

EXTERNAL RELATIONS OF İZMİR IN THE 19<sup>TH</sup> AND EARLY 20<sup>TH</sup>  
CENTURIES: THE CASE OF OTTOMAN GREEKS

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BURCU BABAYİĞİT

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Prof. Dr. Meliha Altunışık  
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

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Prof. Dr. Hüseyin Bağcı  
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

---

Assoc. Prof. Dr. M. Fatih Tayfur  
Supervisor

**Examining Committee Members**

Prof. Dr. Nuri Yurdusev (METU,IR) \_\_\_\_\_

Assoc. Prof. Dr. M. Fatih Tayfur (METU,IR) \_\_\_\_\_

Prof. Dr. Çınar Özen (AU, IR) \_\_\_\_\_

**I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.**

Name, Last name : Burcu Babayiğit

Signature :

## ABSTRACT

### EXTERNAL RELATIONS OF İZMİR IN THE 19<sup>TH</sup> AND EARLY 20<sup>TH</sup> CENTURIES: THE CASE OF OTTOMAN GREEKS

Babayiđit, Burcu

M.S, Department of International Relations

Supervisor: Assoc. Prof. Dr. M. Fatih Tayfur

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This thesis attempts to define the external relations of the Ottoman Greek merchant community in İzmir in the triangle of the European powers, the Ottoman Empire, and the larger Ottoman Greek community during the 19<sup>th</sup> and early years of the 20<sup>th</sup> century. In the port city of İzmir, where non-state actors played an active role, the Ottoman Greek merchant community emerged as an autonomous class and contributed predominantly to İzmir's commercial development as well as to the integration process of the Ottoman Empire within a European-centered economy. In this framework, the primary concern of this research is to analyze the rise of the Ottoman Greek merchant community that represented the non-state actors in İzmir from an historical perspective. Therefore, this thesis attempts to explore the main reasons behind the rise of the Ottoman Greek merchant community in İzmir that established contact with external powers autonomously; it focuses on the internal dynamics of the Greek merchant community aside from the support of European powers as well as domestic and international factors.

Keywords: Ottoman Greek merchants, İzmir, the Ottoman State, European Powers

## ÖZ

### 19. YÜZYILDA VE 20. YÜZYILIN İLK YILLARINDA İZMİR'İN DIŞ İLİŞKİLERİ: RUM ÖRNEĞİ

Babayiğit, Burcu

Yüksek Lisans, Uluslararası İlişkiler Bölümü

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Bu tez, 19. yüzyıl boyunca ve 20. yüzyılın ilk yıllarında İzmir'deki Rum tüccar cemaatinin dış aktörlerle olan ticari ilişkilerini, Avrupalı Güçler, Osmanlı Devleti ve Rum cemaati üçgeni çerçevesinde tanımlamaktadır. Devlet dışı aktörlerin önemli ölçüde rol aldığı bir liman şehri olan İzmir'de, Rum tüccarlar otonom bir sınıf olarak ortaya çıkmış, 19. yüzyıl boyunca İzmir'in ticari anlamdaki gelişmesine ve aynı zamanda Osmanlı Devleti'nin Avrupa merkezli ekonomiyle bütünleşme sürecine ekonomik anlamda katkıda bulunmuştur. Bu çerçevede, devlet dışı aktörleri temsil eden bir sınıf olarak İzmir'deki Rum tüccarların yükselişinin tarihsel perspektiften analizi bu tezin esas amacıdır. Dış aktörlerle otonom olarak ilişki kuran İzmir'deki Rum tüccar cemaatinin yükselişinin ardında yatan temel nedenler incelenmiş, iç ve dış faktörlerin yanı sıra Avrupalı güçlerden bağımsız olarak kendi iç dinamiklerinin de bu süreçteki önemine vurgu yapılmıştır.

Anahtar Kelimeler: Rum tüccarlar, İzmir, Avrupalı Güçler, Osmanlı Devleti

*İzmir'i İzmir yapan tüm toplumlara*

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## CHAPTER 1

### INTRODUCTION

*In ancient times, historian and geographer Strabo of Greece called İzmir “the most beautiful city in the world.”<sup>1</sup> Chateaubriand, visiting Jerusalem in 1806, described İzmir as “another Paris”.<sup>2</sup> For journalist Gaston Deschamps, İzmir was “the most beautiful one of the Eastern ports”.<sup>3</sup>*

During the 19<sup>th</sup> century, while insecurity and economic crisis led to disturbance among Ottoman subjects, and revolts and wars shook the Empire, the city of İzmir enjoyed a period of peace and relative prosperity. This character endowed the city with a power of establishing distinctive relations with foreign actors. İzmir in the 19<sup>th</sup> century was a city where merchants’ wives wore stylish clothes, a variety of foods was served at table, and a welfare brought gladness. Coffee houses, schools, theatres, printing houses, cinemas, churches, mosques, synagogues, narrow streets, railways, traditional wooden houses and vessels in port depict just a portion of its character. Furthermore, the city was cosmopolitan, with Turk, Greek, Armenian and Jewish subjects as well as Levantine families living together and composing a cultural mosaic. According to a population census conducted in 1840, among approximately 150,000 subjects in the city, there were approximately 80,000 Turkish, 40,000 Greek, 10,000 Armenian, 15,000 Jewish and 5,000 Levantine subjects.<sup>4</sup> The city was not only popular in the minds of Ottoman subjects and travelers, it was also the apple of the eye of the European powers. The Great Powers like Great Britain, France and Germany considered İzmir a pivotal port city in terms of commercial activity, and in

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<sup>1</sup> Marie-Carmen Smyrnelis, "Öndeyiş: Tarihini Arayan Şehir" in *İzmir 1830-1930 Unutulmuş Bir Kent mi? Bir Osmanlı Limanından Hatıralar*, ed. Marie-Carmen Smyrnelis, trans. Işık Ergüden, (İstanbul: İletişim Yayıncılık, 2009), p. 10.

<sup>2</sup> Philip Mansel, *Levant: Akdeniz’de İhtişam ve Felaketler*, (İstanbul: Everest Yayınları, 2010), p. 59.

<sup>3</sup> Ibid.

<sup>4</sup> Rauf Beyru, *19. Yüzyılda İzmir’de Yaşam*, (İstanbul: Literatür Yayıncılık, 2000), p. 50-53.

contrast to their more homogeneous national structure found the city mesmerizing because of the diversity in language, clothing, and custom. The cosmopolitan structure and broad cultural spectrum in İzmir were praiseworthy for the European powers because the Ottoman Empire was still struggling against nationalist movements in the 19<sup>th</sup> century, so much so that some Greeks living in a newly established Greek state began migrating to İzmir because they were aware of the peaceful order and intense commercial activity of Greek merchants there.

In this context, the Ottoman Greek merchant groups in İzmir had a vital status in the city contributing to its social and economic development in the 19<sup>th</sup> century. My motivation for this study originated from a concern about the unique historical case of İzmir in the 19<sup>th</sup> century and this prominent Greek merchant community who contributed to the organic social structure of the city, predominantly in economic and social senses.

The central concern of this thesis is not related to interstate relations. Beyond interstate relations, international relations are also possible between “non-state actors and states”, and “among non-state actors themselves” who are able to function across the state boundaries. In this context, external relations imply the relations between non-state actors with any foreign actors. In the case of İzmir, a distinctive port city in the Ottoman Empire, the relations between the non-state actors were vital historically. The Ottoman Greek merchant community in İzmir as an autonomous power represented non-state actors who were able to establish and develop relationships with external actors. Given this framework, this study examines the Ottoman Greek merchants in İzmir as an autonomous and prominent commercial community, and its position and relations with the external actors in the triangle of the European powers, the Ottoman State, and the larger Ottoman Greek community during the 19<sup>th</sup> century and very early years of the 20<sup>th</sup> century.

İzmir in the 19<sup>th</sup> century was a prominent export region and the most significant port city in the Ottoman State. In addition, it was a key region in terms of commercial relations with the European powers. European merchants in the 19<sup>th</sup> century, in order to participate in the Ottoman market, had to pass through İzmir.

We can attribute İzmir's importance primarily to three factors: firstly, it was a port city far from the impact of the high seas, and it was physically available for berthing. It was a gate opening Anatolia to the West for this reason.<sup>5</sup> The second crucial factor behind İzmir's rise was the rapid industrialization period and afterwards the integration of the Ottoman economy into the world economy. Vital commercial players from Europe, the Netherlands, France, England and Venice settled in the city and enhanced its economy through their networks abroad. Thirdly, the city was an important exporter of agricultural products and raw materials to central Europe because European countries, especially after industrialization, needed raw materials and agricultural products. All these factors played crucial roles in the making of a developed commercial city in which non-Muslim subjects actively participated.

Against such a background, how did the Ottoman Greek merchants, who made up one of the most predominant communities in almost all sectors, differ from other non-Muslim merchant communities in İzmir? Primarily, the Greek merchants proved their success and superiority in trade through long ages. Secondly, because of the city's geographical location and economic importance, Greek merchants in İzmir were distinguished from other Greek merchants living in the Empire. Third, they also had a strategic position for the European powers:<sup>6</sup> they established links with European merchants in the Ottoman Empire via agents and intermediary activities, they possessed knowledge of the tastes and cultures of the peoples in Anatolia, and they had kinship ties with Greeks in Ottoman and European territories. Their intimate contact with Greeks in Greece or in diaspora provided them with an international commercial network. The Ottoman Greek merchants in İzmir were also successful at commerce through shipping, differentiating them from most non-Muslim merchant communities. By this means, they were able to successfully work in close contact with the Europeans, and to stand out among other non-Muslim competitors. In this way, the Ottoman Greek merchants in İzmir attained power in both commercial and economic senses.

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<sup>5</sup> Mübahat S. Kütükoğlu, *İzmir Tarihinden Kesitler*, (İzmir: İzmir Büyükşehir Belediyesi, 2000), p. 285.

<sup>6</sup> Bülent Şenocak, *Levant'ın Yıldızı İzmir: Levantenler, Rumlar, Ermeniler ve Yahudiler*, (İzmir: Şenocak Yayınları, 2008), p. 26.

Besides the growing prosperity and utility of the Greek merchants, there was another dimension to their power. Similar to other Greek merchants from different parts of the Ottoman state, Greek merchants in İzmir also played an indirect role in the intellectual revival of the Greek *intelligentsia*.<sup>7</sup> They financed the schools and colleges and the publication of books in their towns. They also contributed to intellectual revival by financing education abroad for young intellectuals. Adamantios Korais was one such intellectual from İzmir.<sup>8</sup> He was sent to Amsterdam for an education by Thomas Stathis, who was a representative of a merchant company in İzmir.

In this regard, it is not wrong to say that the Greek merchant group which held not insignificant power in the Ottoman State for many years achieved prominence as a community among non-Muslim subjects. The city was dependent on their commercial activities even immediately after the Greek independence movement, so much so that, during the 19<sup>th</sup> century when other non-Muslim communities were in conflict with local administrations, the Ottoman Greek merchants in İzmir had enhanced relations with the local administration as well as the central.

At this point, the main question is how relations between the Greek merchant community in İzmir and the European powers as well as the Ottoman government transformed throughout the 19<sup>th</sup> century. Under which circumstances did the European economic agents in the city change? Did the Ottoman Greek merchant community in İzmir owe its success to support from European merchants? Was their commercial success frozen in history or did it evolve under the circumstances of a new world order?

In my research, I will be mainly analyzing the contribution of the relations between the Ottoman Greek merchant class in İzmir and the European powers in terms of commercial life to the economy of İzmir during the 19<sup>th</sup> and the very early years of the 20<sup>th</sup> century, and elaborate on how the autonomous Ottoman Greek merchants in

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<sup>7</sup> Richard Clogg, "The Greek mercantile bourgeoisie: 'progressive' or 'reactionary'," in *Anatolica : studies in the Greek East in the 18th and 19th centuries*, ed. Richard Clogg, (Norfolk: Galiard Printers Ltd., 1996), p.9.

<sup>8</sup> Vangelis Kechriotis, "Yunan Smyrna'sı: Cemaatlerden Tarihin Pantheon'una." in *İzmir 1830-1930 Unutulmuş Bir Kent mi? Bir Osmanlı Limanından Hatıralar*, ed. Marie-Carmen Smyrnelis, trans. Işık Ergüden, (İstanbul: İletişim Yayıncılık, 2009), p. 76.

İzmir during the 19<sup>th</sup> century grew in strength to become one of the most powerful and wealthy communities in İzmir. European Powers, the Ottoman state and the Ottoman Greeks were all factors affecting the increasing economic power of the Greek merchant community in İzmir in the 19<sup>th</sup> century. I will focus on the international economic condition which allowed the strength of the Greek mercantile community in İzmir as well as domestic developments. I will further analyze the level of European impact on the rise of the Greek merchant community. In the end I will briefly touch upon how such a successful community was eventually defeated along with the Turkish nationalist ideology and Young Turk policies in the 20<sup>th</sup> century.

My research will include a review of literature—secondary sources such as books, journals, articles, and internet resources, with particular focus on history of the Ottoman Greek merchants in İzmir and commercial activities in İzmir during the 19<sup>th</sup> and 20<sup>th</sup> centuries—and investigations in international economic history as well as the economic activities of Greek merchants in İzmir. This second component will comprise interviews with professors and leading expert historians from İzmir, and analysis of İzmir city records, and sources from the İzmir National Library. The research will include descriptive and explanatory portions as well as the case study of İzmir. A critical view of existing historical literature will shed light on the research question throughout the research process.

The thesis is composed of six chapters, including this introduction as the first chapter. The second chapter provides a brief historical background to the economic circumstances of the 19<sup>th</sup> century and the process of integration of the Ottoman Empire into the world economy. The rise of 19<sup>th</sup> century European control over most of the peripheral countries and spread of a capitalist economy as a result of the industrialization process will be briefly examined. Among the European powers, Britain was the prominent political and economic player in the 19<sup>th</sup> century and implemented liberal economic policies upon periphery and semi-periphery countries. In this regard, Britain was the leading core country to have intimate economic and commercial relations with the Ottoman Empire. The process of integration of the Ottoman Empire into the world economy via free trade policies as well as political

and diplomatic reforms was closely related to Britain's control over the economic mechanisms of the Empire. On the other hand, a critical historical turning point in the sense of economic integration of the Ottoman Empire into the world economy was *the 1838 Treaty of Baltalimanı* on free trade between the Ottoman Empire and Great Britain. This treaty is considered a milestone in Ottoman economic and political history because it consolidated *laissez-faire* policy in the Ottoman state, signaling a new era in which the Ottoman Empire became a liberal force in the competition among the Great Powers. Moreover, the 1839 *Tanzimat Fermanı* introduced the social grounds of liberal policies. In addition, the foundation of a Public Debt Administration (*Düyun-u Umumiye*) and the processing of Ottoman foreign debt stimulated the financial and economic integration of the Ottoman Empire into the world economy. Under these political and economic circumstances, the port cities in the Ottoman Empire emerged as commercial centers which were integrated to the world economy prior to interior parts. Non-Muslim merchants in Ottoman society emerged as significant trade partners of the European powers in this process. In short, Ottoman integration with Europe completed largely at the economic level by the end of the 19<sup>th</sup> century.

In the third chapter, İzmir's significance as an international port of the Ottoman Empire in the 19<sup>th</sup> century will be analyzed. First, the factors behind the rise of İzmir as a commercial center in the Ottoman Empire will be examined in the sense that its commercial advancement coincided with the integration of the Ottoman state to the world economy in the 19<sup>th</sup> century. Second, transformation of the Ottoman Empire reshaped the political and economic sphere through political, social, judicial and economic reforms, and the Ottoman reforms and diplomatic establishment stimulated further economic growth in İzmir. In the light of domestic and foreign developments, the economic factors at work in İzmir also evolved. Among the city's European commercial partners, Britain replaced France in the very early years of the 19<sup>th</sup> century. Non-Muslim commercial agents like the Greeks, Armenians and Jews actively participated in foreign trade, and undertook intermediary roles between European merchants and Ottoman producers. Among those local Ottoman merchants, the Greek mercantile community had a pivotal role. However, none of these



commercial agents, European or Ottoman, ever monopolized foreign trade in İzmir due to the rough competitive landscape in the 19<sup>th</sup> century.

The fourth chapter will focus on the historical background of the Orthodox Greek community in the Ottoman Empire and specifically the Greek merchant community in İzmir. First, a historical analysis of the *millet* system in the Ottoman Empire will be provided. Among non-Muslim communities in the *millet* system, the main emphasis will be the Greek community. Basic interest groups among the Greek community—*Phanariots*, the Orthodox Church, *intelligentsia* and merchants—will be discussed to help clarify the prominence of the merchant community within the Greek social stratum. The chapter then draws a picture of the Greek merchant community in İzmir and their interaction with the Muslim community. In addition, the reasons behind the economic rise of the Greek merchants in the 19<sup>th</sup> century will be defined. The impacts of international and domestic factors as well as European commercial factors on the rise of the Greek merchant community will be elaborated. The fourth chapter will end with an assessment of the scope and characteristics of the economic activities of the merchant community.

In the fifth chapter, the main goal is to analyze the triad of actors influencing the transformation of the economy of İzmir in the 19<sup>th</sup> century: the Ottoman government, the European powers, and the Greek merchant community. It will be seen that the Greek merchant community in İzmir was very strong in commerce in the 19<sup>th</sup> century due to international economic circumstances, social and political changes in the Ottoman Empire, their established social fabric in İzmir, their kinship ties and strong networks with other Greek communities in Europe as well as in Anatolia, and their foresight. In addition, the impact of European commercial actors on the rise of the Greek merchant community will be discussed. While doing this, cases of competition and cooperation between the European and Greek merchants in İzmir will be illustrated. Then, the chapter will elaborate on the social reforms of the Ottoman Empire: the *Tanzimât Fermânı* and *Islahat Fermânı* as a means of control of the social order among different religious communities in İzmir and a new way of co-existence although the hand of central and local government for the non-Muslim communities was more tangible. On the other hand, the European powers were also

active in non-Muslim communities including the Greek community through educational and missionary activities, and the Greece's education campaign expanded towards İzmir. The spread of a national Greek education system was vital in the eyes of Greeks in Greece. With its large Greek population and powerful Greek merchants, İzmir was the main target of Greek educational activities. Lastly, the chapter will discuss how the commercial transformation and rise of the Greek mercantile community was a modern and very novel phenomenon that occurred only under the circumstances that arose after the 19<sup>th</sup> century. Finally, the sixth chapter gives concluding remarks and recaps findings.

## CHAPTER 2

### THE EUROPEAN ECONOMY AND THE OTTOMAN STATE IN THE 19<sup>TH</sup> CENTURY

The goal of this chapter is to provide a brief historical background of the economic context of the 19<sup>th</sup> century and the position of the Ottoman Empire in the world economy during that era. In this chapter, I will briefly examine the peripheralization process of the Ottoman economy. Additionally, I will touch upon the economy and political leadership of Britain in the 19<sup>th</sup> century, during which there was a rise in the liberal world economy as a result of the liberal policies implemented by Britain on non-industrial countries. In this regard, Britain's attempt to control non-industrialized countries and do so via free trade policies can be observed by looking at the political and economic history of the Ottoman State during the 19<sup>th</sup> century, and especially by focusing on the period of the 1838 *Baltalimanı Trade Agreement*, the *Tanzimat Fermanı*, and Ottoman Foreign Debt Administration (*Düyun-u Umumiye*). It will be argued that the 1838 *Baltalimanı Trade Agreement* was a turning point in the history of the Ottoman State in terms of its liberalization in the world economy, as well as in the control of Britain on the Ottoman State. On the other hand, 1839 *Tanzimat Fermanı* is another aspect of the integration process of the Ottoman State in Europe within the political sphere. Finally, Ottoman foreign debt to European countries was an indicator of the State's strong attachment to the Great Powers and their decisions. All these points make it clear that the Ottoman Empire strongly integrated into Europe in an economic sense. In this chapter, these points will be highlighted.

#### **2.1 Industrial Revolution and Transformations in the Economies**

The 19<sup>th</sup> century as a period is crucial to analyze in that it is an era of economic growth and witnessed the peripheralization of several regions. The fundamental characteristics of the peripheralization process are closely related to the Industrial

Revolution. The industrialization process involved a period from the 18<sup>th</sup> century to the 19<sup>th</sup> century during which major changes in production, manufacturing, transportation, and technology occurred. It had a comprehensive effect on economic and political conditions of the time. The 19<sup>th</sup> century was the zenith of the industrial revolution in Europe, beginning in Great Britain and then spreading to Belgium, France, Germany, the North Sea countries, other countries of Europe, across the Atlantic and into the US, initiating a transformation which affected the daily life and work conditions of these countries, as well as the rest of the world that had mutual economic ties with them.<sup>9</sup> From region to region or nation to nation, this transformation took different forms.

Before the industrialization reform occurred, the most significant developments in the movement toward industrialization were technological improvements and innovations. In a major part of related economic history, we may assert that there was extended progress of exploration, discovery, maritime commerce, and navies formed starting with the 17<sup>th</sup> century. It is correct to add that some scientific discoveries in Europe were the precursors of the Industrial Revolution. The discovery of atmospheric pressure by Evangelista Toricelli, the invention of air pump by Otto von Guericke, the formulation of elasticity of springs by Robert Hooke, and the discovery of principles of infinite calculus by Isaac Newton were prime examples of the technological discoveries during the 17<sup>th</sup> century which paved the way for the Industrial Revolution.<sup>10</sup> Nevertheless, after James Watt's improvement on Thomas Newcomen's steam engine, the process of Industrialization gained momentum. Additionally, after the 18<sup>th</sup> century, we also see the positive effects of technology on the problems of economic production. Beginning in the latter part of the 18<sup>th</sup> century, Britain's manual labor and draft animal-based economy transformed into machine-based manufacturing. In this regard, it is not wrong to assume that technological advances had an intensive impact on the major industries. For instance, advances in two industries, cotton textiles and iron manufacturing, are closely related to the use

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<sup>9</sup> Rondo Cameron, *A Concise Economic History of the World: From Paleolithic Times to the Present*, (Oxford: Oxford University Press, 1993), p. 191.

<sup>10</sup> Vedit Inal, "The Eighteenth and Nineteenth Century Ottoman Attempts to Catch Up with Europe," *Middle Eastern Studies* (Routledge) 47, no. 5 (September 2011): p. 731.

of the steam engine and use of coal during the 19<sup>th</sup> century, which provided Great Britain with superiority over other industrialized countries.<sup>11</sup> Furthermore, alternative trade routes as a result of the discovery of new continents and sea routes emancipated Britain in terms of choosing alternative trade partners. In other words, the introduction of canals as well as improved transportation channels such as railways and sea roads enabled trade expansion.

When we look at the economic reflections of the Industrial Revolution, we assume that technological leaps were the most crucial change affecting the modes of production. Manufactured goods were spreading rapidly, taking the place of hand-made products. In addition to the increasing rate of agricultural production and manufactured goods, advances in transportation also contributed to the development of domestic trade. Moreover, technological advances in the textile industry, with the invention of steam power, provided for the development of the factory system that lowered the production costs.<sup>12</sup> In this respect, firstly Britain, then other prominent European countries came to produce manufactured goods. During the second half of the 19<sup>th</sup> century, European countries were in search of new markets in order to export manufactured goods and import cheap raw materials. As a result, it not wrong to claim that, during the integration process of periphery countries into the world economy, there was a tremendous increase in trade volume. Technological advances in sea transportation also influenced the trade trends in this century.<sup>13</sup>

In addition, the export of capital was the financial dimension of the Industrial Revolution in terms of core and periphery trade relations. Periphery countries borrowed a large amount debt from core countries. Many of the core countries financed the infrastructural facilities of periphery countries, with the goal of reviving the foreign trade of these countries. However, the investment in the production sectors of periphery countries remained limited. In this way, it is possible to say that periphery countries were not able to compete with core countries in terms of the production of manufactured goods.

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<sup>11</sup> Cameron, p. 197.

<sup>12</sup> Şevket Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme: 1820-1913*, (İstanbul: Tarih Vakfı Yurt Yayınları, 1994), p. 2.

<sup>13</sup> Ibid.

It is noteworthy to add that Britain dominated both the industrial and commercial spheres in the international arena at this time. As the first industrialized nation, Great Britain was apparently the most industrialized country, producing approximately 25% of the world's industrial production.<sup>14</sup> It was also the leading commercial nation. To this regard, international trade and the international flow of capital increased tremendously as a result of Britain's economic and political policies. Especially after the Congress of Vienna in 1815, Britain institutionalized its hegemonic position. During the period between the 1815 Congress of Vienna and the end of the Franco-Prussian War, Great Britain was the "workshop of the world" producing finished goods and exporting to foreign markets.

Reşat Kasaba analyzes how the world economy was shaped during the 19<sup>th</sup> century by categorizing it into two different periods: recession (1815-1840) and development (1840-1876).<sup>15</sup> He refers to the years between 1815 and 1840 as the recession period and defines how the end of the Napoleonic Wars between these years reshaped the world economy. The years between 1815 and 1840 witnessed a protectionist era under the influence of the economic crisis in Europe. After the Napoleonic Wars, the European market did not have a demand for British commodities at the start of the 19<sup>th</sup> century. On the other hand, bad harvest periods in the agricultural sector required additional agricultural imports from Poland, Russia, and Hungary. Furthermore, peacetime grain prices in Europe stimulated Britain's protectionist anxieties; while farms on the continent produced their wheat at 40 shillings per quarter, English farmers could not make a profit unless they raised their prices to 80 shilling per quarter.<sup>16</sup> Under these conditions, taking protectionist measures over grains seemed inevitable for the British State. Accordingly, Britain introduced the Corn Laws with the Importation Act in 1815; this was aimed against the competition from cheaper imports that offered extensive protection over the grains. Grains were allowed to be imported and warehoused at any time, but wheat could not be sold in the domestic market unless its prices were above 80 shillings per quarter. In practice,

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<sup>14</sup> Cameron, p. 224.

<sup>15</sup> Reşat Kasaba, *Osmanlı İmparatorluğu ve Dünya Ekonomisi: Ondokuzuncu Yüzyıl*, (İstanbul: Belge Yayınları, 1993), p. 38.

<sup>16</sup> Jeffrey G. Williamson, "The Impact of Corn Laws Just Prior to Repeals," *Explorations in Economic History* 27, no. 2 (1990): p. 124.

the act effectively closed the UK market to imported grain for most of the next 7 years. Also, the mercantilist policies and restrictions of other European countries made it difficult for Britain to penetrate the European markets. Along with the additional mercantile tendencies of the United States and Canada, the economic conditions in Britain had come to a standstill. Britain had gradually been descending towards a crisis driven by surplus and, in trying to find a solution to her economic problems, went in search of new markets. However, the measures taken against the foreign trade deficit made her situation worse by causing an outflow of gold. Agricultural scarcity and related problems along with the difficulty of finding new markets were the driving forces behind the social and economic crises in Great Britain in the beginning of the 19<sup>th</sup> century.<sup>17</sup> During the 1830s and 1840s, Britain was close to a social and economic depression. On the other hand, though landowners favored the measure, political economists such as David Ricardo opposed it adamantly. The idea met with strong dissent. An effective campaign by the Anti-Corn Law League in 1839 opened discussion for the repeal of the laws.<sup>18</sup>

In light of these factors, protectionist laws and policies began to lose their effect between the 1840s and 1870s, opening a new phase of free trade in European economic history.<sup>19</sup> In 1846, the Corn Law, which had made it too difficult to import cereals from other countries, was repealed by the Importation Act, marking a significant turning point towards free trade. Similarly, in 1849, the Navigation Acts which had restricted the use of foreign trade shipping were also repealed. The Cobden-Chevalier, an Anglo-French treaty signed in 1860, was another movement toward free trade in Europe during the 19<sup>th</sup> century.<sup>20</sup> In France, there was a protectionist policy aimed against Britain's competition in the cotton textile industry. There was a strict prohibition on cotton and woolen textile imports along with high tariffs on other commodities, including some raw materials and intermediate commodities. However, the friendly policies towards Britain during the Napoleon III government paved the way for the removal of such tariffs as of the treaty signed in 1860 by Chevalier and Cobden. As a result, all tariffs on imports except for wine and

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<sup>17</sup> Kasaba, *Osmanlı İmparatorluğu*, p. 38.

<sup>18</sup> Cameron, p. 276.

<sup>19</sup> Kasaba, *Osmanlı İmparatorluğu*, p. 39.

<sup>20</sup> Cameron, p. 277.

brandy were removed.<sup>21</sup> Accordingly, not only the British economy, but also the world economy entered a new period. Towards the free trade era, Great Britain was again the leading country in Europe opting out of protectionist system; yet, she would have preserved her priority status only under this new framework. In this regard, several regions integrated into a new economic and political world order at the end of the recession period, and a growth period began between 1840 and 1876. In the meantime, Britain retained a central position, as with the other countries newly integrated into the world economic order, by strengthening their ties with new world economy.

There are four main developments that reinforced the changing world economy. One was that protectionism was gradually undermined. The second is that new gold reserves were discovered, reducing monetary difficulties. Third, as Kasaba claims, the discovery of modern means of communication and transportation led to economic growth. Finally, the last factor was the existence of a peaceful environment among the states. These factors originating from the structure of the 19<sup>th</sup> century, independently from each other, affected the development period. They mitigated the economic crisis of the 19<sup>th</sup> century and secured the positions of both Britain and Western Europe.<sup>22</sup>

We get the picture that protectionism lost its influence after 1850s, because the Western European and North American countries embraced foreign trade policies in a similar way to Britain. European powers' negotiations to reduce the customs tariffs also reduced the waterway tax. America and European countries, having already adopted free trade, aimed at gaining an economic advantage in the world economy under the heavy influence of Britain. The periphery countries, which were newly engaged in the new world economic system, were obliged to get involved in free trade order. One cause of interference to the periphery countries was the fact that Britain negotiated free trade and friendship negotiations between the Safavid Empire and the Ottoman State between 1839 and 1842.<sup>23</sup>

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<sup>21</sup> Ibid., p. 278.

<sup>22</sup> Kasaba, *Osmanlı İmparatorluğu*, p. 39.

<sup>23</sup> Ibid., p. 40.



