

MONEY AND ITS USE IN THE OTTOMAN
EMPIRE DURING THE SIXTEENTH AND
SEVENTEENTH CENTURIES

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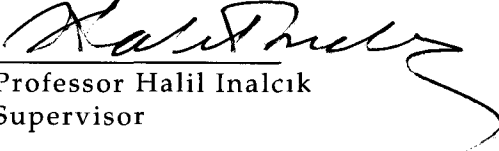
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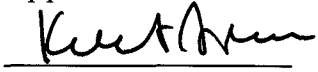
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A B S T R A C T

This dissertation is intended to examine the monetary past of the Ottoman Empire over the sixteenth and seventeenth centuries. To the extent made possible by the availability of sources, both from a numismatic and a historical perspective, it will focus on the whole of the Ottoman monetary system as much as on the individual parts and the linkages between them from the Balkans and Crimea through Syria, Egypt, and the Gulf to the Maghrib. These regions were drawn into very divergent patterns of trade and payments flows from Western Europe to the Indian Ocean. Besides, the political, administrative, and economic linkages between the centre and these regions varied enormously over time. The study will thus emphasize the complexity and heterogeneity of the monetary arrangements and their evolution in response to both local developments and global economic forces. Such a perspective on monetary history will offer new insights into the nature of the demand for money, the supply of money and the very concept of money. Based on these regional and international perspectives, it established the logic and perception of the monetary system.

Ö Z E T

Bu tez Osmanlı İmparatorluğu'nun para tarihini on altıncı ve on yedinci yüzyıllar için incelemeyi hedeflemektedir. Nümizmatik ve tarihsel kaynakların elverdiği ölçüde, Osmanlı para sisteminin geneli üzerinde yoğunlaşmanın yanı sıra, bölgeler ve Balkanlar'dan Kırım'a, Suriye'den Mısır'a, Körfez'den Mağrib'e kadar olan bölgeler arasındaki ilişkileri de incelemektedir. Söz konusu bölgeler, Batı Avrupa'dan Hint Okyanusu'na kadar çok çeşitli ticaret ve ödeme kalıplarının etkisi altında kalmıştır. Dolayısıyla, bu çalışma bölgesel gelişmelere ve küresel iktisadi kuvvetlere cevaben gelişen parasal düzenlemelerin karmaşıklığını ve çeşitliliğini vurgulamaktadır. Parasal tarihe bu bakış açısıyla yaklaşım, para talebinin, para arzının, ve nihai olarak da para kavramının doğasına yeni boyutlar katmaktadır. Bölgesel ve uluslar arası perspektiflere dayanan bu çalışma, para sisteminin mantığını ve on altıncı ve on yedinci yüzyıllardaki algılanışını incelemektedir.

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Chapter 1

INTRODUCTION

This dissertation examines the monetary history of the Ottoman Empire, for the sixteenth and seventeenth centuries, which was one of the major empires of modern times, covering an area extending from the borders of Hungary to the Northern African coastal areas. A large empire located at the crossroads of intercontinental trade was always vulnerable to the vicissitudes of commerce, payments, and monetary flows during the sixteenth and seventeenth centuries. This dissertation, to the extent made possible by the availability of sources, both from a numismatic and a historical perspective, will focus on the whole of the Ottoman monetary system as much as on the individual parts and the linkages between them. Since, the political, administrative, and economic linkages between the center and these regions varied enormously over time. Moreover, the latter were drawn into very divergent patterns of trade and payments flows from Western Europe to the Indian Ocean. The study will thus emphasize the complexity and heterogeneity of these monetary arrangements

and their evolution in response to both local developments and global economic forces. Such a perspective on monetary history will offer new insights into the nature of the demand for money, the supply of money and the very concept of money. With respect to the former, it examines the types of coinage and money in use in different parts of the empire: government policies and administrative practices, and European and other foreign coins, which were a permanent part of the Ottoman scene. With respect to the demand for money, the focus will be on the long-term structural and institutional changes in the Ottoman economy in order to identify the evolving sources and types.

Regarding the availability and use of money, for a long time it has been assumed that the use of money was limited to long-distance trade and parts of the urban sector, and credit was poorly developed and the markets in the Ottoman Empire were permanently starved of specie and coinage. In fact the Ottoman markets experienced only periodic shortages of specie. There were also periods such as the second half of the seventeenth century when these shortages assumed a long-term character. It would not be appropriate, however, to depict these shortages as a continuous

characteristic of Ottoman economic life during these centuries. Certainly, while the degree of monetization varied considerably over time and space, use of money in Ottoman lands was not limited to the urban population. With the increased availability of specie and the growth of economic linkages between the urban and rural areas, especially in the sixteenth century, large segments of the rural population came to use coinage, through their participation in markets and because of state taxation of a wide range of economic activities. In addition, small-scale but intensive networks of credit relations developed in and around the urban centers and countrysides. Neither Islamic prohibitions against interest and usury nor the absence of formal banking institutions prevented the expansion of credit in Ottoman society. Muslims as well as non-Muslims were prominent amongst large-scale moneylenders in the leading urban centers. The rural population as well as artisans and merchants took part in these monetary transactions. The sixteenth century witnessed the increasing availability of coinage and credit and growing linkages between Istanbul and the Ottoman currencies in different parts of the Empire. It was also a period of integration into world markets and rapid expansion in foreign trade. The rural population was drawn

to markets not only as producers of cash crops but also as purchasers of imported goods. These developments substantially increased the demand for and the use of money and credit, especially in the more commercialized coastal regions. Even though relations of money and credit as well as the rural-urban linkages were disrupted during the first half of the seventeenth century, they were reestablished towards the end of the century.

The Ottomans also faced a number of other challenges arising from the size of the Empire and its location. Until the sixteenth century, the Ottoman territories in Anatolia and the Balkans had a unified monetary system based on the gold sultani and the silver akçe. At the bottom of the hierarchy was the copper mangır or pul with nominal values and used for small transactions. As the Ottoman state territorially expanded to become a full-fledged empire, however, this system could not be continued. The newly conquered territories, each of which was subject to different economic forces and very different patterns of trade, already had well-established currency systems of their own. The Ottomans pursued a two-tiered (based on gold and silver) approach to money and currency in these areas. They unified the

gold coinage at the existing international standards, the ultimate symbol of sovereignty, but allowed the creation of multiple currency zones in silver in view of the sharply different commercial relations and needs of the new provinces. The task of establishing a monetary system for the expanding empire was handled with a large degree of pragmatism and flexibility. In this respect, the Ottoman economy was not a closed entity.

In a like manner, Ottoman authorities in Istanbul were well aware of the limitations of their power in their monetary practices. In comparison to goods markets and long-distance trade, it was more difficult for governments to control physical supplies of specie or coinage and to regulate prices, which are exchange rates and interest rates. The Ottoman administrators were also aware that participants in the money markets, merchants, moneychangers and financiers were able to evade state rules and regulations more easily than those in the commodity markets. Government interventions in money markets remained selective and occurred mostly during extraordinary periods such as extreme monetary turbulence or wars.

There were powerful relationships between monetary and economic conditions, which tended to interact and reinforce each other over the long term. While monetary stability often helped pave the way for the expansion of trade and production, monetary instability or shortages of specie often had adverse effects on credit, production and trade. Conversely, economic prosperity or the expansion of economic activity often enabled the state to raise additional fiscal revenue, which contributed to monetary stability. For these reasons, we should expect a good deal of long-term correlation between monetary and economic conditions. Another long-term development of the sixteenth century, which has generated much debate, is the Price Revolution. Concerning the magnitude of overall price increases during the sixteenth and seventeenth centuries, price series show that silver inflation accounted for a smaller part and Ottoman debasements accounted for a larger part of these increases.

The Ottoman monetary system functioned reasonably well until the last quarter of the sixteenth century until the empire came into contact with global flows of specie. The fortunes of the Ottoman economy and state finances took a sharp turn for the

worse during the closing decades of the sixteenth century. Already before the 1580s, the monetary difficulties in Europe and around the Mediterranean had begun to have an impact on the Ottoman currency. The akçe did not easily recover from these difficulties. After the debasement of 1585-86, it entered an extended period of instability lasting until the last decade of the century when the Ottoman government undertook a major reform and established a new monetary unit at the end of the seventeenth century.

The introductory chapter provides an overview of the literature and sources pertaining the monetary history of the Ottoman Empire for the sixteenth and seventeenth centuries. The second chapter analyzes the monetary system based on gold and silver. Chapter three presents analysis of monetary structures in the various imperial regions. Chapter four provides globally integrated view, emphasizing changes in monetary flows and the Price Revolution. Chapter five examines the monetary turbulence and change from the late sixteenth century to the end of the seventeenth century. Chapters four and five will also deal with the attitudes of contemporary historians toward specific economic processes that gripped the Ottoman Empire in the final decades of

the sixteenth century. While their attitudes to price formation in general and to the price movements of their era in particular will be analyzed in the first one of these chapters, their attempt to come to terms with the monetary disorder will be treated in the following.

A large part of the analysis in this dissertation begins with the evidence and insights offered by time series presented in detailed tables reserved in chapters four and five: time series on Ottoman monetary units in Tables 3 and 4 are relied on numismatic collections; the exchange rates of the leading European currencies available from numismatics literature are depicted in Table 5; Tables 1, 2, and 6 are gathered from the existing literature on prices in Istanbul, bimetallic ratios and Ottoman budgets, respectively.

L I T E R A T U R E

The two important scholarly studies on Ottoman monetary history, which essentially follow the story from its origin up to the eighteenth century, Halil Sahillioğlu's unpublished master thesis, "Bir Asırlık Osmanlı Para Tarihi," and doctoral dissertation, "Kuruluştan XVII. Asrın Sonuna Kadar Para Tarihi," set the

background and context for an examination of coinage development in the late sixteenth and early seventeenth centuries. These studies raise a number of important questions regarding both approach and methodology for a continuing study of Ottoman coinage and minting during this period.

Sahillioğlu's works highlight important topics such as the structuring of the Ottoman monetary system around the silver akçe, the introduction of the first Ottoman gold pieces by Mehmed the Conqueror (1444-1446 and 1451-1481), the ready adoption of other states' money units in the wake of their vast territorial conquests under the leadership of Selim I (1512-1520) and Süleyman the Magnificent (1520-1566), and the decline of mining and minting activity accompanied by the unhindered influx and circulation of huge quantities of foreign coinage into the Ottoman realm during the seventeenth century. Although the article's title indicates that it traces developments up to 1750, the latter period, commencing with the introduction of the kuruş, is only cursorily touched upon. Besides the creation of this new silver unit, Sahillioğlu briefly mentions the new issuance of copper mangırs,

first at the exchange rate of two for one akçe and later, through the end of the seventeenth century, at the rate of one for one.

Sahillioğlu also mentions the beginning of the mechanization of Istanbul's imperial mint for the coining of the copper pieces, a subject which he deals with at greater length in two other articles, "The Introduction of Machinery in the Ottoman Mint" and "İkinci Süleyman'la İkinci Ahmed Zamanlarında, Bakır Para Üzerinde Bir Enflasyon Denemesi." The relatively simple minting technique of hand striking coinage, utilized by the Ottomans up to this time, was insufficient for the production level of copper coins planned by the treasury and mint authorities. Following the commencement of work, the volume of production even rose beyond these projected numbers, and the amount of required machinery also increased.

Another topic of sixteenth- and seventeenth-century monetary history touched upon in Sahillioğlu's "Role of International Monetary and Metal Movements." This paper focuses on the problem of currency circulation in the Eastern Mediterranean from the establishment of the Ottoman state until

the mid-eighteenth century. Using statistical data, this paper tries to present the market share of native and foreign currencies.

By simply making note of these late seventeenth-century monetary developments, however, Sahillioğlu's work hardly approaches a complete, thorough analysis of the currency system of the time. Relying almost entirely on archival documents, he fails to take into account the numismatic evidence. His chronology for the issuance of the new gold coinage types, for instance, does not correspond with existing coinage specimens. Moreover, the various kinds of eighteenth-century coins, including all their specific features from weight to style, are not systematically classified and compared to the information drawn from written records. Thus, an exact and unified view of the restructuring of the Ottoman monetary system in this era is not attained.

Yet Şevket Pamuk's interpretations about monetary developments in the sixteenth and seventeenth centuries form a good initial base on which to commence an investigation of Ottoman coinage in the these centuries, especially in terms of the questions which his conclusions inspire. Şevket Pamuk's *A Monetary History of the Ottoman Empire* (2000) can be taken as a

watershed, presenting monetary history and monetary economics. He have undertaken a study, covering seven centuries and this very extensive, far-flung empire, embracing not only the Anatolian heartland, but also most of the Balkans, and then, from 1517, the former Mamluk domains in the Levant (Syria-Palestine), Egypt, and adjacent lands in North Africa, Iraq and Arabia. But monetary and more general economic history of these Ottoman-ruled lands are not discussed in isolation, they are admirably integrated into the mainstream themes of European and Asian economic history, particularly in analyses of commercial relationships, specie flows, and monetary changes within and among these various areas in the Mediterranean basin especially.

The introductory chapter in Pamuk's work provides an overview of these developments, over six centuries, in the particular context of Ottoman monetary and more general economic policies; the second chapter analyses the relationships among commercial, financial and specie flows; the changing supplies of gold, silver, and copper; and the organization and operation of the mints in the earlier centuries. Chapter three focuses on the book's central theme: the role of late-medieval

coinage debasements as essentially a fiscal policy (though analyzed as well in the context of their possible relationship to periodic bullion scarcities, and other possible motives for debasement); and it is worth noting that medieval Ottoman debasements were far more modest than those in most of medieval western Europe. Chapter four explores the development of the Ottoman imperial monetary system, based on a common gold coinage, one conveniently modeled on the Venetian ducat or rather on the Mamluk gold ashafri first minted, on this basis, in 1425; but, from the sixteenth century, the silver coinages largely retained their regional identities (i.e., beyond the original Ottoman silver akçe). Chapter five discusses the important roles of credit and related financial institutions. Chapter six provides a much more detailed analysis of monetary changes in the various imperial regions: the Balkans; Egypt; the “shahi” zone of eastern Anatolia, Iraq, and lands bordering Iran; Crimea (a dependency); and North Africa (the Maghrib, Tunis, Algeria, Tripoli). Chapter seven, on the early modern Price Revolution, provides an even-more globally integrated view, emphasizing not just changes in monetary stocks but more especially in monetary flows and in the context of the “monetary approach to the balance of payments”.

This chapter is of particular interest in utilizing the author's own extensive research on Ottoman prices and the earlier and renowned work of Ömer. L. Barkan, segregating the impact of debasements from the other monetary forces examined.

The following Chapters eight to ten examine the following developments from the late sixteenth to early twentieth centuries: a greatly increased fiscal reliance, aggravated by declining mining outputs, on truly drastic debasements from 1586, which reduced the silver akçe to a virtually unusable small coin and forced much of the populace to rely instead on imported European coins; a return to purely copper coins from the later seventeenth century; the eighteenth-century attempt to establish, on a more centralized minting basis, a new and much heavier silver currency, aided by a revival in Ottoman and indeed European silver mining, accompanied by a revival in gold minting as well; and the establishment of stronger, more stable monetary links with the outlying provinces. Before a brief conclusion, the final two chapters, eleven and twelve, establish that the later eighteenth-century attempts to eschew debasements and rely instead on European borrowing could not continue; and thus, from 1808-34

the worst debasement in Ottoman history ensued - forcing down the exchange rate on the British pound from 8 to 104 kuruşes by 1839 - a most remarkable experience. Nevertheless from 1839-44, the Turkish government successfully achieved its goals of monetary reform, finally abandoning coinage debasements, introducing a limited circulation of non-convertible paper currency, marketing long term "bonds" (or annuities), and, from 1881, adopting a "limping" gold standard, and modern (French-dominated) commercial banking institutions. The book ends, of course, as did the Empire, with World War I.

The heart of the book lies in the truly essential economic analyses of coinage debasements and their consequences. According to Pamuk's thesis, the primary objective of aggressive debasements was purely fiscal, in increasing seigniorage revenues and in reducing the real burden of debt repayments, debasements could also be defensive reactions to neighboring mint policies. Thus a comparison of Ottoman debasements with those of the Habsburg Empire and Safavid Persia - with who the Ottomans were so frequently at war.

The numismatic catalogues

Besides the works of Pamuk and Sahillioğlu, other comprehensive secondary sources on sixteenth- and seventeenth-century Ottoman money are a series of coin catalogues, beginning with İsmail Ghalib's *Takvim-i Maskukat-i Osmaniyye*. Published in the nineteenth century, Ghalib's catalogue covers the period from the reign of Sultan Osman I (1281- c. 1324) to that of Mahmud I (1730-54) and the specimens listed and illustrated in the book were drawn from the collection housed in the Imperial Museum (the present-day Istanbul Archeological Museum). Likewise, Halil Edhem's *Meskukat-ı Osmaniyye*, containing specimens housed in the Imperial Museum, covers the period from Sultan Osman I (1281- c. 1324) to Murad III (1574-1595).

The most recent Ottoman coin catalogues, İbrahim and Cevriye Artuk's *Istanbul Arkeoloji Müzeleri Teşhirdeki İslamı Sikkeler Kataloğu* and Nuri Pere's *Osmanlılarda Madeni Paralar*, are more inclusive than the earlier works, containing a greater variety of specimens and more detailed numismatic and historical information. Although both works are over twenty years old, and many of the attributions have been updated by subsequent

examination and research, they remain the most comprehensive works presenting and displaying the money of the Ottoman Empire.

Osmanlılarda Madeni Paralar, which catalogues selections from the Yapı Kredi Bank coin collection, one of the world's leading accumulations of Ottoman coinage, is especially extensive and well illustrated, with a photograph for almost every listing. The work is, however, principally a "listing", offering brief summary information in a forty-page introductory essay about the coinage types, inscriptions, mints, weights and measures and denominations. Arranged in traditional dynastic order, each section covering a ruler's money issues is preceded by a brief survey highlighting particular characteristics, changes and adaptations to the coinage of that period. The most significant feature of this book is the view of the Ottoman mint network, which it gives. Because of its broad, sweeping coverage, Pere's catalogue provides a more complete listing of imperial mints than the catalogues of Edhem, Ghalib, or Lane-Poole's *Coins of the Turks*, containing specimens housed in the British Museum.

Numismatic literature

Besides the major survey catalogues, the other principal sources of information on the money of the Ottomans are scattered short articles and notes contained in various numismatic bulletins-the most important probably being the Bulletin of the Turkish Numismatic Society and numismatic books written by, and generally for, coin collectors. While the catalogues offer cursory treatment of the subject's entire range, this form of material is extremely focused, generally concentrating on a single coin, type or series and their specific features. Moreover, the works written by collectors are often directed towards heightening a particular specimen's rarity and value. They seldom provide more than a new listing or added details to the samples contained in the major catalogues, and rarely make attempts to place, analyze and interpret the coins in a broader numismatic or historical context. The works of Cüneyt Ölçer, a leading Turkish numismatist and founder of the Turkish Numismatic Society, Şerafettin Erel, Celil Ender, Ekrem Kolerkiliç, and Süleyman Sudi fit into this category.

PRIMARY SOURCES

Archival material

In addition to coin specimens, the main primary information source for sixteenth- and seventeenth-century monetary history is the wealth of Ottoman administrative documents contained in the Prime Ministerial Archives in Istanbul. While records related to money matters, mining, and minting are scattered throughout the archive's extensive holdings, the two most important repositories devoted entirely to the coining and the issuance of currency are the Darphane (*mint*) sections of the Muallim Cevdet and İbnül Emin collections. Besides, the Mühimme Defterleri occupies the central place in studying the sixteenth-century monetary history. These comprise copies of outgoing correspondence of the Sultan's Council (*Divan-ı Hümayun*), addresses mainly to provincial governors, cadis, and the Mühimme Catalogs contain summaries of individual documents.

Numismatic evidence

The individual chapters are expanded with tables providing detailed statistical data. Most of the data compiled from the coins

in the collections of the Istanbul Archeological Museum and the Yapı Kredi Bankası.

Contemporary historical literature

Ali's characterization of Murad III's reign (1574-1595) In his *Künhü'l-ahbar* constitutes pervasive signs of corruption and avarice. Already in the early year of Murad III's rule, Ali had composed an original work of advice, *Nushatü's-selatin* [was published as *Mustafa Ali's Council for the Sultan of 1581* and edited by Andreas Tietze], most of which is devoted to the "disorders of the age" - a theme that is picked up again in the *Künh*. Indeed in the contemporary section of his *Künh*, this historian deviates from the established chronological disordering principle of former histories, and prefers to adopt a more problem-oriented analytical approach, particularly in the beginning of his treatment of Murad III's reign where he lists the "disorders of the age" rather than a sequence of events.

Another major late sixteenth century chronicle, the *Tarih-i Selaniki* is not characterized by a striking structural organization, other than an abrupt beginning and end, probably due to the author's sudden death (c. 1600), which prevented his from

bringing the book into presentable form. Yet the first event the author chose to record, even if it may not have been intentional, sets the tone for the rest of the book. *Tarih-i Selaniki* starts out with a torrential rainstorm that almost finishes off the aging Süleyman I, who was diverting himself in the woods in a hunting party, and is shot through in the remaining parts with news of urban and rural unrest, financial crisis, steep inflation and various other problems. Dwarfed by Ali's intellectual stature, Selaniki paints his portrait of decline not through an analytical approach, but perhaps more eloquently, by turning his orderly chronicle into a register of disorder.

Even the official historiographer (*şehnameci*) of Murad III's reign, Seyyid Lokman who held the post between 1569-1596, provides us with a picture of disorder. To begin with, despite the longevity of his tenure, he was unable to produce a single Murad III's rule. He wrote some works glorifying his lavish production, the *Silsilename*, does not reach beyond H. 992 (1584). In an incomplete *Şehname-i Al-i Osman*, he writes as far as H. 999 (1591), but despite its title, the last this work are mostly dedicated to Sinan Pasha's (d. 1596) deeds rather than those of the sultan. Even

then, Sinan Pasha is praised generously not just for leading successful campaigns or undertaking glorious construction activities but also for his “reforms” which are described in detail, highlighting a background of deterioration, which the official historian chose not to treat directly.

In this dissertation, I shall attempt to analyze monetary developments, primarily on the basis of these four late sixteenth century sources: *Nushatü's-selatin*, *Künhü'l-ahbar*, *Tarih-i Selaniki*, and *Şehname-i Al-i Osman*. Other relevant sources from the same period, such as the correspondence of Sinan Pasha (appointed to the Grand Vezirate five times in the final decades of the century) with the sultan, or the perceptive *nasihatname* of Hasan Kafi el-Akhisari and *Tarih-i Naima* of Naima, *Tarih-i Raşid* of Raşid, and *Tevarih-i Ali Osman* of Solakzade will be used in order to enhance and extend our arguments.

Chapter 2

THE MONETARY SYSTEM

CURRENCY MEDIA

The political and economic unification of the Mediterranean basin and the lands beyond facilitated the emergence of a monetary system based on gold, silver and copper coinage in this large area - from the Balkans and Crimea to Syria, Egypt, Iraq, Yemen, and the Maghrib - by the first quarter of the sixteenth century, each of which was subject to different economic forces and each region characterized by a different economic function and a different type of coin. With state regulation of the standards of each, a reasonably well-defined relationship developed between the different types of coinage. At the top were the gold coins used, most importantly, by merchants in making large payments, both internally and in international trade.¹ Financiers, moneychangers, high level government officials, and to some extent, owners of

¹ For the use of gold coins in long-distance trade, see also Inalcik (1960), 131-47; and Inalcik (1981), 1-91; for the use of gold coins in intercontinental trade during the fifteenth and sixteenth centuries, see Spufford (1988); Gofmann (1990), 22-32; and Issawi (1974), 111-117.

medium- and large-scale manufacturing establishments also used gold coins. Larger landholders in the more commercialized villages of Anatolia and the Balkans, as well as the *sipahis* who collected a variety of taxes both in money and in kind from the rural population, were also well acquainted with gold coinage.²

The first Ottoman gold pieces called *sultani* or *hasene-i sultaniye* began to be minted in Istanbul in 1477. However, there are numerous references to the circulation of Turkish gold ducats and florins in southern and eastern European sources from Italy, to Wallachia, Moldavia, Ukraine, and elsewhere along the Black Sea coast beginning as early as the mid-fifteenth century. While these pieces may have been ducats florins minted by the Ottomans, it is also possible that in these early instances, the Europeans, misled by the inscription in Arabic, mistook the Egyptian *ashrafis* as Ottoman coins.³ In any case, there is no doubt that the Ottomans began to produce Venetian ducats in their own mints in Istanbul, Edirne, and Serez in Macedonia some time after the conquest of

² Solakzade (H. 1298) 125. See also Inalcik (1981), 1-91; Inalcik (1993a), 161-76; and McGowan (1983).

³ Solakzade (H. 1298), 185-87. Sahillioğlu (1958), 106-110.

Istanbul. The government auctioned off the rights to these mints separately from those producing akçes.⁴ A *kanunname* of Mehmed II dated to the mid-fifteenth century provides detailed instructions for the management of these mints including the standards for the minting of *frengi flori*.⁵ The Ottoman government probably had a number of aims. Adding to the circulation of a popular coin is one obvious explanation. In addition, the government benefited from the mint charges even though the standards of the Ottoman *ducats* matched those produced by Venice. The auction prices paid by private entrepreneurs to the Ottoman government for the management of the *frengi flori* mints clearly indicate that this was a profitable activity.⁶ By minting their own versions, the government may have also been trying to drive substandard *ducats* out of circulation.

Since the *ducat* had established its superiority not only in the Levant but also elsewhere in the Mediterranean and much of Europe as the leading form of payment in long-distance trade by

⁴ Altınay (1931), 10-24; and Sahillioğlu (1962-63), 178-80.

⁵ The precise date of this *kanunname* is not known. Akgündüz (1990-94), volume 1, 441-42.

⁶ Sahillioğlu (1962-63), 178-80.

the middle of the fifteenth century.⁷ In response, many states in Europe from Spain to Hungary decided to adopt the standards of the form and the *ducat* for their own gold coinage.⁸ In the Near East, the Mamluks began to mint a gold coin called the *ashrafi* to the same standards in 1425, which successfully replaced the *ducat* as the principal gold currency in Egypt until the Ottoman conquest in 1517.⁹ In addition, imitations of the *ducat* appeared at many locations in Western Europe and the eastern Mediterranean.¹⁰ Likewise, for weight and fineness, the standards of the Venetian *ducat* were adopted for the new coin following the practices of other states around the Mediterranean.¹¹ There is a certain degree of irony in the Ottoman adoption of the standards of the *ducat* for their gold coins. Venice, after all, was the power with which the Ottomans struggled for the hegemony of the

⁷ The Venetian ducats, sequins or zecchinos that appeared with the same standards in 1284 became the leading European gold coins in the Levant around 1350. Spufford (1988), 176-83 and 283-86; Cipolla (1956), 20-26; Akdağ (1950), 319-418.

⁸ Spufford (1988), 406-408; and Spufford (1986).

⁹ Solakazade (H. 1298), 191; see also Bacharach (1973), 77-96.

¹⁰ Ives and Grierson (1954).

¹¹ In the Ottoman *kanunnames* of this period, the mints were instructed to strike 129 sultani pieces from 100 *mithkal* of pure gold. The *mithkal* here refers to the Ilkhanid measure weighing one and a half dirhams of Tebriz or 4.61 grams. Inalcik (1993c), 435-41; Sahillioğlu (1965a), 110; Pamuk (1992), 12-32.

eastern Mediterranean. At the same time, however, the Ottomans pragmatically recognized that the ducat had become the internationally recognized standard in long-distance trade in the Mediterranean and beyond. A gold coin with different standards would not have had the chance to survive.¹²

The sultani and subsequent Ottoman gold coins did not have face values until the nineteenth century. The value, expressed in terms of the silver akçes, was determined by the markets. The government also announced the official rates at which the sultani was accepted as payment by the state. These were usually quite close or identical to the market rates until the second half of the sixteenth century.¹³ The standards of the sultani remained fixed and it exchanged at par against the ducat for most of the sixteenth century. The exchange rate between the two coins began to change in favor of the ducat early in the seventeenth century, however. This was probably due to the decline in the quality of the Ottoman

¹² Ashtor (1976), 533-86.

¹³ See Table 3 for these exchange rates.

coin although the instability of the akçe may have caused a decline in confidence in Ottoman gold coins as well.¹⁴

Direct evidence on mint output is not available, but sources indicate that the production of sultanis was not large until the second quarter of the sixteenth century.¹⁵ Initially, sultanis were minted mostly in Istanbul and Serez. During the reign of Selim I (1512-20), they began to be minted at new locations in eastern Anatolia, Syria, and Egypt. The volume of sultani production increased sharply during the reign of Süleyman I (1520-66) with the gold-mining sites in the Balkans, at Sidrekapsi and Karatova, in addition to those of Istanbul and Cairo, emerging as the leading locations.¹⁶ There is no doubt that the conquest of Egypt and the

¹⁴ The precise specie content of Ottoman gold coins has not been studied. Spectroscopic studies on the existing specimens will resolve this and other similar issues in Ottoman monetary history. For the exchange rates of the sultani and the *ducat* in the seventeenth century, see Tables 3 and 5

¹⁵ Sahillioğlu provides indirect evidence from the prices of auction for the management of the mints producing gold as well as silver and copper coinage. The numbers of the mints for which this evidence is available is limited, however: Sahillioğlu (1962-63), 145-218,

¹⁶ Mustafa Ali (1861-69), 260-95. For Ottoman gold coins and the locations of mints in the fifteenth and sixteenth century, also see Kocaer (1967), 19-21; Mackenzie, (1991), 71-80; Schaendlinger (1973), 91-108. For Ottoman gold mines, see Sahillioğlu (1989), 532-36.

arrival of annual payments from Egypt to the Istanbul treasury in gold greatly increased the sultani output.¹⁷

The functions of gold coins were not limited to a means of exchange. As units of account for expressing large magnitudes, the sultani and the ducat were almost used interchangeably. They were often referred to simply as gold pieces. In addition, gold coins were regularly used as a store of wealth. For the fifteenth and the sixteenth centuries quantitative information is available from a variety of sources on the relative importance of the gold coinage. The inheritance inventories (*tereke defterleri*) containing the assets and belongings of deceased individuals are available from the court records of many Ottoman towns. These inventories usually listed the types of coinage found amongst the assets of the deceased. These inventories show that individuals tended to store part of their wealth primarily in the form of gold coins and much less in silver akçes. For this reason, the relative frequencies observed for different types of coinage in the inheritance inventories give a good indication of their importance as a means

¹⁷ Shaw (1962), chapter 6.

of daily exchange. Another source of information is the documents available from archival sources, summarizing the results of the periodic inventories of the Ottoman treasury.¹⁸ Gold coins were also used for making large political and administrative payments including tribute and even ransom payments. For instance, in the sixteenth century, the annual remittance from Egypt to Istanbul was 400,000 to 500,000 gold pieces, which the central government demanded in gold. After the decline of Ottoman control over Egypt and the increasing difficulties of finding gold during the seventeenth century, this sum was sent mostly in the form of silver coins.

Since the purchasing power and the value of the gold coins were extremely high for large segments of the population, peasants, nomads, and most urban residents used it infrequently. The daily earnings of an unskilled labor in Istanbul for most of the

¹⁸ Sahillioğlu (1965a), 106-9. The *tereke*s of government employees or members of the *askeri* class at Edirne and Istanbul from the second half of the sixteenth century as well as those of Bursa show that it was not unusual for wealthier members of this class to hold hundreds or even thousands of gold pieces: Barkan (1966), 31-46; and Öztürk (1995). Also see Pamuk (2000), 65. The inheritance inventories containing the assets and belongings of deceased individuals of Istanbul and Bursa, for the sixteenth century, show that individuals tended to store nearly 60 percent of their wealth primarily in the form of gold coins and much less in silver akçes: Sahillioğlu (1958), 142-43; and Özdeğer (1988), 119-244.

sixteenth century, for example, were five to six akçe, or one tenth of a gold piece. A skilled laborer was paid ten or at most twelve akçe or about one fifth of a gold piece per day.¹⁹ In a like manner, the official price-control lists (*narh*) prepared in the mid-sixteenth century for the city of Istanbul required that one and a half kilograms of bread and six hundred grams of lamb meat sell for one akçe when 60 akçe exchanged for one gold piece.²⁰ The sizes of most daily transactions were below those of gold coins.

The silver akçe was the centerpiece of the Ottoman monetary economy and the basic unit of account, in Anatolia and the Balkans, in terms of which the value of all other commodities including the gold sultani and the copper mangır were being measured.²¹ The role of the akçe as the basic unit of account of the Empire is confirmed by the provincial law codes issued, for the most part, during the sixteenth century.²² In these documents, the

¹⁹ Pamuk and Özmucur (2002), 301.

²⁰ Sahillioğlu (1968a), 1: 36-40, 2: 54-56, 3: 50-53.

²¹ Solakazade (H. 1298), 201. In one of the rare attempts to come to terms with the nature of the Ottoman monetary regime before the nineteenth century, Haim Gerber adopted a similar definition and emphasized that despite the circulation of both gold and silver coins, "the basis of the Ottoman system was not bimetallism." Gerber (1982), 308-24.

²² See Barkan (1942); and Akgündüz (1990-1994).

Ottoman government expressed almost all of the dues and taxes, small and large, to be collected from the populace in terms of the akçe, even in areas such as Hungary, Baghdad or Basra where the akçe did not circulate in significant quantities. Actual payments were then made with other coinage at the prevailing official rates of exchange. In cases where references were made to pre-Ottoman monetary magnitudes or tax obligations, the law codes converted them to akçes. For example, Ottoman law codes for the Balkans and Hungary made frequent references to earlier dues to be paid in gold as *resm-i flori* and then converted them to dues in akçes.²³ In the longer term, however, this preference for the akçe had serious consequences for the Ottoman treasury, because the purchasing power of the akçe declined by more than 80 percent during the sixteenth and early part of the seventeenth century.²⁴

Up to the last quarter of the sixteenth century the purchasing power of the akçe was small enough to make it useful for small daily transactions but not large enough to make it

²³ For *resm-i flori*, also see Inalcik (1964); and for very small magnitudes, the law codes also cited copper coinage, but only occasionally.

²⁴ See Graph 1 for the extent of price increases during this period.

convenient for medium-sized transactions. In addition to all of the small and medium-sized magnitudes, many of the larger monetary magnitudes were also expressed in akçe. The inheritance inventories, for instance, cited overall personal wealth in terms of akçe, sometimes in tens of thousands of akçe. In the imperial budgets, revenues and expenditures were expressed in hundreds of millions of akçe.²⁵

In a system with gold, silver and copper, at the bottom of the monetary hierarchy was the copper coinage, called mangır and pul. It was used in local markets for purposes of small daily transactions.²⁶ Unlike silver coinage whose value closely reflected its intrinsic value or specie content, copper coinage circulated on the basis of its nominal value as fixed by the state in fractions of the akçe. These fractions varied from one region to another, most commonly, at one fourth or one eighth of an akçe. The considerable difference between the metallic content and nominal

²⁵ For published examples of inheritance inventories, see Öztürk, (1957-58), 219-76.

²⁶ The first Ottoman copper coin was minted in 1362 during the reign of Murad I: Schaendlinger (1973), 87-88; Sultan (1977), 8-22. The origins of the term mangır or mankur are Mongolian. Pul goes back to the Byzantine folis, which was then adopted as fels or fulus in plural by the medieval Islamic societies.

value provided the state with an opportunity for seigniorage income. To realize this potential, the government refused to accept copper coinage in payments to the state.²⁷

Various sizes of copper coins circulated during the sixteenth and seventeenth centuries, which weighed between 1.5 and 6 grams. The larger coins weighed 3.25 grams each and eight of them equaled one akçe in value. Smaller copper coins were issued as half and quarter mangırs. Respectively, twenty-four and thirty-two of these equaled one akçe in value until the end of the last decade of the seventeenth century.²⁸

In contrast to the akçe, most of the copper coinage was produced in Istanbul, Edirne, and Anatolia where the copper mines were located. Around the middle of the fifteenth century, mangırs were being produced at eight locations in Anatolia.²⁹ Part of these coins was then transported in bulk to the Balkans since

²⁷ Solakzade (H. 1298) 65.

²⁸ Ölçer (1975), 123-28; and Sahillioğlu (1958), 123-28.

²⁹ According to the available numismatic evidence, based on the Istanbul Archeological Museum and the Yapı Kredi Bankası collections, the mints that issued mangır during the reign of Mehmed II (1444 and 1451-81) were Edirne, Kostantaniye, Bursa, Amasya, Ayasoluk, Ankara, Bolu, Tire, Kastamonu, Karahisar (Afyon), and Serez.

copper-mining activity there remained very limited.³⁰ The government also supervised closely their production and distribution.³¹ The right to mint and circulate copper coinage in each locality was auctioned to private entrepreneurs. These monopolies usually lasted for three years. The mangırs or pul were then minted and sold at the local markets in return for payments in akçe. To prevent the flooding of local markets by these *pul emins*, however, the state often placed a limit on their output.³² With each new issue, the old coins were declared invalid and prohibited from circulation. When the new issues became more frequent, however, the mangır increasingly took the form of a tax imposed on the local economy. Some historians have emphasized this aspect of copper coinage and argued that mangırs amounted to little more than forced taxation. The indispensable role of copper coinage as small change in the workings of the daily

³⁰ The known exception is Serez in Macedonia. The occasional production of mangırs at that mint during the fifteenth century suggests the existence of a copper mine in the vicinity.

³¹ For example, the central government became concerned late in the sixteenth century that copper brought from Hungary competed with output of the Küre mine in northern Anatolia. It then limited the sale of the copper from Hungary to the Balkans and prohibited its transportation to Anatolia. BOA, MHM. volume xxviii, 404/174 dated 1576.

³² Ölçer (1975), 9-20.

economies should not be overlooked, however. Local economies were in need of coinage and the state took advantage of that to secure a steady source of seigniorage income.³³

The mangır was quite useful and minted in large quantities until the second half of the sixteenth century. In the market place, the fractions of the akçe still made economic sense. After the debasement of 1585-86 when Ottoman prices more than doubled, fractions of the akçe simply became too low to remain useful in most daily transactions.³⁴ Ottoman copper coinage had been conspicuously absent during mid-century. In response to another fiscal crunch in 1690-91, however, the government was able to issue, within a thirty-two month period, approximately 600 million copper mangırs with the nominal value of one akçe each. On the whole, this was a successful operation for the short period it was employed. It provided the state with much needed seigniorage revenue as indicated by the detailed records of the

³³ For insightful discussions of petty coinage in late medieval economies, see Cipolla (1956), 27-37 and Munro (1988), 387-423.

³⁴ To rescue the copper coinage, it was necessary to raise their nominal values but this step was not taken. Copper coinage was not minted during most of the seventeenth century. For monetary problems associated with the absence of small change during this period.

mint at Istanbul. Needless to say, these coins caused considerable confusion and instability in the local markets.

In a system with gold and silver, allowing copper coins to circulate at or close to their intrinsic values created too many problems. As Cipolla has emphasized, petty coinage need not create problems as long as its volume did not exceed the volume necessary for petty transactions, if the petty coinage circulated at close to its intrinsic values, the danger was that as the relative values of metals fluctuated in relation to each other, it would be impossible to attach a fixed value to the petty coinage; or that the authorities would be forced to change the values periodically in response to these fluctuations, or that either copper coinage or silver and gold coins would disappear from circulation.³⁵ Alternatively, only by maintaining such petty coinage with nominal values, was it possible to maintain the stability of other main coins, silver and gold. It was essential to regulate the volume of copper coinage and not to strike more petty coins than were needed for petty business.³⁶ The Ottoman government tried to

³⁵ Cipolla (1956), 27-37; also Munro (1988), 387-423.

³⁶ Cipolla (1956), 30.

ensure this by selling the monopoly of supplying the copper coinage of a region to a single person, thereby creating a monopoly for a fixed period of as much as three years. The government also limited the convertibility of copper coinage to silver and gold coins by not accepting the former for tax payments. Eventually, the government may have crossed that line because there is evidence that in the third year of the experiment, additional mangır began to be minted in order to finance various government projects, large and small.³⁷

In a system of gold, silver, and copper coinage covering the entire spectrum of payments, it was necessary for certain proportions to exist between the denominations of different metals. Given that the gold:silver ratios ranged between 10 and 16 during the Early Modern period, most states in the Old World chose to mint medium- and large-sized silver coins in order to facilitate the bulk of economic transactions that were too small for gold but too large for copper. For this purpose, coins carrying 3 to 6 grams of silver began to emerge in Europe in the fourteenth and

³⁷ For the explicit link between the minting of new mangır and the repairs of fortresses in Crimea, see BOA, A. E. Süleyman, 94, dated H. 1102. In addition to the capital city, the mangırs were minted in Bosnia; CD. 2258; İ.E.Dp. 49 and 71.

fifteenth centuries. Medium-sized silver coins were also in use in Iran and India. During the sixteenth century, price increases and the increasing availability of specie accelerated this trend. Even larger silver coins called testoons, weighing 7 to 9 grams, and eventually thalers or crowns weighing 25 to 30 grams were minted in Europe. Beginning in the fifteenth century and especially during the sixteenth century, these larger coins, which were worth anywhere from one quarter to two thirds of a gold ducat, succeeded in reducing the pressure on the gold pieces and occupied the central place in the monetary system of these countries. In some instances, they even paved the way for the minting of double ducats thereby increasing the range of the hierarchy of coinage.³⁸

In the Ottoman monetary hierarchy this middle ground was not adequately covered during the fifteenth and the first decades of the sixteenth centuries. The Ottoman government actually minted larger silver coins but these remained exceptional. The fact that these coins until the mid-sixteenth century were minted only

³⁸ Grierson (1971), 45-60; Spufford (1988), 363-77; Braudel (1972), volume 1, 462-542; and Spooner (1972), 7.

at a few locations and at specific dates suggests that their volume remained limited. The sultani remained too large and the akçe too small for the bulk of daily transactions. The large gap between them widened as the exchange rate of the gold sultani edged up from 45 to 60 and even 65 akçes during the early sixteenth century.³⁹ In the absence of gold coinage or whenever it was not available in sufficient quantities, larger payments had to be made with piles of akçes. As a result, there was considerable pressure on the sultani and the ducat. Multiple-akçe pieces were minted more frequently during the second part of the sixteenth century.⁴⁰ In the following periods, the proportions between the sultani and the akçe had become even more skewed due to the debasements of the latter. The exchange rate of the sultani varied, for the most part, between 120 to 160 akçes during this period. In due course, the need for an intermediate level coin had become even more acute.

It is commonly accepted that the first set of large silver coins called kuruş was minted in 1690.⁴¹ One should be careful,

³⁹ See Table 3.

⁴⁰ Album (1998), 66.

