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CENTER DISCUSSION PAPER NO. 999

**The Evolution of Grain Policy Beyond Europe:
Ottoman Grain Administration in the
Late Eighteenth Century**

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June 2011

Notes: Center discussion papers are preliminary materials circulated to stimulate discussion and critical comments.

I would like to thank Tim Guinnane and Naomi Lameroux for their helpful comments and suggestions.

**The Evolution of Grain Policy Beyond Europe:
Ottoman Grain Administration in the Late Eighteenth Century**

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May 30, 2011

Abstract:

During the second half of the eighteenth century, the Ottoman policy-makers adopted a more liberal attitude towards price formation. This was accompanied by the fiscal and administrative centralization of the grain trade. These seemingly contradictory policy changes could, in part, be explained in the context of conjectural changes in grain demand and supply, which rendered pre-emptive privileges and price controls less effective. The policy change, however, was not only a practical response to the strains on the pre-existing supply network but also reflected a new concern with the state of agricultural production along with the emergence of emulation as a development strategy.

Keywords:

Ottoman economic institutions, grain markets, liberalization

JEL Classification:

B15, N33, N35, N43, N45

The Evolution of Grain Policy Beyond Europe: Ottoman Grain Administration in the Late Eighteenth Century

In the history of hunger, of grain distribution, and of governmental policy toward the grain trade, the eighteenth century represents a universally acknowledged milestone in Western Europe.¹

Whether marked by “universally acknowledged” milestones or not, the notion that Western Europe followed a distinctive economic path resulting in its domination of the rest of the world is widespread. Yet even asking how the region gained advantages that eventually made it the nexus of wealth and power not only presumes its unity as an economic space, but also implies a contrast with what lies beyond its borders. Recent debates on the “great divergence” between Western Europe and the rest of the world have brought these comparative questions to the forefront of research.²

Unfortunately, the Ottoman Empire, with its history spanning over six centuries and three continents, has found little place in this comparative literature. Şevket Pamuk and Kıvanç Karaman’s study on the Ottoman fiscal centralization with a focus on other European states represents a remarkable exception.³ By studying the evolution of the Ottoman tax collection institutions in a comparative framework, the study offered a fertile ground for discussing the limits and potentials of Ottoman institutional change. Another exception has been Timur Kuran’s study on Islamic law and organizational forms. In its comparative pursuit, however, Kuran starts with the observed differences in modern and Islamic forms of economic organization and mostly focuses on the lack of (sufficient) change in the latter.⁴

¹ Hufton (1895: 105).

² For a broader debate on the paradigm of the Rise of the West, see Goldstone (2002), Landes (1998), North (1990), Pomeranz (2000), Goody (1996), Allen (2011) and Clark (2008).

³ Karaman and Pamuk (2010).

⁴ Kuran (2010).

This study approaches to the question of Ottoman institutional change from another angle, focusing on the changes in the redistributive policies of the Ottoman Empire, against the background of grain market liberalization in Europe.

During the second half of the eighteenth century, most governments in Europe attempted to remove ages-old restrictions on their grain trade and establish a free domestic market.⁵ Although there were differences among policy-makers about what would constitute the appropriate degree and timing of liberalization, an intellectual reorientation is clearly noticeable: A free domestic grain market was presented as both a better alternative to the traditional regulatory policies in meeting the needs of the urban masses and a necessary condition for agricultural growth and international competitiveness. This paper will show that the incipient liberalization pursued almost simultaneously in various parts of Europe resonated with Ottoman reformers' ideas on regulation in grain trade. Starting with the 1780s, Ottoman policy-makers adopted a more liberal attitude towards price-formation in grain markets and considered removing pre-emptive privileges. Parallel to the emergence of this liberal attitude, however, was the establishment of a centralized administration to finance and control a larger portion of the grain trade in the Empire.

The paper will explain these seemingly contradictory policy changes by examining the reformers' ideas and the actual policy changes, as well as the interface between the two. It will place these changes against the background of conjectural strains on the grain market and the increasing interest of the Ottoman ruling elite with the ideas and practices of 'rival' countries. In the first part of the paper I will present the situation prior to the establishment of the Grain Administration. This part will provide an overall survey of government regulation in the Ottoman grain trade and its main rationales. The second part of the paper will examine

⁵ For the attempts at deregulation in French grain trade (1763-64), see Kaplan (1976) and Fox-Genovese (1976). For the deregulation in Austrian grain trade (1765-1786), see Grab (1985). For the deregulation in Tuscany (1767), see Mirri (1972). For the deregulation in Sweden (1775), see Åmark (1915).

how the conjectural changes in grain supply and demand in the second half of the eighteenth century created strains on the existing system, reducing the effectiveness of traditional policy tools and culminating in the establishment of the Grain Administration. The third part of the paper will analyze the Ottoman reformers' ideas on the traditional grain trade policies and agricultural production, identifying the range of solutions presented, and describe the resulting reforms in the grain trade organization. The fourth part of the paper will examine the wider context of the reformers' concern with the grain policy, presenting the emergence of emulation as a developmental strategy. In the conclusion, I will provide an interpretation for the policy shift towards a more-centralized-yet-flexible use of regulatory tools in the Ottoman grain trade.

I will argue that the policy changes represented an effort to reconcile traditional provisionism that aimed to ensure subsistence of the urban masses with an embryonic developmentalism that aimed to improve agricultural basis and further overall wealth of the country. The policy shift was not only a practical response to the strains on the pre-existing supply network but also reflected a new concern with the state of agricultural production. This concern was tied to the emergence of quasi-physiocratic⁶ ideas within a new mercantilistic⁷ outlook among Ottoman reformist elite. In other words, ideational factors emerging in the broader realm of the Empire's economic and military position vis-à-vis more developed countries shaped the evolution of grain policy.

⁶ Here Physiocratic does not refer to a complete or strict adherence to the prescriptions of the French Physiocrats but implies a heightened interest in the agricultural sector and a more liberal attitude in the domestic grain trade.

⁷ In this article, I use the word "mercantilistic" to refer to the general aim of accumulating wealth by promoting domestic production.

I

Istanbul's grain supply was always an important concern for the Ottoman government. In the mid-eighteenth century, the central administration had adopted a system of forced purchases in the zones designated as the official hinterland of Istanbul. This system, known as comparative quota assessment (*mukayese nizamı*), was introduced in order to more effectively control the movement of surplus grain from the regions within the city's traditional hinterland.⁸ Through an investigation of historic *Kapan* (Istanbul's central grain and flour market) registers, which contained data on how much grain was sent to the capital in previous years, the authorities tried to determine how much surplus each district was able to produce in normal years. According to these estimates, each district was assigned a quantity to be delivered to a designated dock where it was to be sold to the government agents or officially-authorized private merchants/ship-owners.⁹ The orders written to the regions under the quota assessment system indicate that each region was to deliver a certain amount of grain, regardless of the specific amounts held by producers and grain-holders. The local distribution of the quota assignment was to be made according to a vaguely-defined procedure, in which local agents (the judge and officially-recognized notables) were to assess and collect the assigned quota responsibility of each household according to their condition and endurance capacity (“*hâl ve tahammülüne göre*”).¹⁰

The private merchants' entrance into the trading business was restricted through the requirement of licenses. Merchants were allowed to make purchases from the official hinterland of Istanbul as long as they held long-term collective contract with the *Kapan* (central grain market), which they acquired by providing a guarantee (*kefalet*) for other

⁸ Güçer (1952: 405–407).

