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Commerce in the Eastern Mediterranean from the Eighteenth to the Early Twentieth Centuries: The City-Port of Izmir and Its Hinterland

Elena Frangakis-Syrett

This essay analyzes the organization and principal characteristics of the trade of the city-port of Izmir (Smyrna) and its environs with the west from the eighteenth to the early twentieth centuries through the prism of networks, specialization and commercial practices.¹ These were important variables in the integration of the region into the world economy, a process which took place largely through trade with the west. These factors also tell us a great deal about the changes that the process brought to commerce in the eastern Mediterranean.

Izmir, an important port since antiquity, emerged in the course of the eighteenth century as the single most important port in the trade not only of the eastern Mediterranean but also in the commerce of the Ottoman Empire to the west and with Persia to the east. This was a position it held, almost continuously, until the early twentieth century. In the eighteenth century Izmir's major western trading partners were the French, who at the time were also the most important European commercial power in the Levant, as well as the British and the Dutch. Apart from the ports of Marseilles, London, Rotterdam and Amsterdam, Izmir carried on an active trade with the Italian ports, particularly Livorno but also Ancona, Trieste, Venice, Messina, Genoa and, by the turn of the century, Malta. Other nations that traded with Izmir, or that owned ships that frequented the port during the course of the eighteenth century, included Russia, Denmark, Sweden and the Holy Roman Empire. At the turn of the century, with a special conjuncture of military and political events,

¹The geographic area studied here comprises the Aegean islands, Izmir (the economic focus of the region) and the western Anatolian coastline, together with some of the interior of western and central Anatolia. This constituted a natural hinterland for Izmir as well as for other smaller regional ports.

changes occurred in Izmir's galaxy of trading partners. Most important, the British emerged as the city's most important commercial force, a position they held until the early twentieth century. They were joined by the Americans and the Austrians, and by the second quarter of the nineteenth century the French resumed an active role in the port's trade. Later in the century, the Italians and Germans appeared in great numbers, and New York, Boston, Hamburg and Antwerp were added to the existing network of major western ports with which Izmir had regular contacts. No single nationality or port ever monopolized Izmir's trade, which remained highly competitive throughout the period under study.

Formation of Commercial Networks: Eighteenth Century

It is well known that by the second half of the eighteenth century the growing volume of commerce with the west had integrated certain parts of the Ottoman Empire into the world economy. Less understood are the various aspects of this process; the form and shape it took; the commercial networks formed as a result; and the ways in which these networks created increasingly self-sustaining economic activity. It is also not appreciated how the activities of western merchants contributed to the development of these commercial networks or the role such networks played in the expansion of the Ottoman market. Instead, it is usually assumed that once a European merchant was established within the Empire, he dealt only with his principal or associate in London or Marseilles; in other words, he traded between two fairly well-defined areas spatially, varying this pattern only occasionally and then due largely to exogenous factors like wars. Unfortunately, this generalization fails to capture the diversity of commercial and other economic contacts that these merchants routinely developed both within the Empire and in some cases elsewhere in the Mediterranean.

The following example will illustrate this point. A British merchant in Izmir would normally work for several houses besides that of his principals, trading for all on commission. Although these trading houses would likely all be based in London, they would also probably have multiple contacts with firms in the Ottoman Empire (Istanbul, Aleppo), Britain (Liverpool) and possibly throughout the Mediterranean

(Livorno and Malta). These connections would further enlarge the circle of business contacts of the trader established in the Levant.²

Such a trader was Colvill Bridger, resident in Aleppo from 1754 to 1765, whose commercial activities and contacts were also representative of British merchants in Izmir. Bridger initially went out to Aleppo as a factor for the London house of Radcliffe and Stratton, a partnership between Edward and Arthur Radcliffe and Richard Stratton. The latter had business contacts with the London house of Frye and Mitford, which traded primarily with Izmir. Radcliffe and Stratton also had business connections with the merchant banking house of Benjamin and George Barker, which acted as a clearing house for Bridger and also carried out commercial dealings on his account. Apart from being a factor for Radcliffe and Stratton, Bridger entered into a number of other business arrangements, which served to multiply his commercial contacts. For instance, it was Stratton who made the offer to Bridger to go out to Aleppo and take over from the departing factor, William Hammond. At the time he was approached by Stratton, Bridger headed a commercial house in Lisbon. From his arrival in Aleppo until the commencement of his relationship with the Radcliffes, Bridger was to trade with Stratton, giving him one-quarter of all profits.³

Bridger entered into an even more interesting relationship with his predecessor, who continued to be associated with Radcliffe and Stratton and whom Bridger considered to be one of his principals. In addition to sharing in Bridger's profits during the latter's first year in Aleppo — as was the custom at the time — Hammond also acted as Bridger's factor. For an annual fee of £150, plus commission at the usual rate of two percent, Hammond bought and sent to Bridger cloth, indigo or cochineal,

²Elena Frangakis-Syrett, "Trading Practices in Aleppo in the Middle of the Eighteenth Century. The Case of a British Merchant," *Revue du Monde Musulman et de la Méditerranée*, LXII, No. 1 (1991), 123-124. On the principal/factor relationship, see also Ralph Davis, *Aleppo and Devonshire Square. English Traders in the Levant in the Eighteenth Century* (London, 1976), *passim*.

³Private Papers (PP), Colvill Bridger, Aleppo, to Richard Stratton, London, 18 November 1759. Besides his activities in the Levant, Richard Stratton also served in the last years of his life as a Director of the Bank of England, 1750-1758. See Sir Lewis Namier and J. Brooke, *The House of Commons 1754-1790* (3 vols., London, 1964), III, 685. I would like to thank Mr. James Bridger for making the private papers of Colvill Bridger available to me.

as well as selling Bridger's silk and other Ottoman exports in London. This reversal of the factor/principal relationship was quite common. It was a lively partnership that utilized the established networks fully. For example, Hammond sent cloth not only to Bridger in Aleppo but also to the house of B. and G. Barker in Istanbul, with which he also traded, usually three-quarters on his own account and one-quarter for Bridger. Nevertheless, the final decision to accept or reject a specific consignment was left up to Bridger. In making up his mind, Bridger weighed all the factors: whether cloth prices would yield a sufficient remuneration; whether he was likely to be paid in a reasonable time; and whether the Barkers thought indigo or cochineal might yield him higher profits in the Istanbul market.⁴

Bridger also traded on commission for a number of other London merchants, something that was also common practice. Among his clients were Charles Frye, John Harding, Thomas Ph. Vernon and Geoffrey Whatley. Bridger also used the house of Earle and Hodgson, his correspondents in Livorno, as an alternative source of dyestuffs.⁵ Another house with which Bridger had trading connections was Muilman and Sons of Amsterdam. The Dutch firm had long-standing commercial relations with the eastern Mediterranean and a lively trade with Izmir, in particular, through the house of Henry, John and Thomas March, who were established in the city-port.⁶

Moreover, it was not only the merchant in Izmir who would have worked for more than one principal: the principal in western Europe could also have several correspondents, each established in different Ottoman centres and possibly elsewhere in the Mediterranean (or the wider world).

⁴PP, Bridger, Aleppo, to William Hammond, London, 27 April 1759; and Bridger to Benjamin and George Barker, Istanbul, 19 May 1759.

⁵PP, Bridger, Aleppo, to Robert Pasley, Lisbon, 21 April 1759; Bridger to Earle and Hodgson, Livorno, 26 April 1759; and Bridger to Hammond, London, 19 May 1759.

⁶See, for example, Great Britain, Public Record Office (PRO), State Papers (SP) 105/207, Izmir, 5 February 1721.

This was the case, for example, with the Marseilles-based house of Roux Frères.⁷

Active between 1728 and 1843, the company was owned by three generations of the Roux family; by the end of the eighteenth century it was one of the most important commercial businesses in Marseilles. It operated globally through a vast network of correspondents and was active in a number of sectors besides commodity trading, including shipping, insurance and merchant banking. In Izmir, besides trading in commodities, Roux Frères was involved through its correspondents in monetary speculation and the bullion trade, especially in the late eighteenth and early nineteenth centuries. Due to its extensive commercial and financial networks, Izmir was a major centre for such operations in the eastern Mediterranean.

