup>29</sup> Once again, trade and money went hand in hand. The currencies of the commercially prospering Italian city states began to dominate the Mediterranean and European trade.

The competition between the gold coinage of the city states was eventually won by the Venetian ducat. By the second half of the fourteenth century, the ducat had gained the position of prominence as the most important coin and the principal standard for commercial payments around the Mediterranean and beyond. In order to facilitate trade, scores of European states adopted its standards for their own gold coinage.<sup>30</sup> Later, during the sixteenth century, large inflows of gold and silver from the Americas were to change fundamentally the monetary landscape of the Old World, paving the way for the emergence of both trade and monetary flows on a global scale. Increased availability of specie also made possible the minting of larger silver coins in America and Europe. Along with rising European influence in the world markets, these coins became the globally recognized standards and means of exchange during the seventeenth century.

While rulers and states exercised their powers by trying to collect seigniorage by coining a higher value of precious metals than the amount they paid for them and by regulating the relative values in coins of gold, silver, and billon, actions by individuals in the private realm contributed just as much to the development of money and monetary systems. In sixteenth-century Europe, for example, merchant bankers and money-lenders developed an intensive network of payments flows in and around

<sup>27</sup> Janet L. Abu-Lughod, *Before European Hegemony, The World System AD 1250–1350* (New York and Oxford: Oxford University Press, 1989), Parts I and II.

<sup>28</sup> R. S. Lopez, *The Commercial Revolution of the Middle Ages, 950–1350* (Cambridge University Press, 1976), 56–122 and Spufford, *Money and its Use*, pp. 240–66.

<sup>29</sup> Bloch, *Esquisse d'une Histoire Monétaire de l'Europe*, 3–78; R. S. Lopez, "Back to Gold, 1252," *Economic History Review* second series, 9 (1956), 219–40; Watson, "Back to Gold – and Silver" 1–34; Spufford, *Money and its Use*, pp. 267–88.

<sup>30</sup> Spufford, *Money and its Use*, 267–88; Herbert E. Ives and Philip Grierson, *The Venetian Gold Ducat and its Imitations* (New York: The American Numismatic Society, 1954); Jere L. Bacharach, "The Dinar Versus the Ducat," *International Journal of Middle Eastern Studies* 4 (1973), 77–96. For the beginning of Ottoman gold coinage in the second half of the fifteenth century, see chapter 4.



local fairs through the use of bills of exchange, as an example of truly international private money.<sup>31</sup> On the other end of the scale, in Mughal India, it was the widespread use of small denominations of coinage or “humble” money by the rural population which tied the rural society and economy to the larger regional and world economies by a web of money, credit and market transactions and gave the Mughal monetary system its distinct character. As Frank Perlin has argued in the context of eighteenth-century western India, it would in fact be impossible to understand the monetary systems of the Old World in the early modern era, without understanding the role played by humble money and the ordinary people.<sup>32</sup>

### Ottoman economic policies

Virtually every state in the Old World had to address a common range of economic problems during the late Medieval and Early Modern periods. The most basic of these problems were related directly to the maintenance of the states themselves. The provisioning of the capital city, the armed forces, and to a lesser extent other urban areas, taxation, support, and regulation of long-distance trade, and maintaining a steady supply of money were amongst the leading concerns of economic policy.<sup>33</sup>

Even though the capacity of states to deal with these economic problems was initially quite limited, important changes took place during these centuries in the capacities, institutional equipment, and even the nature of governments. With these changes came a corresponding transformation of the scope and effectiveness of government intervention in economic affairs. It was precisely this struggle to build the organizations and institutions necessary for the pursuit of these policy goals that led to the emergence of more powerful state apparatuses in much of Europe and parts of Asia.<sup>34</sup>

One important determinant of the specific forms taken by economic

<sup>31</sup> Marie-Therese Boyer-Xambeu, Ghislain Deleplace and Lucien Gillard, *Monnaie Privée et Pouvoir des Princes* (Paris: Editions du CNRS, 1986).