⁹ Aynural (2001: 5) and Güçer (1952: 405).

¹⁰ Güran (1998: 20).

merchants.¹¹ These merchants, known as the merchants of the *Kapan*, enjoyed pre-emptive privileges in the designated docks. In addition to the grain purchased by licensed merchants to be sold at the *Kapan*, the state hired independent merchants¹² or assigned its own requisition agents (*mubayaacı*) to purchase grain to be kept at its storages at the Arsenal (*Tersane*). The government sought to prevent entry of the unlicensed merchants in the grain trade using logistical means (by designating official docks for grain exchange) and supervision (by requiring the local officials to keep registers about the quantity and quality of the grain and the name of each ship-owner).¹³

Various studies on the Ottoman controls over grain trade have revealed the broad features of the quota system, which are important for us to understand the subsequent policy changes: First, Istanbul's grain supply was mostly procured from the regions within the political realm administered by the Ottoman government and primarily from the northwest littoral of the Black Sea and the Danubian coasts. Examining the accounts of grain purchased and distributed from the *Kapan* and the *Tersane* during the period 1755–1762, Salih Aynural has shown that under this system 85 percent of the grain sold at the *Kapan* was bought from the Black Sea and the Danubian coasts.¹⁴ An examination of the Grain Registers, which contain a high number of orders sent to the provinces, and various studies on Istanbul's provisioning corroborate the primacy of the northwest littoral of the Black Sea and the Danubian region in the grain provisioning of Istanbul during this period.¹⁵

Second, most of the grain was bought by merchants with their own capital. According to the *Kapan* and *Tersane* records summarized by Aynural, 93 percent of purchases were

¹¹ Güçer (1951-52: 90-91) and Güçer (1952: 400).

¹² Güçer (1952: 403-404).

¹³ The Grain Registers (*Zahire Defterleri*) are kept at the Prime Ministry Archives in Istanbul. From now on, these registers will be referred as ZD..

¹⁴ Aynural (2001: 63-64).

¹⁵ See ZD 11, 13. See also the studies by M. M. Alexandrescu-Dersca (1958: 15) and Özveren (2003: 228). Mantran (1990, 1: 175, 182), Güçer (1951-1952: 87), Kütükoğlu (1999: 569), McGowan (1987: 13), Alexandrescu-Dersca Bulgaru (1988) and Emecen (1984: 199).

made by licensed ship-owners and merchants with their own capital.¹⁶ This finding is in line with an earlier study by Güçer, which shows that only less than 9 percent of grain was delivered to Istanbul using state funds.¹⁷

Third, the negotiations between grain owners and intermediaries (the authorized merchants and the *mubayaacı*s) over the price of grain were subject to official control, which aimed primarily to ensure a sufficiently low bread price in Istanbul. These three statements, which summarize the general features of grain-trade organization in the mid-eighteenth century, ceased to hold by the last decade of the eighteenth century. Before explaining how the main features of the grain provisioning changed, it is first necessary to describe how the Ottoman administration tried to control the purchase prices, since the capacity of the administration to control these prices is central to the account of change provided below.

The Ottoman government used two kinds of price control. The *miri* price (official price) was the kind of price that was used in obligatory transactions between grain producing regions and the government, where each jurisdictional unit was asked to deliver a certain amount of grain *as a whole*, regardless of the specific amounts held by producers and grain holders. The *miri* price was much lower than the standing market price. It was not adjusted according to the vicissitudes of supply, there was no bargaining involved, and the price remained constant for long stretches of time.¹⁸

The other type of price set in the grain trade was called *rayic* price; it literally meant “current price” and was supposed to be adjusted regularly according to supply conditions. For each locality in which licensed merchants or state-assigned requisition agents bought grain to be brought to Istanbul, the *rayic* price was set through a bargaining process whereby the local administrators could intervene to keep prices at levels acceptable at the center and not to

¹⁶ See Aynural (2001: 63-64).

¹⁷ See Güçer (1952: 410) and Mantran (1990, 1: 174).

¹⁸ Güran (1984-85: 30) and Aynural (2001: 73).

allow the negotiations cause substantial delays in timely delivery of grain.¹⁹ Although price-setting between the grain owners and the officially authorized intermediaries was defined as a process based on “mutual consent,”²⁰ the fact that the grain owners were not allowed to sell their grain to the agents other than those authorized by the central administration invalidated the principle of consent in practice. The fact that the *rayic* price was indeed a controlled price set below the market price is evidenced by numerous official documents referring to smuggling, including various cases in which authorities explicitly attest to the gap between the *rayic* price and that offered by the smugglers.²¹

Hence, price controls in this system of forced purchases functioned as an in-kind tax on grain owners, exercised through monopsonistic control over grain supply. It was through controlling the sale price of grain in Istanbul, however, that the administration tried to restrict the monopsony rents of the licensed merchants and transfer these rents from the merchants to the consumers, allowing a lower price for the latter. This was enabled by the regulation of the baking/milling sector and the designation of the bakers’ guild as the sole customer for the grain brought to the city.

The grain purchased by the licensed merchants had to be delivered to the *Kapan*, where the bakers’ guild and merchants negotiated collectively under the official supervision of the judge and *Kapan* officials.²² According to the guild regulations, the opening of new bakers and mills without the permission of the central administration was strictly forbidden.²³ Furthermore, most of the bakeries had their own mill and those that did not were assigned to specific mills in their proximity.²⁴ The import of flour to Istanbul, meanwhile, was

¹⁹ See Ergin (1995: 380) and Akgündüz (1990, 1: 371).

²⁰ Güçer (1952: 401). See the orders contained in the Grain Registers. For instance, ZD, no. 13, p. 61 (1778).

²¹ See Aynural (2001: 40-42) and Orhonlu (1965: 14-16). See also Mantran (1990, 1: 173, 176) for the seventeenth-century practices.

²² Aynural (2001: 59).

²³ See Aynural (2001) and Ergin (1995).

²⁴ Aynural (2001: 88).

forbidden; so most of the grain was brought to Istanbul in the form of unprocessed grain, rather than as flour or bread.²⁵

The formal organization of the baking industry (barriers to entry and vertical integration in the baking-milling industry) served two purposes: First, it enabled an easier supervision over bread prices, and consequently over bakers' profit margin. Second, it improved the bakers' bargaining position against merchants by allowing them collective haggling over input prices. As such, the merchants would not be able to raise the price of grain to monopoly levels.²⁶ Under these regulations, the price of bread could be officially determined according to the sale price of grain at the *Kapan*, which in turn depended on the local purchasing prices and transportation costs. The maintenance of low legal purchasing prices through monopsonistic control over the grain supply was thus a spatial redistributive tool to ensure the affordability of bread in Istanbul.

