

IMPLEMENTATION OF THE 1838 ANGLO-TURKISH
CONVENTION ON IZMIR'S TRADE:
EUROPEAN AND MINORITY MERCHANTS

Elena Frangakis-Syrett*

In the last decades of the eighteenth and early nineteenth centuries, Izmir experienced tremendous economic growth, mainly as a result of growth in the world economy. In addition, the French Revolution and the Revolutionary and Napoleonic Wars resulted in the collapse of French economic domination in the area. As a result, Ottoman minority merchants experienced an equally tremendous economic growth (Frangakis-Syrett, 1987, pp. 73–86). Britain replaced France as the principal trading partner of Izmir, while the economic growth of the port-city as well as that of the minority merchants continued strong.¹ It was in this period of increasing commercial activity that the Anglo-Turkish Convention was signed between Great Britain and the Ottoman Empire on 16 August 1838² to come into effect in western Anatolia on March 1839.³ The Treaty, which subsequently was signed by all the European States as well as the United States and the Ottoman Empire, aimed at removing obstacles to free trade in the Empire for the merchants of these states. It was to achieve that by removing an array of local or additional duties paid for the export of Ottoman goods or the import and circulation of all other goods, manufactured or otherwise, and by setting a fixed rate of five percent duty on imports and twelve percent on exports—nine percent on purchasing at the place of growth and three percent on exportation.⁴ This, in essence, would enable the foreign merchants to venture beyond Izmir, where they had centered their activities in the eighteenth century, into its hinterland and do away with the minority merchants, who had in the past acted as inter-

* Queens College, City University of New York, Department of History.

¹ *Archives du Ministère des Affaires Étrangères*, Paris, CCC, Vols. 42 and 43, Exportation et Importation de Smyrne, 1828 and 1832. Hereafter this archive will be cited as AMAE.

² *Parliamentary Papers, Tariffs* (London, 1843), Vol. 2, Commercial Regulations, Treaties, pp. 32–36. Hereafter this archive will be cited as PPT.

³ PPT (London, 1840), Vol. 2, Correspondence respecting the operations of the Commercial Treaty with Turkey, 16 August 1838, p. 39.

⁴ Public Record Office, London, FO 195/128, Vice-Consul Charnaud, Izmir, 16 March 1839 to British Ambassador, Istanbul. Hereafter this archive will be cited as PRO.

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mediaries between them and the Ottoman producers or consumers in Anatolia. Furthermore, foreign merchants would be able to go to local markets in the interior to purchase produce or sell their goods without the local authorities being able to control or regulate their activities. In other words, it aimed at opening up the Ottoman hinterland to international trade and the world market. Also, at least in principle, the Treaty gave reciprocal rights to Ottoman subjects.⁵

Because the British Consul in the city-port monitored the situation closely, the extent to which the aims of the Treaty were realized and the local economic networks bypassed or broken has been amply documented in the British archives. Despite the problems, which arose as soon as the Treaty came into effect, there were positive results for British trade from the outset. In June 1840, the British Consul “confidently and emphatically” asserted that British trade would grow: Ottoman producers would be free to sell their produce for the highest price and, in turn, be able to purchase more British goods.⁶ During 1839 to 1840, demand for British imports rose by as much as 40 percent and by a further 20 percent the following year, despite the Egyptian crisis, as compared to demand before 1838.⁷ It was not only the opinion of the British Consul but also that of the British merchants in Izmir that the Treaty had been beneficial:

...the advantages now enjoyed by the British trader are far more favourable to general business than those he could possibly receive by the infamous system that existed prior to the Convention, but the privileges secured by the Convention must be jealously watched by HM Representatives.⁸

⁵ *Ibid*; see also, PPT (London, 1841), Vol. 2, Correspondence respecting the Commercial Treaty, Consul Brant, A Second Report, Izmir, 31 July 1841, p. 15. (This report can also be found in PRO, FO 195/177, Consul Brant, Izmir, 7 Aug. 1841 to British Ambassador, Istanbul.)

⁶ PPT (London, 1841), Vol. 2, Correspondence respecting the Commercial Treaty with Turkey, Consul Brant, A Report, 29 June 1840, p. 16. This report can also be found in PRO, FO 195/177, Consul Brant, Izmir, 17 March 1841 to British Ambassador, Istanbul; and in Charles Issawi (1980, pp. 97–100.)

⁷ PPT (London, 1841), Vol. 2, A Second Report... , pp. 16–17. French officials were equally optimistic about the Treaty’s effect on French trade in the area. AMAE, CCC, Vol. 47, T. Didier, Izmir, 25 March 1843 to Consul General Viscount de Fégier Montaigne, Izmir. It was also found, however, that after the initial increase in trade caused by over-optimism following the signing of the Treaty, trade figures fell somewhat. AMAE, CCC, Vol. 43, Consul General Viscount de Fégier Montaigne, Izmir, 19 May 1843 to Minister of Foreign Affairs, Paris.

⁸ PPT (London, 1844), Vol. 2, Correspondence respecting the Commercial Treaty with Turkey, Replies to the questions on British and Russian trade by J. A. Werry, p. 98. Similar replies were made by Messrs. Lee and Son and Messrs. Whittall & Co. See also, PRO, FO 78/532, Consul Brant, Izmir, 31 Aug. 1843 to Foreign Office, London. Hereafter Foreign Office will be cited as FO.

There were problems, however. From the beginning, the Consul feared that although the Porte would abide by the Treaty, subordinate officials who stood to lose the additional dues they levied on goods the interior and their *mukataa* profits might not.⁹

In direct contravention to the newly-applied Treaty, customs officials tried to impose extra dues on goods, did not release goods from customs until they were paid,¹⁰ forbade their circulation in the interior,¹¹ or imposed additional taxes on the Ottoman purchasers of these goods,¹² thus rendering uncompetitive or even temporarily halting European trade. These customs officials reasoned that it might be more profitable for the European or European-protected minority merchant to pay the extra duties rather than turn to the Consul for recourse. And they were probably right, for sometimes it took forever for the situation to be resolved. However arbitrary and detrimental these exactions, they were easier to deal with than the more embracing system of *mukataas*, which aimed at controlling the local economy, and thus fundamentally were opposed to the 1838 Convention whose aim was to open up this economy.

The *mukataas* were monopolies that, when purchased, gave the exclusive right to buy a region's produce such as leeches, olive oil, fruit, valonia, or wool, goods that often were among the most popular exports. Monopoly rights could also be purchased for the sale of imports in the interior, such as coffee. At the time the Treaty was signed, minority merchants—Greeks, Armenians and Jews—were prospering and, in answer to increasing international demand for Ottoman goods, extending their trade from the city into the environs. They were either small-scale purchasers of local produce or, if they possessed larger capital resources, they bought a *mukataa* and became exclusive purchasers of a certain product in a region. These *mukataas* usually were sold by the Porte to local governors who in turn sold them to a local Ottoman official who usually resold them to local merchants. The minority mer-

⁹ PRO, FO 195/128, Vice-Consul Charnaud, Izmir, 22 Feb. 1839 to British Ambassador, Istanbul.

¹⁰ E.g., PPT (London, 1840), Vol. 2, Correspondence respecting the operations of the Commercial Treaty, pp. 14, 36–7, 50; see also, PRO, FO 195/128, Consul Brant, Izmir, 5 and 26 Oct. 1896 to British Ambassador, Istanbul.