Both the correspondents and their employers took advantage of this system. For instance, a London-based house might send cloth to Izmir, arranging for the proceeds to be sent through its merchant banking house in Istanbul to Aleppo, where another correspondent might buy silk, either because the Izmir market was not as propitious for silk purchases or because London demanded the kind of silk that could best be found in Aleppo.⁸ Another transaction might involve the principal asking his merchant banker in Istanbul to remit funds to his Izmir correspondent for the latter to invest in Ankara mohair yarn, especially if shipping could be found to send such purchases expeditiously to Europe.⁹

The timing of the arrival of the goods in the Ottoman or European markets was of utmost importance for the commercial success of the enterprise, especially for markets that were further away, such as London, or where shipping goods to the Levant, including Izmir, was undertaken at irregular and broadly-spaced intervals. The return journey to Europe

⁷Archives de la Chambre de Commerce de Marseille (ACCM), Marseilles, LIX/735, R. Franchetti, Izmir, to Roux Frères, Marseilles, 13 August 1788; and LIX/750, Denis Rolland et Cie, Izmir, to Roux Frères, 19 March 1790.

⁸PRO, SP 105/36, Lansdown, Aleppo, to Lee and White, Izmir, 12 May and 22 December 1759; and SP 105/36, Lansdown to J.E. Rivaz and Co., Livorno, 15 October 1759.

⁹See, for example, PRO, SP 105/37, Lansdown to R. Blackburn, London, 16 November 1761; and SP 105/37, Lansdown to Humphreys and Barker, Istanbul, 20 November 1761.

was equally important, and Colvill Bridger, like his fellow British merchants in Izmir, spent a lot of time organizing the shipment of his goods. His main aim was to get them to London as soon as possible, given that he knew from his information networks which goods were in particular demand in the British market at that point in time. But if he did not have enough cargo to fill the vessel he had chartered, he would obtain additional cargo from fellow factors and, if need be, wait until they were ready to send their goods out. He could also send goods to London on a ship chartered by one of the other merchants in the port.¹⁰

European merchants, often in tandem with local entrepreneurs, made extensive use of bills of exchange, either for payments or to move funds for speculative activities.¹¹ In the process, the well-developed network of bills that already existed in some areas of the Ottoman Empire, including the Izmir region, was further enlarged and became better linked to Europe.¹² For instance, Bridger in Aleppo used Benjamin and George Barker to have bills of exchange drawn on him redeemed on his behalf. He also had bills that he drew on others cashed for him and credited to his account by the Barkers. The latter were also the principal means for Bridger's associates in London to send him funds, and Bridger often drew funds from the Barkers to buy goods for them. Similarly, Thomas Lansdown, another British factor in Aleppo, used Humphreys and Barker of Istanbul as a clearing house. Moreover, Humphreys and Barker also had a correspondent in Izmir and an agreement with Lansdown for the

Izmir correspondent to draw on him, as long as he ultimately could draw on the house in Istanbul.¹³

The Izmir correspondent also took advantage of his access to a global circle of contacts with whom he was in regular contact, exchanging information on matters such as the best market in the eastern Mediterranean for the purchase of silk or cotton; price fluctuations; the best investment opportunities; and the availability of shipping.¹⁴ Given that there were no regular shipping schedules in the eighteenth century, the expected arrival in an Ottoman port of a vessel from Europe could alter quite considerably the environment for a commercial transaction. Moreover, a number of events could lead to changes in the vessel's route. For this reason Europeans in the major Ottoman ports that traded with the west, including Izmir, kept constant track of the movements of any European vessel in which they had commercial interests. In addition, they received from, and passed on to, their friends and associates in the various ports in the Levant any information concerning the movements of ships. In the autumn of 1761, Lansdown was expecting a large consignment of cloth from his principals, Isaac Hughes and Son of London, which *Anglicana* was to bring to him in Iskenderun. From there the craft was to proceed to Izmir, where it was expected to load sometime in January. If *Anglicana* completed its loading and left Izmir by mid-February, it could be the first in London with that season's dried fruit (of which only a certain amount could be exported to Britain from Izmir) together with consignments of such valuable goods as cotton and mohair yarn. The latter were to be procured by the Izmir factors of Isaac Hughes and Son,

¹⁰PP, Bridger, Aleppo, to Stratton, London, 10 March 1755; and Bridger to E. and A. Radcliffe, London, 30 May 1755.

¹¹For more information, see Elena Frangakis-Syrett, *The Commerce of Smyrna in the Eighteenth Century, 1700-1820* (Athens, 1992), 139-154. See also Edhem Eldem, "La circulation de la lettre de change entre la France et Constantinople au XVIII^e siècle," in H. Batu and J.-L. Bacqué-Grammont (eds.), *L'Empire Ottoman, la République de Turquie et la France* (Istanbul, 1986), 87-97; and F. Rebuffat and M. Courdurié, *Marseille et le négoce maritime international, 1785-1790* (Marseille, 1966), *passim*.

¹²Edhem Eldem, "Banque et finance dans l'Empire ottoman (XVI^e-XIX^e siècles: bref aperçu historique," in J. Thobie and S. Kancal (eds.), *Système bancaire turc et réseaux financiers internationaux* (Paris, 1995), 8; and Bruce Masters, *The Origins of Western Dominance in the Middle East* (New York, 1988), 151-152.

¹³PP, Bridger, Aleppo, to B. and G. Barker, Istanbul, 30 May 1759; Bridger to Joseph Chitty, Izmir, 30 May 1759; and Bridger to Hammond, London, 11 September 1759.

¹⁴With interest rates high due to the specie scarcity endemic in Levantine markets — which was also periodically present in western economies — money-lending was a lucrative, if temporary, placement of funds sought after by many. On the scarcity of specie and related monetary questions in eighteenth-century France, see Charles Carrière, *Négociants marseillais au XVIII^e siècle* (2 vols., Aix-en-Provence, 1973), II, 794-828. See also Frangakis-Syrett, "Trade Practices," 126-128; Masters, *Origins*, 153-164; Abraham Marcus, *The Middle East on the Eve of Modernity, Aleppo in the Eighteenth Century* (New York, 1989), 183-188; and Eugene Rogan, "Moneylending and Capital Flows From Nablus, Damascus and Jerusalem to Qada'al-Salt in the Last Decades of Ottoman Rule," in Thomas Philipp (ed.), *The Syrian Land in the Eighteenth and Nineteenth Century* (Stuttgart, 1992), 230-260.

Lee and White, with whom Lansdown often cooperated. If there was no plague in the vicinity of Iskenderun, and clean bills of health could thus be issued, *Anglicana's* return itinerary could include a stop at Iskenderun, which the ship was expected to reach by the end of February to load some silk, although most of the cargo was expected to have already been procured in Izmir. Since the prospects for a clean bill of health from Iskenderun continued to look uncertain in November 1761, for the plague was still lingering, there were alternative plans for the ship's return route: *Anglicana* could stop at Cyprus or Tripoly (Syria) to load silk. In the latter case, Isaac Hughes and Son was to ask B. and G. Barker of Istanbul to allow their factor in Tripoly, John Abbott, to draw on them for the necessary funds to buy silk. Lansdown was trying to coordinate all this activity. In early February, with *Anglicana* having only just sailed from Iskenderun, where it had stayed for about three weeks, her return route was still being debated. By then the strong possibility of the vessel getting to London first was weighing against making any stops, especially since a competing vessel, *Bosphorus*, had been forced to wait in Plymouth in November for a convoy to go to Naples. It was thus going to be a while before *Bosphorus* made it to Izmir and back to London, giving *Anglicana* a clear advantage.¹⁵

Indeed, the Izmir correspondent often relied on his circle of contacts to ship goods within the eastern Mediterranean or between the Aegean and the west. As a result, the network of information that westerners created about demand, availability, price levels and market opportunities, even when it primarily met the needs of the external market, contributed to the circulation of goods, funds and information both within and without the Ottoman Empire.

Izmir's unique geographic position, as well as its other assets, allowed it to dominate the Ottoman maritime world. The three major maritime regions of the Empire — North Africa, the Black Sea and the Red Sea — were all connected by the eastern Mediterranean, and Izmir dominated both the coastal and the deep-sea carrying trade of the area. This was because Izmir united not only the various Ottoman maritime regions but also a great part of the interior with the coast. At the same time, the port also linked large parts of the Empire with Europe. Given

¹⁵PRO, SP 110/37, Lansdown, Aleppo, to William Bellamy, Livorno, 26 October 1761; Lansdown to John Abbott, Tripoly, 28 November 1761; Lansdown to Captain J. Stewart, Izmir, 5 February 1762.

the considerable body of water covered by the Ottoman coastal trade, and the multiplicity of maritime contacts that the Empire as a whole had with its European trading partners, there emerged a proliferation of shipping routes, traffic patterns and ports of call that both European and Ottoman ships could use. Indeed, from a sample of French archival data covering the years from the 1720s to 1790s, and examining both coastal and deep-sea shipping, we can identify more than 500 different routes that vessels could take when plying Ottoman coastal waters or carrying goods between Europe and the Empire. Izmir dominated this network of shipping routes, both major and minor. Indeed, fully thirty percent of all routes either originated or terminated in Izmir, or else included the city as an intermediate port of call.¹⁶ Moreover, Izmir was the most important link in the most frequented axis of Ottoman coastal trade: the Istanbul-Izmir-Alexandria route. In deep-sea shipping Izmir received over one-quarter of all French ships that called on Ottoman ports from Marseilles in the second half of the eighteenth century; in terms of the value of goods carried by the ships, Izmir's share was even higher. If anything, these records underestimate Izmir's shipping activity, for they exclude shipping from Izmir to Marseilles for the last quarter of the eighteenth century, a peak period of trade and shipping activity for Izmir.¹⁷

Both the British and the French, among Izmir's major trading partners, participated actively in the port's deep-sea and coastal shipping. British vessels regularly carried goods between Izmir and the Italian ports, as well as to and from London. On the other hand, the French, more than any foreign or Ottoman group, dominated coastal trade. Thus, westerners also affected the expansion of the internal Ottoman market through the "caravan," or coasting trade, that French captains in particular undertook regularly, carrying goods, usually for local merchants, from port to port not only in the Aegean but also throughout the eastern Mediterranean.¹⁸

¹⁶Archives Nationales de France (ANF), Paris, AE Biii 271-274; and AE Bi 1011, 1014.