The effectiveness of such a vertically-integrated chain of controls, however, depends on the capacity of the government to enforce barriers to entry. Purchasing prices lower than the market price would naturally encourage smuggling and reduce the quantity of grain transported to Istanbul below the amount that would be supplied if there were no controls on prices. The magnitude of the decrease, on the other hand, would depend on the actual capacity of the Ottoman central administration to prevent smuggling. As long as the effect of smuggling on the city's grain supply was minimal in relation to its effect on the sale price in Istanbul, the controls would serve their purpose. Although it is impossible to measure the exact effectiveness of price controls as a spatial redistributive tool without information on the quantities smuggled and the gaps between the market price and the legal price, it is possible to discuss how the potential effectiveness of the controls might have changed over time. In

²⁵ Aynural (2001: 63-64).

²⁶ Keeping input prices low was one of the primary motives for instituting monopolies in other sectors as well. See Ergin (1995: 649-650) and Baer (1970).

the following part, I will argue that the effectiveness of the Ottoman controls over grain trade began to diminish towards the end of the eighteenth century because of conjectural changes in grain demand and supply.

II

In the middle of the eighteenth century, Istanbul had an “exceptionally advantageous seaborne access to a vast region,”²⁷ but more importantly, to a region which was geographically more accessible from the Ottoman core than from foreign lands. Navigable rivers on the Danubian Plain and the Black Sea connected Istanbul to grain-producing areas of the Balkans, while mountains in the northeastern part of the peninsula (Carpathian Mountains and Transylvanian Alps) restricted competing access to these plains from the west. More importantly, the Ottoman administration enjoyed exclusive control over trade in the Black Sea, which meant that the Black Sea shores and the lower Danube could be kept relatively safe from the impact of foreign demand through effective controls on the straits.²⁸ Accordingly, the northwest littoral of the Black Sea and the Danubian coasts were preferred to other places in Istanbul’s grain provisioning.²⁹ The coasts of western Anatolia were only considered a secondary option.³⁰ It was only when the shortage was severe and grain brought from these regions did not meet the needs of the capital that orders for grain dispatches were sent to places as far as Kefe, Tripoli, the Eastern Provinces (such as Erzurum, Sivas, and Tokat), and Istanbul’s former grain depot Egypt.³¹

The political domination over a large surplus-producing region (the capacity to enforce, at least legally, export bans and internal barriers) and the abundance of waterways

²⁷ Özveren (2003: 225).

²⁸ McGowan (1987: 14-5) and Beydilli (1991: 687).

²⁹ M. M. Alexandrescu-Dersca (1958: 15) and Özveren (2003: 228). Mantran (1990, 1: 175, 182), Güçer (1951-1952: 87), Kütükoğlu (1999: 569), McGowan (1977: 13).

³⁰ Mantran (1990, 1: 175, 182), Güçer (1951-1952: 87), Alexandrescu-Dersca Bulgaru (1988), and Emecen (1984: 199).

³¹ See Güçer (1951-1952: 87-8), Mantran (1990, 1: 174-75), and Kütükoğlu (1999: 569).

and coasts (the cheapest way to transport grain in the pre-industrial era)³² enabled the Ottoman administration to create a large redistributive network that would guarantee the affordable supply of grain to a city with more than four thousand inhabitants.³³ In order to function, however, this redistributive mechanism necessitated a large network of intermediaries to control the flow of grain from the provinces to Istanbul and who had to be rewarded for their services. The requisition agents and supervisors assisted by the local judges and other provincial officials, were authorized to manage the allocation of the regional quotas among households and prevent smuggling. In return for their service, these agents were assigned a certain portion of the purchases, which they could sell at the *Kapan* for profit, as other merchants did.³⁴ The incentives for these agents to favor certain groups over others in the allocation process and to collaborate with the local grain owners and the merchants to misrepresent the volume of production and shipment are obvious.³⁵ Furthermore, due to the lack of a centrally-organized and financed bureaucratic network in the provinces, in many cases, the administration had to assign local notables as the requisition agents with active role in quota allocation.³⁶ Since many of these notables were themselves tax-farmers and land-holders, their compliance with the official regulations was in conflict with their interests as grain owners. Not surprisingly, there is ample evidence suggesting that they used their prerogatives to further their own ends.³⁷ In the context of this large network of intermediaries, controls could only serve their purposes as long as the cost of smuggling (i.e.,

³² Overland transportation of grain for a distance of around 200-300 miles was more than enough to double the price of grain, while overseas transportation amounted between 15 and 25 percent of the purchase price of the grain shipped. See Güçer (1964: 29), Kütükoğlu (1983: 92), and Aynural (2001: 25-26).

³³ For various estimates of Istanbul's population see Güran (1998: 16) and Akarlı (1972).

³⁴ MAD, 8571, p. 21, 28.5.1204 (13.2.1790) and MAD, 8571, p. 233, 9.8.1205 (13.4.1791) in Güran (1998: 24).

³⁵ For some examples of such activities prior to the eighteenth century, see *82 Numaralı Mühimme Defteri*, no. 57 [309], 1617-1618, p. 37, *85 Numaralı Mühimme Defteri*, no. 222 [460], 1630-1631, p. 134, Cook (1972: 5), Emecen (1984: 203-204), Faroqhi (1979-1980: 139-154). ZD, no 19, pp. 82, 9.

³⁶ For the rise of *ayan* as provincial notables, see McGowan (1994), Zens (2004), Nagata (1976: 346-61), Yaycıoğlu (2008).

³⁷ See ZD 19, C. BLD. 841. See also Güran (1984: 24, 39), Aynural (2001: 7-8, 75-76), Aksan (1995[2004]: 209) and Yaycıoğlu (2008: 250). See Leake (1835, 4: 335-36) for the acts of Ali Pasha who was able to control most grain trade in Thessaly.

the legal and natural deterrence of smuggling) was high enough to supersede the returns to smuggling (the gap between the official price and the external price).

If we assume, plausibly, that the organizational features of supervision and punishment of smuggling did not change,³⁸ an account of demographic and geopolitical changes in the last quarter of the eighteenth century indicate that the incentives for smuggling were rising over this period. On the demand side, the international price of grain was rising, creating an upward pressure on the illegal price of grain smuggled from Ottoman lands to other parts of Europe.³⁹ At the same time, the population of Istanbul was rising as a result of increasing migration from rural provinces struggling with social and economic problems.⁴⁰ The forced purchases, justified on the grounds of sustaining Istanbul's high population, were also seen as a source of discontent in the Balkans. As the contemporaries observed, in a vicious circle, rising population of Istanbul induced by rural problems augmented the pressure on the traditional hinterland, further exacerbating rural conditions and reinforcing migratory trends.⁴¹ The endogenous relationship between redistributive policy and agricultural production, hence, implied a gradual decrease in grain supply coming from the hinterland.

