Empires Looking Seawards:
Benefits and Prices of Foreign Seaborne Trade

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Abstract

Throughout the early modern period, the two major empires of the Mediterranean basin struggled not only for the domination of the land but also for the control of the seas around them. Directly and indirectly, they engaged in commercial and military seafaring and sought to control, supervise and regulate maritime routes and resources. The naval-military aspect of these imperial initiatives has been subject to substantial research. However, only few studies pursued an explicit analysis of the commercial aspect of the maritime interests of these empires. This negligence in the literature has been related with the conventional view -common both to the Spanish and Ottoman historiographies- which suggested that these imperial structures were primarily interested in military expansion rather than economic success.

In this study, I will try to analyze the attitudes of the Spanish and Ottoman political elite towards commercial seafaring from a comparative perspective. In order to this, I will compare the evolution of two major portal cities of these empires – Izmir (Smryna) and Seville- with a view on the place of different socio-economic groups in these highly cosmopolitan cities and try to understand why and how the political elite sought to control and participate in the functioning of seaborne commerce. In this way I aim to reveal the motives and the constraints that shape the imperial policy with regards to commercial seafaring.
Background and Methodology

Both in Oriental and European historiographies, port cities have been one of the key variables in the theoretical debate regarding the relationship between political power and economic development. In the European historiography, the idea of ‘port city’ resonated with the notion of mercantilism, whereas in the non-European historiography it reflected the discourse of the ‘rise of Europe’. Even though, in both historiographies, port cities are depicted as the ‘doors’ of international trade, these doors opened to the rise of political power and economic prosperity in the latter one, whereas they led to the incorporation of the domestic economy into the world-system and subsequent economic dependence in the former.

In the European context, it was mercantilism –usually defined as ‘the supposed subordination of military, naval and political power to commercial objectives’- that gave impetus to the European expansion. In the Asian context, it was the alleged breach between political objectives and commercial affairs that lied beneath the indifference of political elite towards commercial agents. Defined as such, the difference between European and non-European trajectories has been explained either by cultural elements or by institutional factors. It has been argued that some institutions or cultural values or both inhibited the development of the East along the lines of the West.

This dichotomy between Asian and European historiographies of economic development reflected to the conventional paradigm in Ottoman historiography that places the ‘Ottoman economic mind’ against the supposedly ‘European’ one. Historians of Ottoman economic thought who looked into the texts written by the political elite of
the times compared what they found with the ‘European’ economic principles. They pointed to moral discourse which glorified revenues from war –booty- while looking onto revenues from trade –profits in general- with disdain as a piece of evidence for the distinctive character of Ottoman economic mind. Similarly the cries of striving for military victory in these texts came to be regarded as the proof of “anti-mercantilist” spirit of Ottoman economic thinking. Looking at the consistent emphasis on war, Ottoman economic mind was portrayed as a stagnant, inward-looking mentality that was unfavorable to capitalistic development, even to all modes of change.

Furthermore, the policies of the Ottoman state were presented as a further evidence of this type of mentality. Anti-mercantile policies, capitulations, trade privileges and the dominance of foreign merchants in the economy perceived as irrational policies which were the direct result of Ottomans’ ascetic nature. These policies were irrational in the sense that they were not based on the economic interests of the Ottoman state and such an irrational behavior was assumed to be derived from the Ottomans’ ignorant attitude towards economic activities:

It is obvious that behind these protective measures which were given to all national and ethnic groups, whether inside or outside the area of sovereignty, whether attached to the land or not, there did not lie the economic interest of the Ottomans. Behind this attitude, there may be the fact that Ottomans were belittling the economic activities outside the