In the meantime, Britain invested part of her capital into the public interest realm and railroads. Between 1850 and 1870, the number of constructed railroads in Europe and North America increased. In tandem, telegraph lines were also built. The increase in the number of telegraph lines and railroads were crucially important developments during the 19<sup>th</sup> century. By such means, long distance markets grew closer; they also contributed to strengthening trade relations. With the intense railroad in Europe and Britain, previous trade centers began to lose their significance, and the central countries began to hold more capital in their hands.<sup>24</sup>

In light of these developments, the world economy found an efficient environment in which to develop. The growth rate in trade increased five times over its rate during the regression period. This growth, at the same time, extended trade boundaries, which required new division of labor.<sup>25</sup> In this way, on one hand, there were Europe and Britain who succeeded in profitable production; on the other hand, there were countries producing raw materials and agricultural products. The first category can be called center or core. The second category is divided into two sub-categories. One was the migrant societies who had geographical privileges, such as the U.S., Canada, Austria and New Zealand. Migrant societies were successful in competition with agricultural products and animal husbandry. These societies gained a seat in the world economy in a semi-periphery position. Two non-immigrant countries, Russia and Austria, joined this group via their contribution to the world economy. On the other hand, there were also non-immigrant countries that specialized in raw materials and food production. Consequently, these countries remained at the periphery among the routes of the European markets.<sup>26</sup>

## **2.2 Position of the Ottoman Economy in the European Economy**

In order to analyze the position of the Ottoman Economy in the world economy in the 19<sup>th</sup> century, it is useful to start from the integration process of the Ottoman State into the interstate system. Therefore, it is necessary to inquire as to how the Ottoman Diplomacy and relations with the European powers were developed. According to

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<sup>24</sup> Ibid.

<sup>25</sup> Kasaba, *Osmanlı İmparatorluğu*, p. 43.

<sup>26</sup> Ibid., p. 44.

Reşat Kasaba, the integration process of the Ottoman State into the interstate system was formed under two processes. The first was that the nature of the treaties signed with European countries changed. Secondly, the Ottoman State had established permanent resident ambassadors in European capitals since 1793.<sup>27</sup>

### **2.2.1 Integration of the Ottoman Empire with Europe: Diplomacy**

Different from the other European monarchies, the Ottoman State did not have diplomatic establishment between the 16<sup>th</sup> and 18<sup>th</sup> century. Although the Sultan sent out ambassadors for particular reasons, there were no permanent Ottoman embassies in European capitals. Putting it differently, the Ottoman State did not reciprocate the permanent European embassies in Istanbul. The lack of reciprocity was primarily a result of the perception of the Sultan as a superior monarch vis a vis the other monarchs of Europe.<sup>28</sup>

However, in the 18<sup>th</sup> century, the events demonstrating the declining power of the Ottoman State increased, and the Ottoman State entered a new phase of her history. In military and administrative domains, and in terms of territorial integrity and social cohesion, the weakness of the Ottoman State was apparent. The first problem the Ottomans confronted was their military weakness. Beginning with *the Treaty of Karlowitz* signed in 1699, and because of which the Ottomans withdrew from Croatia, Slovenia, and Hungary, the stagnation and decline of the Ottoman State became almost irreversible.<sup>29</sup> In subsequent years, at the end of the 1768-1774 War, Russia gained victory over the Black Sea and Balkans in 1774 and signed *the Treaty of Küçük Kaynarca*, which recognizes the sovereignty of the Russians over the Northern regions of the Black Sea.<sup>30</sup> Russia possessed the Kuban and Terek regions of the Black Sea, the territory between Bug and Dnieper River, and the port of Azov with the fortresses of Kerch and Yenikale. Besides territorial victory, they also acquired commercial rights. Russian merchants were now able to pass through the

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<sup>27</sup> Ibid, p. 33.

<sup>28</sup> Roderic H. Davison, "Ottoman Diplomacy and Its Legacy," in *Imperial Legacy: The Ottoman Imprint on the Balkans and the Middle East*, ed. L. Carl Brown, (New York: Columbia University Press, 1996), p. 175.

<sup>29</sup> İnal, p. 726.

<sup>30</sup> Davison, p. 176

Straits which had been closed to foreign merchants previously.<sup>31</sup> It was obvious that the Russians gained important advantages with this treaty. In addition, Russia was the actor who did not abandon the idea of dissolution of the Ottoman State in those years. In 1782, in a letter from Catherine II to Joseph II, the ruler of Austria, she wrote that her dream was to revive the Byzantine Empire in line with Bulgaria, Macedonia, and Thrace. Her grandson, Grand Duke Constantine, would be the ruler in the capital, Constantinople.<sup>32</sup> To this regard, the integrity of the Ottoman Empire would be under severe threat.

The second significant move to shake the integrity of the Ottoman State did not come from Russia. France, at war with Britain during the Napoleonic Wars at the end of the 18<sup>th</sup> century, posed another threat directed to unity of the Ottoman State. In order to drive Britain from all their hegemonic areas in the East, France occupied Egypt in 1798.<sup>33</sup> From the point of the Ottomans, the French invasion of Egypt was an indicator of their military weakness. Unless the balance of power diplomacy existed among the Great Powers, the Ottoman State would face a severe defeat. Thus, due to the harsh conflict between France and Britain, Britain chose to assist the Ottoman State in the case of Egypt. The British and Ottoman squadron ousted the French from Egypt in 1801.<sup>34</sup> In the same vein, Russia also supported the Ottoman State; and, this Anglo-Russian alliance provided protection for the Ottoman State. But the alliance between Britain, Russia and the Ottoman Empire was short-lived. During the French revolution period, the balance of power shifted among the Great Powers. However, the Ottoman Empire had managed to come through the crisis with littler loss of territory by exploiting the rivalries among the Great Powers.

Thirdly, nationalist movements started and exacerbated among ethnically diverse subjects of the State at the beginning of the 19<sup>th</sup> century. Revolutionary movements spread from France to the Balkans, and the Greeks were the first link of the chain. Despite their diverse opinions, different groups of Ottoman Greeks united around this movement, with the goal of creating a new Byzantine Empire under Greek rule.

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<sup>31</sup> Alexander Lyon Macfie, *The Eastern Question 1774-1923*, (London: Longman, 1996), p. 7.

<sup>32</sup> *Ibid.*, p. 8.

<sup>33</sup> *Ibid.*

<sup>34</sup> *Ibid.*, p. 12.

Thus, the 1821 Greek insurrection ended up with an establishment of an independent Greek nation state in 1830.<sup>35</sup> The victory would not have been easy for the Greeks if the European powers hadn't intervened. Europe observed the insurrection of the Ottoman Greeks with sympathy.<sup>36</sup> The alliance of Britain, Russia, and France jointly made a decision to force two parties into a ceasefire; however, the Sultan did not accept the intervention of the European powers in the Greek conflict. As a result, the European powers blockaded and destroyed the Ottoman navies in Navarino harbor on the coast of Morea. It was a great disaster for the Ottoman army. When all was said and done, the Treaty of Edirne was signed in September, 1829. According to the treaty, the Ottoman Sultan recognized the autonomy of Greece. Furthermore, the autonomy of the Moldavia and Wallachia principalities was accepted.<sup>37</sup>

Under these conditions, not only were there wars and treaties among the Ottoman State and the Great Powers, there were also defeats and losses of Ottoman Empire territories, making it clear that the Ottoman State was weak. Accordingly, the weakness of the Ottoman State in military and political spheres formed the Eastern Question, from the point of view of the European powers in the 19<sup>th</sup> century. The Eastern Question can be described as the question of how a Balkan nationalist movement would affect Europe, and how could the European powers maintain a balance of power without destroying the Ottoman Empire, or how to divide her if her collapse was inevitable.<sup>38</sup> In other words, the Europeans questioned whether to maintain the balance of power in the case of disintegration of the Ottoman State or to preserve its unity as a weak and defenseless state. If the European powers divided the Empire, there would be serious problems: in such a case, Istanbul, Straits and the balance of power among European powers and non-Muslim subjects of the State would face some fundamental problems.

In this context, documents on the dissolution of the Empire demonstrate that two great powers, Britain and Russia, wanted to preserve the status quo in the Ottoman State. Based on the documents of the memorandum between Russia and Britain in

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<sup>35</sup> Davison, p. 178.

<sup>36</sup> Eric Jan Zürcher, *Turkey: A Modern History*, (London: I.B. Tauris & Co Ltd, 1994), p. 36.

<sup>37</sup> *Ibid.*, p. 37.

<sup>38</sup> *Ibid.*, p. 40.

June of 1844, both actors seemed to agree on preserving the unity of the Ottoman Empire without intervening in her internal affairs redundantly.<sup>39</sup> However, Karl Marx interprets their so-called tolerance system as complicity between two actors.<sup>40</sup> Furthermore, according to Marx, mutual decisions made between Britain and Russia excluded France and Austria.

From the Ottoman side, the effects of the balance of power on the Ottoman State and the continuous plans on her future were a Western Question. The Ottoman State began to seek ways of survival in a system dominated by Western powers.<sup>41</sup> Subsequent military defeats and the treaties at the end of each war illustrated that the fate of the Ottoman State was dependent upon the balance of power strategy among the Great Powers. She had very little power to make decision independently from the European Powers. Under constant external pressure, a series of improvements in several domains seemed inevitable. In this respect, one of the actions that the Ottoman State took was to make reforms on internal domain, in order to prevent the state from an external threat.

Since part of the decline of the Ottoman State was a result of decreasing military might, the first measure of the Sublime Porte was to reform military in order to catch up with the European powers.<sup>42</sup> Outdated technology and science in the Ottoman State and its army was one of the most significant elements why the Ottoman army lagged behind Europe's. In geometry, physics, engineering, and technology, the Ottomans were behind the European powers.<sup>43</sup> Accordingly, in line with the military reforms, the Ottoman administrators realized that educational reforms were necessary; without improving educational levels within the military, development of a competitive army would be impossible. In this respect, modernization of both education and the military began. Medical and engineering schools were founded

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<sup>39</sup> Karl Marx, *The Eastern Question: A Reprint of Letters Written 1853-1856 Dealing with the Events of the Crimean War*, eds. Edward Aveling Eleanor and Marx Aveling, (New York : Augustus M. Kelley, 1969), p. 285.

<sup>40</sup> *Ibid.*, p. 286.

<sup>41</sup> Davison, p. 179.

<sup>42</sup> *Ibid.*, p. 726.

<sup>43</sup> *Ibid.*, p. 732.

within the military.<sup>44</sup> The Imperial Medical School (*Tıphane-i Amire*) was founded in Gülhane in 1827, and the School of Surgery (*Cerrahhane-i Mamure*) was established in 1831. These two schools were united in 1836 and later called the Imperial Medical School (*Mekteb-i Tıbhane-i Aliye-i Şahane*). In 1876, in light of the need for civilian doctors, a Civilian Medical School (*Mekteb-i Tibbiye-i Mülkiye*) was founded.<sup>45</sup> In addition, primary schools were restructured, and various secondary schools established in many places throughout the Empire.

As a result of the declining power of the Ottoman State, administrative and bureaucratic structures also came into prominence, in line with the increasing importance of diplomacy between the Ottoman State and the European powers. As a result, Ottoman governments began to focus more on the diplomatic domain. Initially, the use of diplomacy started to become active under the rule of Sultan Selim III. He sent resident ambassadors to Paris, Londra, Vienna, and Berlin during the 1790s.<sup>46</sup> These efforts were continued under Mahmut II in 1800s. Yet, the number of these resident ambassadors who could contact the other states increased considerably during the 19<sup>th</sup> century. In addition, the office of the *Re'is Efendi*, a usual contact for the European powers, converted into a foreign relations office. In this new office, a European-style foreign ministry was shaped. Several French-speaking Greeks and Armenians worked there. European-style improvements were introduced, and the effects of Westernization in the Ottoman system became visible as Western-style procedures and techniques were implemented.<sup>47</sup>

All such efforts of the Sublime Porte, in order to achieve membership in the European State System came to a conclusion, and the Ottoman Empire was considered to be within the European balance system at the end of the Paris Treaty signed in 1856. With this treaty, the Ottoman State became involved in the Concert

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<sup>44</sup> Ibid., p. 747.

<sup>45</sup> Ibid., p. 734.

<sup>46</sup> Davison, p. 180.

<sup>47</sup> Ibid.

of Europe.<sup>48</sup> In this regard, both engagements with Europe and European elements in the Ottoman State increased in the 19<sup>th</sup> century.<sup>49</sup>

### **2.2.2 Economic Integration of the Ottoman Empire into the European Economy**

The Ottoman State, which had already lost its military and economic power, endeavored to engage in the interstate system via diplomacy in order to survive. Developments in commercial, economic, and technological fields in Europe made it clear that the Ottoman State lagged behind the European powers economically. With the decline of the Ottoman State in these areas, the European powers gained an edge over the Ottoman State. In this regard, the Ottoman State had to revise its economic and commercial relations with Europe. With this reformation process, we assume that the Ottoman State became more involved in the European economy. In this regard, with the reform waves and diplomatic developments, the Ottoman State was on its last phase of the integration process into the capitalist world economy at the beginning of the 19<sup>th</sup> century.<sup>50</sup>

In the Ottoman State, the economic structure was based on the notion of controlling agricultural production, its fundamental source of income.<sup>51</sup> The most significant and necessary economic activity was agriculture. In addition, the Ottoman State was a *gazi* state, one based on military conquest. As for the actual source of revenue and an indicator of territorial power, the right of land usage had been a critical aspect of the economy. In this respect, the backbone of the economic structure of the Ottoman State was based on the *çift-hane* system in agrarian production. Via the *çift-hane*, the state's main concern was to maintain its control over agricultural lands. In this system, *hanes*, peasant households, were given a *çiftlik*, a leased plot of land to sustain one peasant household while paying rent to the landowners. The *çiftlik* system was the integral part of the *timar* system. In the *timar* system, control of the land was shared by the state, the farmer, and the *sipahi*, the cavalymen living in the

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<sup>48</sup> Ahmet Nuri Yurdusev, "Turkey's Engagement with Europe: A History of Mutual Management," in *Turkey's Engagement with Modernity: Conflict and Change in the Twentieth Century*, eds. Celia Kerslake, Kerem Öktem and Philip Robins, (Basingstoke: Palgrave Macmillan, 2010), p. 286.

<sup>49</sup> Ibid.

<sup>50</sup> Kasaba, *Osmanlı İmparatorluğu*, p. 35.

<sup>51</sup> Halil İnalçık, *Osmanlı İmparatorluğu'nun Ekonomik ve Sosyal Tarihi: 1300-1600*, (İstanbul: Eren Yayıncılık, 2000), p. 86.

villages. Through the *timar* system, the Ottoman State could finance her military needs without needing cash expenditures. Furthermore, in provincial area, public order could be sustained based on the *timar* system.<sup>52</sup>

There were three types of *timar* systems.<sup>53</sup> Under an ordinary *timar* system, *sipahis* were expected to use taxes they collected from the peasant farmers in order to maintain local security as well as to provide troops for the Ottoman army's service in times of war.<sup>54</sup> *Timarlı Sipahis* were also responsible for providing sufficient food in proportion to their income from the land that they had been leased the right to use. The maximum revenue gained from the *timar* was twenty thousand *akçe*.<sup>55</sup> In this system, *ziamet* was another kind of land, one which was used by *zaims*. Its revenue was between 20,000 and 60,000 *akçe*.<sup>56</sup> Much of the rest of these lands had their revenues collected by salaried officials, *emins* or provincial governors. The *sanjakbeys* could maximize their revenues up to 100,000 *akçe*.<sup>57</sup> The ones who can bring more than 100,000 *akçe* were called as *khas*, and the revenue gained from *khas* was usually saved for the Sultan and his family, or provincial governments.<sup>58</sup> Finally, besides the *timar* system, *vakfs* were agricultural estates the revenues of which were used for the expenses of mosques and other religious institutions. Their structure was different from the other categories, since it was exempted from being taxed and guaranteed by the state.

However, towards the end of the 16<sup>th</sup> century, the economic problems of the Ottoman State deepened. External factors of these problems were related to developments in the European economy. First, in Europe, discovery of new commercial routes East for silk, spice, and coffee caused a decrease in interest in the Mediterranean route. As a result, the Ottoman State, a great transit region to these lands, lost a considerable amount of customs tariffs.<sup>59</sup> Secondly, the influx of Spanish silver to

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<sup>52</sup> Emine Kıray, *Osmanlı'da Ekonomik Yapı ve Dış Borçlar*, (İstanbul: İletişim Yayınları, 1993), p. 46.

<sup>53</sup> *Ibid.*, p. 48.

<sup>54</sup> Roger Owen, *The Middle East in the World Economy: 1800-1914*, (London: Methuen, 1981), p. 11.

<sup>55</sup> Elena Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret (1700-1820)*, trans. Çiğdem Diken, (İzmir: İzmir Büyükşehir Belediyesi Kültür Yayını, 2006), p. 1.

<sup>56</sup> *Ibid.*, p. 1.

<sup>57</sup> Owen, p. 11.

<sup>58</sup> Kıray, p. 47.

<sup>59</sup> *Ibid.*, p. 53.



Europe from the American continent depreciated the relative value of silver compared to gold. Silver flowing to the Ottoman State in exchange for gold resulted as inflationary pressure on the silver prices. Thirdly, commercial relations with Europe turned out to involve merely the exportation of raw materials. Demand for agricultural products like cotton, silk, wool, and dyes increased. While the relative prices for raw materials in Europe increased, the ones in the Ottoman Empire remained low. One result was that the exportation of these products from western regions of the Ottoman Empire to the European countries caused a shortage in the Ottoman cities. The most critical shortage of these products was observed in the port cities because here that bought food from these Ottoman western provinces. The Ottoman government strategically tried to prevent the export of cereals to Europe via price maintenance and central control on the sales of these products. In spite of the efforts of the Sublime Porte, illicit trade rate and internal prices increased.<sup>60</sup> Lastly, technological advances in the Ottoman military were far behind those of the Europeans. The Ottoman State had to accept that modern war was based on guns, gunpowder, rifles, heavy artillery, and a disciplined permanent army. However, *Timarli Sipahis* and cavalrymen in provinces were not sufficient for the new war methods.

Based on such external developments, domestic developments also affected the change in the land tax method. Fixed incomes began to depreciate, and farmers could not pay their debts. Further, due to the lack of technological equipment in the army, the incomes gained from conquests were given to war expenditures. Therefore, *mevacip*, the salary given to military troops, turned out to be a burden on the state budget. Since the soldiers were exempt from the government taxes, the tax income due the government also decreased.<sup>61</sup>

All of these factors triggered the economic depression in the Ottoman Empire. With the pressure of the economic depression and weakened central authority, tax regulation based on the land started to undergo significant modification. With the

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<sup>60</sup> Kiray, p. 55.

<sup>61</sup> Binhan Elif Yılmaz, "Osmanlı İmparatorluğu'nu Dış Borçlanmaya İten Nedenler ve İlk Dış Borç," *Akdeniz İ.İ.B.F. Dergisi* 4 (2002): p. 188.

period of decline in the Ottoman State, the *iltizam* system became prevalent over the *tumar* system. In the *iltizam* system, via auction lands would be leased to *mültezim* who would collect the taxes for a year. In the following year, the *mültezim* would give his tax collecting right to another tax collector who offers better prices. So, every year, this auction would have been repeated.<sup>62</sup> However, the *sipahis* realized that they could increase their share by leasing their *tumars* or *zeamet*. In this way, the leasing system was opened to misuse. In order to prevent such misuse, the state developed the *malikane* system. In the *malikane* system, these lands were leased out to individuals for a lifetime in return for a fixed payment. After a while, this system was converted to a hereditary base. The *çifthane* system continued to exist, but the relationship between the landholder and peasants changed profoundly. The lands came under the control of private individuals because landholders were acting like landlords and aiming at maximizing their share in production by squeezing the peasants.<sup>63</sup> Peasants with this system were like the tenants of the landholders. Despite the efforts of the central bureaucracy to sustain central authority over these state-owned lands, the state created independent landholders who wanted political autonomy.<sup>64</sup>

Correspondingly, a new class of notables, *ayans* who controlled the *miri* lands as *malikane* emerged as powerful landholders in the provinces. The *ayan* class consisting of *kapıkulu*, *sipahi*, *mültezims*, *emins*, *kadıs*, governors, and provincial officers seized a significant amount of the taxes.<sup>65</sup> Economically, they grew stronger as the *malikane* system prevailed. In addition, the treasury was not sufficient enough to fulfill the needs of troops during the wars. For this reason, with the leadership and economic support of the *ayans*, a voluntary army was founded. With the foundation of that army, the Ottoman State was barely able to control the economic acquisition of the *ayans*. Moreover, in some cases, the state enlarged the privileges of the *ayans* in return for meeting the needs of the army in terms of food and armament.<sup>66</sup> Thus, having control of army, treasury, and administration, the *ayan* class created local

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<sup>62</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 3.

<sup>63</sup> Halil İnalcık, *Studies in Ottoman Social and Economic History*, (London: Variorum Reprints, 2002), p. 113.

<sup>64</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 3.

<sup>65</sup> Yılmaz, p. 189.

<sup>66</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 4.

feudality at the end of the 18<sup>th</sup> century. It was hard to assert that the Ottoman State still had central authority.

At the end of the 18<sup>th</sup> century, the Ottoman Empire was in bad shape both politically and economically. Impact of the wars could be seen in political and economic spheres of the State. With the cracks in tax regulation and the land system, it was apparent that the central bureaucracy of the Ottoman State had lost control of the tax base. For this reason, the Ottoman State aimed at centralization in economy. Since it was hard to centralize the incomes, the main purpose became centralization of expenses.<sup>67</sup>

The economic problems and tendencies during the 17<sup>th</sup> and 18<sup>th</sup> centuries only intensified in the 19<sup>th</sup> century. Military weakness, decentralization of the Ottoman authority, problems in administration and economy, decreases in income, production insufficiency, and budget deficits were the basic problems inherited from the previous centuries. On one hand, the Ottoman State tried to regain its economic and political control via reforms. On the other hand, commercial relations with European countries peaked. Meanwhile, the reform period and peak period of the commercial relations between the Ottoman State and the European countries overlap. It marks the integration process of the Ottoman State to the European. In this regard, two almost contemporaneous events, the 1838 *Baltalimanı Trade Agreement* and the 1839 *Tanzimat Reforms*, were crucial turning points of Ottoman political and economic history during the 19<sup>th</sup> century. It would be fair to say that, after those two agreements, the Ottoman State entered a new phase. In addition, her integration with Europe paralleled the Ottoman public debts to Europe, which also strengthened intensity of the relationships between the two.

The century between the Napoleonic Wars and World War I was under the severe impact of the Industrial Revolution. It was a time of rapid integration into the European markets for the Ottoman Empire. In terms of commercial relationships, during the 19<sup>th</sup> century, the Ottoman foreign trade volume increased, changing the aspect of its dependency on European powers. Further, modes of production also showed an alteration based on the growing foreign trade volume. In addition to the

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<sup>67</sup> Kiray, p. 64.

impact of the Industrial Revolution in Europe, the 1838 *Baltımanı Trade Agreement*, which was initially signed with Britain and later included other European countries, also triggered the integration process of the Ottoman economy with Europe.

During the 19<sup>th</sup> century, foreign trade volume with Europe expanded, and the Ottoman commercial ties became more and more dependent on the Great Powers.<sup>68</sup> The foreign trade volume of the Ottoman State had been limited up until the 19<sup>th</sup> century, and the commercial relations with Near East and East European countries remained at the forefront of Ottoman trade.<sup>69</sup> However, at the end of the Napoleonic Wars, Ottoman trade with the Western European countries considerably extended. Great Britain was unrivaled in the world market, with triumph over France after the Napoleonic Wars. However, at the same time, with the protectionist measures, the other European countries protected themselves from economic penetration of Great Britain. Accordingly, Great Britain turned her face to non-European countries in order to find new commercial markets to penetrate. Export orientation of the non-European economies was one of the main targets of Great Britain. For the Ottoman Empire, this was also the case. With the penetration of the manufactured British commodities, the Ottoman market witnessed a rapid integration to Europe with commercial relations. As a result, the mode of production in the Ottoman Empire changed. On one hand, export of agricultural commodity production and raw materials increased. On the other hand, import of manufactured goods from industrialized countries resulted as the deterioration of the production activity based on handcrafted industry.<sup>70</sup> In this way, non-agricultural production suffered. The Ottoman economy altered in that it was importing manufactured goods and exporting agricultural goods and raw materials.

Export goods from Europe primarily consisted of manufactured goods, mainly cotton, woolens, silk weaving and textile goods, armaments, tin, iron and steel, sugar, tea, and coffee. On the other hand, imported goods were raw materials and agricultural products such as raw cotton, wool, raw silk, figs, grapes, acorns, tobacco,

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<sup>68</sup> Kıray, p. 66.

<sup>69</sup> Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, p. 16.

<sup>70</sup> *Ibid.*

cereal, licorice, angora wool, and opium.<sup>71</sup> The trade with Great Britain was intense in the 19<sup>th</sup> century. However, there was also a high trade deficit in the Ottoman-Britain trade. From the British side, the Ottoman Empire was the third greatest market during the 1850s.<sup>72</sup> On the other hand, there existed a trade surplus with France after the Napoleonic Wars. The French were dependent on the Ottoman cereals and raw materials. In summary, there was an increase in the Ottoman Empire's foreign trade, and a foreign trade deficit overall.

After the 1820s, commercial relations between Great Britain and the Ottoman State also increased. However, British merchants complained about the high custom tariffs, interventions, and restrictions of the Ottoman government on foreign trade. Hence, they demanded an official framework to achieve their commercial demands. The Ottoman State, which was gradually losing power in terms of military, politics, and economy, could not resist the British pressures to sign a commercial treaty between the two countries.<sup>73</sup> It was apparent that an Anglo-Ottoman Treaty was on the way.

When we look at the conditions of the period and the Egyptian crisis, we can also assume that a commercial agreement between the Ottoman State and Britain was very close at hand. On one side, *Mehmet Ali Pasha*, the governor of Egypt, was strictly controlling both foreign trade and the military; this posed a threat to the Ottoman government. On the other side, state monopoly over foreign trade in Egypt was an obstacle to foreign trade with Britain. In addition, Russia was squeezing the Ottoman State. Accordingly, the interests of both the Ottoman State and Britain coincided at this point. If Britain supported the Ottoman State in Egyptian case, both actors would have taken advantage of this support. Britain would have facilitated the commercial relations with Egypt. Also, the Ottoman State could have gotten rid of its fear of losing Egypt and the areas close to it. While the 1838 Anglo-Ottoman Treaty,

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<sup>71</sup> Kıray, p. 66.

<sup>72</sup> Ibid., p. 68.

<sup>73</sup> Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, p. 19.

*the Treaty of Baltalimani*, was signed under these circumstances, it was inevitable that concessions be made on behalf of Britain in the treaty.<sup>74</sup>

In terms of foreign trade and the integration process to Europe, the 1838 *Treaty of Baltalimani* was a turning point. It was a commercial agreement signed August 16<sup>th</sup> in *Baltalimani* between the Ottoman and British governments.<sup>75</sup> Based on the regulations of the treaty, all monopolies towards imports were abolished. Furthermore, the right of the government to regulate and restrict taxes during exceptional circumstances such as wars was also abolished. In this way, all restrictions against the exportation of raw materials to Europe were abolished. Additionally, customs tariff would now be regulated as well. Before the agreement, both export and import customs tariffs were 3%. Further, both local and foreign merchants had to pay 8% in order to transport the export goods within the State. After the *Treaty of Baltalimani*, customs tariffs on exports were raised to 12% and on imports to 5%. Also, local merchants were subjected to transportation taxes while foreign merchants were exempted. In this way, foreign merchants acquired vital privileges.<sup>76</sup>

We shall evaluate the short-term and long-term results of *the Baltalimani Trade Agreement*. If we look at the short-term results of the agreement, it can be assumed that the regulations regarding the abolition of monopolies and state restrictions were more significant than the arrangements on the custom tariffs. The reason is that the export of raw materials was heavily related to the abolition of the monopolies—and the export of raw materials was the most important aspect of the Ottoman foreign trade policy. As for long-term results, the regulations on customs tariffs illustrated that the Ottoman State was unable to pursue an independent foreign economic policy. When the import tariffs were reduced a hundred percent during the 1860s economic depression, we saw that the European countries became able to manipulate the economic decisions of the Ottoman State.<sup>77</sup>

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<sup>74</sup> Ibid., p. 20.

<sup>75</sup> Ibid., p. 17.

<sup>76</sup> Ibid., p. 18.

<sup>77</sup> Ibid.

Overall, there are four points about the commercial activities of the Ottoman State with Europe in the 19<sup>th</sup> century that I want to emphasize. First, the 19<sup>th</sup> century was the last phase of the Ottoman State's economic integration into the European economy, with the triggering effect of the commercial relations between two. The economic structure of the Ottoman State was worsening during the 19<sup>th</sup> century. So, in order to compensate for this weakness, the Ottoman State was in search of commercial relations that would affect relative success during this period. Although the Ottoman economy was not promising, with increasing foreign trade volume, the State entered into an active period of foreign trade. Moreover, the failures and anxieties in the political sphere forced the Ottoman State to focus on commercial relations. As a result, it was inevitable for Europe, which was looking for new markets for itself, and for the Ottoman State, which was seeking success in the international arena, to come closer to each other. Europe was successful in making the Ottoman State integrated into both European and world economies. As a result, *the 1838 Baltalimanı Trade Agreement* gave impetus to an open economy; and, hence, the Ottoman Economy, based on exporting raw materials, (especially agricultural products) and importing manufactured goods integrated into the world economy. *The Baltalimanı Treaty* was the last phase of the integration process of the Ottoman State into the European economy. Secondly, *the Baltalimanı Trade Agreement* triggered the destruction of traditional industries within the Ottoman State. For example, in the 19<sup>th</sup> century environment, where free trade policy had developed considerably, local industry based on artisanship declined under the competition of imported manufactured goods. The foreign trade volume increased tremendously between 1820 and 1914, by approximately 12 to 15 times over.<sup>78</sup> Although one cannot assume that the volume increase was solely dependent on *the Baltalimanı Treaty*, the treaty was a phase that facilitated this process. Thirdly, it can be said that the treaty eliminated the possibility of independent decision making in the Sublime Porte foreign economic policy.<sup>79</sup> Relatively successful diplomacy efforts of the Ottoman State collapsed subsequent to the economic concessions given to Great Britain. The Ottoman State lost its bargaining power vis-a-vis Great Britain. It

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<sup>78</sup> Ibid., p. 20.

<sup>79</sup> Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme*, p. 22.

is argued that the period of dependency on foreign powers in the economic sphere started.<sup>80</sup> However, one should remember that, in spite of the integration process into the European economy, it is not possible to assume that the imperialist countries of Europe were able to have colonial domination over the Ottoman State. The Ottoman State was still a politically independent country. Lastly, after the Treaty, merchant groups, especially the non-Muslims, were given considerable concessions. Even, they were given more privileges than the Muslim merchant groups in terms of trade taxes and custom tariffs. The non-Muslim merchants would not pay custom tariffs more than the most privileged Muslim merchants.<sup>81</sup> The 1838 Treaty put the non-Muslim merchant groups under its protection.