¹¹ E.g., PPT (London, 1840), Vol. 2, Correspondence respecting the operations of the Commercial Treaty, pp. 31, 36–7.

¹² E.g., *ibid.* pp. 28–30; see also, PPT (London, 1841), Vol. 2, A Second Report . . . , pp. 15–16; and PRO, Fo 195/177, Consul Brant, Izmir, 6 Feb. and 14 March 1840 to British Ambassador, Istanbul; FO 195/177, Woolley Bell & Co., Izmir, 20 Aug. 1840 to Consul Brant, Izmir; FO 195/177, Mustafa, Jorgi, David, Agop *et al.*, Izmir, 30 July 1840 to Consul Brant, Izmir.

chant thus was at least the third or fourth purchaser of the *mukataa*. The Government also could sell the *mukataa* directly to merchants, including minority merchants, who had enough capital resources and political influence at the Porte to secure the purchase.¹³ The more hands the *mukataa* went through, the more expensive it became.

To make a profit, the merchant had to force the lowest possible price on the producer which as a monopsonist he could do. He therefore could not allow free-market mechanisms to regulate prices, or the open competition that European merchants or European-protected non-Muslim minority merchants began to advocate through the Treaty. In this he was aided by the local Ottoman authorities, including the governor of Izmir, Husseyin Bey, who wanted to maintain a lucrative *status quo* and thus vigorously enforced monopoly claims in direct contravention to the Treaty, and despite the fact that the *firman*, ordering the application of the Treaty, had arrived.¹⁴ These local officials were prepared to seize the goods of the European or European-protected minority merchants or their agents who tried to buy or sell in the area. They even used the local police to arrest the merchants' agents or otherwise harass them. A case in point was the treatment afforded to the sub-agent of the British merchant Werry, who was using a network of Greek merchants in the interior to sell coffee and to buy carpets for export with the proceeds. Using agents to penetrate in the interior was becoming increasingly widespread among European merchants following 1838. Werry sent one agent to Uşak and a sub-agent to Karahisar. The latter, however, was obstructed from selling the coffee by the *mütesellim*, who ordered him to sell it only to himself or to the Janissaries at prices that he himself set. Apparently, the *mütesellim* was claiming the right to purchase and resell every article that came into the town and held a monopoly on the export of wool. In other words, he controlled the local economy.¹⁵ Moreover, the *mütesellim* was under the protection and jurisdiction of the *Paşa* of Kütahya, "himself the greatest monopolist in the sanjak".¹⁶ The *Paşa*, in an effort to circumvent the Treaty, replied to the Consul's protest by

¹³ Cf., PRO, FO 195/350, Historique de l'affaire de Glenzo, Istanbul, 8 April 1851.

¹⁴ PRO, FO 195/128, Vice-Consul Charnaud, Izmir, 6 July and 3 Aug. 1839 to British Ambassador, Istanbul.

¹⁵ The Governor of Antalya was also exacting additional duty on the sale of coffee and wax and was monopolizing the sales of indigo and silk, PPT (London, 1841), Vol. 2, A Report. . . , p. 17.

¹⁶ PRO, FO 195/128, J. A. Werry, Izmir, 19 Sept. 1839 to Vice-Consul Charnaud, Izmir.

claiming for the *mütesellim* the monopoly for the retail trade of coffee, not wholesale, although coffee could only be sold retail.¹⁷ When the British merchant's sub-agent made another effort to sell the coffee, this time by opening a shop in the town's *bazaar*, for which he had duly obtained the *permits* at a fee, he had his weighing scales smashed and was told to leave.¹⁸ At that point, the Consul turned to the British Ambassador for help, remarking sternly that the Treaty made no distinction between retail and wholesale monopolies, yet he found himself unable to impose it.¹⁹ Werry's sub-agent was not the only one to suffer. Agents of other European and European-protected minority merchants were forced to sell their coffee to this *mütesellim*, at 9.5 piastres per oke, which he then resold at 13 piastres. Such actions by local officials limited the consumption of coffee and reduced the amount of coffee that the British could import.²⁰

Another way that the local authorities intervened to uphold the rights of a *mukataa* holder was to annul a prearranged purchase forcibly. Take, for example, the Greek agent of a British merchant who contracted for valonia from two villages in Uşak. Although he was given an advance in June, he found, at the end of August, that his Ottoman sellers were being ordered, by the Voyvode of Uşak, to sell their produce to another minority merchant, who held the monopoly of valonia.²¹ Moreover, this was not an isolated incident. An Ionian subject had contracted for sheepswool with shepherds in the region of Avari, near Manisa, at 170 piastres per quintal. But when the time came to deliver the wool, he found that his shepherds had been ordered by the *ağas* of the nearby villages to sell their wool only to people designated by them (to whom they had presumably sold monopoly rights), at 145 piastres per quintal.²²

To get around the abolition of the monopolies as specified in the

¹⁷ PRO, FO 195/128, Tayah Pasa, Kütahya, 28 Oct. 1839 to Consul Brant, Izmir.

¹⁸ PRO, FO 195/128, Consul Brant, Izmir, 11 Nov. 1839 to British Ambassador, Istanbul.

¹⁹ PRO, FO 195/128, Consul Brant, Izmir, 13 Nov. 1839 to British Ambassador, Istanbul.

²⁰ PRO, FO 195/177, Consul Brant, Izmir, 6 June 1840 to British Ambassador, Istanbul.

²¹ PRO, FO 195/128, J. A. Werry, Izmir, 19 Sept. 1839 to Vice-Consul Charnaud, Izmir and FO 195/177, Tayah Pasa, Kütahya, 28 Oct. 1839 to Consul Brant, Izmir. Although the merchant was not explicitly identified as a *mukataa* holder he was, in essence, given monopoly rights, presumably at a fee.

²² PRO, FO 195/128, Vice-Consul Charnaud, Izmir, 18 May 1839 to British Ambassador, Istanbul.

Treaty, some converted the *mukataa* into a tax-farm. Such was the case with the trade in leeches—a particularly lucrative trade which had been monopolized (apparently recently) following increased demand for leeches in Britain. The Governor of Izmir sold the *mukataa* for the trade in leeches, covering a very substantial area in western Anatolia under his jurisdiction, to four minority merchants—three Austrian subjects and the other a Sardinian subject—for 250,000 piastres. The transaction, which took place in April 1839, a month after the Treaty had come into effect, was facilitated by the respective Consuls who were paid a handsome fee for their good offices. In August 1839 the Governor sold the same *mukataa* a second time, this time to another Austrian subject, and very likely a minority merchant! While the two groups fought each other for the ownership of the monopoly, both groups enjoying the protection of Izmir's governor, no merchant was allowed to trade freely in leeches.²³ Thus the agent of an Ionian merchant, by the name of George Glenzo,²⁴ had the leeches he had purchased seized by the soldiers of Husseyin Bey for return to the monopolists.²⁵ In fact, the Governor of Izmir was seizing leeches even in areas not included in the initial *mukataa* that he had bought from the Porte, using the pretext that the merchants did not have a certificate of origin, *tezkere*, for their leeches.²⁶

²³ PPT (London, 1840), Vol. 2, Correspondence relative to the continuance of monopolies in the Dominion of Turkey, pp. 13, 52–58; see also, PRO, FO 195/128, Consul Brant, Izmir, 2 April 1839 to British Ambassador, Istanbul; FO 195/128, Dragoman Chumarian, Izmir, 14 Oct. 1839 to Consul Brant, Izmir; FO 195/128, G. Glenzo, 19 Oct. 1839 to Consul Brant, Izmir; FO 195/128, Consul Brant, Izmir, 24 Oct. 1839 to Husseyin Bey, Governor of Izmir; FO 195/128, Consul Brant, Izmir, 25 Oct. 1839 to British Ambassador, Istanbul; FO 195/350, Consul Brant, Izmir, 11 Feb. 1850 to British Ambassador, Istanbul; FO 195/350, Schnell, Izmir, 15 Feb. and 25 April 1850 to Consul Brant, Izmir; FO 195/350, Consul Brant, 21 June 1850 to British Ambassador, Istanbul; FO 195/389, Consul Brant, Izmir, 16 April, 24 and 16 July 1852 to British Ambassador, Istanbul.