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1 Sayar points to Ottoman elite such as Durmuşoğlu Hüseyin who preferred booty to commercial revenues, and as Fazlullah Efendi who advocated Gaza revenues. He also points to Kmahzade Ali and Gelibolu Mustafa Ali who regarded the risks of seafaring for commercial gains too much of a price as the examples of the averseness of Ottoman man for commercial gains.
2 See Ülgener and Sayar for this type of commentary on the Ottoman texts. Both follow up on a Weberian methodology by assuming a strong interaction between religious and economic without implying a one-way causality.
3 Take note of the fact that the diagnosis as such does not only underscore the lack of a capitalistic rationale within the Ottoman attitudes, but also presupposes a kind integrity between rationality and capitalistic development.
4 Capitulations were provided by ahdnames which were unilateral and freely-made grants supplying foreigners with commercial privileges in turn for certain political or military advantages. See Imtiyazat in Encyclopedia of Islam
established normative economic situation. Also there was a non-economic material viewpoint, which went hand in hand with the belief that the order of the world (nizam-ı alem) could be sustained by freedom and justice. (Sayar, 2000: 115)

The main actor of this mental world, the Ottoman man, was defined by Sayar as a kind of ‘homo ottomanicus’\(^5\) who was characteristically obedient to the state, religion and customs and who had poor consumption patterns (Sayar, 2000: 62). According to him, mercantilist policies were too “worldly”—a vague behavioral adjective—for such an Ottoman man.

The problem with this approach stems from prioritizing the discourse of those texts without taking the complex and at times contradictory relationship between the theory and the practice of the political economy into account. What I mean by discourse is the common set of motifs and archetypes that these texts contain. The question is whether one should accept at face value the constant references to a moral / religious realm that these texts contain as an evidence of historical change and stagnation\(^6\). Then, to give one example, we should agree with the view that the change towards advocating more liberal price policy in the eighteenth century texts reflects the desire of the political elite to realize god’s will in the realm of market\(^7\). However, such a perspective fails to explain why at that specific time, there was such a change. To overcome this problem,

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\(^5\) This word was borrowed from Özveren (2002: 139) referring to a characterization “that deviated sharply from *homo economicus*” the rational profit-maximizing actor of neo-classical economic theory.

\(^6\) Gerschenkron (1969) points to the role of ideology that “fills in the gap that separated economic analysis from economic history”, p. 2.

\(^7\) One of the most prominent historians of Ottoman economic thought, Ahmet Güner Sayar, points to the moral concern for the pre-existence of a fixed price policy –*narh*– in the Ottoman Empire. The change towards a liberal policy in the eighteenth century, according to him, has nothing to do with the change in the conditions of economic sphere. Ottoman writers advocated the policy with references to the *hadiths* of the Prophet, and Sayar (1986: 75-83) take this discourse as evidence of the irrational / religious basis of economic thinking in the Ottoman Empire.
one should place the theoretical writings on economic policy within the relevant historical context in order to be able assess historical change through these texts.

Leaving aside the discussion as to what extent these explanations are satisfactory from a pure methodological point of view, we would like to suggest looking at the realm of political economy in order to account for the differences and similarities among different trajectories of economic development. To this end, we would like to focus on two portal cities –Izmir(Smryna) and Seville- where interaction between commercial interests of various parties and political objectives of the states lies close to the surface. I do not suggest that Izmir was a typical Ottoman city; neither do I present Seville as the European or Spanish prototype. However, these cities are sites suitable to explore the rational behind the attitudes of political elite towards economic sphere and hence allow us to investigate political economy from a comparative perspective.

By way of comparison, we expect to see whether there are any defining features (common or distinct) of political economy in these two empires. The question we ask is whether there are any principles, values, institutions, pressures and obstacle that might help us explain why and how the political elite sought to control and participate or not to control and not to participate in the functioning of international commerce?

So Far, Yet So Close

At first glance, these two cities seem to have little in common. Izmir’s rise from an obscure small provincial town to an international entrepôt was sudden, whereas Seville was one of the largest cities in Castile even before turning into a cosmopolitan
metropolis in the sixteenth century\textsuperscript{8}. Izmir, in its maturity, was the commercial and financial center of Levantine network whereas Seville was the locus of Atlantic trade.