While the 1838 *Baltalimanı Trade Agreement* was one pillar of the process of integration of the Ottoman State into the European open market system, the 1839 *Tanzimat Fermanı* was the milestone of the legal framework of the European-style public law. *Tanzimat Fermanı* had incorporated the same notion as the Universal Declaration of Human Rights. There were modern reformist principles in *Hatt-ı Hümayun* in terms of human rights. First of all, security of life, property, and honor of all subjects living under the Ottoman umbrella were guaranteed as unchangeable principles by the Ottoman State.<sup>82</sup> The rule of law for all subjects, including non-Muslims was enforced. These reforms sought to establish legal and social equality for all Ottoman people. The stress on the assurance of life and property of the people tells us that the subjects were not subservient to the State. On the contrary, the State was serving its own people.<sup>83</sup> The State believed that the law must be enacted for the good of the people and that it should be based on unchangeable principles.

*Gülhane Hatt-ı Hümayunu* gave rise to the beginning of the most radical and persistent reform period in the Ottoman History. As we mentioned earlier, there had been some attempts to reverse the downturn of the Ottoman State. Reformation in the

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<sup>80</sup> İsmail Yıldırım, "Ondokuzuncu Yüzyıl Osmanlı Ekonomisi Üzerine Bir Değerlendirme (1838-1918)," *Firat University Journal of Science* 11, no. 2 (2001): p. 318.

<sup>81</sup> Gülten Kazgan, *Tanzimat'tan 21. Yüzyıla Osmanlı Ekonomisi: Birinci Küreselleşmeden İkinci Küreselleşmeye*, (İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2004), p. 20.

<sup>82</sup> Halil İnalçık, "Sened-i İttifak ve Gülhane Hatt-ı Hümayunu." in *Tanzimat: Değişim Sürecinde Osmanlı İmparatorluğu*, eds. Halil İnalçık and Mehmet Seyitdanlıoğlu, (Ankara: Phoenix Yayınevi, 2006), p. 96.

<sup>83</sup> *Ibid.*, p. 97.



military structure and decentralization led to the deterioration of the *timar* system and strengthened *ayan* groups during the reign of Selim III in the 18<sup>th</sup> century. Selim III began with the foundation of a new army, which was also the first step taken towards achieving superiority over the *ayans*. Therefore, the French-style new troop, the “*Nouvel Ordre*” or *Nizam-ı Cedid Ocağı*, was founded in 1793.<sup>84</sup> Although it was retracted after the oppositional voices and rebellions of the *ayans* in Rumeli in 1806, it was clear that the foundation of this new troop was a sign of the Ottoman State’s modernization and westernization movements. Mahmud II took over the flag from Selim III and signed *Sened-i İttifak* with the *ayans* in 1808. In this treaty, there were principles targeted at controlling *ayans* as well as legitimizing them.<sup>85</sup> A week later, *Sekban-ı Cedid Ocağı*, a new form of military troop, was founded. The aim of these reforms was the same as with the reforms of Selim III: to control the *ayans* and *yeniçeris*. However, in effect, all of these attempts remained weak.

Although *Tanzimat Fermanı* was a reformist and modernizing attempt in its substance like the reforms of Selim III and Mahmud II, it was different from these movements at two vital points. First, the actors behind *Tanzimat Fermanı* were not the Sultan, but the bureaucrats. The strengthened bureaucratic structure was a product of the transformation in the diplomatic domain that we mentioned earlier. Reşit Paşa, the architect and signatory of *Gülhane-i Hatt-ı Hümayun* on behalf of the Sultan, was representative of the western-opinioned bureaucrats.<sup>86</sup> It is noteworthy to say that, in the following years, a strong reformist bureaucratic structure would have controlled the political authority. In this regard, the actors behind *the Tanzimat Reforms* were setting a milestone in the political transformation of the Ottoman State. The *Tanzimat* era was a time of the bureaucratic elite. Henceforward, the authority and decision-making power of the Sultan was closely related to bureaucratic groups. *The Tanzimat Fermanı* was a breaking point in this sense. The second distinctive feature of *Tanzimat Fermanı* different from the previous reform attempts was that it was significant in the domestic sphere as well as in the international sphere. The

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<sup>84</sup> Sina Akşin, "1839'da Osmanlı Ülkesinde İdeolojik Ortam ve Osmanlı Devleti'nin Uluslararası Durumu," in *Tanzimat: Değişim Sürecinde Osmanlı İmparatorluğu*, eds. Halil İnalcık and Mehmet Seyitdanlıoğlu, (Ankara: Phoenix Yayınevi, 2006), p. 102

<sup>85</sup> *Ibid.*, p. 104.

<sup>86</sup> *Ibid.*, p. 93.

Ottoman State, which was pushed into a corner in the balance of power game, was in search for international support of the European Powers. The economic problems and difficulties in managing the state budget were another facet of this search for support. As a matter of fact, the Ottoman State wanted to please the European powers by taking a radical step towards westernization, in exchange for political and economic support.

Based on the economic principles of the *Tanzimat* period, the state's income was now centralized, and all subjects became equal in terms of taxation. Exemption from taxation was abolished.<sup>87</sup> In this regard, non-Muslims gained more and more privileges. In economic terms, the non-Muslims were granted more advantages than the Muslims. Similar to the *Baltalimanı* Trade Agreement, the *Tanzimat Fermanı* also opened the gates for the rapid development of non-Muslims subjects, and among them to non-Muslim merchants especially. Again, as with the 1838 agreement, the *Tanzimat Reform* was another link in the process of European integration. It is not coincidence that foreign trade volume increased tremendously after the treaty.<sup>88</sup>

However, another milestone during the process of integration into the European economy was the first foreign debt received by the Ottoman State in 1854, the year when the Crimean War broke out. The Ottoman State in alliance with Britain and France fought against Russia in the Crimean War; in order to compensate the war expenditures, the Ottoman State borrowed from Europe its first foreign debt. Due to its chronic and rooted economic problems, the Ottoman State borrowed sixteen times between 1854 and 1875—and conditions of the debts gradually became heavier. In 1875, the Ottoman State passed a decree and declared a moratorium. In 1876, it stopped paying all debts and interests.<sup>89</sup> After the bankruptcy of the State, the *Muharrem Kararnamesi*<sup>90</sup> was signed between the European actors and the Ottoman

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<sup>87</sup> Murat Şeker, "Osmanlı Devletinde Mali Bunalım ve İlk Dış Borçlanma," *C.Ü. İktisadi ve İdari Bilimler Dergisi* 8, no. 2 (2007): p. 121.

<sup>88</sup> Kazgan, p. 23.

<sup>89</sup> Adem Anbar, "Osmanlı İmparatorluğu'nun Avrupa'yla Finansal Entegrasyonu: 1800-1914," *Maliye Finans Yazıları Dergisi* 23, no. 84 (2009): p. 31.

<sup>90</sup> For the debts of the Ottoman Empire, British, French, Austrian and Italian representatives organized a meeting in 1820. They agreed on the payment of the debts and signed an agreement in 1881. The enactment was known as "*Muharrem Kararnameleri*" in the Ottoman history. For detailed analysis of *Muharrem Kararnameleri* see. Şeker, pp. 127-128.

State in 1881, and payment conditions were regulated. Furthermore, they decided to establish the *Düyun-u Umumiye*, an institution for regulating the Ottoman foreign debts. This institution consisted of seven members representing Britain, French, German, Italian, Austria, and Galata bankers.<sup>91</sup>

With the foundation of the *Düyun-u Umumiye*, foreign direct investment by French, German, and British investors increased; and, accordingly, European capital entered the Ottoman State with further concessions gained already since the *Baltalimanı Trade Agreement* and *Tanzimat Reforms*. Most of the foreign direct investment went towards railway construction. The rest of the foreign direct investment areas consisted of banking, insurance, trade sectors, and municipal services. Investment into production sectors, like agriculture, industry, and mining, was neglected. This picture tells us that foreign powers invested in infrastructure for feeding the foreign trade and foreign debt.<sup>92</sup>

As the chapter draws to an end, we can briefly review the peripheralization process in the world economy by analyzing the integration process of the Ottoman State during the 19<sup>th</sup> century. Europe, especially Britain, triggered the economic integration process of the Ottoman State via intense commercial activities. Accordingly, Europe supported the reformation attempts and bilateral economic agreements between the Ottoman and European powers in line with its interests. Furthermore, the process of Ottoman foreign debt resulted in both financial and economic integration of the Ottoman State in the European economic system. Especially after the foreign debts, a steady flow of Western capital began to penetrate the Ottoman market, and European powers gained control over the basic sectors of the Ottoman State. In short, the Ottoman integration with Europe completed all of its phases at the economic level at the end of the 19<sup>th</sup> century. As a result, both non-Muslim merchants and European powers gained political and economic advantage.

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<sup>91</sup> Anbar, p. 31.

<sup>92</sup> Ibid.

## CHAPTER 3

### İZMİR IN THE 19<sup>TH</sup> CENTURY

This chapter analyzes the commercial relations of the merchant community with the European countries in the city-port İzmir starting from the early 18<sup>th</sup> century to the end of 19<sup>th</sup> century. İzmir, as a significant port since antiquity and a major international port of the Ottoman Empire since the 17<sup>th</sup> century, became the most important port during the 18<sup>th</sup> century.<sup>93</sup> Apparent commercial progress of İzmir collided with the period of commercial development between the Ottoman Empire and Europe.<sup>94</sup> As I mentioned in the previous chapter, the Ottoman State integrated into the expanding world economy at the end of the 18<sup>th</sup> and at the beginning of the 19<sup>th</sup> century. In addition to integration process of the Ottoman State with the Europe, at the beginning of the 19<sup>th</sup> century, classical liberal view started to permeate into Ottoman economic structure with the attempts of European countries as well as the Ottoman merchants. The milestones in the Ottoman economic and political history in the 19<sup>th</sup> century can be considered as the *Treaty of Baltalimanı* in 1838 which enabled the right of free entry of European products to the Ottoman State along with the policy of *laissez-faire*, and *Tanzimat Fermanı* in 1839 which also introduced the social grounds of liberalism in the Ottoman Empire. With these two crucial events, the *laissez-faire* principle became visible in the Ottoman state, and this also signaled a new era in which the Ottoman Empire became subject to Great Power authority that determined its economic and political life up until the Balkan Wars. Besides, economic thinking and policies in the Ottoman Empire were shaped in this very

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<sup>93</sup>Elena Frangakis-Syrett, "The Ottoman Port of İzmir during the Eighteenth and Early Nineteenth Centuries, 1695-1820," *Revue de l'Occident Musulman et de la Mediterranee* 39, (1985): p. 149.

<sup>94</sup>Elena Frangakis-Syrett, "Uluslararası Önem Taşıyan Bir Akdeniz Limanının Gelişimi: Smyrna (1700-1914)," in *İzmir 1830-1930 Unutulmuş Bir Kent mi? Bir Osmanlı Limanından Hatıralar*, ed. Marie-Carmen Smyrnelis, trans. Işık Ergüden, (İstanbul: İletişim Yayınları, 2009), p. 27.

special political conjuncture. Under these political and economic circumstances, in the 19<sup>th</sup> century, İzmir continued to be one of the prominent economic and commercial centers as well as being a major exporting city among the key port cities involved in trade activities with Europe in the Ottoman Empire.<sup>95</sup> Within this period, the share of İzmir increased continuously in the foreign maritime commerce. In every aspect of commerce, in volume and value of trade goods, in intensity of commercial networks towards hinterland, and in the scope of international agreements, İzmir gained commercial supremacy successfully. Hereby, it linked the Ottoman State with Western Europe in commercial sense. The goods in Anatolia reached Europe whilst European manufactured goods reached the Anatolian and Persian markets via İzmir port. İzmir held this position almost continuously until the beginning of the 20<sup>th</sup> century. In this economic and political atmosphere, non-Muslim Ottoman mercantile communities which strengthened in the early 17<sup>th</sup> century and flourished during the 18<sup>th</sup> and 19<sup>th</sup> centuries had a critical role on the liberalized economy of İzmir. Among non-Muslim mercantile communities, the Greek community of İzmir became prominent in almost all of the sectors of trade.<sup>96</sup> In this chapter, these points will be highlighted.

### 3.1 İzmir in the Ottoman State

Here, let me briefly discuss the reasons behind the importance of İzmir in the Ottoman State. First and foremost is that İzmir has a strategic geographical position in the Aegean Sea.<sup>97</sup> İzmir, at the seashore of the Western Anatolia, was at the critical point not only in the Ottoman State's external maritime trade but also within the Ottoman coastal trade. It was mentioned by European travelers as the first and foremost commercial capital of the East because it was in the middle of maritime route between Europe and Asia.<sup>98</sup> It linked large part of the Ottoman State with

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<sup>95</sup> Elena Frangakis-Syrett, "The Economic Activities of the Greek Community of İzmir in the Second Half of the Nineteenth and Early Twentieth Centuries," in *Ottoman Greeks in the Age of Nationalism: Politics, Economy, and Society in the Nineteenth Century*, eds. Dimitri Gondicas and Charles Issawi, (Princeton: The Darwin Press), 1999, p. 17.

<sup>96</sup> *Ibid.*, p. 18.

<sup>97</sup> Frangakis-Syrett, "Uluslararası Önem Taşıyan Bir Akdeniz Limanının Gelişimi," p. 150.

<sup>98</sup> Olaf Yaranga, *XIX. Yüzyılın İlk Yarısında Fransız Gezginlerin Anlatımlarında İzmir*, trans. Gürhan Tümer, (İzmir: İzmir Yayıncılık, 2000), p. 29.

Europe. Similarly, inside the Ottoman Empire, İzmir was in the middle of the vital İstanbul-İzmir-Alexandria maritime route. Besides its geographical superiority, İzmir also had a convenient and accessible port. Indeed, the mountains surrounding its narrow gulf made it a sheltered cove. Unless there were gust, the sea was straight and the ships could anchor and stay in safe.

Strategic geographical position of İzmir brings us to the second reason of its significance. In the following paragraphs, I will be analyzing the rise of İzmir in terms of international commercial activities in detail. Let us move now to a brief analysis of its commercial significance. What distinguished İzmir from other Ottoman ports was that all the locational superiorities of İzmir made it a crucial commercial city. İzmir had a unique commercial position as the touch point between the Ottoman State and European countries, and the city revealed as an international port of the Ottoman State at the beginning of the 17<sup>th</sup> century.<sup>99</sup> Both with Europe and within the Ottoman State, the city had the most extensive commercial contact by surpassing İstanbul and Alexandria ports. The city had the ability to answer so affectively the needs of European markets via long and short-distanced landed and maritime routes and exported numerous agricultural products since İzmir region was rich in terms of foodstuffs.<sup>100</sup> Besides, several manufactured goods were imported and distributed all over Anatolia and the Middle East. Consequently, trade means everything to İzmir. The city was dependent on trade activities and merely relied on it.

Another element that makes İzmir such a significant port was its cosmopolitan character. In the city, Turco-Muslims were far less visible in number than non-Muslim Ottoman and foreign population in the 17<sup>th</sup> century.<sup>101</sup> Different communities from different ethnic origins lived together.<sup>102</sup> In addition, foreign population remarkably increased at the end of the 17<sup>th</sup> century. Greek, Armenian and Jewish population, who had quite intimate relations with the Turkish population, and

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<sup>99</sup> Smyrnelis, p. 12.

<sup>100</sup> Yaranga, p. 29.

<sup>101</sup> Daniel Goffman, "İzmir: From Village to Colonial Port City," in *The Ottoman City Between East and West: Aleppo, İzmir and İstanbul*, eds. Edhem Eldem, Daniel Goffman and Bruce Masters, (Cambridge: Cambridge University Press, 2005), p. 84.

<sup>102</sup> Beyru, p. 64.

Levantine group, who was distant from the Turkish culture and society in the beginning of their settlement period, lived together in the city. On the other hand, Ottoman Turks were dominant in terms of population and ruled the city to a great extent. In the middle of the 19<sup>th</sup> century, the numbers illustrate that the Turkish population rate continued to decrease while the rate of Armenian, Jewish, Greek Orthodox and Levantine population increased.<sup>103</sup> One may easily assume that fires, earthquakes, wars and epidemic diseases were the reasons changing the population rate in the city. Nevertheless, it seems clearly to have been the case that commercial activities attracted non-Muslim or European merchants to live in İzmir. French, Italian, British, Greek, Jewish and Armenian merchants settled in İzmir through generations. As the sections ahead will show, the prominent reason for their settlement was trade activities in İzmir.

### **3.1.1 Commercial Actors in İzmir**

European and non-Muslim mercantile communities are crucial factors that led İzmir to have become prominent commercial city in the Ottoman State since 16<sup>th</sup> century. Capitulations and trade agreements between the Ottoman State and Europeans were revolutionary changes in political and economic structure of the Ottoman State. And starting from the 16<sup>th</sup> century, İzmir became the heart of the international commercial route of the Ottoman State. With new economic treaties, the city became the reformist face of the liberal and laissez-faire economy of the Ottoman State. With this new additional commercial route, Venetian, French, British and non-Muslim Ottoman merchants began arriving in İzmir. The initial residents of West European merchants and non-Muslim merchant groups in the city established intense commercial relationships in international markets. In the following centuries with additional commercial treaties and new egalitarian reforms they had more freedom of movement and security in İzmir compared to Anatolian regions. So, they contributed to the economic and commercial development of the city day by day.<sup>104</sup> The location and structure of the natural port also enhanced the city's commercial value. Besides, at the end of the 18<sup>th</sup> century, with the integration process of the Ottoman Economy

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<sup>103</sup> Ibid., p. 19.

<sup>104</sup> Mübahat S. Kütükoğlu, *XV. ve XVI. Asırlarda İzmir Kazasının Sosyal ve İktisadi Yapısı*, (İzmir: İzmir Büyükşehir Belediyesi Kültür Yayını, 2000), p. 40.

into the world economy, İzmir acquired a dominant position in trade with the European countries by leaving Alexandria, İstanbul and Salonika ports behind. In addition, the Ottoman State's policy in order to centralize trade in İzmir towards its commercial activities with Western Europe was also effective on İzmir's rise.

### **3.1.2 The Role of European Merchants**

At the beginning of the 16<sup>th</sup> century, İzmir was a very attractive port for the foreign merchants. In a dynamic period in the context of economy and diplomacy, the commercial treaties signed between foreign trade partners and the Ottoman rulers was a prominent element for the revival of international commercial activities in the city.<sup>105</sup> Another significant element was the establishment of Western European consulates in İzmir. At last but not least, international market search of the Europeans was a substantial factor for the achievement of international port status for İzmir. Especially by the second half of the 18<sup>th</sup> century, certain parts of the Ottoman State integrated into the world economy with the effect of growing volume of trade. As a result, Dutch, Italian, French and British merchants started to get in contact with the merchants in İzmir in order to reach the Levant market. The European partners exported high numbers of textile and manufactured goods to İzmir ports in exchange for agricultural products and raw materials.<sup>106</sup> Besides, İzmir was not only an export and import point but also distribution center for the import goods from European markets which were arriving at Anatolian region.<sup>107</sup> Under these circumstances, it would be easy to assert that several European trading partners had a strong position in İzmir and there was a strong competition among the European partners on trade with İzmir. Dutch, French, British or Italian merchants have begun arriving in İzmir since the city matured as a commercial center. However, one shall not forget that no

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<sup>105</sup> Elena Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret (1700-1820)*, (İzmir: İzmir Büyükşehir Belediyesi , 2006), p. 20.

<sup>106</sup> Melih Gürsoy, *Tarihi, Ekonomisi ve İnsanları ile Bizim İzmirimiz*. İstanbul: Metis Yayıncılık, 2013.

<sup>107</sup> Frangakis-Syrett, "The Ottoman Port of İzmir," p.150.



single country ever monopolized İzmir's trade in spite of gaining superiority from time to time.<sup>108</sup>

### *Venice*

It seems clearly have been the case that the commercial treaties between European countries and the Ottoman State was shaping the economic activities in İzmir. Similarly, diplomatic establishments and consulates of European countries in İzmir were also effective on the settlements of foreign businessmen and merchants in the city. For instance, the pacts between the Ottoman Administrators and Venetians illustrate that there was an intense commercial relationship between two actors. Between 1387 and 1451, the Ottoman State and Venetian administrators signed 9 pacts.<sup>109</sup> In these treaties, the articles on reciprocal trade liberalization remained at the forefront. There were also privileges for both partners in terms of trade and taxes. As a result, Venetians who control the maritime commerce in Mediterranean region gained a significant advantage in the Levant especially on woolen and fabric industry. Up until the 17<sup>th</sup> century, Venetians remained a strong actor in the Mediterranean commerce for the Ottomans. However, after 1630s they met with strong competition of France in the Levant.<sup>110</sup> After a while, British merchants imitated the Venetian fabric and woolen goods and put on the İzmir market. Venetian merchants were in a difficult situation. In 1676, when Sadrazam Kara Mustafa Pasha imposed new taxes on foreign merchants living in the Ottoman State, most of the Venetian merchants left İzmir. At the end of the day, with the Venetian-Ottoman War in 1715, Venetian consul and rest of the merchants living in İzmir were expelled.

### *France*

After the termination of Venetian domination in the city's foreign trade activities, new commercial power in the İzmir region was France. The first agreement between

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<sup>108</sup> Elena Frangakis-Syrett, "Commerce in the Eastern Mediterranean from the Eighteenth to the Early Twentieth Centuries: The City-Port of İzmir and Its Hinterland," *International Journal of Maritime History* 10 (December 1998): p. 126.

<sup>109</sup> Gürsoy, p. 80.

<sup>110</sup> *Ibid.*, p. 86.

France and the Ottoman State was signed in 1535 and they penetrated into İzmir and Istanbul market before Britain. Based on this agreement, French merchants were exposed to pay 5% customs tariffs and were able to have freedom of movement in the Ottoman coasts. Furthermore, they gained broad privileges after the treaty signed in 1569. For a long time, French trade activities were so vivid and significant in İzmir especially after the economic crisis in France in the beginning of the 16<sup>th</sup> century. One third of French commerce with the Levantine territory was done via İzmir port.<sup>111</sup> İzmir was so crucial that French government asked French merchants in İzmir to support the economic expenses of French consulate.<sup>112</sup> So, the consulate started to take surcharge from the French imports in İzmir. In this regard, the contact between the French merchants and consulate had a vital role. Letters sent by French government every six months to French consulate in İzmir exemplifies this vital relationship between them. Based on these letters, İzmir consulate was sent reports about the French population and their activities in the city. In this report, there was also information about the French merchants, their families and servants in detail. One may easily recognize that French merchants were getting strong in the city.

On the other hand, at the end of the 17<sup>th</sup> century, the British competition became more visible. The British companies tried to tell their government that French fabric were so cheap that it was hard to compete. These companies offered a suggestion to their governments to take incentives for the fabrics like French merchants and not to pay custom tariffs for the raw silk. However, trade administration delegation rejected their demands. Against British competition, the French continued to dominate over the Ottoman market by producing woolen fabric and transporting it for a better price. They exported a lot of goods from İzmir and transported them into Marseille. In addition, 1740 capitulations which were more permanent than the *ahdnames*<sup>113</sup> in 1535 were granted to France. Based on new agreement, the consulates and

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<sup>111</sup> *Ibid.*, p. 90

<sup>112</sup> *Ibid.*, p. 91.

<sup>113</sup> Ahdname was a contractual agreement signed between the Ottoman government and European countries. They are known in European literature as the Capitulations. It provided certain level of protection and special rights to the European merchants. It basically regulates the economic relations between the Ottoman Empire and European States. For a detailed analysis see Esin Yurdusev, "Studying Ottoman Diplomacy: A Review of the Sources," in *Ottoman Diplomacy: Conventional or Unconventional?*, ed. A. Nuri Yurdusev, (New York: Palgrave Macmillan, 2004), p. 186.

ambassadors had superior treatment of the Ottoman State compared to envoys of non-Muslim states. However, with the French Revolution and the Napoleonic wars between France and Britain, France superiority ended.

### *Britain*

Britain was another rising actor in İzmir. Like other European commercial partners, intense commercial relations between Britain and the Ottoman Empire were also closely related to treaties, personal attempts, and diplomatic establishments. Continuous and definite commercial relation between Britain and the Ottoman State began with the attempts of two British merchants namely Edward Osborne and Richard Steaper in 1575.<sup>114</sup> These merchants endeavored in order to gain freedom of work permit and their attempts became successful. By the same token, in 1580, as a result of the letters between Queen Elizabeth and Sultan Murad III, 22 point pact was signed which designated the conditions of Britain commerce in the Ottoman territories. With this treaty, the rights and privileges given to France were also favored Britain. Besides, in 1581, 12 British merchants gained special permission from the British Queen in order to merchandise in the Ottoman markets.

When the British commerce strengthened in the region during the 17<sup>th</sup> century, the competition between French and British merchants in İzmir escalated. For instance, with the foundation of a Levant Company as a competitor in order to control the Mediterranean market by the French Finance Minister, Jean Baptiste Colbert, tension rose.<sup>115</sup> Although strong French competition interrupted the British monopoly in İzmir, Britain continued to rise. During the 17<sup>th</sup> century, cloth importation constituted a major part of British trade with the Ottoman State. And, the income gained from raw silk, mohair and cotton exported to Britain from İzmir was sufficient to compensate the cloth import from Britain.<sup>116</sup> However, during the 18<sup>th</sup> century, rise of British trade terminated. Even, after 1730, trade of the Levant Company in İzmir was on the decline.<sup>117</sup> The efforts to revive the commercial activities of the company

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<sup>114</sup> Gürsoy, p. 93.

<sup>115</sup> Goffman, p. 120.

<sup>116</sup> Gürsoy, p. 102.

<sup>117</sup> *Ibid.*, p. 103.

were useless. 1793 War between France and Britain brought the British trade to a standstill. Furthermore, with the Napoleonic Wars, France hegemony ended. France attempts tried to reenter the Mediterranean market after the Napoleonic wars but, the space left by the French merchants had already filled by British and non-Muslim, especially Ottoman Greek merchants. At the end of the 18<sup>th</sup> century after ups and downs, it seems clearly to have been the case that Britain was a rising power of Europe and unrivaled European trade partner of İzmir. In the following paragraphs it will be analyzed that the picture in the 19<sup>th</sup> century was much more different from the previous years in terms of foreign commercial relations in İzmir. With the impact of growing diplomatic and economic contacts as well as international economic conjuncture, Britain as a European actor had a superiority in commercial relations in İzmir, in 19<sup>th</sup> century.

### **3.1.3 The Role of Non-Muslim Subjects on Trade in İzmir**

Rise and transformation of İzmir commercially was not merely a result of European economic intervention. Although Europeans were so effective on external trade relations, local merchants in İzmir has also active role on international trade by controlling the internal networks. In foreign trade, European merchants acted through local merchants. These merchants, Greeks, Jews and Armenians, were crucial actors as agents, brokers and intermediaries. Broadly speaking, Jews dominated tax farming and brokerage. On trade, the Greek Orthodox remained at the forefront at inter-regional trade and Christian Armenians at international commerce not because of their religious or ethnic status but because of their networks, demographic distribution and cultivated expertise.<sup>118</sup> The merchant communities had also certain specializations on commodities.<sup>119</sup> Jewish and Turkish merchants controlled Bursa silk trade whilst Turkish and Armenian merchants had mohair yarn trade. On the other hand, Armenian and Persians conducted caravan silk trade. Besides, in import, Greeks and Armenians dominated retail of cloth, and Jewish merchants controlled the retail of coffee and pepper.<sup>120</sup>

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<sup>118</sup> Goffman, p. 123.

<sup>119</sup> Frangakis-Syrett, "Commerce in the Eastern Mediterranean," p.144.

<sup>120</sup> *Ibid.*, p. 145.

Among the specialization of different non-Muslim groups, starting from the 18<sup>th</sup> century, the Greeks were permeating into world economy as a remarkable and powerful community in trade. Their strong communal relations within the Greek Orthodox community in the Ottoman State, their networks with Greek diaspora and their expertise on Anatolian products and trade were at the heart of their success. Besides, the roots of Greek commercial success were laid in their long-term demographic trends and integration process of Ottoman economy into the world economy. On the other hand, one can not ignore that interference from Europe and their protectionist attitude towards them that triggered their success. At the end of the day, the Greek Orthodox community began turning their face to Europeans for political protection and an alliance arose between the Europeans and Greek Orthodox in İzmir as a two-edge association. On the one hand, the Greek Orthodox trade blocked European aspirations to penetrate eastward. But on the other hand, they managed themselves to establish control over the Atlantic and Mediterranean worlds. Greek merchants docked over the ports of Atlantic Sea and established commercial houses in Amsterdam and Marseilles.<sup>121</sup> At the beginning of the 19<sup>th</sup> century, they were very influential on foreign commercial relations of the Ottoman State in İzmir. International drift toward free trade concept and integration process of Ottoman State in world system were the gate of commercial success of the Greek Orthodox community in İzmir. Further detail on the importance of Greek merchant community will be elaborated in the following paragraphs and following chapter.

### **3.2 Commerce in İzmir in the 19<sup>th</sup> century**

In the previous chapter, I analyzed that Ottoman Economic structure altered depending on expansion of the world economy at the end of the 18<sup>th</sup> and during 19<sup>th</sup> century. Accordingly, integration and growth process began in İzmir in parallel with the economic and commercial developments in world economy. Besides, diplomatic attempts of European countries in order to keep the Ottoman State alive had an effect on İzmir since the diplomatic establishments and treaties were particularly determinant on commercial activities in İzmir. On the other hand, French Revolution

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<sup>121</sup> Goffman, p. 124.

and the end of Napoleonic Wars put an end to the French economic domination in the area. Instead, Britain who dominated liberal economic policies became the principal commercial partner of the Empire and İzmir. In the meantime, non-Muslim minorities became stronger in commercial area in the city via their international and domestic networks. In line with the international development and integration process of the Ottoman State into the World Economy, İzmir became more integrated to Europe. In this regard, European countries consolidated their commercial activities in İzmir in order to penetrate into the interior of the Ottoman State. So, they used İzmir port as a base in order to reach local market and other ports of the Ottoman State.

### **3.2.1 İzmir and International Economy in the 19<sup>th</sup> century**

In this regard, İzmir became a central port city accelerating the integration process of the Ottoman Empire with the European countries. Several developments in international context led to the integration process of the Ottoman Empire and European States through İzmir.<sup>122</sup> One was that high level of capital accumulation in industrialized European countries paved the way for their penetration into the İzmir and hinterland. Another development was the introduction and use of steamship in the Mediterranean ports.<sup>123</sup> Compared to 18<sup>th</sup> century, transportation between Europe and Mediterranean region increased in the 19<sup>th</sup> century with the regular arrival and departure of goods to the ports. In this way, European countries found a feasible way to reach Levant market. Last but not least development was the introduction of free trade by 1838 *Baltalimanı Agreement* which removed several obstacles between the Ottoman and European merchants.<sup>124</sup>

Under these circumstances, İzmir was strongly linked to Europe and continued to be prominent commercial center in the 19<sup>th</sup> century. During the century, the city became importer, exporter of the hinterland and distributor of vast internal market via dense commercial networks and routes. Since İzmir was able to respond economic changes in world economy quickly, particularly in terms of demand for Ottoman goods, it

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<sup>122</sup> Frangakis-Syrett, "Commerce in the Eastern Mediterranean ," p.137.