⁴¹ IAM, AAC, numbers 1709-1694. The largest of these 6 dirhams or approximately 19.2 grams. Later in 1703 a larger coinage weighing

however, about the use of dirhams by the 1520s.⁴² See Table 4 for the Ottoman coinages available from numismatic collections in terms of dirhams.⁴³ Besides, there are numerous references to the circulation of Turkish silver zolotas in the Ottoman Empire and southern and eastern European sources as early as the mid-seventeenth century.⁴⁴ In any case, there is no doubt that the Ottomans began to produce Polish zolota in their own mints in Istanbul and the Balkans as early as the mid-sixteenth century. The Ottoman government probably had a number of aims. Adding to the circulation of a popular coin is one obvious explanation. In addition, the government benefited from the mint charges even though the standards of the Ottoman zolota matched those

approximately 8 dirhams or 25-26 grams and its fractions were struck. It is not clear whether the first large coin of 1690 was intended as a kuruş or merely as a 30-para piece, which came to be called zolota or cedid (new) zolota to distinguish it from the popular Polish coin. Numismatic catalogs suggest that the 6-dirham piece minted in 1690 was the first Ottoman kuruş and the weight of the Ottoman kuruş was revised upwards to 8 dirhams in 1703. On the other hand, Sahillioğlu has argued that the earlier large coinage was intended as a zolota and the first Ottoman kuruş was minted in 1703. It should be noted that the early Ottoman kuruş was also called the esedi kuruş since its standards were close to those of the Dutch thaler. This term for the Ottoman kuruş, which has caused considerable confusion in the literature, was eventually abandoned.

⁴² The dirham contained 10 times as much silver as akça. Its fraction gumuş contained 5 times as much silver as akçe.

⁴³ IAM, AAC, numbers 1531-32, 1561; YKB, PC, 196-202; Artuk and Artuk (1974) 509-20; Pere (1968), 113-14; . See also Sahillioğlu (1958), 1 6; and Sahillioğlu (1983), 269-304.

⁴⁴ Galib (H. 1307), 180-272; Eldem (H. 1334), 900-1143. Sudi (H. 1331), 80-176; Artuk and Artuk (1974), 587-803; Pere (1968), 157-197.

produced by Poland. By minting their own versions, the government may have also been trying to drive substandard versions out of circulation. The large silver coins of the late sixteenth century were undermined by the instability of the akçe. When the silver content of the one-akçe piece deteriorated, the larger coins tended to disappear from circulation.⁴⁵ Nevertheless, an intermediate-level, medium-sized silver coin was, to some extent, established as a permanent addition to the Ottoman hierarchy.

In the absence of a currency, the government could not use debasement as a means of obtaining fiscal revenue in times of difficulty. Perhaps most important of all, the disintegration of the monetary system and the increasing reliance on foreign coins had serious political implications. During the second half of the seventeenth century the government made numerous attempts at establishing a new currency but these were unsuccessful due to the continuation of wars and fiscal difficulties. After a long interval of inactivity, the mint in Istanbul resumed operations in

⁴⁵ Edhem shows that the 10-akçe pieces exchanged for 12 akçes before disappearing: Edhem (1334), 185. See also the exchange rate tables prepared by Sahillioğlu (1965a), 227-34.

1685, producing akçes and paras⁴⁶ and later, the copper mangir beginning in 1689. Supported by the revenues from this experiment the government then renewed efforts to establish a new system around a large silver unit modeled after the European coins circulating in the Ottoman markets since the middle of the sixteenth century. The first large silver coins were minted in 1690 after the Polish coin isolette or zolota, which was imported in large quantities by Dutch merchants during the seventeenth century.⁴⁷ These coins were about one third smaller than the Dutch thalers.⁴⁸ Their weight was fixed in standard dirhams and they contained 60 percent silver and 40 percent copper.⁴⁹ The largest of these weighed six dirhams, or approximately 19.2 grams. It appears that this first large coin was intended as a zolota or new (*cedid*) zolota to distinguish it from the popular Polish coin and not as a kuruş or

⁴⁶ Sudi (H. 1331), 45; Edhem (H. 1334), 105; Sahillioğlu (1965a), 68-72.

⁴⁷ Solakzade (H. 1298), 605.

⁴⁸ These coins carried the date of H.1099 (1687-88), the year of accession to the throne of Süleyman II.

⁴⁹ In contrast, until the middle of the seventeenth century, the standards of the akçes were fixed in dirhams of Tabriz, which was slightly lighter than the standard dirham. The standard akçe did not include any monetary alloy although substandard akçes were minted with some frequency after the debasement of 1585-86.

piaster.⁵⁰ Later, in 1703, an even larger coin weighing close to eight dirhams, or 25.6 grams and its fractions were also minted. The new monetary scale was clearly established only in the early decades of the eighteenth century. The new Ottoman kuruş or piaster was then fixed at forty paras or 120 akçes. The early kuruşes weighed six and a quarter dirhams (20 grams) and contained close to 60 percent silver. The zolotas were valued at three fourths of the kuruş or at ninety akçes. The fractions of both the kuruş and zolota were then minted accordingly.⁵¹ However, many coins with lower silver content were minted until the monetary reform or correction-of-coinage operation of 1715-16 due to wars and continuing political turmoil.⁵² The appearance of

⁵⁰ Numismatic catalogues suggest that the six-dirham piece minted in 1690 was the first Ottoman kuruş and the weight of the Ottoman kuruş was revised upwards to eight dirhams in 1703. In contrast, Sahillioğlu has argued that the earlier large coin was intended as a zolota and the first Ottoman kuruş was minted in 1703. Galib (H. 1307), 94-122. The early Ottoman kuruş was also called the esedi (lion) kuruş since its standards were close to those of the Dutch thaler. This term that has caused considerable confusion in the literature was soon abandoned.

⁵¹ The new unit was also called *cedid* (new) kuruş to distinguish it from the European groschen, most notably the esedi kuruş or the Dutch thaler, which had become a unit of account as well as a medium of exchange for medium and large transactions. Edhem (H. 1334), 90-107; Sultan (1977), 196-211; Schaendlinger (1973), 114-17; Pere (1968) 175-95. The kuruş remained the largest silver coin until the reign of Selim III (1789-1807) when its multiples began to be minted.

⁵² The silver content of a small number of coins from this period recently analyzed by Daniel Panzac all contain close to 60 percent silver: Panzac (1992), 85. 199-201.

substandard coinage attracted large numbers of counterfeiters until the 1720s.

As opposed to the earlier period when the mints were closed down and the silver akçe ceased to exist as a means of exchange, the late seventeenth century was, to some extent, a period of commercial and economic expansion coupled with fiscal stability. These favorable conditions as well as the rising supplies of silver helped establish the kuruş as the leading unit of account and means of exchange by the middle of the eighteenth century.⁵³ The emergence of the new unit was accompanied by centralization of mint activity in the core regions of the Empire, from the Balkans to Anatolia, as well as Syria and Iraq. By the 1720s a full spectrum of silver coinage had emerged from the kuruş down to the *para* and the tiny akçe. While the kuruş, zolota, and the twenty-*para*

⁵³ The revival of Ottoman silver mines was not an isolated development. It was actually part of a broader trend towards higher silver production in Europe during the eighteenth century. Recent studies have shown that the decline of the output of American silver mines after 1670 proved to be an important opportunity for the European silver producers. Just as the massive inflows of Central and South American silver had led to the decline of European and Ottoman silver mines after 1570, the decline in American silver production after 1670 raised the price of that metal and led to a significant increase in European production. Blanchard (1989), 3-57. The revival of Ottoman silver production during the eighteenth century thus needs to be linked to this general trend. The growing availability of silver in Europe then added to the circulation of silver in the Ottoman lands through the favorable trade balances Ottoman lands maintained in trade with Europe.

piece were used for medium and larger transactions, one-, five- and ten-para pieces served as petty coinage.⁵⁴ By this time, the purchasing power of the akçe, valued at one-third of the para, had become too small for most daily purposes.⁵⁵ For this reason, the para remained the basic unit of account for small transactions. In addition, some copper coinage was minted in Istanbul and eastern Anatolia but its volumes was limited.⁵⁶

With respect to gold coins, the Ottoman sultani, or şerifi as it was also called, which had remained close to the standards of the Venetian ducat since the fifteenth century was discontinued late in the seventeenth century. In the early part of the eighteenth century, as gold made a comeback in Europe and elsewhere,⁵⁷ Ottoman minting activity also resumed. In the place of the sultani, a number of new gold coins called *tuğrali*, *cedid Istanbul*, *zincirli*, *findık* and *zer-i mahbub* were initiated between 1697 and 1728. All

⁵⁴ Sultan (1977), 213-39; Schaendlinger (1977), 115-19.

⁵⁵ The daily wage of an unskilled construction worker in Istanbul was approximately eight paras or twenty-four akçes during the early decades of the eighteenth century. These wage observations were taken from the account books of various pious foundations (*vakıf*) available from the Ottoman state archives as part of a long-term study by Pamuk: Pamuk (2001), 69-89.

⁵⁶ Sultan (1977), 213-91; Schaendlinger (1977), 112- 33.

⁵⁷ Spooner (1972), 42-53.

but the last of these started close to the standards of the ducat. Following the practice dating back to the fifteenth century, the government did not attach a fixed face value to these gold coins. Their exchange rates were determined by the markets. In payments to the state, gold coins were accepted at the official rates of exchange.

From the earlier days, the authorities in Istanbul, as was the case with most other contemporary states, allowed and encouraged the circulation of foreign coinage and accepted them as payment, especially up to the end of the eighteenth century. The government also exempted precious metals and foreign currency from import dues. The primary reason for welcoming foreign coinage was to add to the amount of specie in circulation in local markets. Foreign coinage also helped support long-distance trade, which was important for the Ottoman government both for fiscal and provisioning reasons. Until the rise of sultani in the sixteenth century, the leading foreign coins were also the leading means of payment in long-distance trade throughout Ottoman lands. European silver coins were not prominent in Ottoman markets until the second half of the sixteenth century when large silver

coins minted mostly with American silver and known as groschen began to arrive from Western Europe. The only exception was the gigliatti of the Italian city-states, which circulated in western Anatolia during the first half of the fourteenth century, before the arrival of the European gold coins.⁵⁸ Nevertheless, foreign coins played a qualitatively different role during the seventeenth century. As Ottoman coinage disappeared, the akçe was reduced to little more than a unit of account. Gold and especially silver European coins in fact became the leading forms of actual money from the Balkans and Istanbul to Anatolia and Syria. For the sixteenth and seventeenth centuries quantitative information is available from a variety of sources on the relative importance of the different types of foreign coinage. The inheritance inventories containing the assets and belongings of deceased individuals and archival sources. Summarizing the results of the periodic inventories of the Ottoman treasury gives a good indication of their importance. These sources show that the Venetian ducat, also known as efrenkiye and flori, and the Egyptian ashrafi or eşrefiye which remained in circulation until the first quarter of the

⁵⁸ Spufford (1988), 283-86.

sixteenth century were the most important of the foreign gold coins in circulation in Ottoman lands during the fifteenth and sixteenth centuries. Also available but less significant was the Hungarian gold piece known as engürüsiye and the gold florin of Florence which remained important until the middle of the fifteenth century.⁵⁹ Various imitations of the Venetian ducat minted in the eastern Mediterranean were also observed in the state treasury. Because of their inferior quality, however, these exchanged at a discount of about 5 percent against the ducat. In all of the inventories, the sultani rose in relative importance after the first quarter of the sixteenth century.⁶⁰

Bimetallism: silver over gold

The Ottoman monetary system might adequately be called bimetallic since both gold and silver coins were minted and circulated freely. One should be careful, however, about the use of

⁵⁹ The Hungarian gold pieces were minted with gold from the mines in Hungary, which had been the principal source of gold for most of Europe since the thirteenth century. They were produced primarily for use outside the country and as straightforward imitations of the Florentine form. In time, their appearance changed but their weight and fineness remained the same as those of the Italian coins. Spufford (1988), 320.

⁶⁰ Sahillioğlu (1965a), 108-109 and 141-42; and Sahillioğlu (1983), 269-304, appendix tables. For the inferior imitations of the ducat, see also Grierson and Ives (1954).

this term and should distinguish it from classical bimetallism as practiced during the nineteenth century. Under the latter system, a country typically adopted both gold and silver as monetary standards. The relative amounts of the two metals necessary to create the same currency unit, known as the mint ratio or the legal ratio, were specified by the authorities. In other words, the face value of both gold and silver coins was fixed by the government.⁶¹

A monetary regime is characterized as monometallism if there is one standard commodity in terms of which the value of other commodities are measured even if the circulation may include several metallic and paper elements. The Ottoman regime outlined above certainly fits this definition. The silver akçe was the basic unit of account in terms of which the value of all other commodities including the gold sultani and the copper mangır was being measured.⁶² Its silver content changed with the occasional debasements of the government. In contrast, the

⁶¹ Edhem (H. 1334), 205; Galib (H. 1307), 182; Sudi (H. 1331), 5. See also Reed (1930), volume 2, 546-49; Kindleberger (1993), 57-63; and Baykal (1967), 49-77.

⁶² In one of the rare attempts to come to terms with the nature of the Ottoman monetary regime before the nineteenth century, Haim Gerber adopted a similar definition and emphasized that despite the circulation of both gold and silver coins, "the basis of the Ottoman system was not bimetallism." Gerber's study has a number of important insights about the Ottoman monetary system. Unfortunately, it is also marred by some basic errors arising from the state of our knowledge two decades ago. Gerber (1982), 308-24.

standards of the sultani remained identical to those of the Venetian ducat and the gold coins of most other states around the Mediterranean. Its exchange rate, expressed in akçes was determined by the markets, subject to the changes in the silver content of the akçe, fluctuations in the gold:silver ratio, and a host of other factors. See Table 3. There did not exist a fixed gold:silver ratio around which the face value or the standards of both type of coins would be determined. A network of provincial mints supervised closely by the central government were kept open for the coinage of both silver and gold, subject to seigniorage payments to the state.

Because of the availability of only a small number of texts dealing with monetary problems, our knowledge about Ottoman monetary thought is rather limited. Nonetheless, it is still possible to trace its evolution by examining government practices. The latter suggest that Ottoman bureaucrats soon learned, if they did not already know, that state interventionism in monetary affairs was even more difficult than interventionism in trade and the urban economy since specie, coinage, and payments flows could evade official restrictions with much more ease than flows of

commodities. For this reason, they were, on the whole, flexible and pragmatic in their approach to money and monetary affairs. A reassessment of these monetary practices now should force us to reconsider our assumptions about Ottoman economic practices and the Ottoman economic mind.⁶³

The economic functions and priorities of the central bureaucracy did not appear in purely economic form but always together with political, religious, military, administrative, or fiscal concerns and pronouncements. It is possible to reduce the Ottoman priorities in economic matters to three basic principles. The first priority was the provisioning of the urban economy including the army, the palace, and the state officials. Ottoman encouragement of European merchants and the granting of various privileges, concessions and capitulations as early as the sixteenth century can be best understood in this context. Imports were encouraged as they added to the availability of goods in the urban markets. In contrast, exports were tolerated only after the requirements of the domestic economy were met. The contrasts

⁶³ Ülgener (1951), 92-189; Genç (1989), 175-85; Genç (1990), 13-25; Güçer (1987), 1-100; Inalcik (1970), 207-18; and Inalcik (1994), 44-54.

between these policies and the practices of mercantilism in Europe are obvious. A second priority of the center was fiscal revenue. The government intervened frequently to collect taxes from a broad range of economic activities and came to recognize, in the process, that at least in the longer term, economic prosperity was essential for the fiscal strength of the state. A third priority, which was closely tied to the other two, was the preservation of the traditional order. For the Ottomans, there existed an ideal social order and balances between social groups such as the peasantry, guilds and the merchants. The government took care to preserve as much as possible the prevailing order and the social balances including the structure of employment and production.

In essence, the basic virtue of the Ottoman system was its flexibility. As long as the markets determined the exchange rate of the gold coins and if the official rates at which the government accepted these coins followed the markets closely, neither type of coin was likely to be over- or undervalued. For this reason, they were not in danger of disappearing. The Ottoman government adhered to this framework, with some exceptions, until the nineteenth century. While the practices of Medieval and Early

Modern states in Europe and the Near East varied in time and space, the majority pursued a flexible approach similar to that of the Ottomans. There were some exceptions, however. For example, the Venetian state occasionally tried to defend a specific gold:silver ratio and related face values for its gold coins.⁶⁴

The Ottoman governments pursued a policy of stable money and stayed away from debasements until the second half of the sixteenth century, with the notable exception of the reign of Mehmed II.⁶⁵ Even though debasements offered short-term fiscal gains to the state, their political costs remained equally clear. Favorable fiscal conditions also supported the stability of the akçe. It is also notable that the government abstained from changing the standards of the gold coinage. There were two basic reasons for this. First, the sultani needed to adhere to the existing “international” standards in order to remain a means of payment in long-distance trade. Secondly, the fiscal benefits to be obtained by reducing the gold content of the sultani remained minimal

⁶⁴ Spufford (1988), 351-55; and Cipolla (1982), 63-85; also see Lane and Mueller (1985), 416-65 and 485-91.

⁶⁵ Solakzade (H. 1298); 146-9.

since most of the government obligations were expressed in terms of the akçe.

In this system, the monetary practices of governments were conditioned by the needs of markets and especially long-distance trade and recurring shortages of specie and coinage that affected all local economies. In comparison to both Islamic law and the general practice in medieval Islamic states, the Ottoman governments were more interventionist in their economic policies.⁶⁶ They intervened in local and long-distance trade to regulate the markets and ensure the availability of goods for the military, palace, and more generally, the urban economy. Ottoman interventionism in the economy, in trade, and in local markets reached its peak during the reign of the centralizing Mehmed II. The state promulgated detailed law codes (*kanunname*) covering different spheres of life during this period. Mehmed II also issued large numbers of laws to regulate mint activity, the operation of mines producing gold and silver and, perhaps most interestingly, the circulation and transportation of specie in Ottoman lands.⁶⁷ In

⁶⁶ Okyar (1980), 111-116.

⁶⁷ Altınay (1930), 10-42; and Çağatay (143), 275-83.

later periods, the Ottoman government continued to prohibit the exportation of silver whenever shortages of specie asserted themselves. These outflows of specie and attempts to stop them occurred mostly over the border with Iran.⁶⁸ There are a number of reasons why these codes present a misleading picture about Ottoman practices, especially on monetary issues. For one thing, the reign of Mehmed II was exceptional in terms of the monetary conditions it presented. The Ottoman lands together with much of Europe faced severe shortages of specie during this period. These extraordinary conditions combined with the centralizing tendencies of the Ottoman ruler to create perhaps the most interventionist codes and practices in Ottoman history. Many of these codes related to monetary issues were rarely if ever enforced during subsequent periods. Secondly, interventions in the economy did not necessarily mean that the government succeeded in bringing about the desired outcomes. Pre-modern states did not have the capability to intervene in markets comprehensively and effectively. These limitations were even more apparent in the case of money markets. In comparison to goods markets and long-

⁶⁸ Sahillioğlu (1965a), 188-201.

distance trade, it was more difficult for governments to control physical supplies of specie or coinage and regulate prices, that is, exchange and interest rates.⁶⁹ Ottoman administrators were well aware that participants in the money markets, merchants, moneychangers and financiers were able to evade state rules and regulations more easily than those in the commodity markets. Observing the mixed success of government actions, they learned that interventionism in money markets did not always produce the desired results. In essence, the government's attitude towards merchants was profoundly ambiguous. On the one hand, merchants, large and small, were considered indispensable for the functioning of the urban economy. Yet, at the same time, their profiteering often led to shortages of basic goods bringing pressure on the guild system and more generally the urban economy. Thus the central administration often considered as its main task the control of the merchants, not their protection. At the same time, however, the control of merchants was much more difficult than the control of guilds. While the guilds were fixed in location, the merchants were mobile. Needless to say, the official

⁶⁹ Goitein (1967), 209-72.

attitude towards financiers, and moneychangers (*sarrafs*) was similarly ambiguous.⁷⁰ For this reason, government interventions in money markets became more selective after the reign of Mehmed II and occurred mostly during extraordinary periods such as extreme monetary turbulence or wars. On the whole, Ottoman monetary practices exhibited a good deal of flexibility and pragmatism after the fifteenth century.

In an environment of frequently recurring shortages of specie, the Ottoman administrators knew that it was essential to attract into the Ottoman lands and to maintain in circulation as much coinage and bullion as possible. Their monetary practices were guided more by this concern than any other. They were also aware that the ratio between gold and silver as well as the value of different types of coins was subject to fluctuations. Under these conditions, a policy of fixed exchange rates between different coins would have driven the good or undervalued coins out of circulation through the workings of Gresham's Law.⁷¹ Instead, the

⁷⁰ Islamoğlu and Keyder (1977), 31-55.

⁷¹ The Gresham Law: the theory that "bad," debased, money drives out "good," undebased, money out of circulation because people keep the good money for

government allowed the local markets to determine not only the exchange rate of the sultani, but those for all types of coins, Ottoman and foreign. Local court records show that the *kadis* relied on these market rates to settle disputes between individuals. In addition, the government announced the official rates at which different coins, gold and silver, would be accepted as payment. Usually, these rates did not diverge significantly from the prevailing market rates for the same coins.⁷² Another example of Ottoman flexibility concerned the circulation of foreign coins. From the earliest days, the authorities encouraged the circulation of foreign coinage and accepted them as payment. The government also exempted precious metals and foreign currency from import dues. In capitulations or privileges given to merchants of certain European states, the central government exempted them from all customs duties for the foreign coinage they brought. In addition, customs and mint officials were told not to demand that this coinage be surrendered to the authorities for the minting of Ottoman coinage. These privileges were eventually

other purposes and use the bad money for transactions. See Inalcik (1993a), 244-45; and Miskimin (1993), 147-86.

⁷² For example, Sahillioğlu (1958), 38-53.

extended to the merchants of most European states during the sixteenth century.

MONEY AND CREDIT

When it came to the availability and use of money, many historians have long believed that credit was poorly developed and the markets in the Ottoman Empire were permanently starved for specie and coinage.⁷³ There is no doubt that the Ottoman markets experienced periodic shortages of specie. There were also periods such as the second half of the seventeenth century when these shortages assumed a long-term character. In fact, the assumptions allude to developments during this period. It would not be appropriate, however, to characterize these shortages as a permanent feature of Ottoman economic life from the fifteenth through the sixteenth and seventeenth centuries. In fact, there is overwhelming evidence from a broad range of archival and other sources that while the degree of monetization varied considerably

⁷³ For example, Braudel observes in his popular, three-volume work on the rise of capitalism "Overall, commercial life in Turkey still had some archaic features ... The reason was that money, the sinews of western trade, usually made only fleeting appearances in the Turkish Empire. Part of it found its way to the ever-open jaws of the sultan's treasury, some of it was used to oil the wheels of top-level trade, and the rest drained away in massive quantities to the Indian Ocean. The west was correspondingly free to use its monetary superiority on the Levant market:" Braudel (1982), 473.

over time and space, use of money in Ottoman lands was not limited to the urban population.⁷⁴ With the increased availability of specie and the growth of economic linkages between the urban and rural areas in the sixteenth century, large segments of the rural population came to use coinage, especially the small denominations of silver *akçe* and the copper *mangır*, through their participation in markets and because of state taxation in a wide range of economic activities by the end of the fifteenth century. Similarly, small-scale but intensive networks of credit relations developed in and around the urban centers. Neither the Islamic prohibitions against interest and usury nor the absence of formal banking institutions prevented the expansion of credit in Ottoman society.⁷⁵ Muslims as well as non-Muslims were prominent amongst the large-scale moneylenders in the leading urban centers.⁷⁶ Even though relations of money and credit as well as the rural-urban linkages were disrupted during the seventeenth century, they were reestablished with the economic expansion and fiscal stability of the ensuing period.

⁷⁴ Solakzade (H. 1298), 505; Barkan (1970b), 167-71; and Jennings (1976), 21-57.

⁷⁵ Neşet (1970), 53-68; Akdağ (1971), 206-10.

⁷⁶ Solakzade (H. 1298), 505-6; Inalcik (1998), 301-02; and Bağış (1983), 1-6.

The growing density of population during the sixteenth century thus increased the density of exchange not only in the urban areas but also incorporated large segments of the rural population into this process. The Balkans and Anatolia were certainly not unique in this respect. As Braudel has pointed out, the same trend toward more frequent use of markets and money by large segments of the population also prevailed in the western Mediterranean region during the sixteenth century.⁷⁷ While the developments in the western Mediterranean have drawn considerable attention from the historians, the social and cultural as well as economic implications of this trend was same in the case of the eastern Mediterranean.

The sixteenth century was a period of integration into world markets and rapid expansion in foreign trade. The rural population was drawn to markets not only as producers of cash crops but also as purchasers of imported goods. These developments substantially increased the demand for and the use of money and credit, especially in the more commercialized

⁷⁷ Braudel (1972), 1: 355-461.

coastal regions.⁷⁸ In the sixteenth century, for example, merchant bankers and moneylenders developed an intensive network of payments flows in and around local fairs through the use of bills of exchange, as an example of truly international private money. Evidence from thousands of court cases in these towns and cities involving lenders and borrowers leaves no doubt that the use of credit, small and large, was widespread amongst all segments of urban and parts of rural society.⁷⁹

Evidences from the provincial law codes and the censuses show important insights into the extent of monetization. Regarding the former, most of which were issued between the middle of the fifteenth and the middle of the sixteenth centuries, show very clearly that for every province the Ottoman state defined a long list of activities which were subject to taxation, issuing detailed lists of dues which applied to each item.⁸⁰ These *kanunnames* not only provide very detailed information about the

⁷⁸ Faroqhi (1978), 50-68; Faroqhi (1979), 32-80; and Faroqhi (1977-79), 9: 161-96, and 11: 103-53; and Inalcik (1981), 1-91. See also the studies on the rural economy by these authors that appeared in two collections: Inalcik (1993a); and Faroqhi (1995).

⁷⁹ Solakzade (H. 1298), 506; Çizakça (1985), 355-74; and Faroqhi (1978), 50-65.

⁸⁰ For compilations of these law codes see Barkan (1942); and more recently, Akgündüz (1990-94).

extent and rate of taxation, but they also point to an economy with strong urban and rural linkages, considerable market orientation, and frequent collections of small amounts of taxes in money from artisans and merchants as well as nomads and sedentary peasants.⁸¹ Also useful in providing insights into the extent of penetration of money into the village economy are the censuses (*tahrir defterleri*) undertaken during the sixteenth century in order to assess the sources of fiscal revenue for the state.⁸² The state collected taxes from the rural population both in kind and in money terms. The most important of these were the tithe (*öşür*) which was collected in kind as some fraction of the agricultural product but also *çift resmi*, and its variations and fractions, collected every spring in cash from each household depending upon the amount of land they cultivated. In each region, the kanunnames also converted to akçes many of the dues in kind and labor obligations that existed in the pre-Ottoman period. In addition, there was a long list of taxes collected in money terms

⁸¹ For the tax obligations of nomads and their participation in local markets, also see Lindner (1983), 51-103.

⁸² The most detailed examples of these fiscal surveys are those of Hüdavendigâr (Bursa) in Anatolia and Sirem in the Balkans. For a study of the village microeconomy see Inalcik (1993b), 161-76; and also Barkan and Meriçli (1988); and McGowan (1983).

both from the sedentary peasants and the nomads assessed on, for example, animals (*resm-i agnam*), beehives (*resm-i kovan*), vegetable gardens, orchards, vineyards, as well as on transactions in the local markets. Most of these taxes were defined in terms of the akçe.⁸³ The cizye was a head-tax collected by tax-farmers from each non-Muslim household, rural and urban. Early in the sixteenth century it ranged from 40 to 80 akçes per household depending upon the region and averaged 53 akçes or about one gold piece per household for the Balkans and Anatolia as a whole.⁸⁴ One should note that, not all of these taxes were collected in money however. Some of the taxes to be paid in cash by the peasants to the sipahi were probably collected in kind depending upon the availability of coinage and other factors. For his part, the sipahi frequently participated in local markets in order to convert to cash the revenues he collected in kind and to purchase the materials and equipment necessary for the training and

⁸³ Inalcik provided an analysis of these obligations of the rural population based mostly on the same provincial law codes: Inalcik (1959), 575-608; for Anatolia, also see Faroqhi (1977-79); and for studies of similar obligations in the Balkans, McGowan (1983); and Lowry (1986), 23-37.

⁸⁴ Barkan (1964a), 17-27.

preparation of the soldiers he was required to bring to the military campaigns.

In the sixteenth century, the policies of the central government increased the demand for and the use of money and credit extensively. They took the form of tax-farming arrangements in which individuals possessing liquid capital assets advanced cash to the government in return for the right to farm the taxes of a given region or fiscal unit for a fixed period. In the fifteenth and sixteenth centuries, some of the revenue sources of the central government were administered through the tax-farming (*mukataa-iltizam*) system but these remained limited. The state did not yet emerge as a significant long-term borrower during this period. Until late in the sixteenth century, the largest part of the tax obligations to the state was collected locally and mostly in kind by the *sipahis* under the *timar* system. These funds were then used locally by the *sipahis* to equip and prepare a given number of soldiers for the military campaigns. There are a number of implications of the timar system for the use of money and public finances. Above all the timar was a decentralized system in which taxes were collected and the revenues were spent locally. A

large part of the tax revenues never reached the central treasury. Under this system, the sipahis were often the most market-oriented members of the rural communities they lived in as they had to convert to cash most of the tax revenues they collected in kind and then spend them on the training and equipment of the soldiers.⁸⁵

The fortunes of the Ottoman economy and state finances were relatively strong thanks to the additional revenues obtained through the rapid territorial expansion of the Empire and the state did not feel the need to increase the revenues collected at the center up to the second half of the sixteenth century. There are examples of short-term borrowing by the state during the second half of the sixteenth century. These loans were made by Muslims as well as non-Muslims financiers who also lent to high-ranking members of the bureaucracy and even to sons of the sultan.⁸⁶

⁸⁵ For Ottoman methods of tax assessment and tax collection as well as a study of the Ottoman fiscal bureaucracy, see Darling (1996).

⁸⁶ A sample of 534 tax-farms for the sixteenth and seventeenth centuries compiled and examined by Çizakça shows that 60 percent of the tax-farmers themselves were Moslems. The share of Jews as tax-farmers increased to a peak 49 percent between 1591 and 1610 and then declined during the seventeenth century, averaging 28 percent for the entire period. The share of Christians remained below 10 percent. Government documents also provide evidence on the business partnerships of the tax-farmers although it is likely that many partnerships involving the financing of the operations were not included in the

Significantly, these services earned the financiers the inside track on some of the most lucrative tax-farming contracts.⁸⁷

The opulence of the Ottoman economy and state finances took a sharp turn for the worse during the closing decades of the sixteenth century. Stability and expansion were replaced by stagnation and crisis, if not contraction.⁸⁸ Until the end of the seventeenth century, the Ottoman government had relied on tax-farming for both tax collection and short-term borrowing purposes as had been the practice of most Islamic states. The deterioration of the state finances from the end of the sixteenth century, however, increased the pressures to take greater advantage of the tax-farming system. As fiscal difficulties began to mount the state began to resort to short-term borrowing from the high-level bureaucrats including the viziers and even the sultan himself during periods of emergency and especially wars. At this time the chances for reimbursement in full were still quite high and the

official records. Close to 85 percent of the partnerships included in government documents involved partners from a single religious community and the rest were between partners from different religious communities. Çizakça (1996) 154-57. See also Gerber (1986), 143-54.

⁸⁷ Inalcik (1994), 212-14.

⁸⁸ For a recent discussion, see S. Faroqhi (1994a), 433-543.

capital accumulated by the high-ranking members of the bureaucracy could thus be put to useful purpose in the hopes of future personal preferment. Moreover, such loans to meet the shortage of cash to pay the troops began to play a critical role in avoiding the mutiny of the soldiers. Even if no interest was paid by the state on these loans, by lending money to the campaign treasury, members of the bureaucratic establishment was acting to uphold and even consolidate their place within a system of which they were, after all, the main beneficiaries.⁸⁹ The central government thus began to increase the duration of the tax-farming contracts and demanded a larger fraction of the total amounts as advance payments.

These adverse conditions together with the changes in military technology and the need to maintain larger, permanent armies at the center, the timar system began to lose both its military and fiscal significance and the changes had an adverse impact on the economy. As a result, pressures increased to collect a larger part of the rural surplus at the center. Towards the end of

⁸⁹ Caroline Finkel has shown in her detailed study of the Ottoman military campaigns in Hungary around the turn of the century that these loans ranged from hundreds of thousands of akçes to millions of akçes. Finkel(1988), 261-63.

the sixteenth century, the timar system began to be abandoned in favor of tax-farming and the tax units (*mukataas*) began to be auctioned off at Istanbul.⁹⁰ The net impact of this shift on the level of money use in the small towns and rural areas is not entirely clear. In the earlier period the sipahi was responsible for the conversion of taxes collected in kind to cash. The same task was now being undertaken by the tax-farmers or their local representatives. Those taxes collected by the sipahi in cash during the fifteenth and sixteenth centuries such as the *çift resmi* were soon abandoned and rural taxes began to be collected almost entirely in kind. This last change may have also been a response to the increasing shortages of coinage during the seventeenth century. The tax-farming system also created the need to transmit large sums from each district to the capital. These were rarely carried in cash form, however. Instead, *suftajas* and bills of exchange began to be used more frequently joining the payment circuits of the state with those of merchants, both Ottoman and European, around the Balkans and eastern Mediterranean. In the longer term, further deterioration of the state finances increased

⁹⁰ Inalcik (1980), 283-337.

the pressures on the central government to take greater advantage of the tax-farming system for the purposes of domestic borrowing. The central government thus began to increase the length of the tax-farming contracts from one to three years, from three to five years and even longer. It also demanded an increasingly higher fraction of the auction price of the contract in advance. Tax-farming was thus converted to a form of domestic borrowing with the actual tax revenues being used as collateral by the central government. The demands of the central government for larger advance payments increased the need for the participants at these auctions to secure long-term financing for their operations. Islamic business partnerships were used in these ventures. Behind the individual that joined the bidding in the tax-farming auctions, there often existed a partnership that included financiers as well as the agents who intended to organize the tax collection process itself often by dividing the large initial contract into smaller pieces and finding sub-contractors. These arrangements were mostly in the form of a *mudaraba* contract although other types of Islamic business partnership such as *mufawada* or *man* were also used.⁹¹

⁹¹ For examples of how classical Islamic partnerships were used in the tax-farming

With the decline in its power during the seventeenth century, the central government lost control of many of the tax-farming contracts. These contracts simply stayed with the same tax-farmers at the same fixed value for decades indicating that the auctions ceased to be competitive in these cases. The official records show that these frozen tax-farms were controlled mostly by the members of the bureaucracy although it is likely that they entered partnership arrangements in the financing and/or actual collection of the tax revenues. In many instances, these insiders at the capital sold the tax-farm contracts to subcontractors after the initial auction.⁹²

Further steps were taken in the same direction with the introduction, in 1695, of the *malikane* system in which the tax source (*mukataa*) was farmed out on a lifetime basis.⁹³ The purchaser of the contract (*malikaneci*) was expected to make an initial advance payment called *muaccele* and a series of annual payments termed *mal*. The exact amount of the *muaccele* was

of mints in Anatolia and the Balkans at the end of the fifteenth century, see Sahillioğlu (1962-63), 145-218; and Akdağ (1971), 215-17.

⁹² Çizakça (1996) 140-45.

⁹³ Genç (1987), 345-73; and Genç (1975), 231-96.

determined at the competitive auction while the annual payments were fixed before the auction. One rationale often offered for this system was that by extending the term of the contract, the state hoped that the *malikaneci* would take better care of the tax source, most importantly the peasant producers, and try to achieve long-term increases in production. In fact, the *malikane* allowed the state to use tax revenues as collateral and borrow on a longer-term basis. In comparison to the straightforward tax-farming (*iltizam*) system, the *malikane* system represented an important shift towards longer-term borrowing by the state. With the extension of their term and the introduction of larger advance payments, the long-term financing of these contracts assumed an even greater importance. The financiers (*sarrafs*) of Istanbul thus began to play an increasingly important role in the tax-collection process.⁹⁴ In the longer term, however, the *malikane* system did not fulfill expectations. It actually led to a decline in state revenues because of the inability of the state to regain control of the revenue sources after the death of the individuals who had purchased them.⁹⁵

⁹⁴ Kafadar (1996), 61-70.

⁹⁵ Genç (1987), 340-70.

The use of credit was widespread in the urban areas and also included the rural population. Ottoman institutions of credit and finance retained their Islamic lineage that remained in contact with the developments in Europe by the end of the fifteenth century. Dense networks of credit developed in and around Ottoman urban centers despite the Islamic prohibitions against interest. Ottoman entrepreneurs continued to make use of the varieties of business partnerships that flourished in most parts of the Islamic world. The Ottoman government continued to rely on tax-farming for both tax collection and short term borrowing purposes as had been the practice of most Islamic states. With the increasing economic integration of Ottoman lands with Europe, however, European institutions of both private and public finance began to grow in influence during the sixteenth century.

While the practice of *riba*, the Arabic term for usury and interest, is sharply denounced in a number of passages in the Quran and in all subsequent Islamic religious writings, numerous other commercial techniques were used which played the same role as interest-bearing loans and thus made the use of loans unnecessary. These included a variety of business partnership

forms such as *mudaraba* or commenda, credit arrangements, transfers of debt, and letters of credit all of which were sanctioned by religious theory. Most importantly, because these alternate forms of investment and credit were socially more congenial and effective means of economic connection, they were preferred over loans.⁹⁶

The most frequently used method in the financing of long-distance trade and certain other types of business ventures was the *mudaraba* partnership of classical Islam in which an investor entrusted his capital or merchandise to an agent who was to trade with it and then return the principal. The profits were then shared between the principal and the agent according to some predetermined scheme. Any loss of the capital resulting from the exigencies of travel or the business venture itself was borne exclusively by the principal. The liability of the agent was limited to his time and efforts.⁹⁷ To a lesser extent the Ottomans also used

⁹⁶ The most important study on the development of credit in medieval Islamic societies Udovitch (1970); and Udovitch (1981). For a comparative study of pre-modern financial systems, see Goldsmith (1987).

⁹⁷ In essence, this was identical to the commenda of Europe. For discussions of the Islamic origins of European commenda, see Udovitch (1962), 198-207; and Ashtor (1972), 553-73; and Cizakça (1996), 10-32.

mufawada partnership of the Hanefi school of Islam in which the partners were considered equals in terms of capital, effort, returns, and liabilities. In the related *musharaka* or *inan* arrangement, the partners were free to invest different amounts and agree to share the returns and liabilities in unequal but pre-arranged rates. Besides, there were some innovations over the centuries; for example, some interesting combinations of *mudaraba* and putting out activities were developed. On the whole, however, evidence from hundreds of business partnerships indicates that classical Islamic partnership forms not only survived but also were applied, with minor exceptions, true to their original forms until the nineteenth century. Çizakça suggests that the continued dominance of small-scale firms or partnerships was probably the most important reason for the limited changes in this area.⁹⁸

A kind of letter of credit was a *havale*.⁹⁹ Havale was an assignation of a fund from a distant source of revenue by a written

⁹⁸ Cizakça (1996), 65-85 and 126-131; also Cizakça (1993), 711-23. Evidence from Islamic court records on commercial disputes and their resolution from the fifteenth through the middle of the nineteenth centuries indicate that in Anatolia and Istanbul, at least, the Ottoman jurists were well informed about the teachings of medieval Muslim jurists and, in general, adhered closely to the classical Islamic principles in disputes arising from these partnerships.

⁹⁹ Inalcik (1966); Inalcik (1969), 283-85

order. It was used in both state and private finances to avoid the dangers and delays inherent in the transport of cash. A real letter of credit, in Arabic *suftaca* or *sakk*, was known and used in the first centuries of Islam. Orthodox Muslim legists did not legalize it because of possible elements of speculation and unjustified profits. However, the transfer of credits through a document issued by a *cadi*, and thereby used to make payments and clear debts between people living in distant places, was possible and the Ottomans practiced it.¹⁰⁰ The basic purpose of the suftajas was to expedite long-distance payments or transfer of funds. In Europe the bill of exchange entailed the initial payment of one type of currency in return for the payment of another type of currency at a different location. The suftajas consistently appeared as involving the repayment of exactly the same type of money to the issuing banker. They were as good as money; the bearer could fully expect to redeem his suftaja for cash immediately upon arrival at his destination. The prompt payment was further assured by the government through the imposition of stiff penalties for any

¹⁰⁰ Sahillioğlu identified this *cadi* letter as a letter of credit, giving examples from the Bursa court records. Sahillioğlu (1975), 124-36.

delays. *Suftajas* were used widely inside the Ottoman Empire between Anatolia, the Aegean islands, Crimea, Syria, Egypt, and also with Iran. Ottoman court documents from fifteenth- and sixteenth-century Bursa, a major center in long-distance trade point to the high frequency of the use of *suftajas*. The local judges (cadis) were actively involved in the enforcement of the *suftajas* in their various forms.¹⁰¹ Even though such a practice was not frequently applied, payments through proxy between merchants living in distant places were a routine practice.¹⁰² From the mid-seventeenth century, the use of letters of credit, in Turkish *poliçe* from Italian *polizza*, became quite widespread among merchants and in government payments.

Recent studies on the Islamic court records have shown that dense networks of lenders and borrowers flourished in and around the commercially and administratively important cities during the sixteenth century. Jennings found literally thousands of court cases involving debts. Many members of each family and many women are registered in these records as borrowing and

¹⁰¹ Udovitch (1970) 268-69; Ashtor (1972) 554-62; and Sahillioğlu (1975), 103-44.