Perhaps the most important difference between these two cities from our perspective is the role played by central authority in both cities’ historical evolutions. Izmir rose to prominence at a time when the Ottoman state was in a difficult situation both in terms of political-military and economic power. It was not only seventeenth century crisis that deprived the Ottoman state from its sources of revenue because of high inflation, but also rising ascendancy of centrifugal forces due to various factors -only one of which was seventeenth century crisis- that undermined the fiscal and military power of the state against its own subjects. The fiscal practices that aimed to increase revenues undermined the fiscal and agricultural unit that Ottoman economy was based on: “The military and fiscal needs of the state prompted a radical change in the relation of government and subjects and eventually brought about a state-wide decentralization policy” (Inalcik, 1980: 288).

Seville, on the other hand, experienced its so-called golden age in the sixteenth century when the Spanish state was relatively strong and prosperous. Although in Spanish historiography there is no consensus on the reality and timing of the so-called “golden age,”\textsuperscript{9} it is clear that Spain was at the peak of its international power in the

\textsuperscript{8} As Daniel Goffman (1990: 53) showed, there was no mention of Izmir in the fifteenth and sixteenth century travel accounts whereas in 1678, a French traveler asserted that for commerce, Smyrna was the premier city in all the Levant.

\textsuperscript{9} Modern scholars attribute the so-called golden age of Spain to the great age of Habsburg imperial hegemony while early historians date it before the accession of the Habsburgs, to the reign of Ferdinand and Isabella (Kamen, 1978: 27-28). This difference grows out of the different understandings of ‘success’ and efforts of creating self-images by reconstructing the past. Besides the controversy over the timing of the “golden age”, some scholars totally reject the use of this notion. Kamen who defines ‘success’ as a degree of industrial development argues that Spain had never risen since “Spain had never been an economically strong nation” (Kamen, 1978: 35). However, this view could be challenged on the ground
sixteenth century which was related with the success of the central authority “to overcome the unprecedented problems of time and space to the extent of preventing the centrifugal forces inherent in a worldwide empire from triumphing over the forces of control emanating from Madrid” (Elliot, 1989: 14).

According to the now widely accepted view first put forward by Goffman, Izmir rose to prominence not only without support from the Ottoman state, but also in spite of its opposition. Unlike Seville, growth of which in the sixteenth century was closely related with the Crown’s designation of the city as the monopoly base for trans-Atlantic trade, the Ottoman state had little to do with city’s emergence as the center of international trade network. Ottoman state, at least in the beginning, was reluctant to let the transformation of this small town into an international entrepôt. That was one of the reasons why Izmir remained as an obscure town in spite of its well-protected gulf connected by rivers to a rich hinterland. On the other hand, Seville was seventy miles up river presenting navigational problems\(^{10}\). Yet it managed to become the most important port in Spain thanks to the efforts of Spanish state.

Seville was emerged as a primary river port with the construction of the Casa de la Contratación de las Indias –House of Trade- enabled by a royal sanction in 1503\(^{11}\). In that while mere imperial and military power would not account for the success of an imperial structure, economic criteria alone are also insufficient to measure the degree of success reached by a nation. According to Kamen, “early modern Spain did not have a unified economy, and the most useful way in which we can try to understand its evolution is to recognize that it was a backward country with poor resources dependent on external markets and external suppliers” (Kamen, 1978: 41).

\(^{10}\) Seville lies on the left (east) bank of the Guadalquivir River at a point about 87 kilometers north of Atlantic, and about 550 kilometers southwest of Madrid. Izmir lies at the head of the sheltered Gulf of Izmir on the deeply intented coast of the Aegean Sea. The city stands on the small delta plain of the Kizilcullu (ancient Meles) River around the eastern end of the gulf.