¹⁷ANF, AE Biii 271-273; and ACCM, I, 19-20 and 26-27.

¹⁸Daniel Panzac, "Négociants ottomans et capitaines français: la caravane maritime en Crète au XVIII^e siècle," in Batu and Bacqué-Grammont (eds.), *L'Empire ottoman*, 99-118; Panzac, "Affrèteurs ottomans et capitaines français à Alexandrie: la caravane maritime en Méditerranée au milieu du XVIII^e siècle," *Revue de l'Occident Musulman et de la Méditerranée*, XXIV (1982), 23-38; Frangakis-Syrett, *Commerce of*

Ottoman coastal trade was in essence open to all nationalities. For the French it was part of their overall commerce with Izmir and was considered a lucrative occupation. French ships coming to the Levantine port from Marseilles or an Italian harbour usually stayed for a period of up to two years in Ottoman coastal waters before heading home with a return cargo. Yet it certainly was not a lack of return cargoes, at least in Izmir, that explained this practice. One reason was the opportunity to earn revenues at sea for up to two years with only a single quarantine at the end of the voyage. As well, the coastal trade was relatively inexpensive to prosecute. On leaving Marseilles, the captain was generally given provisions for two months and a relatively modest sum, often 100 *piastres* (about £12) in cash. As an additional recompense, the French captain was allowed to keep his return cargo of wheat, or better still of rice, which he would have acquired from the profits earned on his intermediate freights and from monetary transactions, such as changing different currencies.¹⁹

Ships active in the coastal trade did not belong to shipping companies, nor did they sail on regular routes. French captains, like everyone else, had to be prepared to change ports and routes frequently. While the distances sailed were not large, safety was more important than speed. In chartering vessels, single rather than return voyages predominated. In fact, ships even left Izmir empty — *en aventure*, as it was called — calling at ports along the way in search of cargo. There are a number of reasons that made local merchants and charterers prefer European to local carriers. The superior construction and larger size of European craft, which rendered them better able to stand the elements, together with freedom from customs duties and harassment by local officials (both were based on the capitulations) were some of the reasons for their domination in such a competitive sector as Izmir's coastal trade.²⁰

Smyrna, 91-93; Maria Efthymiou-Hadzilakou, *Rhodes et sa région élargie au XVIII^e siècle: les activités portuaires* (Athens, 1988), 271-286; and Yolande Traintafyllidou-Baladié, "Transports maritimes et concurrence en Méditerranée orientale au XVIII^e siècle: L'exemple de la Crète," *Actes de II^e colloque international d'histoire* (2 vols., Athens, 1985), I, 19-37.

¹⁹ANF, Consul Jouvin, Chios, 15 May 1763.

²⁰Robert Paris, *Histoire du commerce de Marseilles. V: Le Levant de 1660 à 1789* (Paris, 1957), 168-179. See also Rhoads Murphey, "Provisioning Istanbul: The State and Subsistence in the Early Modern Middle East," *Food and Foodways*, II (1988), 223.

They were not alone in this business, of course; Ottoman shippers had a share of local traffic and at times competed with Europeans.²¹ Although there was still no systematic traffic pattern, European captains helped to develop the local carrying trade, introduced more competition, and brought local markets into closer contact with each other. Thus, the multiplicity of commercial, financial and shipping contacts initiated by westerners strengthened not only the economic links between Izmir and the world economy but also with other markets in the Empire. Indeed, this is where the impact of western merchants on the region's commercial development can perhaps be best seen in the eighteenth century.

This is also where some of the importance of Izmir lies in the integration process. By the closing decades of the eighteenth century Izmir had acquired a dominant position in the Empire's trade with the west, surpassing in trade and shipping even major ports such as Alexandria, Istanbul and Salonica.²² This dominance was clear in the value of goods traded, the density of its networks, and the volume of business transacted.²³ By the early nineteenth century, Izmir's commercial

²¹For instance, ships coming from Europe sometimes unloaded their entire cargo in Izmir, with Ottoman shippers carrying to the capital that portion destined for Istanbul, and *vice-versa*. PRO, SP 110/188, for 1782, 1783, 1786. See also, Bruce McGowan, "The Age of the Ayans, 1699-1812," in Halil Inalcik and Donald Quataert (eds.), *An Economic and Social History of the Ottoman Empire, 1300-1914* (Cambridge, 1994), 724.

²²For a commercial history of Izmir in the eighteenth century, see Frangakis-Syrett, *Commerce of Smyrna*; and Necmi Ülker, "The Rise of Izmir, 1688-1740" (Unpublished PhD thesis, University of Michigan, 1974). For an earlier history of Izmir, see Daniel Goffman, *Izmir and the Levantine World, 1550-1650* (Seattle, 1990); and Necmi Ülker, "XVII. Yüzyilin İkinci Yarısında Izmir'deki İngiliz Tüccarına Dair Ticari Problemlerle İlgili Belgeler," *Belgeler*, XIV (1992), 261-319.

²³Among Izmir's principal exports, cotton and cotton yarn were the most important and account for much of its commercial prominence in trade with the West in the second half of the eighteenth century. See Frangakis-Syrett, *Commerce of Smyrna*, 216-217 and 231-246. See also Mehmet Genç, "A Comparative Study of the Life-Term Tax Farming Data and the Volume of Commercial and Industrial Activities in the Ottoman Empire during the Second Half of the Eighteenth Century," in V. Panayotopoulos (ed.), *Eksynchronismos ke Viomihaniki Epanastasi sta Valkania ton 19^e eona* (Athens, 1980), 300, 309 and 312; and Bruce McGowan, *Economic Life in Ottoman Europe* (Cambridge, 1981), 42-44. For an interesting account of the role of such commodities in Ottoman-western trade, see Murat Cizakça, "Incorporation of the Middle East into the European World-Economy," *Review*, VIII, No. 3 (Winter 1985), 353-377.

networks were not only the Empire's most extensive with the west but also within the Empire, where its only rival was Istanbul. These links stretched from Istanbul, Salonica, mainland Greece and the Ionian islands, to Antalya, Adana, Alexandria, Aleppo and Mosul, and further east to Konya, Kütahya, Kayseri, Tokat, Erzerum and Diyarbakir.²⁴ That is, Izmir attracted an array of Ottoman goods destined for the west and western and domestic goods bound for other centres within the Empire. For instance, an Ottoman merchant from Kayseri who visited Izmir's bazaars to exchange carpets for French cloth or British tin might well also have purchased some Ankara mohair yarn or wool for the carpet and textile manufacturers in his region. In other words, the needs of external Ottoman trade, a large part of which passed through Izmir, strengthened not only Izmir's links with a number of western centres but also its commercial ties with a number of other Ottoman markets.²⁵ Furthermore, to the degree that the external market was linked through Izmir with smaller Ottoman centres, it also stimulated internal trade: Chios or Rhodes may have imported western goods or exported local products through Izmir, but they also traded with each other via the port. Indeed, the vitality of the internal trading networks can be glimpsed from the strong competition that could at times arise in Izmir's bazaars between western and Ottoman merchants competing for goods like cotton.²⁶

Formation of Commercial Networks: Nineteenth and Early Twentieth Centuries

As the volume of trade between the west and Ottoman lands grew in tandem with the expansion of the world economy in the nineteenth century, westerners increased the scope and scale of their activities within

²⁴ANF, AE Biii 243, Felix de Beaujour, *Inspection général du Levant*, 1817. See also Elena Frangakis-Syrett, "The Ottoman City-Port of Izmir in the Eighteenth Century," *Revue de l'Occident Musulman et de la Méditerranée*, XXXIX, No. 1 (1985), 149-162.