²⁴ For further information on the activities of this Ionian merchant, see PRO, FO 195/350, Agreement signed on behalf of G. Glenzo, D. Sakelario, P. Farneti and M. Vitalis by C. C. La Fontaine and J. Jassigi, Istanbul, 7 Dec. 1850; see also, FO 195/350, G. Glenzo, Izmir, 17 Feb. 1851 to Consul Brant, Izmir; FO 195/350, Halil Kiamili, Governor of Izmir, 26 March 1852 to Consul Brant, Izmir; FO 195/350, G. Glenzo, Izmir, 17 Feb. 1851 to Consul Brant and FO 195/350, Historique de l'affaire de G. Glenzo, Istanbul, 3 April 1851.

²⁵ American merchants trading in leeches suffered similar treatment. E.g., National Archives, Washington, D.C., RG 84, US Embassy, Consular Correspondence Received, Vol. 22, J. Langdon, Izmir, 1 and 3 Sept. 1849 to U.S. Consul Offley, Izmir. Hereafter this archive will be cited as NA.

²⁶ PRO, FO 195/128, G. Glenzo, Izmir, 19 Oct. 1839 to Consul Brant, Izmir; see also, FO 195/128, Consul Brant, Izmir, 23 and 30 Nov., 21 and 28 Dec. 1839 to British Ambassador, Istanbul; FO 195/177, Consul Brant, Izmir, 6 and 28 Feb. 1840 to British Ambassador, Istanbul; and FO 78/905, Consul Brant, Izmir, 26 March and 7 June 1852 to FO, London.

The system of tax-farming the tithes (*usur*) constituted one of the principal sources of revenue for a provincial governor and was an important obstacle to the free circulation of goods, sought by the 1838 Convention. Upon purchasing his office, the governor also bought the tithes of localities under his jurisdiction and usually parceled these out to the highest bidders. Buyers of tithes then arbitrarily exacted their own rate of tithes from the cultivators. In this way, the nominal tithe of 10 percent levied on the cultivators of Bursa silk actually amounted to 30 or 40 percent. The situation was worse for silk cocoons, in demand in the international market, where the actual tax was sometimes increased by over 100 percent.²⁷ This practice affected trade directly, for the greater the tithe exacted, the higher the price of the produce was ultimately going to be. The producers, unable to appeal to the local governor against rapacious tithe collectors, passed the increase to the merchants. This system prompted the British Consul to comment that the Porte disregarded the spirit of the Treaty. By ostensibly burdening its own subjects, the Porte was in reality burdening European and other merchants.²⁸

Thus, local tithe collectors, who might also be merchants, could make it uneconomical and inconvenient for incoming merchants to trade in these goods. Take, for instance, the Greek agent of the British merchant who was sent to Ayvalık to buy olive oil. The Greek *primates* of Ayvalık, who made up the municipal council, informed him that he had to furnish guarantees for the payment not only of custom duties, but also of the tithes of the producers who sold him the olive oil before it could be delivered to him.²⁹ Under the pretext of protecting the revenue of the government, the Greek primates, who had enjoyed up to that time the exclusive marketing of olive oil, the principal produce of the region, in fact were impeding its free trade.³⁰ Almost a decade later, free trade in olive oil was still not fully established. In the 1850s, the local authorities in Baidır still seized olive oil purchases of incoming European and European-protected minority merchants, with excuses

²⁷ PRO, FO 195/241, J. A. Werry, Izmir, 1 July 1845 to British Ambassador, Istanbul, included in Consul Brant, Izmir, 28 Aug. 1845 to British Ambassador, Istanbul.

²⁸ PRO, FO 195/241, Consul Brant, Izmir, 29 June 1844 to British Ambassador, Istanbul.

²⁹ PRO, FO 78/441, Primates of Ayvalık (Aivali), 10/22 Dec. 1840 to Acting British Vice-Consul, Ayvalık.

³⁰ PRO, FO 78/441, Consul Brant, Izmir, 21 Jan. 1841 to FO, London. The Greeks maintained a dominant position in the economy of Ayvalık. PRO, FO 195/447, Consul Brant, Izmir, 17 Feb. and 10 Nov. 1854 to British Ambassador, Istanbul.

similar to those used in Ayvalık.³¹

In addition to the tithes, the Ottoman Government imposed a whole set of duties, under the denomination of *ihtisab* at the place of production. As in the case of the tithes, the producers were passing them on to the merchants. European and European-protected minority merchants argued in vain that the Treaty had in principle abolished all such duties on Ottoman exports.³² Some of these duties, the local officials replied, were for services rendered, such as the fee of the *Kantarçı*, the person who weighed the goods during sale, and thus had to be paid. The sum in question usually was small, although it varied according to the produce being weighed. In 1850, however, the duty of weighing olive oil at Aydın was augmented to include an additional 5 percent duty *ad valorem*. The reason for this dramatic increase was that the duty on the weighing of olive oil in the *paşalık* of Aydın had been sold as a tax-farm for 150,000 piastres and the tax-farmer sought to make 1,275,000 piastres out of it. British and other European and European-protected minority merchants claimed that such an increase was in conflict with the spirit of the Treaty. While negotiations went on to decide the sum to be paid, all trade in olive oil in Aydın came to a halt for ten months.³³ This was part of a general pattern: as Ottoman goods were increasingly in international demand during the middle decades of the nineteenth century (Kasaba, 1988a, pp. 87–106; Pamuk, 1987, pp. 28–33), the Government was selling duties levied on the trading of goods as tax-farms, for increasingly larger amounts of money, and the tax-farmers were determined to make even bigger profits from them. For instance, in 1850 the Government sold the duty of weighing cotton and madder root for 24 towns and villages in western Anatolia, for 327,000 piastres. To get their desired profit, the weighing duty was increased by 9 percent for cotton and 3 percent for madder roots.³⁴

As tax-farms became more lucrative, everybody dealt in them. Despite their protestations at the way they limited and burdened trade, this included the Europeans as well as the Turks. For instance, the

³¹ PRO, FO 195/389, Robert Wilkin, Izmir, 27 Dec. 1851 to British Ambassador, Istanbul; and, FO 195/389, Consul Brant, Izmir, 3 Dec. 1852 to Colonel Rose.

³² PRO, FO 195/241, Consul Brant, Izmir, 27 June 1844 and 15 April 1845 to British Ambassador, Istanbul.