\(^{11}\) Until 1720, officially Seville was the single port that all colonial trade was channeled through. Casa de Contratación was a maritime council located in Seville, which licensed and administered all colonial trade, shipping and navigation. Its administrative counterpart was the Council of Indies.
other words, it was the product of the Spanish attempt to control Empire’s overseas trade where it monopolized the trade of its colonies. Establishment of this monopoly and the riches accruing from Atlantic trade attracted people from all parts of Europe to Izmir. If Madrid was the bureaucratic capital of Spanish Empire, Seville was its commercial and financial capital; and like Madrid it was the creation of Court of Castile.

One can view this disparity in historical evolutions of these two cities as the reflection of two different principles of political economy: Spanish state, acting on the basis of mercantilist premises, sought to control foreign trade in order to further its economic interests whereas Ottoman state was anti-mercantilist in the sense that it was against or at best indifferent to commercial opportunities that would be provided by a potential international port. Ottoman scholars explained this ‘averseness’ to the commercial benefits with the principle of provisionism: Mehmed Genc has argued that “with the aim of providing needs of internal market, the Ottomans pursued a foreign trade policy that was liberal towards imports while there was strict control over exports” (Genc, 2002: 69).

This argument –priority given to the provisioning needs- is supported by the attitude of Ottoman state towards Izmir’s growth which reflected to the policies of the state: The Sublime Porte submitted decrees banning hoarding and smuggling of fruits and grains in order to keep Izmir within the provisioning network. As Goffman puts it (1999: 86), “the government neither encouraged commerce in Izmir nor welcomed thebullion

12 Mehmed Genc (1994: 1-2) defines provisionism as “the maintenance of a steady supply so that all goods and services in the country were cheap, plentiful and of good quality”. According to Genc (2002: 9), the Ottoman state was unique with respect to the widespread and continuous application of provisionism in the regulation of economic relations among contemporary states.
that such an entrepôt might bring.” The indifference of Ottoman state to bullion might suggest that Ottoman state’s policies were not mercantilist even in the crude sense of the word.

It seems like provisionism vs. mercantilism dichotomy might account for differences in historical evolutions of these cities. However, a closer look suggests a different picture. Even though the Ottoman state did not initiate the emergence of the city as an international entrepôt, and tried to prevent its growth at earlier stages, it did readjust its position in a very short time and tried to benefit from the city’s commercial capacity to its fuller extent. It might be argued that it was within the specific context of seventeenth century that Ottoman state got weaker in the seventeenth century and foreign powers could “superimpose a commercial network with Izmir” century by the help of local powers (ayans) who enabled foreign merchants to reach Izmir’s hinterland, avoiding the state’s attempts to curtail this trade (Goffman, 90). Nevertheless, it would be too simple for one to conclude that Ottoman state allowed Izmir develop on its own just because it could not prevent it.

In fact, Ottoman state was able to benefit from Izmir’s prosperity in various ways. City’s custom revenues first of all, were an important contribution to the Imperial Treasury. Furthermore, foreigners were the new customers for tax farms given out in the seventeenth century in an increasing amount. As Frangakis-Syrett pointed out, in the second half of the seventeenth century, Ottoman state contributed to the growth of Izmir by adopting “a policy the aim of which was to make Smyrna the only port in Western

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13 Bullionism was the belief that the economic health of a nation could be measured by the amount of precious metal, gold, or silver, which it possessed. Bullionism dictated a favorable balance of trade.
Anatolia to trade with the international market” (Frangakis-Syrett, 1992: 26). Clearly, Ottoman State expected to benefit from the revenues that Izmir’s international trade was able to provide.

Izmir’s meaning to the Ottoman state was not very different from Seville’s significance in the eyes of Spanish state. The monopoly over Atlantic trade was first and foremost was designed the have control over bullion coming from Americas. The main function of American bullion was to enable Spanish state borrow from Fuggers and Genoese to pursue its military policies. Import duties (almojarifazgos) were the most important sources of revenue for the state. “In exchange for the periodic payment of lump sums, the Crown leased the right to collect import duties in the port of Seville” (Elizabeth Perry, 9). What is apparently different in the case of Spain was that the monopoly over American trade also aimed at keeping the colonial market for Spaniards only. However the increasing proportion of Northwest European products in this trade,\textsuperscript{14} indicates that Spaniards were mainly middlemen in this trade and captured the revenues from an intermediary position. In both Spanish and Ottoman cases, we see that the principal interest of state in foreign trade was related with fiscal concerns.