¹⁰² For examples, see Inalcik (1981), document nos. 113, 133, 142, 155, 156.

lending to other members of the family as well as to outsiders. These records leave no doubt that the use of credit was widespread among all segments of the urban and even rural society. Most lending and borrowing was on a small scale and interest was regularly charged on credit, in accordance with both Islamic and Ottoman law, with the consent and approval of the court and the ulema. In their dealings with the court the participants felt no need to conceal interest or resort to tricks in order to clear legal hurdles. Annual rates of interest ranged from 10 to 20 percent.¹⁰³ In like manner, Gerber has also examined similar court records involving the city of Bursa during the seventeenth century. In comparison to the towns examined by Jennings, Bursa was a larger and more commercialized city on the long-distance trade routes. It specialized in the silk trade and industry. In Bursa, too, credit was widely and intensely used even by the poorest segments of society. At the same time, credit patterns in Bursa exhibited different characteristics than those of other urban centers in Anatolia. The loans were often much bigger in Bursa and credit

¹⁰³ Jennings (1973), 168-216; Akdağ (1971), 206-214. In addition, big lenders prevailed in medieval Egypt and Syria: Goitein (1967), 169-85; and Lapidus (1967), 120-21.

relations also involved people from other urban centers. The loan contracts show that participants often resorted to simple arrangements to circumvent the prohibitions on borrowers accepting a regular loan. They supposedly bought a piece of wool or cloth, the price of which equaled the agreed interest payment to be paid at the end of the contract term.¹⁰⁴ Another difference in Bursa was the existence of a class of big moneylenders who did not necessarily dominate all lending but still played an important role in overall volume. The wealth of these big lenders could be determined from the probate inventories (*tereke*) of the city, which show large numbers and amounts of loans still outstanding at the time of their deaths. Their estates often exceeded hundreds of thousands and occasionally millions of akçes. In fact, the greatest fortunes in the larger cities of Bursa and Edirne during the seventeenth century belonged to people who lent a large part of their assets. High-level bureaucrats were also engaged in

¹⁰⁴ One interesting issue that appeared often in the local courts during the seventeenth century when the silver content of the akçe fluctuated frequently was whether debts must be paid off in currency with standards prevailing at the time of the initial loan. Decisions on this issue were mixed. Jennings (1973), 173; and Gerber (1988), 127-47.

moneylending especially in Edirne.¹⁰⁵ Gerber also underlines that the volume of credit relations increased substantially in Bursa between the end of the fifteenth century and the seventeenth century.¹⁰⁶

Muslims as well as non-Muslims were prominent amongst the large-scale moneylenders in the leading urban centers. Since the supply of capital was fairly abundant and there exist no monopoly of any small group of moneylenders. The moneylenders came as much from the Muslim as the Christian and Jewish inhabitants of these towns.¹⁰⁷ There was little indication until the end of the seventeenth century in either Anatolia or in Aleppo that non-Muslims might gain control over the credit markets. A commercial or mercantile mentality and the profit motive thus permeated all segments of the urban societies in these areas, not

¹⁰⁵ For examples of the terekes and loans outstanding of high-level bureaucrats who died in Edirne during the sixteenth and seventeenth centuries, see Barkan (1966), 31-46. For the terekes of Bursa until 1640, see Özdeğer (1988). See also Inalcik (1969), 108-09 on the wealth of the big moneylenders in Bursa during the fifteenth and sixteenth centuries when the estates of the large lenders were smaller.

¹⁰⁶ Inalcik (1953-54), 51-75.

¹⁰⁷ Murgescu (1997), 39-51.

just the people of the bazaars but the rural landholders, the Ottoman military class, and the ulema as well.¹⁰⁸

During the fifteenth and sixteenth centuries, Greeks and Jews were amongst the leading financiers in Istanbul, lending not only to private businesses but also to the state on a short-term basis. They were also amongst the major players in the tax-farming auctions. Prominent amongst these were Palaologi, Cantacuzeni, Chalcocondyli, and others of Byzantine heritage. Don Joseph Nasi whose family had been forced earlier to leave the Iberian Peninsula, arrived in Istanbul in 1552. He owed his spectacular rise to his financial services to Prince Selim, Süleyman's son. From Istanbul, he was able to make large loans to the kings of Poland and France. Many prominent Ottomans invested in these loans. Later in 1588, Alvaro Mendes of the Portuguese Marrano banking family came to settle in Istanbul bringing with him reportedly 850,000 gold ducats and received the same favors once enjoyed by Don Joseph Nasi. Large-scale banking and trade operations formed the core of the family's activities. These operations were

¹⁰⁸ Masters (1988), 146-85; Inalcik (1981), 1-91, for fifteenth-century Bursa; and Ongan (1974), for sixteenth-century Ankara.

carried on through a network of agents located in the leading European centers. Jewish activity in international trade and finance declined in the seventeenth century, however.¹⁰⁹

In an interesting recent study, Bogdan Murgescu examined the links between the Romanian principalities and the credit markets of Edirne and Istanbul. Towards the end of the seventeenth century, the princes of Wallachia and Moldavia were unable to meet the rising demands from Istanbul for annual tribute payments. As a result, they began to borrow large sums in the credit markets of Edirne and Istanbul. The account books of Prince Constantin Brancoveanu show that total debt payments to the creditors in these two cities reached one million Dutch thalers or about 400,000 Venetian ducats during the period from 1694 through 1703. Close to half of these payments were made to a large number of Muslim moneylenders. Part of these funds apparently belonged to the guilds and they were being loaned by their chiefs. Payments to Greek Orthodox and Jewish creditors accounted for another 40 percent of the total. The interest rate on

¹⁰⁹ Raşid (H. 1282) 2: 68-9. See also İnalcık (1994), 209-15; and İnalcık (1989), 513-33. For archival documents on the activities of Jewish moneylenders in Istanbul, Edirne, Bursa, and elsewhere, see also Sevgen (1968-69), 14-24.

these loans was usually fixed on a monthly basis and varied between 2 and 2.5 percent per month.

Above all most important provider of loans in Istanbul and the Anatolian urban centers were the cash *vakıfs*, pious foundations established with the explicit purpose of lending their cash assets and using the interest income to fulfill their goals. These endowments began to be approved by the Ottoman courts in the early part of the fifteenth century and had become popular all over Anatolia and the Balkan provinces by the end of the sixteenth century. From the sixteenth through the eighteenth century, the cash *vakıfs* usually lent at rates between 11 and 13 percent, which were lower than the prevailing market rates of interest in other credit transactions.¹¹⁰ An interesting development that became more pronounced during the eighteenth century was

¹¹⁰ Çizakça (1995), 331. More recently, Çizakça made a detailed study of cash vakıfs for the city of Bursa from the sixteenth through the eighteenth centuries. His research showed that the cash vakıfs usually lent small amounts to small borrowers, both to households and small businesses and a large part of these remained consumption oriented loans. The sample results suggest that at any given time during the eighteenth century, as much as 9 percent of the inhabitants of the city of Bursa used credit from the cash vakıfs. Çizakça (1995), 335-36. In addition to the cases mentioned by Jennings and Gerber for Anatolian urban centers, an inventory of vakıfs in Istanbul undertaken for the year 1570 also points to the large presence of cash vakıfs. The survey also showed that the cash vakıfs of Istanbul lent at the constant rate of 10 percent per annum. Barkan and Ayverdi (1970).

the increasing allocation of the funds to the trustees of these endowments. The trustees then used the borrowed funds to lend at higher rates of interest to large-scale moneylenders (*sarraf*) in Istanbul who pooled these funds to finance larger ventures, most importantly, long-distance trade and tax-farming.¹¹¹ Not surprisingly, a lively debate developed during the sixteenth century within the Ottoman ulema regarding whether the cash vakif should be considered illegitimate. The cash vakıfs were opposed by those who believed that only goods with permanent value such as real estate should constitute the assets of a pious foundation and that the cash *vakıfs* contravened the Islamic prohibition of interest. The majority of the ulema, however, remained eminently pragmatic and the view that anything useful for the community is useful for Islam ultimately prevailed. During the heated debate, Ebusuud Efendi, the prominent, state-appointed religious leader (*şeyhulislam*) of the period, defended the practice from a purely practical point of view arguing that abolition of interest taking would lead to the collapse of many

¹¹¹ Çizakça (1996), 131-34; and Çizakça. Çizakça also emphasizes that some twenty percent of the cash vakıfs survived for more than a century. However, it is difficult to say whether this is a high or low rate of survival in the absence of similar survival rates for other vakıfs with non-cash assets.

pious foundations, a situation that would harm the Muslim community.¹¹²

There was, however, a qualitative difference between Anatolia and the Balkans on the one hand, and the Arab provinces of the Empire on the other, with regard to the ease with which interest on credit was accepted and the frequency of cash *vakıfs*. Based on court records in Syria, Rafeq has argued that interest-free loans far outnumbered interest-bearing loans in the sixteenth century and the courts recognized interest attached to the loans reluctantly and only after the orders of the sultan in Istanbul. By the late part of the seventeenth century, however, loans with interest dominated both urban and rural credit transactions.¹¹³ The extent of the geographical diffusion of the cash *vakıfs* in the Arab provinces of the Empire is not yet clear. Originally, it was argued that they did not exist in the Arab provinces where interest bearing credit was not as easily accepted but this view has been challenged. The existence of cash *vakıfs* in Aleppo has been

¹¹² Naima (H. 1283); 3: 122. See also Mandaville (1979), 289-308; also see Faroqhi (1994a), 490-92; and Çizakça (2000), 27-42.

¹¹³ Mandaville (1979), 308; Masters (1982), 162; and Çizakça (1995), 313; also Çağatay (1970), 53-68; Rafeq (1992), 323-29.

documented and it is possible that future research may reveal further examples in other Arab cities, at least in Syria.



Chapter 3

MONETARY ZONES

THE BALKANS AND ANATOLIA

The Ottomans pursued a two-tiered approach to money and currency in Anatolia and the Balkans based on the gold sultani and the silver akçe. They unified the gold coinage at the existing international standards, but allowed the creation of multiple currency zones in silver in view of the sharply different commercial relations and needs of the new provinces. Regarding the former, this was due to both symbolic and economic reasons. With a single gold coin, the ultimate symbol of sovereignty, the Ottomans thus unified the Empire from the Balkans to Egypt and the Maghrib. The standards of the sultani, its weight and fineness, were kept identical to those of the Venetian ducat that had become the accepted standard of payment in long-distance trade across the Mediterranean and beyond. Whether Ottoman gold coinage was issued in a given territory or not depended upon its status; whether it was part of the Empire proper or whether it was considered a province with some degree of autonomy. Hence, the

sultani was issued regularly in Egypt, Algiers, Tunis, as well as the Balkans and Anatolia. In contrast, it was never minted in the autonomous Danubian principalities of Wallachia and Moldavia. Similarly, the autonomous Crimean Khanate was able to issue its own silver coinage but no gold coinage was minted there for either the khans or the Ottoman sultans. As to later, the central government chose to continue with the existing monetary units in the newly conquered territories with or without modifications. The most important reason for this preference was the wish to avoid economic disruption and possible popular unrest. It was also not clear whether the central government had the fiscal, administrative, and economic resources to unify the silver coinage of the Empire. As a result, while the silver coinage minted in the new territories began to bear the name of the sultan, their designs and standards as well as the names of the currencies adhered to the pre-Ottoman forms and usages in many instances. Earlier styles and types of copper coinage were also continued with nominal values and for small transactions.

As the Ottoman state territorially expanded to become a full-fledged empire, located at the crossroads of intercontinental

trade during the sixteenth and seventeenth centuries, the empire also came into contact with global flows of specie during this period. The Ottoman monetary system functioned reasonably well until the last quarter of the sixteenth century. However, this system could not be continued. The newly conquered territories, from the Balkans and Crimea to Syria, Egypt, Iraq, Yemen, and the Maghrib during the sixteenth and seventeenth centuries, each of which was subject to different economic forces and very different patterns of trade, already had well-established currency systems of their own. From the 1580s until the 1640s, there was an unusually turbulent period with frequent debasements and major fluctuations in the value of the currency, which eventually led to the cessation of mint activity in the Balkans and Anatolia.

On the whole, Ottoman monetary practices in later periods were in fact characterized by a remarkable degree of pragmatism and flexibility. This approach was in fact quite similar to Ottoman administrative practices in other areas. As a result, in monetary as well as other matters, there emerged inside the Empire different zones with varying degrees of administrative control. At the core were the areas most closely administered by the capital with

institutions most closely resembling those in the Istanbul region. With increasing distance from the capital, the institutions and administrative practices reflected the power balances between the capital and the local structures and forces in the provinces.

As a result, in monetary as well as other matters, there emerged inside the Empire different zones with varying degrees of administrative control. At the core were the areas most closely administered by the capital with institutions most closely resembling those in the Istanbul region including the Balkans, western and central Anatolia. With increasing distance from the capital, the institutions and administrative practices reflected the changing balances between the capital and the provinces. The silver akçe was both the basic unit of account and the leading medium of exchange in the Balkans and Anatolia for purposes of small daily transactions. For large transactions and hoarding purposes, the sultani was used together with European gold pieces.

The mint at Istanbul was the leading mint of the region for both the akçe and the sultani. The number of mints producing silver akçes was limited until the end of the fifteenth century. Of

the fourteen mints producing akçe during the thirty-one-year reign of Bayezid II (1481-1512), six were located in the Balkans, one in the capital, and the rest in Anatolia.¹ In addition, two mints, Istanbul and Serez in Macedonia produced sultanis. The number of active mints producing silver akçe reached its peak late in the sixteenth century in the Balkans as well as other regions across the Empire. During the twenty-one-year reign of Murad III (1574-1595), the akçe was minted in at least thirty-eight locations around the Empire, most of them in Anatolia and the Balkans including the Aegean islands, all located south of the Danube and as far west as Banja Luka in Bosnia. The most active mints in the Balkans continued to be those located at or close to the sites of mines in Macedonia and Serbia.² The number of mints producing akçe remained at the same level, close to forty, during the eight-year reign of Mehmed III (1595-1603).³ More than a quarter century later, during the seventeen-year reign of Murad IV (1623-1640), the

¹ These were Edirne, Gelibolu, Usküp, Novar, Kratova, and Serez.

² Naima (H. 1283), 26-35. For more detail on these mines see Robev (1995), 126-35.

³ These figures refer to the total numbers of mints that produced the silver akçe with a particular sultan's name. Since the Ottoman coins of this period did not feature regnal years, it would not be clear from this evidence how many of these mints were active during any given year.

number declined to close to thirty.⁴ During the same period nine mints in the Balkans and Anatolia produced gold sultanis.⁵

The only mint in Anatolia located near a silver mine was that of Canca near Gümüşhane in northeastern Anatolia. The bulk of silver coinage was thus produced in the Balkans and transported to Anatolia in one way or another. In contrast, copper coinage continued to be produced mostly in Anatolia and the capital city and transported to the Balkans.⁶ The Venetian gold ducat remained the most important foreign coin circulating in the Balkans and Anatolia during the sixteenth and seventeenth centuries. In the second half of the sixteenth century, large European silver coins called groschen, most importantly the Spanish eight-real piece and the Dutch lion thaler, also began to circulate in the Balkans and Anatolia.⁷

During the earlier part of the century new territories in the Balkans had been incorporated into the Empire. State finances had

⁴ These were the mints at Istanbul, Diyarbakir, Damascus, and Cairo. Edhem (H. 1334), 102-06; and Galib (H. 1307), 215-18.

⁵ Erüreten (1985), 14-5; Schaendlinger (1973), 93-106; Sultan (1977), 91-135; Kocaer (1967), 58-93; and Rizaj (1970), 71-79.

⁶ Schaendlinger (1973), 98.

⁷ BOA, MHM. volume 19 412/199 dated H. 980.

benefited from these successful campaigns and the inflow of annual remittances from these provinces, together with the major silver deposits in Bohemia and Hungary. The central government chose to continue with the existing monetary units in the newly conquered territories without modifications.⁸ The Ottomans did not make any basic changes in the production methods or technology in the mines, which came under their control in the Balkans in the late fifteenth and early sixteenth centuries.⁹ Their regulations on mines were simply a translation of the pre-Ottoman regulations, in which the original German (Saxon) terminology was preserved.¹⁰ Ottomans grafted their mukataa system onto the administrative organization of these mines.¹¹ Regarding the

⁸ Solakzade (H. 1298); 65 and 101.

⁹ Once they were in his possession, he tried to expand production levels of the mines with the assistance of Serbian and Greek financiers: Inalcik (1961).

¹⁰ Anhegger and Inalcik (1956), nos. 28-35; Murphey (1980), 75-104. Mining technology was originally introduced by Saxon immigrants to the Balkans in the mid-thirteenth century.

¹¹ The Ottomans followed the examples of the Seljuks and the Ilkhanids and established a large number of mints at important commercial and urban centers and at, or close to, major mines. The high numbers of mints underline the Ottoman concern to acquire specie and make coinage available locally at a time when it was difficult, technologically and administratively, to collect all bullion at a few centers and then send minted coinage back to the provinces. The high numbers also suggest that the mints did not all work around the clock. In fact, the activities of the mints varied widely over time and there was substantial excess capacity. Usually, the output of each mint depended on the amount of specie brought in by private individuals or gathered by the state. As a result, there was a good deal of seasonal fluctuation in mint output. In addition, with each new sultan, the government demanded that old coinage be brought to the

mints and changed for those bearing the name of the new sultan, an operation referred to as *tecdid-i sikke*, or renewal of coinage. Volume of mint activity increased sharply during these periods. These were not much different from the conversion operations known as *refonte* in Europe. The mints were controlled and administered closely by the central government under a variety of systems, albeit their large numbers. The larger mints located in the leading urban centers were typically operated by the state and their day-to-day operations were supervised by an employee of the state (*emin*) under a system called *emanet*. The smaller mints were usually operated under the tax-farming (*iltizam*) system. They were auctioned off to the highest bidding individuals or partnerships of individuals (*amil*) for a period of three or six years or occasionally longer in return for regular payments. Occasionally the same tax-farmer (*mültezim*) obtained the rights to more than one mint. In one extreme case during the 1470s, all local mints in Anatolia and the Balkans were being held by the same partnership of *mültezims*. Finally, some mints were operated under a hybrid system called *emanet ber-vech-i iltizam* under which the tax-farmers were also salaried employees of the state. Inalcik (1961); Sahillioğlu (1958) 241-77; and Sahillioğlu (1962-63), 145-218. In all cases, the government closely supervised the operations. Under the tax-farming system, the *mültezim* or *amil* often employed an *emin* to supervise the day-to-day operations of the mint. Another person called *sahib-i ayar* was responsible directly to the government for the technical operations and ensuring that coinage met the legal standards established by the government. The government also supervised the technical and financial activities through the local judge (*cadı*) who periodically examined the books. The legal standards sent to the mints by the central government specified the numbers of akçes that could be struck from each one hundred dirhams of pure silver. No alloy could be legally added to akçes until the seventeenth century. The instructions also specified how much the mints should pay for the bullion they purchased and how much they should charge private individuals who brought their own bullion to the mints and asked for coinage. For full texts of Ottoman laws and regulations concerning the mints prepared during the second half of the fifteenth century, see Akgündüz (1990-94), volume 1, 384-88, 532-37. Whether these legal standards were actually followed by the local mints depended upon the effectiveness of government control and also on the availability of silver, not necessarily in that order. There is archival evidence from virtually every period indicating how the central government instructed local *cadis* to pursue and punish those local mint operators who did not follow the legal standards. However, the relatively low frequency of instructions sent from the center and the small variations in the weights of available coins indicate that the mints adhered to the legal standards fairly closely until the middle of the sixteenth century. The minting technique for all Ottoman coinage, silver, copper, and gold remained simple until the end of the seventeenth century. A blank piece of metal was placed between two dies and the upper die was struck with a hammer so that the two dies left their impressions on both sides of the resulting coin. The making of the dies, the preparation of the blanks, and verification, as well as the process of striking itself required considerable amount of skill. Sahillioğlu (1992), 261-63; also Grierson (1975), 100-11; Lane and Mueller (1985), 218-33; Chalis (1992), 159-63. Under the supervision of the *sahib-i ayar*, the larger mints employed specialized workers, artisans, and masters who were responsible for the many detailed tasks of minting. Their numbers reached hundreds in the Istanbul mint. Similarly, numbers of workers exceeded one hundred in some of the other large

administrative organization, in general, the central government auctioned off the operation of mints and their revenues to private individuals. The tax-farming system was the principal method of revenue collection from the earliest times. The alternative method was to appoint a salaried government commissioner, an *emin*, to do the job as a tax-farmer. It then tried, through a representative of the local *qadi*, to persevere with close control especially of the specie content of the coinage. They made every effort to exploit them to the full in order to meet their growing need for precious metals.

The Ottoman government did not mint *akçes* or *sultanis* in Hungary during the sixteenth and seventeenth centuries. One important reason was the absence of silver and gold deposits in the Ottoman regions of Hungary although major gold mines were located in other parts of Hungary and these had supplied large areas of Europe ever since the late medieval period. Evidence from

mints. In the medium-sized mints numbers of employees were usually counted in dozens. The smaller mints in the provinces often relied on the larger mints for some of the more specialized tasks. The central government occasionally ordered master artisans to move from one mint to another depending upon the need. For examples of orders to the *cadis* of towns with mints in the Balkans to send their masters to the mint in Istanbul, see BOA, MHM. volume. 62, 571/ 253 and volume 64, 233/79 dated 1588.

coin hoards indicates that akçes and sultanis produced in the Balkans circulated in Hungary, albeit in limited volume. Circulating more widely was the coinage of the neighboring states, most importantly the silver and gold coins of the independent Hungarian principalities, the small silver groats, zweirs, pfennigs from the Habsburg domains, small silver coins from Poland such as the half-groats, and increasingly from the second half of the sixteenth and during the seventeenth century, the large thalers. Nonetheless, all taxes in Ottoman Hungary continued to be specified in akçes. In other words, while the akçe served as the unit of account, at least in governmental transactions, the coinage of the neighboring states served as the leading means of exchange and payments, including taxes.¹²

Similarly the Ottomans did not mint coins in Wallachia or Moldavia. In a like manner, local rulers in Wallachia did not mint coins with their own name and those in Moldavia did so on a limited basis. This pattern cannot be explained solely by reference to the absence of specie in these areas. Instead, the pattern is

¹² Gedai (1988), 102-19; and Zimanyi (1987), 17-27.

highly suggestive about both the extent and the limits of the autonomy enjoyed by these principalities during the Ottoman period.¹³ During the sixteenth century, the akçe was the leading unit of account in Wallachia but not in Moldavia. Evidence from coin hoards indicate that akçes minted in the Balkans and Istanbul circulated widely in these principalities during the sixteenth century, much more so than the Ottoman provinces of Hungary. Akçes and sultanis accounted for more than 86 percent of the value of all coins found in Wallachia dating until the 1580s, but only for 38 percent during the last two decades of the sixteenth century. The corresponding percentages were lower for Moldavia at 26 percent and 7 percent, respectively. In both cases, the balance was made up primarily by Hungarian coins in the earlier period and increasingly by the large silver coins from central and Western Europe. In addition, Polish silver coins, especially the half groats, were significant in Moldavia at the end of the century. Circulation of gold coins remained limited. The Danubian principalities were never fully incorporated into the Ottoman Empire but became

¹³ Sugar (1977), 113-26. In a recent article that appeared too late to be incorporated into the above discussion, Maxim addresses this question in detail. Maxim (1998), 69-88.

vassal states paying regular tribute, Wallachia beginning late in the fifteenth century and Moldavia in the early part of the sixteenth century. These principalities were mostly independent in their internal affairs and did not adopt Ottoman institutions such as the timar land tenure system.

There exist two major source of monetary or payments flow across the Balkans: the military campaigns and annual tribute payments. As to the former, part of the provisioning needs of a campaign was typically financed by ordinary or extraordinary taxes collected mostly in kind but some in cash in the regions through which the army moved. The army, which often exceeded 100,000 soldiers during the sixteenth century, also purchased some of its supplies. For this purpose, large sums were often sent from the imperial treasury. In addition, the soldiers continued to receive their salaries during the campaigns and these often amounted to large sums. These large sums were then injected into the local economies. The payments flows increased proportionally when the campaigns lasted longer and when large numbers of troops were kept at the frontier for extended periods. Total sums spent in one of these campaigns often reached millions of Venetian ducats,

for example, Ottoman spending during the unusually long military campaign against the Habsburgs in Hungary at the turn of the seventeenth century. The imperial treasury paid out a total of 380 million akçes or the equivalent of 3.2 million gold ducats during the eleven-month period beginning in July 1599 and 310 million akçes or approximately 2.5 million gold ducats for a two-year period beginning in July 1602. Records of the central government show that 67 percent of these payments were made by gold coin, 23 percent in silver akçes and approximately 10 percent in large European silver coins. Approximately 70 percent of these expenditures were payments of wages to the troops (*mevacib*).¹⁴ A short lived episode towards the end of the sixteenth century provides important insights into the nature of payments flows between the Danubian principalities and Istanbul, and more generally across the Empire. Large volumes of Ottoman shahis minted in eastern Anatolia and Iraq during the war of 1578-90 with Iran and then sent to the capital city as some form of payment ended up in the principalities during the 1580s as payments for the

¹⁴ Naima (H. 1283) 4: 75.

exports of Wallachia and Moldavia.¹⁵ Since the official exchange rates overvalued the shahis, however, they were promptly returned to Istanbul as part of the tribute payment. Istanbul returned the favor once again. The flows of shahis between the principalities and the capital continued until they were stopped by the central government.¹⁶ The latter was the most important form of specie outflow from the two principalities during the sixteenth and seventeenth centuries and these were usually balanced by the trade surpluses of the principalities. The tribute payments had remained small until the end of the fifteenth century, below 10,000 Venetian ducats for each principality but began to exceed 50,000 ducats around the middle of the sixteenth century and 100,000 ducats in the second half of the century for Wallachia and averaged close to 35,000 ducats per year for Moldavia. In addition, the principalities sent to Istanbul foodstuffs and various raw materials at official prices established by the Ottoman

¹⁵ BOA, MHM. volume 3, 1117/377 dated H. 967.

¹⁶ Murgescu (1994), 1-8.

government. These commodities played an important role in the provisioning of the capital, army, and the palace.¹⁷

THE NEAR EAST, THE MAGHRIB, ARABIA,
AND CRIMEA

The historiography on Egypt has long emphasized the considerable autonomy of the province from the central government.¹⁸ However, recent research has shown that Istanbul continued to exert a good deal of control and that political and administrative ties to the capital were considerable.¹⁹ Our examination of the monetary linkages between Istanbul and Cairo during this period has revealed a good deal of evidence supporting the latter thesis. The most frequently used coin had been the silver half dirham called *medin*, *nisf fiddah*, and also “*qit’a*,” meaning piece in Arabic. These half dirhams weighed about 1.2 grams in the early part of the sixteenth century. Beginning with the Ottoman law code (*kanunname*) of Egypt dated 1524, Ottoman sources refer to *medin* as *para* or *pare* meaning

¹⁷ Sugar (1977), 122-26; Hansen (1981), 473-520).

¹⁸ For example, Holt (1966).

¹⁹ Hathaway (1997).

“piece” in Turkish.²⁰ The *medin*, *nısf* or *pare* remained the basic coin for daily transactions as well as the leading money of account in Egypt until the end of the eighteenth century. It was regularly minted in Cairo until the coinage reform of Muhammed Ali in 1834. The standards of the *para* were established by the Ottoman *kanunname* of Egypt dated 1524. 250 *paras* were to be struck from each 100 *dirhams* of 84 percent pure silver. The first *para* thus contained about 1.075 grams of pure silver, or about 50 percent more than that of the contemporary *akçe*. The exchange rate of 1.5 *akçes/para*, which prevailed until the debasement of 1585-86 in Istanbul thus, reflected the respective silver contents of these two units.²¹

Despite Istanbul’s efforts, however, the weight and fineness of the *para* fluctuated during the sixteenth century. Nonetheless, the decline in its silver content remained limited for the century as a whole while the *akçe* at Istanbul underwent a major debasement

²⁰ Barkan (1942-43), 1/5: 386.

²¹ In Ottoman treasury accounts, the exchange rate of 2 was also used in the early part of the sixteenth century. However, the exchange rates of each of these units against the ducat gives a cross rate of 1.5 until late in the century.

of 44 percent in 1585-86.²² A study of the weights of the available coins indicates that a similar debasement did not take place in Cairo late in the sixteenth century. It has been suggested that the relative stability of the *para* was due to the success of the janissaries in Cairo in resisting a debasement. One possibility, which cannot be ruled out, is that a major debasement was undertaken in Cairo around 1586 but the government was forced to go back to earlier standards of coinage after the revolt of the janissaries.²³ At close to 0.9 grams, the weight of the *para* in the early part of the seventeenth century was not very different from the earlier periods. We do not know of the fineness of these coins, however.²⁴ In any case, the exchange rate between the *medin* and *akçe* changed some time after the Ottoman debasement of 1585-86. Most likely, this rate fluctuated due to the instability of the *akçe* until 1640 and then settled at three *akçes* per *para*. The *para* coins

²² Braudel, relying on the historian Hammer states that a similar debasement of 30 percent occurred in Cairo in the 1560s. Available evidence such as the weight of the existing coins, incomplete mint records, and exchange rates indicate this was not the case. Braudel (1972), 539.

²³ Sahillioğlu (1958), 88. The *para* was devalued by one-half in 1584 and the troops rose in revolt. Similarly, Andre Raymond mentions a revolt by the janissaries in 1586 associated with the declining purchasing power of their salaries: Raymond (1999), 134. For important insights into commercial conditions in Egypt at the end of the sixteenth and early seventeenth centuries, see Nelly (1998), 43-99.

²⁴ Lachman (1977), 425 and 482-84; Lachman (1979a), 54-57; Norman, el-Nabarawy and Bacharach (1982), 119-24; also Schaendlinger (1973), 73.

that began to be issued in Istanbul and elsewhere in the Empire in the first half of the seventeenth century contained three times as much silver as the akçe.²⁵ The Ottoman administration also resumed the minting of copper coinage called fulus, immediately after the conquest of Egypt.²⁶

Following the practices of most other Mediterranean and European states, the Mamluk government began in 1425 to mint a new gold unit called ashrafi with the same standards as the ducat. This piece soon replaced the ducat as the principal gold coin in Egypt and remained so until the Ottoman conquest in 1517.²⁷ Continued gold flows from the sub-Saharan Africa stretching from present day Sudan in the east to Senegal in the west turned Cairo into one of the leading centers of gold coinage for the Ottoman Empire during the sixteenth century. The Ottoman gold pieces

²⁵ BOA, İ.E.Dp number 94 dated H. 1111. For large sums appearing in the Ottoman financial registers originating in Egypt, a new unit of account came into use in the seventeenth century, the Egyptian purse (*kese-i Misri*) which equaled 25,000 *paras*. The *kese* was also used for akçes elsewhere in the Empire, with the Rumi purse (*kese-i Rumi*) equalling 50,000 akçes. The Egyptian purse of 25,000 *paras* equalled 60,000 akçes regardless of the exchange rate between the two units.

²⁶ Berman (1975), 150-52.

²⁷ Spufford (1988), appendix I. Some Ottoman documents refer to the ashrafi as "the Kayithay gold piece" although its origins go back to Sultan al-Ashraf Barsbay. Barkan (1942) 217-219; Bacharach (1983), 171. Spufford (1988), 367-69; Walz (1983), 309-11; the Ottoman kanunname for Egypt dated 1524 refers explicitly to gold inflows from Takrur; see Barkan (1942), 386.

minted in Egypt had the same standards as those elsewhere in the Empire and they came to be called sherifi. The sherifi had the same standards as the ashrafi since they both followed the prevailing standards across the Mediterranean. During most of the sixteenth century, the sherifis minted at Cairo exchanged at par against the sultani minted elsewhere in the Empire.²⁸

The government in Egypt encouraged the trade and inflows of gold from the south across the Sahara. These gold flows, which were closely related to the arrival of Muslim pilgrims from sub-Saharan Africa, continued in the early part of the eighteenth century but apparently declined after the 1730s.²⁹ Nonetheless, because of the inflows from the south and possibly other reasons, Egypt generally experienced a relative abundance of gold but shortages of silver in relation to the Istanbul region. In the bilateral payment flows between Egypt and the Istanbul region, gold

²⁸ The other leading mints in gold coinage in the sixteenth century were Istanbul and Sidrekapsi in Macedonia; see Kocaer (1967), 19-21; and Pere, (1968), 21-24.

²⁹ Walz (1983), 311-25.

usually flowed from Egypt to Istanbul and silver moved in the opposite direction.³⁰

In the context of east-west trade, while gold flowed from Egypt to Istanbul, silver entered Egypt from Europe by reason of the trade surpluses in that direction. However, as was the case with other regions of the Empire, silver continued to flow east from Egypt, towards the Indian Ocean because of trade deficits in that direction. Another reason for the movement of the gold coins was the annual remittances sent from Cairo to Istanbul. The annual remittance from Cairo to Istanbul had been fixed at 500 thousand gold pieces per annum, a large sum in the sixteenth century in terms of both the budgetary receipts at Istanbul and Cairo and also in terms of interregional payment flows within the Empire.³¹ This pattern of payment and specie flows changed

³⁰ Sahillioğlu (1965a), 112-14.

³¹ Shaw (1962), 283-312. Shaw provides an account of the early evolution of this payment: "in the early period of Ottoman rule ... the yearly remittances were set at 500,000 gold pieces... After the appointment of Hosrev Paşa as vali (governor) of Egypt, the annual remittances were raised to 700,000 gold pieces or 28 million *paras* a year, at his own request and in the year 1535-36 he sent to Istanbul more than one million gold pieces. When it arrived in Istanbul, however, the Sultan (Süleyman I) refused to accept it saying that it was too much and expressing the fear that it had been taken tyrannically from the poor. Hosrev Paşa had hoped to impress his master by the attention of his collections, and he replied that he had been able to collect that much by special efforts in the border regions of Egypt. But the Sultan ordered that the money collected in

substantially during the seventeenth century. The amounts reaching Istanbul were far below that amount, however, and the actual payments were often made in paras of Cairo. This shift suggests that gold flows from the south slowed down after the sixteenth century, if not earlier. As political and administrative disorders caused revenues in Egypt to decline and Istanbul's control over Egypt disappeared, however, for many years until the last quarter of the seventeenth century, nothing at all was sent to the capital.³² Gold coinage from Cairo regained its prominence in Istanbul in the late seventeenth and early eighteenth century suggesting that gold flows from the south to Cairo resumed around this time if not earlier.

In contrast to Istanbul where copper coinage remained exceptional in the eighteenth century, varieties of copper coins called both fels and jedid were minted in Egypt. Most of these coins weighed about half or two fifths of a dirham (1.2 to 1.6 grams). Their nominal values varied from eight to eighteen jedid

such a way could be spent only for the water cisterns of the Muslims in the Porte and the Holy cities, and that thereafter the *irsaliyye-i hazine* should be no more than 500,000 gold pieces, every year." Shaw (1962), 284.

³² Shaw (1962), 284-87.

for one para. Copper coinage was discontinued towards the end of the eighteenth century, however, after debasements and inflation diminished the usefulness of the fractions of the para.³³

Of the European coins in Egypt, The Venetian gold ducat called bunduqi or naturalized as sherifi bunduqi circulated extensively during the sixteenth century as was the case elsewhere in the eastern Mediterranean. Besides, the Hungarian gold piece (sherifi macar), the German thaler and the Austrian Marie Theresa thaler were also very popular in Egypt. In the following century, the leading European coins were the Spanish eight-real piece, known as the riyal kuruş and more importantly, the Dutch thaler or lion dollar also known as esedi kuruş or asianli kuruş or ebu kalb apparently because the lion on the coin was referred to as a dog.³⁴

Syria continued to play the role of a zone of transition between the currencies of Anatolia and Egypt during the eighteenth century, as had been the case earlier. The akçe had

³³ Lachman (1978), 238-39.

³⁴ In the early decades of the seventeenth century, one kuruş equalled 30 medins or nisfs. BOA, İ.E.Dp. number 94. For more discussion see Hanna (1998), 60-99.

disappeared in Syria with the decline of mint activity in Istanbul and Anatolia after the 1640s. As a result, the para of Egypt had become the leading unit of account for small magnitudes in most of Syria during the seventeenth century.³⁵ For larger magnitudes the Dutch thaler remained the leading unit of account as well as the basic medium of exchange until the early part of the eighteenth century. Within this perspective, the circulation of the para or medin and the gold sherifis was not limited to Egypt, however. During the sixteenth and seventeenth centuries the medins were struck in a large number of mints over a broad geographical area stretching from Syria, Palestine, eastern Anatolia, Iraq, Yemen, to Tripoli, Tunis, and Algiers. Afterwards Cairo, Damascus, Aleppo, and Amid (Diyarbakır) in southeastern Anatolia became the leading mints producing medins.³⁶ In Syria, Palestine, and to a lesser extent, southeastern Anatolia and Iraq, the medin circulated together with other Ottoman silver coins, namely the akçe which

³⁵ Similarly, with the growth of trade between Crete and Egypt and in the absence of the akçe itself, the para of Egypt became the leading unit of account in Crete late in the seventeenth century. Galib (H. 1307), 205; Greene (1993), 95-118.

³⁶ See, for example, Schaendlinger (1973), 96-115, which provides an incomplete but reasonably good list.

was frequently called the *osmani* in these regions,³⁷ and the *shahi*, also known amongst numismatists as *dirham*, which was the leading Ottoman silver unit in the provinces of Mosul and Bagdad. During the second half of the sixteenth century, the mints in Damascus, Aleppo, and Amid minted all three of these units. Gold *sultanis* as well as copper coins were also minted and circulated in all of these regions.³⁸ In addition, European coins circulated in all of these areas. The latter increased in importance in the second half of the sixteenth century and reached its peak during the seventeenth century.

Regarding Palestine and Lebanon, in the early years of the Ottoman period, the *qita halabiyya* (Aleppo piece), most likely a former coin, was the leading money of account in the court registers of Jerusalem. Gradually, however, the *para* began to establish itself and the *halabiyya* was replaced completely by the

³⁷ BOA, MHM. Volume 22, 100/48 dated H. 981.

³⁸ The court records are often used to obtain information on the types of coinage in circulation in the Ottoman provinces and their exchange rates. Caution is necessary in the use of these documents for the purposes of monetary history, however, as it is often difficult to differentiate, in these records, a unit of account from a specific coin as a means of exchange. In most of the official documents related to sixteenth-century Syria, for example, the *akçe* appeared as the unit of account but not necessarily as an actual coin. For the details in the case of Damascus at the end of the sixteenth century. Venzke (1981), 385-88.

1560s.³⁹ Towards the end of the century, the *akçe* or the *osmani*, became the unit of account although the coins actually used were most often the *para* minted in Cairo, Damascus, or Aleppo. Court registers and other official documents in Palestine mostly give 2.0 as the rate of exchange between the *akçe* and the *para*.⁴⁰ The *para*, or *medin*, or *qıt'a Misriyye* (Egyptian piece) remained the main Ottoman coin used in Palestine during the seventeenth century. Around the middle of the seventeenth century, the *para* minted at Damascus (*qıt'a şamiyye*) was apparently a smaller coin and was valued at three fourths of the Egyptian *para*. However, the large European silver coinages, especially the Dutch lion thalers and to a lesser extent the Spanish eight-real piece became increasingly more important during this period.

In Arabia, Hejaz, Yemen and Habesh (northern Abyssinnia), the *medin* or *para* circulated together with the *akçe*. In addition, Ottoman and Egyptian gold coins were used

³⁹ The *halabiyya* or the *akçe* of Aleppo was also mentioned in the court records and tax registers of the Sania (district) of Aleppo during the first half of the sixteenth century. Its exchange rate was usually given at two-and-a-half Ottoman *akçes*. BOA, MHM. Volume 5, 1755/629 dated H. 973. See also Venzke (1981), 385-88.

⁴⁰ In the same registers, the gold *sultani* was valued at 40 *paras* and 80 *akçes* until the 1580s. On the basis of its silver content, then, the *akçe* appears undervalued in Palestine. Cohen (1989), 48-53; and Singer (1993), xvi-xvii.

extensively. Ottoman coins were also minted with the name of the Ottoman sultan in Yemen from the 1520s until the middle of the seventeenth century. All silver and gold coinage minted in Yemen adhered to the standards of Istanbul, but they did not appear to be significant economically.⁴¹ Zabid and Sana were the most active mints during this century. While the gold coinage adhered to the standards of the sultani, the silver coinage included medins, and to a lesser extent, akçes (osmanis) as well as buqshahs, kabirs, and undetermined others. A large proportion of the silver coins were often heavily debased and did not follow any standard. The debased coinage contributed to the political instability in Yemen and occasionally necessitated the military intervention of the government in Cairo. In addition, copper coinage was produced for local use. Dutch Marie-Theresa thalers and Spanish eight-real pieces were popular in Yemen and the leading coinage used in trade.⁴²

The Ottoman authorities in Istanbul could not fully control the evolving monetary structures in the outlying regions of

⁴¹ Poop, Ruin and Wilski (1988), 88.

⁴² Poop, Ruin and Wilski (1988), 251-62; 5. Album (1998) 59.

Arabia, Hejaz, Habesh (northern Abyssinnia), each of which remained to some extent distinct from the Istanbul-based monetary system. The Holy Places in Hijaz and the pilgrimage to Mecca gave rise every year to one of the largest payments and specie flows within the Ottoman Empire. The financing of the caravans including provisioning, payments to tribal leaders en route for security and funds carried by tens of thousands, and in some years close to 100,000 pilgrims gave rise to large flows of gold and silver from Egypt, Syria, and Anatolia to the Hijaz every year. Even more importantly, the governments in Istanbul and Egypt and the various official, semi-official, and private foundations sent large sums every year to support the Holy Cities. It is estimated that official remittances from Cairo and Istanbul were roughly equal in magnitude, fluctuating mostly between 50,000 and 100,000 gold sultanis per year from each during the sixteenth and first half of the seventeenth centuries. In addition, the annual revenues of many small and large pious foundations (*vakıf*) in Anatolia and some of the largest foundations in Egypt and were set-aside for the Hijaz. Total remittances by the foundations roughly equaled the amounts sent by the governments in Istanbul and Cairo. From Egypt, some of these net

revenues were sent in kind, as cereals. Faroqhi thus estimates that a total of 300,000 to 400,000 sultanis were sent to the Hijaz every year from Istanbul, Anatolia, and Egypt combined in addition to the payments and specie flows arising from the pilgrimage caravans themselves. The funds in cash were sent in gold whenever available, because gold was the preferred specie in the Hijaz.⁴³ Annual payment flows to the Hijaz were not as large as government spending on military campaigns in the Balkans which exceeded 600 thousand gold pieces excluding payments to the soldiers and reached 2 to 3 million gold pieces in one year including payments to the soldiers; but they were huge by any other standard. The size of the flows to the Hijaz, from both official and private sources also gives a good indication of the importance attached to the Holy Places by the Ottoman government and society at large.

The areas neighboring Iran, from eastern Anatolia to Iraq, were especially sensitive for the Ottoman government. In this region Ottoman mints produced a coin called dirham by the

⁴³ Naima (H. 1283); 5: 305. See also Faroqhi (1994b), 74-91 and 158-68.

numismatists and shahi by the Ottoman documents and the local population. Its weight and silver content was similar to the shahis of Persia.⁴⁴ After the Ottoman expansion into the southern Caucasus, eastern Anatolia, northern Iraq, and Mesopotamia early in the sixteenth century, the Ottomans began to produce the gold sultani in the leading mints of this region. At the same time, they decided to continue with the local tradition of large silver coins. Political factors may have contributed to this strategy of having a separate monetary zone next to Safavid Persia. Perhaps more importantly, trade with the east exhibited large deficits during the sixteenth century and outflow of specie occurred mostly through this region. The minting of the shahi might control the outflow of specie to the east.⁴⁵ Besides, Shahis or dirhams continued to be minted in Baghdad until the 1730s. These coins carried the

⁴⁴ Starting in the 1520s this coin weighted more than 4 grams, exchanging for 7 or 7.5 akces. In the 1580s, the silver content of the shahi was reduced by approximately half to more than 2 grams following the debasement in Persia and Istanbul: Sahillioğlu (1958), 89-91; 83; Maxim (1975); Steensgaard (1974), 419-21.