<sup>123</sup> Ibid.

<sup>124</sup> Ibid.,p. 138.

continued to develop and grow.<sup>125</sup> As a competitive and powerful exporter of raw materials to the industry of European countries, İzmir exported raw materials agricultural goods including, madder, leeches, opium, valonia, tobacco, cotton, silk, mohair yarn, olive, cereal, figs, dried fruit, raisin, paraffin, resin, sponge, storax, cinnabar, and buxus .<sup>126</sup> In terms of import trade, İzmir imported industrial and manufactured goods as well as some foodstuff including coffee, sugar, spice, ham, cod, ice, silverware, and sewing machines.<sup>127</sup> At the top of industrialization process of the period, European countries were aiming to sell textile goods to İzmir. Cloth was the most fundamental exported product of textile industry in İzmir.

However, one should not forget that international competition in commercial markets also threatened the some sectors in İzmir in the beginning of the 19<sup>th</sup> century as well. In the British markets, Egyptian cotton along with American cotton became a rival commodity to cotton of İzmir.<sup>128</sup> With the invention of the cotton gin by Eli Whitney in 1793, cotton was no longer the prominent export product in İzmir. As a result, İzmir continued to export other foodstuffs and ceased to rely on huge amount of cotton export. However, the cotton exports in İzmir revived due to the American Civil War between 1861-1865 and accordingly increasing cotton demand in the world market. Demand for cotton in world market allowed İzmir to become a competitive and strong export region again until the dissolution of the Empire. Another halt on the rise of İzmir was the rise of Black sea port, Trebizond, and merchandisers started to export Persian commodities through Trebizond instead of İzmir. The development and revival of other port cities such as Alexandria, Mersin, and Samsun also decreased the amount of commodities coming from nearby territories. The silk coming from Persia was turned towards Trebizond and copper coming from Tokat was directed to Samsun port instead of İzmir for their distribution to other cities.

Another restrictive factor on trade relations was the Ottoman economic policy on exportation. Based on the Ottoman export policy, merely surplus stock after fulfilling

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<sup>125</sup> Elena Frangakis-Syrett, "Commercial Growth and Economic Development in the Middle East," in *Ottoman İzmir: Studies in Honour of Alexander H. de Gorot*, ed. Maurits H. Van Den Boogert, (Leiden: Nederlands Insitituut voor het Nabije Oosten, 2007), p.12

<sup>126</sup> *Ibid.*

<sup>127</sup> *Ibid.*, p.13

<sup>128</sup> Gürsoy, p. 123.

subject's needs was allowed to be exported.<sup>129</sup> Necessity goods like cotton, sewing cotton and cereal were subject to dispensation and in the other cases they were banned to be exported. Besides, *yed-i vahid* system which was the method of the Ottoman Empire monopolizing purchase and sale of specific export products in order to increase tax revenues was also restricting the free foreign trade activities.<sup>130</sup> The price of products subjected to *yed-i-vahid* implementation was kept so low by the central authority that production of these goods sharply decreased until 1840s.<sup>131</sup> For instance, annual opium production was decreased by almost two third after *yed-i-vahid* practice was implemented.<sup>132</sup> Besides, there was an obligation to pay high amount of taxes for importation which made the circumstances more complicated. Custom duty rates varying from 15% to 50% was quite high for the merchants. Moreover, during the war and scarcity periods, large amount of product range could have been limited to export. In addition to policies of central government, arbitrary decisions of the rising *ayan* class<sup>133</sup> resulted as the prohibition of export and monopoly on certain products, and annulment of certain navigation acts of foreign merchants.<sup>134</sup>

Against the restriction on international foreign trade, European powers and Britain in particular, were in need of secure, accessible and stable port cities for accessing to Eastern markets, in line with the new necessities of the industrial revolution. For this reason, in cooperation with the Ottoman government, they sought for a treaty that will remove the obstacles in the path of foreign and domestic trade and enable raw material procurement from the Eastern market. On the other hand, Mehmet Ali

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<sup>129</sup> Ibid., 124.

<sup>130</sup> Ertuğrul Acartürk and Ramazan Kılıç, "Osmanlı Devletinde Kapitülasyonların İktisadi ve Siyasi Perspektiften Analizi," *Hacettepe Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi* 29, no. 2 (2011): p.10.

<sup>131</sup> Gürsoy, p.124.

<sup>132</sup> Ibid.

<sup>133</sup> With the dissolution of *timar* (Ottoman Land) system in the 17<sup>th</sup> century, the *ayan* (landlords) class emerged and became a crucial political and economic power source against the central Ottoman government especially in the early nineteenth century. The *ayan* class was initially entitled to collect taxes and provide order and security in the provinces. However, in the following decades the *ayan* class gradually became richer by obtaining revenue and land. At the end of the day, their economic and political power turned out to be threat against the Ottoman central government. The Ottoman State struggled against the *ayan* class for decades in order to control and limit their autonomy.

<sup>134</sup> Acartürk and Kılıç, p.10.



Pasha<sup>135</sup> who had founded his own army in Egypt was controlling the foreign trade relations through monopolizing it for his personal interests. In doing so, he provided himself the monetary source for industrialization and military power.<sup>136</sup> When Mehmet Ali Pasha rebellion erupted in 1831, the Ottoman Empire had no choice but to request help from the Great Powers in order to repress the uprising.

Under these circumstances, the response of the European Powers varied according to their respective interests on this conflict. From the lens of France, Mehmet Ali Pasha was an ally as curtailing the British dominance in the region. On the other hand, Britain was aware that the control of the region by Mehmet Ali Pasha and his ally France would damage its economic and political interests as well as its superiority. Whilst state monopoly destroyed the British interests in Egypt, it was obvious that Britain did not welcome the rebellion. Being aware of their overlapping interests, the Ottoman Empire first asked Britain for help. However due to the political problems in Europe, Britain turned his face to Europe and rejected Ottoman request. Russia was the country which showed utmost interest in Mehmet Ali Pasha crisis. A strong authority of Mehmet Ali Pasha would jeopardize the interest of Russia. In order to overcome the crisis of Mehmet Ali Pasha in Egypt, bereft of other support, the Ottoman State had no choice but to make an alliance with Russia which agreed to provide military aid.<sup>137</sup>

At the end of the day, The Treaty of *Hünkâr İskelesi* was signed between the Ottoman Empire and Russian Empire in July 1833. With this treaty, Russia and the Ottoman Empire made an agreement to support each other in the case of an outside attack. Besides, in a secret clause, the Ottoman Empire agreed to close the Strait to

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<sup>135</sup> Mehmet Ali Pasha (born in Cavala and known as Cavallan Mehmet Ali Pasha) was appointed as the governor of Egypt by the Ottoman government in 1805. During the Greek Independence Movement, the Ottoman Empire asked for Mehmet Ali Pasha's support to repress the Morea uprising. In return, the Ottoman Empire promised to give the Crete and Morea islands to Mehmet Ali Pasha. In spite of the help of Mehmet Ali Pasha in Morea, the Ottoman Empire was able to give only Crete island to Mehmet Ali Pasha because the Greeks founded their nation state and conquered Morea after the Battle of Navarino. Now, Mehmet Ali Pasha asked the Ottoman Sultan for becoming the governor of Syria and Crete. But, his demand was rejected. At the end of the day, Mehmet Ali Pasha rebelled against the Ottoman Empire in 1831.

<sup>136</sup> Acartürk and Kılıç, p. 10.

<sup>137</sup> William Hale, *Turkish Foreign Policy 1774-2000*, (London: Frank Class Publishers, 2000), p. 24.

third parties' warships during wartime. At the same time, Mehmet Ali Pasha was recognized as the governor of Syria by both parties. However, other great powers of Europe, especially Great Britain worried about the political and military *rapprochement* between two empires, Russian and Ottoman Empire. This was a serious threat to the hegemony of Britain in the region. Therefore, Britain put Ottoman State under pressure via diplomatic channels in order to regain her control on the Ottoman Empire's political and economic domains. Besides, Britain played a more active role in the Near Eastern region as an ally of the Ottoman Empire for decades.<sup>138</sup> Under these circumstances, in August 16<sup>th</sup> 1838, *the Treaty of Baltalimanı* was signed between the Great Britain and the Ottoman Empire.<sup>139</sup>

### **3.2.2 1838 Anglo-Turkish Convention's Impact on İzmir's Trade:**

With the implementation of the *Treaty of Baltalimanı* which was first signed between Ottomans and Great Britain, then France and the rest of the European countries, a new period began in the Ottoman foreign commerce. In spite of the economic turbulence with the impact of Napoleonic Wars up until 1815 and occasional halt on international trade activities explained above, commercial revival was experienced for the most part of the period of the 19<sup>th</sup> century due to the implementation of the treaty. According to the treaty, monopolies in foreign trade were removed and Ottomans eliminated higher taxes or limitations on foreign trade. The treaty which was signed between Britain and Ottoman State removed the obstacles to free trade in the Ottoman Empire for the merchants trading among several states. It abolished age-old system of trade monopolies in the Ottoman State and lowered custom duties which increased import and export rates considerably. These implementations made it easier for Ottomans' trade to open into the foreign markets. However, it is also a common argument in the history literature that the Ottoman State lost most fundamental source of income by reducing the taxes on foreign trade in this agreement. Besides, the free trade agreement led customs duties to decline and made it difficult for the Ottoman State to raise the customs duties for protectionist

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<sup>138</sup> *Ibid.*, p. 25.

<sup>139</sup> Acartürk and Kılıç, p. 11.

reasons.<sup>140</sup> Before 1838, in the Ottoman State, custom duty rate was 3% for both imports and exports. Based on the treaty, the customs duty ratio were increased to fixed rate of 5% duty on imports and 12% duties on exports.<sup>141</sup> In addition, both domestic and foreign merchants were obliged to pay 8% internal customs duty while transporting their products within the Empire's borders. Yet, while local merchants continued to pay internal customs duty, foreign merchants were exempt of this implementation. Hereby, foreign merchants obtained privilege compared to local merchants. In the following years, European countries even provided opportunity to decrease the customs duty ratio from 12 percent to 1 percent in 1860s. Up until the First World War, the Ottoman State was able to put the *Baltalimanı Agreement* into effect and far from having an independent foreign trade policy. As a result of this agreement, imported goods invaded domestic market and expanded quickly.<sup>142</sup>

The *Baltalimanı Trade Agreement* also gave new impetus to the trade of İzmir. The city became more engaged in European commercial and economic domains. Although both import and export of İzmir suffered from the effects of Napoleonic Wars, they reached previous level of success especially after the 1838. In parallel with the developments in world economy, there was a tremendous growth in foreign trade, and İzmir became the largest port city in terms of export.<sup>143</sup> Between 1830 and 1880, import increased 7,5 times per year in terms of current figures (annually 4%), and exports increased 4 times (annually 3%). With the exception of certain years, İzmir proceeded to have foreign trade surplus. When we consider the taxes taken from the exports of agricultural and industrial products, the share of Istanbul in the total was 18.6%, of Beirut 10.2%, of Thessaloniki 6.8%, of Baghdad 6.7%, of Alexandria 5.3%, of Trebizond 4.9% and the share of İzmir was 36%.<sup>144</sup> In addition, fixed rate of %5 duty on imports and 12% duty on exports enabled foreign merchants

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<sup>140</sup> Şevket Pamuk, *Osmanlıdan Cumhuriyete Küreselleşme, İktisat Politikaları ve Büyüme*, (İstanbul: Türkiye İş Bankası Kültür Yayınları, 2008), p.80.

<sup>141</sup> Elena Frangakis-Syrett, "Implementation of the 1838 Anglo-Turkish Convention on İzmir's Trade: European and Minority Merchants," *New Perspectives on Turkey* 7 (Spring 1992): pp. 91-112.

<sup>142</sup> Pamuk, *Osmanlıdan Cumhuriyete Küreselleşme*, p.27.

<sup>143</sup> Alp Yücel Kaya, "19. Yüzyıldan 21. Yüzyıla İzmir Ekonomisinde Süreklilik ve Kırılmalar," in *Değişen İzmir'i Anlamak*, eds. Deniz Yıldırım and Evren Haspolat, (Ankara: Phoenix Yayınevi, 2010), p.50.

<sup>144</sup> *Ibid.*, p. 51.

to go beyond İzmir and commercially reach into its hinterland as well.<sup>145</sup> With this treaty, they were also able to go to local markets and interior regions without requiring the control of local authorities on them. Hereby, the 1838 convention not only stimulated the integration process of İzmir into expanding world economy but it also opened İzmir hinterland to the world market and international trade.

Since the 1838 *Baltalimanı Trade Agreement* removed the obstacles of free trade for the European merchants, European countries other than Britain also found a way to become significant trade partners of the Ottoman Empire through İzmir connections. They, now, penetrated into İzmir's hinterland. Besides, several agricultural products growing in the plains of İzmir's hinterland became attracted the European merchants. Europeans who were not closely acquainted with the local producers in the region got in commercial contact with the Greek, Armenian and Jewish merchants. The Europeans were also able to direct local suppliers to produce certain products. With this intensified contacts in the hinterland, European merchants and investors who came and lived in İzmir temporarily until the 19<sup>th</sup> century, now settled in the city permanently. Thus, İzmir managed to enhance its role steadily as an export and import center in the 19<sup>th</sup> century.

However, it is also argued that with the *Baltalimanı Trade Agreement*, the European merchants had more privileged position than the Ottoman merchants. The European merchants were exempt from special taxes that the Ottoman merchant community was obliged to pay.<sup>146</sup> For instance, 8% tax that local merchants were entailed to pay was not an obligatory for foreign merchants.<sup>147</sup> These circumstances enabled European merchants to hold more advantages compared to local merchants. On the other hand, the principles of free trade agreement included state intervention as well. For this reason, local and foreign merchants were able to demand both state protection and the exemption indicated in the treaty.<sup>148</sup> In this scope, there was a strong competition among local and foreign merchants in the field of protection and subsidies from the state authority. Under such a circumstance, some merchants and

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<sup>145</sup> Frangakis-Syrett, "Implementation of the 1838 Anglo-Turkish Convention on İzmir's Trade," pp. 91-112.

<sup>146</sup> Kıray, p. 74.

<sup>147</sup> Ibid.

<sup>148</sup> Kaya, p.54.

artisans sent a complaint petition to central administration claiming that foreign merchants were violating the rules not paying the taxes that they were obliged to. Local merchants and craftsmen were displeased to not to share the tax burden equally with foreign merchants. Especially the foreign property owners and merchants in İzmir who enjoyed the privileges of capitulations and commercial agreements created a resistance among local merchants. In spite of the reconciliatory policies of the *Tanzimat Fermanı*, the dispute among merchants, craftsmen and notables did not come to an end. They either resisted paying their tax or sought ways to bypass it via resorting to the means of the new system that was emerged after the *Baltalimanı Treaty*. According to officer Ali Pasha who had become a governor of İzmir for a short period of time, firstly arbitrary but later systematic implementations of merchants and notables in İzmir, became a deteriorating subject for the Ottoman Empire in this way.<sup>149</sup> One of these arbitrary implementations was called *Selem*. *Selem* was a way of cash payment of the product made by merchants to the farmer before the crop was collected in order to meet the needs of farmers. However, the farmer agreed to receive almost half of the current rates because of cash shortage. If the production was decreased, the farmer would have even remained in debt to the merchants unless he could meet the agreed amount of products.<sup>150</sup>

However, in the 19<sup>th</sup> century İzmir was still on the rise and the city owed its rise on foreign trade, which surpasses the level of share of the other port cities of the Ottoman Empire, due to its commercial ties with Britain. Britain was the prominent actor in Ottoman market since France and Austria which had previously provided manufactured goods to the Empire could not have competed with cheap export products of Britain in the first quarter of the 19<sup>th</sup> century.<sup>151</sup> In the sequel, between 1827 and 1850, both import and export between Britain and the Ottoman Empire had an increasing graphic. Even, between 1827 and 1838, import from Britain to the Ottoman Empire increased a hundred percent.<sup>152</sup> Trade with Britain continued to grow also after 1850. In the second half of the 19<sup>th</sup> century, with renewed commercial treaties between two countries, import tax rates were gradually increased

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<sup>149</sup> Ibid., p.57

<sup>150</sup> Ibid.54.

<sup>151</sup> Gürsoy, p. 105.

<sup>152</sup> Ibid.

while export tax rates were reduced. Between 1850 and 1870, the British merchants in İzmir totally dominated the commercial activities between Britain and İzmir, and they played vital role on the commercial ties of İzmir with other European countries. The prominent British families and merchants in İzmir in the 19<sup>th</sup> century had a tremendous power to control the foreign trade activities in spite of the presence of strong competitors.

Although the level of its commercial activities with both international and internal markets was the key to its economic importance, another factor that contributed to the development of İzmir as a trade port was the construction of infrastructure in İzmir in the middle of the 19<sup>th</sup> century. One of the most infrastructural progresses was the construction of railways connecting İzmir to its hinterland. This was a successful attempt which strengthened the integration of this port city to the international markets.<sup>153</sup> It is not unrealistic to say that emphasis of European powers on improving railway transportation overlaps with their classical liberal view of improving infrastructure in order to permeate interior parts of the Levantine market. Railway lines initially constructed by British shareholders had a vital impact on commercial sector. The fact that this was the first railway (İzmir-Aydın railway) built in the Ottoman Empire indicates the significance attributed to the city as a commercial center.<sup>154</sup> The construction of the railway enabled further capital accumulation in the region. Accordingly, European involvement in the economic activities of the region deepened. Besides, this infrastructural development helped further development and growth of the city commercially. In addition to the railway network, construction of a new and a modern quay and new jetties became another infrastructural development contributing to the commercial growth of the city.<sup>155</sup> When the new quay was linked to Aydın railway route via tram, a crucial phase was completed. Thanks to the new railway and new tram, goods which were sent from the hinterland could be released to the international markets directly. Furthermore, foreign merchants and firms also participated in infrastructural developments of the city. European powers that were in strong competition with each other had an active

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<sup>153</sup> Frangakis-Syrett, "Uluslararası Önem Taşıyan Bir Akdeniz Limanının Gelişimi," p. 50.

<sup>154</sup> Frangakis-Syrett, "Commercial Growth and Economic Development," p.26.

<sup>155</sup> Frangakis-Syrett, "Uluslararası Önem Taşıyan Bir Akdeniz Limanının Gelişimi," p. 51.

role in the infrastructural investments of İzmir. One of the indicators of the strong foreign competition was the struggle between French and British firms over the construction of a new İzmir quay. The French company, Dussaud Brothers, was an established power in the quay infrastructure of the Ottoman Empire. But later on, the British entrepreneurs who were involved in the railway construction process and became powerful in this sector, attempted to take over the construction investment of the quay in İzmir. However, the French firm considered British intervention in the process as an insult on their long-term investment and effort on the quay construction sector.<sup>156</sup> At the end of the day, the Ottoman government opted for the French company to complete the construction and put an end to this intense rivalry. Government also came to believe that the city will benefit economically if the French company carries out this project. Besides, the support of the government was vital that it guaranteed the enterprise and completion of the project. Eventually, all these endeavor and competition of Great Powers on İzmir contributed to the capitalization and liberalization of the city's economy in the sense that the port city continued to be the principal international economic center in the Ottoman State.

### **3.3 Commercial Relations of the Ottoman Greek Orthodox Community in İzmir in the 19<sup>th</sup> century**

Therefore, in spite of the intense commercial competition between European Powers, European merchants began to settle down for long-terms since foreign trade grew at a very rapid rate in İzmir in the 19<sup>th</sup> century. While the Europeans were having lives in İzmir, they tried to be established in the hinterland. Once they became familiar with the free trade atmosphere of 1838 Trade Convention, they started to be active in the hinterland and domestic trade.<sup>157</sup> In this point, non-Muslim Ottoman merchants appeared as both a competitor and a partner to European merchants. Non-Muslim Ottoman merchants were too strong to compete for Europeans since non-Muslim merchants had both network with the interior parts of the region and the knowledge of the culture and tastes of the Anatolian people. Particularly, Greek and Armenian merchants were very influential on import sector. At this point, European merchants were obliged to cooperate and collaborate with Greek and Armenian merchants in

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<sup>156</sup> Ibid., p. 52.

<sup>157</sup> Frangakis-Syrett, "Uluslararası Önem Taşıyan Bir Akdeniz Limanının Gelişimi," p. 49.

order to send their imported goods in the hinterland. On the other hand, in export market, circumstances were in favor of Europeans because they had intimate relations with international commercial actors as well as profound knowledge of world markets and international trade contracts.

However, one can not simply ignore the predominant role of the Greek merchant class as a strong competitor to wealthy and big European merchants in İzmir. At the end of the 18<sup>th</sup> century and in early 19<sup>th</sup> century, especially during the French Revolution and Napoleonic Wars period, a non-Muslim merchant class (mainly Greek Orthodox) grew at a very rapid rate in the Ottoman Empire. The existing a power vacuum in the international commercial activities in trade activities was filled by the Ottoman Greek merchants during the French Revolution and Napoleonic Wars. In spite of the restricted commercial activity and protectionist closed economy period in Europe, the Ottoman Greek merchants had an ability to export their goods into the different international markets via their close networks with Greek diaspora communities as well as their intense commercial ties with the European powers.<sup>158</sup> When the commercial vacuum in the Mediterranean region and Europe was redressed by the European powers at the end of the Napoleonic Wars, the Greek merchant class in the Ottoman Empire was negatively affected. Despite this change in the commercial domain, the Greek merchants in İzmir surprisingly were still on the rise. Including Ottoman and European merchants, the Greek merchants still made up between 40% and 50% of the merchant population in İzmir.

After the *Baltalimanı* Trade Agreement, the European merchants found the Ottoman Greek merchants as an established power who hold the international markets and local trade networks in their hands in the region. So, penetrating into the hinterland against the Greek merchants was a challenge for the Europeans.<sup>159</sup> The Greek merchants dominated almost all sectors of the commerce in the region and successfully met the competition against the other Muslim and non-Muslim Ottoman merchants as well as the Europeans in the Mediterranean market.<sup>160</sup> Since they were

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<sup>158</sup> Richard Clogg, *A Concise History of Greece*, (Cambridge: Cambridge University Press, 1992), p. 23-29.

<sup>159</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 18.

<sup>160</sup> Ibid.



the main rivals of the European merchants, the Europeans, specifically the British merchants found a way to cooperate with them. Accordingly, British merchants hired some of the Greek merchants as their agents and sub-agents. Since the Greek merchants became the agents and sub-agents between European merchants and local producers in İzmir, the Great Powers had been able to export and import through the Ottoman Greeks. For instance, British merchant J.A. Werry in İzmir, in 1839 has been employing Greek merchants as agents to import coffee to the hinterland while exporting carpets to Europe.<sup>161</sup> Besides being agents, the Greeks also worked as the brokers for European firms in export and import. However, the Greek merchants were not only successful as the employee or broker of the Europeans. Apart from their intermediary roles, the Greek merchants were also strong competitor to the Europeans in international trade activities.<sup>162</sup> They also established commercial networks in the big cities of Europe such as Manchester, Liverpool, London, Paris, Trieste and Odessa. The Greek merchant diaspora in those cities founded strong international commercial links with the Levant region in which they had kinship ties and personal networks. So, the Greek merchants were able to control the flow of commercial goods between the Ottoman Empire and Europe. With the rapid growth of world economy, their established network with Greek diaspora, Ottoman hinterland and Europe enabled them to link the interior parts of the Ottoman Empire with various European countries.

In this sense, it is quite obvious that the Greek commercial groups had not only a leading but also an active role in İzmir vis a vis the other non-Muslim groups and European merchants. They dominated various sectors such as cloth, wine, liquor and agricultural trade in both internal and international trade activities. However, one should not forget that they did not any time monopolize the trade activities in İzmir and did not rule European merchants out of competition.

In this chapter, it was analyzed that Ottoman Empire's economic relations and diplomacy with the European countries and the economic conditions of the Ottoman Empire in the 19<sup>th</sup> century had shaped the developments in the organization of trade

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<sup>161</sup> Frangakis-Syrett, "Commerce in the Eastern Meditternaen," p. 145.

<sup>162</sup> *Ibid.*, p. 147.

in İzmir. As it was argued in the second chapter, leading core countries were shaping world economic relations according to their own interests in this century. The short overview of commercial relations of the Ottoman Greek merchant community with prominent European countries in İzmir showed how these relations were stimulated by the British-led European political and economic developments as well as the changes in the economic structure of the Ottoman Empire. On the one hand, such changes stimulated the integration process of the Ottoman Empire to the Europe-centered world economy including foremost port city, İzmir. On the other hand, the regional economy (vilayet of Aydın) grew considerably as it is seen in the increase on domestic market and export and import rates. Within the scope of these developments, local Ottoman merchants, especially Greek merchant community had pivotal role.

In the next chapter, I will analyze the historical background of the Ottoman Greek Orthodox community under the Ottoman Empire. In this sense, different groups of the Ottoman Greek Orthodox community in the Ottoman millet system will be defined. Besides, a brief introduction to the Ottoman Greek merchant community in İzmir will be presented.

## CHAPTER 4

### HISTORICAL BACKGROUND OF THE OTTOMAN GREEK ORTHODOX COMMUNITY IN İZMİR

The goal of this chapter is to provide a historical background to the Ottoman Greek Orthodox community in İzmir living under the Ottoman rule. The chapter starts with the analysis of the *millet* system of the Ottoman Empire which will be identified as a multi-cultural method embracing all non-Muslim communities living within the Ottoman State. Among non-Muslim communities, different groups of the Greek Orthodox community will be examined. Throughout the chapter, there will be several concepts defining the Greek community living within the Ottoman Empire. For the sake of clarity, I will identify the basic terms which are associated with the Greek community. The subjects of the Orthodox Christian community were referred to by the Ottoman State as the "Rum Millet" (*Millet-i Rum*) or Greek millet interchangeably.<sup>163</sup> These terms in general sense included all Orthodox Christians living under the umbrella of the Ottoman Empire, including its Balkan, Serbian, Arab, Vlach<sup>164</sup>, and Albanian counterparts.<sup>165</sup> In fact, since the senior patriarchs of the Orthodox Church always overwhelmingly consisted of Greeks; the dominance of the Greek community amongst Orthodox Christians was obvious. However, identifying the Greek Orthodox Christians was not easy, and it became an even more complicated issue after the establishment of the Greek State in 1832. The Greek citizens living in Greece used the term "Hellenic Greeks" or "Greeks of the Greek State" to define themselves.<sup>166</sup> Since "Orthodox Christians" is a religious term also

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<sup>163</sup> Clogg, *A Concise History of Greece*, p. 10.

<sup>164</sup> This community was defined by Richard Clogg as a nomadic group living in different fields of the Balkan peninsula and speaking a form of Romanian language. See Clogg, *A Concise History of Greece*, p. 10.

<sup>165</sup> Clogg, *A Concise History of Greece*, p. 10.

<sup>166</sup> N. Feryal Tansuğ, "Communal Relations in İzmir/Smyrna, 1826-1864: As Seen Through the Prism of Greek-Turkish Relations," (PhD diss., University of Toronto, 2008), p. 167.

encompassing other religious millets, I will use the term “Ottoman Greeks” to identify the Orthodox Greek community living within the Ottoman Empire. Besides, I will use the term “Ottoman Greeks of İzmir” to indicate the Ottoman Greeks living in İzmir. Subsequently, the second section will provide a brief introduction to Greek communities living in İzmir. This chapter will examine that by the beginning of the 19<sup>th</sup> century, the Ottoman Greek communities along with other non-Muslims, Muslims and European merchant communities harmonized with each other peacefully. I will touch upon the interaction between Muslim and Greek communities in the city in addition to their demographic distributions. Afterwards the discussion will turn towards the Greek merchant community, the prominent social actor of the Greek community in İzmir in the 19<sup>th</sup> century. The chapter will end with a discussion on the scope and characteristics of the economic activities of the merchant community.

#### **4.1 The Ottoman Millet System**

In the administrative and bureaucratic sphere of the Ottoman Empire, with the increasing number of non-Muslim communities due to the expanding territories of the Empire, the government organized a system of religious and communal regulations to maintain tolerance and peace between different religious or sectarian groups the so-called *millet* system.<sup>167</sup> According to the millet system, the Ottoman State classified its subjects hierarchically on the basis of their religion rather than their ethnic origin.<sup>168</sup> Within this system, the Muslim group, the dominant and largest component of society, was considered as the fundamental element of the society. Main non-Muslim communities based on their religion included the Orthodox Christians, the second largest population group after the Muslims among the *reaya*<sup>169</sup>, Catholic Christians, and Jews.<sup>170</sup> The primary reason for the state to form millets was to overcome diversity within its realm, in order to sustain order among

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<sup>167</sup> Kristen Barkey, "Islam and Toleration: Studying the Ottoman Imperial Model," *International Journal of Politics, Culture, and Society* 19, no. 1-2 (December 2005): p. 15.

<sup>168</sup> Clogg, *A Concise History of Greece*, p. 10.

<sup>169</sup> The Ottoman society constituted two different social groups: ruling class and *reaya*. All the people except for the ruling class in the Ottoman society were identified as *reaya* regardless of their religion. *Reaya* had a security of life and possession as well as freedom of belief.

<sup>170</sup> Clogg, *A Concise History of Greece*, p. 10.

different communities and thus enable administration to control smoothly state functions such as taxation, administration, and conscription. Simultaneously, the Ottoman Empire's aim was to protect those in the non-Muslim communities to ensure their harmony with the Muslims. Based on the millet system, enough room was allowed for different religious groups by the Ottoman government in order to protect the rights of those among the non-Muslim communities. Under the protectionist rule of the Muslim Ottoman government, non-Muslim society members were allowed to have a wide degree of administrative autonomy as well as freedom of belief.<sup>171</sup> Although administrative arrangements were never fully codified or equivalent across different communities, their provisions offered a strong structure regulating transactions among the different communities in order to provide for a more tolerant society.<sup>172</sup> Nevertheless, maintaining peaceful relations among different communities and preserving the interests of both the Ottoman State and the subjects of the State were the main objectives of the millet system. For most part of the Ottoman rule, the State was successful in terms of accommodating and managing differences within its boundaries.