Besides this common feature (primarily fiscal concern playing a part in state’s interest in the city), what united these two cities with seemingly opposite historical evolutions was their cosmopolitan nature and role of foreigners in their economic and social life. Since the opening of trade with the New World, Seville attracted merchants and adventurers of all kind from the rest of Europe, specifically from northern Spain and

\textsuperscript{14} “[T]he goods shipped to the colonies originated for the most part in areas other than Seville and its environs” (Ladislas, Reitzer, 215).
Italy. The city came to be known as “the mother of foreigners” (Perry, 1980: 1). Social and architectural fabric of both cities were shaped by increasing presence of foreigners. In Izmir, city’s cosmopolitan atmosphere was best reflected in the district of the city called “Street of Franks”. Although neither Izmir nor Seville was insulated from religious or racial strife, they were strikingly cosmopolitan cities, allowing the coexistence of various religions, races and ethnicities.

What is striking is that in neither of these cities, the role of foreigners was very closely regulated so that the natives would make profits. This similarity in terms of state’s attitudes towards foreigners existed in spite of obvious institutional and cultural differences in the socio-economic setting. The political culture in the Ottoman and Spanish Empires were different in terms of attitudes towards religious diversity.

Ottoman state tolerated religious minorities and made no attempt to change the religion and culture of subject populations. Unlike Ottoman state, Spanish state tried to impose religious unity over its territories. The gigantic machinery of Inquisition and the expulsion of Jews contributed to the image of Spanish state as one of least tolerant states in Europe. Ottomans, on the other hand, neither had recourse to expulsion nor tried to impose religious or cultural uniformity, “encompassing differences within the empire’s political structure and religious ideology” (Goffman, 1998: 19).

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15 The obsession with the cult of limpieza de sangre was acute more than anywhere else in Seville in sixteenth century Spain, Pike (1966).
16 See Levy (1994) for a brief description of millet system which regulated the community life of the non-Muslim religious minorities in the Ottoman Empire: “Under this order, minorities enjoyed a wide latitude of religious and cultural freedom, as well as considerable administrative, fiscal, and legal autonomy under their own ecclesiastical and lay leaders.”
The ideology embedded in the millet system also resonated with the capitulary regime. Within the Ottoman institutional framework, foreigners were treated like Ottoman subjects, subject to Islamic jurisprudence. Capitulations “granted foreigners considerable latitude in legal and religious matters in Izmir and elsewhere in the empire” (Goffman, 1999, 93)\(^\text{17}\).

On the other hand, in the Spanish case, foreign merchants were not treated equally. With the *Almirantazgo de Comercio* \(^\text{18}\) (Admiralty of Commerce), state officials were able to put fines and confiscate the properties of merchants who were acting as intermediaries for the enemy. Spanish institutional framework was quiet different apparently: There was a special judicial structure for commercial cases (the *Tribunal Mayor del Almirantazgo*). “Using a system of permanent residents” (Israel, 18) Spanish state was able to control foreign merchants’ activities with direct legal interference. Nonetheless, foreign merchants were actively engaged in trade and finance in Seville. Even at times when Anglo-Spanish relations were quiet fragile, Inquisition and the Spanish Crown did not try to harass English trading communities in the peninsula: “Reconciled to their existence, acknowledging the broad guarantees of protection agreed on in 1604, secular and religious authorities evinced little concern over the private opinions of English seamen and merchants” (Croft, 1972: 268).