<sup>32</sup> Frank Perlin, “Money-Use in Late Pre-Colonial India and the International Trade in Currency Media” in J. F. Richards (ed.), *Imperial Monetary Systems in Early Modern India* (Delhi: Oxford University Press, 1987), 232–373.

<sup>33</sup> One should add the qualification that for most societies in the late Medieval and Early Modern periods, it is difficult to talk about an economic sphere separate from the political, administrative, and fiscal. See Edward Miller, “France and England,” in “The Economic Policies of Governments,” M. M. Postan, E. E. Rich and E. Miller (eds.), *The Cambridge Economic History of Europe* vol. 3 (1963), 282–91; for a similar discussion of the problems of economic policy in Islamic societies, see Sabri F. Ülgener, “İslam Hukuk ve Ahlak Kaynaklarında İktisat Siyaseti Meseleleri,” *Ebulula Mardin’e Armağan* (Istanbul: Kenan Matbaası, 1944), pp. 1151–89; and Sabri F. Ülgener, *Darlık Buhranları ve İslam İktisat Siyaseti* second edition (Ankara: Mayaş Yayınları, 1984), 66–102.

<sup>34</sup> Charles Tilly provides a detailed examination of this process with specific reference to the provisioning of urban centers in Europe: Charles Tilly, “Food Supply and Public Order in Modern Europe,” in C. Tilly (ed.), *The Formation of Nation States in Western Europe* (Princeton University Press, 1975), 35–151.

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## 10 A Monetary History of the Ottoman Empire

policies and institutions was the nature of the state and state–society relations. State economic policies did not pursue public interest in some abstract sense of the term. Instead, both the goals and design of economic policies as well as institutions related to their implementation were shaped by the social structure, the relationship between state and society, the interests of different social groups aligned with or represented by the state, and more generally, by the social and political influences acting on the state.

To put it differently, social actors molded state policy. Interest and pressure groups and social classes sought to protect and promote their interests through the state. In some cases the influence of a particular social group was so strong that the state simply acted in their interest, became their state. In other cases, the state was in the hands of a bureaucracy which acted independently or was insulated from these social groups.

To understand the nature of Ottoman economic policies or practices, it is thus essential to examine the nature of the Ottoman state and its relations with different social groups. Until late in the fifteenth century, there existed a considerable amount of tension in Ottoman society between the Turkish landed aristocracy of the provinces, who were deeply involved in the territorial conquests, and a bureaucracy at the center made up mostly of converted slaves (*devşirme*), with the balance of power often shifting between the two. The successful centralization drive of Mehmed II in the second half of the fifteenth century moved the pendulum again, this time decisively. The landed aristocracy was defeated, state ownership was established over privately held lands, and power concentrated in the hands of the central bureaucracy. After this shift, the policies of the government in Istanbul began to reflect much more strongly the priorities of this bureaucracy. The influence of various social groups, not only of landowners but also of merchants and moneychangers, over the policies of the central government remained limited.

The central bureaucracy tried, above all, to create and reproduce a traditional order with the bureaucracy at the top. The provisioning of the urban areas, long-distance trade and imports were all necessary for the stability of that social order. The state tolerated and even encouraged the activities of merchants, domestic manufacturers more or less independent of the guilds and moneychangers as long as they helped reproduce that traditional order.<sup>35</sup> Despite the general trend towards decentralization of the Empire during the seventeenth and eighteenth centuries, merchants and

<sup>35</sup> Cipolla argues that there was a virtual identity between the merchants and the state in the trading towns of medieval Italy. “More than once the action of the guild of merchants seemed to imply the affirmation, *l'état c'est moi*.” Ottoman merchants during the Early Modern era could not possibly make a similar claim. Instead, as Udovitch has concluded, for the merchants of eleventh-century Egypt, Ottoman merchants could at best proclaim “*l'état n'est pas contre moi*.” Cipolla, “Currency Depreciation,” 397 and Udovitch, “Merchants and *Amirs*,” 53–72.