³³ PRO, FO 195/350, Consul Brant, Izmir, 20 March 1850 to British Ambassador, Istanbul.

³⁴ PRO, FO 195/350, Consul Brant, Izmir, 20 March and 12 April 1850 to British Ambassador, Istanbul.

British Vice-Consul, also a large-scale wheat merchant in Antalya, frequently bought the tithes for areas in his *sancak*.³⁵ The commercial house of Abbott, with branches in Istanbul, Izmir, and Salonica, also farmed government dues in mid-nineteenth century.³⁶ Large-scale tax-farming, however, needed both considerable capital resources and political influence in the capital and thus tended to be the preserve of minority families, Armenian and Greek in particular, which kept a good network of contacts in Istanbul.³⁷ Such influence could be used in a number of ways. When a tax-farm was put up for sale, it was first auctioned locally, then in the administrative center of the *sancak*, and lastly in Istanbul. A higher bid made in Istanbul could overturn any previous bid.³⁸ These tax-farmers, or their financiers in Istanbul, who usually were bankers too and had the Ottoman government among their clients, enjoyed further advantages. For instance, the tithe duties in Antalya and Manisa were put up for public auction in 1854 and the local biddings amounted to eight million piastres, payable in specie. The Minister of Finance declined this offer and sold the tax-farm instead to bidders in Istanbul for the same sum, payable in paper money. By accepting payment in paper money, the government was losing up to two million piastres. Moreover, the purchasers in the capital promptly resold the tax-farm, this time for cash and at a higher price, making an extremely handsome profit from the transaction.³⁹

A whole stratagem was laid out by the tax-farmers to ensure maximum profits from the transactions. Those interested in the tax-farm formed a company, not only to get the necessary cash and political backing, but also to prevent the government from playing one bidder against the other. Political influence was also necessary to ensure that the return to the state, the sale price of the tax-farm, was undervalued. Having purchased the tax-farm with paper money from the government, the company then usually resold it for cash at an additional 7

³⁵ PRO, FO 195/447, Vice-Consul Purdie, Antalya, 8 Sept. 1855 to Consul Brant, Izmir; see also, FO 195/527, Acting Vice-Consul Calvert, Antalya, 28 Dec. 1856 to British Ambassador, Istanbul; and FO 195/527, Acting Vice-Consul Calvert, Antalya, 3 Jan. and 13 March 1857 to British Ambassador, Istanbul.

³⁶ PRO, FO 83/111, List of British Mercantile Houses in Istanbul, Salonica and Izmir, 1842 and 1848.

³⁷ PRO, FO 195/350, Consul Brant, Izmir, 20 March 1850 to British Ambassador, Istanbul; see also, Vice-Consul Purdie, Antalya, 17 Dec. 1853 to Consul Brant, Izmir.

³⁸ PRO, FO 195/527, Acting Vice-Consul Calvert, Antalya, 13 March 1857 to British Ambassador, Istanbul.

³⁹ PRO, FO 195/447, Consul Brant, Izmir, 14 Sept. 1854 to British Ambassador, Istanbul.

percent profit to another group of tax-farmers. The latter sold it in turn for a 10 to 15 percent profit to a third set of tax-farmers and so on. Sometimes the first group of tax-farmers might decide to keep for themselves the most profitable areas of the tax-farm and sell the rest. Powerful tax-farmers ensured the amenability of local officials, and if need be, bribed them with grants of the less profitable parts of the tax-farm.⁴⁰ The government's practice of selling twice, or of annulling and reselling a tax-farm in the middle of its term, if a higher price were offered, reenforced the practice of continuously selling the tax-farm and made the possessor of a tax-farm even more quick to seize the profits, since he was never sure of his investment.⁴¹ The manner in which tithe and other tax liabilities for various districts were often assessed could result in high profits for the tax-farmer and the overburdening of small agricultural communities.⁴² This situation was reenforced by the (equally unjust) manner in which the tithe might be collected; that is, in cash if prices were low, and in kind if prices were high. The weighing of goods also could favor the tax-farmer. The regulation that the producer could not harvest his crop before the tax-farmer had assessed its value for the collection of tithe also was injurious to the cultivator.⁴³ Peasants fell behind on their payments and were forced to turn to the money-lender, borrowing at interest rates as high as 5 percent per month. Moreover, the tax-farmer often was the money-lender as well as the merchant who was purchasing their goods, sometimes, at below the market price!⁴⁴ Such speculative entrepreneurs were not only minority non-Moslem merchants.⁴⁵ Besides its adverse effect on

⁴⁰ PRO, FO 195/447, Turkish document rendered into French, French Consulate, Izmir, 19 Aug. 1854.

⁴¹ PRO, FO 195/447, Translation of a request that the tax-farmers of the tithes of Tikki sanjak made to the Governor General of Konya, 1855 (in French).

⁴² AMAE, CCC, Vol. 43, French Consular Agent, Kusadasi (Scala Nova), 15 Aug. 1846 to Minister of Foreign Affairs, Paris.

⁴³ PRO, FO 83/395, Consul Cumberbatch, Report on Smyrna and the province of Aydin, Izmir, 28 Dec. 1872 to British Ambassador, Istanbul. The same report can also be found in *Parliamentary Papers, Accounts & Papers* (London, 1872), Vol. LXCIV, c. 824, Annual Series Report for 1864–1871 (Smyrna), pp. 739–42. Hereafter this archive will be cited as PPA.

⁴⁴ PRO, FO 78/612, Consul Sandison, Bursa, 5 Feb. and 5 April 1845 to FO, London; see also, FO 195/241, Consul Brant, Report upon the state of the country around Smyrna, Izmir, 25 April 1845 to British Ambassador, Istanbul; FO 78/905, Consul Sandison, Bursa, 8 Sept. 1852 to FO, London; FO 195/389, Vice-Consul Purdie, Antalya, 17 Dec. 1853 to Consul Brant, Izmir; FO 195/447, Translation of a request. . . ; FO 83/395, Consul Cumberbatch, Izmir, 28 Dec. 1872 to British Ambassador, Istanbul and FO 195/1009, Vice-Consul Maling, Bursa, 30 Sept. 1874 to British Ambassador, Istanbul.

⁴⁵ PRO, FO 78/612, Consul Sandison, Bursa, 19 April 1845 to FO, London; see also, FO 195/720, Consul Blunt, Izmir, 28 and 30 June 1862 to British Ambassador, Istanbul

agriculture and trade, tax-farming also constituted at least an indirect infringement of the spirit of the 1838 Convention, if not an outright violation of it.