Parallel to the changes in the demographic structure, the capacity of the government to enforce controls was diminishing because of political and military troubles in the areas providing grain to Istanbul. With the expansion of the Russian presence along the northern coasts of the Black Sea region, especially after the treaty of Küçük Kaynarca (1774), the Ottoman government lost exclusive control over Black Sea trade.⁴² After this opening in Black Sea trade, the Ottoman and Russian grain produced along the Black Sea coasts started

³⁸ Aynural (2001: 40-51), Genç (2004).

³⁹ Labrousse (1932: 598-603), Vilar (1949: 29-45), Livi Bacci (2000).

⁴⁰ McGowan (1981: 121, 148).

⁴¹ Penah Efendi (1769: 230).

⁴² See Turgay (1990: 60) for the intensification of Ottoman-Russian competition in the Black Sea after the Küçük Kaynarca Treaty of 1774 and its implications for the grain trade.

inundating western Mediterranean markets.⁴³ This process was also formally acknowledged by the Ottoman authorities. In 1802, for instance, the Ottoman government began granting trade permits to foreign ships under certain conditions, marking a significant turning point in the Ottoman political economy.⁴⁴

As a result of this severe geopolitical loss, the Mediterranean coasts became more important for the grain provisioning of Istanbul. The expansion of the supply zone southwards is proven by a large number of documents in the Ottoman archives ordering substantial purchases to be made from southern Mediterranean ports after the 1790s.⁴⁵ According to the Grain Registers from 1794-95, 70 per cent of the wheat purchases for Istanbul were to be made from the Mediterranean coasts (primarily Anatolian and Macedonian produce).⁴⁶ The accounts of the Grain Administration from the period 1795-1800, examined and summarized by Tevfik Güran, also indicate that 66.4 percent of all grain coming to Istanbul was purchased from the Mediterranean regions.⁴⁷ At the end of the eighteenth century, the administration had no choice but to condone illegal grain imports by the bakers' guild, accepting the *de facto* end of the Ottoman self-sufficiency in grain.⁴⁸

Parallel to the shrinking of Istanbul's traditional hinterland, two redistributive pillars of the quota assessment system—price controls and forced purchases—came to be viewed not only useless but also counterproductive. Through several decrees promulgated between 1774-83, the government tried to abolish the quota system, claiming they would “end the

⁴³ Harlaftis and Laiou (2008: 9-11) and Harlaftis (1996: 18-19).

⁴⁴ See Beydilli (1991: 691-93).

⁴⁵ See HH. 15/620, 29 Z 1203 tt [1789], C.İKT. 14/656, 18 C 1205 [22 02 1791], C. BLD. 4/177, 20 S 1209 [September 15, 1794], C. BLD. 38/1882, 19 S 1209 [15 09 1794], C. BLD 28/1367, 20 Ş 1209 [12 03 1795], C. BLD. 66/3256, 10 S 1210 [26 08 1795]. C. BLD. 38/1887, 10 N 1209 [31 03 1795], C.İKT. 13/638, 29 N 1210 [07 05 1796], C. BLD. 71/3527, 16 Ca 1217 [14 09 1802], C.BLD. 4/180, 10 S 1219 [May 20, 1804], C.BLD. 7/305, 1 R 1225 [May 5, 1810]. In addition to these places, the government had to have recourse to the grain produced in the regions along the Aegean coast to be transported to docks such as those in Kuşadası and Izmir. C. BLD. 58/2892, 10 Ca 1209 [03 12 1794]. C. BLD. 82/4097, 06 Za 1221 [15 01 1807].

⁴⁶ ZD, no. 19.

⁴⁷ Güran (1998: 31).

⁴⁸ See C. BLD. 72/3551, 18 Za 1212 [04 05 1798].

oppression of the poor.”⁴⁹ The removal of the quota system does not imply, however, that the export grain from these regions was allowed; all grain owners and producers were urged to send their surplus grain (except seeds for cultivation) to Istanbul. But now the quantities to be procured would not be assigned to each administrative region (*kaza*) as a whole, and the grain would be bought directly from the grain owners. By abolishing the quota system, the administration most probably expected to reduce the role of the notables in the allocation process, prevent their abuses, and thereby increase the amount of grain sent to Istanbul.

At the same time, it was recognized that the purchase prices offered were much lower than the levels acceptable to the grain owners. In 1788, upon the request for his evaluation of the reasons for scarcity in Istanbul, the judge of Istanbul pointed to the price differentials between the supply zones and Istanbul’s city market. The purchasing price in Istanbul, he maintained, was much lower than the price in the places where grain was bought, and this differential discouraged grain owners to bring their grain to the market designated in Istanbul. As a solution, he suggested a rise in the grain purchasing prices in the locations where grain was bought.⁵⁰ Likewise, a decree promulgated in 1789-90 attributed the low quality of bread to the scarcity of grain, which itself was considered the result of low purchasing prices.⁵¹ Eventually in 1793, in order to encourage producers and grain owners to deliver more grain to the authorized buyers, the Imperial Council ordered that the purchasing prices to be set at the *rayic* price.⁵² This was also the year when the Grain Administration was established to regulate the grain supply of Istanbul, marking a radical change in the way that the Ottoman state was to deal with Istanbul’s grain provisioning. In order to understand this peculiar

⁴⁹ ZD, no. 13, transcribed in Ergin (1995: 739). This text is dated 1776. Aynural (2002: 11) suggests that the system was abolished in 1783. Alexandrescu-Dersca Bulgaru (1992: 76) notes that the system was abolished in 1774. This confusion about when the quota system was ended can be attributed to the fact that the forced purchases continued even after the quota system was removed.

⁵⁰ HH 23/1158, 1202 [1788].

⁵¹ HH 266/15437, 1204 [1790].

⁵² Güran (1984: 31) and Şaşmazer (2000: 131, 157). Here I refer to “*rayic*” as “current” because in this context it is used not to refer to a price-setting process but to the price set through mutual consent in the marketplace. To be sure, it still implies a socially legitimate price and not just any price emerging in the market.

response to the problems in the grain supply, one has to look at the ideas of the reformers concerning alternative solutions.