²⁵For the workings of another lively eighteenth-century provincial economic centre, see Marcus, *Middle East*, 162-194.

²⁶ANF, AE Bi 1053, French Consul Charles-Claude de Peyssonnel, *Mémoire*, Izmir, 22 November 1751; see also Mehmet Genç, "Ottoman Industry in the Eighteenth Century: General Framework, Characteristics and Main Trends," in Donald Quataert (ed.), *Manufacturing in the Ottoman Empire, 1500-1950* (Albany, NY, 1994), 65.

the Empire. For instance, they started importing goods into a single port of entry, in this case Izmir, in order to distribute them to other markets in the Empire, often bypassing local merchants. This usually meant that westerners also organized the sea transport of their goods to other major ports in the Empire, such as Alexandria, Salonica or Istanbul. In addition, using Izmir as a base and local merchants as their agents, they began to organize the collection of Ottoman goods from the region surrounding Izmir.²⁷ While such ventures long remained tentative, as the century progressed they became more common, as more agents and sub-agents became established in the Ottoman interior as part of the process of westerners setting up corporate structures in the hinterland. In this expansion they were helped by a series of new developments. One was the higher level of capital accumulation attained by the post-Industrial Revolution European economies, which meant that western merchants often had more capital available for their commercial penetration of the Levant. Another was the introduction of steamships in the Mediterranean. Compared with the rather erratic and unpredictable arrival and departure of ships in the eighteenth century, the regularity of service provided by steamers had an important impact in the nineteenth. Moreover, during the second half of the century steam also made direct contact with international markets feasible for the smaller markets in the region.²⁸ This was further re-enforced by the building of railways in western Anatolia in the

²⁷Ministère des Affaires Étrangères (MAE), Centre des Archives Diplomatiques de Nantes (CADN), AC, Smyrne, XXXVIII, French Consul A. Dupré, Izmir, to Count de Guilleminot, French Ambassador, Istanbul, 5 and 12 October 1829 and 8 and 19 January and 3 February 1830; Dupré to Guilleminot, 3 September, 3 November and 26 December 1829; and XXXIV, French Consul P. David, Izmir, to Count de Beaurepaire, French Chargé d'Affaires, Istanbul, 22 April and 19 August 1824.

²⁸It is symptomatic of the relative fragility of the smaller markets, however, that during the Great Depression of 1873-1896, a number of shipping companies temporarily reduced or eliminated scheduled calls at some of these ports due to lack of business. See Elena Frangakis-Syrett, "The Western Anatolian Coast and the Aegean Islands in the Late Nineteenth and Early Twentieth Centuries: An Economic Survey," in *Proceedings of the First International Congress on the Hellenic Diaspora from Antiquity to Modern Times* (Amsterdam, 1991), 253-254. Once the depression had ended, these markets were directly connected once more with world markets; see, for example, Great Britain, Parliament, House of Commons, Parliamentary Papers (BPP), *Accounts and Papers* (London, 1902), CX, 10-18; (London, 1912-1913), C, 24-37; and (London, 1914), XCV, 25-39.

middle of the century.²⁹ A third development was the introduction of free trade by the 1838 trade convention between the Ottoman Empire and a number of European nations.³⁰ This treaty removed many of the obstacles which had hindered the operations of European merchants in the Ottoman interior and became the principal legal framework for their expansion up to the First World War.

After 1838, western merchants started to extend their commercial networks into Izmir's hinterland.³¹ In the process they began to employ, on a larger scale than previously, Ottoman merchants as agents to collect goods from local markets for shipment to Izmir, or later in the century to smaller markets on the western Anatolian coastline or to the Aegean islands for shipment abroad.³² Conversely, they also used these agents to distribute their imports internally in the Empire. In the process, westerners created their own networks. This was not welcomed by all participants in trade with the west. For example, some of the Ottoman merchants who had formerly purchased, collected and carried goods from the hinterland to Izmir for sale to western exporters lost their roles.³³ Some had to reposition themselves in order to survive while others were subsumed into the western networks. Some were forced out of business. Indeed, the ferocity of the commercial conflict between the 1820s and 1850s

²⁹Donald Quataert, "Limited Revolution: The Impact of the Anatolian Railway on Turkish Transportation and the Provisioning of Istanbul," *Business History Review*, LI, No. 2 (Summer 1977), 143-145.

³⁰Mübahat S. Kütükoglu, *Osmanlı-İngiliz İktisadi Münasebetleri* (2 vols., Istanbul, 1976), II, 7-38; and Resat Kasaba, "Open Door Treaties: China and the Ottoman Empire Compared," *New Perspectives on Turkey*, No. 7 (Spring, 1992), 71-89.

³¹Resat Kasaba, *The Ottoman Empire and the World Economy* (Albany, NY, 1988), 70-75.

³²See, for example, PRO, Foreign Office (FO) 78/442, Primate of Ayvalik to British Acting Vice-Consul, Ayvalik, 10 December 1840; FO 195/350, G. Glenzo, Izmir, to British Consul R.W. Brant, Izmir, 17 February 1851; FO 195/610, British Vice-Consul Godaleta, Antalya, to British Consul C. Blunt, Izmir, 22 May 1858; FO 195/1620, British Acting Consul General H.D. Barnham, Izmir, to Sir W.A. White, British Ambassador, Istanbul, 8 October 1888; FO/195/2134, British Consul General H.A. Cumberbatch, Izmir, to N. O'Conor, British Ambassador, Istanbul, 31 May 1902.

³³ANF, AE Bi 1052, Peyssonnel, Izmir, to Minister of Marine, Paris, 29 January 1749.

demonstrated the importance of the economic stakes.³⁴ Ultimately, however, the westerners could no longer be repelled, given their capital and the scale of their activities. Nonetheless, Ottoman merchants were able to maintain an active role in internal trade, and a few even retained a share of external commerce. With local and western merchants able to operate without restrictions, both external and internal trade in the region became highly competitive.³⁵

In the second half of the nineteenth century, as the resources commanded by westerners grew further, their networks and activities in the Ottoman interior became even more far-reaching, complex and all-encompassing.³⁶ A case in point was the Scottish firm of MacAndrews Forbes and Co., which came to dominate, though not control, the export trade in liquorice root and paste from western Anatolia in the second half of the nineteenth century.³⁷ A leading company in Izmir, MacAndrews Forbes and Co. established operations in western Anatolia in the 1850s. Over the next quarter-century, with a capital investment of between £50,000 and £80,000, the firm expanded throughout the Meander Valley, becoming the chief liquorice purchaser and exporter in the districts of

³⁴For more details on this issue for the region of Izmir, see Elena Frangakis-Syrett, "Implementation of the 1838 Anglo-Turkish Convention on Izmir's Trade: European and Minority Merchants," *New Perspectives on Turkey*, VII (Spring 1992), 91-112.

³⁵On nineteenth-century Ottoman commercial competition, see Elena Frangakis-Syrett, "Concurrence commerciale et financière entre les pays occidentaux à Izmir," in J. Thobie, R. Perez and S. Kancal (eds.), *Enjeux et Rapports de Force en Turquie et en Méditerranée orientale* (Istanbul, 1996), 117-127.

³⁶For merchant activity in other Ottoman regions, see Faruk Tabak, "Local Merchants in Peripheral Areas of the Empire: The Fertile Crescent during the Long Nineteenth Century," *Review*, XI, No. 1 (Spring 1988), 179-214; M.J. Reimer, "Ottoman-Arab Seaports in the Nineteenth Century: Social Change in Alexandria, Beirut and Tunis," in Resat Kasaba (ed.), *Cities in the World System* (New York, 1991), 135-156; Eurydice Syfneou, *Lesvos* (Mytilene, 1996); and Y. Eyiş Özveren, "A Framework for the Study of the Black Sea World, 1789-1915," *Review*, XX, No. 1 (Winter 1997), 77-113.

³⁷For details on its establishment in the liquorice trade, see PRO, FO 195/1161, MacAndrews Forbes and Co., Söke, to British Consul Thos. F. Reade, Izmir, 29 January 1878; and FO 195/1240, Reade to Sir A.H. Layard, British Ambassador, Istanbul, 18 February 1879. For more details on their operations, see FO 195/1547, British Consul G. Dennis, Izmir, to White, 1 January 1886; and FO 195/1732, British Consul F. Holmwood, Izmir, to White, 4 December 1891.