[For], the same persons who formerly purchased the *mukataas* so justly reprobated in, and abolished by the Hatti Scheriff of Gulhani, are now the buyers of the Tythes. It is a revival of the old vicious system, under a different name, and the same abuses which formerly existed, are again in full force.⁴⁶

Customs officials, who frequently were tax-farmers too, continued to be the most formidable opponents of the 1838 Convention. By manipulating the manner in which various dues related to customs—which they tax-farmed—were paid by the merchants, they succeeded in yielding the highest possible returns. Twenty years after the passing of the Commercial Treaty, the customs officials in Bursa were still trying to stop merchants from exporting silk and cocoons from Istanbul and from paying duty in paper money, thus benefiting from a 25 percent reduction in their payments. Instead they demanded that the merchants export from local ports in western Anatolia, where they would have to pay duty in specie, although the Treaty stipulated that the merchants were free to choose the place of export for their goods.⁴⁷

At about the same time, the tax-farmer of the Izmir customs started to demand that an additional 10 percent duty be paid by the merchants on all Ottoman exports. The extra tax was calculated to bring in 3,000,000 piastres annually to the tax-farmer, who was from the powerful Greek mercantile and banking house of Baltazzi of Izmir, with branches in Istanbul too, and with very good relations with the top government ministers. Those merchants who refused to pay the duty had their goods confiscated.⁴⁸ Apparently, this duty had always been levied exceptionally in Istanbul and merchants had accepted it as part of a whole set of irregularities in customs payments that favored them. For instance, Istanbul merchants paid their customs dues in paper money instead of cash, used a heavier weight than that used in Izmir to weigh their goods, and were allowed to wait from four to

and FO 195/942, Consul Cumberbatch, Izmir, 10 Nov. 1870 to British Ambassador, Istanbul.

⁴⁶ PRO, FO 195/241, Report upon the state. . .

⁴⁷ PRO, FO 78/1398, Consul Sandison, Bursa, 1 Dec. 1858 to FO, London.

⁴⁸ PRO, FO 195/527, Consul Blunt, Izmir, 27 Oct. 1857 to British Ambassador, Istanbul; see also, FO 78/1391, Consul Blunt, Izmir, 31 March 1858 to FO, London (this document can also be found in FO 195/610) and FO 78/1391, Consul Blunt, Izmir, 2 April 1858 to FO, London.

six months before they made any payments, apparently reducing the amount they paid by as much as 40 percent.⁴⁹ In Izmir, however, no such irregularities existed and therefore the merchants were not prepared to pay this additional duty. When the British Consul protested, customs officials told him that orders to levy the tax had come from the Minister of Finance with whom Baltazzi was in alliance, a combination which not even the Governor of Izmir was willing to oppose.⁵⁰

The same tax-farmer, again with the support of the Minister of Finance, was trying in 1857 to reimpose a tax that a 1840 Vizirial letter had abolished as contrary to the 1838 convention.⁵¹ This was a tax on hair sacks made in Izmir and sent to the interior in exchange for Ottoman goods for export, such as madder roots, cotton, opium, and others. This was protested on the basis that a tax had already been paid on all the materials to make the sacks. Baltazzi, nevertheless, attempted to tax again the non-Moslem sack-makers in Izmir. Although the sack-makers did not enjoy European protection, the European merchants took up their cause, for any additional tax ultimately would be passed on to the merchants. Besides, there was the irregularity that sack-makers in the interior of western Anatolia were not taxed. No local Ottoman official, however, could oppose an order coming from the Minister of Finance.⁵² As protestations concerning both taxes are not present in later correspondence, one can assume that they were dealt with, or a compromise was worked out not unfavorable to Western interests. In the meantime, the merchants had suffered at least some delays and the 1838 Convention again had been successfully opposed, at least for a while. In other words, the existence of powerful local networks, which were strengthened further through tax-farming and money-lending and the high degree of support lent them by high-level government functionaries, meant that the rights inaugurated by the Treaty in 1838 had to be fought over repeatedly.

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The trade in wheat, purchased in advance from the interior of western Anatolia and brought to Izmir, or to other port-cities for

⁴⁹ PRO, FO 78/1391, G. Whittall & Co., O. A. Borrell & Co. et al., Izmir, 29 March 1858 to Consul Blunt, Izmir. (This document can also be found in FO 195/610).

⁵⁰ PRO, FO 195/610, Consul Blunt, Izmir 10 Aug. 1858 to British Ambassador, Istanbul.

⁵¹ PRO, FO 195/527, Consul Brant, Izmir 30 Oct. 1840 to British Ambassador, Istanbul.

⁵² PRO, FO 195/527, Sack-makers, Izmir, 18 June 1857 to British Merchants, Izmir; see also, FO 195/527, British Merchants, Izmir, 2 July 1857 to Consul Blunt, Izmir and FO 195/527, Consul Blunt, Izmir, 27 Nov. 1857 to British Ambassador, Istanbul.

export, was a particularly lucrative trade in the mid-nineteenth century, attracting local and foreign merchants. This example shows how European and European-protected minority merchants fared, armed with the rights given to them by the Treaty and facing acute competition from local merchants and the authorities who had in the past held this trade in their hands. Direct infractions of the Treaty by local officials imposing additional taxes, which had already been expressly abolished, on merchants exporting wheat, do not figure large but they still existed.⁵³ For instance, in 1858 British merchants paid a tax for transporting wheat from the interior to the port of Mersin for export, which their partners in Great Britain considered illegal and contrary to the Treaty. Although the import was decreed illegal by the *Paşa* of Adana too, he could not force the local customs official to reimburse the merchants for the illegally claimed sums.⁵⁴

Merchants coming into the wheat trade, including the Europeans, faced a particularly big problem in ensuring that wheat orders which they had contracted and paid for, at least partially in advance, would materialize at harvest time. Having supporting documentation did not help if the producers were encouraged by the local authorities to withhold deliveries and press for better prices. For the authorities calculated that the merchant, anxious to fulfill his export order, perhaps might renegotiate the price despite the contract.⁵⁵ Even when delivery of wheat had begun, it might not be completed if the local authorities announced a temporary prohibition on the export of wheat, claiming this to be an order of the government. Foreign merchants attributed the zeal and promptness in executing orders to the local authorities' desire to drive incoming merchants out of the wheat market so that local Turkish merchants, who also were some of the local officials, could buy large quantities of wheat at low prices for speculation.⁵⁶

Local authorities could declare a temporary ban on trade if they considered it necessary. In 1855, in the middle of the Crimean War, after an Anglo-Greek company of reputable Izmir merchants had purchased wheat and flour and sent them on to Izmir for the British and

⁵³ PRO, FO 195/389, Consul Brant, Izmir, 18 Feb. 1853 to Colonel Rose.

⁵⁴ PRO, FO 195/610, Vice-Consul Gadaleta, Antalya, 22 May 1858 to Consul Blunt, Izmir.

⁵⁵ PRO, FO 195/389, Vice-Consul Purdie, Antalya, 27 March 1852 to Consul Brant, Izmir; see also, FO 195/447, Vice-Consul Purdie, Antalya, 25 March 1854 to Consul Brant, Izmir.

⁵⁶ PRO, FO 195/241, Vice-Consul Purdie, Antalya, 14 Aug. 1845 to Consul Brant, Izmir.