However, Spanish state used reallocation of mercantile privileges as a political means even though it did not regulate the trade so that natives could make profits. For

\(^{17}\) Similar to the millets (communities formed by Ottoman subjects of same religious confessions), Ottoman state created *musta’min* communities (foreigners who received certain privileges through *ahdnames*) enabling a group of foreign merchants who “would choose for themselves a representative to act for them in dealings with the authorities as an officially recognized group” *Encyclopedia of Islam,* “*Imtiyazat*”

\(^{18}\) *Almirantazgo* which was set up in 1624 in Seville, aimed at using embargoes against Dutch in order to curtail their political power. It had the right to seize ships and cargoes violating embargo decrees.
instance, when Spain was in war with the Dutch, it was “the Flemish and Hanseatic merchant colonies of Andalusia and their partners and associates in the Spanish Netherlands and in Germany who were given the monopoly over all trade between Andalusia and northern Europe that thrived at the expense of the Dutch” (Israel, 1998: 218). Another instance is the increasing prosperity of English commerce with Spain until 1647 when embargoes against the Dutch were lifted\textsuperscript{19}. Nevertheless, Spanish commercial policy could not manage to create a link between domestic production and international trade. The trend which started in the sixteenth century did not change, “outbound cargoes, which formerly consisted predominantly of Andalusian agricultural commodities were increasingly composed of manufacturing goods and more and more of these were foreign made” (R. S. Smith, 258).

From this picture, one might get the idea that there was a conflict or a tradeoff between political-fiscal objectives and foreign presence in commercial network on the one hand and wealth of the country’s residents on the other. This would be a deceptive argument if not totally wrong for two things: First, there were various sides that benefited from the international trade. Second, the idea that the political objectives should be subordinated for the economic prosperity was not the conventional wisdom back then.

**Mutual Benefits of Trade**

In the Ottoman historiography, like in the whole non-European historiography, it has generally been argued that it was the profit motive of foreign merchants that induced the expansion of European trade where non-European participants played a passive role.

\textsuperscript{19} British Navigation Acts was a response to the increasing competitiveness of Dutch as a result of demolished embargoes.
Recently this Eurocentric view has been challenged by various historians of economic development in Asian historiography.\(^20\)

As Frangakis-Syrett has pointed to the significant role played by both Muslim and non-Muslim Ottoman subjects in financial and commercial network. Ayans “formed mutually beneficial and very delicate personal and diplomatic relationships with the Europeans,” pursuing their interest the export of Smyrna requires (1992: 112). The conflict, most of the times, was not between foreigners and local inhabitants. Actually it was the other way around: A group of foreigners cooperating with a group of local inhabitants encountered with another group of foreigners cooperating with another group of locals. While Europeans played the ayans off against each other, ayans also benefited from the rivalry among different European groups. Intense competition among foreign merchants (inter- and intra-national conflict) increased the negotiating power of the local inhabitants (Goffman, 1990: 98).

Likewise, local nobles and merchants in Seville took advantage of large scale foreign commerce in different ways. Magnates who had their own vessels engaged in American trade directly (Pike, 1965: 447). Although most of the mariners were foreigners and the goods they carried came from Northern Europe, they gathered the profits form the monopoly over commerce. Furthermore, despite the importance of foreign merchants, “Spaniards had not been driven from wool trade and even when they were not independent exporters they continued to be the principal intermediaries between flock

\(^20\) John E. Wills (1993) in his review article, discusses the transformation of the “history of European expansion” to what he calls “interactive history of maritime Asia” over the past few decades with the contributions of the studies which revealed the role of Asian participants -navigators, merchants, pirates, investors, and merchant-princes- in the emergence of European domination.
owners in the interior and exporters” (Philips, 1982: 794). Merchants formed “guilds, regulating trade, settling legal disputes, claiming social privileges, and doing everything in their power to protect the interest of their power” (Reitzer, 1960: 216).