Söke, Aydin and Nazli.³⁸ By the late 1880s, it laid claim to the liquorice crop of almost the entire valley and its tributaries. In addition, it established local factories to process the root into more lucrative paste for export.³⁹ To ensure adequate supplies, increase its operations and establish control over the liquorice export trade, the company also leased the ground where liquorice grew naturally and became "tax farmers" for the produce. That is, they bid, usually with success, for the right to collect taxes on liquorice root whenever this was auctioned off by the Ottoman government. Where the crop grew naturally, it dealt with the owners; where it grew on common land, it negotiated with the village elders.⁴⁰ In the early twentieth century, the firm was taken over by American capital, which enabled it to extend its operations, even equipping its factories with modern hydraulic machinery.⁴¹ While not "typical," this company exemplified the scope and sophistication that some western firms could display in their commercial ventures in the region in the late nineteenth and early twentieth centuries. Still, the inability of MacAndrews Forbes and Co. to monopolize the liquorice export trade also illustrates the level of competition from both foreign and domestic sources.⁴²

By the early twentieth century the internal networks and operations of western firms in the region had increased even further, reflecting the greater concentration of capital and more complex corporate organization in the world economy. The activities of Standard Oil of New Jersey, which was active in the region's import trade in the early twentieth century, is a good example. The American trust aggressively entered the

³⁸PRO, FO 195/1161, Reade to Governor General Vilayet of Aydin, 11 October 1878; and FO 195/1240, Reade to White, 18 February 1879.

³⁹PRO, FO 195/1620, MacAndrews Forbes and Co. to Barnham, 10 July 1888.

⁴⁰PRO, FO 195/1161, MacAndrews Forbes and Co., Söke, to Reade, 29 January 1878; FO 195/1161, Reade to Layard, 9 November 1878; and FO 195/1240, Reade to E.B. Malet, British Chargé d'Affaires, Istanbul, 4 April 1879.

⁴¹National Archives (NA), Washington, DC, Record Group (RG) 84, XII, US Consul Th. H. Norton, Izmir, to US Chargé d'Affaires P.A. Jay, Istanbul, 9 May 1906.

⁴²For further information on the activities of this company, see Elena Frangakis-Syrett, "British Economic Activities in Izmir in the Second Half of the Nineteenth and Early Twentieth Centuries," *New Perspectives on Turkey*, V-VI (Fall 1992), 200-205.

Ottoman market to meet the increasing demand for petroleum created by the growth of the light industry.⁴³ Besides oil, Standard imported machinery and building materials into Izmir to construct storage tanks and warehouses. Although others had previously done the same thing, it had never been on such a scale. Within a few years, Standard had invested about £50,000 in large bulk storage and canning plants and installed a factory to make tins and cases for oil. Moreover, it had plans to erect more plants in the interior to get as near the consumer as possible.⁴⁴ It was through such changes in the scale and scope of commercial activities, which went beyond the mere formation of commercial networks to encompass the building of infrastructure, that the region's integration into the international economy was advanced. At the same time, western entrepreneurs had a considerable impact on the commercial development of the region.

Specialization and Commercial Practices: Eighteenth Century

Through the capitulations the major western nations had been granted unilateral rights by the Ottoman government for their nationals to trade in the Empire since the sixteenth century. This resulted in French and British merchants being able to establish themselves without Ottoman merchants having reciprocal rights for most of the eighteenth century.⁴⁵ There were

⁴³For more information on the regional economy in the early twentieth century, see Elena Frangakis-Syrett, "American Trading Practices in Izmir in the Late Nineteenth and Early Twentieth Centuries," in D. Panzac (ed.), *Histoire économique et sociale de l'Empire ottoman et de la Turquie* (Paris, 1995), 177-184; and Şevket Pamuk, *The Ottoman Empire and European Capitalism, 1820-1913* (Cambridge, 1987), 27-40. This phenomenon was not unique to the Izmir region. By the early twentieth century, mainly for the same reasons, petroleum had become the leading American export to the Ottoman Empire. NA, RG 84, XIX, US Consul General G. Bie Ravndal, Istanbul, to W.W. Rockhill, American Ambassador, Istanbul, 11 May 1912.

⁴⁴NA, RG 84, III, Ravndal, Istanbul, 17 July 1914.

⁴⁵The first capitulations, signed by Sultan Selim II and King Charles IX of France in 1569, established trading rights in the Ottoman dominions for French merchants. Eleven years later, Queen Elizabeth I secured from the Sultan the first charter for British trading privileges, which was soon made into a full-scale capitulation. In 1612, the Dutch acquired their first capitulations, ending the two-power trade monopoly in the Levant. On European operations see, for example, Serap Yilmaz, "XVII-XIX. Yüzyillarda Izmir'de Fransızlar."

exceptions, such as during the Seven Years' War (1756-1763), when Ottoman merchants were permitted to trade directly, mainly through Italian ports like Livorno. An exception to this protectionism was the Netherlands, which increasingly pursued a more liberal policy that allowed non-Dutch merchants to trade in its domestic market.⁴⁶

In the closing decades of the eighteenth century protectionism began to wane. Nonetheless, for most of the century westerners in Izmir had almost exclusive access to the international market for locally-produced goods. Except for the Aegean islands, their activities were largely limited to Izmir, for while Ottoman merchants could not freely participate in international trade, neither could western merchants venture far into the Ottoman interior. There were many barriers to European penetration, including language, security and, most important, lack of capital. That is, even had they had been able to speak the language and provide their own security, they did not have the capital necessary to establish channels of communication and market contacts for the purchase, collection and transport of goods to Izmir for export. Moreover, there was not yet adequate demand in the west for Ottoman exports to make the risks worth taking.

Of course there were exceptions. European merchants may well have gone individually into the interior of western Anatolia, although this would have been done on an occasional, *ad hoc* basis.⁴⁷ There is also evidence that in a few cases western merchants bought goods from an Ottoman producer before the harvest in order to speculate on the price. At all times, however, they must have traded through a local intermediary.⁴⁸ Such activities were widespread only in the Aegean islands, where the proximity of the hinterland made it easier to make contact with producers directly. This was the case in Crete, but even there local

in *Çağdaş Türkiye Tarihi Araştırmaları Dergisi* (Izmir, 1993), 89-115; and Sonia Anderson, *An English Consul in Turkey* (Oxford, 1989).

⁴⁶Algemeen Rijksarchief (ARA), Consulaatsarchief Smirna, De Scheepvaart en de Handel op Smirna, 1762, reprinted in J.G. Nanninga, *Bronnen tot de Geschiedenis van den Levantschen Handel. Derde deel, 1727-1765* ('s-Gravenhage, 1952), 715-763.

⁴⁷PRO, SP 105/211, Printed Orders of the Levant Company, 1744.

⁴⁸ARA, De Vogel to Bartholo Cardamici, Izmir, 19 November 1762, in Nanninga (ed.), *Bronnen, 1727-1765*, 475.

networks generally controlled the purchase and transfer of olive oil from the place of production to export markets.⁴⁹ The French, who were the dominant western traders in Crete, sometimes purchased the crop in advance, although less for speculation than to secure it against competition. Similarly, European merchants in Mytilene were able to purchase wheat or olive oil from the producers directly, in the process competing with local commercial networks.⁵⁰

In centres like Izmir, where internal networks with the hinterland were particularly extensive and complex, it was economically and logistically difficult for westerners to compete. Izmir traded not only with western Anatolia but also with Bursa, Ankara and even Iran.⁵¹ Moreover, in the eighteenth century westerners lacked the contacts, organization and capital to penetrate such internal networks. For instance, a local network of Armenian and Turkish merchants controlled the purchase of mohair yarn in Ankara, as well as its transport to Izmir and its sale to western exporters. When a group of French merchants decided to send their own representatives to Ankara to buy yarn from local producers and transport it to Izmir, they found that it cost them more than if they had bought it from local merchants in Izmir.⁵²

Thus, although the actual trade with external markets was for most of the eighteenth century in the hands of westerners, local merchants controlled the internal networks. These men, mostly Greeks, Jews and Armenians, were in essence the intermediaries and brokers. When buying or selling, the Europeans acted through them.⁵³ At times two brokers

⁴⁹Yolanda Triantafyllidou-Baladié, *To emporio ke i ikonomia tis Kritis (1669-1795)* (Iraklion, 1988), 148-149.

⁵⁰Patrick Boulanger, "L'île de Mytilène et le négoce français au XVIII^e siècle," in D. Panzac (ed.), *Les Villes dans l'Empire ottoman: Activités et Sociétés* (2 vols., Paris, 1991), I, 282-288.

⁵¹Izmir was not unique in this. Local merchants acting as intermediaries were also active in the trade of Istanbul and Aleppo with the West. ANF, AE Biii 242, M. Jumelin, *Commerce du Levant*, 1812.

⁵²Frangakis-Syrett, *Commerce of Smyrna*, 218-220.