French armies, the municipal council in Manisa declared a ban on further exports of wheat.⁵⁷ During the same period, merchants who had contracted with tax farmers for considerable quantities of wheat to deliver to the above armies, found themselves unable to fulfill their orders. The tax-farmers themselves were unable to deliver the wheat because the government, in an apparent effort to benefit from the increase in wheat prices, was in the process of reselling the tax-farms to higher bidders!⁵⁸

In the early 1850s the Governor in Antalya, in league with the principal local Turkish merchants who were feeling the competition from the incoming merchants, allowed a riotous situation to develop in the countryside. It was calculated to scare off the wheat dealers from the region, and thus force the producers to sell their wheat to him and his associates. At the same time, he was confiscating the tax-farms of tithes on wheat from merchants who had already bought them at local auctions.⁵⁹ A year later the situation seems to have been worse. The level of antagonism between the local Turkish merchants and the incoming European, Arab, and minority merchants, some European-protected, had increased. With high local wheat prices as the immediate, or apparent cause, a riot that lasted several days broke out in the city and spread to the environs, which had been restless for some time. Moreover, the riot occurred as the merchants received the wheat they had contracted for, and camels loaded with the wheat made their way to the city from the environs. The wheat was seized by the agitators who then proceeded to sell it at an arbitrary price. The local authorities were either unwilling or unable to restore order to the situation for which the British Vice-Consul held them to a large extent responsible. For they had not ensured an adequate supply of wheat for the town at reasonable prices at a time when there was no scarcity of wheat in the environs.⁶⁰ The result was heavy losses for the merchants involved. The British Vice-Consul, speculating on the real cause of this agitation, feared a recurrence, even a sanguinary escalation of it,

⁵⁷ PRO, FO 195/447, Municipal Council, Manisa, 8 Feb. 1855 to Consul Brant, Izmir; see also, FO 195/447, Consul Brant, Izmir, 17 Feb. and 15 Nov. 1855 to British Ambassador, Istanbul.

⁵⁸ PRO, FO 195/447, Vice- Consul Purdie, Antalya, 8 Sept. 1855 to Consul Brant, Izmir.

⁵⁹ PRO, FO 195/389, Vice-Consul Purdie, Antalya, 15 Oct. 1852 to Consul Brant, Izmir.

⁶⁰ PRO, FO 195/389, Vice-Consul Purdie, Antalya, 1, 2, and 13 Oct. and 15 Nov. 1853 to Consul Brant, Izmir; see also, FO 195/389, Consul Brant, Izmir, 17 Oct. 1853 to British Ambassador, Istanbul.

for, as the Moriots and Arabs are the principal persons aggrieved in the late affair they will not leave it without being revenged on the native Adaliots who are not content with any strangers residing in the place and want the commerce of Adalia to themselves.⁶¹

The wheat trade relying so much on contracting and purchasing in advance was both highly lucrative and risky. Speculating on what the price of wheat was going to be in the market in the future months, and on the quality of the harvest, the merchant could gain or lose spectacularly. The British Vice-Consul in Antalya, Purdie, also tax-farmer and wheat dealer is a case in point. After a residence of fourteen years in Antalya, 1842–1856, he more than once realized a considerable fortune which he then lost. During the last year of his life he experienced heavy losses in wheat speculation so he was insolvent at his death. The total amount of claims on his estate were around one and one-half million piastres and his total assets came to three-quarters of a million piastres.⁶² Contracting with the grower early in the season for the delivery of produce at a fixed price at harvest time was considered to be among the principal causes, along with the general Ottoman problems of low productivity, insufficient manpower and poor communications, accounting for his losses.⁶³ Such contracts, of course, could bring heavy losses to the producers, too. The British Consul held minority merchants responsible for such losses which might be incurred by the producers, although both minority and European merchants practiced this method of buying widely.⁶⁴ Besides, although minority merchants, in theory, could be made to curtail their profits by an Ottoman decree, such a law would not be easily applied to European merchants.⁶⁵

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Decades after these events, in 1872, the British Consul speculated

⁶¹ PRO, FO 195/389, Vice-Consul Purdie, Antalya, 5 Nov. 1853 to Consul Brant, Izmir.

⁶² The chief claimants to Purdie's estate were the principal Arab merchant in Antalya, Suleiman Effendi, Messrs. Whittall & Co. of Constantinople, an important commercial house with branches in Izmir too, and the Ottoman government for a tax-farm of tithes of a region that Purdie had bought at a local public auction. PRO, FO 195/527, Acting Vice-Consul Calvert, Antalya, 28 Dec. 1856, 3 Jan. and 13 March 1857 to British Ambassador, Istanbul. On the changing fortunes of the wheat trade, see PRO, FO 195/447, Vice-Consul Purdie, Antalya, 8 Sept. 1855 to Consul Brant, Izmir.

⁶³ PRO, FO 78/442, Consul Brant, Izmir, 6 Dec. 1841.

⁶⁴ PRO, FO 83/395, Report on Smyrna. . . See also, AMAE, CCC, Vol. 43, T. Didier, Izmir, 25 March 1843 to Consul General Viscount de Fégiér Montaigne, Izmir.

⁶⁵ PRO, FO 195/527, Acting Vice-Consul Calvert, Antalya, 20 March 1857 to British Ambassador, Istanbul.

on the reasons why British trade was not as flourishing as it had been thirty years before. Taking into consideration the various problems of the Ottoman economy, he underestimated such fundamental factors as changes in the international and British economies or the intense rivalry that other European and American commercial houses provided and which had increased during the second half of the nineteenth century. But he correctly emphasized the competition created by the minority merchants, whose position he saw strengthened by their tax-farming and money-lending activities. Furthermore, he considered the inability of the British merchants to establish themselves, in person, in the interior of western Anatolia to be due largely to the presence of minority merchants whose activities had increased as the nineteenth century progressed.⁶⁶ Minority communities had been able to take advantage of the increased Western economic activity in the Ottoman Empire and the liberalization of international trade, as well as of the opening-up of the Ottoman economy through the 1838 Convention, to set up businesses in Izmir as well as in economic centers all over the world.⁶⁷ At the same time, they were able to take advantage of the lucrative, though speculative, opportunities offered by the Ottoman economy through tax-farming, money-lending and other monetary activities (Kasaba, 1988b, pp. 215–28).⁶⁸ Such activities contributed to their rate of capital accumulation and strengthened their position in the trading sector which remained an important sphere of economic activity for minorities, and a source of strong competition for European merchants. Yet the economic relationship between European and minority merchants was not only one of competition but also of mutually-beneficial cooperation.

Soon after the 1838 Convention had been signed, the British merchants were calling for the establishment of vice-consulates in the interior to guarantee security of persons and property and ensure careful observance and supervision of the 1838 Convention. Another reason for the establishment of such vice-consulates was the profitability of extending British trade on the western Anatolian coast, as opposed to

⁶⁶ PRO, FO 83/395, Consul Cumberbatch, Report on Smyrna. . . See also, FO 83/395 Messrs. Whittall, Paterson et al. to Consul Cumberbatch, Izmir, 24 Dec. 1872, pp. 742–45.

⁶⁷ The international house of Rallis, whose network of branches and economic activity were truly international, is a case in point. For more information, see Chapman (1977, pp. 36–39), Syriotis (1911, pp. 101–10), Mangriotis, (1986, pp. 350–52). The Rallis were by no means the only ones. E.g. Amantos, (1919, pp. 106–19), Syngros (1908).

⁶⁸ On naturalized American citizens of Greek origin acting as moneylenders, see NA, RG 84, US Consulate General, Letters Received from Consuls, Vol. 1, S. Themeli, Izmir, 29 Jan. 1879 to Consul Smithers, Izmir and RG 84, Vol. 1, Consul Smithers, Izmir, 1 Feb. 1879 to US Consul General, Istanbul.

having it centered in Izmir. This would enable merchants to ship local goods directly from the place of purchase to Great Britain. Equally, British-manufactured goods could reach consumers directly and "at prices lower than those at which they hitherto reached those parts of Asia Minor through indirect channels."⁶⁹ As goods would go through fewer hands, intermediaries would no longer be needed. Indeed, eliminating the intermediaries was one of the aims of the Treaty. In this respect the Treaty did not succeed. For a number of reasons, outlined below, minority merchants remained active in the interior, often fulfilling the role of an intermediary.