However, it is also a common argument in the literature that non-Muslim communities were also restricted in certain areas. It is argued that the non-Muslim were viewed as second class to the Muslim subjects. They were classified as a "separate, unequal, and protected" group.<sup>173</sup> They were separate communities as *Seyh-ul Islam* Ebussuud Efendi ordered, in the sense that their realm should be kept separate.<sup>174</sup> So, they were distinguished from each other in terms of codes of conduct, and rules and regulations with regard to dress and housing. For example, Christians and Jews were not allowed to build houses taller than the houses of Muslims.<sup>175</sup> A Christian man was not allowed to marry a Muslim woman.<sup>176</sup> In addition, non-Muslims were not allowed to ride horses and bear arms.<sup>177</sup> Different

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<sup>171</sup> Ibid.

<sup>172</sup> Barkey, "Islam and Toleration: Studying the Ottoman Imperial Model," p. 16.

<sup>173</sup> Ibid.

<sup>174</sup> Ibid.

<sup>175</sup> Ibid.

<sup>176</sup> Richard Clogg, "Aspects of the Movement for Greek Independence," in *The Struggle for Greek Independence*, ed. Richard Clogg, (London: Archon Books, 1973), p. 2.

<sup>177</sup> Ibid.

*millet* groups were also taxed unequally. Non-Muslims were obliged to pay a special poll tax, called *cizye*, as well as a *harac* tax levied in return for being exempt from providing a military service to the state.<sup>178</sup> Another controversial problem was the *devhsirme* system. The Ottoman State had been collecting the clever sons from among the Christian families of the Balkan region; these boys were then converted to Islam and raised in order to gain ranks in the Ottoman army. On the one hand, this implementation enabled sons of poor families to attain high ranks in the Ottoman army and administrative positions.<sup>179</sup> But, on the other hand, this process was an oppressive implementation of the Ottoman government which became more problematic during the decline of the Ottoman Empire.

For centuries, amidst the escalating problematic issues of non-Muslims, the *millet* system which was based upon the power of the state continued to control different religious groups as a pragmatic method. However, the cracks of the system became more visible when the Ottoman Empire began to lose its power. Unequal implementations by the central government and the arbitrary administrative practices of the local government towards non-Muslim subjects were problematic. The different *millets* did remain silent about the problems they faced when the power of the Ottoman Empire was on the decline. Thus, separatist uprisings and rebellions of different non-Muslim communities started to threaten the Empire from the inside. Balkan communities especially began to organize a nationalist movement with the influence of the predominantly commercial bourgeoisie and European countries. To this regard, the Ottoman Empire took several measures, including the implementation of a series of military and administrative reforms in order to provide stability and order among her subjects. The Empire also tried to accommodate itself with the conditions of the Congress of Vienna, which prioritized the status quo and harmony of Europe so that the integrity of the Empire was of vital purpose. Under these circumstances, the 1839 *Gülhane Hatt-ı Hümayun Edict* was the product of the effort of the Ottoman Empire in order to maintain and strengthen the ties among society. The reform provided life and property security for all subjects of the Empire regardless of their religious or sectarian identity. Additionally, taxation, judgment,

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<sup>178</sup> Ibid.

<sup>179</sup> Clogg, "Aspects of the Movement for Greek Independence," p. 2.

and conscription systems were reorganized on more equal ground. It is noteworthy to mention that the 19<sup>th</sup> century was such a period that the Sublime Porte focused on reformist attempts towards non-Muslim communities, in order to sustain order, security and stability in the Empire as it had been ensured during its rising era. In light of all these developments, it is not wrong to say that the 19<sup>th</sup> century can be considered as a period in which a more liberal view permeated the political sphere in the context of the social rights of non-Muslims.

#### **4.1.1 The Ottoman Greek Orthodox Community in the Ottoman Millet System**

Among non-Muslim communities, the Ottoman Greek Orthodox community also enjoyed wide range of political rights. They were treated based on the Islamic Law and enjoyed the same rights as the Ottoman Muslims in terms of economic activities and property rights. The Ottoman Empire implemented Islamic laws in a liberal way in favor of non-Muslim subjects. The Greeks, as non-Muslims, were also independent as far as their religious practice was concerned. Historically, the Greek Orthodox Church was the first official religion to be recognized as a millet by the Ottoman government in 1454.<sup>180</sup> Although the Ottoman Greeks called the period during which they lived under the Ottoman “yoke” or the *Tourkokratia*<sup>181</sup>, up until the Greek uprising of 1821, they enjoyed a privileged position without being oppressed by any other ethnic group including the Turks.<sup>182</sup> In certain areas of the Empire, they enjoyed autonomy and self-government in addition to special tax privileges to a great extent.<sup>183</sup> The Ottoman Greeks achieved prestigious positions in the religious, bureaucratic, and economic realms and also succeeded in the intellectual sphere.

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<sup>180</sup> Barkey, p. 16.

<sup>181</sup> Charles Issawi, “Introduction,” in *Ottoman Greeks in the Age of Nationalism: Politics, Economy and the Society in the Nineteenth Century*, eds. Dimitri Gondicas and Charles Issawi (New Jersey: The Darwin Press, 1999), p. 1.

<sup>182</sup> Kemal H. Karpat, *Ottoman Population 1830-1914: Demographic and Social Characteristics* (Madison: The University of Wisconsin Press, 1985), p. 46.

<sup>183</sup> Clogg, “Aspects of the Movement for Greek Independence,” p. 2.

#### 4.1.1.2 Different Groups of the Ottoman Greek Orthodox Community

The four principal groups of the Ottoman Orthodox Greek community to be defined in the study of the conditions under which the Ottoman Greek communities and their institutions survived in the Ottoman Empire are the Orthodox Church, the *Phanariots*, merchants, and the *intelligentsia*.

In a religious sense, the Ottoman Greeks were in a position to represent on behalf of other Orthodox Christian communities because of their strong historical connection with the Orthodox Patriarch. Their historical ties with the Orthodox Church provided prestige and power to the Ottoman Greek community, so that all Orthodox Christian people were still referred to as Rum by the Ottoman State during the 19<sup>th</sup> century.<sup>184</sup> Moreover, the Church as a central actor of the Greek society, during the Ottoman Rule, was much more prestigious than during the Byzantine Empire period.<sup>185</sup> The authority of the Patriarch went beyond strict religious relations and penetrated into the daily life of the Ottoman Greeks. Even the affairs of the Orthodox Christians were mostly under the control of the Orthodox Church rather than the Ottoman State officials. However, in exchange for their large-scale autonomy over society, the Church was expected to be fully loyal to the Ottoman State. When the patriarch of the Church opposed the State's authority, the Church came to be viewed as a primary target by religious and political leaders of the Ottoman government. Especially after the nationalist struggle of the Ottoman Greeks, the status of the Church grew controversial. The Ottoman government suspected that the Church had developed a nationalistic attitude towards the Greek movement.<sup>186</sup> During the 1821 Independence Struggle, Patriarch Grigorios V was executed along with other civilian and religious leaders because he was not able to prevent the independent movement. In this sense, he failed to display the proper loyalty to the Ottoman government and the Sultan<sup>187</sup> In this context, it was not surprising that the interest of the Church paralleled the interest of the Ottoman Empire. In the case of full loyalty of the Church to the

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<sup>184</sup> Karpas, p. 46.

<sup>185</sup> Ibid.

<sup>186</sup> İlber Ortaylı, "Greeks in the Ottoman Administration During the Tanzimat Period," in *Ottoman Greeks in the Age of Nationalism: Politics, Economy, and the Society in the Nineteenth Century*, eds. Dimitri Gondicas and Charles Issawi, (New Jersey: The Darwin Press), 1999, p. 163.

<sup>187</sup> Clogg, *A Concise History of Greece*, p. 11.



Ottoman government and their pro-status quo positions, they remained powerful and pioneering leaders.

The Ottoman Greeks were also the first community to attain high ranks within the Ottoman bureaucracy without being converted to Islam. Moreover, they were the first to be interpreters and rulers among the non-Muslim communities.<sup>188</sup> The leading bureaucrats among the Ottoman Greek community were *Phanariots*, who held privileged positions in the Ottoman system and successfully served in the Ottoman administration at the high-level positions.<sup>189</sup> The *Phanariots* were an oligarchy that largely settled in the *Phanar* quarter, Istanbul. In terms of their origins, these people were not actually from Byzantine families as they stressed. They claimed that they had aristocratic roots from Byzantine Empire, but this was just a myth in order to try to justify their aristocratic blood in a more strong way. Rather, their families actually were descended from the Greeks, Romanians, Albanians, and Levantine Italians.<sup>190</sup> From the 1699 Karlowitz Treaty to the 1821 Greek Independence Movement, members of the *Phanariots* served as the Grand Interpreter or *Tercümanbaşı*, a very powerful and high position in the Ottoman administration. For instance, Panayotis Nikousios was the first *Phanariot* to be a Grand Interpreter to the Porte. He contributed significantly to the conquest of Candia by the Ottomans<sup>191</sup> and he played a notable role during the Karlowitz Treaty in 1699.<sup>192</sup> His successor, Alexandros Mavrogordatos was also a Grand Interpreter who actively participated in Greek nationalist movement. In this way, the *Phanariots* served as experienced diplomats, a crucial need for the Ottoman Empire. Moreover, they were also principal advisor of *Kaptan-ı Derya* (the Captain Pasha or Admiral of the Seas) in the Ottoman navy; here, they gained excellent experience in terms of naval power. Yet, it is fair to say that their most vital mission was to serve as *hospodars* or rulers in certain Ottoman principalities. For instance, the two Romanian principalities of Wallachia and Moldavia were at the heart of the principalities where they held administrative

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<sup>188</sup> Karpas, p. 46.

<sup>189</sup> Cyril Mango, "The Phanariots and the Byzantine Tradition," in *The Struggle for Greek Independence: Essays to mark the 150th anniversary of the Greek War of Independence*, ed. Richard Clogg, "Aspects of the Movement for Greek Independence," p. 45.

<sup>190</sup> *Ibid.*

<sup>191</sup> *Ibid.*, p. 45.

<sup>192</sup> *Ibid.*, p. 42.

power.<sup>193</sup> The crucial positions that *Phanariots* held in their hands indicates how much the Ottoman State officials trusted them. On the other hand, their successful efforts in different positions tell us that the Ottoman Empire wanted to control Danubian vulnerable points of the imperial system through their trustful and faithful attitude.

Meanwhile, it is also noteworthy to mention that, as a result of the Greek independence movement, the *Phanariots* somewhat similarly to the Patriarch were also looked upon with suspicion as some of them took part in the uprising. The *Phanariots* were eliminated from crucial bureaucratic and administrative positions and were replaced by converted Christian officers.<sup>194</sup> On the other hand, most of them remained loyal to the Ottoman Empire. But, if we are to draw a conclusion, it is fair to say most of the *Phanariots* were anti-national because of their position in the Ottoman Empire: they were in close contact with the Church and opposed the ideology of nationalism as well as revolutionary movement.<sup>195</sup> However, such was the case that the supremacy of the Greek community in high ranks of the administration up until the Greek insurgence was declining during the 19<sup>th</sup> century.

In an economic sense, the Ottoman Greeks also comprised a rising group that was one of the first non-Muslim communities to become proponents and pioneers of the European capitalist system within the Ottoman Empire. At the end of the 18<sup>th</sup> century and the early 19<sup>th</sup> century, especially under the stimulation of the French Revolution and Napoleonic Wars period, the merchant class grew at a very rapid rate, in line with the growth of the Greek merchant marine.<sup>196</sup> The number of Greek merchant fleets and vessels grew at a rapid rate at the end of the Napoleonic Wars; this contributed to the wealth of Greek merchant bourgeoisie in the Ottoman Empire. At the time of blockade during the French Revolution, in terms of commercial activities in Europe, the Greek merchants had the ability to overshadow the French trade in the export of raw materials and goods.<sup>197</sup> However, since the Christians did not feel safe

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<sup>193</sup> Karpas, p. 46.

<sup>194</sup> Ortaylı, p. 163.

<sup>195</sup> Mango, p. 59.

<sup>196</sup> Clogg, "Aspects of the Movement for Greek Independence," p. 12.

<sup>197</sup> Ibid.

in terms of the physical assets they had, they did not want to risk their money by investing in industrial or semi-industrial enterprises. The commercial activities enabled the Greek merchants to keep their money away from the tax collector of the Ottoman government. Thus, they became a predominant group among the Greek society under the Ottoman rule. Yet, when the commercial vacuum in the Mediterranean region and Europe was filled by European powers at the end of the Napoleonic Wars, the Greek merchant group was negatively affected. Besides in an international commercial context, the Ottoman attitude towards their activities also posed a risk to their commercial lives. When the ambiguous and arbitrary implementations of the Ottoman state towards non-Muslim communities were considered, the Greek merchant class became more anxious about their fate. During the period of the Ottoman decline, insecurity over security of life and property also paved the way for Greek merchants' reaction to the Ottoman state; they grew angry with the existing Ottoman system which exploited their commercial lives. In other words, on the one hand there was massive upsurge in Greek commercial activities during the 18<sup>th</sup> and 19<sup>th</sup> centuries in the Mediterranean region, Europe, and the Southern Black Sea regions. On the other hand, there was a risk directed against the activities of Greek merchants. In this context, the Greek merchant class would become a leading part of the Greek Independence Movement.

Although not all the Greek merchant group members under the Ottoman Rule were active political participants in the Greek Independence Movement, they obviously contributed to the movement in one way: it is fair to say that many Greek merchants were in favor of the Greek Independence Movement for their own profit and gain, rather than for political and ideological reasons.<sup>198</sup> However, most of the merchants, approximately 50%, were members of the *Philiki Eteria*, a secret organization targeting the Greek Independence Movement. Furthermore, the *Philiki Eteria*'s three founding members, Xantos, Skouphas, and Tsalakov, were merchants. It is claimed that these merchant members of the *Philiki Eteria* were mostly unsuccessful ones. The successful and wealthy merchants had no contact with the organization.<sup>199</sup> Another contribution of the Greek merchant class to the independence movement

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<sup>198</sup> Clogg, "Aspects of the Movement for Greek Independence," p. 16.

<sup>199</sup> *Ibid.*

was their financial support for the education of *intelligentsia*. They took the responsibility for triggering the awakening of the *intelligentsia*. For the development of national consciousness, it was vital to differentiate between being an Orthodox Christian member or a Greek Orthodox member. With this understanding, the merchants established foundation schools and libraries and provided financial assistance for publications geared towards the Greek reader. There was a tremendous increase in book publishing at the end of the 18<sup>th</sup> century. Another crucial contribution of the Greek merchant class was the scholarship that they provided for the young and clever Greek students who wanted to get an education in European universities. Hence, with the financial support of the merchant class, the *intelligentsia* was able to become acquainted with the concepts of the Enlightenment and the French Revolution in addition to being able to learn more about the language and civilization of the ancient Greeks.

The Greek merchants of diaspora were also a strong element of the Greek community. As early as 1514, Greek merchant groups emerged in European countries. In addition, in 1545 and in 1636, they established merchant companies and trading houses as family-owned businesses.<sup>200</sup> After the Treaty of Karlowitz in 1699, emigration of the Greeks from the Ottoman Empire to Central Europe began.<sup>201</sup> These merchants worked as artisans, clerks, agents, or independent merchants and bankers, depending on their success in their chosen field. The contact between the trading houses of the Greek diaspora in Europe and the Greek merchants in the Ottoman Empire became stronger over time.<sup>202</sup> In addition, the large number of Greeks of diaspora and their intense link with Greek communities in different states, including the Ottoman Empire, illustrated that a successful transformation of Greek society had already occurred. The fruitful contacts among Greek communities in different countries instigated cultural and social transformation as well as the

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<sup>200</sup> D. George Frangos, "The Philiki Etairia: A Premature National Coalition," in *The Struggle for Greek Independence: Essays to mark the 150th anniversary of the Greek War of Independence*, ed. Richard Clogg, (London: Archon Books, 1973), p. 91.

<sup>201</sup> *Ibid.*

<sup>202</sup> Catherine Koumarianou, "The Contribution of the Intelligentsia towards the Greek Independence Movement, 1792-1821," in *The Struggle for Greek Independence: Essays to mark the 150th anniversary of the Greek War of Independence*, ed. Richard Clogg, (London: Archon Books, 1973), p. 76.

economic growth of the Greek world. They supported each other for their common interests. Furthermore, when the economic well-being of the Ottoman Greek merchants was consolidated after the *Treaty of Küçük Kaynarca* signed in 1774, their presence as an Orthodox community strengthened in the Ottoman Empire.<sup>203</sup> In light of these developments both within and outside of the Ottoman Empire, it is undisputable that the Greek merchants offered new direction to the social status of the Greek community. Most importantly, the Greek merchants supported the intellectual sphere economically by subsidizing schools and providing scholarships to the young Greek students. Successful young students among the *intelligentsia* were sponsored so they could receive education abroad. These students, in turn, exported modern ideas back to the Ottoman Empire and challenged the traditional ones when they returned home. During the Greek Independence Movement, the experience of the young intellectuals of the *intelligentsia* was valuable for the leaders of the Greek nationalist movement.

#### 4.2 Greek Community in İzmir

The large population of different Greek groups with their intense cultural and commercial activities in the city was an indispensable part of the cosmopolitan and multi-cultural character of İzmir. Perhaps it is no surprise that, due to the high number of non-Muslim subjects and their all-pervasive cultural mark in İzmir during the Ottoman era, the city was referred to by the name of “infidel İzmir” for a long time. Among other non-Muslim communities and European residents, the Greeks constituted the highest number of those among the non-Muslim population; it is impossible to ignore their impact on the city. On the other hand, for all groups of the Ottoman Greek community, İzmir was such a nostalgic and precious city that it was commemorated as the “Smyrna of Greeks.”<sup>204</sup> For them, “Smyrna of Greeks” became a myth or a symbol just like lost Atlantis and belonged not only to Greeks but also to the world as a memory of a society.<sup>205</sup> At the same time, from the

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<sup>203</sup> Frangos, p. 92.

<sup>204</sup> Vangelis Kechriotis, “Yunan Smyrna’sı: Cemaatlerden Tarihin Pantheon’una,” in *İzmir 1830-1930 Unutulmuş Bir Kent mi? Bir Osmanlı Limanından Hatıralar*, ed. Marie-Carmen Smyrnelis, trans. Işık Ergüden, (İstanbul: İletişim Yayıncılık, 2009), p. 73.

<sup>205</sup> *Ibid.*, p. 74.

perspective of the Greek community, İzmir was their legacy.<sup>206</sup> So, İzmir and the Greeks of İzmir were vital to each other reciprocally.

The migration of the Greeks to İzmir and the increase in the size of their population illustrate how the city was crucial for the Greek community. From the end of the 17<sup>th</sup> century, the Orthodox Greeks were migrating to western coast of the Aegean Sea with the impact of the wars, earthquakes, and diseases. The number of those who migrated would increase at the end of the *Treaty of Küçük Kaynarca* in 1774.<sup>207</sup> The Greek population in İzmir, which had been relatively insignificant up until the middle of the 18<sup>th</sup> century, had a systematic character with economic and diplomatic developments in favor of the non-Muslim community in the Ottoman Empire. Additionally, with the economic prosperity of the city, Greeks from the interior of western Anatolia also migrated to the city in order to join the economic activities.<sup>208</sup> The number of Greeks was approximately 20,000 in 1830 in contrast to the 80,000 Muslim Turks. By 1860, the population of the Greeks had grown to 75,000, while the Muslim population in the city had dropped to 41,000.<sup>209</sup> The conditions which were declared in edicts of 1839 and 1956 in favor of non-Muslim communities were the primary factors attracting the Greek community to settle in the city between those years. Furthermore, in spite of epidemic diseases, earthquakes, fires, and political problems of the Empire during the 19<sup>th</sup> century, the population of İzmir reached its apex by the end of the 19<sup>th</sup> century. In 1900, the population of the city was 200,000. 52,000 of that were Ottoman Greeks, and 25,000 were the Greeks of Greece.<sup>210</sup> The Turkish population was less than the Greek population between 1880 and 1890. As the flowing figure illustrates the population distribution throughout the 19<sup>th</sup> century from various sources, with some exceptions, proportionally, there was an apparent increase of the Greek population compared to non-Muslim population of the city during the 19<sup>th</sup> century.<sup>211</sup>

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<sup>206</sup> Ibid.

<sup>207</sup> Ibid., p. 75.

<sup>208</sup> Tansuğ, "Communal Relations in İzmir/Smyrna," p. 62.

<sup>209</sup> Karpat, p. 47.

<sup>210</sup> Kechriotis, p. 75.

<sup>211</sup> See table 1.

**Table-1** Population of İzmir in the 19<sup>th</sup> Century<sup>212</sup>

<b>Date</b>	<b>Source</b>	<b>Turkish</b>	<b>Greek</b>	<b>Armenian</b>	<b>Jewish</b>	<b>Levantine</b>	<b>TOTAL</b>
1800	Kiepert	62-66000	24000	6-7000	10-12000	4-5000	<b>110000</b>
1812	Tancoigne	60000	25000	10000	5000	6000	<b>106000</b>
1819	Jowett	60000	40000	7000	10000	3000	<b>120000</b>
1828	Montemont	60000	40000	10000	5000	5000	<b>120000</b>
1837	Journal de Smyrne	78-96000	30-40000	3-4000	8-10000	-	<b>120-150000</b>
1840	Illust. London News	80000	40000	10000	15000	5000	<b>150000</b>
1850	Illust. London News	85000	60000	10000	20000	5000	<b>180000</b>
1860	Impartial	58000	48000	6000	8000	10000	<b>130000</b>
1878	John Murray	80000	90000	10000	12000	16000	<b>208000</b>
1884	Elisée Reclus <sup>213</sup>	40000	90000 (İz.) 30000 (Gr.)	9000	15000	8000	<b>192000</b>
1890	Holen (Br. Cons.)	52000	62000 (İz.) 45000 (Gr.)	12000	23000	16850	<b>210850</b>
1900	Paul Lindau	89000	52000 (İz.) 25000 (Gr.)	5600	16000		<b>200000+</b>

<sup>212</sup> Beyru, p. 50-53.

<sup>213</sup> Among the Greek population, 90000 were the Ottoman İzmir Greeks and 30000 were the Greeks of Greece.

In terms of the second half of the 19<sup>th</sup> century, there are various arguments on the reason behind the apparent decrease in proportion of the Turkish population as compared to non-Muslim communities. Among these, the most prominent argument is that Turks were leasing their houses and lands to the Ottoman Greeks during the conscription period.<sup>214</sup> Additionally, it is argued that the Ottoman westernization policy did not include protectionist measures towards Turks sufficiently, so that the reforms were restricting the Turks in İzmir.<sup>215</sup> For instance, an author during his visit to İzmir in 1857 expressed his opinions on the decrease of Muslim population in the city to the German consul Spiegelthal. He stated that non-Muslims who were protected by the reforms of the Empire obliged Muslims to leave the city. Previously, the richest non-Muslim communities had been under the pressure of the government in spite of their wealth. But now, they were able to pay bribes to false witnesses as well as *kadi*.<sup>216</sup> Under these circumstances, Muslims were mostly in a disadvantageous position. On the one hand, the consul claimed that the non-Muslims owned almost all of the property in the city and had more knowledge and skills.<sup>217</sup> On the other hand, a British consul in 1860 wrote to another consul saying that the condition of the city was getting better day by day in İzmir, but the only ones who were benefiting from this were the non-Muslims.<sup>218</sup> The properties of Muslims were purchased by non-Muslims, and the areas of Muslim population were being re-populated by non-Muslim subjects. Homer, an Ottoman Greek from İzmir, stated that due to the improvement of the conditions of non-Muslims in the context of life and property rights, Christian communities now had superiority over Muslims.<sup>219</sup> Furthermore, exaggerated stories with regard to the issue of the Russian protectorate over Christians in İzmir were demoralizing the Muslim society. In many Greek sources, it was assumed that the Christian population in İzmir was waiting to be rescued by Russian army from the Ottoman “yoke.”<sup>220</sup>

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<sup>214</sup> Beyru, p. 58.

<sup>215</sup> Ibid.

<sup>216</sup> Ibid.

<sup>217</sup> Beyru, p. 59.

<sup>218</sup> Beyru, p. 61.

<sup>219</sup> Ibid.

<sup>220</sup> Donald Quataert, *The Ottoman Empire 1700-1922*, (Cambridge: Cambridge University Press, 2005), p. 197.



In contrast to the decrease in the proportion of the Turkish population and their economic regression in İzmir, the population of the Greek community became so crowded and prevalent during the 19<sup>th</sup> century that French author Gaston Deschamps interpreted the Greeks as the owner of the city.<sup>221</sup> Their commercial superiority among other communities in the city was an undeniable fact. Without any permission, some of them were able to raise the Greek nation state flag to the poles.<sup>222</sup> In any event, they felt free to appeal to their patriarch for support, and they felt comfortable enough to modify the implementations of the Ottoman government for their own interests. It is not hard to conclude that all groups of the Greek community were living in peace in İzmir, except for during the years of the Greek Independence Movement during the 19<sup>th</sup> century. Throughout the 19<sup>th</sup> century, the flow of immigrants and the rapid rate of economic, social, and educational development illustrate that the Greek community of İzmir formed the backbone of the city's communities.

Among the different social stratum of the Greek merchant community in İzmir, the poorest were the coffeemakers, boaters, grocers, cabaret performers, and some of the merchants.<sup>223</sup> Wealthier groups consisted of doctors and jurists.<sup>224</sup> Between half and two third of the lawyers and half of the doctors in the city were Greeks.<sup>225</sup> The Greek lawyers were handling the cases of the Greeks as well as the disputes among other Muslims and non-Muslim communities. Also, there were the crucial intellectuals in the Greek society of İzmir, since the educational institutions of the Greeks were well-developed in the city. In the middle of the 19<sup>th</sup> century, the Greek schools in İzmir were superior to other communities' educational institutions in terms of both quality and quantity. Hence, the number of the intellectuals in the city was flourishing. Among those intellectuals, exponent of the Enlightenment and the Greek nationalist movement, Adamantios Korais, the son of a Greek merchant, was an Ottoman İzmir Greek. At the time of the transformation of the Greek community of İzmir, in the middle of the conflict over the ideas between the Protestant and Orthodox

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<sup>221</sup> Beyru, p. 81.

<sup>222</sup> Ibid.

<sup>223</sup> Ibid.

<sup>224</sup> Kechriotis, p. 75.

<sup>225</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p.19.

communities<sup>226</sup>, he proposed a strong argument claiming that the main contradiction between the two was actually one of tradition versus modernity.<sup>227</sup> And, he was right. Deep separation among the different groups of Ottoman Greeks in the Empire was also the case among the Greek communities of İzmir. On the one hand, there were merchants and representatives of Modern Greek culture; on the other hand, there were the clergy and the mass of Greek people in favor of their traditions. However, it is not wrong to say that the intense activities of the Greek merchants and their predominance over the city enabled the contradiction among different interest groups of the Greek community to become smoother. The merchant community was at the forefront among the other Greek communities in İzmir, since trade and economic activities meant everything for the city.

#### **4.2 Greek Merchants in İzmir**

Among the different privileged groups of the Ottoman Greek community, the merchants were a rising star in İzmir, shaping the economic dynamics of that city's economy in the 19<sup>th</sup> century. When we look at the role of Muslim and non-Muslim communities, we can easily recognize that the Greek merchant community predominated almost all sectors of trade in comparison with other non-Muslim (Armenian and Jewish) merchant communities. The Muslim Turks, on the other hand, dealt with agriculture, governmental works, and the military. In this division of labor, non-Muslims emerged as a commercial bourgeoisie who integrated peripheral parts of the Empire to the core areas of the European market.<sup>228</sup> During this period, the Greek merchant group successfully left the other non-Muslim communities and Levantine merchants behind.

There are several reasons for the commercial economic rise of the Ottoman Greeks in İzmir. One of the reasons was that they had tight kinship organizations linking Greek commercial houses together within the Ottoman territories and throughout the world

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<sup>226</sup> Although he was an Orthodox Christian, he embraced the customs of the Protestant community under the influence of his Dutch instructor.

<sup>227</sup> Kechriotis, p. 76.

<sup>228</sup> N. Feryal Tansuğ, "Communal Relations in İzmir/Smyrna, 1826-1864: As Seen Through the Prism of Greek-Turkish Relations." (PhD diss., University of Toronto, 2008), p. 66.

during the 19<sup>th</sup> century.<sup>229</sup> For instance, the Ralli Brothers, who originated from the Chiot community of İzmir, expanded throughout Europe, India, the Middle East, and even the United States through its international networks.<sup>230</sup> Secondly, their tight connections enabled Greek merchants in İzmir to link hinterland to the European market. For instance, Kostandi and Dimitri Dimitoğlu brothers in Uşak were the agents of a British firm in İzmir.<sup>231</sup> Besides, Ralli Brothers were strong in transferring products from Anatolian markets to İzmir and İstanbul.<sup>232</sup> Unlike their small competitors, large network of Ralli Brothers and their large purchases from interior market enabled them to be one of the successful merchants within the Greek community.<sup>233</sup> Additionally, large purchases of silk or textile products from Bursa and their transfer to İzmir market led Greek merchants to gain more and more profit because the textile products in Bursa were precious for European merchants. So, especially export between European countries and İzmir were heavily dependent upon the endeavors of the Greek community. It is fair to say that economic activities of other non-Muslim communities within European countries were not as strong as the Greek merchants in İzmir in the 19<sup>th</sup> century, as they did not have such strong contacts in Europe.<sup>234</sup> In addition, through the international network of Greek merchants, the Greeks in İzmir were able to transfer capital from Europe to İzmir. The third reason for their success relied upon their close cooperation with the economic centers in western Anatolia and the capital.<sup>235</sup> Profit gained from trade in İzmir was invested in the banking sector owned by other Greek relatives or by partnerships in İstanbul, enabling the Greek merchants in İzmir to gain an advantage. The fourth reason for the success of the Greek merchants in İzmir was their dual identity, which they used interchangeably, of Ottoman Greeks and Hellenic Greeks.<sup>236</sup> With their Hellenic identity, they were able to demand European protection in case of commercial problems. On the other hand, their Ottoman status provided them to bypass certain regulations foreign merchants faced. A fifth element

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<sup>229</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 19.

<sup>230</sup> *Ibid.*

<sup>231</sup> Augustinos, p. 157.

<sup>232</sup> *Ibid.*, p. 165.

<sup>233</sup> *Ibid.*

<sup>234</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 20.