III

During the first year of his reign, Sultan Selim III (r. 1789–1807) convened a grand council of dignitaries to discuss the future of the Ottoman Empire. Over two hundred members of the ruling class attended this council, some of whom later submitted memoranda to the sultan containing their analysis of the main problems of the Empire and their proposals for reform. The inherent drawbacks of the forced purchasing system, more specifically the abuses of the centrally-authorized intermediaries with pre-emptive privileges, were one of the shared themes of the reformers' proposals. Tatarcıkzâde Abdullah Efendi (d. 1797),⁵³ one of the high-ranking officials in Ottoman judiciary, identified the illicit acts of the requisition agents as the main problem in Istanbul's grain provisioning. He argued that these intermediaries abused their positions and tormented the peasantry to such an extent that the peasants had to abandon cultivation and migrate to other places.⁵⁴

Despite his strong criticisms, however, he did not suggest removing the public purchasing system. Indeed, he devoted paragraphs to explain why, in spite of all its problems, the public purchasing system had to be kept in place. Abdullah Efendi argued that the removal of the public purchasing system would make it impossible to monitor and constrain the actions of private intermediaries, leading therefore to an increase in profiteering. For instance, they would be able to mix the high-quality grain produced in the Mediterranean region with the lower-quality grain from the Black Sea region and sell it for the higher price. A potential solution, according to Abdullah Efendi, would be to set separate prices for grain purchased from each region, in other words, to introduce price differentiation according to an

⁵³ For a brief summary of Tatarcıkzâde's memorandum, see Özcan (1988).

⁵⁴ Ergin (1995: 739–42).

officially-designated market segmentation. But he acknowledged that it would more difficult to impose price controls for Mediterranean grain since smuggling from this region was relatively easy. The alternative would be the removal of all price controls. Yet this would generate a considerable rise in bread prices, something which, in Abdullah Efendi's view, was not tolerable.⁵⁵ The idea that the removal of price controls would lead to rise in bread prices indicates that price control was still thought of as a feasible redistributive tool. It is difficult, however, to understand why Abdullah Efendi believed that the public (government-authorized) purchasing agents were easier to control, given that they too engaged in smuggling and hoarding extensively, a fact that he himself underlines. Two explanations can be offered. Perhaps Abdullah Efendi assumed that the purchasing agents were relatively less inclined to violate the regulations because their assignment as officially-recognized agents included a host of local privileges that they would not want to lose. Or, as the assignment of the purchasing agents among local notables suggests, the center desperately needed the locally-acknowledged power and prestige of these intermediaries to determine and collect the amount of surplus output and thereby prevent the emergence of a black market, especially at a time when the technological capacity for central monitoring was limited.

Abdullah Efendi was not against price controls *per se*, but he fervently advocated an increase in public purchasing prices and hence an increase in the purchase prices set in Istanbul. The low purchasing prices, he maintained, threatened producers' livelihood and forced them to abandon their land, resulting in a perilous decline in agricultural production. Accordingly, he proposed that all grain coming to Istanbul should be purchased at the *rayic* price, set through "free bargaining" and "mutual consent."⁵⁶ His ideas contributed directly to the reform initiatives of the period. In 1793, explicitly in order to encourage producers and grain owners to deliver more grain to the authorized buyers, the Imperial Council ordered that

⁵⁵

ibid.

⁵⁶

Ergin (1995: 739).

purchasing prices to be set as *rayic*. As Abdullah Efendi had proposed, the purchasing system was not removed, but a central Grain Administration was established, whose aim, among others, was to better monitor purchasing agents.

While Abdullah Efendi's report seems to be the one most in line with contemporaneous policy changes, other statesmen's views on grain trade are important to understand both the general intellectual environment of the period as well as the alternatives not taken. In his report, the Grand Vizier Koca Yusuf Paşa also focused at length on the abuses of the requisition agents assigned to the allocation and procurement of grain supply for the capital. Supported by some political power-holders in Istanbul and in the provinces, the requisition agents, Yusuf Paşa maintained, took advantage of their privileges (i.e. preemptive rights and the right to in-kind fees in return for their services) by forcing the peasants to contribute more than their "just" share or by paying them less than the "just" value of the grain.⁵⁷ Like Abdullah Efendi, however, Yusuf Paşa did not consider abolishing the purchasing agents' preemptive privileges as a viable strategy. Instead, he described in detail how these agents should be chosen and which rules and regulations should govern their acts.

He argued that if rules for the storage and transportation of grain could be imposed appropriately, then grain could be bought for a price even below the official price (*miri*). In an attempt to support his argument, he added that the *rayic* price of grain produced in the Black Sea littoral was already lower than its official price and the *rayic* price of grain produced in the Mediterranean zones could be brought down to such low levels if smuggling could be prevented. Leaving aside the fact that his statement was blatantly false (the *rayic* price of grain purchased from the Black Sea littoral was indeed much higher than the *miri* price), the well-known difference in quality between the Black Sea and the Mediterranean

⁵⁷ Çağman (1995: 21).

grains could have been a legitimate source of price disparity, to which Yusuf Paşa seemed oblivious. Furthermore, frequent complaints about the reluctance or inability of the grain owners in the Black Sea region to deliver the quota amount assigned to them stand in contrast to his rosy portrayal of the purchasing system.

Why would Yusuf Paşa argue that prices could be easily brought down if profiteering by public and private agents could be prevented? As someone who served as grand vizier, did he genuinely imagine that profiteering could actually be suppressed by taking necessary supervisory measures, without letting prices up (or lowering incentives for smuggling)? It is more plausible to interpret his suggestion that tightening the control over the requisition agents might pull down grain prices more as a concern with the power of the local notables who acted as intermediaries in the grain trade than a realistic evaluation of the factors underlying the gap between real and desired price levels. Responding to the predicament in which the Ottoman central administration found itself in this era—the desire to curb the military and financial power of the local notables while being unable to rule without their assent and assistance—Yusuf Paşa had no choice but to envision ways to command the purchasing agents.

The memoranda submitted by other Ottoman reformers to the sultan also point to the abuses of the requisition agents as one of the main problems of the public purchasing system.⁵⁸ Nevertheless, only Mehmed Şerif Efendi suggested ending the entire practice of public purchasing in grain market. He proposed a complete removal of the state purchasing system, after a one-time purchase for emergency state storage, on the grounds that eliminating the intermediary position of requisition agents in the grain trade would improve the links between the center and the producing provinces, thereby stimulating agricultural

⁵⁸ Öğreten (1989) refers to Koca Yusuf Paşa, El-Hac İbrahim Efendi, Tevki El-Hac Mehmed Hakkı Bey.

production.⁵⁹ Şerif Efendi's subtle emphasis on the significance of unhindered commercial linkages between the provinces and the center for the development of agriculture is remarkably similar to the Physiocratic view that domestic free trade in grains would benefit agricultural production. Yet Şerif Efendi stands alone among the Ottoman ruling elite in his unreserved critique of the public provisioning system.