As we saw from earlier examples, the European merchants did establish vice-consulates and went inland to trade, but they usually did so through a network of agents and sub-agents working for them that was made up of minority merchants. In fact, to a larger degree than any other European nation, British firms, established in Izmir, hired minority merchants, usually Greeks but also Armenians, to trade in the interior as their agents. They continued to do so throughout the nineteenth century. Both the scale of these agents' operations and of remuneration varied greatly. If the scale of business of the British commercial house warranted it, it might nominate a minority merchant as the director of its trade in the interior, leaving to him the hiring of a network of sub-agents.⁷⁰ The director might be paid on a commission basis while the sub-agents would be paid a monthly salary by the British firm.⁷¹ Sometimes firms based in Great Britain appointed minority merchants as their agents as well as their representatives both in Izmir and the interior.⁷² These agents, or representatives, were in essence purchasing agents or distributors for their principals.⁷³ The agent also could be a businessman of considerable standing, established in Izmir in

⁶⁹ PRO, FO 78/442, Consul Brant, Izmir, 28 Aug. 1844 to FO, London. The French were also establishing vice-consulates in the hinterland of Izmir. See AMAE, CCC, Vol. 43, T. Didier, Izmir, 25 March 1843 to Consul General Viscount de Fégier Montaigne, Izmir.

⁷⁰ PRO, FO 195/128, J. A. Werry, Izmir, 19 Sept. 1839 to Vice-Consul Charnaud, Izmir.

⁷¹ PRO, FO 195/1161, Hadkinson, Merrylees & Co., Izmir, 11 July and 26 Sept. 1878 to Consul Reade, Izmir; see also, FO 195/1161, Consul Reade, Izmir, 26 Sept. 1878 to British Ambassador, Istanbul.

⁷² PRO, FO 78/1398, Consul Sandison, Bursa, 1 Dec. 1858 to FO, London; see also, FO 78/1020, FO, London, 8 May 1854 to Consul Brant, Izmir.

⁷³ PRO, FO 195/1620, Acting-Consul Barnham, Izmir, 8 Oct. 1888 to British Ambassador, Istanbul; see also, FO 195/1620, Vice-Consul Billiotti, Rhodes, 9 Oct. 1888 to British Ambassador, Istanbul; and FO 626/17/760, J. Honischer vs. G. Aperio, H. M. Consular Court, Izmir, 14 March 1895.

his own right.⁷⁴ The scope of business that an agent might undertake for his principal might go beyond trade, and the agent's jurisdiction sometimes included powers of attorney over his client's concerns.⁷⁵ As British firms came to realize, it was not easy to break up this complex web of minority agents. For when certain large British export houses based in Izmir tried to establish branches in the interior, in the late nineteenth century, to deal directly with the producer and do away with the local agents, they found that the mere establishment of such a branch immediately raised prices on the spot. Besides, these branch managers had neither the contacts nor the knowledge to deal with the locals.⁷⁶

A minority merchant also traded in Izmir for his principal as a broker. Here again there was division of labor among brokers, as well as a hierarchy. For instance, sales of imported goods were made by the house or merchant's broker to the street or buyer's broker.⁷⁷ When there were a number of house brokers attached to a firm, the gross amount of brokerage was divided among them, some receiving only 5 percent upon the gross yearly amount and others as high as 25 or 30 percent.⁷⁸ There was also the top house broker who was a sort of confidential broker, *courtier de la maison*, whose duties usually went beyond brokerage.⁷⁹ He regulated diverse affairs of his principal, borrowed money on his behalf, and mortgaged and otherwise looked after his principal's property.⁸⁰ Besides working for European firms, minority merchants also acted as agents or brokers for Greek or Armenian firms established abroad.⁸¹ However, the failure of the Treaty to eliminate the minority agent or broker ultimately was not that detrimental to the Europeans' trading

⁷⁴ PRO, FO 195/1075, Zantopoulos & Ghisi, Izmir, 15 July 1875 to Acting Consul Jolly, Izmir.

⁷⁵ PRO, FO 195/389, Vice-Consul Murray, Mytilene, 6 Nov. 1853 to British Ambassador, Istanbul.

⁷⁶ PPAP (London, 1902), vol. CX, Annual Series Report for 1901 (Smyrna), p. 4; see also, *ibid.* (London, 1890), vol. LXXVII, Annual Series Report for 1889 (Smyrna), p. 5.

⁷⁷ PPT (London, 1843), vol. 2, p. 98.

⁷⁸ PRO, FO 195/758, Consul Blunt, Izmir, 11 Sept. 1863 to British Ambassador, Istanbul.

⁷⁹ PRO, FO 195/447, B. Keun, Izmir, 12 May 1854 to Consul Brant, Izmir.

⁸⁰ PRO, FO 195/527, Maltass, Izmir, 31 Dec. 1856 to Vice-Consul Vedova, Izmir; see also, FO 195/527, Honischer, Izmir, 5 Feb. 1857 to British Ambassador, Istanbul.

⁸¹ PRO, FO 78/490, Consul Sandison, Bursa, 5 Feb. 1842 to FO, London; see also, FO 78/1398, Consul Sandison, Bursa, 1 Dec. 1858 to FO, London; FO 195/1009, Consul Cumberbatch, Izmir, 10 Jan. 1872 to British Ambassador, Istanbul; FO 195/1075, Zantopoulos & Ghisi, Izmir, 15 July 1875 to Acting Consul Jolly, Izmir; and PPAP (London, 1899), vol. CIII, Annual Series for 1893–97 (Constantinople), pp. 10–11.

activities or to their overall economic growth. The minority's domination of certain sectors of economic activities in the interior was most visible in the import trade as well as in tax-farming, money-lending, and monetary speculative activities overall. This domination, however, did not impede the growth of European entrepreneurial activity even when frequently enjoying European protection, minority merchants as independent merchants competed against the Europeans. Foreign and minority merchants, of course, also cooperated on an equal basis, for instance, as partners in a commercial transaction, or owning property together in the city, or owning shares in the same company.⁸²

Following the Treaty, and despite ongoing problems concerning its full application, some of which were not eliminated until the end of the nineteenth century,⁸³ European merchants, and later in the century American merchants, were able to increase and diversify their trading and other economic activities. This, of course, was not only the result of the Treaty and a manifestation of its eventual successful application, but also of the increased demand for Ottoman goods and of the further integration of western Anatolia into the international market and world economy.

The way the British merchants were able to expand their trading activities in the interior of western Anatolia in the increasingly profitable liquorice root and paste trade in the course of the nineteenth century,⁸⁴ and survive both the acute competition they faced

⁸² PRO, FO 626/27/1271, The Estate of J. Robertson, H. M. Consular Court, Izmir, 18 March 1847. In fact his Greek partners were also left trustees of his estate and executors of his will. See also, FO 195/447, Municipal Council, Manisa, 8 Feb. 1855 to Consul Brant, Izmir.