⁴⁵ MHM. volume 26, 549/199 dated H. 982. Geographically, a good deal of overlap existed between the three units, akçe, medin or para, and the shahi. For example, mints in the cities of Amid (Diyarbakir) and Aleppo struck all three of these coins and a number of other mints struck two of them in the second half of the sixteenth century. Schaendlinger (1973), 99-105.

inscription “shah” for the Ottoman ruler until 1555.⁴⁶ Even after this date, however, the local population continued to refer to them as shahis much to the consternation of the Ottoman authorities who tried in vain to have them called padişahis. Ottoman documents of the period used the term “padişahi.”⁴⁷

Until the first decades of the sixteenth century only a limited number of the large shahis were minted. However, their volume expanded during the reign of Süleyman I (1520-66). Bagdad, Mosul, Amid, and Basra on the Gulf as well as Aleppo were the leading centers of minting activity. Other shahi-minting locations included Erzurum, Van, Revan, Tebriz and Nahcevan.⁴⁸ The weights of the shahis now available in numismatic collections

⁴⁶ The Ottomans stopped using the term “shah” in their gold coinage after the Treaty of Amasya they concluded with Shah Tahsmāp in 1555. They continued to use the term on the silver shahis after that date, albeit less frequently. Mackenzie (1991), 74; Pere (1968), 126-130.

⁴⁷ For an Ottoman document dated 1572 ordering the local authorities in Diyarbakir to make sure that the local population would call the coin “Selimi” after sultan Selim II and not shahi, see Altınay (1935), 69. For another document dated 1573, see MHM. volume 21, 4781200. In numismatic catalogues the standard term for these coins is dirham. See Artuk and Artuk (1970); Pere (1968); Altınay (H. 1340-41). The sixteenth century Ottoman kanunnames for these areas, including those for the province of Basra, used akçe as the unit of account even though akçe were not in circulation in the region. The Ottomans used the akçe as the unit of account in the provincial kanunnames irrespective of the actual coinage used locally. For other examples, see Barkan, (1942) chapter 4.

⁴⁸ Schaendlinger (1973), 95-114. Shahis were also minted regularly in Damascus but it is not clear whether the volume was significant.

range from 3.4 to 4.65 grams. During the reign of Selim II (1566-74) the standard was around 4.0 grams.⁴⁹ The exchange rate varied from 6 akçes in the earlier part of the century to 8 akçes in the 1580s.⁵⁰ In the early 1580s before their debasement, the shahis also exchanged at 5 medins, and at 8 shahis against the gold sultani. At these official rates, the shahis were overvalued in relation to their relative silver content. As a result, they drove away other coinage and became the preferred means of payment, especially in dealings with the state. There was some counterfeiting as well.⁵¹ One can only speculate as to why the government chose to pursue this policy. This may have been part of a strategy to support the Ottoman shahi against rival coinage across the border. An overvalued currency may have also been used as a mechanism for preventing the outflow of specie to Iran and even attracting silver

⁴⁹ Pere (1968), 121-9.

⁵⁰ Sahillioğlu (1965a), 89-91. Akdağ (1971), 199-200.

⁵¹ Sahillioğlu (1965a), 89-91. The overvaluation of the shahis increased their mobility across the Empire. Shahis minted in Bagdad, Aleppo, Damascus, and especially in eastern Anatolia circulated widely in Moldavia and Wallachia during the last two decades of the sixteenth century. These coins arrived at the principalities when exports from these areas to Istanbul were paid with shahis. They were promptly returned, however, with the tribute payments of these principalities. The quantities involved were considerable. For example, the Wallachian payments for the tribute of 1588-89 contained more than 926,000 pieces, and the Moldavian tribute for the same year included 255,000 pieces of shahis.

from that direction.⁵² The weight and the silver content of the shahi remained as stable as the akçe until the 1580s, and following the debasement of the latter in 1585-86, the shahi underwent a debasement of similar proportions. The weights of the available shahi coins minted during the last decade of the century vary from 2.2 to 3.1 grams.⁵³

Shahi production reached its peak during the wars with Iran in the second half of the sixteenth century when large numbers of troops were present in the region.⁵⁴ Shahi production declined substantially after the first decade of the seventeenth century. Most of the mints were closed down and Bagdad remained the only significant mint until the end of the century. One reason for this trend was the cessation of hostilities and the decline in the numbers of troops stationed in the region. The decline in shahi production was also due to the difficulties in

⁵² A study of the exchange-rate policies of the Ottoman and Safavid governments during the sixteenth century including the massive Ottoman debasement of 1585-86 could provide interesting insights into how these states tried to cope with specie flows. For further details, see chapter 3.

⁵³ Solakzade (H. 1298), 525; Schaendlinger (1973), 73; Pere (1968), 120-36.

⁵⁴ For examples of archival documents concerning the minting, circulation and exchange rate of shahis, see, BOA, MHM. volume 48, 116/41,158155, 853/291; volume XLVIX, 249/71; volume 53, 810/280 and 882/309; volume 55, 299/167.

locating supplies of silver and the inability of the government to control the quality of coinage, as was the case with akçe production during the seventeenth century. During the war against Iran in the early decades of the eighteenth century, the Ottoman government reverted once again to the practice of issuing coinage with standards inspired by those circulating across the border. In all newly occupied regions as well as those bordering on Iran, from Tiflis and Azerbaijan in the north to Tebriz and Bagdad in the south, the Ottomans minted two coins, weighing 2.7 and 5.3 grams respectively. These weights had no relation to other Ottoman coins circulating elsewhere in the Empire at the time. It is not entirely clear whether these coins were called shahis and double shahis but the larger coin was apparently minted to compete with the popular 200 dinar coins of Iran called *abbasi*, which weighed 4.7 to 5.4 grams.⁵⁵

During the sixteenth century, a further exceptional silver piece struck in the Basra province by the Ottomans was the *lari*

⁵⁵ For speculation on the standards of this coinage, see Lachman (1976), 51-53; and Quesne-Bird (1976), 192-93; also Schaendlinger (1973), 115-118. For the standards of Iranian coinage at the time, see Rabino (1945), table 11; and Album (1998), 130-131.

used in the Gulf and on the Indian Ocean. The lari was an unusual type of money, a small rod of pure silver the size but twisted and folded in the middle so that the two ends met. At the head was a stamp with the inscriptions of the mint. Its origins went back to the region of Laristan, which was on the Hormuz-Shiraz caravan route on the Persian side of the Gulf. The laris began to be minted in the fourteenth century and became increasingly popular as a medium of payment in long-distance commerce on the Indian Ocean. In the Gulf area, the laris were the leading form of payment for goods arriving from the east. The laris did not circulate inland in large quantities, however. In the early part of the sixteenth century, the laris were regularly minted at Basra, which had emerged as a prosperous port on the transit trade routes linking the Indian Ocean with the Mediterranean. After the Ottomans took control of the port city from the Safavids in the middle of the century, they continued the production of laris.⁵⁶ They also tried to put an end to the commercial linkages the Portuguese had developed in Basra and around the Gulf. Occasionally as in the

⁵⁶ For the permission by the central government to the governor of Bagdad to begin minting laris, see BOA, MHM. volume 3, 616/220 dated 967 H. (1560).

late 1570s, the Ottomans prohibited the minting of the laris, as part of attempts to prevent the outflow of specie to the east. These efforts were not very effective, however, in slowing down the outflow.⁵⁷ After 1525, the lari weighed 5.2 grams of exceptionally pure silver. Its exchange rate in the 1580s was given at 6.5 medins of Aleppo and one-and-a-half Spanish reals.⁵⁸

Regarding the Magrib, the Ottoman government contented itself with demonstrations of submission from this distant province, stretching from Tripolitania in the east to Algeria in the west, without contesting the autonomy its rulers enjoyed. Algeria, Tunisia, and Tripolitania were eventually incorporated under Ottoman rule in the sixteenth century. While Egypt was expected to send an annual remittance to Istanbul, the same did not apply to the Maghrib, Tripoli, Tunis, and Algiers. Aside from occasional gifts to the sultan and the influential men in the capital, regular payments to the state treasury were not expected from these

⁵⁷ Khoury (1991), 58-67, for the trade of Basra during the sixteenth and seventeenth centuries.

⁵⁸ The large riyal kurush, which became very popular in the Ottoman Empire in the seventeenth century was the eight-real piece. Likewise the laris in terms of the currencies that dominated the Indian Ocean trade.

provinces.⁵⁹ The coinage minted in these provinces carried the name of the Ottoman sultan until the nineteenth century. The monetary practices of these three provinces and their relations to the monetary system of the Empire should provide not only important clues regarding the nature of the Ottoman monetary system but also insights into the nature of institutions across the large empire.

Even though the Ottoman government appointed governors or *beylerbeyis* to each of these territories.⁶⁰ The authorities in Istanbul regarded these territories as distant provinces with continuing links to Istanbul. The provinces, however, behaved more like autonomous states. The autonomy was made easier by their remoteness and the increasing weakness of the Ottoman state. Nonetheless, the rulers of these provinces were reluctant to sever all ties to Istanbul and declare complete

⁵⁹ Abun-Nasr (1987), 285-91.

⁶⁰ However, they were actually ruled by the naval force leaders and the leaders of the janissaries who rose through the ranks after being recruited from Anatolia as ordinary soldiers. Until the eighteenth century these local governments limited their rule to the coast and urban areas. They collected taxes from the peasants and nomadic tribes in the interior, but beyond that, did not intervene in the internal affairs of the rural population. They directed their efforts to privateering which prospered because of the weakness of the European navies in the Mediterranean. Andrew Hess, (1978); and Abun-Nasr (1987), 144-205.

independence. In addition to religious and political reasons of legitimacy, they needed to continue recruiting soldiers from Anatolia. For that, the good will and permission of the Istanbul government was essential.

The availability of specie and mint output depended primarily on external trade balances and revenues from corsairing, for the reason that the Maghrib did not possess any silver or gold mines. Mediterranean trade was most important but the territories also had access to sub-Saharan gold through the caravan trade with that region. The gold output of the mints in Algiers, Tunis, and to a lesser extent Tripoli depended, above all, on these inflows of gold from the south. Under these circumstances, Boubaker has shown that the commercial linkages between these areas and Europe prospered during the seventeenth and eighteenth centuries. In addition to their immediate neighbors, Sicilians, Maltese, Neapolitans, and Calabrians, who often called on these ports, English, Dutch and, above all, French merchants settled permanently in the ports and helped turn them into active centers of commerce.

Even though the political ties between Istanbul and Algeria remained limited, the linkages between the coinages of Algiers and those of Istanbul grew stronger starting from the 1520s. Gold coinage minted in Algiers adhered to the empire-wide standards in one way or another. Issues of square-shaped silver coinage called akçe or asper remained limited in Algeria until the eighteenth century. Their silver content declined during the sixteenth century judging from the sliding exchange rate against the sultani and European coins. In 1580, 175 akçes exchanged for one sultani; by 1617, one sultani equaled 350 akçes. A Copper coinage called harruba or “bourbe” by Europeans was also issued. These coins were initially issued in fractions of the akçe but with the depreciation of the latter, the nominal values of the copper coinage were raised.⁶¹ Its exchange rate remained unchanged at 232 akçes for most of the seventeenth century. However, this constant rate should not be taken as a sign of stability of the silver coin. Much more likely, the square akçe disappeared mostly or entirely and remained a unit of account until the end of the seventeenth century. In silver, there was a shift, in the early part of

⁶¹ Pere (1968), 129; and Schaendlinger (1973), 96-115.

the century towards larger coins, as was the case in Tunis, and the designs of the coins increasingly resembled those in Istanbul and elsewhere in the Empire.⁶²

Because of the steady supplies of gold from the sub-Saharan regions, large volumes of gold coins were issued in Algiers during the sixteenth and seventeenth centuries. Through its trading links and access to Saharan gold, Algiers soon became one of the leading locations for sultani production in the Empire.⁶³ In the second half of the sixteenth century there emerged another mint in Algeria issuing gold coins until 1603 in the name of the Ottoman sultan but not adhering to the standards of the sultani in Tilimsan.⁶⁴

Moroccan, Portuguese as well as Spanish, Italian, and other European coins circulated extensively in Algeria during the late

⁶² Abun-Nasr (1987), 158-6 1;

⁶³ Kocaer (1967), 19-21; Pere (1968), 109-59; and Sehaendlinger (1963), 96-113.

⁶⁴ Walz (1983), 305-28 for the inflows of sub-Saharan gold during the eighteenth century: Schaendlinger (1973), 120-40; and Kocaer (1967), 57-191. For the circulation in Istanbul of gold coinage minted in Algiers, Tunis and Tripoli during the eighteenth century, see BOA, C.D. 2086 and 1911. The general design of the Tilimsan gold coins followed the twelfth century pattern introduced by the Muwahhids, which subsequently became the standard for all Maghribi gold coinage until the sixteenth century. This difference between Tilimsan and Algiers gold coinage may be due to a difference in the administrative status of the two places, but the nature of Ottoman administration in Tilimsan has not been adequately studied: Arroyo (1979); and Bates (1981), 203-14.

sixteenth and early seventeenth centuries. The Spanish eight-real piece was by far the most prominent of these.⁶⁵

Although, continuous Ottoman rule in Tunis began in 1574, gold coins began to be minted as early as the 1530s. Their production was less regular and smaller in volume than at Algiers. In silver and copper coinage, the Ottomans continued the local traditions. Small square silver coins called *nasri* remained the leading coin in Tunis for daily transactions.⁶⁶ Tunis had experienced a good deal of monetary instability during the sixteenth century, as was the case in many parts of the Mediterranean. The *nasri*, which was also called the *asper* by the European merchants, was minted in large volumes until some time in the seventeenth century. Its weight of about 0.6 grams in the sixteenth century was roughly comparable to that of the *akçe*. The *nasri* weighed about 0.45 grams early in the seventeenth century. The *sultani* exchanged for 80 *nasris* or about one and one-half of a Spanish eight-real piece early in the seventeenth century. The exchange rate of the *sultani* rose to 104 *nasris*, or about two

⁶⁵ Ölçer (1970), 64-76; and Krause and Mishler (1994).

⁶⁶ Broome (1985), 143-53; and Hazard (1952).

eight real pieces, late in the century. By the end of the century, however, the sultanis did not circulate; they were reduced to a unit of account. The small, square shaped nasri towards the end of the century could not meet the economy's demand for a stable medium of exchange. The seventeenth century was a particularly difficult period for the Tunisian currency, as was the case in many locations around the Mediterranean and also in Istanbul. It became exceedingly difficult for the local monetary authorities to have access to large supplies of silver and to maintain a stable currency. The Tunisian markets were flooded by debased versions of the Spanish piaster as well as those of other European coins arriving from Marseilles and other ports. There is no doubt that these shortages of specie, the decline in local mint output and the scarcity of bills of credit hampered both local and international trade.

Tunis reestablished monetary links with Istanbul that were severed in the seventeenth century and started to issue two different sets of round silver coins, which were heavier than the nasris, with the improvement of monetary conditions in the second half of the century. One of these sets of coins, which

weighed about 3 grams, was valued at one-fourth of the Tunisian riyal. The design of the Tunisian riyal coinage was identical to those used in the large kuruş coinage minted at Istanbul. These designs including the *tughra* of the sultan may have been sent from Istanbul. The Tunisian mint continued with the same design until the early part of the nineteenth century even though Istanbul adopted a variety of other coinage types later in the eighteenth century.⁶⁷ A smaller coin of this type was also issued at one-eighth of the riyal. The other type of coin, which weighed less than one gram, was called haruba. It was issued in Tripoli as well as Tunis during the 1670s and 1680s.⁶⁸ In addition, copper coinage called fels or bourbe with nominal values established at 1/12 of the nasri or 1/24 of the piaster were minted during the latter part of the seventeenth century. While the appearance of the riyal coinage was closely related if not identical to the Istanbul kuruş, their silver content followed an independent course at least in the short and medium term.

⁶⁷ BOA, C.D. 540 dated H. 1235.

⁶⁸ Schaendlinger (1973), 67-68.

However, other gold pieces, such as the Spanish gold *ecu*, the Venetian ducat and gold pieces of Sicilia, Malta, Toscania also circulated in Tunis. Beginning late in the sixteenth century, gold coinage was increasingly replaced by silver and the Spanish eight-real piece established itself as the leading coin and form of payment for medium and large transactions in Tunis including the interior. In the early part of the seventeenth century, it also became the basic unit of account when the local nasri was linked to it at the fixed rate of 52. Beginning in the 1630s there also emerged a Tunisian unit of account, called the Tunisian riyal, which was linked to the Spanish piaster at par. This official linkage between the Spanish unit and what emerged, as the unit of account in Tunis may appear paradoxical because Spain was the very embodiment of the Christian enemy in the Maghrib. At the beginning of the seventeenth century, mention of the Sevillian piaster was still accompanied by the formula: "minted by the enemy of religion, the Christian, may god destroy him."⁶⁹ Tunis, moreover, had little direct contact with Spain. The availability of the Spanish piaster as well as other coinage was determined not by direct contact but by

⁶⁹ Valensi (1985), 211.

trade and payments balances vis-à-vis Marseilles, Livorno, Genova, and other leading European ports. As a result, other large European silver coins also circulated in Tunis, one of the most prominent being the Dutch thaler.

In 1551 direct Ottoman rule, under a governor appointed from Istanbul, was established in Tripolitania. Trade with Europe and corsairing remained the leading economic activities. Mediterranean trade was the most important but the territories also had access to sub-Saharan gold through the caravan trade with that region. The gold output of the mints in Tripoli depended, above all, on these inflows of gold from the south. Coinage in the name of the Ottoman sultan began to be issued soon after the Turkish rule. However, mint activity remained limited during the sixteenth and seventeenth centuries. The gold sultanis began to be issued in Tripoli during the reign of Selim II (1566-74) with the same standards as elsewhere in the Empire. They were issued fairly regularly but not in large volume until the end of the seventeenth century. The most important characteristics of silver coinage issued from the 1560s until the end of the seventeenth century are their variety and the absence of a stable,

central coin. The square nasri, which was also called akçe, and the medin or para of Cairo were the most frequently issued coins. During the second half of the seventeenth century, the Tripoli mint began to produce harubas, which continued into the eighteenth century. Copper coinage was also produced during the sixteenth and seventeenth centuries.⁷⁰ The ties between Istanbul and the monetary regimes in Tripoli weakened substantially if not dissolved altogether during the late seventeenth century.

Even though the politically unique status and autonomy of the Crimean Khanate continued until the 1770s, the special status of Crimea vis-à-vis the Ottoman monetary system, autonomous but not free of influence from Istanbul, also ended in 1774.⁷¹ After the incorporation of Crimea into the Ottoman lands in 1478, Caffa and part of the Crimean shore simply became another Ottoman province.

The Khanate continued with its own akçe system until 1774, issuing coins with the names of the Crimean khans, which were

⁷⁰ MacKenzie (1983), 104-07; Schaendlinger (1973), 96-115.

⁷¹ Fisher (1978), 1-36; and Inalcik (1944), 185-229.

the coins referred to in the Ottoman sources as Kefevi akçe (the akçe of Caffa) although akçes were also minted elsewhere in Crimea, most notably in the city of Eski Kirim, Kirim (Solgat) and Kırk Yer. The Kefevi akçe was widely used in commercial transactions. Court documents from Bursa in the 1480s, for example, cite commercial transactions and debt in Kefevi akçes two of which equaled one Ottoman akçe.⁷² During the sixteenth century the Kefevi akçe was smaller in weight than the Ottoman akçe. Its official exchange rate against the akçe varied considerably, from two to five and as low as eleven for one Ottoman akçe, indicating increasing alloy and declining silver content. However, the Crimean silver coinage fared better than the Ottoman akçe and its exchange rate against the osmani rose during the seventeenth century.⁷³ On the other hand, one interesting aspect of the Kefevi akçe is that the Ottoman government applied different exchange rates to these coins depending upon the context in which they were being used. In the 1540s, for example, according to the register of the province of

⁷² Inalcik (1993e), 151.

⁷³ Sahillioğlu (1965a), 93.

Caffa, the Ottoman government used the exchange rate of two Kefevi akçe per Ottoman akçe in payments to the khan, the Tatar and Circassian beys, and to the Ottoman soldiers. In payments made to the Ottoman treasury five Kefevi akçe were accepted as one Ottoman akçe. Clearly, this policy was beneficial to the Ottoman treasury. In imports of foodstuffs such as grains, meat, fish oil, and salt from Crimea for the provisioning of Istanbul, the Ottoman state similarly used an advantageous exchange rate apparently in an attempt to lower the cost of these goods.⁷⁴ This multiple rate system, which caused problems in trade and monetary markets, amounted to a tax, of course, and reflected the tributary relationship between the Khanate and Istanbul.⁷⁵ At the same time, however, the khans regularly received large donations of various sorts from Istanbul for their military and other services.⁷⁶ Even though an official link with the akçe of Istanbul did not exist, the Crimean akçe also declined in weight and silver

⁷⁴ Inalcik (1936), 151-54; and Bachanach (1971), 267-81.

⁷⁵ For example, the official exchange rate of the Kefevi akçe was set at 300 per ducat by the government in 1577 instead of the prevailing market rate of 600 per ducat. See BOA, MHM. volume 29, 397/164 and 440/186; volume 31, 785/353. The government soon had to retract that rate and accept the market rate because of the disruption of trade and losses incurred by merchants; see BOA, MHM. volume 34, 159/79 and 37 1/177.

⁷⁶ Fisher, (1978), 28.

content during the sixteenth and seventeenth centuries, albeit at a slower pace than the akçe of Istanbul. By the end of the seventeenth century, the Crimean akçe had also turned into a very small coin, weighing only about 0.3 grams. As a result, multiples of the akçe were issued, the largest being the six-akçe piece.⁷⁷ Copper coinage, with denominations of one akçe and its fractions were also minted for daily use. The fact that the Khanate did not issue gold coinage until late in the eighteenth century is fully consistent with its less than independent status during the Ottoman period. In the absence of gold, however, domestic silver and copper coinage could not meet the demands of the economy and trade. As a result, large European silver coins such as the Polish-zloty (zolota) as well as the internationally more prominent Spanish eight-real piece and the Dutch thaler circulated widely in the Khanate.⁷⁸ The Crimean coinage was only loosely related to the Ottoman monetary system even though Crimea was considered

⁷⁷ Agat (1982), 6-43.

⁷⁸ Agat (1982), 18-28. The independent Crimean state adopted the kuruş as its basic silver unit and issued a set of large silver coins after 1774. The Crimean kuruş weighed five dirhams or about sixteen grams, almost 40 percent less than the kuruş of Istanbul at that time. Its silver content has been estimated at 5.6 grams which was 55 percent lower than that of the kuruş of Istanbul at that time. Agat (1982), 24, and 30-35; and Kelly (1811), 169 Agat (1982), 36.

part of the Ottoman Empire in some senses of the term.⁷⁹ The relationship between the Crimean coinage and the Ottoman monetary system was thus unique. The Crimean khans minted their own silver coins bearing the seal of the Giray dynasty without the name of the Ottoman sultans. Yet, they were not sufficiently independent to mint their own gold coins, the ultimate symbol of sovereignty. The Ottoman gold sultani was never minted in Crimea either.⁸⁰ During the century following the Ottoman conquest, the khans discontinued the use of adjectives such as "sultan" and various expressions of sovereignty used earlier and displayed only their names on the coins. They resumed the use of the term "sultan" and "khan" in the second half of the sixteenth century, however.⁸¹

⁷⁹ It may be useful to compare the status of the Crimean Khanate in monetary affairs with those of the principalities of Wallachia and Moldavia, which were also autonomous in their internal affairs. In the principalities, too, gold coins, Ottoman or otherwise, were not issued. Crimean autonomy in monetary affairs was greater, however, since the khans issued silver and copper coinage with their own name but the principalities did not. Inalcik (1995), 185-88.

⁸⁰ Fisher (1978), 8-19. For the trade of Crimea during the Ottoman period, see Veinstein (1986), 226-31.

⁸¹ Agat (1982), 14-15.

TRENDS IN THE LATE SEVENTEENTH CENTURY

The late seventeenth century was a period of recovery in the relations between the center and periphery. With the establishment of the new kuruş and centralization of mint activity in the core regions of the Empire, the imperial mint in Istanbul was reasonably successful in supplying silver coinage to a large geographical area from the Balkans to Anatolia, as well as to Syria and Iraq. There also occurred growing interaction between the silver currencies of Egypt, Tripoli, Tunis, Crimea, and Algiers and that of Istanbul during this period. These linkages were strongest for Cairo and Tripoli but weaker for Tunis, Crimea, and Algiers. The Ottoman kuruş was relatively stable during the late sixteenth and early seventeenth centuries. In addition to the favorable state finances, the new currency was supported by the rising levels of mint output. This trend was in part due to the operation of new silver mines in Anatolia, in Gümüşhane, Keban and Ergani.⁸² The older silver mines in the Balkans, in Sidrekapsi and Kratova

⁸² For the activities of the mines and the mints, see BOA, C.D. 1789, 721, 2102, 2894. 3170, 947; for Ergani. Keban, and Espiye see CD. 2649, 2631, 2061, 2894, 1121. 714, 297, 1086, 1450, 3151, and 2054; for the decline in their output towards the end of the century, see C.D. 2015.

continued to contribute as well.⁸³ As a result, Ottoman silver output fluctuated between twenty-five to forty tons per year during the 1730s. Twenty to thirty-five tons of these amounts were channeled to coin production. During the 1740s, the imperial mint in Istanbul issued 1.5 million to 2 million kuruşes every year. Ottoman mint records indicate that coin production increased even further during the 1760s.

The output of Ottoman silver mines began to decline, however, towards the end of the century.⁸⁴ The revival of Ottoman silver mines was not an isolated development. It was actually part of a broader trend towards higher silver production in Europe during the eighteenth century. Recent studies have shown that the decline of the output of American silver mines after 1670 proved to be an important opportunity for the European silver producers. Just as the massive inflows of Central and South American silver had led to the decline of European and Ottoman silver mines after 1570, the decline in American silver production after 1670 raised

⁸³ For the activities of silver mines in the Balkans, Sidrekapsi, Kratova, and others during the eighteenth century, see BOA, CD. 1476, 1055, 2069, 735, 887, 2769, 2337, 887, and 2232.

⁸⁴ Genç (1997); also see Çağatay (1943), 275-83 and 415-23.

the price of that metal and led to a significant increase in European production.⁸⁵ The revival of Ottoman silver production during the late seventeenth and early eighteenth centuries thus needs to be linked to this general trend. The growing availability of silver in Europe then added to the circulation of silver in the Ottoman lands through the favorable trade balances Ottoman lands maintained in trade with Europe. Another important trend in the late seventeenth century was the increasing centralization of mint activity in the former akçe region stretching from the Balkans to eastern Anatolia, the number of active mints in this region remained limited. The provincial mints struck a limited amount of copper coinage. The *kuruş*-type large silver coins and the smaller *para* were not minted anywhere in the Balkans or Syria. The mint in Bagdad produced coins only in the early part of the nineteenth century during the reign of Mahmud II.⁸⁶

The *kuruş* established itself in areas close to Istanbul. The central government initially struggled to establish the unit and the

⁸⁵ Blanchard (1989), 3-57.

⁸⁶ Galib (H. 1307), 450. One interesting exception to this trend is the production of war coinage in the southern Caucasus during 1723-35 while the Ottoman government was at war with Persia. These Ottoman coins were struck in captured Persian mints with Persian standards.

new coinage in the provinces. The scarcity of coinage continued and the popularity of the European coins persisted in the provinces.⁸⁷ In the periodic absence of Ottoman coinage, debased versions of the European coins arrived by shiploads to flood the local markets.⁸⁸ Scarcity of money also helped bills of exchange play an important role, especially in the trade with Europe. Nonetheless, by mid-century the *kuruş* emerged as the leading unit of account and the leading means of payment in the Balkans including the Romanian Principalities as well as Anatolia. Prices, government payments and obligations, and more generally, monetary magnitudes began to be expressed in terms of this new unit. Syria continued to play the role of a zone of transition between the currencies of Anatolia and Egypt during the late century, as had been the case earlier. The *akçe* had disappeared in Syria with the decline of mint activity in Istanbul and Anatolia after the 1640s. As a result, the *para* of Egypt had become the leading unit of account for small magnitudes in most of Syria

⁸⁷ For example, European merchants continued to bring in newly minted versions of the Dutch thaler until the second half of the eighteenth century; see BOA, CD. 2028.

⁸⁸ Frangakis-Syrett (1992), 134-167.

during the seventeenth century.⁸⁹ For larger magnitudes the Dutch thaler remained the leading unit of account as well as the basic medium of exchange until the early part of the eighteenth century. As the new century progressed, the kuruş gained in importance replacing not only the para, which was having its own difficulties especially after mid-century, but also some of the European coinage. There existed considerable regional variations within Greater Syria, however. In Aleppo in the north, for example, the kuruş together with its fractions and multiples soon became the unit of account as well as the leading means of exchange.⁹⁰ Similarly, along the Syrian coast, the Dutch thaler, the Spanish riyal kuruş and the Venetian ducat were the leading currencies in the early part of the century. The kuruş became increasingly prominent both in long-distance trade and domestic transactions after mid-century. In Damascus too, the kuruş became the leading

⁸⁹ Similarly, with the growth of trade between Crete and Egypt and in the absence of the akçe itself, the para of Egypt became the leading unit of account in Crete late in the seventeenth century. Greene (1993), 95-118.

⁹⁰ In Damascus between the leading gold and large silver coins of Europe such as the ducat, esedi gurush and riyal gurush circulated closely followed by those of Istanbul and Cairo. One might speculate here that given the reestablishment of the Istanbul based currency in many parts of Syria, especially in the north, as well as the general economic expansion of the eighteenth century, the economic linkages the money markets of Anatolia, Syria and Egypt grew stronger during this period. Davis (1967), 189-206; for the later period, Marcus (1989), 121-35. For coinage in circulation in Palestine, Cohen (1973), 179-269.

unit of account and means of payment in medium and large transactions but the Egyptian para (misriyya) survived at least as a unit of account for small magnitudes until the end of the eighteenth century. Unlike in Syria, the kuruş was less successful in Iraq. Its availability remained limited until it began to be minted in Bagdad in 1814 (H. 1229).⁹¹ There is, however, evidence of increasing popularity of the kuruş even amongst the tribal population of Iraq during the following century.⁹²

As for gold coins, the Ottoman sultani, or sherifi that, to some extent, had remained close to the standards of the Venetian ducat since the fifteenth century, was discontinued late in the seventeenth century. In the early part of the eighteenth century, a number of new gold coins called tugrali, cedid Istanbul, zincirli, findik and zer-i mahbub were initiated between 1697 and 1728. All but the last of these started close to the standards of the ducat. The rise of the kuruş diminished the role of European currencies especially in regions close to Istanbul. The European silver units

⁹¹ For the resumption of the minting of silver coinage in Bagdad see BOA, H.H. 27815/A, B and C, 27826 and 28823; also Schaendlinger (1973), 135-142.

⁹² Fattah (1997), 31 33, 223.

such as the Dutch thaler, Spanish eight-real piece and their German and Austrian counterparts continued to be used in international trade and domestic payments, but not as widely as in the seventeenth century. The exchange rates of these coins continued to be determined by the markets although during extraordinary periods the government attempted to control all monetary rates. The Venetian ducat reasserted itself in the eighteenth century as a leading coin in international payments around the eastern Mediterranean. Gold coins including the Venetian ducat were used for large transactions and for store-of-value purposes but played a limited role in daily transactions.⁹³

With the growth of European trade, the Ottoman economy began to be incorporated, increasingly from the 1760s, into the European network of multilateral payments. Bills of exchange had been used as a means of payment in trade between the Ottoman Empire and Europe in the seventeenth century.⁹⁴ Their volume increased substantially in the second half of the eighteenth century. In addition, *suftajas* and *hawales* continued to be used in

⁹³ Berov (1976), 106-10; Frangakis-Syrett (1992), 78-107 and 134-169.

⁹⁴ Sperling (1962), 460-63.

payments flows within the Empire, especially in the transfer of tax revenues from the provinces to the capital city.⁹⁵



⁹⁵ On the use of bills of exchange between Izmir and the European ports, see Frangakis (1985), 133-38.

Chapter 4

THE PRICE REVOLUTION

Ever since Hamilton reformulated the monetarist argument with evidence gathered from Spanish archives more than half a century ago, monetary history have been concerned with prices, inflation, and their impact on the Early Modern world and historians have been debating the causal linkage between the arrival of large amounts of gold and silver from the Americas and the rise in prices in the Old World during the sixteenth and early seventeenth centuries.¹ The basic quantity identity is that as developed by Fisher, $M \times V = P \times T$, where M stands for the money supply, V for the velocity of circulation, P for prices and T for the volume of transactions. Most prominent amongst the defenders of this hypothesis in recent decades have been economic historians of monetarist persuasion and the adherents of the Annales School, and it has more recently been reformulated by economic historians

¹ The debate first introduced by Bodin in 1568; see also Schumpeter (1954) 276-335.

adhering to the quantity theory of money.² More than two decades ago Barkan provided the most notable attempt to insert the Ottoman case into the debate when he linked the Ottoman price increases until the 1580s to trade and specie inflows from Europe using a theoretical framework very similar to that of the Annales School. New evidence recently compiled by Pamuk, though his price list is in agreement with those of Barkan.³ The earlier debates in view of these recent findings provide new insights into the linkages between the western and eastern ends of the Mediterranean during the Early Modern era.

The history of prices and wages in Istanbul and, to a more limited extent, other Ottoman cities from the middle of the fifteenth century show that first debasements were the most important cause of the Ottoman price inflation and secondly prices in Istanbul expressed in grams of silver moved together with prices around the Mediterranean in the medium and long term.

² Hamilton (1929), 338-57; and Hamilton (1934); Braudel (1972), volume 1, 462-542; Spooner (1972). For a recent restatement of the monetarist position, see Fisher (1989), 883-902; see also Flynn (1984), 383-417; Flynn (1986), 37-60; and Fischer (1996), 22-74.

³ Findings of Pamuk now cast serious doubt on the validity of the causal linkage between bullion inflows and inflation. Pamuk (2001), 69-89.

The latter result confirms once again that due to the strength of the maritime trade, the economy of the capital city remained well linked to economies thousands of miles away. Preliminary results also show that long-term price trends in other cities across the Empire, especially in the coastal regions, were not very different. That European prices, expressed in grams of silver, increased by more than 100 percent, and in some countries, by more than 200 percent from the beginning of the sixteenth century to the middle of the seventeenth century has been well established and broadly accepted. It is also clear that not all prices rose at the same pace. Increases in agricultural prices outstripped all others. In countries, which experienced currency debasements during this period, overall inflation was proportionately higher, reaching, in some cases, 600 percent or more for the entire period.⁴

The indices show that Istanbul experienced a significant wave of inflation from the late sixteenth century to the middle of

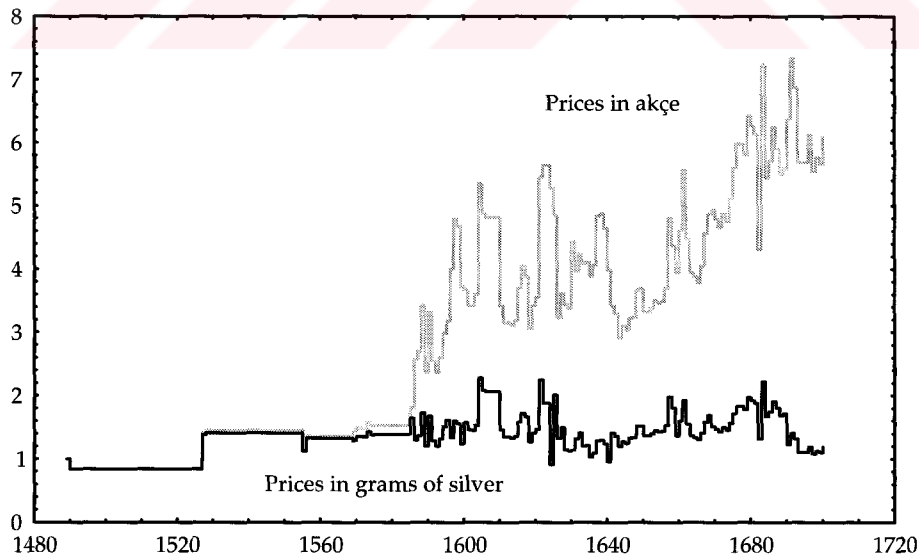
⁴ See, for example, the collection of essays by Ramsey (1971), editor's introduction; Braudel and Spooner (1967), 374-486; Vilar (1976), chapters 16-21; and Flynn (1978) 388-400. Recently, Fischer examined the great waves of inflation in a historical perspective encompassing many centuries. For him, the Price Revolution of the sixteenth century was the second of four major waves the first of which began late in the twelfth century and the fourth of which is currently in its late stages. See Fischer (1996), 65-116. For recent discussion see Inalcik (2001-02), 9-34.

the seventeenth century when prices increased by about five-fold.⁵ See Table 1. This is the period usually associated with the Price Revolution of the sixteenth century. The indices also show, however, there is strong evidence that debasements or the reduction of the specie content of coinage by the monetary authorities were the most important cause of Ottoman price increases that began in the 1580s. Thus, it is useful to make an analytical distinction between price increases in nominal terms and those expressed in grams of silver. The latter index is derived by multiplying the price indices calculated in nominal akçe with the silver content of the akçe expressed in grams of silver for each year. It then becomes possible to break down the total increase in prices into its two components. The changes in the index measuring prices in grams of silver may be taken as an indicator for the price level in the absence of debasements. Since prices in grams of silver would tend to converge between countries under open-economy conditions, especially so for the port city of Istanbul, the difference between the silver price index and the

⁵ These results indicate that prices increased by a total of about 300 times from 1469 until World War I. This overall increase corresponds to an average increase of 1.3 percent per year for the entire period. Pamuk (2001), 76-78.

other in nominal akçes would reflect the extent of price increases due to the debasement of the currency. This second component of price increases was not necessarily independent of the Price Revolution, however, since the latter created, or at least contributed to the fiscal pressures leading to debasements. The price indices for Istanbul see Graph 1. In brief, between 1489 and 1585 the akçe was quite stable, losing 12 percent of its silver content in two minor debasements undertaken in 1491 and 1566. The price increases between 1489 and 1573 expressed in grams of silver is equal to 31 percent, indicating a modest rate of silver inflation.

Graph 1 Prices in Istanbul, 1489-1700



Sources: Pamuk (2001), 76-78; and Barkan (1675), 3-28

After the debasement of 1585-86, in which the akçe lost 44 percent of its silver content, the Ottoman currency entered a period of extreme instability.⁶ Its silver content declined further while fluctuating sharply and often until the middle of the seventeenth century.⁷ Substandard akçes circulated widely during this period. As a result, most of the increases in food prices after 1585 measured in nominal akçes were due to the deterioration of the currency. Unfortunately, we do not have the mint records or records of government orders to the mints to establish the precise standards of the akçe for each year of the period 1585 to 1650. Since the available series on the silver content of the akçe only reflect the official standards, we should recognize that the graph overstates the extent of silver inflation for the period 1586 to 1650. For the period after 1650, the price indices expressed in grams of silver are more reliable. In sum, the indices presented in graph

⁶ The government ordered the mints to strike 800 akçes from 100 dirhams of silver whereas the earlier standard had been 450 akçes per 100 dirham of 3.072 grams. See Table 3.

⁷ The deterioration of the akçe is clear from the market exchange rates of the Ottoman silver unit against both gold sultani and leading European coinage. For example, the exchange rate of the akçe declined from 120 in 1620 to as low as 400 per sultani in 1624 and then rebounded back to 120. This suggests that the silver content of the akçes declined by as much as two thirds or more during that interval. Sahillioğlu (1965a), 227-34. Barkan was aware of the deterioration of the akçe and he cites these exchange rates by referring to Sahillioğlu's study but he did not attempt to adjust his calculations accordingly. Barkan (1975), 14.

suggest that prices expressed in grams of silver reached their peak in Istanbul during the first quarter of the seventeenth century at approximately 80 to 100 percent above their levels in the base year of 1489-90. The trend was downwards for the rest of the century. By the 1680s, prices in grams of silver had declined to about 140 percent of their levels in that base year. All three indices presented in Graph 1 show that food prices in Istanbul expressed in grams of silver declined further during the last two decades of the seventeenth century. By 1700 they were only 20 percent higher than their levels in 1489-90.

The price trends uncovered for the capital city and the Marmara region as well as the evidence gathered by Berov all suggest that the Balkans, Anatolia, and those parts of Syria where the akçe was the basic means of exchange all experienced similar increases in nominal prices.⁸ These sources leave no doubt that Istanbul, the Marmara region, and most probably other parts of the Balkans and Anatolia experienced some increases in prices

⁸ Berov (1974), 168-78.

expressed in grams of silver.⁹ We can also hypothesize that Egypt where the local silver currency was not subjected to the debasements of the akçe, experienced more limited increases in nominal prices but the rise in prices expressed in grams of silver must have been comparable to those in Istanbul and the Marmara basin. The well-developed maritime transportation and commerce networks around the eastern Mediterranean and across the Mediterranean must have ensured the convergence of these price trends.

Returning the debate in explaining the price inflation during the second half of the sixteenth and the first years of the seventeenth century, one side has argued that the Ottoman price inflation was closely linked with the worldwide inflation. In other words, global economic conditions and monetary developments were closely linked with the stability of the Ottoman monetary system. In examining changes in price structure, others in the debate have shown that in economic terms it was the price differential or production costs that were at the root of the

⁹ For detailed evidence of price increases in the Balkans during this period, see Berov (1976).

divergent inflationary trend. Population pressure, interpreted as economic shrinkage and growing poverty, as a result of the increasing discrepancy between the population and economic resources,¹⁰ is also taken up by several Ottomanists as a major issue to explain the price inflation.¹¹ However, both sides of the debate were well aware of the validity of contra arguments.

Regarding the former side, the argument has been reformulated adhering to the quantity theory of money. It uses a stable function of the demand for money or velocity of circulation, in which the increase in the money supply first led to a rise in prices. Flynn reformulated the quantity theory explanation by adopting a theoretical framework known as the monetary approach to balance of payments. Emphasizing that a single price should prevail for each of the internationally traded goods, he argued that price increases caused by the specie inflows then raised prices and increased demand for money in other countries through balance of

¹⁰ Issawi (1958), 329-33; and Issawi (1974), 107-10.