⁵³Elena Frangakis-Syrett, "The *Raya* Communities of Smyrna in the Eighteenth Century, 1695-1820: Demography and Economic Activities," in *Actes du Colloque International d'Histoire. La ville néohellénique. Héritages ottomans et état grec* (Athens,

might be involved, acting on behalf of the seller and buyer, respectively. In such a case, the Ottoman's broker was called the "street" or outdoor broker, while the westerner's representative was the "house" or indoor broker.⁵⁴ The role of the broker was multifaceted and his fortunes and those of his employer were often linked. Moreover, a broker might be employed not only by a westerner but also by a fellow Ottoman, if the scale of his operations warranted it, as with large-scale Turkish landowners and exporters of agricultural produce to the west. Such was the case with Araboglu, one of the most important land owners and wheat producers in the region. In the mid-eighteenth century he traded his produce to the westerners through his broker/representative, an Armenian called Kibrie.⁵⁵ Often the broker was also a merchant in his own right who could trade internationally if he held a *berat* permitting him to do so.⁵⁶

Apart from the above functions, there were also specializations in certain commodities: Jewish and Turkish merchants controlled the Bursa silk trade, its transport, and its sale in Izmir; Turkish and Armenian merchants conducted the Ankara mohair yarn trade; and Armenians dominated the Persian caravan silk trade to Izmir.⁵⁷ Members of the local

1985), I, 30-35. Parallels can also be drawn with other large Ottoman urban centers. For Istanbul, see Edhem Eldem, "Structure et acteurs du commerce international d'Istanbul au XVIII^e siècle," in Panzac (ed.), *Les Villes*, 268-269. For Aleppo, see Masters, *Origins*, 129-131; and Marcus, *Middle East*, 160 and 170.

⁵⁴Such brokerage practices were not unique to Izmir. In Istanbul, the terms *du dedans* and *du dehors* were used to distinguish between indoor and outdoor brokers. ACCM, J/201, Correspondance des députés, 7 July 1746. Indeed, the origins of such practices antedated the eighteenth century and continued well into the first half of the nineteenth. See Robert Mantran, *Istanbul dans la seconde moitié du XVII^e siècle* (Paris, 1962), 473; and BPP, *Tariffs* (London, 1843), II, 98.

⁵⁵ANF, AE Bi 1054, Peyssonnel to Minister, Paris, 7 July 1754.

⁵⁶A *berat* gave an Ottoman legal protection and the right to trade as a European by making him a national of the European country which had issued it. *Berats* were issued to individuals by European diplomatic authorities in the Ottoman Empire in return for a handsome fee. On *berats*, see Ali Ihsan Bağış, *Osmanlı ticaretinde gayri müslimler* (Ankara, 1983), 39-70.

⁵⁷On the most important family in the region, see Yuzo Nagata, *Tarihte Ayanlar, Karaosmanogulları Üzerinde Bir İnceleme* (Ankara, 1997), *passim*. On the caravan trade, see ANF, AE Biii 242, Jumelin, Commerce du Levant, 1812.

Turkish elite exerted control through their ownership of camels for the caravan trade from the Anatolian interior until the early twentieth century.⁵⁸ Specializations also existed in imports. Greeks, and to a lesser extent Armenians, directed the distribution and retail trade of cloth, while Jews controlled the retail trade in imported coffee, indigo and pepper.⁵⁹ It is a testament to the growing importance of local capital that by the late eighteenth century Greeks were also expanding into western commerce.⁶⁰

Specialization and Commercial Practices: Nineteenth and Early Twentieth Centuries

From the early nineteenth century westerners expanded their operations into the interior, in the process coming into direct contact with local markets and Ottoman producers, bypassing intermediaries. A case in point concerns the activities of the Izmir-based British merchant, J.A. Werry, whose family connections with the city-port dated back to the eighteenth century. In 1839, only a year after the signing of the 1838 convention that inaugurated free trade between the Empire and the European powers, Werry was already employing a number of Greek merchants as his agents and sub-agents in Uşak and Karahisar to sell coffee, which he was importing from the west through Izmir, and to buy carpets for export. His agents also opened a stall in the Karahisar's bazaar to sell coffee on a retail basis.⁶¹ The last activity was successfully opposed by the internal commercial networks and, after much negotiation, the westerners were forced to leave the retail sector to the locals. Apart from this exception,

⁵⁸NA, RG 84, XI, US Consul E. Harris, Izmir, to Lewis Einstein, Interim US Chargé d'Affaires, Istanbul, 12 August 1909.

⁵⁹ANF, AE Bi 1053, Peyssonnel, Mémoire, 22 November 1751.

⁶⁰ARA, 349, Fremeaux, van Lennep and Enslie, 29 June 1782, in Nanninga (ed.), *Bronnen, 1727-1765*, 400-401; ARA, 120, Dutch Consul de Hoschepeid, Report on the cloth merchants, Izmir, 19 February 1818, in J.G. Nanninga, *Bronnen tot de Geschiedenis van den Levantschen Handel. Vierde Deel, 1765-1826* ('s-Gravenhage, 1966), 950-951.

⁶¹PRO, FO 195/128, J.A. Werry, Izmir, to Vice-Consul G. Charnaud, Izmir, 19 September 1839; Taya Paşa, Kütahya, to Consul R.W. Brant, Izmir, 28 October 1839; and Brant to Lord Posony, British Ambassador, Istanbul, 11 November 1839.

however, the westerners' networks into the interior continued to grow in scope and extent during the course of the nineteenth and early twentieth centuries.

Nevertheless, there was still a role for the local merchants. For instance, as late as 1901 the British Consul in Izmir noted with some exasperation that the mere establishment of a branch of a British exporting house in the interior, especially without any Ottoman personnel, raised local prices on the spot.⁶² But the role of the Ottoman merchant was qualitatively different, for both he and the westerner were now part of both external and internal commercial networks. The local merchant most often became an employee of the westerner, performing the functions of house broker, agent or manager. If the scale of operations and the extent of its commercial networks so warranted, western commercial houses might hire a hierarchy of agents and sub-agents, most of whom were Ottoman.⁶³ For instance, in the sponge export trade, a competitive business which was important on the islands of Rhodes, Symi, Calymonos, Halki, and Tilos, British exporters hired local agents and sub-agents, who were usually Greek, to make the actual purchases.⁶⁴ These agents could also act as commission brokers for the western firm in Izmir. In some cases, they were placed in charge of other sub-agents in the interior, while in others they were the sole representative in the Levant with power of attorney for the western firm.⁶⁵

Perhaps the most extensive network of employees and local agencies in Izmir, as well as in western Anatolia, was established by Oriental Carpet Manufacturers Ltd. This was the first British-registered amalgamation of Izmir-based western and local carpet manufacturers and

⁶²BPP, *Accounts and Papers* (London, 1902), CX, 13.

⁶³PRO, FO 195/1161, Hadkinson, Merrylees and Co., Izmir, to Reade, 11 July and 26 September 1878.

⁶⁴PRO, FO 195/910, MacAndrews Forbes and Co., Izmir, to Sir Henry Elliott, British Ambassador, Istanbul, 11 April 1868; FO 195/1620, Holmwood, Izmir, to British Vice-Consul D. Anamissaki, Chios, 26 October 1888; and FO 195/1620, British Vice-Consul A. Billiotti, Rhodes, to White, 9 October 1888.

⁶⁵PRO, FO 195/527, F. Hönischer, Izmir, to Lord Viscount Stratford de Redcliffe, British Ambassador, Istanbul, 5 February 1857; and FO 195/942, J. Langdon, Izmir, to British Consul R.W. Cumberbatch, Izmir, 9 June 1870.

merchants, established in about 1908 to ward off competition from Istanbul rivals. With £1 million in capital in 1912, it was also the biggest company in Izmir.⁶⁶ Its spectacular growth testifies to the effectiveness of its networks: in 1909 it already possessed twenty-one different agencies in different parts of the region and was expanding further, employing western and local firms and individuals to run them. It was mainly a cottage industry with a very large number of local weavers employed through these agencies, although the company did operate some factories. The supply of dyed yarn to the agencies was carried out by the company centrally from a plant in a suburb of Izmir.⁶⁷ By 1912, the company was further expanding its activities by, for example, setting up a subsidiary for the local manufacture of cotton goods.⁶⁸

Yet the Ottoman merchant was not always an employee of the westerner. Indeed, he could be an associate, and in the highly competitive commercial world of the Levant, he could also be a rival. Among the westerner's strongest rivals were those merchants, mostly Greek, whose capital could best match that of their western competitors and who were able to trade successfully in the international market. Often they were those who had been able to profit most from the economic opportunities, as well as the political and military conditions, prevalent in Europe in the late eighteenth and early nineteenth centuries. As a result, they had established themselves in the west — in London, Liverpool, Manchester, Paris, Marseilles, Ancona, Trieste, or Odessa — and traded with the Levant as part of their global commercial activities. In the process, they

⁶⁶PRO, FO 195/2360, British Chamber of Commerce, Izmir, to Consul Henry D. Barnham, Izmir, 12 December 1911.