<sup>235</sup> *Ibid.*

<sup>236</sup> *Ibid.*

of their success was their intimate knowledge of the customs and culture of the Anatolian market combined with the fact that their widespread network reached every part of this market. The Greek merchants bought products from the producer or from intermediaries in order to sell them to exporters at higher prices.<sup>237</sup> Another crucial reason behind the success of the Ottoman Greek merchants in İzmir was that some of the Greek merchants acted as agents.<sup>238</sup> In the case of large orders from Europe, gradual process could affect the prices of the products variably. Thus, purchasing agents who bought goods from the interior directly and then exported them to Europe became fundamental elements of the trade in İzmir. Some merchant agents established purchasing agents in Europe, predominantly in Britain, while some of them worked as single merchant on a commission basis. These Greek merchants became so successful that, at the end of the 19<sup>th</sup> century, European firms hired them as their agents based in İzmir. Since British or European firms did not travel to the interior part of Anatolia, their agents made considerable amounts of purchases on their behalf. For example, a Greek agent in İzmir during the 1880s purchased a high volume of sponges on behalf of the British firm, Messrs. Creswell of London.<sup>239</sup> Lastly, the international prevalence of the Greek language was another advantage of the Greek merchant community in İzmir for doing business internationally.<sup>240</sup>

The Greek merchant community in İzmir during the 19<sup>th</sup> century was very strong in terms of import and export trade. The competition in terms of importation was intense among local merchants in the city. In addition, the Greeks of Greece who migrated to the city from the Greek state after the *Tanzimat Reforms* joined the crowded and competitive Greek merchant community. The Ottoman Greek subjects and immigrant Greeks formed an established, middle bourgeoisie class in İzmir.<sup>241</sup> Their strengthened position in İzmir prevented the British firms doing business directly with the interior, because imported goods from British firms were in the hands of the agents or intermediary Greek merchants. The export trade to Britain was

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<sup>237</sup> *Ibid.*, p. 21.

<sup>238</sup> *Ibid.*

<sup>239</sup> *Ibid.*

<sup>240</sup> Tansuğ, "Communal Relations in İzmir/Smyrna," p. 66.

<sup>241</sup> *Ibid.*, p. 67.

also vital for both the Greek and British merchants. British firms utilized the Greek agents in the city to purchase the goods. The export goods were opium, madder roots, licorice roots, wheat, olive oil, barley, valonia,<sup>242</sup> raisin, soap, and rice<sup>243</sup>. The Greeks sold these goods to Britain either directly in İzmir or via the British firms established in the Anatolian cities.<sup>244</sup> In any case, their interaction was intense. In some cases, even before the production of the crops the Greek merchants got paid in advance.

Trading contact and cooperation with Britain constituted a significant role for the Greek merchant community. The Turkish-Greek War of 1897 illustrated how the Greek agents in İzmir were vital for the British merchants in the city. During wartime, the Ottoman government had decided upon the deportation of the Greek community. However, in the matter of the expulsion of the Greeks from İzmir, the British firms would then have lost all of their agents and sub-agents in the city.<sup>245</sup> They solved this problem by naturalizing Greek merchants of the Ottoman government in İzmir as British citizens. As a result of the pressure of the Greek merchants on the British consulate, within twenty days, the period prescribed for the deportation of the Greeks, passports of 2626 Ottoman Greeks and Greeks of Greece in İzmir were prepared, and they became British citizens.<sup>246</sup> Furthermore, in a report which was sent by the British consul in İzmir to the British embassy, the consul apologized for the 1530 Greek subjects who were not able to be naturalized as British citizens due to the lack of time.<sup>247</sup> The Greek merchants in possession of British passports took the advantage over other merchants in the city, due to both their foreign and local identities in the commercial sense.<sup>248</sup> They were favored by the protection of the Britain because of their Hellenic identity.

Nevertheless, it is a certain fact that there also existed strong competition between the British and Greek merchants. The British firms faced serious competition from

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<sup>242</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 23.

<sup>243</sup> Gerasimos Augustinos, *Küçük Asya Rumları: Ondokuzuncu Yüzyılda İnanç, Cemaat ve Etnisite*, trans. Devrim Evcı, (Ankara: Ayraç Yayınevi, 1997), p. 152.

<sup>244</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 23.

<sup>245</sup> Gürsoy, p. 138.

<sup>246</sup> Ibid.

<sup>247</sup> Ibid.

<sup>248</sup> Augustinos, p. 173.

the Greek merchants as the latter had lower operational costs. For instance, a Hellenic merchant named Varipatis challenged the British firm MacAndrews Forbes & Co. which settled in near Söke by purchasing large amount of licorice root at a higher price than the British firm due to the different operational costs.<sup>249</sup> In addition, Greek traders in Söke and Aydın were offering higher prices to the farmers in order to purchase licorice roots which were already leased by the British firm. The merchants Abajoglou and Seferiadi who worked together asked MacAndrews, Forbes & Co. to join them. The British firm did not accept their offer. But, after several years, Abajoglou founded a partnership with a German firm Simon & Co., which was a strong rival of the British firm, and challenged it in western Anatolia.<sup>250</sup>

Besides export and import trade, the Greeks were also active in agricultural commerce in İzmir. Several Greeks were residing in small towns and villages in order to cultivate the land and produce goods for international market. As they were the ones to sell the agricultural products, this made such farm land attractive in terms of investment. On top of that, the increase in the demand for agricultural products from European countries encouraged the entrepreneurs to invest in such lands.<sup>251</sup> The Greek merchants either leased large-scale tracts of land or purchased farms. In contrast to the traditional peasant cultivators, Greek merchants got into the market in order to gain large amounts of profit through easily tradable products. Some famous Greek entrepreneurs, such as the Baltazzi and Amira families, were among the largest landowners.<sup>252</sup> Nonetheless, the sector of commercial agriculture did not become as widespread as the commercial activities in the city. The profit gained from the commercial sector was higher than that of the commercial agriculture sector. Additionally, brigandage was creating an insecure atmosphere for the properties as well as the lives of the landowners. Lastly, arbitrary implementations of the officers of the Ottoman local government were jeopardizing the property and its

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<sup>249</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 24.

<sup>250</sup> Ibid.

<sup>251</sup> Augustinos, p. 170.

<sup>252</sup> Frangakis-Syrett, "The Economic Activities of the Greek," p. 28.

owners.<sup>253</sup> The area of commerce was a safe harbor compared to agricultural activities for the Greek investors in İzmir during the 19<sup>th</sup> century.

Nevertheless, in spite of the success story of the Greek merchants in İzmir in the 19<sup>th</sup> century, the dream turned into a nightmare from time to time. For the entire Greek community, including the Greek merchants in İzmir, the most problematic issues occurred during the Greek nationalist movement era. It would not be counterfactual to say that the commercial activities of the Greek merchant community were hit heavily by the retaliation towards the Greek uprising. The communities in İzmir, Chios and in the environs were cracked down and their properties were seized. In the first three years of the revolt in İzmir, there were merciless killings, atrocities and rapes in the city which were conducted by *Janissaries* and *başıbozüks*.<sup>254</sup> The driving force behind the relentless treatment towards Greeks was not the orders of the central government, but the arbitrary behaviors of the local leaders. However, in spite of the turbulent years of the Greek revolt, the Greek community recovered and commercial activities revived in the city in 1830s. According to a British observer, the growing commercial activities between the Ottoman Empire and Britain resulted from the energy and the ambition of the Greek community.<sup>255</sup> He argues that, the Ottoman Greek merchants were the ones who provided the connection point between the East and West. Their success at recovering in a short time was also closely related to their strong ties with family and relative networks. The Greek merchants were aware that as long as they stayed connected to their community, they would remain advantageous in the commercial competition. Besides, a gradual migration to İzmir from the environs and islands, especially from Morea and Aegean islands started.<sup>256</sup> Social order in the city among different communities was provided. Local newspapers and consuls in the city claimed that several Greeks of İzmir left the city during the period of revolt, but they came back after the turbulence was calmed

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<sup>253</sup> Ibid.

<sup>254</sup> Tansuğ, "Communal Relations in İzmir/Smyrna," p. 62.

<sup>255</sup> Augustinos, p. 174.

<sup>256</sup> Tansuğ, "Communal Relations in İzmir/Smyrna" p. 149.

down.<sup>257</sup> The revival of commerce and trade was also an indicator of the peace environment in the city after 1830s.

In conclusion, the Greek merchants in İzmir took advantage of the transformation of the economic climate during the 19<sup>th</sup> century. With the integration of the Ottoman economy into the world economy in the 19<sup>th</sup> century, the Greek merchants in İzmir grew stronger and gained power. On the other hand, they were successful at adapting to the new circumstances of the free trade era. As a result, so they had a very active, even if not a leading role, in İzmir. They dominated almost all sectors of foreign trade, especially the import trade, which was a traditional commercial sphere for them. Greek merchants were the backbone of the economically dynamic Greek community in İzmir. However, they never monopolized the sectors of trade.<sup>258</sup> As their level of prosperity and welfare increased, they remained committed to their communities as well. In the atmosphere of the 19<sup>th</sup> century in which the nationalist politics ruined the economic conditions in the Ottoman Empire, the commercial position and economic prosperity of the Greek merchants in İzmir became their main strengths.

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<sup>257</sup> Ibid.

<sup>258</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 25.



## **CHAPTER 5**

### **GREEK MERCHANTS, OTTOMAN STATE AND EUROPEAN POWER**

A central concern of the paper is to study the effectiveness of traditional arguments claiming that in the 19th century, the Greek community owed its economic success to European powers. My major assertion is that the support of European powers regarding the Greek mercantile activities in İzmir was not the reason but, rather, the result of the merchants' prominence in the region. While ongoing engagement between the European powers and Greek merchant community in İzmir was a positive development, claims on the economic support of European powers on the Greek community in İzmir is an overstatement. A central argument is that the reasons behind the success of the Greek merchants in İzmir varied depending upon the international and local economic conditions of the period as well as their proven track record of expertise with trade over the years. Another key element that this chapter highlights is that the rise of the Greek merchant community in İzmir is counterpart of a modern and novel phenomenon, most often associated with the post-industrial revolution period.

#### **5.1 Greek Merchants, Ottoman State and European Powers in İzmir**

In the 19<sup>th</sup> century, the major elements affecting the Greek commercial organization in İzmir were the rapid industrialization period of Europe, reforms initiated by Ottoman central government, the economic and political influence of European powers on the Ottoman economy, and the intense commercial activities of the Greek merchant groups. First, the industrialization of Europe established the basis for trade between the Ottoman ports and the European powers. Export and import goods between the two were redefined as manufactured goods and raw materials in the international trade area. Raw materials of İzmir such as cotton and grain, major needs of the European powers, were supplied by Ottoman territories. The İzmir market was

inevitable for the manufactured goods of the European countries. Thus, İzmir formed the basic component of the integration process of the Ottoman economy into the world economy.

Furthermore, in accordance with Great Powers' aim to permeate into Anatolian markets, it was essential for Europe to direct Ottoman political and economic policies. As discussed in the previous chapter, in addition to the *Baltalimanı Free Trade Treaty* of 1838, European Powers were also influential on *Tanzimat Fermanı* and the reforms of the 1860s and 1870s during the post-Crimean War period. These reforms, supported by the European countries, revived the commercial activities and economy of İzmir. Moreover, European powers reached their goal of integrating the western coasts of the Ottoman State into international economy by penetrating into the İzmir market and inhabiting the city. Non-Muslim merchant communities in İzmir, particularly the Greek merchants, dominated commercial activities as producers, sellers, and intermediaries with extensive involvement. Continuities in the commercial sphere of the city reached a breaking point in the 19<sup>th</sup> century, with the zenith of free trade activities and the contribution of local and global actors. The transformation of İzmir during the 19<sup>th</sup> century requires analysis of the triad of actors influencing it: the Ottoman central government, the European powers, and the Greek merchant community.

## **5.2 European Powers and Ottoman Greek Merchants in İzmir**

In the 19<sup>th</sup> century, reduction in custom duties, international protection on free trade, and a declining control of the central government on commercial activities made İzmir more attractive for European merchants. Starting from the first half of the century, there was a tremendous influx of European population to the city, immigrants who chose to stay in İzmir permanently. Moreover, the Europeans settled in İzmir for generations and set up businesses in the city. Immigrant families such as Whittalls, Girauds, La Fontaines,<sup>259</sup> Petersons, Lees, and Forbes were among the prominent Europeans to settle in İzmir permanently.<sup>260</sup> The prominent European actors in İzmir in the 19<sup>th</sup> century were France, Britain, and Germany. The relations

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<sup>259</sup> Gürsoy, p. 108.

<sup>260</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 67.

between two actors, the Europeans and the Greeks, witnessed both rivalry and cooperation.

### *Competition and Cooperation*

#### *-The French Connection*

France, a rising actor in the world economy of the 18<sup>th</sup> century, faced intense competitive conditions during the beginning of the 19<sup>th</sup> century. During the French revolution and Napoleonic Wars (1789-1815), trade in Marseille and other mercantile ports halted due to British blockades from time to time.<sup>261</sup> Little trade occurred due to an inadequate land route, which was also used by Dutch merchants. The Ottoman Greek merchants in İzmir succeeded in taking advantage of the gap created by the French merchants and, subsequently, captured some of the French market thanks to the free trade rights. When the war ended in 1815, France had expected to achieve its previous power. To the contrary in the following years, France operated at a loss. Greeks, both the Ottoman Greek merchants and Greeks of the Greek nation-state (Hellenic Greeks), took precedence over and surpassed France. Greeks also opened trade houses in Marseille.<sup>262</sup> Although the French government demanded a return to the old system of concession, the Ottoman State refused it. However, France continued to trade in İzmir in spite of the country's regression in the 19<sup>th</sup> century, just within a very different international context.

#### *-The British Connection*

Meanwhile, other European powers also continued to flow to the city. Between 1847 and 1860, the number of Europeans in İzmir increased from 17,500 to 28,352.<sup>263</sup> In the following 30 years, the number of Europeans in the city approximately doubled. Among those, Britain, who took the place of France, became the prominent commercial actor in İzmir during the 19<sup>th</sup> century. As a result of British dominance over the city, British capital began to control the economy of İzmir heavily.

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<sup>261</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 85.

<sup>262</sup> Ibid.

<sup>263</sup> Charles Issawi, *The Economic History of Turkey: 1800-1914*, (Chicago: The University of Chicago Press, 1980), p. 34.

However, Britain never monopolized the economy of the city; they faced competition. At the time, the main competitor of Britain was neither France nor America; it was, rather, the local, non-Muslim merchants who became their main obstacle. In the beginning of the century, the competition between Greek merchant groups and the European merchants was intense. Local merchants tried to prevent Britain from entering into the interior region via their local and regional level commercial activities and their influence over local governors.<sup>264</sup> For example, in 1841 Greek religious functionaries in Ayvalık demanded the İzmir governor to issue a decision so that British merchants who did business in the olive sector would have to show its property or cash in return for the necessary *aşar* tax of the Ottoman merchants.<sup>265</sup> British consulates also claimed, unofficially, that local merchants were hindering the official commercial activities of British merchants. According to their claims, Greek merchants were collaborating against British merchants. Hence, in this competitive environment, it was very difficult for British merchants to form liaisons with the Western Anatolian market.

Instead of interior sector of the Western Anatolian region, the number of Europeans was increasing along the coast of İzmir. European merchants established nearly 30 branch offices in İzmir in 1848 and 63 in 1889.<sup>266</sup> Via these branch offices, the European merchants were able to transport goods from İzmir to Europe or from Europe to İzmir. However, in order to get in touch with the interior regions, the Europeans had to cooperate with the local merchants. European merchants had no direct control over the commercial network except for employing non-Muslim merchants. For this reason, Britain needed to find a way of cooperating with the non-Muslim merchant communities. Among them, the Greek merchant community was the most prominent, reaching the interior parts of Anatolia more effectively than the other non-Muslim communities.

As it is analyzed in the third chapter, there were several reasons behind the success of Greek merchant community in İzmir during the 19<sup>th</sup> century: the extensive

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<sup>264</sup> Kasaba, *Osmanlı İmparatorluğu*, p. 65.

<sup>265</sup> Aşar was a crucial direct tax revenue in the Ottoman Empire which was taken from the agricultural products produced by Ottoman subjects.

<sup>266</sup> Issawi, p. 101.

knowledge of Greek merchants regarding the Ottoman market and their occupational relations in Aydın region; their kinship ties with other Greek communities in the interior parts of the Anatolia or abroad; their strong interaction with the European market; their close cooperation with the economic centers in Anatolia such as banking sectors; their dual identity, with passports issued as Hellenic or Ottoman Greek merchants, and their ability to act as intermediaries.<sup>267</sup> At this point, it is noteworthy to argue that the privileged position and growth of Greek mercantile community were actually autonomous from the direct intervention of European powers. Furthermore, the policies of the Ottoman Empire had no direct control over their strengthening status. The Greek mercantile community in İzmir owed its dominant position foremost to its abilities to use, to its own benefit, the opportunities and circumstances of the period along with the geographical advantage of being situated in a port city of the Eastern Mediterranean.<sup>268</sup> It is misleading to conclude that the Greek merchants in İzmir were successful due to the support they received from European powers. The Greek merchant community in İzmir had intimate and complex relations with the European powers who were strong actors of trade in the region. However, the Greeks were both willing and talented enough to take advantage of the opportunities of both the expanding local and global market at the time. As a result, the support they received from Europe was the *result* of their rise and success, rather than the cause of it.<sup>269</sup>

At the end of the 18<sup>th</sup> and the beginning of the 19<sup>th</sup> century, the British were competing against the activities of Greek merchants with Europe in international market to some extent. In 1797 between Britain and the Ottoman government, a temporary commercial treaty was signed.<sup>270</sup> Based on the treaty, the non-Muslim community of the Ottoman Empire gained the temporary right to transport commodities to Britain.<sup>271</sup> In the following years, this temporary right was taken for

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<sup>267</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 18.

<sup>268</sup> Reşat Kasaba, "The Economic Foundations of a Civil Society: Greeks in the Trade of Western Anatolia, 1840-1876," in *Ottoman Greeks in the Age of Nationalism: Politics, Economy, and Society in the Nineteenth Century*, ed. by Dimitri Gondicas and Charles Issawi, (Princeton: The Darwin Press, 1999), p. 83.

<sup>269</sup> Ibid.

<sup>270</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 100.

<sup>271</sup> Ibid.

granted by the Greek merchants as permanent right. For instance, in 1798, Greek vessels exported products of Ottoman non-Muslim producers to Britain by ignoring the rules of the Levant Company.<sup>272</sup> As a result, the British merchants were angry with the Greeks as the latter took the free trade right for granted permanently. The British complained about this issue to the Levant Company. They demanded the support of the Company to solve this problem. The British merchants stated in a letter they sent to the Company that if the Greek merchants were not expelled from the Levantine trade, the British commercial activities were confined to be destroyed. But the British merchants did not receive a response to their letter.<sup>273</sup> At the end of the day, British merchants were obliged to accept the participation of Greeks into their vessel trade. The inevitable result was the predominance of Greek mercantile activities in Mediterranean region, such that Britain was forced to accept a free trade policy with non-Muslim communities officially.

On the other hand, there was a tense competition in the internal market between Greek and British merchants. At the beginning of the 19<sup>th</sup> century, when the British merchants tried to enter the interior regions of Anatolia, they underestimated the native Greek merchants.<sup>274</sup> Further, the British merchants did not perceive them to be a local partner and, thus, preferred to form an alliance with a weaker Jewish merchant group.<sup>275</sup> However, the Greek's intimate knowledge and experience in terms of the interior market of the Anatolia, their network with the interior, and their Turkish and Greek language were important advantages for them; and undoubtedly,

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<sup>272</sup> The mercantile activities of Britain were under the control of the Levant Company. The Levant Company was formed under the throne of Queen Elizabeth I in 1581. It provided a British monopoly over the trade with the Ottoman Empire in the eastern Mediterranean. In order to trade in the Levantine region, the British merchants had to be a member of the Company. Generally, shipping trade was under the monopoly of British members. With Shipping Act of 1661, their monopoly over shipping trade during peacetime in the Levantine region became official. In the following years, the Company cooperated with non-member commercial merchants in return for a payment. However, they would be able to impose fine on the vessels that ignored the law and entered to İzmir. But, during wartime the ships were allowed to transport the commodities between Britain and İzmir. The Ottoman merchant who were not the member of the Levant Company sometimes took for granted the transportation right that they acquired during wartime and continued to transport the goods in peacetime also. This created a conflict between British merchants of Levant Company and the Ottoman merchants. For an elaborative analysis see Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, pp. 69-76.

<sup>273</sup> Ibid.

<sup>274</sup> Kasaba, "The Economic Foundations of a Civil Society", p. 84.

<sup>275</sup> Ibid.

they posed a challenge for the British. Additionally, until the 1838 Free Trade Agreement, foreign subjects in the Ottoman Empire were excluded from participating in internal trade. There was a monopoly of farmers (*Yed-i Vahit*) who had the right to buy and sell commodities in domestic trade. Foreign merchants were allowed to participate in the export and import trade, but going beyond it was not easy under the circumstances of the Ottoman Empire's traditional economic system. The 1838 Free Trade Agreement between the Ottoman Empire and the European powers removed these monopolies; and, foreign subjects were granted the right to engage in domestic trade. While the 1838 *Baltalimanı Trade Agreement* gave new impetus to commercial activities in İzmir, British merchants and entrepreneurs realized that it would be necessary to form partnerships with Greek merchants in order to extend their mercantile activities. British merchants had no other opportunity to cooperate with their Greek competitor and access trade in the interior regions.

In the 19<sup>th</sup> century, the Ottoman Greek merchants in İzmir dominated all sectors of trade, including international and intraregional trade, wholesale, and retail trade as well as intermediary trade. They were successful in competition over other non-Muslim communities, such as the Armenians, and Jews, as well as over the Muslim community, in addition to their success over the French and German merchants in the city. The Ottoman Greeks controlled the fig, raisin, olive oil, liquor, wine, cloth, cotton, wool, mohair yarn, rabbit skin, and wheat trades<sup>276</sup> and gained profit from trading these commodities between Western Anatolia and Europe. Furthermore, the Greeks had dominated vessel trade during the 18<sup>th</sup> century, and thus they accumulated significant amount of capital. At the beginning of the 19<sup>th</sup> century, they were able to offer lower transportation prices. Accordingly, their prices for commodities brought to the Marseille port were much lower than the price of the French commodities themselves.<sup>277</sup>

The commercial network of Ottoman Greek merchants was so strong that the European merchants often experienced a tense competition with Ottoman Greek merchants in purchasing raw materials and agricultural products from İzmir in the

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<sup>276</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 19.

<sup>277</sup> Frangakis-Syrett, *18. Yüzyılda İzmir'de Ticaret*, p. 97.

19<sup>th</sup> and the beginning of the 20<sup>th</sup> century. Although the European merchants had a lot of advantages, they were not stronger than local merchants in İzmir.<sup>278</sup> The European merchants were deprived of the sources of the commercial network, market contacts and the ability to transport the products from interior to İzmir.<sup>279</sup> For instance, Europeans were purchasing olive oil from the producers in some Aegean Islands like Crete and Mytilene where they had to compete with Greek merchants. However, the payments were made in İzmir which was in the position of clearing house. In this competitive environment, Europeans were unable to establish sustainable commercial relations with local producers.<sup>280</sup> As a result, the Europeans did not have an opportunity to exchange their textile products with olive oil. So, they were obliged to establish the commercial contacts with the Greek merchants.

In the 19<sup>th</sup> century, since the fact that the Ottoman Greek merchants were very strong in the trade of various commodities, Britain hired them as their agents in İzmir in order to reach the interior and sustain the flow of these commodities between Europe and Anatolia.<sup>281</sup> Thus, the Greek agents became very active in doing extensive business. The case of Messrs. Cresswell, a London company, is an example to be emphasized here. The British firm had been purchasing large amounts of sponges through a Greek agent towards the end of the 19<sup>th</sup> century.<sup>282</sup> A Greek merchant was taking one percent from the principal on the amount of purchased as a fee. Additionally, he was also taking the same amount from the seller. In other cases, British firms appointed Greek merchants as their Directors of Interior Business.<sup>283</sup> Then, sub-agents were founded via these directors. The directors worked on a commission basis, while subagents were paid a monthly salary. The Greeks as agents were both a reliable and profitable way of reaching the interior regions, especially with regard to British exports to the Ottoman Empire.

It was the case that after the *Treaty of Baltalimani* in 1838 and the reforms following the treaty, property rights of foreign merchants were enlarged. They acquired rights

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<sup>278</sup> *Ibid.*, p. 240.

<sup>279</sup> *Ibid.*

<sup>280</sup> *Ibid.*, p. 241.

<sup>281</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 18.

<sup>282</sup> *Ibid.*

<sup>283</sup> *Ibid.*, p. 22.



to own land in the Ottoman territories. Accordingly, they linked their commercial activities with agriculture and created opportunities to export the products cultivated from the land.<sup>284</sup> Their interest in agriculture required cooperation with the Greek merchants. Besides being agents of Britain, the Greek mercantile community was also successful at both import and export. Olive oil, valonia, fig, raisin, wheat, licorice roots, barley, madder roots, and opium were the basic products they exported to Europe.<sup>285</sup> In addition, there were several Greek merchants who exported some of these products to Britain as individuals. Since the export of agricultural products to Britain was vital, the country also established joint stock companies for agricultural products in İzmir.<sup>286</sup> The prominent British merchants such as the Whittall family<sup>287</sup> were the directors and managers of these companies. British merchants also went into a partnership with other prominent European families. For instance, the Whittall and Giraud<sup>288</sup> families controlled the Smyrna Fig Packers, Ltd.<sup>289</sup> These two families owned about 60% of the shares of the company.<sup>290</sup> The Smyrna Fig Packers, Ltd. company nearly monopolized almost all commercial movements of the fig trade. The parent company was composed of various Western companies exporting figs to Europe; the purpose of this firm was to decrease competition over the fig export market in order to obtain higher prices in international market.<sup>291</sup> The Company was a British registered trust and composed of both local and British. Greek firms were also represented in this company.

Such companies were different from ordinary commercial companies. The process of their export required control in every step, from the stage of planting crops to the

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<sup>284</sup> Orhan Kurmuş, "The Role of British Capital in the Economic Development of Western Anatolia: 1850-1913," (PhD diss., University of London, 2008), p. 161.

<sup>285</sup> Ibid.

<sup>286</sup> Kurmuş, p. 162.

<sup>287</sup> The Whittall family was the prominent British merchant family settled in İzmir in 1809. The first member of the family who settled in İzmir was Charlton Whittall who founded C. Whittall and Company in 1811.

<sup>288</sup> Jean Baptiste Giraud was the earliest member of French Giraud family who came to İzmir from France (the date is unknown, but it is known that he escaped from the turbulence of the French Revolution in 1780s). He initially founded J.B. Giraud and Co. Giraud was the biggest shareholder and the general manager of the Smyrna Vineyards and Brandy Distillery Company. J.B. Giraud was the father-in-law of Charlton Whittall.

<sup>289</sup> Kurmuş, p. 162.

<sup>290</sup> Ibid.

<sup>291</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 25.

retail. Production of figs, olives, raisins, cotton, valonia, opium, and tobacco: all require a delicate and precise process from start to sale. So, the control of these agricultural products was strongly related to the relations with Greek merchants as the Greek merchants were masters at the every step of the trade of these products. In addition, they also held executive positions in some of those companies. For instance, the Levant Trading Agency Company was controlled by three Greek merchants. At the time, some prominent British joint stock companies were, namely, Smyrna Vineyards and Brandy Distillery Co. Ltd., Smyrna Dried Fruit Importers Association Ltd., Asia Minor Tobacco Co. Ltd., Ottoman Cotton Co. Ltd., Asia Minor Co. Ltd., Asia Minor Cotton Co. Ltd., Smyrna Fig Packers Ltd., Ottoman Oil Co. Ltd., and Levant Trading Agency Ltd.,<sup>292</sup> and MacAndrews and Forbes & Co.<sup>293</sup>

However, in the following two decades of the *Baltalimanı Trade Agreement*, the commercial relations between British and Greek merchants followed a new path. The Greek merchants had difficulty in selling British manufactured goods because these products were merely imported by the British merchant houses in İzmir.<sup>294</sup> Similarly, in the exportation of the commodities from İzmir to Britain, the British merchants also had strong control. For this reason, large numbers of Greek merchants in İzmir started to immigrate to France or Britain to open trade houses.<sup>295</sup> For example, the Rodocanachi and Zarifi families settled in London and set up their own businesses there.<sup>296</sup> Via their networks still in İzmir and the Anatolian interior, the Greek merchants in Europe became successful at conducting export and import trade. Meanwhile, the agents and sub-agents left in İzmir also conducted successful business owing their success, to some extent, to the links they had established in the Greek trade houses in Europe. Still, their specialization of trade in the interior part of the Ottoman territories gave impetus to their success.

British merchants were late to realize that the intermediary system with the Greeks caused a sudden rise of Greek merchants in trade area. While the British merchants

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<sup>292</sup> Kurmuş, p. 162.

<sup>293</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," p. 25.

<sup>294</sup> Kurmuş, p.247.

<sup>295</sup> Ibid.

<sup>296</sup> Ibid.

were isolated from the culture, the people they were doing business with excelled, due to increasing experience of the Greek intermediaries in this sphere and their intimate contact with their customers. In terms of language, knowledge of custom, and culture, the Greeks were able to meet the tastes of the people living in the interior parts of Anatolia. On one hand, the British merchants were dependent on their Greek agents in terms of their experience and knowledge. On the other hand, the Greek merchants gradually became more successful at managing the import and export process. In addition to the 1870 economic stagnation of Britain, the rivalry with the Greek merchants in terms of trade houses posed a great challenge for the British. In Britain, production had already decreased, and unemployment increased. Meanwhile, there was a danger of losing ties with the Greek agents who were reaching the interior previously but were now opening trade houses independently on the coast. Between 1875 and 1878, the Greek and Armenian trade houses to some extent replaced the British trade houses in terms of the importation of the goods from Manchester to İzmir.<sup>297</sup> What is significant at this point is that intermediary system between the Greek and British merchants was no longer under British control. The Greek merchants were also to open their own trade houses and conduct their own business which was challenging for Britain at that time. When several Greek merchants established their own trading houses in İzmir in 1870,<sup>298</sup> the British merchants were alarmed.

Yet, Britain took measures against the challenging actions of the Greek merchants. If an agent of British merchants got rich enough to found a trade house, this merchant was perceived as threat. As a result, he was eliminated from the business field. For instance, the British firm MacAndrew & Forbes fired their agent Efthimius Brussali because he was showing signs that he would be able to leave the company for his own business establishment.<sup>299</sup> In addition, the successful agents of Haycroft, Pethwick & Co. were also eliminated. The British merchants in İzmir responded harshly to these attempts of the Greeks.<sup>300</sup> Potentially powerful merchants were

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<sup>297</sup> *Ibid.*, p.251.

<sup>298</sup> *Ibid.*, p.249.

<sup>299</sup> *Ibid.*, p.252.