¹¹ Braudel (1972), 593-94; Inalcik (1978), 80-83; Cook (1972). Earlier studies, in particular those of Barkan, Berov, Braudel, Cook, Akdağ and Güçer, and recently Pamuk had to rely on the contraction in wheat exports, rising prices, population pressure, shortages and famines in the empire as the main indicators of the price inflation.

payments effects even without the outflows of specie. Inflation was thus transmitted to its trading partners whether or not bullion was actually exchanged. There was no need, therefore, to trace the volume and timing of the flows of silver from Spain and link those to the actual occurrence of inflation elsewhere.¹² Flynn used the same argument to explain why Potosi silver is not observed in the coinage of many states in the Old World.¹³

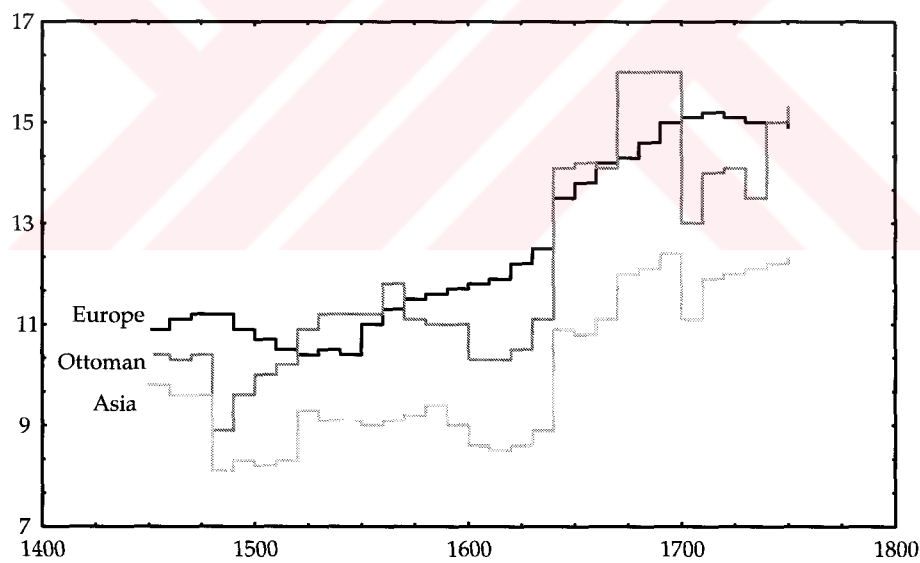
Another dimension introduced a new and more global dimension to the monetarist approach to the Price Revolution by Flynn and Giraldez and Glahn was the flow of specie. They argue that precious metal flows from Europe to Asia have long been attributed to Europe's trade deficits vis-à-vis Asia. In this framework, European demand for Asian products was dynamic while Asian demand for European products was weak or passive. Precious metals had to flow east as a result of the European trade deficit. In fact, they argue, it was not all precious metals but only

¹² Flynn (1978), 388-406; Cipolla had argued earlier that in Italy the price increases came much before the arrival of Spanish silver. Therefore, he had reasoned, the Italian inflation was due to non-monetary, internal causes. Cipolla (1956), 513 16.

¹³ Flynn (1984), 401. It had been shown, on the basis of neutron activity analysis, that Potosi silver was used in the coinage of Spain but, surprisingly, not in the coinage of many other states in the Old World, including France, England, Persia, and the Ottoman Empire. Gordus and Gordus (1981), 225-41.

silver that flowed consistently, not to Asia but specifically to China through both Europe and the Pacific and also from Japan. Gold flowed in the opposite direction during the same period. Such high volumes of silver flowed to China because its value was highest there. See Table 2 and Graph 2. The high price of silver in China, by far the world’s most populous country at the time, was due, in turn, to the conversion of the monetary and fiscal (taxation) systems in that country to silver.¹⁴

Graph 2 Bimetallic ratios in the Ottoman Empire, Europe and Asia, 1450-1750



Sources: See Table 2.

¹⁴ Flynn and Giraldez (1995a), 201-21; Flynn and Giraldez (1995b), Flynn and Giraldez (2002), 391-93; Flynn and Giraldez (2003), 9-17; 429-48; Glahn (1996), chapters 1, 4 and 7; and Cezar (1986), 20-38.

The other side of the debate has shifted the focus from the supply of money to the demand for money, the inverse of the velocity of circulation. While earlier literature based on orthodox interpretations of the quantity theory of money assumed that demand for money or the velocity of circulation was constant or stable and that it can safely be ignored, it is thus becoming evident that the determinants of the demand for money need to be examined in a more general framework. This new framework needs to include not only the more obvious factors such as commercialization and monetization but also demographic changes, most notably population growth and urbanization, and more broadly yet, social and cultural factors. For this reason, it is simplistic to assume that demand for money would remain stable. Since many of these variables tend to vary temporally and from one society to another, it is possible to observe wide intertemporal and cross-societal variations in the demand for holding money.¹⁵

A larger volume of monetary transactions triggered by rising population density and household specialization should

¹⁵ Perlin (1987), 232-373; and Subrahmanyam (1991), 79-105; and Faroqhi (1984), 20-85.

bring about smaller cash balances thanks to more frequent and smaller individual transactions, thereby increasing the velocity of circulation. In response, governments might have sought to catch up with rising prices by increased minting and currency debasement. Money supplies would thus be expected to lag rising prices. Bullion imports would help sustain this spiral but would not drive this demand. Once population growth ceased and urbanization slowed, however, velocity of circulation would fall.¹⁶

Miskimin shows that whether there may be a more indirect causal connection between population growth and rising prices. Miskimin reasoned that an increase in population would put greater numbers of persons in closer contact with each other and may have enhanced trading opportunities and thus led to increased velocity of circulation.¹⁷

¹⁶ Goldstone (1984), 1122-60. In a subsequent book, Goldstone went on to explain the pattern of social unrest, rebellion, and revolution in Europe and Asia, from England to China during the Early Modern era, in terms of population growth, rising prices, and fiscal crises. Goldstone (1991a). In a separate article, Goldstone then linked the long term cycles in European and Asian population during the Early Modern era to climate, meteorological series and solar activity. Goldstone (1991b), 64-68. Unfortunately, some of the evidence he employed to fit the Ottoman case to his framework simply does not exist. For example, contrary to his assertion, there is no reliable evidence at the moment suggesting that Ottoman population and real wages declined during the second half of the seventeenth century. Goldstone (1991b), 55.

¹⁷ Miskimin (1975), 179-86.

Recent debates confirm that explanations other than the supply of money that are based on the simple quantity-theory framework, ultimately the demand for money, deserve greater consideration than has been given them by Barkan or others since. In this respect, the arguments by Miskimin, Lindert, and Goldstone which emphasize long-term changes in the velocity of circulation and the demand for money appear quite plausible in the Ottoman context. The sixteenth century was a period of population growth, urbanization, growing economic linkages between rural and urban areas, commercialization, and monetization in the Ottoman Empire as well.¹⁸ The spread of local and regional markets and fairs in the Balkans and Anatolia provide strong evidence for the spread of commercialization and the money economy during this period. With the increased availability of specie and the growing economic linkages between the urban and rural areas, large sectors of the rural population came to use coinage, especially the small denominations. In addition, small-scale but intensive networks of credit relations

¹⁸ For Ottoman population growth and urbanization in the sixteenth century, see Cook (1972); Erder (1975), 284-301; Faroqhi and Erder (1979), 322-45; and Jennings (1976), 21-57.

developed in and around the urban centers in the Balkans and Anatolia. Ottoman price increases expressed in grams of silver may thus be due to the rise in the velocity of circulation arising from these changes as argued by Miskimin, Lindert, and Goldstone for other countries. While increased availability of specie is not seen as the cause of price increases in this perspective, the former is seen as supporting and sustaining the latter. Moreover, this focus on the changing velocity of circulation during the sixteenth century does not necessarily imply that the price increases expressed in grams of silver were a local phenomenon. On the contrary, this perspective would imply that the long-term developments in the Ottoman Empire with respect to population growth, urbanization, and commercialization were part of a more general pattern in Europe and Asia during the sixteenth and early seventeenth centuries. At the same time, increases in the velocity of circulation should not preclude the possibility that part of the Ottoman price increases expressed in grams of silver were due to the transmission of the European price increases through trade. The price rises in Europe and the ongoing trade with the West may have contributed to the ongoing inflation by creating strong demand for Ottoman agricultural products, as argued by Barkan.

In other words, price increases in grams of silver may have been imported from Europe through trade and trade deficits, and at the same time, caused by changes in the velocity of circulation.

The price increases constituted a negative turning point for industry, State finances, and agricultural organization industry at the end of the sixteenth century. The agricultural sector was in fact adversely affected by the price movements. It paved the way for the disintegration of the timar system, which had relied on the agricultural taxes collected from the peasant producers to equip locally a cavalry based force that joined the imperial army at wartime.¹⁹ Since part of the dues and taxes collected from the peasant households by the sipahi were fixed in terms of the akçe, these revenues failed to keep up with the increased cost of living and the necessary costs of armament, many sipahis refused to join the army and began to leave their timars especially after the debasement of 1585-86.²⁰ On the other hand, some groups were benefited from debasements. Since the prices of agricultural goods rose much faster than other prices during this period, the more

¹⁹ Naima (H. 1283), 1: 285. Inalcik (1980), 283-337.

²⁰ Barkan (1970a), 23-24.

market oriented segments of the agricultural population, those in control of marketable surpluses such as medium-sized landholders and the estate owners tended to benefit from the Price Revolution.²¹ Conversely, it was the urban working groups, the artisans as well as the consumers who carried the burden of the price increases.²²

Like the urban working groups, the artisans as well as the consumers, the revenues of the central government failed to keep pace with price increases and rising expenditures. In this respect, too, the Ottoman case was part of a pattern that was repeated across Europe and parts of Asia during the sixteenth and seventeenth centuries. The surpluses of the earlier period had turned into deficits by the last decades of the sixteenth century.²³ Inasmuch as some of the government revenues were fixed in nominal terms and the government failed to adjust these upwards. The Price Revolution, to some extent, did contribute to Ottoman

²¹ Hamilton and his followers, including Barkan, argues that by redistributing income into the hands of new groups, the price increases paved the way for the rise of capitalism.

²² See Pamuk and Özmucur (2002), 301.

²³ Barkan (1975) 17-27.

fiscal woes.²⁴ As long as revenues lagged behind price increases, the state started to levy a series of extraordinary taxes on the rural population and exercise new techniques, like auctioning off the collection of rural taxes to the highest bidders.²⁵

With respect to the industry, profit margins were squeezed between the stagnating prices of output and the rapidly rising prices of raw materials. More importantly, wages lagged behind price increases. At the same time the sector was hurt by the sixteenth-century shortages arising from the exportation of raw materials to Europe.²⁶ This was a period of stagnation for Ottoman

²⁴ Furthermore, there were other, more important causes of Ottoman fiscal difficulties. It was, above all, the growing need for maintaining larger central armies as well as the increasing frequency of long and exhaustive wars in both the east and the west that gave rise to the budget deficits and eventually led to the debasements.

²⁵ This broad shift towards the collection of the agricultural surplus at the center was due to the changing techniques of warfare and the need to maintain larger permanent armies. The decline of the timar system, then, was due more to military considerations than the adverse consequences of the Price Revolution: Inalcik (1980), 283-337; Cezar (1986), 69-89.

²⁶ However, there is a good deal of evidence that these shortages were short lived and that the guilds later recovered: Çizakça (1980) 533-49. Barkan argued that the exportation to Europe of the basic raw materials arising from west-east price differentials created severe shortages for Ottoman guilds. When these price effects combined with the increasing competitiveness of European industry and the inability of Ottoman manufacturers to keep up with them, Barkan insisted, an irreversible crisis developed for Ottoman industry. He thus placed the decline of Ottoman guilds in the face of European competition firmly in the sixteenth century: "One can see clearly that the advent of the new European commerce began the stagnation of the Ottoman craft industry . . . faced with the continuously evolving European industry, Ottoman industry could not find the dynamism necessary to adapt to the new conditions of the world economy. As an ever wider gap between it and European industry

guilds, and was due to other internal causes and not the adverse price movements associated with the Price Revolution. In fact, the Ottoman manufacturers were not subjected to any serious competition from European industry until later. Volume of trade with Europe remained limited and the imports were primarily luxury goods and items such as colonial wares which did not compete with domestically produced goods until the nineteenth century.

THE OBSERVATION AND ANALYSIS OF THE HISTORIANS

As we have already mentioned on several occasions, the end of the sixteenth century also brought an unprecedented rise in prices to the Ottoman dominion. Our historians, Ali, Selaniki, and Seyyid Lokman, were well aware of this phenomenon, to which one can find scattered references in their writings. Two interrelated aspects of their treatment of it stand out, first they assign considerably less space to inflation compared to debasement-devaluation; second,

opened, the Ottoman system was condemned to degeneration. . . The new European commerce must be included as one of the main causes of the sixteenth century Ottoman economic stagnation." Barkan (1975), 7-8. Faroqhi (1994a), 433-73.

they clearly view inflation as a derivative issue, considering it to be a consequence of the more primary evil represented by the currency disorder.

It should be sufficient for our concerns here to make the observation that an inflation, steeper in nominal terms than when measured in grams- silver but still significant in latter terms for at least a decade or so, gripped the Ottoman economy towards the end of the sixteenth century and nurtured itself on a multitude of factors cited above. We can now turn to studying the reactions and analyses of contemporaneous historians who were faced with that reality.

Characteristically, Seyyid Lokman's *şehname* is not only laconic but also shy of direct analysis in this matter. Rising prices are not directly mentioned anywhere in this text Lokman rather informs us about the inflation indirectly, through a laudatory report on its "solution" in Istanbul within his account of Sinan Pasha's reforms following the Beylerbeyi Incident. In this pithy report in six lines of verse, we are told about three different ways

in which the Grand Vizier dealt with the issue of prices.²⁷ First, he personally supervised the marketplace, according to Lokman, and exerted the authority of the Grand Vizier over that of the qadi and the *muhtesib*; here, we obviously have an allusion to the position of *narh* within the ranks of “*umur-i külliye*” which are not to be left entirely to those two officials of only local significance. Secondly, he was involved in price settings “while one loaf [of bread] was for one *akçe*/two of them became [priced at] one *akçe* that day.”²⁸

The determination of prices was clearly not as arbitrary as this line seems to indicate. Our observation is not based on a possibly cliché reference to fair price (*hak baha*) by Lokman but rather on a more profound connection he makes between supply and prices, and this brings us to his third point about Sinan Pashas handling of the marketplace. Thirdly, according to Lokman, the Grand Vizier made arrangements for the flow of supplies to the capital, thereby securing the provisioning of the city and reducing prices. Through this point, Lokman not only touches on another problem that beset the seat of the government in those years -

²⁷ Selaniki (H. 1281), 92.

²⁸ Selaniki (H. 1281), 92.

namely, scarcity in various goods of which he explicitly mentions grains, meat, and cloth - but also alludes to the connection between supply and prices. By setting “fair prices” for cloth, for instance, the grand vizier is alleged to have led to an increase in its supply: *“akmişe ve emtiaya hak baha / virdi mezad oldi kumaş ve çuka.”*²⁹ On the other hand, by sending out *çavuşes* to different regions of the empire for enforcing their export quotas to Istanbul (and thus probably disregarding local market prices), he is reported to have orchestrated the arrival of cheaper grain: *“her yana çavuş varub emrile / geldi hububat ucuz narhile.”*³⁰

This is Lokman’s explanation for the reduction in bread prices. Why they rose to begin with is not answered in his book, but we can assume that he would consider the lack of at least these three factors: *narh* enforcement, proper supervision at the level of central government, and regular supplies. Furthermore, Lokman’s placement of Sinan Pashas price and market regulations right after the latter’s fiscal-monetary measures suggests that this historian conceive. Of a causal link between these two issues and that,

²⁹ Selaniki (H. 1281), 92.

³⁰ Selaniki (H. 1281), 92.

among them, he considers the currency disorder a more primary evil, the resolution of which he chooses to relate as the foremost achievement of his patron before telling us of the latter's price-related measures.

Lokman's overview of Sinan Pasha's economic measures is fully corroborated by the Grand Vizier's own letters from those fateful days when pointed economic troubles must have seemed particularly menacing to a city and a government in the wake of a bloody revolt and on the eve of the year H. 1000 charged with apocalyptic expectations. Perhaps because of the recent uprising that was acted out in his very court, the sultan himself was keenly aware of and concerned with the hardships prevailing in the marketplace of his capital city. In a symbolic act which not only underlines his awareness but also contains a clear-cut warning, the sultan sent his own men to the market to buy a loaf of bread, presumably of the bad quality that was baked in the city at the time, and sent it to the Grand Vizier.³¹ The latter's reply first points to the limits of official supervision and of punitive measures:

³¹ Sinan Pasha (1961), 32.

“Care and concern in this matter of bread and other provisions can only go so far as is humanly possibly. There probably is no power to go further than that. Not one day passes by without several bread makers and flour merchants being beaten, cursed, or done away with.”³²

He then refers to irregularities in supply due to adverse conditions at the sea, which allegedly prevented the arrival of grain ships. “Blackish wheat that was not sold in times of [regular] grain [supply] became demanded,” Sinan Pasha writes, “and that is the reason why bread became coarse for a few days.”³³ He hastens to add that at least there is no dearth and that bread, coarse or not, can be found in abundance at the officially determined price. Finally, he claims to have found out by “constantly questioning those who come from Diyarbekir, Haleb, Bursa, Sivas, and all over” that everything is more expensive in those places than Istanbul.³⁴ Limiting his responsibility (in terms of prices) only to the capital city, the Grand Vizier thus defends his performance In a surprising way, by pointing out that the rest of the country is in worse shape, which is yet another example of how large Istanbul

³² Sinan Pasha (1961), 32.

³³ Sinan Pasha (1961), 32.

³⁴ Sinan Pasha (1961), 32.

loomed in the minds of Ottoman administrators. "That Istanbul, with such a multitude in population, is cheaper than outlying regions and environs is a grand blessing."³⁵

In another letter to the sultan, Sinan Pasha again deals with the question of prices and displays his awareness of yet another, overriding factor the currency disorder. After reporting on his inspection tour of the city with other officials and pointing to the negligence of previous administrators in whose time "*narh* existed only in name," he delves right into a detailed account of the manner in which the two issues are interrelated.³⁶ Since the flour merchants and bread makers are not responsible for the "scrap metal coins," the Grand Vizier argues, "they should not be made to suffer by themselves."³⁷ Since they also have some dearly-bought flour already in their hands, the reduction in the official price of bread must be effected gradually. This measure is to protect not only the merchants, according to Sinan Pasha, but also the populace. If prices are suddenly and arbitrarily reduced, grains

³⁵ Sinan Pasha (1961), 32.

³⁶ Sinan Pasha (1961), 33.

³⁷ Sinan Pasha (1961), 33.

will be kept away from the market and a thorough dearth will ensue until the arrival of grain ships all of which, he proudly announces, have been sent out for speedy provisions.

In addition to bread, the Grand Vizier dwells on meat supplies and prices.³⁸ In this matter, he concedes that a serious scarcity prevails, but attributes existing troubles to the corrupt and greedy appointees of former administrations whom he claims to have replaced by honest servants. He asks the sultan for patience since it is impossible to eradicate the dearth for a while until the new officials in charge of supplies transport the required sheep, which "have rather heavy feet."³⁹

Sinan Pasha's letters, like Lokman's eulogy in praise of this statesman, emphasize the questions of currency and supply without the regularization of which authoritarian measures are considered to be of no avail. An echo of his 1569-90 measures can be found in the extensive *narh* register from 1600. In a marginal note on this document, it is mentioned that the rates given for the

³⁸ Sinan Pasha (1961), 33-34.

³⁹ Sinan Pasha (1961), 34.

maximum price of (different kinds of) *bogasi* (cloth for lining) are those that were set a decade earlier 'when a currency reform had taken place at the time of Sinan Pasha.⁴⁰ This *narh* register, since it provides the prices before and after the regulation, reveals that more than 97 percent of the goods included in the list were subject to price reductions after the currency reform. Supply conditions were clearly taken into account in determining the rates; it is written in the preface to the register that the prices of all goods are reduced unless they are still not readily available or non-existent.⁴¹

We know of an even more ambitious plan of Sinan Pasha in arranging for the provisions of the capital city: the project to build a bridge over the Sakarya River in Western Anatolia for the supply of wood (both firewood and lumber). Selaniki reports that the initial engineering and labor allocation were completed when the project was halted by the sultan.⁴² The historian claims that the Grand Vizier intended to undertake this enterprise for personal

⁴⁰ Kütükoğlu (1978), 32-35.

⁴¹ Kütükoğlu (1978), 17.

⁴² Selaniki (H. 1281), 277 and 285-86.

glory but many people, who would be required to render forced service, would thereby be subject to oppression. The correspondence of Seyyid Mahmud Hüdayi, a Celveti *sheyh* who enjoyed influence over generations of Ottoman rulers from Murad III (1574-95) to Murad IV (1622-40), reveals that the sultan's decision to abandon the project may have been motivated by self-interest as well. In a letter obviously addressed to Murad III, the *sheyh* supports the construction because wood is priced so high that the poor inhabitants of the capital suffer. He urges that the project is worth undertaking even if "Our Lordship loses some because of wood."⁴³

Except for this episode, neither Selaniki nor Ali specifically refers to Sinan Pasha's economic reforms. Their texts leave the impression of a progressively deteriorating situation once the inflationary cycle gets in motion. If there was any amelioration in between, as it is claimed by Lokman about the era of his patron's second Grand Vizier ate, the other two historians must have considered it too transitory or superficial to be recorded. This is

⁴³ Mahmud Efendi, 133-134.

particularly valid for Selaniki, since Ali might be expected to be unfair to Sinan Pasha who appears as a major “villain” in his work.

In Selaniki’s narrative, rising prices are first mentioned within his account of the Beylerbeyi Incident. As we will see in the next chapter, he is primarily concerned with debasement and its consequences in terms of the wage earners’ buying power. Without attributing any moral deficiency to the people of the bazaar, he relates matter-of-factly that they re-appraised all the officially determined maximum prices at twice their former value since the ratio between the money of account (*akçe*) and precious metals (both gold and silver) was doubled.⁴⁴ Tradesmen are not necessarily faulted here by our historian; their action is not even interpreted as disobedience to *narh* but merely as its objective, if independent and spontaneous, re-appraisal. While Selaniki is aware of the nominal dimension of the price hike, he is equally conscious that this does not imply inconsequentiality. From the perspective of those who received fixed salaries in terms of

⁴⁴ Selaniki (H. 1281), 252. Likewise, histories of Solakzade, Naima and Raşid state similar descriptions on prices: Solakzade (H. 1298) 128; 202 Naima (H. 1283); 2:302 Raşid (H. 1282); 1:78.

precious metals, this was at least a buying power or a real income revolution. Whether we can call it a “price revolution” is of no immediate consequence in terms of social history, and Ottoman historians recognized the effect of the increase in prices, even if nominal, on the huge and important social group constituted by state servants receiving fixed salaries.

In this passage, Selaniki is mostly interested in the consequences of the disorders in the Ottoman “economy,” namely in explaining the occurrence of a spectacular revolt undertaken by the salaried soldiery. In his lengthy evaluation of Murad III’s reign upon this sultan’s death, however, our historian adopts a more contemplative tone and attempts to depict a broad picture with more emphasis on causes or, at least, on contextualization. He draws interrelations between various symptoms of the political, social and economic malaise of his age. Inflation is mentioned in this analysis on several occasions.

First and foremost among them is the currency disorder. Unlike Lokman, Selaniki is explicit about a causal connection between the two phenomena. Right after summarizing the emergence of monetary turbulence in conjunction with the fiscal

strain created by the Persian Wars, he writes: "Through this means, the commodities of tradesmen became costly. Clothing and food prices Increased."⁴⁵

The next clear-cut reference to rising prices is in the context of increased government expenditure: "state expenses becoming excessive...the maximum price [principles] for the Muslims not being righteously observed and *narh* not being prevalent in any place..."⁴⁶ Here, unlike in his analysis of the Beylerbeyi Incident, Selaniki obviously implies more than a one-to-one relationship between debasement and inflation. We have seen that on that earlier occasion he displays no inclination to pass moral judgment, but here he seems to have a real price hike in mind in which case he hesitates not a moment to show his categorical support for *narh* and to relate its abrogation to a decline in moral values: "the morality of the people turned no good; they abandoned doing commerce with fairness."⁴⁷

⁴⁵ Selaniki (H. 1281), 48.

⁴⁶ Selaniki (H. 1281), 49-50.

⁴⁷ Selaniki (H. 1281), 50.

Even in this case, Selaniki's argument can hardly be dismissed as an outburst of pre-modern moralism, which is supposed to attribute difficulties in economic conditions merely to unethical behavior, without analyzing their material dimensions. In an Invaluable passage of percipience and of surprisingly stark realism, our historian reaches the plight of the tradesmen with one stroke, by pointing in no ambiguous terms to the material circumstances which leave the men of commerce no choice other than deviation from the norms of righteous conduct: since, multitudes [of officials] became addicted to novel taxes and extortion, the people of the world, taking the path of trickery and deviance, went out of the road of righteousness by necessity.⁴⁸ Growing fiscalism and accompanying corruption, then, are explicitly identified by Selaniki, in conjunction with monetary turbulence and rising state expenditures, as the forces that drove prices up (and morality down) in the Ottoman Empire of late sixteenth century.

⁴⁸ Selaniki (H. 1281), 50.

In another passage where he complains of migrations to Istanbul due to increasing fiscals oppression and corruption in the countryside, Selaniki seems to point to demographic pressure in the capital as yet another factor (though connected again to fiscalism) behind the economic difficulties of his age. Whether he is referring to inflation remains doubtful here, but he makes a suggestive connection between migrations to the capital, pressure of the population rise on the economic resources of the city, and the emergence of difficulties in making ends meet: "the (population) pressure reached the utmost level; the circumstances of livelihood became extremely difficult and tough."⁴⁹

The same principles of analysis inform the rest of Selaniki's narrative where he chronicles five years from the reign of Mehmed III (1595-1603). While rising prices, and the hardships thereby created in terms of the real income of Ottomans, are often referred to as a continual problem plaguing the empire, the inflation is consistently treated as a by-product of, what our historian considers to be, deeper-lying causes. In these increasingly detailed

⁴⁹ Selaniki (H. 1281), 49. On the rise of Ottoman urban populations in the sixteenth century, see Barkan (1975): 289-311.

and critical pages of his chronicle, our historian still points to fiscalism and declining morals but monetary turbulence becomes his overriding concern as the catalyst of price hikes. The government's inability to assert its political authority starts at that level; lack of control over the marketplace merely follows as a consequence. In fact, after a lengthy diatribe on outrageous increases in prices, where he enumerates several concrete commodities and their rates In an admixture of disgust and desperation, Selaniki pinpoints the real "villain" in a chain of causality: "the corrupted and deficient akçe being the reason and cause of the worlds disorder and disunity..."⁵⁰

Ali gives only fleeting notice to the inflation in his *Künh*, but this is clearly not because he considers the question of prices insignificant; in the *Nushat*, he devotes just as focused and detailed a section to price controls as he does to the deterioration of the currency. In fact, in a rare display of economics that recalls crude materialist readings of the Marxian tradition in the modern era,

⁵⁰ Selaniki (H. 1281), 399.

this sixteenth century Ottoman intellectual warns the administrators:

Though the establishment of standard prices counts among petty business and (the magistrates) neglect It regarding to bother with It a degradation, the starting point of all evil, the source of all disorder are the expenses and losses of the Hushes and their voluntary or involuntary indulging In luxury and dissipation which cause them wounds of poverty and entice them to follow their personal whims.⁵¹

The *Künh*, however, despite some thematic organization, is primarily a historical narrative, a chronicle. The currency section of the *Nushat* belongs in that later work in Ali's estimation because, like his contemporaries, he seems to have regarded the ruinous fate of the akçe as of the major historical occurrences of his age. The section on prices, on the other hand, is not quite appropriate for the *Künh* since Ali prefers to treat the inflation, whatever its significance in his ideal administrative and social order, as a derivative issue, a byproduct of other historical processes.

⁵¹ Mustafa Ali (1978-82), 1126.

Even then, the brief paragraph on rising prices In the *Künh* is introduced by a theoretical statement through which Ali makes curtain to underscore the importance of the issue: that people transact business with one another...is [possible] through mutual fairness in [the matters of] maximum prices and prices current.⁵² With this concise statement, our historian skillfully alludes to Aristotelian social theory, which enjoyed continued recognition in the Muslim world until the advent of a relatively Westernized intellectual life starting from late nineteenth century. Ottoman works on ethics, even when they ventured into concrete observations from their own time, never strayed from the theoretical position elaborated by Aristotle in his *Ethics* on the nature of commercial exchange (*teamül*) - that it is a necessity for human existence and that it requires fairness in exchange. One of the most widely copied and respected works of Ottoman belles letters in the sixteenth century, for instance, the *Ethics* of Kınalızade, written by one of Ali's mentors, was no exception In this regard.⁵³ The work of one of Ali's peers, on the other hand, the

⁵² Mustafa Ali (1861-69), 296.

⁵³ Kınalızade (1833). For Ali's relations with Kınalızade, see Fleischer (1986), 65-66.

Usul of Hasan el-Kafi, states early in the introduction that *teamül*, “namely that people do business and exchange with one another” is a precondition for the continuation of human existence in this world.⁵⁴ Clearly, short as the treatment of the inflation in Ali’s history may be, its implications would not escape an educated Ottoman reader in whose mind the reference to *temül* (in the context of economic life) would evoke a rich connotative layer of social- ethical theory.

After the general statement underlining the crucial role of *narh*, Ali turns to the concrete historical reality of his day and briefly analyzes the rise in prices in the context of the monetary disorder of the 1580’s and the Beylerbeyi Incident of 1589. The causal connection is clear in his case as well: as soon as the ducat rose to 120 akçe, the price of everything was doubled. It occurred then for the first time that food that used to be sold for 5 akçe per *vakiyye* (a unit of weight) came to be sold for 10 akçe.⁵⁵ Unlike Selaniki, Ali quickly and explicitly adds that the price increases eventually entailed more than a nominal hike which would have

⁵⁴ İpşirli (1979-80), 251.

⁵⁵ Mustafa Ali (1861-69), 296.

implied no more than a doubling, namely a level proportional to the rate of debasement. "The eventual increase [of prices even further] was rendered conditional on the consideration and collusion (*himmet ve ittifak*) of the people of the bazaar."⁵⁶

According to our historian, then, the crude calculation attributed to Murad III, namely the wish to double the akçe value of the state and the royal treasuries for temporary fiscal relief or avarice, had disastrous consequences not only by pushing prices up in nominal or even real terms. Worse yet, tradesmen now considered themselves licensed to disregard *narh*, to carve out for themselves an autonomous commercial reality reaching beyond the one that should have been designed for them by Ottoman administration. "This crude...avarice became the cause [for the fact] that the people of the bazaar slipped away from the bounds of maximum prices and prices current and started to sell as they wished."⁵⁷ Ali sharply observes the ruinous implications of this development on state expenses, where alleviation of hardships *was* expected from debasement. For, our historian is well aware of the

⁵⁶ Mustafa Ali (1861-69), 296-97.

⁵⁷ Mustafa Ali (1861-69), 297.

gigantic role-played by the royal household and government as consumers. Once the world of commerce was able to spring free of administrative controls in the matter of prices, "the profit that the sultan hoped [to make] in the payment of the *kuls*' salaries did not suffice to meet the increase of even the expenses of the royal kitchen."⁵⁸ Given this lucid argument, Ali's citation of a moralistic proverb at the end of his account of Murad's debasement can hardly be considered a cliché: "a little avarice [leads to] a lot of loss."⁵⁹

⁵⁸ Mustafa Ali (1861-69), 297.

⁵⁹ Mustafa Ali (1861-69), 297-99.

APPENDIX

Table 1 Prices in Istanbul, 1489-1700

Years	Prices in Akçes	Silver content of akçe in grams	Prices in Grams of silver	Years	Prices in Akçes	Silver content of akçe in grams	Prices in Grams of silver
1489	1.00	0.68	1.00	1638	4.88	0.18	1.30
1490	0.84	0.68	0.84	1639	4.64	0.18	1.24
1527	1.41	0.66	1.38	1640	3.99	0.16	0.96
1528	1.45	0.66	1.41	1641	3.42	0.28	1.41
1555	1.15	0.66	1.12	1642	3.29	0.28	1.36
1556	1.36	0.66	1.33	1643	2.91	0.28	1.20
1569	1.43	0.61	1.29	1644	3.10	0.28	1.28
1570	1.48	0.61	1.35	1645	3.03	0.28	1.25
1573	1.58	0.61	1.43	1646	3.22	0.28	1.33
1574	1.52	0.61	1.38	1647	3.23	0.28	1.34
1575	1.53	0.61	1.39	1648	3.67	0.28	1.52
1585	1.81	0.61	1.64	1649	3.69	0.28	1.52
1586	2.56	0.34	1.30	1650	3.31	0.28	1.37
1587	2.70	0.34	1.37	1652	3.38	0.28	1.40
1588	3.42	0.34	1.73	1653	3.51	0.28	1.45
1589	2.37	0.34	1.20	1654	3.46	0.28	1.43
1590	3.31	0.34	1.68	1655	3.49	0.28	1.44
1591	2.54	0.34	1.29	1656	3.70	0.28	1.53
1592	2.37	0.34	1.20	1657	4.80	0.28	1.98
1593	2.60	0.34	1.32	1658	4.37	0.28	1.81
1594	2.98	0.34	1.51	1659	3.94	0.23	1.37
1595	3.18	0.34	1.61	1660	4.61	0.23	1.60
1596	4.01	0.23	1.34	1661	5.55	0.23	1.92
1597	4.79	0.23	1.60	1662	4.47	0.23	1.55
1598	4.68	0.23	1.56	1663	3.95	0.23	1.37
1599	3.72	0.29	1.24	1664	3.88	0.23	1.34
1600	3.67	0.29	1.57	1665	3.78	0.23	1.31
1601	3.42	0.29	1.46	1666	4.05	0.23	1.41
1602	3.41	0.29	1.45	1667	4.56	0.23	1.58
1603	3.60	0.29	1.53	1668	4.87	0.23	1.69
1604	5.35	0.29	2.28	1669	4.93	0.21	1.51
1605	4.87	0.29	2.08	1670	4.79	0.21	1.47
1605	4.87	0.29	2.08	1671	4.66	0.21	1.43
1606	4.82	0.29	2.06	1672	4.88	0.21	1.50
1610	3.41	0.29	1.46	1673	4.75	0.21	1.46
1611	3.15	0.29	1.35	1674	5.11	0.21	1.72
1612	3.16	0.29	1.35	1675	5.60	0.21	1.83
1613	3.11	0.29	1.33	1676	5.98	0.21	1.83
1614	3.19	0.29	1.36	1677	5.97	0.21	1.78
1615	3.70	0.29	1.58	1678	5.81	0.21	1.97
1616	4.04	0.29	1.72	1679	6.43	0.21	1.92
1617	3.88	0.29	1.66	1680	6.26	0.21	1.88
1618	3.06	0.28	1.27	1681	6.13	0.21	1.32
1619	3.41	0.28	1.41	1682	4.31	0.21	2.22
1620	3.55	0.28	1.47	1683	7.23	0.21	1.67
1621	5.45	0.28	2.25	1684	5.44	0.21	1.75
1622	5.64	0.23	1.88	1685	5.71	0.21	1.91

(Continued)

Table 1 (Continued)

Years	Prices in Akçes	Silver content of akçe in grams	Prices in Grams of silver	Years	Prices in Akçes	Silver content of akçe in grams	Prices in Grams of silver
1624	5.28	0.12	0.91	1686	6.24	0.21	1.91
1625	4.86	0.28	2.01	1687	5.90	0.21	1.81
1626	3.23	0.28	1.33	1688	5.51	0.21	1.69
1627	3.62	0.28	1.50	1689	5.59	0.21	1.72
1628	3.44	0.23	1.15	1690	6.37	0.13	1.23
1629	3.38	0.23	1.13	1691	7.33	0.13	1.41
1630	4.43	0.23	1.14	1692	6.87	0.13	1.32
1631	3.97	0.23	1.32	1693	5.69	0.13	1.10
1632	4.23	0.23	1.41	1696	6.13	0.13	1.19
1633	4.08	0.20	1.20	1697	5.54	0.13	1.08
1634	4.11	0.20	1.21	1698	5.76	0.13	1.12
1635	3.88	0.18	1.03	1699	5.66	0.13	1.10
1636	4.07	0.18	1.09	1700	6.09	0.13	1.19
1637	4.84	0.18	1.29				

Sources: Barkan (1675), 3-28 ; Pamuk (2001), 76-78.

Notes: (1) 1489 = 1.00. (2). Prices are based on the account books and prices paid by the many pious foundations (*vakıf*), and their soup kitchens (*imaret*), the account books of the palace kitchen and the officially established price ceilings (*narh*) for the basic items of consumption in the capital city. Prices of non-food items obtained from a variety of sources, most importantly the palace account books. (3) Consumer price index includes the prices of ten to twelve leading items of consumption, namely flour, rice, honey, cooking oil, mutton, lamb, chick peas, lentils, onions, eggs, sugar, coffee and olive oil for burning. The weight of food items in the overall indices is fixed between 75 and 80 percent. Non-food items include soap, wood, coal, nails, woolen cloths.

Table 2 Bimetallic ratios

Years	Europe, average	Ottoman	Asia, average	Years	Europe, average	Ottoman	Asia, average
1450	10.9	10.4	9.8	1610	11.9	10.3	8.5
1460	11.1	10.3	9.6	1620	12.2	10.5	8.6
1470	11.2	10.4	9.6	1630	12.5	11.1	8.9
1480	11.2	8.9	8.1	1640	13.5	14.1	10.9
1490	10.9	9.6	8.3	1650	13.8	14.2	10.8
1500	10.7	10.0	8.2	1660	14.2	14.1	11.1
1510	10.5	10.2	8.3	1670	14.3	16.0	12.0
1520	10.4	10.9	9.3	1680	14.6	16.0	12.1
1530	10.5	11.2	9.1	1690	15.0	16.0	12.4
1540	10.4	11.2	9.1	1700	15.1	13.0	11.1
1550	11.0	11.2	9.0	1710	15.2	14.0	11.9
1560	11.3	11.8	9.1	1720	15.1	14.1	12.0
1570	11.5	11.1	9.2	1730	15.0	13.5	12.1
1580	11.6	11.0	9.4	1740	15.0	15.0	12.2
1590	11.7	11.0	9.0	1750	14.9	15.3	12.3
1600	11.8	10.3	8.6				

Sources: Chow (1994), 15; Braudel and Spooner (1967), 459; Mathee (2000), 225-55; Galib (H. 1307), 62-272; Edhem (H. 1334), 886-1143 Artuk and Artuk (1970) 487-612; Pere (1968), 97-188.

Note: Bimetallic ratios indicate the gold:silver ratios.

Chapter 5

MONETARY TURBULANCE

The monetary crises of the 1580s and 1590s are commonly regarded as ushering in a period of political decline, demographic crises, economic difficulties and military reverses. As a symptom of financial crisis, there was the dramatic devaluation of the akçe in 1584-86, after the silver content of this coin had remained more or less stable throughout the long reign of Kanuni Sultan Süleyman (1520-66). This devaluation had considerable economic and political repercussions.¹ Most economic historians agree, for

¹ In 1589, the Janissaries revolted when they found that they were to be paid in the new debased currency; they demanded and obtained the execution of the chief treasurer and other officials they regarded as responsible for the new policy. This was neither the first nor the last military rebellion; such events are known to have occurred even in the time of Sultan Mehmed the Conqueror and continued to recur throughout Ottoman history. But toward the end of the sixteenth and the early seventeenth century, military rebellions became very frequent: Inalcik (1994), 433. The internal problems, such as the Celali rebellions, were often accompanied by external wars. Following the sharp devaluation of the akçe in 1584, the campaign against Austria (1593-1606) and Iran (1603-39) were followed by the long and costly war with Venice for Crete (1654-69) and the second siege of Vienna (1683), instead of bringing in new resources, entailed enormous new expenditure for the treasury and threw the empire into a long financial and political crisis. Besides, the long-term increases in population and economic activity came to a halt towards the end of the sixteenth century, in the focus on demography, a massive population shift occurred as a result of the upheavals which the Celali bands caused in Anatolia in the period 1596-1610: Akdağ (1963), 250-54; Inalcik (1994), 32; Özel (2001), 1-8. Combined with the social and political upheavals, both rural and urban economic activity stagnated in this period. In addition, despite exceptions in

example, that until the 1580s the sixteenth century was a period of demographic and economic expansion, at least in the core regions of the Empire. Evidence from monetary history is consistent with this picture. The verdict for the seventeenth century, on the other hand, is still mixed. Until recently, Ottoman historiography had depicted an empire in permanent decline after the sixteenth century. This paradigm is now being replaced by one that places greater emphasis on the state's ability to reorganize itself as a way of adapting to changing circumstances. This flexibility goes a long way toward explaining the longevity of the Empire. As a corollary to this paradigmatic shift, economic historians have been questioning whether the late sixteenth and seventeenth centuries were simply a period of crisis and stagnation. A number of people have already emphasized the expansion of trade and the rise in production during the late seventeenth century.² There is a good deal that monetary history can offer this debate. The findings of this chapter suggest that while the late sixteenth and seventeenth century was a period of monetary instability and even disin-

certain regions, rural-urban economic linkages, long-distant trade and credit were all adversely affected by these trends: Inalcik (1993d), 75-76; Faroqhi (1994a), 433-38; Pamuk (1994), 961.

² For example see Pamuk (2000) and Inalcik (1993a), 203-45

tegration, the old thesis of continuous decline cannot be sustained. The last decades of seventeenth century and until the 1780s were in fact a period of recovery for the Ottoman monetary system as a new currency was established and linkages between the center and the periphery of the Empire were strengthened. Obviously, these long-term trends have important economic and political implications. Another long-term development of the sixteenth century that has generated much debate is the Price Revolution. Regarding the magnitude of overall price increases in Istanbul and other Ottoman cities during the sixteenth and seventeenth centuries show that silver inflation accounted for a smaller part and Ottoman debasements accounted for a larger part of overall increase.³ This chapter also examines in greater detail than ever before the monetary difficulties of the seventeenth century and their causes. It has also established that the akçe disappeared from circulation around mid-century. The adverse consequences of these difficulties for the Ottoman economy at large need to be underlined one more time. There are powerful *a priori* reasons

³ Barkan (1975), 3-28. Pamuk further suggests that the impact of the Price Revolution on the Ottoman economy and finances was not as great as once thought: Pamuk (2001), 69-89; Pamuk (1993), 67-81.

why adverse monetary conditions should have unfavorable consequences for the economy. Monetary instability or shortages of specie and coinage have adverse effects on credit, trade, and production. Conversely, the decline in economic activity often contributes to the fiscal troubles of the state and adds to monetary instabilities. The monetary conditions thus strongly suggest that the seventeenth century was a period of difficulties for the real side of the Ottoman economy as well.