⁶⁷See, for example, PRO, FO 195/2331, Barnham, Izmir, to Sir Gerard Lowther, British Ambassador, Istanbul, 27 April 1909; FO 195/2360, Barnham to Lowther, 1 October 1910; FO 195/2383, C.M. Marling, British Chargé d'Affaires, Istanbul, 19 January 1911; and Barnham to Lowther, 28 October 1911.

⁶⁸BPP, *Accounts and Papers* (London, 1912-1913), C, 11; and (London, 1914), XCV, 15.

used associates in the Levant, with whom they often also had kinship ties, as important assets to acquire further markets and contacts.⁶⁹

The following example is a good illustration of the complexity and extent of the international commercial networks that the Greeks from the island of Chios, more than any other group in the Empire, were able to set up in the early nineteenth century to take advantage of changes in international trade and a growing world economy. In 1816 Pandia and Augustus Ralli, together with John and Eustratio Petrocochino and Pantaleon Argenti, founded Argenti and Ralli in Marseilles to act as the French branch of one of the most important Chiot merchant houses in Izmir, Sechiari and Argenti. A third Ralli brother, Thomas, was active in the Istanbul branch, trading under the name of Petrocochino and Argenti. In 1818 the two remaining Ralli brothers, John and Eustratio, left Livorno to set up a third branch in London under the name of Ralli and Petrocochino. The firm imported silk and cotton from Persia and Anatolia through Istanbul and Izmir, as well as wheat from Rumania, and exported to the Levant British cotton goods and French silk scarves, among other things. In 1825, Pandia Ralli left Marseilles to join John and Eustratio in London, and the firm of Ralli Brothers was thus established. A year later Eustratio left London for Manchester to engage in the woollen cloth trade, and in 1827 John went to open a branch in Odessa, from where he took part in the lucrative Russian wheat trade to London. In the course of the nineteenth century the Ralli Brothers, continuing to associate with other Chio families, successfully expanded their activities in places like India, Persia and the United States. Their network of commercial houses were inter-connected in a complex system of agencies which were independent firms, although also linked to the principal house in London.⁷⁰

⁶⁹Elena Frangakis-Syrett, *I Chiotēs Empori stis thietnis synallayes (1750-1850)* (Athens, 1995), 22-25, 31-40 and 57-60; S. D. Chapman, "The International Contribution to British Commerce, 1800-1860," *Journal of European Economic History*, VI (Spring 1977), 36-39; M. Syriotis, "O Oikos ton adelphon Ralli," *Chiaka Chronika*, No. 1 (1911), 101-110; K. Amantos, "Oi Argentai tis Chiou," *Chiaka Chronika*, No. 4 (1919), 106-119; and D. Mangriotis, "I paroikia tou Londinou," *Historica*, III, No. 6 (December 1986), 350-352.

⁷⁰See for example, Elena Frangakis-Syrett, "Greek Mercantile Activities in the Eastern Mediterranean, 1780-1820," *Balkan Studies*, XXVIII, No. 1 (1987), 79-82; Frangakis-Syrett, "The Greek Mercantile Community of Izmir in the First Half of the Nineteenth Century," in Panzac (ed.), *Les Villes*, I, 399-402; Olga Katsiardi-Hering, I

For most local merchants, however, their capital was usually small and their edge in trading against their western rivals was acquired mostly through a detailed knowledge of the internal market as well as the language, tastes and purchasing abilities of Levantine consumers. Hence, they dominated the region's import trade, especially at the retail level, where large capital resources were not always necessary. In addition, certain sectors of the internal networks, like those that dealt with small-scale local trade, remained in the hands of Ottoman merchants. By contrast, the westerners did very well in the export trade, where large capital resources and a good knowledge of the external market were important.⁷¹ This was also the sector where a western firm, if it had adequate capital, could organize its operations in the Ottoman interior without needing local merchants, at least at the managerial level.⁷²

In the course of the nineteenth century, mercantile activities tended to become more specialized. For instance, in the raisin export trade there came to be merchants who bought the crop from producers or from markets in the interior; those who arranged for its transport to Izmir; those who sold it to the exporters; and finally those who placed it on the external market. Local merchants tended to dominate the networks that were closer to the interior while westerners tended to control those that were nearer to the external market. At times western firms, particularly

elliniki paroikia tis Teryestis, 1751-1830 (2 vols., Athens, 1986), II, 428-448; Patricia Herlihy, "Greek Merchants in Odessa in the Nineteenth Century," *Harvard Ukrainian Studies*, III-IV (1979-1980), 399-420; Ioanna Pepelasis Minoglou, "The Greek Merchant House of the Russian Black Sea: A Nineteenth-Century Example of a Traders' Coalition," *International Journal of Maritime History*, X, No. 1 (June 1998), 85-86; and C. Hadziiosif, "Banques grecques et banques européennes au XIXe siècle: le point de vue d'Alexandrie," in G. Dertilis (ed.), *Banquiers, usuriers et paysans* (Paris, 1988), 158-159.

⁷¹PRO, FO 195/2331, British Vice-Consul C. E. Heathcote-Smith, Izmir, to Sir Gerard Lowther, British Ambassador, Istanbul, 2 September 1909; Archives du Ministère des Affaires Étrangères (AMAE), NS, Vol. 480, Minister of Commerce, Paris, to Minister of Foreign Affairs, Paris, 3 November 1905.

⁷²See, for example, PRO, FO 195/1693, Holmwood, Izmir, to White, 29 January and 24 November 1890; and FO 195/1732, Holmwood to White, 2 and 24 April 1891. See also Salgur Kancal, "Fin de l'Empire ottoman: Insertion dans la division internationale du travail (1880-1913)," *Tebliğler. Milletlerarası Türkiye Sosyal ve İktisat Tarihi Kongresi* (Ankara, 1990), *passim*.

those with considerable resources, found dealing in a single commodity very profitable. Yet none ever succeeded in establishing a monopoly.

By the early twentieth century, the emergence of a western-owned and operated banking sector in a number of urban centres in the Empire reflected the growth of the Ottoman economy, as well as its greater integration into the world economy.⁷³ European banks appeared for the first time in the Ottoman Empire, including Izmir, towards the middle of the nineteenth century and were involved primarily in commercial transactions. For the next three decades they had a fairly limited presence, being mainly concerned with state financing and having on average fairly short lives. The Imperial Ottoman Bank, an Anglo-French concern established in 1863, was the exception. Besides being a *banque d'état* and active in state financing, it also had the right to operate as a commercial bank. It maintained a continuous presence in a number of centres of the Empire, including Izmir, until the closing decades of the century, when it was joined by a growing number of European banks. It was in the twenty-five years or so before the First World War that changes in the world and eastern Mediterranean economies led a number of these banks to open branches in Izmir. After Istanbul, the financial centre of the Empire, Izmir was one of the foremost locations for European banks. As a result, by 1907 there were five banks in Izmir: Imperial Ottoman Bank; Crédit Lyonnais, Bank of the Orient, Bank of Athens and Bank of Mitylene.⁷⁴

This affected Ottoman commerce with the west in a number of ways. For instance, competition among western banks increased liquidity, especially in Izmir, which had the largest number. As a result, interest rates fell and credit became more easily available. This brought, in turn, the lowering of interest rates among local private bankers in Izmir, which

⁷³Jacques Thobie, "Banques européennes, finances et industrie au Moyen Orient, 1870-1914," *Annales du Levant*, No. 3 (1988), 50; Elena Frangakis-Syrett, "The Role of European Banks in the Ottoman Empire in the Second Half of the Nineteenth and Early Twentieth Centuries," in A. Teichova, G. Kurgan-van Hentenryk and D. Ziegler (eds.), *Banking, Trade and Industry in Europe* (Cambridge, 1997), 263-276; Zafer Toprak, *Türkiye'de "Milli İktisat" (1908-1918)* (Ankara, 1982), 135; and *Indicateur Commercial de Smyrne, 1904-1905* (Izmir, 1905), *passim*; and Şevket Pamuk, *19. Yüzyılda Osmanlı Dış Ticareti* (Ankara, 1995), I, 29-33.

⁷⁴AMAE, NS, vol. 480, Commercial Report, 1907.

served mainly small-scale businessmen. By the early twentieth century, there were further changes in the activities of local private bankers which reflected the level of economic growth attained in the region. For instance, instead of operating as *ad hoc* money lenders, as in the eighteenth century, they now carried on banking activities on a regular basis. The biggest in Izmir functioned almost like western banks, although their resources were more limited.