Most reformers seem to have believed that removing the abuses in the system would be sufficient to ensure the well-being of the peasants and eliminate disincentives for agricultural production. Insistence on the forced purchases implied that the center would continue to authorize use of the local allocation mechanism (*tevzi*) to prevent the free movement of grain. It was implicitly assumed that when merchants operated freely according to their economic incentives, grain prices would rise even above the levels that were sufficiently high to sustain agricultural producers. Nevertheless, it is worth noting that the trade-offs faced by the Ottoman reformers, as they perceived them, were not different from the trade-offs faced by their “illustrious” European counterparts. Like Pedro Rodríguez Campomanes (d. 1802) in Spain or Anne Robert Jacques Turgot (d. 1781) in France, Ottoman bureaucrats such as Abdullah Efendi and Mehmed Şerif Efendi viewed a system based on private merchants and a regulated system with officially-authorized intermediaries as what might be called “imperfect alternatives” and gave serious thought to replacing the second with the first. Why the administration decided to retain the public purchasing system in the end, albeit reluctantly, is an important question that needs to be answered by a further study examining the peculiar institutional characteristics of economic organization along the commodity chain. At first glance, however, the relative weakness of the central Ottoman administration—its inability to manage provisioning without local notables—seems to be one of the reasons of the requisition agents' continued presence in the provisioning network.

⁵⁹ See the report submitted by Şerif Efendi, transliterated by Çağman (1997: 217–33).

In line with the above-mentioned reports, the government did not abolish the purchasing system but sought to support producers and stimulate agriculture by way of allowing *rayic* price to prevail in purchases.⁶⁰ The same year price controls were lifted, so too was the license requirement to sell grain in Istanbul.⁶¹ Grain owners, with no prior condition, were allowed to bring grain to Istanbul, to any place they wished, and ask for any price they wanted. This means that transactions were allowed to take place outside the officially designated market place. In addition to this relatively flexible attitude towards market forces, the government involved itself in the grain trade more actively. In 1793, the year the *miri* price was abolished, the Grain Administration was established to regulate the grain supply of Istanbul.⁶²

The Administration aimed to engage itself directly with the grain purchases and to keep at least 2 million *kile* (51,308 tons) of grain in the state storages.⁶³ If we assume that the annual amount of grain needed for Istanbul's population at that time was around 4 million *kile* (102,617 tons) per year,⁶⁴ this would amount to 50 percent of the grain required for Istanbul's annual grain consumption. It is estimated that the state was able to store only forty

⁶⁰ Aynural (2001: 19) shows that most of the state purchases were made according to the *rayic* price in 1810. See also HH. 225/12550B, 1212 [1798] and HH. 7/1853, 29 Z 1215 [13 05 1801], which refers to the *rayic* price as the preferred price in the purchases so that grain would be abundant in winter months.

⁶¹ HH 7906 (1210) [1795–96].

⁶² Cezar (1978: 119) refers to BA, HH 13951. Güran (1984–85: 29) refers to BA, MAD, no. 8591, pp. 4–5, 19 03 1208 [25 10 1793]. Both documents are marked “in repair” and currently not accessible to the researchers in the Prime Ministry Archives.

⁶³ The tasks of the Grain Administration as they were defined by the by-laws issued in the same year were summarized by Güran (1998: 17–18).

⁶⁴ Aynural (2001: 4) bases this estimate on the grain distributed from *kapan* and state stored to the bakers during 1756–62. Also, he supports his estimate with reference to the number of milling stones in the city. Güran (1998: 16), on the other hand, assumes that one person needs 8 *kile* (201 kg) wheat per year, and assuming that the population of Istanbul was 450,000 in the 1830s, he estimates the annual wheat consumption of the city at 3.6 million *kile* (92,400 tons). He supports this estimation with an account from Cevdet Paşa, who records that the grain requirement of the city was around 3 million *kile* when the Grain Administration was established (1795). Taking into consideration that between 1750s and 1790s Istanbul's population rose significantly and that Aynural overestimates the grain need of the city due to negligence of excess capacity of milling/baking facilities; I assume Istanbul's grain need was around 4 million *kile* at the time of the establishment of the Grain Administration.

days of supply in its granaries at the beginning of the eighteenth century.⁶⁵ Hence, this was a major attempt to increase the state's capacity for grain storage.

It took almost two years for the Grain Administration to secure the fiscal capacity necessary to pursue this attempt. In 1795, an independent budget (*Zahire Hazinesi*) was designed to finance the operations of the Grain Administration.⁶⁶ For the period 1795–1800, the average annual grain distributed by the Grain Administration each year was approximately 1.1 million *kile* (27,987 tons),⁶⁷ almost one-third of the city's grain annual grain consumption. Although this amount was below the official objective, it was three times the annual average amount distributed by the state granaries during the period 1755–62.⁶⁸ As such, the Administration became the major grain merchant in the capital, buying the largest portion of the grain needed for Istanbul, storing it in the various granaries, and selling them at fixed prices to the bakers.

The Grain Administration statute book reconfirmed the abolishment of the fixed official price of grain and ordered all purchases to be made at the *rayic* price.⁶⁹ The preference for the *rayic* price, along with the earlier decrees abolishing the quota system implied that grain would be bought directly from grain owners. There is archival evidence, however, showing that the Administration continued to assign lump-sum quantities for some regions even after the abolishment of the quota system.⁷⁰ Yet, at the same time, it undertook a more active role in the local allocation process, especially in Macedonia, which was more lenient on smuggling because of its geographical position. Numerous orders in the Grain Registers recorded over this period instructed the requisition agents to purchase grain at the

⁶⁵ Murphey (1988: 231). According to the data provided by Aynural (2001: 63–64), I calculated that the average amount distributed from the state storages during 1755–62 was around 7 percent.

⁶⁶ The treasury was established after the *nizamname* promulgated in September 1795 (05 Ra 1210). See Yavuz Cezar (1978: 122, 125).

⁶⁷ Güran (1998: 31).

⁶⁸ Aynural (2001: 63–64).

⁶⁹ Cezar (1978: 141).

⁷⁰ For a few examples, see ZD, no. 19, 27/1, 29/1, 108/2, 109/1.

rayic price, specifying the names of the wealthy grain owners and the amounts assigned to each.⁷¹ Furthermore, the administration aimed to increase its control over requisition agents by auditing accounting registers and replacing in-kind payments with salaries,⁷² which would allow it to forge a long-term financial relationship with intermediaries.

The above account indicates that during the second half of the eighteenth century the Ottoman policy-makers' increasing emphasis on the benefits of higher prices and a less coercive attitude in price-setting was accompanied by tighter regulation and supervision over the grain-trade network as well as a more direct involvement in the grain market. These seemingly contradictory policy changes could, in part, be explained in the context of conjectural changes in grain demand and supply, discussed in the previous part: As a result of the problems in the traditional hinterland, the supply zone expanded towards the Mediterranean coasts. This implied higher purchasing prices not only because purchases from these relatively far regions meant higher transportation costs but also because the government had to prevent contraband trade either through higher investment in policing or through higher prices offered to grain owners in these regions. While the shift in the hinterland that supplied the city dictated higher purchasing prices, the government was concerned that these higher prices would push bread prices up to socially unacceptable levels. It was most likely in an attempt to meet both objectives that the government decided to control a larger share of grain trade destined to Istanbul. This theory, however, does not fully capture the factors shaping the changing attitudes of the Ottoman administration towards pricing in grain market. The policy changes were also driven by an incipient desire to encourage agricultural production along quasi-Physiocratic lines and a newborn aspiration to emulate more developed states in economic policy.