⁸³ In 1872 the British Consul still cited "the exorbitant tax now established upon all goods passing and repassing the quay in contravention of the existing treaties." PRO, FO 83/395, Report on Smyrna. . . This was a tax that the Ottoman government allowed the French Quay Company to impose on the merchants as part of the concession the company won to build the quay in Izmir. The merchants argued that according to the Treaty of 1838 such an exaction was illegal. A compromise was finally worked out. See, e.g., NA, RG 84, US Consulate General, Letters Received from Consuls, Vol. 1, Consul Smithers, Izmir, 1, 3, 17 April, 8 May, 14, 26 June 1880 to US Consul General, Istanbul; RG 84, Vol. 1, R. Wilkin, J. B. Paterson et al., Report of the Quay Committee, Izmir, 16 April 1880. However, there were still minor exactions at the customs house such as crane dues, portorage, and dues upon returned empty sacks and, of course, "the endless presents to underpaid officials to persuade them to do their duty." PRO, FO 83/395, Report on Smyrna. . . In fact complaints about the inefficient, corrupt and, at times, exacting way the customs house was run continued throughout the nineteenth century. American and naturalized American citizens also experienced problems with customs officials well into the last quarter of the nineteenth century. E.g., NA, RG 84, Letters Received from Consuls, Vol. 1, Consul Smithers, 4 Jan. 1879 and 27 March 1880 to US Consul General, Istanbul; RG 84, Vol. 1, Consul Duncan, Izmir, 21 May 1881 to US Consul General, Istanbul. It was not until the early twentieth century that real progress towards the efficient running of the customs house could be reported. PRO, FO 195/2266, Consul Cumberbatch, Izmir, 20 Nov. 1907 to British Ambassador, Istanbul.

⁸⁴ PRO, FO 195/1161, MacAndrews, Forbes & Co., Söke, 27 Jan. 1878 to Consul

from other European,⁸⁵ American,⁸⁶ and minority merchants,⁸⁷ and also the monetary demands that the Ottoman state placed on them through the increase of dues,⁸⁸ shows well the dynamics that were in force in western Anatolia in the second half of the nineteenth century.

However, Europeans did not limit themselves to trade. From the 1840s on, as the Ottoman state granted to them certain rights such as carrying out retail trade, owning immovable property or acquiring a business license implicitly, if not explicitly, through the Treaty, and as western Anatolia was further integrated into the world economy, the Europeans expanded into practically every sector of the city's economy. For instance, they established steam-operated mills to grind wheat into flour⁸⁹ and took part in the growing food-processing industry of the city.⁹⁰ They also set up silk-spinning concerns,⁹¹ factories for printing muslins and dyeing yarns⁹² as well as cotton gin factories.⁹³ They were particularly active in mining⁹⁴ and invested heavily in such important

Reade, Izmir; see also, FO 195/1161, Consul Reade, Izmir, 11 Oct. 1878 to Governor General of Aydın; FO 195/1620, Consul Barnham, Izmir, 17 and 26 May 1888 to British Ambassador, Istanbul and FO 195/2090, Messrs. MacAndrews, Forbes & Co., Izmir, 14 April 1900 to Consul Cumberbatch, Izmir.

⁸⁵ PRO, FO 195/1620, G. Dennis, Izmir, 24 March and 7 April 1888 to British Ambassador, Istanbul; see also, FO 195/1620, Messrs. MacAndrews, Forbes & Co., Izmir, 10 July 1888 to Consul Barnham, Izmir; see also, FO 195/2090, Messrs. MacAndrews, Forbes & Co., Izmir, 22 June 1900 to Consul Cumberbatch, Izmir.

⁸⁶ PRO, FO 195/2090, Messrs. MacAndrews, Forbes & Co., Izmir, 3 and 14 April, 18 May and 22 June 1900 to Consul Cumberbatch, Izmir; see also, FO 195/2090, Consul Cumberbatch, Izmir, 9 Aug. 1900 to British Ambassador, Istanbul; FO 195/2090, Consul Cumberbatch, Izmir, 24 Oct. 1900 to Bunsen, Chargé d'Affaires, Istanbul; PPAP (London, 1908), vol. CXVI, Annual Series Report for 1906 (Smyrna), p. 11; PPAP (London, 1910); vol. CIII, Annual Series Report for 1909 (Smyrna), p. 12.

⁸⁷ PRO, FO 195/1161, Consul Reade, Izmir, 11 Oct. 1878 to Governor General of Aydın and FO 195/1620, Consul Reade, Izmir, 9 Nov. 1878 to British Ambassador, Istanbul.

⁸⁸ PRO, FO 195/1161, MacAndrews, Forbes & Co., Söke, 29 Jan. 1878 to Consul Reade, Izmir; see also, FO 195/1620, Acting Consul Barnham, Izmir, 17, 27 May and 28 June 1888 to British Ambassador, Istanbul.

⁸⁹ PRO, FO 195/241, Maltass Brothers & Routh, Izmir, 28 March 1845 to Consul Brant, Izmir.

⁹⁰ E.g., PRO, FO 195/389, J. Maltass, Izmir, 29 July and 14 Sept. 1853 to Consul Brant, Izmir; FO 195/2209, F. Hadkinson, Mytilene, 25 March 1905 to Consul Cumberbatch, Izmir; PPAP (London 1908), vol. CXVI, Annual Series Report for 1906 (Smyrna), p. 9.

⁹¹ PRO, FO 195/241, J. A. Werry, Izmir, 1 July 1845 to British Ambassador, Istanbul.

⁹² PRO, FO 195/687, Consul Blunt, Izmir, 10 April 1861 to British Ambassador, Istanbul.

⁹³ E.g., PRO, FO 78/1760, Consul Blunt, Izmir, 23 May 1863 to FO, London; PPAP (London, 1910), Vol. CIII, Annual Series Report for 1909 (Smyrna), p. 19.

⁹⁴ E.g., PRO, FO 195/1693, Consul Holmwood, Izmir, 31 March 1890 to British

infrastructure projects as the building of railways⁹⁵ and the establishment and running of utilities such as gas,⁹⁶ while not neglecting such complimentary sectors to their traditional trading activities as shipping and insurance.⁹⁷

In conclusion, the opposition of local economic networks, which survived particularly in enclaves such as the Custom House, and the corruption among state functionaries meant the 1838 Anglo-Turkish trade Convention took considerable time to be fully and effectively applied. The Treaty also failed to eliminate the minority middleman who survived and flourished. Yet, in conjunction with favorable conditions in the international market for Ottoman goods, the Treaty succeeded in its primary aim of opening up the western Anatolian countryside to European entrepreneurial activities, and in contributing to the further integration of the region into the world economy and to the considerable growth and activity that European capital experienced in Izmir and in its hinterland in the decades following 1838.

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⁹⁵ E.g., PRO, FO 78/1760, Consul Blunt, Izmir, 31 Aug. 1863 to FO, London; FO 78/2255, Purser, General Manager, Izmir 14 Sept. 1868 to the Ottoman Railway Co., London.

⁹⁶ E.g., PRO, FO 78/1760, Consul Blunt, Izmir, 26 Dec. 1863 to FO, London. FO 195/2134, Consul Cumberbatch, Izmir, 18 June 1900 to British Ambassador, Istanbul.

⁹⁷ E.g., PRO, FO 195/2134, Consul Cumberbatch, Izmir, 18 July 1902 to British Ambassador, Istanbul; FO 195/2360, Consul Heathcote-Smith, Izmir, 4 Nov. 1910 to British Ambassador, Istanbul; PPAP (London, 1914), Vol. XCV, Annual Series Report for 1912–13 (Smyrna), p. 14.

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