<sup>300</sup> Gürsoy, p. 138.

thwarted or destroyed by the British merchants. Some of the Greek merchants went bankrupt; some were even killed.<sup>301</sup>

The competition among the British merchants and their agents culminated with the “accidental” death of a broker in 1886.<sup>302</sup> A Maltese agent of the British firm C.H. Jones & Co., C.P. Camillieri had accumulated a large amount of money and was planning to establish an export and import business and work freelance.<sup>303</sup> He established 17 warehouses in İzmir and made arrangements in order to export raisin and valonia. In the beginning of the series of events, he was summoned to the British Consular Courts by four British merchants.<sup>304</sup> But, Camillieri won every case and established his own trade house in İzmir. Immediately after, he was found dead in his new trade house. Although it was considered accidental, his friends thought the British responsible for his death.<sup>305</sup> Many of the Greek community protested against the British tactics. They attacked on Frank streets,<sup>306</sup> and at British schools, churches, houses, and commercial centers.<sup>307</sup> The protest was suppressed with difficulty and evolved into a riot. At the end of this rebellion, more than 70 Greeks were arrested. The event was the apex of the competitive environment between Greek and British mercantile communities; as a result, the British were convinced that they had to find a more conciliatory way of dealing with their rivals. In 1888, the British firms founded the İzmir British Chamber of Commerce. The chamber helped both mercantile communities to collaborate with each other, and it afforded the British protection against the local merchants of İzmir. Also, the chamber sustained the preservation of the dominant position of the British merchants in İzmir's foreign trade. However, the British firms were still dependent on their non-Muslim agents, including the Greeks.

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<sup>301</sup> Ibid.

<sup>302</sup> Ibid., p. 105.

<sup>303</sup> Kurmuş, p.252.

<sup>304</sup> Ibid.

<sup>305</sup> Gürsoy, p. 105.

<sup>306</sup> Frank streets referred to the place where Levantine families were dwelling in İzmir. It was also called as Frankish or European quarter. The families represent their motherlands in their own district in these streets.

<sup>307</sup> Gürsoy, p. 105.

### *-The German Connection*

When 1870 crisis halted the British industry and decreased the influence of Britain in international trade, Germany started to take her place step-by-step. Several British companies went bankrupt and the production stopped.<sup>308</sup> Even after the crisis, the British merchants had difficulty in coming full circle. Since the Great Britain lost some of her customers in İzmir, she gravitated to her colonial countries for trade. On the other hand, Germany quadrupled its investment in the Ottoman territories, from 40 million mark to 600 million mark.<sup>309</sup> In 1890 Germany became so strong in the commercial sector. The growth of German trade in İzmir was also reflected in the increase in the number of German merchant houses. In the early 1890's there were four German and six Austrian export-import firms in İzmir.<sup>310</sup> This number increased to 40 in 1913. In 1905, they founded a cotton company in İzmir in order to export from İzmir. They educated peasants and made an advance payment in order to enhance the production. In 1911, they also provide with plow and agricultural machines to the farmers.

There are differences between the British and German merchants in terms of commercial methods. German merchants focused on the importation or exportation of certain commodities and thus did not have to compete with other German houses. The British firms, on the other hand, fought between themselves to maintain their share. In 1890 the Germany became so strong in the commercial sector. So much so that the British Consul in İzmir suggested that British firms should follow the German cases and combine their interests to eliminate competition. As a result, similar to France case, Britain also lost its supremacy over the commercial and economic activities of the city. Until the Great War, Germany dominated the sectors of trade in İzmir and control of the economic mechanisms.

### *Turbulent Years: 1821 and 1897*

Social and economic cohesion between the Greek and Muslim communities as well as commercial activity between the Greek community and European power in İzmir

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<sup>308</sup> *Ibid.*, p. 120.

<sup>309</sup> *Ibid.*

<sup>310</sup> Kurmuş, p. 295.

reached and deadlock in which they remained throughout the Greek War of Independence in 1821. In the first phase of the Greek nationalist movement in 1820, unlike in other parts of the Ottoman Empire, in İzmir there was no conflict between the Turkish and Greek communities.<sup>311</sup> Unfortunately, in early 1821, tolerance and coexistence between Turkish and Greek communities began to dissolve here as well.<sup>312</sup> In retaliation for the Greek nationalist rebellion, the Muslims began to attack Greek churches, trade houses, shops, and settlements in İzmir along with other cities where Ottoman Greeks predominated.<sup>313</sup> Unruly janissaries were threatening Greek society;<sup>314</sup> insecurity and social unrest disrupted life in İzmir.

When the tension had reached a climax, the Greeks fled to the coasts in order to find boats and leave the city. According to a diary written by a Russian consul, Spyridon Iur'evich Destunis, who served in İzmir between 1818 and 1821, there were death, starvation, fear and turbulence in the city.<sup>315</sup> Most shops were closed and many people could not find even bread to eat, so there were many deaths from starvation or malnutrition.<sup>316</sup> The Greeks and some of the Europeans escaped with ships or other vessels to the nearby islands. The consul noted that some even lived on their ships for several weeks.<sup>317</sup> Most parts of the city seemed entirely empty.

During the turmoil, the city's economy was negatively affected just as much as the Greek community. The Greek merchant community had such an influence on the city's economy that trade and the economy were entirely paralyzed.<sup>318</sup> When the crisis was defused, it was obvious that the city would not be able to revert to its former economic and commercial status unless the Greek community, and especially the merchant community, returned.

Under these circumstances, the Greek War of Independence severely damaged not only the Greek merchant community but also European mercantile groups in İzmir.

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<sup>311</sup> Mansel, p. 66.

<sup>312</sup> Theophilus C. Prousis, "Eastern Orthodoxy Under Siege in the Ottoman Levant: A View from Constantinople in 1821," *UNF Digital Commons*, [[http://digitalcommons.unf.edu/ahis\\_facpub/13](http://digitalcommons.unf.edu/ahis_facpub/13)], 1 January 2008, (accessed June 1, 2014), p. 41.

<sup>313</sup> *Ibid.*

<sup>314</sup> Mansel, p. 66.

<sup>315</sup> Theophilus C. Prousis, "Smyrna in 1821: A Russian View", *History Faculty Publications*, [[http://digitalcommons.unf.edu/cgi/viewcontent.cgi?article=1019&context=ahis\\_facpub](http://digitalcommons.unf.edu/cgi/viewcontent.cgi?article=1019&context=ahis_facpub)], (accessed June 1, 2014), pp. 150-155.

<sup>316</sup> *Ibid.*, p. 152.

<sup>317</sup> *Ibid.*, p. 157.

<sup>318</sup> Mansel, p. 67.

The Aegean Sea was almost impassable because Greek privateers were threatening European commercial ships in addition to the Ottoman and Greek vessels.<sup>319</sup> Ottoman-imposed restrictions also hampered European trade. For instance, the Ottoman authorities confiscated some British commercial vessels which undercut the expected profit of the Levant Company.<sup>320</sup> The Ottoman State disregarded trade concessions granted to European powers. As a result, British exports and imports dropped in value in 1821. Eventually, the Ottoman representative committee from İzmir declared that the refugees should return to the city and open their shops and houses of trade.<sup>321</sup> In a very short time the city was recovered and commercial activity revived.

The British merchant groups learnt lessons from the economic results of the Greek War of Independence of 1821 and took protectionist measures during the second great conflict between the Ottoman Empire and the Greek nation-state, the 1897 Turkish–Greek War. As mentioned in Chapter 3, in this war the Greeks were forcefully deported by the Ottoman government. The British merchants could not bear the consequences of the deportation of their Greek agents and brokers, so the best solution became the British naturalization of Greek merchants. Under the pressure of the British merchants, the British consulate in İzmir conferred citizenship to 2,626 Greeks, preparing their passports in 20 days, before the deadline for their deportation.<sup>322</sup> Meanwhile, there were so many marriages already occurring between the British and Greek communities that British naturalization of some of the relatives of these Greeks was perceived as normal.

### *Levantine Families*

In İzmir, the intimate relations of the Greek community with European families were closely related to their intermarriage with Levantines. Catholics of European-descent, the “Levantines,” who were born in the Eastern Mediterranean and mostly engaged in trade activities, were a part of the cultural mosaic in the Ottoman Empire.<sup>323</sup>

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<sup>319</sup> Prousis, "Eastern Orthodoxy Under Siege in the Ottoman Levant," p. 42.

<sup>320</sup> Ibid.

<sup>321</sup> Mansel, p. 67.

<sup>322</sup> Gürsoy, p. 138.

<sup>323</sup> Raziye Oban (Çakıcıoğlu), "Levanten Kavramı ve Levantenler Üzerine," *Türkiyat Araştırmaları Dergisi*, no. 22 (November 2007): p. 344.

Historically, most of the Levantines in İzmir were originated from the Genoese in Chios, so they had already merged into the Greek community. Furthermore, in spite of their Italian or French origin, most of them spoke Greek as a mother language. Since the maids were Greek, the children of the Levantine families learned Greek before other languages.<sup>324</sup> In İzmir, intermarriages between the Ottoman Greeks and Levantines were very common. Via marriages with the members of Ottoman families, Levantines who had foreigner status in the Ottoman Empire were able to become native and hold property within the Ottoman territories; this would otherwise have been banned by the government.<sup>325</sup> Some of their identities were a combination of Greek and European. For instance, among the wealthiest families in the city, the Baltazzi family was both an Ottoman and a European family representing the multicultural character of İzmir.<sup>326</sup> In the beginning they migrated to Chios Island from Venezia and then arrived at İzmir in 1746.<sup>327</sup> Via marriages with Greek women they converted into Orthodox Christianity. Besides, Baltazzi Mansion located in Buca, İzmir was constructed by Demostanis Baltazzi, an Orthodox Greek archeologist.<sup>328</sup> At the end of the 19<sup>th</sup> century, the mansion was purchased by Antonios Athenoyannis, a Greek merchant who donated the building to the President of Greece, Eleftherios Venizelos.<sup>329</sup> Through their extensive network throughout Europe as well as the Ottoman territories, the Baltazzis gradually became successful and wealthy. They were bankers, landowners, tradesmen and entrepreneurs. The wealth of the Baltazzi family indicates the rise of Greek community in İzmir. It was clear that the Levantine families had concrete and strong connection with the European world as well as with the Greek merchants in İzmir. In other words, the relationship between the European and Greek communities in İzmir was historically intermingled and cannot be analyzed separately.

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<sup>324</sup> Oliver Jens Schmitt, *Levantine: Lebenswelten und Identitäten einer Ethnokonfessionellen Gruppe im Osmanischen Reich im "Langen 19. Jahrhundert*, (München: Oldenburg, 2005), pp. 313-318 quoted in Onur Inal, "Levantine Heritage in İzmir," (Phd diss, Koç University, 2006), p. 37.

<sup>325</sup> Hilal Ortaç, "Batı Anadolu'da Bir Büyük Toprak Sahibi Levanten: Baltacı Manolaki," *Tarih İncelemeleri Dergisi* 15, no. 1 (July 2010): p. 321.

<sup>326</sup> Mansel, p. 234.

<sup>327</sup> Ibid.

<sup>328</sup> Onur Inal, "Levantine Heritage in İzmir", (Phd diss, Koç University, 2006), p. 67.

<sup>329</sup> The president turned the building into a Greek orphanage. In 1922, Turkish authorities transformed the building into a school.



As a result of the intimate relations with Europeans, in spite of scarce conflicts, Greek merchants dominated the trade in İzmir until 1922. The Greeks were also active in shipping, mining, light industry, banking and finance sectors in İzmir.<sup>330</sup> As we have already mentioned, İzmir Greeks were highly engaged in the process of economic development of İzmir. The Ottoman Greeks in İzmir was also involved in various professions. Approximately two thirds of the city's lawyers and half of the doctors in the city were Greeks in the second half of the 19<sup>th</sup> and beginning of the 20<sup>th</sup> century.<sup>331</sup> Their success in commercial and other professional activities also lies in their active civil life in the city. Their administrative participation to the organization of the city, schools and social life tell us that the Greek community in İzmir expanded in almost all layers of the civil society, too.

### **5.3 The Relations between Greek Community and the Ottoman State**

The 1839 *Edict of Gülhane* (or *Tanzimat Fermanı*) was a milestone in the transformation of the Ottoman Empire and was instrumental in Ottoman history in terms of establishing the centralization and bureaucratization of the Empire. The assurance of property and security of life in the edict targeted order and stabilization among the Muslim and non-Muslim subjects of the Empire. The Reform Edict of 1856, or *Islahat Fermanı*, was another turning point in Ottoman history, in that it reaffirmed most of the rules of 1839 and introduced new rules that had been put off.<sup>332</sup> The *Islahat Fermanı* granted non-Muslim Ottoman subjects equal rights as Muslim subjects. There is no doubt that the impact of European powers on the implementation of egalitarian reforms by the Empire was intense. France, in particular, was a prominent supporter of social reforms during this era.<sup>333</sup> France hoped that the Ottoman Empire, through its enhanced reforms, would serve the economic and political interests of France and be an ally against Russia.<sup>334</sup> Also, the year of the *Islahat Fermanı* coincided with the Treaty of Paris which applied

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<sup>330</sup> Frangakis-Syrett, "The Economic Activities of the Greek Community," pp. 25-33.

<sup>331</sup> *Ibid.*, p. 33.

<sup>332</sup> Kemal Karpat, "The Transformation of the Ottoman State, 1789-1908," *International Journal of Middle East Studies* 3, no. 3 (July 1972): p. 258.

<sup>333</sup> Halil İnalcık, "Tanzimat Nedir," *Yıllık Araştırmalar Dergisi* 1, 1940: p. 258.

<sup>334</sup> *Ibid.*

international provisions for civilized nations. As a result of the reforms of the *Tanzimat* and *Islahat Fermanı*, the Empire gradually entered a new phase and the traditional Ottoman system of government evolved. Although the Ottoman sultan was superior to other centers of political powers as usual, bureaucrats took on new responsibilities in government.

In analyzing this issue, we shall examine how the Ottoman reforms, which aimed at centralizing Ottoman government and integrating non-Muslim groups, affected relations between the Greek community and local government in İzmir. In the case of İzmir, the central government attempted to reintegrate the city to the central government via regulations and strict control. Before the *Tanzimat Fermanı*, İzmir was in practice independent. The *Tanzimat Period* changed that, putting it under the strict scrutiny of the central government. Non-Muslim communities in İzmir were under especially close control from the local authorities via central government order.<sup>335</sup> In 1840, for example, the grand vizierate commanded the *muhasıl* (tax collector) of İzmir to check the licenses of Greek (and Austrian) merchants as well as those of Greek theaters and schools.<sup>336</sup> If the properties of the commercial houses of Greek merchants were unlicensed, the government had the right to close them. Although this right was often implemented throughout the Empire, implementation was rare in İzmir before the *Tanzimat* period. This new development meant the independence of the city was restricted to some extent. In the same vein, the grand vizierate warned the *muhasıl* that a certain Greek play representing the life of Marko Boçari, a leader of Greek revolt, was improper.<sup>337</sup> The Greek newspaper *Amaltheia* which was previously shut down by order of the central government was re-opened in 1847 under the condition that it did not publish anti-government materials.<sup>338</sup> The Greeks were even monitored in the churches and during their daily lives by the local authorities. These events illustrate how the Ottoman central government tried to prevent anti-government movements and to sustain the full loyalty of its Greek subjects through the use of strict control mechanisms of local governance over the social and economic lives of the Greek community in İzmir.

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<sup>335</sup> Tansuğ, "The Greek Community of İzmir/Smyrna," p. 53.

<sup>336</sup> *Ibid* p. 54.

<sup>337</sup> *Ibid*.

<sup>338</sup> *Ibid*.

Although the central authority implemented reform regulations and stronger control mechanisms, the Greek community in İzmir did not weaken. To the contrary, it strengthened. Greeks in İzmir maintained their good relations with the local administrative powers while consolidating their relations with other communities. Since the social and economic dynamics of the Greek community were consolidated via these reforms, the community was now firmly entrenched in the social and economic fabric of the city.

Feast days, festivals, the birthday celebrations of the Sultan and his sons, kite activities, New Year events, wedding ceremonies, and horse races revitalizing the daily lives of the different communities in İzmir were indicators of a harmonious social fabric.<sup>339</sup> These events and ceremonies, already observed before the *Tanzimat*, were once again celebrated. Furthermore, visits from foreign leaders, the Ottoman sultans, famous artists, and travelers were frequent in the post-reform period.<sup>340</sup> In addition, for the first time, an Ottoman sultan, Abdülmecit, visited the city in 1844.<sup>341</sup> Even the non-Muslim community was at ease after the reform era began. Accordingly, Sultan Abdülaziz also visited the city in 1865. During his tours, he visited the villas of the Baltazzi and Whittall families.<sup>342</sup> Several Europeans also participated in the ceremonies that the visits of the sultans entailed. Governors, too, participated in the celebrations of non-Muslim communities. The naming ceremony for King George of the Kingdom of Greece was freely conducted in a public place with the participation of Greek and Russian consulates.<sup>343</sup>

On one hand, it can be argued that these celebrations were allowed by the local and central authorities with the purpose of integrating non-Muslim communities as part of the transformation under the *Tanzimat Period*. The Ottoman government did not want to break down the established harmony and social cohesion among Muslim and Greek communities. On the other hand, it can be viewed as symptomatic of the vulnerability and weakness of the Ottoman state in restricting the practices of its Greek subjects. Either way, it is clear that these celebrations and ceremonies

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<sup>339</sup> Beyru, p. 353.

<sup>340</sup> Ibid., p. 354.

<sup>341</sup> Ibid, pp. 359-360.

<sup>342</sup> Beyru, pp. 359-360.

<sup>343</sup> Gerasimos Augustinos, *Küçük Asya Rumları: Ondokuzuncu Yüzyılda İnanç, Cemaat ve Etnisite*, trans. Devrim Evcı, (Ankara: Ayraç Yayınevi, 1997), p. 329.

provided interactive communication with the local authority as well as a peaceful environment among different religious groups.

Local officials in İzmir were also powerful in maintaining economic order after the *Treaty of Baltalimanı*. They did not attempt to eliminate the role of non-Muslim communities from the foreign trade. Instead, they were very influential on maintaining the status quo. The activities of non-Muslim merchant communities in the city had already flourished and strengthened in İzmir in the 19<sup>th</sup> century.<sup>344</sup>

The Greek community also became strong in the administrative sphere. Prominent local residents in İzmir submitted a petition to the Grand Vizier in 1860 and demanded the foundation of an İzmir municipality.<sup>345</sup> Their demand was accepted and as a result of the 1864 general provincial reform law, the city gained the status of vilayet (province) in 1866 and its municipality was founded in 1868.<sup>346</sup> In order to address the needs of the city, a municipal council and an executive organ responsible to the municipal council were set up. In the council were 24 members consisting of different *millet* groups.<sup>347</sup> Among the members, six were Muslim, five Ottoman Greek, three Armenian and one Jewish.<sup>348</sup> European members were elected according to their populations in the city. In order to represent the Europeans in İzmir, two Hellenic Greek, two Austrian, two French, one American and one Russian member were elected in the 1868 election.<sup>349</sup> These figures illustrate that the Greek community had a prominent position in the administrative sphere as well.

However, during the Abdülhamid II era, non-Muslim communities were isolated in the social fabric of the Empire. After the 1870s, the commercial and political environment in the Ottoman Empire basically had a negative impact on non-Muslim communities. Economic and social fields were transformed during the Abdülhamid II era. Through reinterpretation of traditional Islamic ideology, the Sultan's aim was to enhance the power of his throne.<sup>350</sup> By taking *ulema* to his side, he would be able to control the bureaucracy more easily. With his religious and traditional point of view, he reasserted the way of life and customs of the subjects with the reinterpretation of

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<sup>344</sup> Frangakis-Syrett, "Implementation of the 1838 Anglo-Turkish Convention," p. 107.

<sup>345</sup> Augustinos, p. 153.

<sup>346</sup> Tansuğ, "The Greek Community of İzmir/Smyrna," p. 64.

<sup>347</sup> Augustinos, p. 153.

<sup>348</sup> Ibid.

<sup>349</sup> Ibid.

<sup>350</sup> Karpat, "The Transformation of the Ottoman State," p. 271.

an Islamic identity.<sup>351</sup> With the influence of *ayans* and their oppressive attitude, the Empire got further away from the *Tanzimat* mindset.<sup>352</sup> However, in spite of his religious policies and traditionalist political lens, the non-Muslims in İzmir were not affected severely. The Greek community in İzmir was able to resist the detrimental policies of a pan-Islamic Ottoman Sultan and remained a prominent merchant community with their entrenched socio-cultural relations with other communities. Their role among the İzmir population was still *sui generis* and valued. Consequently, the Greek community in İzmir continued to have social and cultural in addition to commercial power after the 1870s until 1922. During Abdülhamid II era, economic integration of Western Anatolia into the European world economy continued.

Yet, the isolation process became effective during the rise of Committee of Union and Progress (CUP). In 1908, the power of Turkish wing of the CUP reached its peak politically. Their attempt was to replace non-Muslim merchants and businessmen in the Ottoman Empire with Turkish Muslim ones under the formation of national bourgeoisie class.<sup>353</sup> However, the Greek merchant group in İzmir struggled against nationalist policies and implementations of Young Turks. In other words, they resisted against these policies and remained as the most crucial agents of İzmir society socially and economically. The Ottoman Greek merchant groups maintained their trade houses and business in İzmir up until the 1922.<sup>354</sup>

#### *Schools and printing houses of the Greek community in İzmir*

The Greek community and its leaders in İzmir were aware of the fact that their social power over the city was strongly linked to their education system. Their process of enlightenment with the importation of modern ideas from Europe prior to the Greek nationalist movement via an *intelligentsia* group affected the awakening of their community in the 19<sup>th</sup> century. İzmir was very valuable in the sense that there were numerous wealthy and well-educated Greeks there. The presence of powerful Greek

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<sup>351</sup> Ibid.

<sup>352</sup> Kasaba, *Osmanlı İmparatorluğu ve Dünya Ekonomisi*, p. 92.

<sup>353</sup> Tansuğ, "The Greek Community of İzmir/Smyrna," p. 68.

<sup>354</sup> Ibid.

tradesmen and their monetary assistance to the Greek educational system were essential opportunities. In the middle of the century, Greek schools were far superior to those in other communities in İzmir and became centers of education.<sup>355</sup>

The Greeks in İzmir founded and funded the “Greek Society” in order to support the establishment of schools and hospitals. In 1886, there were 8,580 Greek students (4,044 boys and 4,536 girls).<sup>356</sup> There was also a boys’ school consisting of 1,000–1,100 students. Besides a tuition-free Aya Fotini School for girls, the girls of wealthy families were generally sent to the private Homerion School, established in 1881 with five Greek and three French women teachers. Other prominent boy schools in İzmir were Aronis, Renieri, Hermes, and Karakapı. Among the girls’ schools Anastasiadis, Chrysanhe Papadaki, Baldaki, Pascali, and Kokinaki were the foremost boarding schools. But the oldest and deepest-rooted school in İzmir with its enriched school curricula was the Evangelical School established in 1723.<sup>357</sup> Graduates were able to obtain a diploma similar to the French Bachelor’s Degree. In 1870, under the auspices of the Evangelical School, public Greek elementary and high schools were founded.<sup>358</sup>

The link with European powers on the basis of a Greek educational system was not limited to the Evangelical School. With some institutions established by the European powers in İzmir, the Greek education system reached an advanced level. The missionary activities of Protestants on the Greek educational sphere were obvious because of the presence of European merchant communities in the city. The Levant Company had a library which was a conduit to transmit enlightenment ideas particularly among the *intelligentsia* of non-Muslim communities in the city,<sup>359</sup> and Protestant ideas of the Enlightenment period were the main reasons behind the conflict between the Modern Greek educational system and the Orthodox Church. In the case of İzmir, in spite of the traditionalist versus modernist conflict, educational activity in the city was highly influenced by the forces of commerce, cultural exchange and intimate relations between the Greek community and Europeans. Throughout the 19<sup>th</sup> century, the British, French and Americans were involved in

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<sup>355</sup> Beyru, p. 304.

<sup>356</sup> *Ibid.*, p. 307.

<sup>357</sup> *Ibid.*

<sup>358</sup> Augustinos, p. 260.

<sup>359</sup> Tansuğ, "Communal Relations in İzmir/Smyrna," p. 93.

educational activities on behalf of their country or religion. Greek students in İzmir were chosen from wealthy Greek families or those whose families could not afford the cost of education.<sup>360</sup> The Catholic French sects established a girls' school in 1839,<sup>361</sup> and later a college in 1845 where French and Greek language classes were mandatory. In 1875, for the girls of the elite, seven schools were established by the bishops of Notre Dame de Sion and Freres des Ecoles Chretiennes. Between 1850 and 1870 British religious representatives were also active in the education sector. In İzmir, a Greek girls' school had Armenian and Jewish students as well as Greek.<sup>362</sup> William Barkshire, a British member of the Levantine community, founded a commercial school in 1873 for the purpose of raising the children of merchant families.<sup>363</sup> The students took British and French classes in addition to the elective Greek, Ottoman Turkish, and Armenian languages.<sup>364</sup> These schools, whether established for commercial or religious purposes, made the Greek merchant community in İzmir compatible with the Western world.

The Greeks attached great importance to education as a means to economic success. That made the ideas and experience of Europe valuable for them. Ultimately, the education system of the Greek community in İzmir represented different social strata.<sup>365</sup> Schools established by the European powers also gave educational opportunities to both wealthy and poor Greek students.

As in the commercial and socio-political spheres, the Greek community also surpassed other Ottoman communities in İzmir in terms of educational structure. Instrumental to the progress of the intense educational and social atmosphere was publication. The first Greek newspaper in the Ottoman Empire and İzmir was *O Filos Ton Neon (Friend of the Youth)* which was published in the Evangelical School by American missionaries in 1831.<sup>366</sup> That year also saw publication of *Astir en ti Anatoli (Star of Anatolia)*, a journal printed in English and Greek languages.<sup>367</sup> In 1832, *Mnimosini* was published by the director of the Evangelical School, Avramios

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<sup>360</sup> Augustinos, p. 263.

<sup>361</sup> Ibid.

<sup>362</sup> Beyru, p. 311.

<sup>363</sup> Ibid.

<sup>364</sup> Ibid.

<sup>365</sup> Augustinos, p. 266.

<sup>366</sup> Kechriotis, p. 82.

<sup>367</sup> Beyru, p. 296.

Omirolis.<sup>368</sup> Other Greek newspapers like *Ioniki Paratiresis* (1839), *Etniki* (1840), *Ioniki Melisa* (1840), and *Astir tis Anatolias* (1841) soon followed, though these were not long-lasting.<sup>369</sup> The longest-lasting Greek newspaper, *Amalthia*, was published beginning in 1838, and this newspaper became the most prominent source historically because of its 84-year publication period. The *Amalthia* press was also the most crucial printing house in İzmir.

During the 1870s, among 17 printing houses in İzmir, 10 were Greek.<sup>370</sup> Greek publication activities were so prominent that among 10 bookstores in İzmir, five sold Greek books.<sup>371</sup> At the beginning of the 20<sup>th</sup> century, the most notable public library belonged to the Evangelical School and contained over 15,000 books and journals.<sup>372</sup>

The period of modernization of the Greek community went hand in hand with the economic rise of the Ottoman Greek merchants. The modern reforms of the *Tanzimat Fermanı* ushered in a new era in the Ottoman Empire. Reforms and grants of concessions to the Ottoman Greek community enhanced the role of the Greek Ottoman groups. Free international trade paved the way for the rise of the Ottoman Greek merchant community. As a capitalist economy expanded throughout the world, a new world order replaced the traditional order. In the Ottoman case, the 1838 *Baltalimanı Agreement* and 1839 *Tanzimat Reform* were indicators of the transformation. The rise of the Ottoman Greek merchants was the output of the process of modernization. In that sense, it is misleading to analyze the success of the Greek merchant community as a given fact, frozen in history. Rather, it is a modern and novel development nested in the international and domestic developments of the modernization period during the 19<sup>th</sup> century Ottoman Empire.

The Greek merchant community in İzmir played a crucial role in the engagement of İzmir with the world economy throughout the 19<sup>th</sup> century. Despite short-lived periods of economic stagnation such as the Greek revolt in 1821 and the Greek–Ottoman war in 1897, the process of the city’s economic growth continued. On the other hand, intricate relations between European and Greek communities in İzmir reflected the shifting between periods of competition and cooperation depending on

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<sup>368</sup> Kechriotis, p. 82.

<sup>369</sup> Beyru, p. 296.

<sup>370</sup> *Ibid.*, p. 294.

<sup>371</sup> *Ibid.*, p. 291.

<sup>372</sup> *Ibid.*



the actors' interests. Throughout the 19<sup>th</sup> century relations between European countries and the Greek community in İzmir were unstable. Along with the changing balance of power in Europe, the predominant European commercial players in İzmir also shifted. However, the growth in partnerships between Greek intermediaries and Britain for the most part of the 19<sup>th</sup> century constitutes a useful case-study for examining the interplay of the Greek merchant community in İzmir and European powers in the emerging world economy. The Greek–British relationship sheds light on the rise and success of the Greek mercantile community, and concerns broader themes in the international political economy.

We can conclude that the impact of the European powers on the Greek success is just one side of the story. Their success in social and economic relations in the city owed to international economic competition, social and political changes in the 19<sup>th</sup> century, their strategic foresight in the economic sphere and their established social fabric in İzmir.

In literature, the social and economic impact of the *Tanzimat* is broadly portrayed as reflecting the discontent of Muslim communities, and the conflict between communities is traced back to the 1820s. In fact, the Greek community in İzmir was the most active and prominent commercial group among non-Muslim subjects due to the results of the *Tanzimat* and *Islahat* reforms, and neither Ottoman nor Greek archives evince a negative reaction of the Turkish community in İzmir against the economic development of the Ottoman Greeks in the post-*Tanzimat* period.<sup>373</sup> Rather, the economic expansion of the Ottoman Greek merchants challenged the European powers which were in search of new Mediterranean coastal markets. For this reason, rather than focusing on the Greek–Muslim economic relations in İzmir, I focused on European–Greek relations. European and Greek commercial activities in İzmir in the 19<sup>th</sup> century illustrate how Greek mercantile activity was a challenge for Europe due to the rise of a Greek mercantile community in parallel with international economic developments in the 19<sup>th</sup> century. The Ottoman Greek merchants in İzmir were important in trade as instrument in modernization as well. The commercial activities of the Ottoman Greeks in İzmir went hand in hand with modernization for

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<sup>373</sup> Tansuğ, "Communal Relations in İzmir/Smyrna," p. 221.

the Ottoman Greek community. As a result, their growth is related to modernization reforms rather than the protection of European powers.