THE DEBASEMENT OF 1585-86

The debasement of 1585-86 has been one of the more confusing phenomena for both contemporary and modern time historians. Since it was preceded and accompanied by a good deal of monetary disorder such as the changes in the gold:silver ratios, circulation of growing amounts of substandard, counterfeit, and clipped coinage and the arrival of large amounts of specie from the New World.⁴ It is true that the price increases associated with the Price Revolution contributed to the Ottoman fiscal difficulties by

⁴ Rizaj (1970), 71-79. Inalcik (1978), 90-96. An important exception is Barkan who emphasized that the basic causes of the debasement were fiscal; Barkan (1975), 17-22.

raising expenditures while some of the revenues remained fixed in nominal terms.

Up to the 1580s the sixteenth century was a period of demographic and economic expansion, with fiscal and monetary stability in the Ottoman Empire. Along with increases in population, land under cultivation as well as local and long-distance trade expanded.⁵ With growing commercialization, economic ties between the countryside and urban areas became stronger. The monetary needs of this economy were met by the increased availability of gold, primarily from Egypt, and silver arriving from the Americas by way of Europe. Large segments of the population, both urban and rural, came to use coinage during this period, especially the silver *akçe* and the copper *mangır*, through participation in markets and because of state taxation of a wide range of economic activities. The stability of the currency suggests that Ottoman finances were in reasonably good shape during this early period of rapid territorial expansion. With the

⁵ It is important to distinguish two entirely separate periods in the reduction of the silver content of the *akça*, and the concomitant reduction of its value, in the history of the Ottoman empire: first, the reduction due to the shortage of silver up to the year 1580, as we have shown above, and second, the rapid reduction which occurred after this date as a consequence of the flood of American silver. Inalcik (1993a), 241.

territorial expansion of the Empire new territories including Hungary, Syria, Mesopotamia, and Egypt had been incorporated into the Empire during the sixteenth century. State finances had benefited from these successful campaigns and the inflow of annual remittances from these provinces, most importantly from Egypt. The territorial expansion of the Empire reached its limits, however, after mid-century.

Stability and expansion were replaced by stagnation and crisis, if not contraction.⁶ This reversal is nowhere more evident than in the case of monetary phenomena. Already before the 1580s, the monetary difficulties in Europe and around the Mediterranean had begun to have an impact on the Ottoman currency. The akçe did not easily recover from these difficulties. After the debasement of 1585-86, it entered an extended period of instability lasting until the 1640s. Archival and numismatic sources show that the output levels of the Ottoman mints in the Balkans and Anatolia began to decline in the early part of the seventeenth century. By the 1640s and 1650s, the mints virtually

⁶ For a recent discussion, see Faroqhi (1994a), 433-543.

stopped the production of akçe. With the disappearance of the Ottoman unit, varieties of European coinage moved in to take its place. In the Balkans and Anatolia the akçe remained no more than a unit of account until the last decade of the century when the Ottoman government undertook a major reform and established a new monetary unit.

Until the sixteenth century, the Ottoman mints relied on the state-operated silver mines of Serbia and Bosnia as the principal source of specie. The arrival of large amounts of silver from the New World, however, lowered the relative price of that metal, eventually leading to the closure of these mines. There occurred a sizable decline in the output of Ottoman silver mines in the Balkans after the turn of the century. This was especially the case for the important mine in Üsküp (Skopje). Activity in these silver mines came to a virtual halt in the 1640s.⁷ When fiscal pressures began to intensify, therefore, the state could not fall back on the earlier sources of silver to maintain steady supplies of coinage.

⁷ Naima (H. 1283), 3: 175 and 258-59. It is worth noting, however, that the decline in Ottoman silver mines occurred considerably later than those in Europe. Compare With Spooner (1972), 24-53. See also Murphey (1980), 76-86.

On the surface, then, the monetary stability of the sixteenth century came to an end with the debasement of 1585-86.⁸ The growing fiscal difficulties culminated in the largest debasement to date and one of the largest in Ottoman history that reduced the silver content of the akçe by 44 percent. Whereas 450 akçes had been legally struck from 100 dirhams of “pure” silver, the mints were now ordered to strike 800 akçes from the same amount of silver.⁹ See, Table 3 and Graph 3. The official exchange rate of the akçe against the ducat and the sultani was accordingly lowered from 60 to 120.¹⁰ However, the debasement of 1585-86 thus did not

⁸ The precise date of this operation has not been established. It was undertaken after 1584, most probably in 1585. Sahillioğlu has pointed out that another factor influencing the timing of financial crises and possibly of the debasements was the *sivîş* or leap years. He has argued that the tax collections of the imperial treasury from agriculture and other related sources were based on the solar year. Its outlays, on the other hand, most importantly its payments to the soldiers were quarterly based on the Islamic lunar calendar, which is 11 days shorter than the solar year. As a result, once every 34 years, the treasury had to make payments twice while collecting agricultural taxes only once during a twelve month period. Sahillioğlu shows that fiscal difficulties intensified during these years: Sahillioğlu (1970), 230-49.

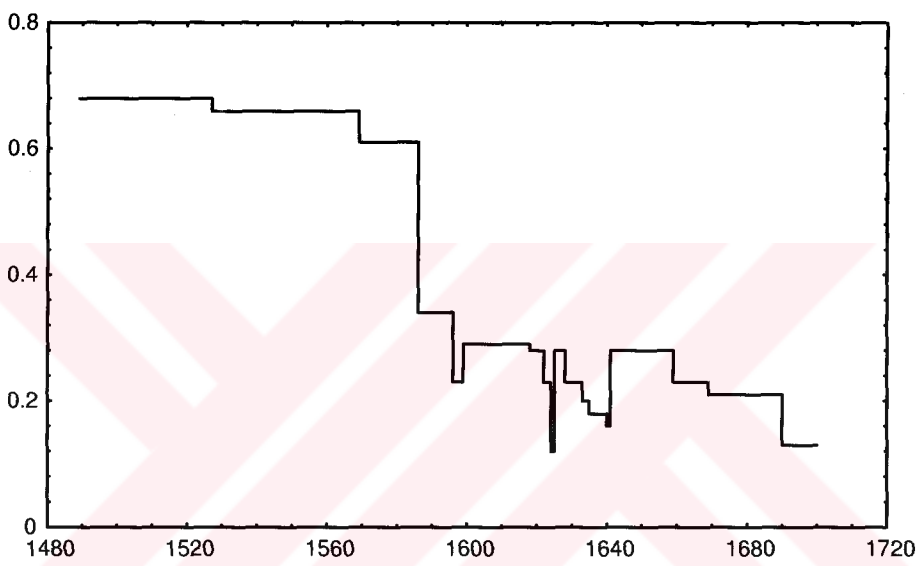
⁹ In monetary affairs, the Ottomans used, until the seventeenth century, the dirham of Tebriz, which weighed 3.07 grams, 4 percent less than the classical dirham. This measure was inherited from the Ilkhanids, the Mongols of Persia in the fourteenth century. Sahillioğlu (1983), 269-304; see also Inalcik (1983), 311-48; and Inalcik (1984), 131-56.

¹⁰ For orders sent by the central government, informing the local administrators of the new exchange rates, see BOA, MHM. volume 58, 734/288; volume 62, 385/173, 478/212; volume 69, 475/238; volume 70, 482/248; İ.E.Dp., 48. The first and earliest of these is dated 17 Ramazan 993 H or September 12, 1585. Therefore, we can narrow down our attention to the summer of 1585 as the likely date of the debasement. In addition, Ergenç has provided evidence from the Ankara court records suggesting that the exchange rates in Ankara did not change for at least a decade. Ergenç (1978), 86-89.

bring an end to Ottoman monetary difficulties. The period until the 1640s was one of exceptional instability for the akçe; the fluctuations of the currency can be followed from a combination of sources. The available mint records provide information about the weight and silver content of the standard akçe only for selected years of this period. For most years of this period, however, the akçes produced by the mints fell below those standards. Although the silver content of the substandard or defective (*hurde*) coins can not be determined precisely, court records provide, on a monthly basis, detailed information about their market exchange rates against the stable Venetian ducat and other leading European coins. From these exchange rates, it is possible to approximate the sharp fluctuations in the silver content of the Ottoman unit. It appears that during 1623-24 the silver content of the akçe dropped to about one third and during 1638-40 to about half of its standard levels. Each time the deterioration of the akçe reached crisis proportions, the government attempted to go back to the old standard or establish a new standard. These operations called correction of coinage (*tashih-i sikke*), were carried out in 1600, 1618,

1624 and 1640.¹¹ Adding to the confusion were the clipped versions of the standard akçe which circulated together with the substandard versions. Not surprisingly, the counterfeiting of Ottoman silver coins flourished in this environment.

Graph 3 Silver content of akçe, 1489-1700



Source: See Table 1.

While these Ottoman debasements were the result of fiscal difficulties, and the state appeared to benefit in the short run from

¹¹ Aykut (1987), 257-97; and Sahillioğlu (1983), 381-400. These operations were similar to the *renforcements* of Western Europe. Munro (1988), 392-93. After each of these operations the state faced the task of forcing prices down. For this purpose, local governments prepared very detailed lists of price ceilings (*narh*) for hundreds of goods. These lists which are available not only for Istanbul but for other cities and towns as well now constitute useful sources not only for price history but also for studying the range of economic activity in the urban centers. Kütükoğlu (1983), 3-56; Kütükoğlu (1984), 123-82; and Çizakça (1976-77), 21-25.

the production of substandard coinage, the available evidence suggests that such a strategy did not exist during this particular period.¹² The frequency of correction of coinage operations which increased the silver content of the akçe also suggest that the government tried to maintain the standards of coinage but was unable to do so.¹³ The underlying reason for the government's struggle for a stable currency and the major constraint against a more systematic use of debasement as a fiscal tool was the opposition of the janissaries in Istanbul who were paid with this coinage. After the debasement of 1585-86, they revolted and demanded the execution of the high-level official responsible for the currency; their request was accepted by a sultan eager to find a scapegoat.¹⁴ The janissaries remained a force to be reckoned with

¹² For example, Miskimin has argued that in the fourteenth and fifteenth century, French debasements reflected, more than anything else, the despair of the rulers and did not help them fiscally. Bordo has questioned this argument and in recent studies Sussman and Motomura have argued that debasements were employed as a rational, and sometimes long-term strategy for raising fiscal revenue in fifteenth-century France and seventeenth-century Spain. Miskimin (1984), 59; Bordo (1986), 337-46; Sussman (1993), 44-70; and Motomura (1994), 104-27. Cipolla has also underlined the fiscal motive in Medieval and Early Modern debasements. Cipolla (1956), 28; and Cipolla (1963), 413-22.

¹³ Since the relevant mint records are not available, the volume of coin production for each subperiod can not be established. It appears, however, that the mint volume remained Sporadic and coins were produced whenever the state was able to acquire specie. Years of maximum debasement often coincided with the lack of specie and low output and not vice versa. Aykut (1991), 12-16.

¹⁴ Known as the "Beylerbeyi Incident," this episode in 1589 was only the second time in Ottoman history that the janissaries organized a major revolt against a

in the turbulent politics of the capital city during this period. They succeeded in deposing two sultans in 1622 and 1623.¹⁵ Of the four correction-of-coinage operations undertaken during this period, the last three took place after the accession to the throne of new sultans. All of these were attempts, at least in part, to win the good will of the urban population, especially the soldiers. The debasements and monetary instability of this period stand in sharp contrast to the policy of periodic debasements undertaken during the reign of Mehmed II. The debasements of the fifteenth century were undertaken by a strong central government for long-term fiscal benefits and the opposition of the janissaries was neutralized by a variety of material benefits including raises in their salaries made possible by the successful military campaigns. During the late sixteenth and early seventeenth centuries, however, the

debasement. It ended with the beheading of the Rumeli Beylerbeyi Mehmed Paşa who had been in charge of the Currency reform and attempted to collect additional revenue to meet the expenditures associated with the monetary reform by imposing a new correction-of-coinage tax which roughly equaled two days worth of wages and about 1 percent of wealth for all property Owners, and the head treasurer Mahmud Efendi. Even though it has been noted by almost every Ottomanist since Hammer as a climactic event, this incident has not yet received a systematic treatment. Kafadar (1986), 70-80. The first such rebellion had occurred in 1444 in response to the first of Mehmed II's series of debasements and had led to a pay raise. An important reason for the long interim was the stability of the Ottoman currency. The specie content of the akçe changed very little from the 1480s until the 1580s. See Table 3.

¹⁵ Shaw (1976), 193-94.

debasements emerged only as short-term measures undertaken by weak governments struggling against the fiscal burden of prolonged military campaigns and a variety of political problems.

Regarding the fiscal difficulties, the protracted and costly border wars with Safavid Iran in the east and the Habsburgs in the west during the second half of the century began to drain the enormous financial reserves of the imperial treasury accumulated during the earlier period. See Table 6. With the outbreak of another war with Iran in 1578,¹⁶ the treasury began to experience

¹⁶ One unresolved question about the Ottoman debasement concerns a possible link to a similar operation in Iran. In the literature there are a number of references to a similar debasement by Shah Tahmasp in Iran in 1584 arising from fiscal pressures associated with the war against the neighbor to the west. Mathee (2000), 224-27. Ottoman governments had always been concerned about the outflows of silver to Iran and occasionally they attempted to restrict or prohibit these flows. They preferred that merchants from Iran buy Ottoman goods in return for their silk rather than carry silver with them. The frequency of these interventions and prohibitions increased during the third quarter of the sixteenth century both because the flows increased and because the two sides were engaged militarily: Sahillioğlu (1958), 188-96. A debasement in Iran may have forced the Ottomans to follow with a similar move in order to stem a large outflow of silver, which would have brought additional monetary difficulties at a time of war. Such a competitive devaluation might help explain both the timing and the magnitude of the Ottoman operation against the background of long-term fiscal difficulties. Unfortunately, however, the available numismatic evidence on Safavid coinage is not sufficiently detailed to establish the existence of an Iranian debasement in 1584: Numismatic evidence on this question is sketchy. See Album (1998), 125-29; Rabino (1945); and Farahbakhsh (1975); Braudel (1972), volume 1, 540, places the Iranian debasement just before the Ottoman move; Steensgaard (1974), 419 is inclined to push it back in time; Inalcik (1951), 629-90, states that the two debasements occurred around the same time. The chronicler Selaniki's comment that the shahi was the first to become defective might mean either that the Iranian currency was first debased or that the Ottoman shahi circulating in those regions bordering on Iran was debased in response to the debasement of the Iranian currency; see Kafadar (1986), 100-02.

shortages of silver for payments to the soldiers. Coincidentally, the changing technology of warfare began to raise military costs for the central government. Around the middle of the sixteenth century, when the timar holding sipahis formed the backbone of the Ottoman army, 30 to 40 percent of the military expenses were met by revenues collected in rural areas by the sipahi. As the traditional cavalry armed with conventional weapons of bow and arrow, lance and sword proved ineffective against the Austrian musketeers, however, the central government was forced to increase the numbers of janissaries, the standing infantry corps, from 13,000 in the 1550s to 38,000 in the 1600s; the additional costs of this shift fell upon the central treasury.¹⁷ As a result, the surpluses in the early part of the century had turned into deficits towards the end of the century. It is also clear that expenditures rose faster than revenues during this period. This new pattern lasted for most of the seventeenth century, eventually exhausting the reserves of the imperial treasury accumulated during earlier periods. The revenues entering the imperial treasury failed to keep

¹⁷ Naima (H. 1283), 3: 176.

pace with inflation while expenditures rose faster than inflation after the middle of the sixteenth century.¹⁸

Social and political upheavals known as the Celali rebellions beginning late in the sixteenth and lasting well into the seventeenth century only exacerbated these fiscal difficulties. As the peasants took flight or returned to nomadism, agriculture, especially commercial agriculture, and tax revenues were adversely affected.¹⁹ As a result, it appears that in the Balkans and Anatolia, and perhaps even in Syria, the demographic and economic expansion of the sixteenth century came to an end in the 1580s or somewhat later. Population and economic activity stagnated and may have even declined in many parts of the Empire during the seventeenth century.²⁰

Another source of instability for the financial difficulties of the central government was the decline in its political power and the growing difficulties associated with the collection of provincial

¹⁸ For the deficit in Ottoman budgets see Tabakoğlu (1985), 14-15; and Inalcik (1994), 98-100.

¹⁹ Özel (2001), 2-4.

²⁰ Faroqhi and Erder (1979), 322-45; Inalcik (1980) 283-337; and Faroqhi (1994a), 411-636.

taxes and their transmission to the center. Various provincial groups began to capture an increasing share of the tax revenues at the expense of the central government.²¹ Yet another adverse development for both the economy and state finances was the impact of the discovery of the sea route to Asia upon the intercontinental trade routes, which passed through the Ottoman Empire. After a setback at the beginning of the sixteenth century, these trade routes had regained their former importance, and by the end of the century, the transcontinental caravan routes reached dimensions, which must be regarded as their historical peak. The merchants of the eastern Mediterranean and the Europeans carried both the silk and spices of Asia as well as the locally produced commodities of the Near East to Europe in return for some European goods and considerable quantities of silver. There existed three principal routes through the Eastern Mediterranean and the Near East, which linked Europe with the distant locations in Asia. The northern route went through Istanbul to the Black Sea

²¹ Kunt has provided a detailed and vivid example of how provincial revenues were appropriated by local forces in the seventeenth century. By examining in detail the account books of the governor of Diyarbekir in 1670-71, he showed that the annual revenues of the governor reached 16 million akçes, far in excess of a governor of his stature in the sixteenth Century after adjusting for inflation. Kunt (1981).

Coast and then across the landmass of Central Asia. The central routes connected the Mediterranean with the Persian Gulf and the Indian Ocean via Anatolia and Iran or Syria and Bagdad. Finally, the southern route linked the Alexandria-Cairo-Red Sea complex with the Arabian Sea and the Indian Ocean. The Mamluk state in Egypt, which was established in the 1250s, controlled the southern route to Asia through the Red Sea and the Indian Ocean.²²

The northern trans-Asian route with its western termini on the northern shores of the Black Sea, at Caffa and Tana, then emerged as the principal conduit of the European trade with Asia. From the last quarter of the thirteenth century, European merchants carried silver, largely in the form of ingots, through Constantinople into the Black Sea and then into the steppes of western Asia as payments for the goods arriving from the east. Much of this remained in the form of ingots but a certain amount was minted into dirhams. It had become common currency all

²² It is worth mentioning that the persistence of the trade imbalances in the east west trade made it very difficult for bills of exchange to develop in the Near Eastern trade with Europe during these centuries since bills of exchange typically flourish under balanced trading conditions. Abu-Lughod (1983); Ashtor (1972), 553-73.

around the Black Sea.²³ The shift of the intercontinental trade to the Indian Ocean did not come until the early decades of the seventeenth century when the Dutch and English trading companies wrested control away from the Portuguese. While the ocean finally triumphed, after a lag of a hundred years, over the mainland, towns of the Levant along the caravan route as well as the Ottoman state finances felt the decline in commercial activity.²⁴ The decline in commercial activity must also have reduced the use of money in these regions, if not beyond.

The Ottoman Empire was located at the crossroads of intercontinental trade, always vulnerable in the context of east-west trade, payments, and specie flows stretching from southern Europe to West Asia and further to the east.²⁵ The differences in

²³ After the dissolution of the Mongol Empire from the middle of the fourteenth century, the southern route once again became the most important channel connecting the Mediterranean to the Indian Ocean, maintaining its prominence until the end of the sixteenth century. Abu-Lughod (1989), 212-47; Ashtor (1983), 3-82. also Lopez, Miskimin, and Udovitch (1970), 115-28.; Bacharach (1971), 267-81; Bacharach (1973), 77-96.

²⁴ Steensgaard (1974), 9; Steensgaard (1991), 1-6; also Subrahmanyam (1991), 79-105; and Güçer (1987), 1-100.

²⁵ Trade was not the only mechanism, however, for the specie flows from Europe to the Near East. Religious and political factors also played a part in the movements of bullion. In the short term, these could have much greater effects on the flow of specie than trade balances, although in the long run, trade was always far more important. On the other hand, war and the preparation for war involved much larger payments than any religious activity except the most expensive of crusades. Most of the spectacularly large payments associated

the gold:silver price ratios between the eastern and western ends of the Mediterranean and the reversal of these differences over time that led to the shift. Merchants then carried gold and silver in the opposite directions taking advantage of the price differentials. This perspective thus pointed to simple arbitrage as the basic mechanism for the accumulation of gold and silver in the different regions.²⁶ The Dutch, the English, the Venetians, and the French were all involved in this lucrative trade as early as the fourteenth century.²⁷ While imports from the Ottoman Empire and the lands beyond, in the form of spices, silk, textiles, and other goods, the difference was paid in the form of specie. The arrival of large amounts of gold and silver from the Americas did not initiate these movements but certainly added to their volume.²⁸

with war and the preparation for war, were in fact made in the same direction as commercial payments, from west to east. Spufford (1988), 157-62. European trade deficits and specie flows should not lead us to ignore alternative explanations of the rise of silver in the eastern Mediterranean, however. There may have been other sources of that silver. One possibility is the arrival of silver into the region from Central Asia. There is evidence that Iraq and Persia were being supplied by the reopened silver mines of Turkestan during this period. Another possibility is the revival of silver mining within the Near East itself.

²⁶ Miskimin (1985), 147-61; also Miskimin (1983), 79-96.

²⁷ Ashtor (1976), 533-86; and Brumet (1991), 29-32.

²⁸ The arrival in Europe of large amounts of precious metals after the discovery of the New World completely reversed the currency shortage. After the discovery of the Guanaxuato and Potosi deposits American annual production of silver increased from 90-200,00 in the period 1521-1544 to 311,600 kg in the period

After the Ottomans began to establish control over the major trading routes in the eastern Mediterranean in the second half of the fifteenth century, they welcomed the arrival of specie from the West.²⁹ Yet, they could not prevent the outflow of specie to the East arising from the trade deficits in that direction. Fluctuations in these commodity and specie flows brought increasing pressure on the Ottoman monetary system.³⁰ As silver became more abundant and the gold:silver ratio rose, the exchange rate of the sultani and the ducat increased from 54 akçes at the beginning of the sixteenth century to 60 akçes in mid-century. After the minor debasement of 1566 in which the silver content of

1545-1560; and the average annual production remained at between 300-400,000 kilos throughout the seventeenth century. In the space of a century, 1520-1620, the production of silver had quintupled. Gold production grew at only one-sixth that rate. According to the figures given by the American economic historian Hamilton, 181 tons of gold and 17,000 tons of silver from America arrived at the port of Seville in Spain between 1503-1660. This flood of precious metals onto the European market caused a drop in prices to between one-half and one-third their previous levels. Currency trends in the Ottoman empire remained under the influence of these pervasive economic events in Europe, and the real reasons for the Ottoman monetary upheavals are better understood when examined in the context of these trends. Inalcik (1993a), 225.

²⁹ Barrett (1990), 251; and Attman (1991), 7-20. In spite of the nearness of the Ottoman lands to Europe and its great economic importance, the magnitude of its trade with Europe is the most difficult to document or estimate. Attman estimates average annual exports of silver from Europe to the Ottoman lands as 50 tonnes between 1600 and 1780.

³⁰ Sahillioğlu (1983), 269-304. It was argued earlier in this century that the discovery of the ocean route led, rather quickly, to the decline of the transit trade through the Middle East. Recent research has shown, however, that after an early retreat the overland trade recovered and then held its own against the ocean route until the end of the sixteenth century. Steensgaard (1974), 9.

the akçe was reduced by 7 percent, the market exchange rate of the sultani and the ducat rose to 65 akçes and even higher, especially in the Balkans where silver was more abundant. In response, the Ottoman government fixed the official exchange rate at 60 until the mid-1580s. The divergence of the official and market rates contributed to the disappearance of the gold pieces in payments to the state and in other transactions, which followed the official rates.³¹ Government efforts to fix the exchange rate in favor of the silver akçe also helped increase the clipping of akçes during the 1570s and 1580s. There was also a sharp increase in the production and circulation of substandard, counterfeit akçes.³² However, various restrictions and prohibitions imposed by the Ottoman authorities on exports of silver to Iran in the east did not succeed in slowing down these outflows.³³ These flows intensified during the second half of the sixteenth century. Large European silver

³¹ For shortages of gold during the second half of the sixteenth century, see Sahillioğlu (1965a), 105-22; C. Kafadar (1986), 61-64; and Inalcik (1978), 69-96.

³² For examples of counterfeiting episodes before the debasement of 1585-86 and government efforts to punish the perpetrators, see BOA, MHM. volume 41, 21/11, 118/56, and 1017/474; volume 48, 1075/369; volume 49, 57/15; volume 53, 657/228; also Faroqhi (1991), 281-92.

³³ Recently, Kafadar has also emphasized the importance of these bullion flows in understanding the Ottoman debasement: Kafadar (1986). See also Mathee (2000), 227-33; and Pamuk (1997), 345-55.

coins called groschen began to appear in Ottoman markets in increasingly larger volumes.³⁴ However, various restrictions and prohibitions imposed by the Ottoman authorities on exports of silver to Iran in the east did not succeed in slowing down these outflows.³⁵

OTTOMAN HISTORIANS' INTERPRETATION OF THE MONETARY TURBULENCE AND THE INCIDENT

Even if political history was the primary concern of Ottoman historians, they could not but turn their attention to financial matters in the final decade of the sixteenth century. In addition to protracted *wars* in both the eastern and western fronts, the problems of the state treasury and the devaluation of the currency were some of the most obvious and distressing realities behind the political turbulence of the era, which surfaced particularly in the form of uprisings by the paid soldiery. Among these, the Beylerbeyi Incident of 1589, when thousands of soldiers stormed

³⁴ For the circulation and official exchange rates of the European groschen in the early 1580s, see BOA, MHM, volume 44, 701/307; volume 47, 224/88 and 255/99.

³⁵ Recently, Kafadar has also emphasized the importance of these bullion flows in understanding the Ottoman debasement: Kafadar (1996), 61-70; Matthee (2000), 227-33; Pamuk (1997), 345-55.

into the Palace demanding (and obtaining) the beheading of one of the sultans long-time intimates, Rumeli Beylerbeyi Mehmed Pasha who was in charge of the "reforms related to the currency, represents the culmination of the convergence of monetary and military problems which was to bedevil the Ottoman state well into the seventeenth century.

Both Ali and Selaniki dwelt extensively on this incident, as well as other instances of finance- and money-related disturbances, within the framework of their histories. In fact, we can find numerous instances of financial hardships and related upheavals recorded in their works. Since Ali's treatment of Murad III's reign (1574-95) is partially theme-oriented, he makes a unique attempt to deal with the deterioration of the currency as a broad issue - as one the "disorders (*ihtilal*) of the age of Murad III culminating in the Beylerbeyi Incident - rather than within the framework of a single event. However, unable to abandon event-ordered historiography altogether, he treats the incident once again, this time focusing less on money than on the characters involved and the way things happened. We can also find further instances of finance- and money-related incidents scattered in the

Kühn, but not nearly as many as in Selaniki's almost slavishly event-bound history. Even though it lacks Ali's sophistication in looking beyond events, this work has its own advantages (1) it provides more data since it deals with many minor events and also since it extends until 1600, when another major revolt (having to do with soldiers salaries) shook the streets of Istanbul; (2) it reflects the development of Selaniki's thoughts on the financial crisis rather than his outlook at one specific period of his life, since he seems to have written most of his chronicle "as things happened," as if he were keeping a diary. Seyyid Lokman, the official *şehnameci*, rather than giving an account of the uprising, preferred to describe and praise the measures taken by Sinan Pasha, who was appointed Grand Vizier for a second term after the Beylerbeyi Incident, to remedy the hardships of the Treasury. It is clear in all three of these accounts that the monetary problems of the era loomed large in the minds of the contemporaries. Before dealing with their observations and analyses of the Ottoman financial crisis, however, we must provide the historical setting.

Indeed, Ottoman finances suffered a serious deterioration starting from the 1560s and intensifying towards the end of the

century. In terms of the akçe, troubles manifested themselves in increased clipping and counterfeiting (even instate mints) simultaneously with a sharp and continuous decline in its "market value." Around the middle of the 1580's, the akçe was officially debased to almost half of its former silver content and its exchange rate against the ducat and kuruş (larger European silver coins) was halved. As monetary turbulence continued, it sparked a major revolt in 1589 which has been called the Beylerbeyi Incident because it ended, as the rebels demanded, with the beheading of Rumeli Beylerbeyi Mehmed Pasha who had been in charge of the "currency reform," and of the Head Treasurer Mahmud Efendi.

Longer lasting, however, was the impact of the incident on contemporary Ottoman consciousness, already filled with apocalyptic expectations due to the approaching end of the first millennium of the Islamic era.³⁶ His courtiers immediately

³⁶ For Ottoman reports on the millenarian ethos around 1000 A.H., see Selaniki (H. 1281) 303, where Selaniki reminisces on those days of apocalyptic expectations from the vantage point of a few years later; also see Mustafa Naima (H.1281-83), 1:66. Five years before the turn of the millennium, Ali wrote a work of popular cosmology where he also treated the question of the signs of the Apocalypse: information on the composition and copies of the work are to be found in Fleischer (1986), 209, and note 138. This work, where Ali stated that he "himself did not believe that the end of the world was approaching ironically dedicated to Beylerbeyi Mehmed Pasha. This optimism may have been induced merely by the patronage he expected, or his views may reflect a

organized a musical party to entertain the sultan, but it is beyond doubt that Murad III, already the most reclusive and introverted of Ottoman rulers, carried the shock and bitterness of the Incident for a long time to come.³⁷ It is only thus that Sinan Pasha in his correspondence with the sultan would not miss any chances to refer to “those desperate days” before his (second) term of office to highlight his own services or to justify his actions.³⁸ Ali adds that the sultan regretted for the rest of his life not having executed the dismissed viziers.³⁹

Writing a few years after the incident, Ali interprets its political significance as the first case in Ottoman history where the divan was “busted,” which he views as an unprecedented affront to the “honor of religion and state” as well as to the “noble dignity

rationalistic skepticism the Apocalypse in a metaphysical sense; namely, he did not necessarily discount worldly disorder. Indeed, Fleischer has demonstrated that Ali shared the millennial mood of Istanbul, as exposed by the fact that his “poetry from the years 1589-91 is dominated by imagery of disease, want, and personal and public apocalypse.” Fleischer (1986), 219; for Ali’s activities and mood in those years, see Fleischer (1986), 217-232.

³⁷ The entertainment is reported, after an account of the revolt based primarily on the *Künh*, by Peçevi İbrahim (H. 1281-83), 1:22-25.

³⁸ For instances of Sinan Pasha’s references to the turbulence before his term of office see his Sinan Pasha (1961), 3, 4, and 9.

³⁹ Mustafa Ali (1861-69), 393.

of the Sultan of Islam.”⁴⁰ Thereafter, he believes, the *kuls* grew increasingly impetuous which he reads as a sign of decline in the authority of the ruler and the central government. That the *kuls* enjoyed a new visibility in Ottoman political life was perceived by other Ottomans as well, and the notion of suppressing this increasingly violent power block, or subduing it to docility, becomes one of the main concerns of reform-minded administrators thereafter.

Neither Ali nor Selaniki was in the capital during the disturbances. Ali had been in Central Anatolia as *defterdar* of the Rum province and, being dismissed from this position in April 1589, he returned to Istanbul later in that spring.⁴¹ Selaniki, on the other hand, had been on the eastern front as *silahdarlar katibi* (secretary of the *silahdar* corps, one of the six units of the *kapıkulu* cavalry) for nearly a year and came back to the capital in the summer of 1589 only to be dismissed soon thereafter.⁴² In addition to their former services in the financial bureaucracy, the latest

⁴⁰ Mustafa Ali (1861-69), 393-94.

⁴¹ Fleischer (1986), 217.

⁴² Selaniki records that he left Istanbul in April/May 1588; for his return, see Selaniki (H. 1281), 242 and 258.

offices occupied by both historians, then, involved them closely in financial matters.

Selaniki received the news of the uprising from a dispatch sent to armies winter camp in Erzurum.⁴³ He has already warned his readers that during his absence from Istanbul, news from the capital are going to be reported on the basis of whatever reaches his ear (*rivayet*).⁴⁴ Yet we are obviously presented with more than the contents of the speech on the Beylerbeyi Incident; Selaniki at least adds some background information in the beginning and some evaluative remarks at the end of his account of the incident, which he clearly considered to be of extraordinary significance.

This report also represents a breaking point in Selaniki's narrative, which, until then, offers only a few contemplative moments in an otherwise objective recounting of events.⁴⁵ Thereafter, however, personal interpretations are often interpolated in-between reports on specific incidents, particularly those that are related to financial and monetary matters.

⁴³ Selaniki (H. 1281), 252-56.

⁴⁴ Selaniki (H. 1281), 242.

⁴⁵ For an interesting example of those early contemplative moments, his report on Murad III's accession ceremony in 1574 on Selaniki (H. 1281), 111.

As background information on the Beylerbeyi Incident, Selaniki provides his first sketchy overview of the monetary turbulence that plagued the Ottoman empire in the final decades of the sixteenth century (which he treats in somewhat more focused and more analytical small sections in the 1590s). He mentions first the clipping of the akçe by the people (*halk*); since the administration fails to use its punitive authority (*terk-i siyaset*), such illicit practices turn ever more daring, bringing into circulation excessively defective coins that are worth only a fourth or fifth of the official rate of the akçe. Thus, the Ottoman silver coin and money-of-account loses all of its prestige and becomes useless.⁴⁶ Gradually, kuruş and gold coin gain twice their former value against the akçe. Since the merchants adjust the prices accordingly, i.e., according to the gold standard, salaries (paid in akçe) lose half of their former purchasing power. Selaniki is quite explicit (and uncharacteristically abstract) in expressing the real decline in the salaries which remained fixed on nominal (akçe-

⁴⁶ Since coins of such variant standards are allowed to circulate the asper loses all of its acceptability: see Selaniki (H. 1281), 252. The following analysis is based on the passage that runs on pages between 252 and 255.

based) terms, “suppose that as salaries everybody was receiving ten gold pieces and started to get only five...”⁴⁷

Against this background that specifically identifies ulufe-receivers as the primary losers in the monetary disorder, Selaniki moves on to a narrative of their rebellion. The devaluation of the akçe against gold impoverishes the soldiers and renders them resentful as the passage cited above suggests. But what finally sparks the uprising is the payment of salaries in defective (*hurde*) coins which the soldiers are unable to pass in the marketplace other than by the use of force.”⁴⁸ As we have already seen and as Selaniki’s use of the word *hurde* implies, the soldiers were angered not because they were paid the officially-debased coins but because they received defective ones that were brought into circulation by a *de facto* devaluation. Otherwise, they would not have been refused by the shop owners, and, as Selaniki repeatedly points out this refusal was the main grievance of the mutinous cavalrymen. Indeed, the most important factor in Selaniki’s analysis seems to be continued instability of the currency. Not the

⁴⁷ Selaniki (H. 1281), 252:

⁴⁸ Selaniki (H. 1281), 252.

loss of value as such, but the unarrested loss of stability and prestige is the true disorder that plagues the akçe. In fact, the decline of value is analyzed in terms of the akçe's deteriorating respectability due to the government's inability to halt the circulation of adulterated and counterfeit coins:

The people clipped every one of the aspers (that remained) from the old times and made five pieces out of them since (the enforcement) of punitive authority was abandoned. The *sikke* lost its respectability and perished (literally: no renown or sign was left of the *sikke*). While it was the sultans law that five hundred aspers be coined from 100 dirhams of silver, 100 dirhams were turned into two thousand defective aspen (which) were of no use in any transaction.⁴⁹

It is clear from this sketchy analysis, which is certainly not the outcome of a theoretical elaboration but perhaps more revealing of Selaniki's perception because of it, that the basis (or, at least, one of the motors) of the devaluation is extra-fiscal according to our historian. He does not report it as a simple government imposition to raise revenue; to the contrary, the government - the locus of political authority - is depicted as being swept by forces that it

⁴⁹ Selaniki (H. 1281), 252. For interesting examples of the manner in which the couterfeiter and clippers operated, see Dağlioğlu (1940), 80-81.

cannot control. He does not care to offer any insight, however, into why such illicit practices as clipping and counterfeiting could become so widespread and why such blatantly defective coins could find circulation.

The government is faulted for not using *siyaset* in this process; it would not be fair, however, to assume that Selaniki imagined punitive measures to be the sole remedy. At the end of his report on the revolt, Selaniki evaluates the aborted monetary reform of the executed Beylerbeyi in a favorable light. Our historian claims that Mehmed Pasha was not only innocent of any involvement in the use of defective coins in *ulufe*-payments but was, on the contrary, “working and doing his best for the stabilization (*tashih*) and reform (*islah*) of the akçe.”⁵⁰ Since he had been collecting money from the people for that purpose, however, he had achieved notoriety, and the phrase “Beylerbeyi akçesi” served to associate his name with the monetary crisis in the popular imagination. No matter what role police efforts could have played, Selaniki believes also that a monetary reform to

⁵⁰ Selaniki (H. 1281), 255.

stabilize the currency was sound policy. By citing the chronograms, quoted above, that accuse the Beylerbeyi of an unjust imposition, on the other hand, he demonstrates his objectivity and hints that he disapproved of the manner in which the reform policy, whose final objective he fully approved, was executed. He seems to imply that had the Treasury been full or had the funds of the Inner Treasury been made available, such a policy could probably have been carried out without the imposition of a tax and the reform might have come to fruition.

Several years before the Beylerbeyi Incident, Ali had already penned his musings on the currency fluctuations in his *Nushatü's-selatin*, which he stopped in 1581 but continued to revise until 1586.⁵¹ The originality of this treatise as “the pioneering work of a new genre of political reform literature, the *nasihatname* has already been highlighted by Fleischer.⁵² In terms of our concerns in this study specifically, the *Nushat* is noteworthy because it contains the earliest discussion of the currency crisis in Ottoman

⁵¹ For interrelationship of the manuscripts and the evolution of the composition of the text, see Tietze's introduction to *Counsel: Mustafa Ali* (1978-82), 10-11.

⁵² Fleischer (1986), 171-77.

intellectual life. The crisis is presented as one of the “ample disorders that have emerged in our age in opposition to the laws (of the empire).”⁵³

Ali seems to have included “the matter of drachmas and dinars” as one of the “disorders” of his age as early as in the first version of his work in 1581. His remarks on the official debasement of H. 994 (1585-86) appear, as the latest dated addition, on the margin of the text.⁵⁴ It is also remarkable that he treats the monetary crisis as a general observation on the “economy,” totally irrespective of any specific event or government action. He was obviously quite content with his early essay, which he transferred verbatim into the *Künh* where he disregarded the marginal note on the H. 994 debasement but instead added a new section. Describing how the currency crisis led to the Beylerbeyi Incident. The manner in which he starts out the additional section in the *Künh*, “and latter at the year 990 of the Hegria approached,” is further proof that the essay in the *Nushat*

⁵³ Mustafa Ali (1978-82), 163.

⁵⁴ Mustafa Ali (1978-82), 184-95.

was included in the final version that was completed in H. 989 (1581).⁵⁵

Ali's treatment of the matter is much more theoretical than that of Selaniki, but it is tied to what might be called a political theory rather than an economic one. He starts out by pointing the two ultimate sign of sovereignty in Islamicate political thought: *hutbe* and *sikke*. It was deeply ingrained in Ottoman political imagination as well that a sovereign ruler of a realm was one in whose name the *hutbe* was read in the Friday mosques of that realm and whose name appeared on the coins. Seyfi Çelebi, who wrote a political geography of Asia around 1570, is explicit about these criteria when he feels apologetic about giving the title of "*pidishah*" to Hacı Muhammad Han of Harazm (1557-88, 1602-3):

In reality, he is not in a position to be called a sovereign ruler; but, since they deliver the *hutbe* in his name and since he strikes coins, he counts as a sovereign. For, historians know that if someone rules over even just a single town, he is considered a sovereign on condition that the *hut be* is delivered in his name and that he strikes currency.⁵⁶

⁵⁵ Mustafa Ali (1861-69), 295.

⁵⁶ Seyfi Çelebi (1968), 137.

In his description of these “two special divine gifts” given to sovereigns, Ali distinguishes between the abstractness of one and the concreteness of the other. The *hutbe* is an expression of the “idea of the greatness of the royal prestige” and a reminder to the subjects of the obedience due to their ruler, while the *sikke* transmits the message of “royal power” in a “clearly expressed and written down” manner. Thus, Ali moves into describing how the gold and silver coins, which are like jasmines and wild roses (i.e., precious objects signifying abundance) in the “gardens and meadows of kingship,” fulfill their function:

Footless they climb steps; handless they travel,
wandering from hand to hand. Speechless they give
testimony of the sovereign’s overwhelming power,
untaught they tell of his superior might.⁵⁷

It is through this ability to flow into hearts and pockets, to circulate from person to person, area to area, that coins serve their intended purpose as *sikke*, namely bear testimony to a rulers power.

⁵⁷ Mustafa Ali (1978-82), 1:81.

The consistent use of floral imagery by Ali is not mere poetic convention; he probably intends to connote the tenderness and frailty of monetary standards which can easily be ruined if not protected; he also likens various currencies to planets “an the firmament of the sultans might.”⁵⁸ This time, carefully chosen astrological imagery brings home Ali’s essential message that the protective power of the sultan is needed to enable the *sikke* to function, i.e. circulate, properly. He also clarifies that “the *firengi* (namely, foreign coins) is outside of this subject.”⁵⁹

We have already mentioned that the Ottomans allowed foreign currencies to circulate freely within their realm and noted the consistency of this policy with bullionist concerns. But the Ottomans were neither unaware of nor insensitive to the symbolic associations of sovereignty entailed in the name, shape, iconography, and prestige of coins; under Selim II (1566-1574), they waged a persistent (but eventually unsuccessful) struggle to change the name of shahi, the currency of the eastern provinces, to

⁵⁸ Mustafa Ali (1978-82), 1:81.