⁷¹ See ZD, no. 19, 19/1, 43/1, 54/1, 58/1. Also see Anastasopoulos (2007: 52) for the local judge registers that demonstrate how the system worked in Karaferye.

⁷² See Cezar (1978: 149)

IV

In this part, I will show that the state of agriculture was becoming an increasing economic concern of the Ottoman reformist elite, who not only aimed to ensure military competence and fiscal solvency, but were also eager to emulate ‘more developed’ states in their agricultural and industrial efforts. The emergence of a position that was more tolerant of higher consumer prices should also be placed within this context of rudimentary attempts at catching up.

The increasing concern with the well-being of agricultural production can be observed, above else, in the reports mentioned above. The reformers observed that a multitude of economic, political, and military factors—including forced purchases and price controls—were causing the impoverishment of the peasants, the emigration of former proprietors, and the desolation of the lands in the Ottoman Balkans. In order to encourage rural re-population and agricultural output, which were considered the basis of political and military stability as well as the only remedy for the overpopulation of Istanbul, they advocated policy measures such as raising grain prices and reduction in compulsory procurement quotas.⁷³

The suggestions of the memoranda writers, however, were not limited to removing the disincentives to agricultural production such as forced purchases or low purchase prices. They were also concerned with how to provide incentives for peasants to produce. More importantly, the condition of agricultural production in the Empire was discussed with an eye towards the practices of other states. Ebubekir Ratib Efendi, who was sent to Vienna as ambassador in 1791—to be later assigned as the first head of the Grain Administration—wrote an ambassadorial report, in which he depicted the lamentable state of agriculture in the

⁷³ The issue was dealt in Tatarcık and Mehmet Şerif Efendi. See also Penah Efendi (1769: 230).

Ottoman regions across which he traveled on his way to Austria. He then gave a detailed account of how the local authorities and the Austrian emperor encouraged agricultural production by distributing land and equipment to their farmers and granting them temporary tax exemptions.⁷⁴ Although he did not make an explicit comparison between the Austrian agricultural system and the Ottoman one, his remarks undoubtedly aimed to underline the problems he perceived in the Ottoman lands. He noted that in Austria, there were no purchasing agents who held official documents allowing them to force grain owners to sell their grain for low prices and that nobody was able to confiscate someone else's grain. Therefore, he maintained, there was no motivation for hoarding; consenting producers and grain owners sold their entire surplus for the current price. Describing how freedom in grain trade ensured abundance in Austria, Ratib Efendi linked the ease with which the state agents were able to procure goods and collect taxes to the welfare of the subjects and the freedom they had over the use of their commodities—to the fact that “no one intervened with what they produced or consumed.”⁷⁵

It is important to note here that the concern with the economic policies of other states was by no means confined to the agricultural realm. Economic factors underlying the wealth and power of other states became the subject of intense interest and purposeful inquiry among the Ottoman elite for the first time during this period. In a treatise submitted to the Sultan in 1803, Behic Efendi devoted a chapter on creating industry in Ottoman realms,⁷⁶ in which the notion of balance of trade is used to underline the significance of domestic production for wealth creation.⁷⁷ Along the lines of an infant-industry argument, he argued for the protection of domestic crafts from foreign competition until they were able to compete

⁷⁴ Arıkan (1996[1793]: 413–15). The reference to European practices in the proposals concerning agricultural production goes back to Penah Efendi. See Penah Efendi (1769: 399).

⁷⁵ Arıkan (1996[1793]: 197).

⁷⁶ Beydilli (1999: 50–52) is the first to note Behic Efendi's emphasis on domestic industry and trade. For the transliteration of *Sevânihü-l-Levâiyih*, see Çınar (1992).

⁷⁷ See Çınar (1992: 67).

themselves. Focusing especially on the Empire's primary military rival, Russia, he offered specific ideas regarding how to encourage the production of skill-intensive commodities such as textiles, clocks and paper. He maintained that technological expertise should be imported through incentives (such as rewards and patents) that would attract foreign experts to the Empire.⁷⁸

The use of Russia as a comparative model to be emulated in Behic Efendi's treatise attests to the Ottoman elites' increasing concern with economic competition during this period. The rapid transformation experienced by the Russian economy and society during the reign of Peter the Great was not only remarkable but also imitable in Behic Efendi's view: The tsar had first examined the policies of other states and then encouraged skilled experts in sciences and crafts to come to Russia and train locals by offering a myriad of incentives. If even the Russians, who were as uncivilized as "wild animals" in Behic Efendi's words, could prosper in such a short time span (in less than a hundred years) by emulating more developed states, the Ottomans could do even better.

Similar ideas were also expressed ten years earlier by the Ottoman ambassador to Russia, Mustafa Rasih Efendi. Mustafa Rasih had noted that the success of Russian reforms under Peter the Great was based on the observation and successful emulation of European institutions and policies. The fact that Russia could improve its international position through reforms in the military and economic realms over such a short period of time (a "latecomer phenomenon" as it would be defined in the modern development literature) should have made it a suitable model for the Ottoman bureaucrats. In other words, Russian success in "catching up" was a promising example to be emulated by the Ottomans, for it was itself a case of

⁷⁸ See Behic Efendi (1992 [1803]: 66–71] for the proposals to support domestic production.

emulative strategy. These various examples indicate that emulation itself becomes the object of emulation for Ottoman reformers during this period.⁷⁹

Among reformers of the Selim III era, Behic Efendi was the one who dwelled most on the question of economic competition and industrial development. Yet he was not the only one. The notions of balance of trade and import substitution, albeit in primitive forms, were already used by one of the Ottoman bureaucrats to advocate protectionist policies several decades earlier.⁸⁰ Furthermore, Behic Efendi's willingness to encourage domestic industries through attracting foreign expertise was shared by some of his contemporaries.

These emerging ideas concerning protection of the revenues accrued from industry and a heightened emphasis on the establishment of the transportation infrastructure within the empire during this period⁸¹ reveal a proto-typical concept of "national market" and an incipient idea of protectionism among the Ottoman elite. As the idea of international rivalry expanded to include productive performance, the strength of the state came to be identified with the wealth of its subjects.⁸² Hence, the notion of "wealth" (*zenginlik*), in addition to the "service to faith and Empire,"⁸³ gradually became a feature of the Ottoman political rhetoric. It was within the context of these ideas that willingness to follow the examples of the more developed nations started to become one of the currents of Ottoman economic thought and the more liberal attitudes towards pricing policy emerged.

Were the Ottoman reformers acquainted with or influenced by certain European writers? Were there any channels other than published material through which the Ottomans

⁷⁹ See Mustafa Râsîh's memorandum (1793) transliterated by Karakaya. (1996: 110–12). For an earlier argument for emulation in military realm, see Aksan (1993: 56) referring to Mütferrika's *Usul ül-Hikem* (1731), which was translated into French in 1769.