The appearance of western banks also affected trade in other ways. While advance purchases of crops by the city's merchants was a long-standing tradition, increased credit led to a speculative mania in the futures' market.⁷⁵ Moreover, greater availability of capital, not only from banks but also from capital accumulation, led by the early twentieth century to greater commercial sophistication and modernization. An example was the establishment of limited liability companies, usually incorporated in the west but financed by both western and Ottoman capital.⁷⁶ Such an example was the Smyrna Fig Packers Limited, a British-registered amalgamation of a large number of local and western fig exporters. Its launch in 1912 was heralded as an important event in the commercial history of the city-port. With a capital of £200,000, it was second in Izmir only to the Oriental Carpet Manufacturers. One of the reasons for the formation of this trust was to curtail the intense competition in the fig-exporting sector which, coupled with the widespread practice of forward sales, was overheating the market in Izmir and leading to prices that were uncompetitive in the world market. On the whole, it was a successful enterprise: with more exporting firms joining the trust, it had already increased its capital to £250,000 on the eve of World War I.⁷⁷ By the early twentieth century, prosperous Ottoman merchants often held stock in the same companies. Moreover, there was also investment

⁷⁵BPP, *Accounts and Papers* (London, 1912-1913), C, 10-11; AMAE, NS, Vol. 480, Annual Commercial Reports for Izmir and Environs, 1900s.

⁷⁶BPP, *Accounts and Papers* (London, 1912-1913), C, 11-15; and (London, 1914), XCV, 15-17.

⁷⁷NA, RG 84, XVIII, US Consul General G. Horton, Izmir, to Rockhill, Istanbul, 25 April 1912; RG 84, XIX, Ravndal to Rockhill, 11 May 1912; and BPP, *Accounts and Papers* (London, 1914), XCV, 15.

in non-commercial sectors by both western and local capital.⁷⁸ The latter was accumulated through a prosperous trade that was itself partially the result of greater integration into the international market.

While Izmir first acquired regular steam shipping connections with the west in the 1830s, an interesting development in the second half of the nineteenth century that became more pronounced in the twentieth was the establishment of regular and direct contacts between smaller ports along the western Anatolian coast and in the islands of the Aegean Archipelago with markets in the west. This was the result of regular steam shipping services provided by some of the major European shipping companies, such as the Messageries Maritimes and the Austrian Lloyd. Thus, in the 1850s British, French, Austrian, Hellenic and Russian steamers were calling at Chios, Mitylene and Cyprus. Rhodes, which was becoming a regional centre for the trade of the nearby Karamanian coast, had steamers that connected it with the west once a fortnight.⁷⁹ But Rhodes continued also to have active links with Izmir, sending a good part of the region's goods to the city-port for export to the west. Indeed, a lively trade along the western Anatolian coast and among the islands existed, served by both steamers and sailing vessels and western and local shipping companies. The centre of this shipping network, which flourished throughout the nineteenth and early twentieth centuries, was Izmir. This coastal trade was important both for the internal and external trade of the region.⁸⁰

Nevertheless, direct contacts between the smaller markets in the region and the west could also be fragile. This became especially evident during the Great Depression (1873-1896), when many of the major European steam shipping companies temporarily decreased or suspended

⁷⁸ Mubahat Kütükoglu, "Izmir rihitimi inşaatı ve işletme imtiyazı," *Tarih Dergisi*, XXXII (1979), 495-558; Orhan Kurmuş, *Emperyalizmin Türkiye'ye Girişi* (Ankara, 1982), 97-126; Gündüz Ökçün, *Osmanlı Sanayii, 1913-1915 İstatistikleri* (Istanbul, 1984), *passim*; and G.P. Trakakis, *I viomithania en Smyrni ke en ti elliniki Mikrasia. Smyrni, 1920* (Athens, 1974), *passim*.

⁷⁹PRO, FO 195/647, Commercial Report, Rhodes, 21 March 1860; and FO 195/1011, Commercial Report, Rhodes, 9 February 1874.

⁸⁰See, for example, BPP, *Accounts and Papers* (London, 1867), LXVII, 154; (London, 1867-1868), LXXXIII, 1042; (London, 1875), LXXVII, 1799; and (London, 1902), CX, 14.

their services.⁸¹ Following the end of the economic downturn, however, steam shipping services were resumed and increased. Yet it must be noted that the volume of goods sent to the west from even the region's larger markets, such as Rhodes, remained quite small compared to the amount that reached the west through Izmir. In essence, Izmir continued to dominate both the external and internal trade of the region, as well as its shipping routes.

Conclusion

Although the nature of external trade with the west remained in some respects the same throughout the period — raw materials and foodstuffs continued to be exchanged for western manufactured goods — important changes reflected developments in the organization of trade and the economy both in the west and in the Ottoman Empire. Such changes also reflected the further integration of certain parts of the Empire into the world economy. Given the pivotal role of Izmir in all this for nearly two centuries, the city is a fine case study for understanding such changes.

A number of factors account for the continued vibrancy and growth of trade with the west. For instance, Izmir never relied on any single commodity for its exports. Instead, its hinterland furnished a variety of exports, including silk, cotton and wool in the eighteenth century, and figs, raisins and dried fruit in the nineteenth and early twentieth centuries. In addition, the region remained highly responsive to changes in international demand and was thus able to maintain and strengthen its maritime commercial links with the west. In particular, the commercial sector grew, as is evidence from the appearance in Izmir by the early twentieth century of branches of western banks. Alongside established private bankers, western banks competed for business from the commercial sector. At the same time, the wave of incorporation of limited-liability companies was further evidence of the growth and complexity of the commercial sector. In the process, there was considerable growth in the regional economy, which is shown by the increase of the domestic market and reflected in the array of consumer goods that the bourgeoisie began to import. Regional economic growth was also evident in the

⁸¹BPP, *Accounts and Papers* (London, 1890), LXXVII, 28; and PRO, FO 195/2112, Consul H.A. Cumberbatch, Izmir, to Sir Nicholas O'Connor, Istanbul, 15 March 1901.

appearance by the late nineteenth century of a local shareholding elite able to invest in the regional economy.

The organization of the region's commercial sector also underwent fundamental changes. In the eighteenth century, commercial networks developed by western merchants linked Izmir with the west, as well as with a number of major Ottoman markets. This was done primarily through maritime routes. Local merchants, however, controlled the networks in the hinterland that fed the region's extensive external trade. As a result, Izmir acquired a dominant position in the trade of the Ottoman Empire with the west. In the course of the nineteenth and early twentieth centuries, as free trade swept much of the world economy, western merchants were able to expand their commercial networks and enlarge their operations into the interior, where they encountered strong competition from local merchants. In the process the region's commercial networks became more extensive and more integrated, representing ventures of considerable capital resources and scale. Moreover, as external forces penetrated further into the Ottoman interior, bringing smaller ports in the region into direct contact with the west through the expanding number of steam shipping companies, Izmir was no longer the only link with the west. Nevertheless, the city-port continued to engross the lion's share of the region's economic growth and its trade with the west.

British Trade with the Confederacy and the Effectiveness of Union Maritime Strategy during the Civil War

Neil Ashcroft¹

In the debate over the effectiveness of the Union blockade of the Confederacy during the American Civil War, two main strands may be discerned. One asserts that it had little effect on the outcome of the struggle. For instance, Frank Owsley pointed out that the rate of interceptions in relation to attempts was low. William Still, Jr., referred to the blockade as "a naval sieve." In the most recent and comprehensive account of blockade-running, Stephen Wise highlighted the large quantity of war supplies that were carried through the blockade and emphasised the vital role that this materiel played in sustaining the Confederacy.² The second strand accepts much of this but nevertheless argues that the blockade was a significant factor in the Northern victory. James McPherson contrasted wartime with antebellum trade volumes and concluded that the blockade brought about a sharp reduction. He maintained that this impacted adversely upon the Confederate economy, a view recently endorsed as well by David Surdam.³

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²Frank L. Owsley, *King Cotton Diplomacy: Foreign Relations of the Confederate States of America* (2nd rev. ed., Chicago, 1959), 229-267; William N. Still, Jr., "A Naval Sieve: The Union Blockade in the Civil War," *Naval War College Review* (May-June 1983), 38-45; and Stephen R. Wise, *Lifeline of the Confederacy: Blockade Running during the Civil War* (Columbia, SC, 1988).

³James M. McPherson, *Battle Cry of Freedom: The Civil War Era* (New York, 1988), 369-391; and David G. Surdam, "Northern Naval Superiority and the Economics of the American Civil War" (Unpublished PhD thesis, University of Chicago, 1994). For a recent examination of blockade-running using primarily American sources, see Robert M. Browning, Jr., *From Cape Charles to Cape Fear: The North Atlantic Blockade*