⁵⁹ Mustafa Ali (1978-82), 1:81-82.

selimi.⁶⁰ The latter decades of the sixteenth century witnessed something much more phenomenal than the use of foreign coins in particular transactions within a system that, on “a macro level,” was based on its own currencies. Ottoman observers of monetary phenomena in those years were clearly not indifferent to the fact that foreign coins, particularly *kuruş*, had come to dominate the Ottoman market, while domestic coins were becoming more and more unacceptable in the realm where they were supposed to play the role of *sikke*, symbol of and witness to sovereignty. The anonymous versifier of a poem “on the counterfeiter” writes that “the *akçe* being defective, no one looks at its face; the *gurus* has become favored by everyone; this is a peculiar novelty.”⁶¹ He sees it as both *farz* and *sunna* that the sultan remedy this “peculiarity.” It is due to a similar aversion to the displacement of the *akçe* by the *gurus* that Ali urges his readers to discontinue using the latter on regular transactions: “Spend the *kuruş* on a dishonest transaction!”⁶²

⁶⁰ MHM. volume 22, 521/66 H. 981; and. volume 21: 478/200 dated H. 980.

⁶¹ This poem is appended to a copy of Fakiri’s *Risale-yi Tarifat*: Fakiri (1954), 103.

⁶² Mustafa Ali (1978-82), 1:82.

It appears, then, that to be *sikke sahibi* (one who has a currency in his name; used in the sense of “a sovereign ruler”) did not merely imply striking coins in ones name (which, after all, counterfeiters would be able to do as well), but being able to render their circulation accepted and to impose them as valid measure of value within the realm. Only then can the *sikke* bear testimony to rulers power, bloom and display abundance, revolve like planets in their well-regulated orbits. Based on this premise, which he seems to have shared with other contemporary Ottoman intellectuals including Selaniki, Ali describes how “the question of money which is referred to as the noble coin [of a sovereign]” has come to constitute one of the disorders of his age. As in Selaniki’s analysis, the locus of the disorders origin is extra-fiscal: the manipulations of money-forgers and money-changers. Being “chipped again and again” in the hands of the former,

The imperial currency...had become so small and broken-faced...that instead of being the shining brightness of the garden and meadow of the empire and the plentiful flower- petals of the vernal park of

rulership it has now turned in appearance into drops of dew.⁶³

Money-changers, on the other hand, undermine the official exchange rate of the akçe by imposing their own standards, according to Ali; the monetary anarchy works to the advantage of such cunning tricksters who are so useful and agile that they can rob people of their shadows. The core of Ali's criticism is turned against the fact that such "outside" forces as *kallabs* (counterfeiters) and *sarrafs* (money-changers) are allowed to influence or even set monetary standards. Again like Selaniki, Ali does not allow his imagination or his inquisitive curiosity to run any further than that; we are not offered any insight as to why the manipulations of the counterfeiters and the bankers can be so destructive. That line of questioning would have taken our historians into the realm of "market" forces where the in- and outflow of precious metals and balance-of-trade would have been the next subjects of investigation. Unlike the mercantilists in Europe, however, decline-conscious Ottoman intellectuals were not to conduct direct and systematic inquiry into that area. Rather than comprehending

⁶³ Mustafa Ali (1978-82), 1:82.

and accommodating those forces, they were rather interested in eliminating them or rendering them ineffective in terms of the empire's political organization, in keeping the activities of producing-trading apart from administering-fighting.

Thus, after establishing the extra-fiscal origins of the monetary disorder, Ali turns his attention to the only force in his mind that ought to be capable of putting the *sikke* in order the state. The sultan is unaware of the problem because only good coins, those issued by the mint of Kratovo, are sent to the Palace. The viziers, on the other hand, do not concern themselves with the problem "because they do not understand the damage it makes."⁶⁴ In the meantime, corrupt finance directors and tax collectors exploit the situation and disobey the standards, which are officially set for minting coins. Thus even the state mints, unnoticed by the sultan and unheeded by the viziers, bring into circulation coins of excessive disparity; owing to its fragmentation and the debasement of its status' the use of the *akçe* in commercial transactions involves "a terrifying numerical increase. It is not

⁶⁴ Mustafa Ali (1978-82), 1:83.

surprising under these circumstances that the akçe “has been totally marked off by the merchants of the Bazaar...Gradually and without being noticed, the noble imperial currency changed from a position of validity to one of unsalableness.”⁶⁵ A poem caps this remarkably early, critical essay of 1581 with a straightforward message: “The currency has to be respected.”⁶⁶

Approximately five years later, Ali evaluated the official devaluation of 1585-86 on the margins of this essay.⁶⁷ In this brief and somewhat ambiguous account, he seems to contend that decree of Murad III stipulated a new exchange rate for gold, doubling its worth in relation to the akçe, but did not specify a standard intrinsic value for the latter. His criticism is extremely poignant here since it proves that Ali clearly understood the worthlessness (other than very short-term fiscal gains) of a devaluation that did not deal with the matter of the relative prices of gold to silver; that question was addressed two years later, after Ali had penned this note. Therefore, Ottoman silver currency

⁶⁵ Mustafa Ali (1978-82), 1:83-84.

⁶⁶ Mustafa Ali (1978-82), 1:83-84.

⁶⁷ Mustafa Ali (1978-82), 1:84.

remains unstable while “Jewish money-changers” exploit this lacuna by further clipping the aspers. Furthermore - and here Ali introduces a new element into his analysis, which we shall deal with in more detail in the next chapter - prices are doubled (in akçe terms) by merchants who follow the gold standard. On this account commerce benefited the money-changers and the merchants but it harmed the people of the land who had to spend two aspers instead of one and whose necessary expenses doubled.”⁶⁸

Clearly, then, Ali views the devaluation as a failure on the basis of merely “economic” phenomena, much before continued monetary disorder results in the Beylerbeyi Incident. Once again, he stops short of analyzing the forces that enable the *sarrafs* “to render one osmani of the old times in weight equal to three (present-day) aspers” whereas the government decision set a relationship of one to two. He is content with pointing to the fact that the devaluation, while it led to a decline in the purchasing power of the akçe, failed to stabilize the currency, to restore the

⁶⁸ Mustafa Ali (1978-82), 1:84.

respect that it should enjoy so as to circulate and bear witness to royal power.⁶⁹

By the time he came to compose the *Künh*, starting from early 1592 and continuing until 1598, Ali had a new perspective on the devaluation.⁷⁰ Whereas he copied his earlier “disorder of the sikke” essay almost verbatim into his universal history, he deleted his marginalia of H. 994 and, instead, added a new section providing an explicitly fiscal dimension to his interpretation of the lack of concern with illicit tamperings on the currency and the decline in its esteem. Ali writes in this new section that circa H. 990 the akçe started to suffer from a tangible *de facto* depreciation which worsened while the government gave it tacit license. The ultimate exploitation of the monetary disorder for the fisc’s sake comes across in the previously-quoted anecdote about Murad III’s wish to double his wealth in gold by a hundred percent devaluation. “This crude desire,” according to Ali,

Became the abyss of peace and order. Above anything else, it was through this manner that the disorder of

⁶⁹ Mustafa Ali (1978-82), 1:84.

⁷⁰ For the history of the *Künh*’s composition, see Fleischer (1986), 275 and 339-40.

the days of their (i.e., Murad III's) state became determined...They were unable to grasp that "a little avarice (leads to) a lot of loss' is a principle validated for this matter.⁷¹

Thus, in his re-interpretation of the devaluation in the *Künh*, Ali attributes it more explicitly to fiscalist avarice; once monetary disorder depreciates the currency, the state first complies with this situation and then exploits it. It is in the realm of prices, where Ali next turns his attention, that the catastrophic results of the sultans' action are observed as we shall analyze in the next chapter. In terms of monetary matters, Ali here notes that the devaluation could not be implemented in Egypt because of the resistance of the soldiers.⁷² People of other areas, on the other hand, continually send petitions, which remain unheeded. Failure to implement

⁷¹ Mustafa Ali (1861-69), 296. A passage that points to Ali's awareness of the gradual attrition of the currency and state compliance with this *de facto* devaluation is on page 295.

⁷² Mustafa Ali (1861-69), 296. Selaniki, without giving any explanation other than a suggestion of steadfastness, adds that Yemen and North Africa also used [their currencies] according to the old standards and would not allow for a bit of increase in them." Selaniki (H. 1281), 295. It is not clear why in Egypt and North Africa, at least for a while, the official devaluation was not rendered effective. The central government may have been apprehensive of military uprisings, as Ali suggests, or less able to extend its authority into those areas. It must also be borne in mind that the administration was primarily concerned with the *akçe*, which never replaced the local currencies of those regions. On the variety of currencies in different parts of the Ottoman Empire where "monetary unity was never established," see Sahillioğlu (1983), 269-304.

universally the new standard widens the extent of monetary anarchy.

In the *Künh*, this new section is placed in-between the 1581 essay and the poem that caps it. Thus, Ali not only maintains the integrity of a “theoretical” essay on monetary disorder but also concludes it once again with the core of his analysis: “The currency has to be respected” He then briefly relates the Beylerbeyi Incident as the outcome of this disorder, since it eventually led to salary payments in defective coins as light as “almond leaves” which were accepted into the Treasury through bribery.⁷³

Later in his universal history, Ali devotes another section to the Beylerbeyi Incident, but this time he treats it primarily as a “political event” in a more traditional mode. Not the monetary disorder but the rebellion is the theme of this section. “The matter of transformation in the currency of Rum (*tagyir-i sikke-i rum hususi*)” is given a summary treatment while emphasis is laid on the accumulation of resentment among *kul* soldiers whose salaries

⁷³ Mustafa Ali (1861-69), 296.

were paid in coins without “currency (*revac*).”⁷⁴ Clipping, counterfeiting, and government heedlessness of about its *sikke’s* loss of esteem re-appear as Ali’s perspective on the currency disorder. In analyzing the incident and Beylerbeyi Mehmed Pasha’s downfall, Ali also points to the “levy of currency stabilization (*tashih-i sikke teklifatı*) as a contributing factor. In addition to the machination; of his rival, the Beylerbeyi had drawn public notoriety against himself by this unpopular measure.

Ali was well informed on the aims of the levy and, like Selaniki, seems to have found them reasonable, but the imposition of its cost on the people and its brutal administration are severely criticized by our historian. In his description, the money raised to cover the costs of Mehmed Pasha’s currency adjustment was made up of “coins collected with tears (*göz yaşlarıyla cem olunan nukud*).”⁷⁵

Ali does not allocate any more space in his narrative to the currency disorder. Fiscal strain is particularly as it surfaced in *ulufe* arrears merely mentioned without analysis among accounts of

⁷⁴ Mustafa Ali (1861-69), 391-94.

⁷⁵ Mustafa Ali (1861-69), 394.

various events.⁷⁶ In his topically-oriented history, Ali obviously felt content after having analyzed the currency disorder all by itself in one coherent section of his work and having pointed to how it was tied to further “economic” issues such as prices and fiscal strength and how it played a role in the political turbulence of the era.

Even though Ali did not return to the subject probably because he felt his analysis to be exhaustive of its structural elements, the instability of the currency remained a strong presence in Ottoman economic and political life into the 1590. In his second grand vezirate starting in April 1589, Sinan Pasha attempted to bring the deceased Beylerbeyi's currency reform to completion: in a letter to the sultan, he boasts of having sent models to every provincial mint so that coins be struck according to the new standard.⁷⁷ We do not know, however, whether Mehmed Pasha's program was carried out as it had been planned before the uprising. Sinan Pasha's concern with the disorder that struck the Ottoman currency can be observed also in his

⁷⁶ For instance, see Mustafa Ali (1861-69), 407.

⁷⁷ Sinan Pasha (1961), 5.

commissioning of a *translation* of al-Makrizi's celebrated treatise on the history of coins in the Islamic world.⁷⁸

Seyyid Lokman was writing his *Şehname-i Al-i Osman* in those years. In the only extant copy of this unfinished production where spaces reserved for illuminations remain blank, the revolt of 1589 is not mentioned, but, after a confusing break in the text, the official *şehnameci* return to his chronological account with the immediate aftermath of the incident.⁷⁹ He obviously considered Sinan Pasha's his patron at the time; at the end of the work, he asks the Grand Vizier to "make Lokman happy with a post."⁸⁰ Aptly, his work is filled with praises of that statesman whom Ali, and less explicitly, Selaniki deemed much less than successful or praiseworthy. Whereas Sinan Pasha is hailed primarily for his military victories in the earlier section of the work, most of Seyyid Lokman's laudatory remark after 1589 is directed at the pasha's economic measures. There was "not one pursue of case in the Outer Treasury" when the new Grand Vizier took the office,

⁷⁸ Makrizi (1946), 16-17.

⁷⁹ Lokman (H. 1004) 90.

⁸⁰ Lokman (H. 1004), 97.

according to *şehname*, so he had to “borrow one thousand purses from the Inner Treasury.”⁸¹ Lokman claims that the loan was accepted on the basis of Sinan Pasha’s promise that “the [missing] appers are in the hands of emins” and that, through proper collection, the Treasure would be full in a few days.

After resolving the immediate problem of salary payments, the pasha is credited with undertaking more structural measures. Among these, the currency reform is mentioned first. It is simply stated in the *şehname* that he made solid coins abundantly available to the people by “reforming the currency through (proper) striking,” whereas earlier, “the Ottoman asper was non-existent; there was adulterated red (i.e., mixed with copper) shahi at hand.” While attempting to honor the deeds of his patron, the official historian of the period thus exposes a major disorder in the empire. It is in the nature of his undertaking, however, that he presents the pasha’s “success” in hyperbole: “the whole world became prosperous...by putting the akçe in order.” Lokman also claims that his patron filled the “Outer Treasury with gold just like

⁸¹ Lokman (H. 1004), 91, for the rest of the paragraph and the next one. There is no mention of the money collected by the Beylerbeyi or of his preparations for monetary reform.

the Inner one" after "fully recovering the outstanding debts of the emins" as he had promised at the time of his appointment. Fiscal strenght and monetary stability seem to have been implicitly related in this account.

Earlier in the *şehname*, Lokman points to the same connection while dealing with the Grand Vezirate of Rüstem Pasha. The latter's achievements in economic matters are recorded in even greater detail than those of the author's patron. Süleyman the Magnificent's Grand Vizier, too, is reported to have come to power at a problematic time, 'when the affairs of the Outer Treasury reflected deficit spending (and) most of the gold consisted of European coins (*sikke-i frenk*)."⁸² He is alleged, again just like Sinan Pasha, to have gathered the amount that was owed to the state by revenue collector from every corner of the empire "not allowing one piece of grain to remain."⁸³ Rüstem is also credited with straightening out the matter of the currency and establishing the power of the imperial coin after fixing the standard of coinage himself. Thus, while only recently "revenues

⁸² Lokman (H. 1004), 76.

⁸³ Lokman (H. 1004), 76-77

did not suffice for the expenses” he enabled the Treasury to enjoy such surpluses that, in addition to covering the cost of numerous public and pious constructions, thousands of loads of extra cash were deposited in the coffers of Yedikule, much “to the spite of the environs.”⁸⁴

It is clear that in an indirect manner the praises showered upon Rüstem are deflected to apply to Sinan as well. The thrust of Lokman’s analysis is identical in both cases. In fact the passages on Rüstem enable the *şehnameci* to draw a concrete lesson, which is clearly intended as a plea for the longevity of Sinan Pasha’s tenure of office. Rüstem, who enjoyed fifteen years holding the highest office in the empire, was successful, it is argued, because the sultan believed in his Grand Vizier; “that is why the affairs of the dominion; were in good order, and the state and the public comfortable.”⁸⁵ If Sinan Pasha, too, were allowed to maintain his position, Lokman further asserts, he would no doubt achieve the

⁸⁴ Lokman (H. 1004), 96.

⁸⁵ Lokman (H. 1004), 77.

same. After all, all these things that he accomplished in one year, Rüstem would not be able to do in several.”⁸⁶

Whatever success one can attribute to Sinan Pasha’s measures, it was only valid for a very short term. According to Ali who, just like Selaniki, does not care to comment directly on Sinan Pasha’s measures, the post-revolt financial administration conveniently found, and generously but corruptly spent, the huge treasures concocted for the levy of currency reform.⁸⁷ Fiscal depression and rising prices seem to have continued unabated. The currency disorder probably subsided for a while; records of various discordant rates among the *Mühimme* registers do not indicate serious depreciation in the period immediately following the Beylerbeyi Incident.⁸⁸ But this problem did not disappear altogether, and indeed came back with a rage in a few years.

In the second half of the century’s last decade, a few years after the beginning of a new series of costly wars (this time, fought against the Hapsburgs), the *de facto* depreciation again reaches

⁸⁶ Lokman (H. 1004), 97.

⁸⁷ Mustafa Ali (1861-69), 394-395.

⁸⁸ BOA, MHM. volume 70, 482/248; volume 71, 211/80; volume 73: 413/172.

insupportable levels: prevalent rates for the gold and the gurus mentioned in Ankara *cadi* records of 1599 and 1600 include figures that exceed even twice the official rate.⁸⁹ Finally in September 1600 a new “currency stabilization” program was put into effects. The silver content of the *akçe* was again reduced by striking 950 *akçes* out of 100 *dirhem* of silver, probably hoping thereby to prevent the withdrawal of good *akçes* from circulation. The novelty of this reform was the availability of funds from the Inner Treasury. Soon after recoinage, extensive *narh* lists were drawn up so as to halt rising prices as well. In the preface to the new price lists, it is spelled out that the reform was carried out in order to render the imperial currency into a trusted and accepted medium of exchange once again.⁹⁰ The stabilizing effects of this reform, which must be considered a relative success, seem to have remained in force until 1616 when a new wave of instability struck Ottoman currency and contributed to an even more violent political clash in 1622.⁹¹

⁸⁹ Ergenç (1978), 86-97.

⁹⁰ Kütukoğlu (1978), 16.

⁹¹ At the end of this revolt, the ruling sultan, Osman II (1618-22), lost not only his throne but also his life. On his brief but eventful reign.

Unfortunately, Selaniki's chronicle abruptly ends in May 1600, probably due to the authors sudden death, only four months before the *tashih-i sikke* regulation. There is no doubt that this measure would have drawn the attention of our historian, who displays a growing concern with the fate of the currency and with Ottoman finances in the 1590s. His work becomes increasingly dense with accounts of incidents that point to continued fiscal hardship and monetary turbulence. Among these, perhaps the largest portion is made up of difficulties suffered by the treasury in meeting the costs of salary payments. Selaniki reports several measures that the government adopts in desperation, such as borrowing, confiscation, or selling off positions. Still, wage arrears clearly remained a structural problem for the *kuls*. While Ali simply writes at the end of his account of the Beylerbeyi Incident that the soldiers thereafter became increasingly disrespectful and disorderly, Selaniki chronicles numerous minor and not-so-minor cases of *kul* tumult and explicitly relates most of these cases, even though he does not fail to scold the rebels, to arrears in *ulufe* payments.⁹²

⁹² See, Selaniki (H. 1281), 269 and 307.

While Selaniki becomes more and more tempted to add some critical comments in the entries recording particular incidents and cases, he also interrupts the succession of events in his text with overview sections that appear with increasing frequency in the 1590's. In these sections, which are usually introduced by such titles as "the impropriety in the affairs of the age," he at times removes himself from the critic's position by putting the comments of censure and rebuke in the mouths of others, in one occasion, for instance, he reports a lengthy conversation with a "crazy dervish" who seems to be no more than a fictitious character employed by our chronicler.⁹³ In another case, he records the Janissaries' complaint against Sinan Pash'a at length in a passage which he entitles "the fabrications...of the army corps; but he cannot help adding at the end "some of their talk is close to the truth, they said."⁹⁴ However, he is not always shy of direct criticism. In one section, for instance, our historian goes so far as to warn that in the days of our ancestors, in whichever state such situations as these were allowed, the lord of

⁹³ Selaniki (H. 1281), 271.

⁹⁴ Selaniki (H. 1281), 307.

the crown and throne would depart and a new regime would result.⁹⁵

The most important and detailed example of such passages is Selaniki's overview of Murad III's reign upon the latter's death.⁹⁶ Here, our historian absolves himself of the role of the chronicler and attempts a thorough evaluation of the deceased sultan's reign. In this discourse, he interweaves the political, social, and economic aspects of the deterioration and disorder that he, like Ali, obviously perceives as the main characteristic of that ruler's era. This is indeed the peak of Selaniki as an analytical historian and as a forerunner of Ottoman decline consciousness.

Among the "economic" aspects of the decline, Selaniki, again like Ali, assigns the primary place to the currency disorder. His views on the matter seem to have changed somewhat since his evaluations in the aftermath of the Beylerbeyi Incident, where his sole concern in terms of the background to monetary instability had been the activities of counterfeiters and clippers of coins. Here

⁹⁵ Selaniki (H. 1281), 359.

⁹⁶ Selaniki (H. 1281), 265.

he identifies the Persian Wars, because of their financial burden, as the main destabilizing factor, indeed, the main thrust of our historian's critical fervor in this essay is directed against the policy of protracted warfare in the eastern front because it consumed enormous resources primarily through the construction of fortresses that needed to be manned by salaried soldiers. The income of several provinces that used to flow to the treasury now had to be diverted to meet those soldiers' wages.⁹⁷ Selaniki claims that earlier rulers were aware of the special nature of the eastern front; Selim I and Süleyman I, even though they personally led many successful campaigns in that area, refrained from permanently holding it in their hands. Murad III, on the other hand, through his stubborn persistence succeeded in capturing parts of Azerbaijan and Caucasia, but 'this is a land the revenue of which does not meet its cost (of maintenance).'⁹⁸

⁹⁷ The growing need of the state for new units to serve new functions starting from the end of the sixteenth century and the effects of this development on the Treasury are treated extensively in Inalcik (1980), 48-49.

⁹⁸ Selaniki (H. 1281), 277. Selaniki's disappointment with the 'victory in the Eastern front was apparently not a singular, idiosyncratic reaction. Also Ali expresses a similar sentiment when he writes that "in appearance, victory belonged to the Ottoman army...but the rich poor...full and available treasures were emptied.'

Selaniki is quite explicit about his causal analysis. "Because of this," i.e., the Persian Wars, "disorder struck the affairs of gold and silver coins. Gold and silver gained in value."⁹⁹ His further suggestion, namely that it was first the shahi, the currency of the eastern provinces, that became 'devalued and defective,' and that its reflection eventually reached westwards, remains a baffling clue for further investigation since modern scholarly opinion on the monetary upheaval dwells exclusively on the influx of silver coins from the West.¹⁰⁰ In any case, he quickly returns to the safe and more widely shared position on the fate of the salary receivers by observing that the ensuing monetary instability was followed by an inflation and an official debasement of one hundred percent, which "left all of the *ulufe*-earners receiving half of the gold and piaster that they used to receive."¹⁰¹

Later in this discourse Selaniki returns to the question of the currency with a different emphasis. He compares Murad III's policy with that of earlier Ottoman sultans on the one hand and of

⁹⁹ Selaniki (H. 1281), 281.

¹⁰⁰ On the influx of silver coins from the West, see Inalcik (1978), 93-95, and our discussion of the Ottoman 'price revolution.'

¹⁰¹ Selaniki (H. 1281), 286-87.

foreign rulers on the other. It is not surprising that our historian depicts Murad as the loser in the first comparison. Earlier sultans and administrators, he claims, did their best to maintain the rate and the purity of the currency through “all kinds of warning and punishment;” counterfeiters would “in those times” be executed in order to set an example for the rest of the people.¹⁰²

Selaniki's comparative glance at the attitudes of the non-Muslim rulers of Europe, however, and his recognition of the latter as exemplary, may well be the first case of its kind in Ottoman historiography:

Particularly the infidel rulers who are around and about (us) were hard working and persistent in (the matter of their gold and piaster. Through the execution of (their) orders and punitive authority, they did not (let the currency) change (but) said: “the Ottoman sultan is an example to us; see what kind of disorder will strike the state and the wealth of the land.”¹⁰³

Is it not through comparative perspectives of this nature that the Ottomans eventually came to look up to the West as a model of political and cultural behavior. At least another contemporary of

¹⁰² Selaniki (H. 1281), 288.

¹⁰³ Selaniki (H. 1281), 289

Selaniki was developing a similar perspective in those years. Hasan Kafi el-Akhisari observing the war-torn Balkans, decried the Ottoman neglect of European advances in military technology and in the level of readiness through constant practice.¹⁰⁴ The proto-history, the intellectual roots, of Ottoman Westernization lies in the earliest phases of Ottoman decline consciousness at the end of the sixteenth century.

Such bold departures underscore the momentous proportions of the Ottoman intellectuals' awareness that new forces were threatening the superiority and authority of their state. In a different way, Selaniki's analysis of the currency crisis comes very close to that of Ali; one of the most important matters that ought to be firmly under the government's control, that was almost synonymous with effective authority, was slipping out of its grip.

Selaniki's comment on European states and their currencies was not necessarily based on a good acquaintance with Western monetary systems, which were anything but stable in his lifetime,

¹⁰⁴ İpşirli (1979-80), 268-269.

but it was certainly not a haphazard observation. Later in the same discourse, and on several other occasions in the rest of his chronicle, our historian even more forcefully reiterates the same viewpoint:

The Christian rulers, the enemies of the faith, polytheists with rites of unbelief, did not bring damage to the order and rule of their land by firmly controlling their maximum prices and currencies and maintaining them through executive authority, and (being) independent in their governing, by not letting counterfeiters into their lands, and (keeping) their subjects tranquil through justice and equity.¹⁰⁵

These passages also reveal that while fiscal strain emerges as Selaniki's main concern between 1589 and 1595, he does not cease to be worried by the *de facto* attrition of the currency and the administration's failure to assert its authority in this regard.

During those years he does not fail to include entries that document his and the administration's continuing concern with the circulation of improper coins, such as the accusation of Ferhad Pasha's brother for delivering defective coins to the treasury.¹⁰⁶ He

¹⁰⁵ Selaniki (H. 1281), 299. In one of these passages, the comparison with Christian states and with Iran is related directly from Admiral Sinan Pasha, originally from the Cicala family of Genoa; Selaniki (H. 1281), 375-378.

¹⁰⁶ Selaniki (H. 1281), 379.

also finds as seemingly routine a police case as the arrest of some counterfeiters in 1592 worthy of inclusion in his history.¹⁰⁷ Parallel to the escalation of the asper's depreciation in the second half of the 1590's, the dispersal of defective coins and the instability of the currency returns to the center of the stage in Selaniki 's chronicle in those years.

In these passages, he manages to convey to us not only his own views, but also those of other individuals or of various segments of the society involved in the currency problems in one way or another. The soldiers, for instance, prefer to get at least a portion of their salaries in precious metals. Since the state usually makes such payments, however reluctantly, on the basis of official exchange rates, the paid soldiers immediately rush to money-changers to receive far better rates, as Selaniki tells us.¹⁰⁸ Even dignitaries, he laments, are not above seeking profit from the difference between the official and market rates.¹⁰⁹ Our historian does not fail to note that also the administration, fully aware of the

¹⁰⁷ Selaniki (H. 1281), 320.

¹⁰⁸ Selaniki (H. 1281), 320 and 390. In an original concluding essay that he appended to his translation of Makrizi's *Kitab an-nukud*, Taşköprülüzade makes the same observation.

¹⁰⁹ Selaniki (H. 1281), 235.

circumstances, does not refrain from its authority to strike transactions advantageous to the treasury; when the silk that comes to the capital as the revenue of Shirwan is sold to the merchants of the city, for instance, their gold and piasters are accepted at far lower rates than prevalent market values, leaving tradesmen fully harmed and sad.¹¹⁰ Altogether, he draws a picture of monetary instability where the participants are fully aware and in pursuit of their monetary interests. The constant adjustment and re-adjustment, the dynamic interaction with a swiftly shifting matrix of monetary realities, that is implied in this depiction fully agrees with what we know about the reactions of other social elements, particularly merchants and jurists.

Extant *fetvas* of muftis and *responsa* of rabbis prove that, through constant reference to more stable standards of value (mostly gold) that the legal system upheld even when the state was hurt, Ottoman society was able to float in the troubled waters of currency disorder.¹¹¹ In a series of documents dealing with a

¹¹⁰ Selaniki (H. 1281), 255. Since the exchange rates were imposed against the will of the merchants, this 'sale' seems to have been conducted forcefully.

¹¹¹ Gerber (1982), 320-321.

relevant case from the early seventeenth century, for instance, a tax collector is asked to deliver a quota to the Treasury on the basis of a new official exchange rate that clearly puts him at a disadvantage: he reportedly collected the taxes when 150 akçe equaled one gurus, but due to a currency reform in the meantime the equivalence was now set at eighty to one.¹¹² Since the Treasury expected him to pay on the basis of a fixed sum of akçe, the amount of kuruş in his hand fell far short of his quota, and he faced imprisonment. He managed to save himself, however, by obtaining a *fetva* from Şeyhülislam Yahya Efendi (1553-1644), who asserted that the administration would not be permitted by the sharia to make him cover the difference and to refuse his payment according to the old rate.¹¹³

Such entries provide Selaniki with occasions to develop his perspective and to attempt novel analyses which prove that, for him and presumably for his contemporaries, administrative failure did not merely imply lack of sufficient police enforcement against counterfeiting and clipping activities, We have already seen his

¹¹² BOA, Ali Eimri/IV. Murad, nos. 245-249.

¹¹³ Selaniki (H. 1281), 260.

and Ali's appraisal of Beylerbeyi Mehmed Pasha's intended currency reform which was an eloquent sign of their awareness of further dimensions in the problem than police control and punishment. In an entry from Şaban H. 1004, Selaniki reports and evaluates a totally different kind of measure and extends his approval in a striking manner. He reports that the Head *Defterdar* of the time, "on the basis of the *kanun-i kadim*," burnt (i.e., melted) the money that was sent to the treasury from the provinces, obviously because the coins were defective.¹¹⁴ Not only did this measure hurt the counterfeiters, who were "left with a sour taste in their mouth" according to our historian, but it also occasioned the "wise people of the divan" to remark:

This is a better and more apt administrative measure and insight than executing thousands of people. May God Almighty support it in this manner would the matter of gold and silver coins be ameliorated.¹¹⁵

After this strong statement of assent, which undoubtedly represents his position as well, Selaniki further notes with pleasure that the defective coins brought to the capital by those who

¹¹⁴ Selaniki (H. 1281), 311.

¹¹⁵ Selaniki (H. 1281), 311-12.

collected the extraordinary taxes were returned to them. It seems that our historian implicitly reaches toward drawing a connection between the circulation of bad money and the fiscal strain which leads the government to exploit the *de facto* devaluation as a short-term solution to the cash shortage that it experiences.

Government compliance with the unofficial depreciation is after all not that different from an official debasement in that both processes augment the nominal volume of money and as Steensgaard argues, the alleged abundance of silver in the Ottoman market in those years (due to the inflow of the precious metal from the West) does not necessarily exclude the possibility that the Ottoman state was suffering from liquidity problems.¹¹⁶ Hence, Lewis's interpretation of the Ottoman reaction to the monetary disorder as an anachronistic reflex of an administration that, until then, was confronted only with scarcity in precious metals and thus could think of only the old medicine, seems to be unfair to the pragmatism of a government that was ridden with shortages in liquidity.¹¹⁷ The Ottoman treasury was caught in a

¹¹⁶ Steensgaard (1974), 79.

¹¹⁷ Lewis (1968), 29.

bind with increased silver imports and monetization leading to a *de facto* depreciation at a time when the treasury was constantly short of funds because of increasing needs of the state.

It is for this reason that the government was not always adamant in asserting its executive or punitive authority in terms of the circulation of bad coins, and contemporary Ottoman observers were not unaware of the connection between the authorities' oversight of the attrition of the currency and the spiralling expenses of the state. Their criticism of the increase in royal pomp, of the sultan's unwillingness to open the coffers of the Inner Treasury, of growing indulgence in luxuries among statesmen, and, perhaps most emphatically, of the swelling in the ranks of the salaried troops, must be viewed in this light and not merely as a series of haphazard ethical-political condemnations or as a bureaucratic concern with budgetary deficit. That deficit crippled the government in its attempts to restore the stability of its currency, its primary sign of authority and sovereignty. It is with this context in mind that Selaniki and "the wise people of the *divan* applaud a decision whereby the Head *Defterdar* does not make use of defective currency and displays a willingness to forego such

short-term remedies that eventually contribute to monetary instability.” Not surprisingly, Selaniki records later among the events of the same month that a considerable sum of money was taken out of the Inner Treasury for the armies’ expenses.¹¹⁸

As monetary turbulence rages in the late 1590’s, our historian grows increasingly self-confident in terms of his understanding of the problem. While reporting on a consultative session on the matter of the correction of the currency” involving the Grand Vizier and the “pillars of the state,” he writes, for instance, “without the cause being known, namely without diagnosing the fullness, such medicine was recommended that would be contrary to the nature of the world.”¹¹⁹ So strong is his disagreement with the proposed remedy, which consists of an attempt to reduce public consumption of precious metals by banning the use and production of luxury goods made with silver or gold, that he ends this section of his work with a daring remark:

¹¹⁸ Selaniki (H. 1281), 313-14

¹¹⁹ Selaniki (H. 1281), 267. The measures that meet with Selaniki’s disapproval seem to identify as the main problem scarcity in precious metals. Hence, Lewis is not altogether wrong; at least some members of the Ottoman administration may have been conditioned to a certain kind of reaction, or they may have been pretending to take precautions while continuing to benefit from the circumstances in a way that did not correspond to the reality of increased liquidity in the general system.

“The inept (statesmen who made that decision)...became a subject of ridicule to the kings and rulers of the world.”¹²⁰

Selaniki's intense preoccupation with the “economic” situation and his growing self-confidence eventually allow him to make explicit his interpretation of the government's inability to stand firmly before monetary turbulence. In the context of a lengthy diatribe against soaring prices during Ramazan 1008, he asserts that “illicit and defective aspers are the cause and instrument of the disorder and disagreement of the world” and adds:

Christian rulers do not lose a moment in the protection and surveillance of their coins and their (i.e., the coins) values, of their executive authority and leadership. The rulers of such a powerful sultanate [on the other hand], confused and perplexed, have taken the road to indulgence in the exploitation of ready cash.¹²¹

Salary payment difficulties in the same month gave the *kuls* a chance to channel their mounting discontent into another uprising; once again, one of their major complaints was that they

¹²⁰ Selaniki (H. 1281), 268.

¹²¹ Selaniki (H. 1281), 400-401.

could not pass the coins paid to them as salaries. This time, after obtaining a *fetva* similar to the one that preceded the Beylerbeyi Incident, the soldiers turned their wrath against Esther Kira, a wealthy Jewish woman who was accused of organizing and running numerous corruption schemes and particularly, through her extensive tax-farming activities, of flooding the Treasury with bad coins that eventually reached the hands of the soldiers.¹²²

Selaniki describes this tumultuous event in detail but does not care to comment on it; he apparently found it only to be expected after his crescendo on the monetary instability. Immediately after the revolt, however, he happily reports the appointment of Hacı İbrahim Pasha to the vezirate on the basis of his record of determination in reforming the currency.¹²³ This is the same statesman whom Selaniki had earlier hailed for burning the defective coins that reached the Treasury. Our historian was

¹²² For details of this episode, see Selaniki (H. 1281), 401-411. Inalcik writes that "Esther Kyra... procured for herself and her sons the contract for the collection of the customs and, through the women and the eunuchs of the harem, the farms of the poll-tax on non-Muslims, and collection of the sheep tax..." Her fortune was confiscated and was found to amount In ready cash and commercial commodities alone, to 50 million akçes (about 400,000 ducats) -not counting; her real estate in 42 localities, goods actually in transit, and sums invested:' Inalcik (1969), 123.

¹²³ Selaniki (H. 1281), 416.

obviously heartened by the prospect of an approaching currency reform, which he probably did not live to see.

FOREIGN COINS

The debasements reduced the akçe to an exceptionally small and thin coin. Its weight and silver content declined from about 0.7 grams in the 1580s to 0.3 grams in 1640. It thus became very difficult to handle; large numbers of akçes were needed even for small, daily transactions. Larger silver coins such as the 10-akçe piece were minted but disappeared quickly when substandard akçes flooded the markets, this is because Gresham's Law immediately took effect.¹²⁴ It appears that half a century of instability and the inconvenience of using akçes in daily transactions led to a considerable degree of currency substitution. The public became increasingly reluctant to hold the akçe or take bullion and foreign coins to local mints. Instead, there emerged greater demand for the more stable European coinage, especially the well-known, large silver pieces of the seventeenth century. It is possible that during these extended periods of deterioration of the

¹²⁴ Schaendlinger (1973), 100-12.

Ottoman unit, European coins began to circulate at a premium over their small Ottoman counterparts, measured in terms of their respective silver content. The existence and magnitude of these premiums are established from the available evidences summarized in Table 5.¹²⁵ The government also began to mint a new coin, called *para*, which was based on the monetary unit in circulation in Egypt and parts of Syria and carried three times as much silver as the *akçe*.¹²⁶ The volume of *para* production in Istanbul remained limited, however.

Numismatic evidence, on the basis of coins available in collections and catalogues, makes clear the decline in the numbers of provincial mints active during each reign. According to these catalogues, the number of active mints producing silver *akçes* reached its peak late in the sixteenth century. During the twenty-one-year reign of Murad III (1574-1595), the *akçe* was minted in at

¹²⁵ Until 1642 when its silver content was reduced by 20 percent, the Spanish real was minted at 67 per marc of 230.05 grams. The eight-real piece thus contained 27.46 grams of silver. Motomura (1896), 340-41. Considering that the *akçe* was minted from approximately 90 percent pure silver, the exchange rates given in Table 3 for the years of correction-of-coinage Operations do not point to the existence of such premiums.

¹²⁶ It appears that the first minting of *para* in Istanbul was undertaken during the reign of Murad IV, between 1623 and 1640, possibly in 1640. Schaendlinger (1973), 110.

least thirty-eight locations around the Empire, most of them in Anatolia and the Balkans. The number of mints producing *akçes* remained at the same level, close to forty, during the eight-year reign of Mehmed III (1595-1603).¹²⁷ More than a quarter century later, during the seventeen-year reign of Murad IV (1623-1640), the number declined to close to thirty.¹²⁸ The number of active mints declined sharply during the 1630s and 1640s. Numismatic catalogues can point to no more than four locations producing the *akçe* during the reign of the next sultan İbrahim I (1640-48). After this shift, the number of mints producing silver coinage remained low until the 1680s. For the long reign of Mehmed IV (1648-87), the same catalogues currently list no more than seven locations for *akçe* and the larger *para*.¹²⁹ Even with some additions, however, this trend towards substantially fewer active mints beginning in the second quarter of the century should remain intact.

¹²⁷ These figures refer to the total numbers of mints that produced the silver *akçe* with a particular sultan's name. Since the Ottoman coins of this period did not feature regnal years, it would not be clear from this evidence how many of these mints were active during any given year.

¹²⁸ These were the mints at Istanbul, Diyarbakir, Damascus, and Cairo: Galib (H. 1307), 200-302; and Edhem (H. 1334), 185-268.

¹²⁹ The mints cited were in Istanbul, Belgrade, Novaberde, Diyarbakir, Damascus, Aleppo, and Cairo. Galib (H. 1307), 200-302; and Edhem (H. 1334), 185-268.

Moreover, it has already been established from archival evidence that the mint in Istanbul did not increase its output to compensate for the decline in the provinces. On the contrary, its volume remained sharply lower until the 1680s. Another important shortcoming of the Ottoman mint system around mid-century was technological. Until the 1690s the Ottomans continued to use the traditional hammer and produced coins of inferior quality. Perhaps more importantly, this technology limited the volume of production and dictated a more decentralized approach to the coin supply. Concerning the production technology in Ottoman mints had remained basically unchanged up to late in the seventeenth century. While a small number of mints employed large numbers of workers, most were small to medium sized enterprises following the small-craft traditions. Various handtools including the well-known hammer were used in the production of silver and copper coins.¹³⁰ The adoption of more advanced technology in Europe and the circulation of these coins around the Empire had put the Ottoman mints increasingly at a disadvantage both in terms of the quality of the coins and the volume of output.

¹³⁰ Ölçer (1972), 9-21.

For this reason, the Ottoman government imported from France new machinery and equipment utilizing the mechanical technology for striking the coins and producing them with milled edges.¹³¹ These were installed in the Istanbul mint, probably in 1686, by a technician of European origin named Cerrah (surgeon) Mustafa. The intention at the time was to replace the akçe with a new monetary unit anchored around large silver coins.¹³² Combining the two types of evidence, we can state with confidence that there occurred a substantial decline in the production of silver and gold Ottoman coinage during these decades.

The continuing fiscal problems and the closure of the silver mines made it impossible for the state itself to supply the mints, leading to a deterioration in the quality of coinage, especially in the provinces. As a result of these difficulties, the government began to close down the mints. The volume of silver and gold coin

¹³¹ A detailed list of this equipment is given in an inspection report of the central government; see Inalcik (1961); Sahillioğlu (1982), 11-12; and Sahillioğlu (1992), 266-67. For details of the mechanical minting technology adopted in many parts of Europe during the sixteenth and especially the seventeenth centuries, see Grierson (1975), 111-18.

¹³² Raşid (H. 1282); 5: 285.

production at the Istanbul mint declined significantly during the 1640s. The important exception was the renewal of coinage (*tecdid-i sikke*) operations associated with the accession to the throne of Mehmed IV in 1648. Minting activity in Istanbul declined even further after the mid-1650s. It appears that for the next three decades until the mid-1680s, the limited volume of gold and silver coins produced at Istanbul were used primarily by the sultan and his retinue in ceremonial occasions.¹³³ There exist limited information is available about the activities of the provincial mints during this period. In sharp contrast to the large numbers of active mints in the earlier period, the archival evidence points to limited activity in a small number of mints during these decades. In addition the quantity and the quality of provincial coinage also began to decline, but neither the local authorities nor the central government were able to uphold the existing standards due to the low volumes of silver arriving at the mints. In orders sent to provincial mints, the government expressed its reluctance to

¹³³ Raşid (H. 1282); 5: 285-6. Sahillioğlu (1965a), 18-36; and Artuk and Artuk (1971), 7-9.

maintain operations in view of the poor quality of coinage being produced.

As long as the Ottoman government could not or did not meet the economy's demand for money, this need was met increasingly by European coins, silver and gold.¹³⁴ Although foreign coins had always circulated in Ottoman lands, they played a qualitatively different role during the seventeenth century. As Ottoman coinage disappeared, the akçe was reduced to little more than a unit of account. Gold and especially silver European coins in fact became the leading forms of actual money from the Balkans and Istanbul to Anatolia and Syria. Local court records and recent studies by economic and social historians on Ottoman provinces provide ample evidence in this respect.¹³⁵ The Ottoman government did not attempt to restrict the circulation of these coins. In fact, it regularly accepted and sometimes even demanded

¹³⁴ For inflows of silver and silver coins across the Polish border to the Ottoman Empire during the late sixteenth and seventeenth century, see Kolodziejczyk (1996), 105-16.