⁸⁰ See Penah Efendi (1769: 312, 399–400, 475–76) for such arguments. See also Yeşil (2007: 300).

⁸¹ See Stein (1985a) and Stein (1985b) on how Ebubekir Ratib Efendi viewed Austrian financial practices as a model to be imitated.

⁸² Penah Efendi (1769: 476) was the first to raise the question of how a state and its people become rich. Also, see Behic Efendi (1803: 67) who writes about "wealth of state."

⁸³ Aksan (1993: 63) shows that the notion of "circle of justice" was slowly eroded and replaced with that of "service to faith and Empire" during the interval of peace from 1740 to 1768, primarily due to continuous defeat in the battlefield, and domination of scribal bureaucracy in the administrative affairs.

were informed about contemporary economic ideas in Europe? Could we place the Ottoman grain trade liberalization within the broader context of European Enlightenment? The current state of research in eighteenth-century Ottoman studies does not allow us to answer most of these questions in definite terms.⁸⁴ None of the memoranda mentioned in this paper, however, explicitly cites any European writer or source. Furthermore, there is no evidence yet indicating the introduction of the main European texts on political economy into the Ottoman realms during this period. Although Ebubekir Ratib Efendi reported that, in his visits to the libraries in Austria, the officials of the host government were astonished to see that he knew authors such as Voltaire, Rousseau, and Montesquieu; it is not clear whether he actually read these books or became familiar with these names through other channels.⁸⁵

The lack of explicit references to European sources during this period should not imply, however, that the Ottoman reformers were cut off from new ideas emerging in Europe. The acquaintance of reformers with actual practices in other countries through various formal and informal channels might have been sufficient to inform and infuse reform proposals. One of the primary aims of the establishment of permanent embassies in European capitals during this period was to establish channels that would allow the study of not only military but also political, social, and economic institutions of prominent European states.⁸⁶ Consequently, Ottoman bureaucrats' observations on the economic practices of other governments in Europe constituted an important source of information on foreign economic ideas, and in addition to other sources of information,⁸⁷ helped to shape the reform proposals submitted to

⁸⁴ Aksan (1993) and Aksan (1986 [1988]) provide a general survey of the possible Ottoman sources of information on Europe in the eighteenth century.

⁸⁵ See Yeşil (2002: 62).

⁸⁶ For a general survey of Ottoman ambassadors and their reports (*sefaretname*) in the eighteenth century, see Unat (1968). For a more recently updated list and the role of ambassadorial reports as models for reform, see Yalçınkaya (1992: 5, 10–12, 161) and Stein (1985a: 223).

⁸⁷ For instance, at a later date there is reference to a report written by the voyvoda of Wallachia on the protests in Britain upon the rise of grain prices due to import bans. HH. 1273/49348A, 21 R 1230 [02 04 1815]. An investigation of the similar documents in the Ottoman Archives could reveal further evidence about the Ottoman elite's state of knowledge of European practices.

the sultan. Awareness of contemporary European tendencies in the realm of grain policy in particular is well-documented in these reports as well as in other material produced by the Ottoman bureaucrats.

For instance, the French copy of a narrative of the Ottoman reforms written by Mahmut Raif Efendi in 1798 indicates that the removal of the forced purchases at the official price aimed to favor producers and agriculture. This copy, translated from Ottoman Turkish into French in order to address the European elite circles, is slightly different in its emphasis on the “promotion of agriculture” from the original written in Ottoman Turkish, indicating that the reformers were aware of the objectives of European policies. In texts addressing a foreign audience, they defined the alleged success of the reforms on similar terms:

The price of the grain fixed by the Miry was formerly very low in most areas of the Empire, that the farmers who were forced to sell their grain for that price were aggrieved and that the Collectors did not lack a pretext for ignoring the people. The Imperial Majesty, purely driven by the desire to attract the love of his subjects, abolished this compulsory and orderly annuity so that the grains would be affordable in the future at current price. This wise arrangement generated abundance in the Military Fronts, in the Capital, in a word in the whole extent of the Empire. Especially the farmers will not cease to bless a monarch who deigns to protect and promote agriculture.⁸⁸

Undoubtedly, the writings of the Ottoman reformers during this period were still imbued with the rhetoric of tradition⁸⁹ and imperial superiority, which might have precluded an outright borrowing of foreign institutions. Yet the attachment to the traditional rhetoric did not necessarily inhibit the indigenous emergence of quasi-Physiocratic ideas in the Ottoman context or a domestic preparedness for their reception. After all, in many cases, innovations and improvisations were justified as pragmatic responses to the exigencies of the times rather than outright reform. What may be more important than the Ottoman reformers’ access to

⁸⁸ Translated from the text in French, see “Pour les Approvisionnement des Armées et de la Capitale” from *Tableau des Nouveaux Règlements de l’Empire Ottoman*, by Mahmut Raif Efendi. See Arslan Terzioğlu and Hatemi (1988: 15–16) for the French text and Beydilli (2001: 66) for the Ottoman text.

⁸⁹ See Heyd (1993: 37, 48, 53).

foreign ideas was their unprecedented willingness to emulate, albeit selectively, “more developed” states. It was within this context that an incipient notion of wealth and international competition started to replace religious and moral precepts that hitherto legitimized pervasive use of price controls in the grain trade.

V

In the current literature on Ottoman political economy, changes in Ottoman grain trade policies in the second half of the eighteenth century have been understood as both a practical response to the deteriorating problems of Istanbul’s provisioning and a part of the early reform attempts of fiscal centralization in the Empire. From this perspective, the changes in Ottoman grain-trade policies in the second half of the eighteenth century stand in complete contrast, or at best incomparable, to the European experience. In studying the rationales behind the establishment of this institution from a broader political economy perspective, however, this paper presented another picture.

The reform attempts did not merely aim at centralization. Price controls on wholesale of grain were gradually relaxed, and, although barriers to internal trade were not removed, a system based on a network of private merchants was considered a serious alternative to the public purchasing system. Furthermore, an analysis of the texts in which the reformers discussed grain-trade policies shows that the policy shift was not just a practical response to the problems of provisioning, but also reflected a *new* concern with the state of agricultural production, embedded in the emergence of quasi-Physiocratic ideas along a new competitive outlook among the Ottoman reformist elite.

Examining the evolution of changes in Ottoman grain policy in the late eighteenth century within a broader framework has provided important insights into the nature of Ottoman institutional changes. Neither conjectural changes nor traditional priorities alone

can explain the direction of the reforms. First, policy-makers believed there was more than one option available against the challenges presented by the conjunctural changes in grain markets. Second, the choices made by policy-makers did not necessarily reflect the so-called traditional priorities of the Ottoman state (i.e. fiscalism). Given an increasing concern with the development of the productive sectors of the economy against a background of an expanded notion of international competition, Ottoman policy-makers were more willing to adopt a relatively tolerant attitude towards market forces. This willingness along with alternative responses envisioned against strains on traditional policy tools brought about the changes in Ottoman policy-makers' attitudes towards grain trade.

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