## CHAPTER 6

### CONCLUSION

Starting from the second half of the 18<sup>th</sup> century, the Ottoman Empire integrated into the interstate system and world economy.<sup>374</sup> Around the beginning of the 19<sup>th</sup> century, a new economic phase began in the world economy: A liberal world economy arose after the implementation of liberal policies in non-industrial countries throughout the 19<sup>th</sup> century. In addition, European powers in search of new markets returned to Eastern Mediterranean port cities in order to export their manufactured products produced in Europe. In return, the European powers imported raw materials and agricultural products for the factories in Europe from Eastern markets. Under these economic circumstances, the flow of the European merchants to the Mediterranean port cities was stimulated. İzmir, as a rising commercial port city in the Mediterranean throughout the 18<sup>th</sup> century, held its position during the 19<sup>th</sup> century and became a crucial commercial center. The volume of trade increased enormously. Furthermore, trade with European countries promoted the growth of urban population. The number of non-Muslim merchant communities and European merchants gradually increased throughout the 19<sup>th</sup> century.

Until the 19<sup>th</sup> century, the roles among the Ottoman mercantile communities as well as European commercial actors were already established. The Armenians developed their commercial activities with Britain, the Netherlands, Sweden, and Venice and France in the 17<sup>th</sup> and 18<sup>th</sup> centuries. They were also almost the only merchant community meeting the demand of Persian commodities in İzmir.<sup>375</sup> They owned retail shops and acquired a big share in the commerce with Europe. The Jews, who migrated to İzmir in the 1600s, were already established as an immigrant community. They were significant in both local and international commercial activities. The Jews

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<sup>374</sup> Kasaba, *Osmanlı İmparatorluğu ve Dünya Ekonomisi*, p. 35

<sup>375</sup> Frangakis-Syrett, 18. Yüzyılda İzmir'de Ticaret, p. 18.

became successful at selling imported coffee, indigo plant, and pepper.<sup>376</sup> They provided paraffin, cotton and wool from Manisa and silk from Bursa to İzmir. But mainly, the Jews engaged in commercial activities with European countries in İzmir as exchangers or brokers.<sup>377</sup> The Ottoman Greek merchants actively participated in foreign trade as retailers in export and import, intermediaries and distributors. They had close contact with European countries. Muslims were producers and land owners in addition to their participation in commerce in İzmir. However, they did not have direct contact with European merchants. The Ottoman non-Muslim merchants had an intermediary role between Muslim producers and European merchants. Muslim communities mainly produced mohair yarn, cotton, cotton yarn, and leather. The Muslim merchant community in İzmir preferred to trade with Eastern and Southern regions of the Ottoman Empire through their internal commercial networks. Furthermore, among the European countries, Britain, France, the Netherlands, Venice and Germany were the leading commercial partners of the Ottoman Empire that actively participated in trade in İzmir in different phases throughout the 18<sup>th</sup> and 19<sup>th</sup> centuries.

On the other hand, in the early period of the 19<sup>th</sup> century, with the increasing number of European and Ottoman non-Muslim communities in İzmir, the position among the commercial actors in the city was reshaped. In the 19<sup>th</sup> century, the role of the Ottoman Greek merchants came to the forefront. What made the Ottoman Greek merchant community prominent among other merchant communities in the 19<sup>th</sup> century was a complex and multidimensional situation. First, at the end of the 18<sup>th</sup> century, the vessel owners who had already acquired capital accumulation established trade houses in İzmir and Europe, creating an international commercial link between the Levant and European market. Besides, they took advantage of a commercial lacuna in the Eastern Mediterranean due to the Napoleonic Wars and British blockade on the trade ports of France such as Marseille. The Greeks predominantly established trade houses in Marseille and made a huge profit through goods traffic between the Ottoman and European ports due to their close contacts with the merchants in these cities. Secondly, their intimate contact with the

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<sup>376</sup> *Ibid*, p. 94.

<sup>377</sup> *Ibid*.

producers in Anatolia and their knowledge of the Ottoman market paved the way for their intermediary roles between the European commercial partners and the Ottoman market. In addition, the Ottoman Greek merchants spoke in both Greek and Turkish, which contributed to their role as intermediaries. Thirdly, there was a close cooperation between the Ottoman Greek merchants in İzmir and other Greeks in Europe including the Greeks in Greece (Hellenic Greeks) and Greek diaspora. This cooperation contributed to the Greek merchant predominance in İzmir. Fourthly, they were able to use their identity interchangeably as Hellenic Greeks or Ottoman Greeks which provided them an advantage over other non-Muslim communities in İzmir.<sup>378</sup> Through their Hellenic Greek identity, they were able to acquire European status easily. While their Hellenic identity provided them European protection and support, their Ottoman identity enabled them to bypass the restrictive regulations of the Ottoman Empire over the foreign merchants in a commercial sense.<sup>379</sup> All these factors contributed to the success of the Ottoman Greek merchants in İzmir in the 19<sup>th</sup> century. Moreover, the Ottoman Greeks in İzmir were also active in complementary trade sectors such as shipping, mining, commercial agriculture, banking and light industry, which illustrates that they did not exclusively engage in traditional commercial activities. The Greek community found alternative ways of making profit in the city through their diversified investments. Due to all these developments, the Greek merchants in İzmir were an autonomous and the most advantageous community in the 19<sup>th</sup> century. *The Baltalimanı Trade Agreement* and *Tanzimat Reforms* further stimulated their increasing power. Especially after these two crucial developments, they became predominant in trade and surpassed other Ottoman merchant communities in the 19<sup>th</sup> century. In the city, the Ottoman Greek and Hellenic Greek merchants constituted 40 to 50 percent of all the merchants in the city at the end of the 19<sup>th</sup> and at the beginning of the 20<sup>th</sup> century.

On the other hand, the European commercial actors in İzmir were in competition with each other at the beginning of the 19<sup>th</sup> century. Although France was very strong commercially in İzmir throughout the 18<sup>th</sup> century, the French Revolution and Napoleonic Wars damaged its commercial activities in İzmir. Instead, its competitor

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<sup>378</sup> Frangakis-Syret, "The Economic Activities of the Greek Community in İzmir", p. 20.

<sup>379</sup> Ibid.

Britain took control of foreign trade relations. Furthermore, between 1800 and 1825, the commercial activities in İzmir increased under the official control of the Levant Company and Britain put an end to the French domination in the city. With the elimination of France from the commercial sector, Britain took France's place in the commercial sphere.

This development provided an opportunity for local merchants in İzmir to expand their commercial activities through strengthening their links with Britain. Britain was also dependent on local merchants in order to reach the interior parts of Anatolia. At first, Britain did not take into consideration the Greek merchants and tried to cooperate with the Jewish mercantile community. However, the British merchants realized that they could not enter into the interior parts of the Ottoman territories without encountering Greek merchants. The network of Greeks within the interior parts of Anatolia was so strong that Britain had no choice but to cooperate with them. The British merchants hired the Greek merchants as their agents. In this way, the Ottoman Greek merchants proved themselves as a superior commercial partner among other local merchants.

The Greek merchants were successful at competing against not only other non-Muslim merchant communities but also against Britain. Ever so often, the commercial relations between Britain and Greeks were tense. However, Greek merchants turned out to be profitable. For instance, in the 1870s, many successful and wealthy Greek agents working in collaboration with Britain decided to establish their own trade houses in Europe after acquiring sufficient contacts and networks there. The attempts of British merchants to prevent Greek merchants from establishing trade houses in Europe or in İzmir were unsuccessful. However, there was more cooperation between the Greeks and Britain than competition. For instance, the Greek merchants acquired a prominent position in the control of joint stock companies of Britain. Furthermore, Britain participated in agricultural commerce activities hand in hand with the Greek merchants. The Greek merchants also worked as agents, sub-agents and brokers of Britain. Although the power of the Greek merchant community did not end until 1922, the British predominance in the city was replaced by Germany during the 1870s. In Britain, the 1870 economic crisis

halted the British economy and deteriorated the international trade activities of Britain. On the other hand, Germany and Britain had very different methods and practices on commercial activity. In the 1890s, Germany became very strong in international trade. One more time in the history of İzmir, the predominant commercial partner of the city had changed.

However, the continued success of the Greek merchant community in İzmir did not change until the start of the Turkish-Greek War in 1919. As mentioned before, the Greek predominance and participation in trade existed in spite of the altering European partners. The Greeks owed such a long-lasting commercial success partially to their established harmonized relations with the Muslim community as well as local government. As a matter of fact, the leaders of the Greek community were aware that their social power, as well as their economic power, was strongly related to their education. Therefore, numerous Greek schools were financed by prominent Greek merchants. The educational system of Greeks was also supported by European missionary activities.

The relationship between the Greek merchant community in İzmir and the European powers sheds light on the rise and success of the Greek mercantile community concerning broader themes in international political economy. The impact of the European powers on the success of the Greeks is only one of the factors contributing to the rise of the Ottoman Greeks. The success story of the Greek community in İzmir over social and economic relations in the city lies behind the international economic competition, social and political changes in the 19<sup>th</sup> century, their strategic foresight abilities in the economic sphere and their established social fabric in İzmir. Although the most prominent political philosophers, like Montesquieu, Machiavelli, Marx, and Weber, argued that the Ottoman Empire had an arbitrary and despotic character and did not allow the development of any autonomous or unique character in the Ottoman cities,<sup>380</sup> this thesis illustrated that these arguments do not apply to for İzmir. On the contrary, the Ottoman Empire was, in practice, unable to establish strict central control on İzmir. Furthermore, the Ottoman Empire constructed a

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<sup>380</sup> Edhem Eldem, Daniel Goffman, and Bruce Masters. "Was there an Ottoman City," in *The Ottoman City between East and West, Aleppo, İzmir, and Istanbul*, ed. Edhem Eldem, Daniel Goffman, and Bruce Masters (Cambridge: Cambridge University Press, 2005), p. 11.

decentralized political order which manifested itself in İzmir's economic relations with external actors. As I previously mentioned, the Ottoman Greek merchant community in İzmir was a byproduct of such a distinctive character of the city. The Ottoman Greek merchant community in İzmir developed as an autonomous class. Through this autonomous character, the Ottoman Greek merchant community in İzmir was able to act independently from the control of European countries, namely France, Britain, and Germany.

The long-lasting and enduring economic and social relations of the Ottoman Greek community in İzmir eventually broke down. *Hamidian* rule (Sultan Abdülhamit II) and, specifically, the ideology of the Committee of Union and Progress (CUP) brought the notions of ethnicity, nationalism and racism to the city, in a similar way as to all the other territories and ethnic groups of the Ottoman Empire. Along with the pan-Islamist policies of Abdülhamid II, the measures of CUP which supported the unity of all Muslim against non-Muslim's separatist movement shook the social cohesion of the city. In addition, the formation of Ottoman Turkish national economy with the leadership of CUP members further deteriorated the social and economic fabric of İzmir. After the CUP monopolized the political power, the Greek and Turkish communities were confronted with serious conflicts with each other. The multi-cultural and multi-national society of İzmir experienced an unprecedented ethnic conflict and catastrophe between 1919-1922 and subsequently disappeared.



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## APPENDICES

### A. TURKISH SUMMARY

19. yüzyıl boyunca Osmanlı İmparatorluğu, artan savaşların ve isyanların etkisiyle ekonomik kriz ve güvensizlik ortamına sahne olurken İzmir, bunun tam aksine huzur ve refahın hakim olduğu bir atmosfere sahipti. Bu karakter, İzmir'e dış aktörlerle ayırt edici ilişkiler kurma gücü sağladı. 19. yüzyılda İzmir, sosyal ve ekonomik anlamda batıya entegre olduğu süreçte, tüccar eşlerinin son moda kıyafetlerle sokaklarında dolaştığı, sofralarında farklı toplumların çeşit çeşit yemeklerinin yendiği, kavun şerbeti kokan kordon boyunca uzanan kahvehanelerinde farklı dinden insanların oturup sohbet ettiği, tiyatroları ve sinema salonları dolup taşan, refahın huzura dönüştüğü modern bir kentti. Okulları, matbaaları, sinagogları, kiliseleri, camileri, dar sokakları, ahşap cumbalı evleri, faytonları, tramvayları, limandaki gemileri İzmir'in o dönemki sosyokültürel dokusunun ipuçlarından sadece birkaçıydı. Bununla birlikte, şehir Türk, Ermeni, Rum, Yahudi cemaatlerin yanı sıra Levanten ailelere de ev sahipliği yapan kültürel bir mozaik oluşturmaktaydı. 1840'ta yapılan bir nüfus sayımına göre, şehirde yaşayan yaklaşık 150.000 vatandaşın yaklaşık 80.000'i Türk, 40.000'i Rum, 10.000', Ermeni, 15.000'i Yahudi ve 5.000'i Levanten'di. Üstelik, şehir sadece orada ikamet eden Osmanlı tebaasının ya da şehri ziyaret eden gezginlerin değil, Avrupalı güçlerin de gözbebeği idi. Fransa, İngiltere ve Almanya gibi Büyük Güçler için İzmir ticari aktiviteler bağlamında önde gelen bir liman kenti olmakla beraber daha homojen bir ulusal yapıya sahip Avrupalıların Devletlerin gözünde İzmir, çoğul kimliğiyle aynı zamanda büyüleyici bir kentti de. Osmanlı İmparatorluğunun hala milliyetçi ayaklanmalarla mücadele ettiği 19. yüzyılda; dil, din, kıyafet ve gelenek anlamında geniş bir kültürel spektruma ve kozmopolit yapıya sahip İzmir, Avrupalı güçler için övgüye değerdi. Öyle ki, yeni kurulan Yunanistan'daki Yunan vatandaşları dahi oradaki barışçıl düzeni ve yoğun ticari aktiviteleri fark etmekte ve İzmir'e göç etmekteydi.

Bu bağlamda, İzmir'deki Rum tüccarların can alıcı bir konuma sahip olduğunu ve 19. yüzyıl boyunca şehrin sosyal ve ekonomik gelişimine katkıda bulunduğunu



söylemek gerekir. Benim bu çalışmadaki motivasyon kaynağım da, 19. Yüzyıldaki İzmir'in bu kendine özgü tarihi ile beraber şehrin bu organik yapısına sosyo-ekonomik anlamda ciddi ölçüde katkıda bulunan Rum tüccar cemaatine olan ilgimden kaynaklanmaktadır.

Bu tezin meselesi devletler arası ilişkilerden ibaret değildir. Devletler arası ilişkilerin ötesinde, “uluslararası ilişkiler” aynı zamanda hem devlet dışı aktörler hem de devlet dışı aktörler ile devletler arasında da mümkündür. Dışilişkiler kavramı da devlet dışı aktörlerin dış aktörlerle (devlet veya devlet dışı) olan ilişkilerini ifade etmek için kullanılmıştır. Bu tezin ortaya koyduğu konulardan biri de, devlet dışı aktörlerin dışilişkilerinin uluslararası ilişkilerde yeni değil, tarihsel bir olgu olduğudur. İzmir de bu devlet dışı aktörlerin ilişkilerinde kilit rol oynayan bir liman kenti olarak yakın plandan incelenmelidir. İzmir'deki Rum tüccarlar otonom bir güç olarak dış aktörlerle ticari ilişki kurabilen devlet dışı aktörleri temsil etmektedir. Bu çerçevede, bu çalışma İzmir'deki otonom ve önde gelen bir tüccar cemaat olarak Rumların konumunu ve onların 19. yüzyılda ve 20. yüzyılın ilk yıllarında dış aktörlerle olan ilişkisini, Avrupalı güçler, Osmanlı Devleti ve Rum cemaati üçgeninde incelemektedir.

İzmir 19. yüzyılda önde gelen bir ihraç kenti ve en önemli liman kentidir. Buna ek olarak, Avrupalı tüccarların Osmanlı iç pazarlarına ulaşmak amacıyla geçmek zorunda olduğu bir liman kenti olarak, Avrupalı güçlerle olan ticari ilişkiler bağlamında da kilit bölgedir.

İzmir'in bu denli önemli bir liman kenti olması temel olarak üç faktörle açıklanabilir: Öncelikle, İzmir, açık denizlerin etkisinden uzak bir liman kenti olarak gemilerin yanaşmasına oldukça elverişli fiziksel kapasiteye sahiptir. Bu anlamda, İzmir için Anadolu'nun Avrupa'ya açılan kapısı ifadesi dahi kullanılmaktadır.<sup>381</sup> İzmir'in yükselişindeki ikinci temel faktör hızla gelişen endüstri devrimi sonrası Osmanlı ekonomisinin dünya ekonomisiyle bütünleşmesidir. Avrupalı önde gelen ticari aktörlerin şehre yerleşip, Avrupa'yla ticari anlamda ağ kurmaları şehrin ekonomik anlamda gelişmesine önemli ölçüde katkıda bulunmuştur. Üçüncü bir faktör, merkez

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<sup>381</sup> Kütükoğlu, p. 285.

Avrupa ülkelerinin endüstri devrimi sonrası ham madde ve tarım ürünlerine yoğun talep duyması nedeniyle, İzmir'in bu ürünleri ihraç eden güçlü bir konuma ulaşacak niteliğe sahip olmasıdır. Sonuç itibariyle tüm bu faktörler, gayrimüslim tabaanın da aktif olarak ticari aktivitelerde bulunduğu liman kentinin gelişimine zemin hazırladı.

Tüm bu gelişmelerin ışığında, hemen hemen tüm sektörlerin çoğunluğunu oluşturan Rum tüccarlar bu ayrıcalıklı konumu elde etmeyi ve diğer gayrimüslim tüccar cemaatlerden bir adım daha önde olmayı nasıl başardı? Esasen, Rum tüccarlar ticaretteki başarılarını ve üstünlüklerini uzun yıllar boyunca ispatlamışlardı. Bunun yanı sıra, İzmir kentinin coğrafi konumu ve iktisadi önemi nedeniyle, Osmanlı İmparatorluğunun diğer bölgelerinde yaşayan Rum tüccarlardan da daha avantajlı konumdaydı. Ayrıca, Avrupalı güçlerle kurdukları ticari ilişkilerde de stratejik bir konuma sahiptiler. Osmanlı topraklarında yaşayan Avrupalı güçlerle kurdukları ilişkilerdeki aracı konumları onlara üstünlük sağlamaktaydı. Zira, Avrupalıların art bölge ve Anadolu pazarına ulaşmasında, Rum tüccarların Anadolu halkının kültür ve zevklerine hakim oluşu, iç bölgenin ticari aktivitelerinde sahip olduğu deneyim ve uzmanlık, Rumları diğer gayrimüslim tüccarlardan farklı kılmaktaydı. Buna ek olarak, Rum tüccarlar hem Osmanlı topraklarında hem de Avrupa'da çok güçlü akrabalık bağlarına sahiptiler. Bu yakın ilişki Rum tüccarların çok geniş ticari bir ağ kurmasını kolaylaştırdı. Rum tüccarlar aynı zamanda uzun yıllar boyunca gemicilikle uğraşmış, bu durum onları diğer gayrimüslim tüccarlardan farklı kılmıştı. Çünkü bu sayede Rumlar Avrupalılarla yakın ilişki kurma imkanına erişmiş ve rakip yerel tüccarlar arasından sıyrılmayı başarmıştı. Tüm bu sebepler İzmir'deki Rum tüccarların hem ticari hem ekonomik anlamda güçlenmesine katkıda bulunmuştu.

Şehrin artan refahına katkısının yanı sıra, İzmir'deki Rum tüccarlarının yükselişinin başka bir boyutu daha vardır. Osmanlı Devleti'nin diğer bölgelerindeki Rum tüccarlara benzer biçimde, İzmirdeki Rum tüccarlar da Rum entelijansiyasının canlanmasında dolaylı olarak rol almıştı. Şehirdeki okul ve matbaaları finanse etmiş, genç entelektüellerin yurt dışı eğitimlerine sponsor olmuşlardı. Bunun en bilinen örneği olarak, İzmirli Adamantios Korais'in, eğitimini yurt dışında alması için Rum tüccar Thomas Stathis tarafından desteklenmesini göstermek mümkündür.

Bu açıdan, hem sosyal hem ekonomik anlamda İzmir'deki Rum tüccar grubun diğer gayrimüslim tebaa içerisinde üstünlük sahibi olduğunu söylemek yanlış olmayacaktır. Rum tüccarların ticari aktiviteleri İzmir için o denli kilit konumdadır ki, Yunan bağımsızlık hareketinin hemen sonrasında dahi Rum tüccarların ticari hayata hızlı bir biçimde yeniden katılımı Osmanlı Devleti tarafından dahi destek görmüştür. Hatta, 19. yüzyıl boyunca diğer gayrimüslimlerin yerel yönetimle çatışma yaşadığı dönemlerde, İzmir'deki Rum tüccarlar hem yerel hem de merkezi yönetimle ilişkilerini olumlu yönde geliştirmişlerdir.

Bu noktada, esas mesele 19. yüzyıl boyunca İzmir'deki Rum tüccarların, Avrupalı Güçlerle ve Osmanlı Devletiyle kurdukları ilişkilerin nasıl dönüştüğüdür. Şehirdeki Avrupalı güçlerin ticari aktiviteleri hangi şartlar altında değişmiştir? Şehirdeki Rum tüccarlar başarısını yalnızca Avrupalı güçlerden aldığı desteğe mi borçludur yoksa bu destekten bağımsız onların yükselişine katkıda bulunan başka faktörler de var mıdır? İzmir'deki Rum tüccarların 19. yüzyıldaki ticari ilişkileri yeni dünya düzeni içerisinde nasıl şekillenmiştir?

Bu sorular ışığında temel olarak, 19. yüzyılda ve 20. yüzyılın ilk yıllarında İzmir'deki otonom Rum tüccarlarla Avrupalı güçler arasındaki ticari ilişkilerin İzmir ekonomisine katkısını incelenmiştir. Bunun yanı sıra, İzmirli Rum tüccarların 19. yüzyılda hangi şartlar altında bu denli güçlenip İzmir'deki en güçlü ve zengin cemaatlerden biri haline geldiğini detaylı bir biçimde analiz edilmiştir. Dış güçlerin, Osmanlı devleti'nin ve Rum tüccarların kendi iç dinamiklerinin, Rum tüccarların artan ekonomik gücünü etkileyen temel faktörler olduğu vurgulanmıştır. Uluslararası ekonomik şartların yanı sıra iç faktörlerin de Rum tüccarların güçlenmesine nasıl katkıda bulunduğu araştırılmış, Avrupalı güçlerin Rum tüccar cemaatinin yükselişinde hangi seviyede etkin rol oynadığı sorgulanmıştır. Son olarak, bu denli başarılı bir cemaatin 20. yüzyılın ilk yıllarında Türk milliyetçi ideolojisi ve Jön Türk siyasetlerine nasıl yenik düştüğü konusuna kısaca değinilmiştir.

Bu tez altı bölümden oluşmaktadır. İlk bölümde tezin temel sorunsalları tanımlanmıştır. İkinci bölüm, 19. yüzyıldaki iktisadi koşullara kısaca tarihsel bir arka plan sunmuş ve Osmanlı İmparatorluğunun dünya ekonomisiyle bütünleşme sürecini

açıklamıştır. 19. yüzyıl boyunca Avrupa ekonomisinin çevre ülkeler üzerindeki kontrolü ve kapitalist ekonominin yaygınlaşması kısaca incelenmiştir. Avrupalı güçler arasında, İngiltere 19. yüzyılın önde gelen siyasi ve iktisadi bir aktörü olarak liberal iktisadi ilkeleri çevre ve yarıçevre ülkeler üzerinde uygulamıştır. Bu bağlamda İngiltere, başlıca merkez ülke olarak, Osmanlı İmparatorluğu ile yakın iktisadi ve ticari ilişkiler kurmuştur. Osmanlı İmparatorluğunun dünya ekonomisiyle serbest ticaret politikaları ve reformlar aracılığıyla bütünleşme süreci, İngiltere'nin İmparatorluğun iktisadi mekanizmaları üzerinde sahip olduğu kontrol ile yakından ilgilidir. Bu bağlamda, 1838 *Baltalimanı Ticaret Antlaşması* Osmanlı İmparatorluğu'nun dünya ekonomisiyle bütünleşme sürecinde bir dönüm noktası olduğu gibi, *laissez-faire* ilkesini sağlamlaştırması bağlamında da Osmanlı'nın iktisadi ve siyasi tarihinde de bir kilometre taşıdır. Bununla birlikte, 1839 *Tanzimat Fermanı* liberal ilkelerin benimsenmesinde soyal zemini hazırlamıştır. *Düyun-u Umumiye*'nin kurulmasıyla da beraber Osmanlı İmparatorluğu'nun dünya ekonomisiyle finansal ve ekonomik entegrasyonu güç kazanmıştır. Bu siyasi ve iktisadi koşullar altında, Osmanlı İmparatorluğu'ndaki liman şehirleri dünya ekonomisine, iç bölgelere oranla daha erken entegre olmuştur. Bu süreçte, Osmanlı toplumundaki gayrimüslim tüccarlar, Avrupalı güçlerin önemli birer ticari partneri olarak ortaya çıkmıştır. Kısacası, Osmanlı İmparatorluğu'nun Avrupayla entegrasyonu iktisadi seviyede büyük ölçüde tamamlanmıştır.

Üçüncü bölümde, İzmir'in Osmanlı İmparatorluğu'na ait uluslararası bir liman şehri olarak önemi analiz edilmiştir. İlk olarak, 19. yüzyılda İzmir'in ticari bir merkez olarak yükselişinin ardında yatan temel faktörler incelenmiştir. Bu yükseliş süreci, Osmanlı Devleti'nin dünya ekonomisiyle olan bütünleşme süreciyle aynı zamana rastlamaktadır. İkinci olarak, Osmanlı İmparatorluğu'nun dönüşümü, siyasi, sosyal, hukuki ve iktisadi reformlar vasıtasıyla iktisadi ve siyasi alanı yeniden şekillendirmiştir. Böylelikle, Osmanlı Devleti'nin reformları ve yeni diplomatik düzeni İzmir'deki iktisadi yükselişi daha da arttırmıştır. İçeride ve dışarıda oluşan gelişmelerin ışığında, İzmir'deki halihazırdaki ekonomik yükseliş de evrilmiştir. Şehrin Avrupalı ticari partnerleri arasından, İngiltere 19. yüzyılın başında Fransa'nın yerini almıştır. Rum, Ermeni ve Yahudi gayrimüslim tüccarların aktif olarak katıldığı dış ticarete bu gruplar Avrupalı tüccarlar ile Osmanlı üreticileri arasında aracı rolleri

üstlenmişlelerdir. Bu yerel Osmanlı tüccarları arasından da, Rum tüccar cemaati başat rol oynamıştır. Ancak şunu da vurgulamak gerekir ki, bu ticari temsilcilerden hiçbiri 19. yüzyılın yoğun rekabet ortamı sebebiyle hiç bir dönem İzmir'in dış ticaretini tekeli altına alamamıştır.

Dördüncü bölüm Osmanlı İmparatorluğu'ndaki Rum cemaatinin ve İzmir'deki Rum tüccar cemaatinin tarihsel arka planına odaklanmıştır. Öncelikle, Osmanlı İmparatorluğu'ndaki *millet* sisteminin tarihsel analizi yapılmıştır. *Millet* sistemindeki gayrimüslim cemaatler arasında, esas olarak Rum cemaati incelenmiştir. Rum cemaatindeki başlıca çıkar grupları, Fenerli Rumlar, Ortodoks Kilisesi, entelijansiya ve tüccarlar, İzmir'deki Rum tüccar cemaatinin önemini aydınlığa kavuşturmak amacıyla bu çalışmanın kapsamındaki analiz edilmiştir. Sonrasında bu bölüm, İzmirdeki Rum tüccar cemaatinin Müslüman cemaatle olan sosyal ilişkilerini de resmetmiştir. Buna ek olarak, 19. yüzyılda Rum tüccarların iktisadi yükselişinin ardında yatan faktörler detaylı bir biçimde incelenmiştir. İç ve dış faktörlerin Rum tüccarlarının yükselişindeki etkisi incelenmiştir. Dördüncü bölüm, Rum tüccar cemaatinin iktisadi aktivitelerinin kapsamı ve özelliklerini anlatan bir değerlendirme ile son bulur.

Beşinci bölümde, temel mesele İzmir'deki ekonomik dönüşümü etkileyen üç faktörü analiz eder: Osmanlı hükümeti, Avrupalı devletler ve Rum tüccar cemaati. 19. yüzyıldaki uluslararası ticari koşullara, Osmanlı İmparatorluğundaki sosyal ve siyasi değişikliklerine, Rumların yerleşik sosyal dokusunda, Rum tüccarların akrabalık bağlarına ve diğer Rum ve Yunan cemaatleriyle olan güçlü ağlarına bağlı olarak İzmir'deki Rum tüccar cemaati giderek güçlenmiştir. Buna ek olarak, Avrupalı ticari aktörlerin Rum tüccar cemaatinin yükselişindeki artışı tartışılmıştır. Bunu yaparken, Avrupalı ve Rum tüccarlar arasındaki işbirliği ve rekabet durumları örneklendirilmiştir. Sonrasında, bu bölümde Osmanlı İmparatorluğu'ndaki *Tanzimat Fermanı* ve *Islahat Fermanı* gibi sosyal reformların farklı sosyal tabakalar ve dini cemaatler üzerindeki etkisi incelenmiştir. Osmanlı Devleti'nin merkezileşme çabalarının güç kazanmasına ve hem merkezi hem yerel yönetimin İzmir'deki gayrimüslim cemaatler üzerindeki kontrolünün daha görünür kılınmasına rağmen, bu reformların aslında toplumların yeniden bir arada yaşama düzenlerine olumlu

getirileri olduđundan bahsedilmiřtir. Diđer taraftan, Avrupalı Devletler İzmir'deki eđitim kurumları ve misyoner aktiviteleri ile birlikte İzmir'deki gayrimüslim cemaatler üzerindeki tesirini de arttırmaya çalıřmaktadır. Diđer yandan Yunanistan'ın milli eđitimlerini yayma ve aydınlanma projeleri İzmir'e de sıçramıřtır. Hatta, yüksek nüfus oranı ve güçlü tüccar cemaatleri sebebiyle, İzmir'deki Rum cemaat Yunanistan'daki Yunan eđitim aktivitelerinin esas hedefi haline gelmiřtir. Bu bağlamda bu bölüm, İzmir'deki ticari dönüşümün ve Rum tüccar cemaatinin yükseliřinin aslında modernizasyon projesiyle el ele yürüyen bir süreç olduđuna da değinmiřtir. Son olarak, altıncı bölümde ise genel deđerlendirmeler yapılmıřtır.

## B. TEZ FOTOKOPİSİ İZİN FORMU

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### YAZARIN

Soyadı : Babayiğit  
Adı : Burcu  
Bölümü : Uluslararası ilişkiler

**TEZİN ADI** (İngilizce) : External Relations of İzmir in the 19<sup>th</sup> and Early 20<sup>th</sup> Centuries: The Case of Ottoman Greeks

**TEZİN TÜRÜ** : Yüksek Lisans  Doktora

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