¹³⁵ Mantran was one of the first to point out to the decline of the akçe as a means of exchange. His account is especially striking since it describes the conditions not in the distant provinces but in the capital city itself. Mantran (1962), 233-86. With the appearance, during the last decade, of new studies on the economic and social history of the provincial cities which make extensive use of the local court records, it is now possible to obtain a geographically detailed account of the disappearance of the akçe and the rise of European coinage.

payment in European coinage.¹³⁶ It also regularly published the rates at which these coins would be accepted by the Treasury. A large part of the silver coins continued to move towards Iran and the ports on the Indian Ocean, however, since the Ottoman economy experienced trade deficits towards the east while it enjoyed surpluses towards the west.

Monetary instability arising from fiscal, economic, and political difficulties compounded by the adverse effects of intercontinental movements of specie, increasing circulation in the Ottoman markets of foreign coins and their debased versions. The Ottoman markets were flooded by debased versions of the Spanish piaster as well as those of other European coins, whose specie content had been reduced to mostly copper with a thin silver coating, arriving from Marseilles and other ports during the middle of the seventeenth century. Published documents from the archives of mints in northern Italy also confirm the production of

¹³⁶ Rasid (H. 1282); 5: 286. One of the more prominent silver coins in circulation from the Balkans to Egypt were the Dutch thaler (aslanli or esedi gurus). Even more important was the Spanish "piece of eight" (reales de ocho) known as the riyal kuruş. There were others such as the Austrian rix-thaler and the Polish isolette. The Venetian ducat together with the Hungarian gold piece in the Balkans remained the most important gold coins. Fractions of these coins also circulated but in a more limited fashion.

these coins.¹³⁷ In addition, the numismatics literature provides a detailed inventory and description of these coins including their inscriptions and dates of production. Many of these coins are now available in numismatics collections throughout Europe.

Towards the middle of the century, as shortage of coin intensified, counterfeits or debased versions of European coins began to arrive literally in shiploads to flood the markets of the Levant. The Dutch, the English, the Venetians, and the French were all involved in this lucrative trade.¹³⁸ For example, in France twelve of these five-sols pieces exchanged for one gold ecu or one Spanish piece of eight. Soon after their arrival in the Ottoman markets, eight of these coins began to exchange for one piece of

¹³⁷ This episode has been described in detail by at least half a dozen European travelers including the authors of well-known volumes such as Chardin, Tavernier, and Rycaut: Rycaut (1680), 258-68; and Tavernier (1677), 15-33. Hasluck (1921). 58-59.

¹³⁸ The easy profits to be had in buying currency at low prices in the West and selling it at higher prices in the Ottoman lands attracted a number of merchants to this trade. According to Antonio Serra, around 1613, Venice was sending five million silver coins a year to the Levant. The Ottoman government, since it never taxed imported foreign currency, encouraged this trade in currency. At the end of the sixteenth century French merchants, instead of trading cloth and such other French manufactured goods, threw themselves completely into the currency market, to the extent that it became a matter of concern to the French government. They bought silver coins from Spain (Seville), or Mexico, sold them at higher rates in Turkey, and made huge profits on the difference. Inalcik (1993a), 227.

eight.¹³⁹ At this rate, the purchasing power of the five-sols piece was not at all small. If an unskilled construction worker in Istanbul was paid with these coins, he would receive approximately two of them for one day's work. Given the substantial difference in their exchange rates between the western and eastern ends of the Mediterranean, the French merchants soon began to import the five-sols pieces in bulk. After a number of years, they also began to manufacture on a large-scale coins of identical weight and appearance but containing smaller amounts of silver and a larger percentage of alloy. The Italians and the Dutch soon joined the trade. The method used was to approach a local potentate in southern France or northern Italy who possessed the right of coinage and contract him or her for the use of the seigniorial mint in order to strike, with his knowledge, a large number of base coins bearing his name.¹⁴⁰ Very soon, debased coins minted with

¹³⁹ In the Ottoman markets these coins were called *sumun* (or *tumn*), which meant one-eighth in Arabic-Ottoman. The standard *akçe* exchanged at 80 to 90 for one piece of eight during this period. The physical appearance of these coins may have contributed to but cannot entirely explain the higher rate they fetched in the Ottoman markets, as will be argued below. Similarly, the large differences in the exchange rates of the five-sols piece between western Europe and the eastern Mediterranean can not be explained away by the east west differences in gold:silver price ratios. The differences between the gold:silver price ratios at the two ends of the Mediterranean rarely exceeded 10 percent during the sixteenth and seventeenth centuries. Hasluck (1921). 56.

¹⁴⁰ Tavernier (1677), 16-24.

the names of the Princess of Trevoux, the Princes of Dombes, Oranges, Monaco, Masse, Avignon, Genova, and others were circulating in the Ottoman markets.¹⁴¹ On the other hand trade in debased coinage was not an unusual practice in Europe. Many states in Europe were interested in raising seigniorage within their boundaries, but it was soon discovered that debased money could be taken abroad and exchanged for good money, which could in turn be brought back and recoinied with greater seigniorage.¹⁴² This was not a simple propagation of a monetary crisis from one part of the Mediterranean to the other, however. This substandard coinage did not circulate in any significant amount in southern Europe at this time.

These coins were then transported across the Mediterranean and used as payment for Ottoman goods or even sold wholesale to local merchants and moneychangers. Initially they fetched prices far above their metal content, but these premiums declined over time with the increasing volume of trade that eventually involved hundreds of ships and more than 200

¹⁴¹ For a full list, see the catalogue provided by Hasluck (1921), 65-71.

¹⁴² Kindleberger (1991), 158.

million pieces of coin. The gross revenues of the European merchants have been estimated at more than ten million Spanish pieces of eight or somewhere between six to eight million Venetian gold ducats. The peak in the traffic was reached between 1656 and 1669. Tavernier estimates the total volume of European coinage that went through the Ottoman customs at 180 million pieces, or at more than ten million Spanish pieces of eight. In gold, this corresponded to more than six million Venetian ducats. In addition, some unknown quantity was smuggled into Ottoman territory in part by bribing customs officials. According to another estimate, an average of twenty-two ships arrived at the port of Izmir every year during this period, all loaded with these debased pieces.¹⁴³ Such volumes suggest that the remaining good coins in the Ottoman markets were being taken back to southern Europe and reminted as base luigini and reimported to the Ottoman markets.

With this lucrative trade inscriptions on the foreign coins began to change, as the silver content of the coins began to fall. In

¹⁴³ Tavernier (1677), 30.

some cases, an Arabic numeral indicating the fineness was inserted at the end of the corresponding legend in Latin. There are also examples of coins on which the Arabic numerals are higher than the standard inscribed in Latin. With the disappearance of silver from the coins and the increasing volume of trade, the market rates of the coins sunk as low as twenty for one Spanish piece of eight, thus making them even more suitable for daily transactions. In the meantime, the mint authorities wanted to prevent the circulation of these coins in Europe. One method was to differentiate the coins for export from those circulating in Europe. Inscriptions like current in all of Asia (*per totam asiam correns*) or payment for goods in distant Asia (*Voluit hanc Asia mercem De procul pretium eius*) were added to some of the coins to warn Europeans about the boundaries of their circulation.¹⁴⁴

The international money flow to be examined here also began with the efforts of European merchants trying to secure coinage before another trip to the Levant in 1653. From that point on, however, it unfolded in a new direction; the trade balances

¹⁴⁴ Hasluck (1921), 59 and 65-86.

between the western and eastern ends of the Mediterranean ceased to be the driving force for the ensuing monetary flows. Instead, fiscal and monetary conditions in the Ottoman Empire emerged as the primary explanation for what happened. Since, they could not prevent the outflow of specie to the east arising from the trade deficits in that direction and often unable to find a sufficient volume of goods to sell to the markets in the East, European merchants paid the difference with bullion and coinage imported from the Americas. There are many accounts of European ships leaving for the Near East and Asia loaded with cargoes of silver and silver coinage and, less frequently, with gold. As a result, large silver coins minted in America and Europe known as *grosso* or *groschen* circulated extensively in Ottoman markets and Asia after 1550.¹⁴⁵

Government interventions in money markets remained not effective and did not become powerful enough to alter these conditions. The arrival of enormous volumes of debased coinage

¹⁴⁵ Chaudhuri relates, for example, how the ships of the East India Company occasionally experienced difficulty in securing silver coinage before their departure for Asia. Chaudhuri (1978), 135; see also Attman (1991), 7-20; Barrett (1990), 224-54; and Gaastra (1983), 447-75.

eventually glutted the Ottoman markets and created adverse consequences for the economy and for European trade. European accounts emphasize that while merchants who brought debased coinage were willing to offer high prices for Ottoman goods, those that did not could not compete for Ottoman exports. The English merchants who were prohibited by the English consul in Izmir from participating in this trade were thus driven out of Ottoman markets. In turn, they and the English representatives began to pressure the Ottoman authorities to prohibit the circulation of base coinage. Other unfavorable consequences were being felt in those regions of southern Europe exporting the base coinage. The authorities in Istanbul were not necessarily pleased with the outcome, but they were deeply involved in a long and protracted war with Venice over Crete. As long as the war continued, the government could not mobilize the necessary financial resources to stabilize or reform the currency. Until that time debased coinage was better than no coinage. The economy had come to depend on the debased coinage for its daily functioning. Similarly, the state continued to receive tax revenues and make payments with the debased coins. This pragmatism may help explain why so little material has so far been located in the Ottoman archives about the

debased coins while European observers paid so much attention to the same phenomenon. The government made several attempts to restrict the importation of these coins and seized some of the cargoes. As long as the war went on, however, these half-hearted attempts to ban the use of base coinage proved unsuccessful.

TRIMETALLISM, THE DEBUT OF COPPER

Along with the gold and silver coinages, the minting of Copper coinage also remained limited during this period. Numismatic evidence points to an almost complete absence of Ottoman copper coinage for almost half a century, from the 1630s until the late 1680s.¹⁴⁶ This is quite intriguing since many states in Europe, from Spain and France to Germany, Sweden, Poland, and Russia relied on copper coinage during this period both as a medium of exchange and to raise seigniorage revenue.¹⁴⁷ It appears that the failure or inability of the central government to issue copper coinage during the mid-century was not due to one single reason but a combination of factors. One possibility is that adequate

¹⁴⁶ Tavernier, for example, is unequivocal: "In all the Ottoman Empire, there is not any money of copper to be seen." Tavernier (1677), 15. For a summary of the numismatic evidence on copper coinage in the seventeenth century, see Schaendlinger (1973), 106-14.

¹⁴⁷ Spooner (1972), 70-86.

supplies of copper were simply not available. Of the two Anatolian mines in Gümüşhane and Küre, which were active during the 1690s and which supplied part of the copper for that experiment, the latter was not active in mid-century.¹⁴⁸ The availability of copper was not a significant bottleneck, however, since the government could have acquired, at least in the short run, substantial volumes of used copper from the local markets as it did in the 1690s.

The debasement of 1585-86 contributed to the decline of the minting of copper coinage. The right to issue copper coinage in the provinces was typically auctioned off by the government to private entrepreneurs, as was the case for some of the mints producing silver coinage. Since the nominal value of the mangır had always been in fractions of the akçe, such as one-eighth or one-fourth, the decline in the value and purchasing power of the *akçe* after the debasement of 1585-86 brought the costs of production of copper coinage closer to their nominal values and reduced the margin for seigniorage. The private entrepreneurs

¹⁴⁸ BOA, C.D. number 2102. For mining activity in and government administration of the Küre copper mine in northern Anatolia during the latter part of the seventeenth century see Yaman (1942), 266-69.

were thus reluctant to purchase the regional *mangır* monopolies under those circumstances. This was probably the most important reason for the breakdown of the network of provincial mints producing copper coinage. One possible solution would have been to raise the nominal value of copper coins to at least one-half akçe or even to one akçe, which was done in the 1690s when the mint in Istanbul and not the regional mints issued the copper coinage. The provincial markets may not have accepted locally produced copper coinage with higher nominal values, however.

The absence of copper coinage is all the more puzzling because towards the end of the century, during another fiscal crunch from 1689 to 1691, the government did exactly what it had failed to do earlier. It issued, within a thirty-two-month period, approximately 600 million copper mangırs with the nominal value of one akçe each. On the whole, this was a successful operation for the short period it was employed. It provided the state with much needed seigniorage revenue as indicated by the detailed records of the mint at Istanbul.

The underlying reason that gave way to this operation was to find enough specie and coinage to pay the soldiers the

customary accession gift (*cülus bahşışı*) for the new sultan, Süleyman II. The treasury was weak and the regular salaries of the soldiers had been unpaid for almost one year. In response, a variety of new extraordinary taxes were assessed on the population of Istanbul, which led to widespread discontent in the capital city. As the fiscal difficulties continued, the government decided to produce copper coinage with the new minting equipment. In order to raise the volume of mangır production, new buildings were added to the Istanbul mint, raising its capacity from 300 to 400 thousand pieces to 600 thousand pieces per day within a few months. The other bottleneck was the availability of copper. The Istanbul mint first made use of copper extracted from the state controlled mines at Küre of Kastamonu and Gümüşhane, both in northern Anatolia. When the output from these mines proved insufficient, scrap copper had to be purchased at the market ¹⁴⁹

The Istanbul mint thus began to strike the new mangır or mankur in December 1688. Each copper coin weighing half dirham

¹⁴⁹ BOA, İ.E.Dp. 96.

or 1.603 grams was at first valued at one half akçe but as these proved to be popular with the public, their value was quickly raised to one akçe each. The new coins began to circulate in a wide area in the Balkans and Anatolia, from Thrace, Macedonia, and the Aegean islands to western Anatolia and the Black Sea coast. Some merchants in the provinces resisted the mangır and the government had to announce that copper coinage would be accepted for up to one third of tax payments.¹⁵⁰ On the whole, however, the new coinage was widely accepted. This should not be surprising in view of the popularity of the debased European coinage in the earlier period. The markets were still in need of a means of exchange and the Ottoman state stood to earn considerable amount of seigniorage revenue simply by providing that medium.

In a system with gold and silver, allowing copper coins to circulate at or close to their intrinsic values created too many problems. Cippola has already identified this if the petty coinage circulated at close to its intrinsic values, the danger was that as the

¹⁵⁰ Raşid (H. 1282), 5: 154; see also Altınay (1930), 3-4.

relative values of metals fluctuated in relation to each other, it would be impossible to attach a fixed value to the petty coinage; or that the authorities would be forced to change the values periodically in response to these fluctuations, or that either copper coinage or silver and gold coins would disappear from circulation. Alternatively, only by maintaining such petty coinage with nominal values, was it possible to maintain the stability of full-bodied coins, silver and gold. It was essential to regulate the volume of copper coinage and not to strike more petty coins than were needed for petty business. In other words, petty coinage need not create problems as long as its volume did not exceed the volume necessary for petty transactions.¹⁵¹

Eventually, the government may have crossed that line because there is evidence that in the third year of the experiment, additional mangır began to be minted in order to finance various government projects, large and small.¹⁵² Not surprisingly, the minting of copper coins provided the state with substantial

¹⁵¹ Cipolla (1956), 27-37; also Munro (1988), 387-423.

¹⁵² For the explicit link between the minting of new mangır and the repairs of fortresses in Crimea, see BOA, A. F. Süleyman, 94, dated H. 1102 (1691-92). In addition to the capital city, the mangırs were minted in Bosnia; see CD. 2258; İ.E.Dp. 49 and 71.

seigniorage during the thirty-two months this experiment lasted. The detailed account books of the Istanbul mint show that, depending on the changing price of copper and the volume of mint output, the purchases of copper and costs of production including payments to the private managers of the mint added up to approximately 30 percent of the nominal value of the 600 million coins produced.¹⁵³ The rest accrued to the state as net seigniorage revenue. These net revenues were around 380 million akçes, or about 1.4 million gold ducats at the existing rate of exchange. Annual revenues of the imperial treasury were around 1,200 million akçes during these years.¹⁵⁴ The net revenues of the mangır experiment thus accounted for approximately 12 percent of all receipts of the imperial treasury during the same thirty-two month period.¹⁵⁵ These calculations show that the mangır experiment provided substantial support to the hard-pressed treasury.

¹⁵³ Perhaps one-fourth of this total volume was due to the reminting of the earlier coins after the accession of Sultan Ahmed II in 1691.

¹⁵⁴ Sahillioğlu (1965a), 183

¹⁵⁵ See Sahillioğlu (1982), 13-19.

Not surprisingly, the counterfeiting of Ottoman silver coins flourished in this environment. The presence of large seigniorial profits, however, attracted many counterfeiters especially around Thrace, Salonika, and Izmir. The problems were compounded by the existence of counterfeit coinage. Some counterfeit versions of the mangirs even began to arrive from Europe. The second such shipment was intercepted by the government. The circulation of the mangır became more difficult after the appearance of counterfeit versions. In the provinces some merchants refused to send shipments of food to Istanbul unless the payments were made in gold or silver. The government was forced to intervene frequently and enforce the circulation of the coins. From the very beginning, however, the circulation of the mangır was plagued by counterfeiting. In response to these difficulties as well as the reduction in the seigniorage revenues, the government decided, after the accession of the new sultan Ahmed II in 1691, to discontinue the mangır and not recognize the existing coins in payments to the state. Under pressure from the public, however, a compromise settlement was reached. The holders of mangır agreed to bring their coins to the mint and pay 300 mangır per okka of coins, or 38 percent of the face value of the coins, as mint

charges in return for the striking of new mangırs with the new sultan's name. The mangır episode did not last much longer, however. The production of copper coins was discontinued and the existing stock was melted later in the same year.¹⁵⁶

Regarding the underlying economic and fiscal circumstances surrounding this experiment were not very different from those of the mid-century when debased European coinage invaded the Ottoman markets, with the exception that in the earlier episode it was the European mints and merchants who expropriated the seigniorage revenues and not the Ottoman state. Had the Ottoman government been able to provide large volumes of copper coinage earlier in the century, it would have captured the seigniorage revenues accruing to the European mints and merchants. The seigniorage revenues thus generated provided the hard pressed Ottoman government with sufficient resources to attempt a long-lasting monetary reform. It was exactly during this

¹⁵⁶ The cessation of mangır production led to a sharp drop in copper prices and the exportation of large quantities of the surplus copper to France. Sahillioğlu (1982), 25.

period, in 1690,¹⁵⁷ in fact, that the Ottoman government embarked on the long road towards establishing a new currency unit, the Ottoman kuruş, by beginning to mint large silver coins designed after the European *groshen*. Without the revenues from this mangır episode, such a step would not have been undertaken until later.



¹⁵⁷ As the war with Venice came to an end, the government moved to take more serious action. In 1669 it was announced that base coinage would no longer be accepted in tax payments. The government also demanded that all debased coinage be brought to the mints and reminted at the earlier standards. Later in the same year, riots broke out in Bursa and Ankara when defaulters who could not find "good" money to pay their taxes were imprisoned by the local authorities. "The torrent of the peoples' rage was not appeased without the blood and lives of some of their officers, alleging with good reason that their ministers and governors, having introduced or permitted this money amongst them, and allowed it as current in that manner, as they had for some years known no other for all the fruits of their labour and their possessions, they ought not now refuse to receive that which they themselves had made passable:" Hasluck (1921), 61, citing Rycart (1680), appendix VIII. Çizakça (1980), 533-49.

APPENDIX

Table 3 The silver akçe and gold sultani, 1477-1691

Years	Akçes per 100 dirhams	Akçe in grams	Fineness percent	Sultani in grams	Exchange rate akçe/sultani	Gold:silver ratio
1477	400	0.77	90	3.572	45-46	8.8
1481	410	0.75	85	3.572	47	8.9
1491	420	0.73	85	3.572	52	9.6
1500	420	0.73	85	3.572	54	10.0
1512	420	0.73	85	3.572	60	10.2
1515	400	0.77	85	3.572	60	
1526	420	0.73	85	3.544	59	10.9
1532	420	0.73	85	3.544	60	11.2
1540	420	0.73	85	3.544	60	11.2
1550	420	0.73	85	3.544	60	11.2
1566	450	0.68	85	3.517	60-70	11.8
1582	450	0.68	85	3.517	60-70	11.8
1584	450	0.68	85	3.517	65-70	11.8
1586	800	0.38	85	3.517	120	11.7
1596	1532	0.20	85	3.517	180-230	
1597	950	0.32	85	3.517	180	
1600	950	0.32	85	3.517	125	10.3
1612	950	0.32	80	3.517	125	10.3
1618	1000	0.31	80	3.517	150	11.8
1621	1000	0.31	80	3.517	150	
1622	1000	0.31	80	3.517	170-200	
1623	1000	0.31	75	3.517	200-240	
1624	1000	0.31	75	3.517	270-400	
1625	1000	0.31	75	3.517	120-130	11.1
1628	1000	0.31	75	3.517	180-200	
1634	1000	0.31	75	3.517	250	
1636	1000	0.31	75	3.517	260	
1640	1000	0.31	75	3.517	250	
1641	1000	0.31	75	3.517	140	14.7
1650	1034	0.30	75	3.517	180	
1659	1250	0.26	75	3.490	210	14.1
1669	1400	0.23	75	3.490	270	16.0
1672	1400	0.23	75	3.490	270	16.0
1689	1400	0.23	75	3.490	270	16.0
1691				3.490	400	

Sources: IAM, AAC, numbers: 1430-1716; YKB, PC, numbers: 43-473.

Notes: (1) From some early date until late in the seventeenth century, central government orders to the mints specified the number of akçes to be struck from 100 dirhams of “halis ayar” or pure silver. The dirham used in defining the standards of the akçe until late in the seventeenth century was the dirham of Tebriz, and weighed 3.072 grams. (2) The akçe was quite unstable until the middle of the seventeenth century. Due to the frequent debasements during which the earlier coinage was not completely retired, coins with different silver content often circulated simultaneously. The problems were compounded by the existence of counterfeit coinage. For this latter period, the standards of the akçe are available from archival evidence for the years 1600, 1618, 1624 and 1640 since these were years of correction-of-coinage operations. For other years, the silver content of the akçe can only be approximated but not determined precisely from its exchange rates against other coins since European coins may have enjoyed a premium against the unstable Ottoman unit based on respective specie contents. For example, the silver content of the akçe fell to about 0.13 grams in 1624. On the other hand, even when information regarding government standards for the akçe is available, it is not clear to what extent these standards were followed by the mints. Government control over the mints varied over time and space. In addition, the weight and fineness of the coins varied considerably due to the imprecise nature of the available technology. (3) The sultani was initially minted at 129 per 100 mithkals of Tebriz (4.608 grams) of gold (1 mithkal of Tebriz equaled

1.5 dirhams of Tebriz). It was reduced in weight twice, first in 1526 to 130 per 100 mithkals and then in 1564 to 131 per 100 mithkals. Its fineness remained unchanged at 0.997. (4) For weight and fineness, the standards of the Venetian ducat were adopted for the new coin following the practices of other states around the Mediterranean. The sultani and subsequent Ottoman gold coins did not have face values until the nineteenth century. These values, expressed in terms of the silver akçe, were determined by the markets. The government also announced the official rates at which the sultani was accepted as payment by the state. These were usually quite close or identical to the market rates until the second half of the sixteenth century. The Venetian ducat weighed 3.559 grams with a fineness of 0.997 during this period. The sultanis exchanged mostly at par against the ducat until in the seventeenth century. (5) While the official rate remained fixed at 60, the market rates of the sultani and the ducat continued to rise during the second half of the sixteenth century. As should be expected from the prevailing west-east differentials in the gold:silver ratio, the differences between the official and the market rates was greater in the western provinces. Gold coins were more expensive in the Balkans and silver was more valuable in the eastern parts of the Empire. (6) The standards of the sultani remained fixed and it exchanged at par against the ducat for most of the sixteenth century. The exchange rate between the two coins began to change in favor of the ducat early in the seventeenth century, however. This was probably due to the decline in the quality of the Ottoman coin although the instability of the akçe may have caused a decline in confidence in Ottoman gold coins as well. (7) The exchange rates presented in column 6 are mostly market rates at Istanbul. These rates often showed regional variations within the Empire. Moreover, new coinage and changes in the exchange rates reached the provinces with a time lag. In what appears to be an exceptional case, the exchange rate of the akçe against the sultani remained at 60 akçe in Ankara until 1593 despite the debasement of 1585-86 in Istanbul.

Table 4 Large Ottoman silver coins, 1481-1696

Years	5 akçe	10 akçe	Dirham	Gümüş	Kuruş
1481	3.45	7.75			
1519			4.45		
1524			4.40		
1535			4.35		
1566			3.85		
1574			4.10	2.20	
1576			3.80		
1594			3.00	1.70	
1603			2.18	1.10	
1617		3.00		1.10	
1621		2.82		1.10	
1622		2.50			
1639	1.60	2.80	2.82		
1647	1.30		2.77		
1687			2.35		
1690			2.28		26.0
1696					26.4

Sources: IAM, AAC, numbers: 1468-1737; YKB, PC, numbers: 101-535.

Notes: (1) Values are in grams of silver. (2) The fineness of the multiple akçe remained at 0.90 up to 1481 from that time onward at 0.85 and remained at 0.75 after 1623. However, the coinages in circulation often contained less silver. (3) The dirham contained 10 times as much silver as akçe. Its fraction gümüş contained 5 times as much silver as akçe. The weight and silver content of the dirham was similar to the shahi of Persia. In the 1580s, the silver content of the shahi was reduced by approximately half to more than 2 grams following the debasement in Persia and Istanbul. (4) The weight of kuruş was fixed in standard dirhams and they contained 60 percent silver and 40 percent copper. In contrast, until the middle of the seventeenth century, the standards of the akçe were fixed in dirhams of Tabriz which was slightly lighter than the standard dirham. The largest of these weighed six dirhams, or approximately 19.2 grams. It appears that this first large coin was intended as a zolota or cedid (new) zolota to distinguish it from the popular Polish coin and not as a kuruş or piaster. Later, in 1703, an even larger coin weighing close to eight dirhams, or 25.6 grams and its fractions were also minted. The new monetary scale was clearly established only in the early decades of the eighteenth century. The new Ottoman kuruş or piaster was then fixed at forty paras or 120 akçe. The early kuruşes weighed six and a quarter dirhams (20.0 grams) and contained close to 60 percent silver. The zolotas were valued at three fourths of the kuruş or at ninety akçe. The fractions of both the kuruş and zolota were then minted accordingly. The new unit was also called

cedid (new) kuruş to distinguish it from the European groschen, most notably the esedi kuruş or the Dutch thaler, which had become a unit of account as well as a medium of exchange for medium and large transactions. However, many coins with lower silver content were minted until the monetary reform or correction-of-coinage operation of 1715-16 due to wars and continuing political turmoil. The appearance of substandard coinage attracted large numbers of counterfeiters until the 1720s.

Table 5 Exchange rates of European coins expressed in akçes, 1491-1700

Years	Venetian ducat	Spanish eight-reals	Dutch thaler	Polish isolette	Hungarian
1491	52				50
1500	54				52
1512	55	40	35		53
1526	57	40	35		53
1532	57	40	35		52
1535		42	36		55
1540	60	42	36		55
1550	60	43	37		57
1560		43	37		57
1566	60	43	37		57
1570	65-70	40-45	40-42		
1582	60-70	40-50	40-45		57
1584	65-70				57
1586	120	80	70		110
1588	120	80	70	50	110
1600	120-125	78	68	48	110
1601	150	100	87-88	62-63	135
1602	180-210	120-150	105-135	75-95	160-200
1618	150	100	88	63	130-135
1622	180-210	120-150	110-140	80-90	150-200
1624	330-420	170-320	150-280	105-200	300-390
1625	120-130	80	70	50	110
1628	190	100-110			170
1632	220	110	100	70	200
1640	270	125	115	80	245
1641	168	80	70	48	150
1646	170	80	80	48	155
1650	175	80-90	80	48-50	160
1655	175	90	90	50	160
1659	190	88	78	48	170
1668	250	110	100	66	225
1672	300	110	100	66	270
1676	300	125	120	80	275
1683	300	130	120	80	275
1691	300-400	120-160	120-160	88-107	275-365
1698	300-400	120-160	120-160	88	270-370
1700	360	181	144	88	330

Sources; Galib (H. 1307), 62-272; Edhem (H. 1334), 886-1143; Artuk and Artuk (1970) 487-612.

Notes: (1) The exchange rates presented here are mostly market rates at Istanbul. These rates often showed regional variations within the Empire. Due to the frequent debasements during which the earlier coinage was not completely retired, coins with different silver content often circulated simultaneously. The problems were compounded by the existence of counterfeit coinage. Moreover, new coinage and changes in the exchange rates reached the provinces with a time lag. (2) The Venetian ducat weighed 3.559 grams with a fineness of 0.997 during this period. The standards of the sultani remained fixed and it exchanged at par against the ducat for most of the sixteenth century. The exchange rate between the two coins began to change in favor of the ducat early in the seventeenth century, however. The Spanish eight-real was a stable coin and contained close to 25.6 grams of pure silver. It appears, however, that the silver content of the other coins circulating in the Ottoman markets declined over time as suggested by their exchange rates. The silver content of the Dutch lion thaler declined at least to 74-77 percent. Late in the century the *isolette* contained 60 percent silver. The Hungarian gold weighed 3.47 grams. (3) From 1691 the central government began to apply different rates to coins received and coins used as payment in order to generate

additional revenue. The rates at which the coins were accepted by the government reflected the market rates more closely.

Table 6 Balance in Ottoman budgets, 1523-1688

<i>Fiscal year</i>	<i>Revenue</i>	<i>Expenditure</i>	<i>Difference</i>
1523-24	116.9	118.8	- 1.9
1524-25	141.3	126.6	+ 14.7
1527-28	221.6	150.2	+ 71.4
1546-47	241.7	171.9	+ 69.8
1547-48	198.9	112.0	+ 86.9
1565-66	183.1	189.7	- 6.6
1567-68	348.5	221.5	+ 127.0
1582-83	313.7	277.6	+ 36.1
1592-93	293.4	363.4	- 70.0
1608	503.7	599.2	- 95.5
1643-44	514.5	513.8	+ 0.7
1650	532.9	687.2	- 154.3
1652-53	517.3	528.9	- 11.6
1654	537.4	658.4	- 121.0
1661-62	581.3	593.6	- 12.3
1666-67	553.4	631.9	- 78.5
1669-70	612.5	637.2	- 24.7
1687-88	700.4	901.0	- 200.6

Source: Tabakoğlu (1985), 14-15.

Notes: (1) Values are in millions of akçe. (2) The revenue distributed as benefices is not included.

Chapter 6

CONCLUSIONS

This dissertation has examined Ottoman monetary history during the sixteenth and seventeenth centuries. The findings thus reflect the complexity and heterogeneity of the monetary arrangements and their evolution in response to both local developments and global economic forces. Based on these regional and international perspectives, it established the logic and perception of the monetary system for the Empire.

To understand the major transformation that the Ottoman society underwent in the second half of the sixteenth century constitutes one of the most challenging as well as stimulating tasks in Ottoman studies. Ottoman intellectuals who were contemporaneous observers of that transformation had a clear assessment of the direction taken by their empire: towards structural disorder and decline. For centuries thereafter, Ottoman-Turkish intellectuals were obsessed with the “decline” of their world and produced numerous works, which were intended to suggest means for reform. At the root of that decline consciousness

and ensuing reform historians literature lie in the observations of a, among others, two historians from late sixteenth century, Ali and Selaniki, whose works were well-known to later generations. We have analyzed their histories in order to understand their attitudes and means of analysis in dealing with the transformation of the socio-political order around them, particularly with the "economic" aspects of that transformation which they are generally charged with failing to understand or even to be interested in. A contemporaneous work of a much different nature, Seyyid Lokman's *Şehname*, produced for the Palace, has also been used to reveal that even an official historian not given to sentiments of decline, at times displayed similar concerns and perspectives couched in laudatory phrases in praise of Sinan Pasha's economy-related operations which were aimed at ameliorating worsening conditions.

Here we have focused our attention primarily on late sixteenth century writers and their attitudes to "economic" developments in their era, particularly toward the distressing problems of currency crisis and inflation that gripped the Ottoman dominions in the final decades of that century. We have seen that

historians of that era not only mentioned and chronicled these processes but also analyzed them in their own way. Even though the Beylerbeyi Incident constituted an eventfulness framework for dealing with these issues, our authors treated them in various other occasions as well and, at times, with a thematic orientation. As we have seen, Ali in fact devoted a section each to the currency disorder and to the price movements in a work that he composed several years earlier than any specific incident, which might have brought these issues to the fore.

In terms of their specific analyses, we have seen that they identify the instability of the Ottoman currency as the most significant evil of their age and relate it to both fiscal and extra-fiscal processes. While they are ready to deliberate on the causes and consequences of the fiscal strain, they display a marked disinterest in pursuing the nature of the strictly monetary disorder, namely the *de facto* depreciation due to the widespread circulation of defective, clipped, counterfeit coins, they observe that the market is filled with silver coins of unequal value and that European coins are in increasing vogue. That the akçe thereby becomes unacceptable, that it fails to fill the role of the standard

currency, is seen as one of the most significant disorders of the age. Our writers do not explore the extra-fiscal process other than noting the government's inefficiency in suppressing them. It is not that Ottoman intellectuals and administrators did not have insight into basic principles in the behavior of monetary circulation such as bad money driving out the good or the fact that the amount of bullion in a country declines if merchants bring in goods and take out cash instead of local goods. These insights, however, were never to be expressed as abstract principles. In that sense, there is no radiance to speak about the "economy" - a readiness, which only then starts to appear in Europe thought and motivates several works that are today seen to constitute the proto-history of the science of economics.

A sound currency being recognized as the prerequisite of a sound world of exchange, the question of prices is seen to be derivative from the more basic problem of currency. In the eyes of our historians, the government inability to standardize and stabilize the circulating medium and the ensuing debasement lie behind price increases, which, even when nominal in terms of precious metals, pose the threat of a real decline in salaries. Even

worse than a momentary drop in real incomes, however, is the slipping away of market life from the firm grip of the government's hands. The implications of this development are much more far reaching than what it would bring to the realm of daily exchange activities such as increased prices or cheating, *narh*, was not merely a mechanism whereby the government kept a lid on prices; as a means for controlling profits, it was an integral part of a system designed to keep economic life active but, socially and politically speaking, sterile. In other words, markets were to prosper but not a market economy.

Naturally, it would be absurd to propose that Ottoman intellectuals were concerned with a concept like "market economy." What they perceived, as observers and administrators of the Ottoman empire in the second half of the sixteenth century, was that certain dynamics, in pinpointing which they turned their look on what modern historians would consider economic processes were unleashing unfamiliar forces that represented new determinants in the power structure and patterns of mobility in Ottoman society. As a consequence, Ottoman intellectuals felt, the principle of the primacy of politics, namely the meta-systemic

criterion and determinant of the idealized social order, was under threat. To re-assert that principle implied that economic processes would not be allowed to culminate in the emergence of a disembedded economy as autonomous locus of power, an independent motor of social mobility, and that “ancient Ottoman laws and customs” would be fully revived as the proper coordinates of social, political, and economic life. That the state was unable to take decisive steps in that direction and deal effectively with the perceived threat was the “decline” that, Ottoman intellectuals feared and believed, had set in their empire. The Ottomans as a class, namely the ruling elite of the empire, perceived the challenge of the new forces, which were unleashed in the sixteenth century by worldwide developments on the one hand and domestic processes on the other, at that level; the very logic of their order was challenged.

Regarding the use of money, for a long time it has been assumed that the use of money in the Balkans and Anatolia was limited to long-distance trade and parts of the urban sector. However, the urban population and some segments of the countryside were already part of the monetary economy by the

end of the fifteenth century. Even more significantly, there occurred a substantial increase in the use of money during the sixteenth century, both because of the increased availability of specie and increasing commercialization of the rural economy. The evidence for this important development comes from a number of sources. First, recent research has pointed out that population growth and urbanization during the sixteenth century was accompanied by the growth of economic linkages between the urban and rural areas. As a result, there emerged in the Balkans and Anatolia an intensive pattern of periodic markets and market fairs where peasants and larger landholders sold parts of their produce to urban residents. These markets also provided an important opportunity for the nomads to come into contact with both peasants and the urban population. Large sectors of the rural population came to use coinage, especially the small denominations of silver akçe and the copper mangır, through their participation in these markets. Secondly, small-scale but intensive networks of credit relations developed in and around the urban centers of Anatolia and probably elsewhere during the same period. Evidence from court cases in these towns and cities involving lenders and borrowers leaves no doubt that the use of

credit, small and large, was widespread amongst all segments of urban and parts of rural society. Thirdly, the provincial law codes, most of which were issued between the middle of the fifteenth and the middle of the sixteenth centuries, show that for every province the Ottoman state defined a long list of activities which were subject to taxation, issuing detailed lists of dues which applied to each item. These *kanunnames* not only provide quite detailed information about the extent and rate of taxation, but they also point to an economy with strong urban and rural linkages, considerable market orientation, and frequent collections of small amounts of taxes in money from artisans and merchants as well as nomads and sedentary peasants. These developments substantially increased the demand for and the use of money and credit, especially in the more commercialized coastal regions.

Just as Ottoman economic policies reflected the priorities and interests of a central bureaucracy, Ottoman monetary practices were closely linked to the same priorities and interests. In their monetary practices, Ottoman governments were well aware of the limitations of their power. In comparison to goods markets and long-distance trade, it was more difficult for governments to

control physical supplies of specie or coinage and regulate prices, that is exchange rates and interest rates. The Ottoman administrators were also aware that participants in the money markets, merchants, moneychangers and financiers were able to evade state rules and regulations more easily than those in the commodity markets. Government interventions in money markets remained selective and occurred mostly during extraordinary periods such as extreme monetary turbulence or wars. On the whole, Ottoman monetary practices exhibited a large degree of flexibility and pragmatism.

The Ottomans also faced a number of other challenges arising from the size of the Empire and its location. Since, the Ottoman economy was not a closed or well-controlled entity with a single division of labor. From the Balkans to Egypt, from the Caucauses to the Maghrib, different regions of the Empire were drawn into commercial relations with distant parts of the Old World. The Balkans, for example, engaged in trade with central and Eastern Europe and across the Black Sea. Egypt, on the other hand, was linked to the Indian Ocean and the trade of South and Southeast Asia. These far reaching commercial linkages made it

very difficult to control the movements of specie and maintain monetary stability. In addition, as the Ottomans welcomed the arrival of specie from the west, on the hand, they could not prevent the outflow of specie to the east arising from the trade deficits in that direction. Fluctuations in these commodity and specie flows brought increasing pressure on the Ottoman monetary system.

The empire covering most of Anatolia and the Balkans had a unified monetary system based on the gold sultani and the silver akçe. As the Ottoman state expanded territorially, however, this simple system could not be continued. Across the large empire the Ottomans pursued a two-tiered approach to money and currency. With a single gold coin, the ultimate symbol of sovereignty, the Empire was unified from the Balkans to Egypt and the Maghrib. The standards of the sultani, its weight and fineness, were kept identical to those of the Venetian ducat that had become the accepted standard of payment in long-distance trade across the Mediterranean and beyond. Silver coinage used in daily transactions and to some extent in long-distance trade, the central government chose to retain many of the local currencies in the

newly conquered territories. The rather important reason for this preference was the wish to avoid economic disruption and possible popular unrest. In due course, in monetary as well as other matters, there emerged inside the Empire different zones with varying degrees of administrative control. At the core were the areas most closely administered by the capital with institutions most closely resembling those in the Istanbul region. With increasing distance from the capital, the institutions and administrative practices reflected the changing balances between the capital and the provinces.

The empire came into contact with global flows of specie during the sixteenth and seventeenth centuries. The Ottoman monetary system functioned reasonably well until the last quarter of the sixteenth century. From the 1580s until the 1640s, however, was an unusually turbulent period with frequent debasements and major fluctuations in the value of the currency, which eventually led to the cessation of mint activity in the Balkans and Anatolia. The akçe was reduced to an invisible unit of account while actual exchanges were often undertaken with medium- and large-sized European coinage together with Ottoman versions. There was not

one single cause but a number of causes or motives behind these debasements. Nonetheless, there were powerful elements common to most of them.

More generally, the monetary difficulties faced by the Ottomans were also a reflection of the underlying economic and fiscal realities. With the growing economic strength and commercial presence of the European states, on the one hand, and declining Ottoman power on the other, it became increasingly difficult after the sixteenth century to control the large fluctuations in commodity and specie flows and maintain a stable monetary system. Ottoman difficulties were compounded by the recurrence of fiscal crises, which played havoc with money. In the face of these difficulties, the Ottoman governments had mixed success in their attempts to maintain monetary stability. Debasements were not the result of a haphazard process but were undertaken or not undertaken after the weighing of costs and benefits by the state. While the benefits were primarily fiscal in character, the most important cost they incurred was political. Hence the state was often constrained in its ability to take advantage of debasements because of the strong opposition they generated. Most of the urban

groups, the government employees, the guild members, shopkeepers and the small merchants disliked them. The most powerful opposition, however, came from the janissaries who saw the purchasing power of their wages decline after each debasement. There was a substantial overlap between the soldiers and the guild members during the sixteenth and seventeenth centuries since many of the former began to moonlight as artisans and shopkeepers. A debasement increased the likelihood that the janissaries and the guild members might form coalitions with other dissatisfied groups or join one or other political factions in the capital. This broad opposition acted as a major deterrent against debasements. In the longer term, it was not the actual rebellion but the expectation or the threat of rebellions that prevented the more frequent use of debasements by the central government. Prices show that in the long term, debasements or the reduction of the specie content of coinage by the monetary authorities was the most important cause of Ottoman price increases.

Another long-term development of the sixteenth century, which has generated much debate, is the Price Revolution. The

history of prices in Istanbul show that first debasements were the most important cause of Ottoman price inflation and secondly prices in Istanbul expressed in grams of silver moved together with prices around the Mediterranean in the medium and long term. The latter result confirms once again that due to the strength of the maritime trade, the economy of the capital city remained well linked to economies thousands of miles away. Returning the debate in explaining the price inflation during the second half of the sixteenth and the first years of the seventeenth century, the Ottoman price inflation was closely linked with the worldwide inflation. In other words, global economic conditions and monetary developments were closely linked with the stability of the Ottoman monetary system. There was not one single cause but a number of causes or motives behind these increases. In economic terms it was the price differential or production costs that were at the root of the divergent inflationary trend. Population pressure interpreted as economic shrinkage and growing poverty, as a result of the increasing discrepancy between the population and economic resources, is also taken up as an descriptive issue to explain the price inflation. There are powerful reasons why monetary and economic conditions should tend to interact and

reinforce each other over the long term. While monetary stability often helps pave the way for the expansion of trade and production, monetary instability or shortages of specie often have adverse effects on credit, production and trade. Conversely, economic prosperity or expansion of economic activity often enables the state to raise additional fiscal revenue, which contributes to monetary stability. For these reasons, we should expect a good deal of long-term correlation between the monetary and economic conditions.

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