Furthermore, both Spanish and Ottoman states were well aware of the benefits of commerce. Spanish rulers aspired to create a Dutch-style joint-stock company to be modeled on the Dutch East and West India companies. Almirantazgo, in the beginning, was designed for this purpose, but failed to fulfill this promise. On the Ottoman side, it has been convincingly argued that Ottoman political class, like its European counterpart, was well aware of the economic advantages of the trade and the threat posed to it by rivals. Palmira Brummett (1994) points to the “economic intentionality” of the Ottoman state and the Ottoman notable classes in their involvement in the naval warfare. Nevertheless, in both cases the aim to control international trade routes did not overlap with the objective to limit the activity of foreign merchants.

The extensive role of foreigners in both port cities in spite of intense efforts to control international trade routes indicates that there was not a notion of economic interest separate from political interest that was viewed above the various conflicting interests among the subjects of the country. The reason behind this was not peculiar to political culture of the empires (neither Asian nor European) or related with a type of loyalty and identity that we might associate with imperial cultures. Merely, “in a period before the voracious demands for loyalty of the nation-state were in effect” (Pearson, 1991: 53), commercial agents were not directly affiliated with political units and were not directly affected by political-military decisions. The British Levant Company was an
apolitical agent in the eyes of Ottoman state in the sense that it did not correspond to British state.

The important point is that the division of labor was cutting across the national, religious and ethnic lines. This does not preclude that there was no conflict, yet what it show us is that conflict was not defined in the national level. What mutual benefits of international trade and intercommunal conflicts suggest is that political economy was a function of competition of various interests. For these states, the principle of political economy was not the control of the national policy in the interest of trade, but rather the control of trade in the interest of national policy 21. Then shall we conclude that these states, for one reason or another, did not act on the principle of mercantilism (here we refer to the definition of mercantilism that was mentioned earlier: “the supposed subordination of military, naval and political power to commercial objectives,” p. 2)?

**Question of Mercantilism**

The problem with the concept of mercantilism, as Herbert Heaton convincingly argued, was to string “all sorts of disconnected tendencies” in governmental policy during several centuries and to call the result and *ism*22. One indicator of a ‘mercantile’ position did not necessarily coincide with another in all so-to-speak ‘mercantilist’ countries and throughout the whole period hypothetically labeled as ‘mercantilist.’

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22 See Herbert Heaton (1937) for an early and Robert Ekelund (1990) for a recent discussion for the debate on “mercantilism”.
For instance, in terms of ‘the incessant interest in the material gain of the state,’ Spain was referred as the pioneer of mercantilist policies, by virtue of her pioneering in exploration, discovery and colonization and unbridled fiscalism; whereas in terms of achieving (or at least attempting to achieve) a favorable balance of trade through promotion and industry, it failed to satisfy the criteria of being a mercantilist state. Maybe more importantly, fiscal ambitions of the Spanish state were not very well in accord with the possible aim of promotion of the domestic industry. In general, it was maintained that fiscalism “in the sense of the attempt to raise money by any means that were to hand regardless of the social and economic consequences” had been important through the ‘mercantilist’ period\(^23\) (Tracy, 1991: 46-7). Interventionism has been another ambiguous quality in the debate over mercantilism. Before it was assumed that interventionism was a negative quality of that prevented those countries from developing. Later, it came to be agreed upon that “it was not intervention per se that was important but rather where it was directed” (Tracy, 1990: 47)\(^24\).

All in all, England has been the only complete example of whether narrowly or broadly defined mercantilism. Yet even in this perfect model, all Mercantilist propositions did not hold all the time. Even in England, the alliance of power between the merchant capitalist and monarch was not an easy one. Otherwise how one would explain what a British merchant told to Charles I in 1641 when he tried to seize the merchants’ goods who resisted paying customs to the king: “Merchants are in no part of the world so

\(^{23}\) Take note of the fact that Ottoman historians generally placed fiscalism against mercantilism, while in the European case, not always but most of the time, it has been seen as an indicator of mercantilism. \(^{24}\) See below that in the Ottoman context interventionism was regarded as anti-mercantilist without any further qualification.
screwed as in England. In Turkey, they have more encouragement\textsuperscript{25}.” For this reason, it seems right to me that one should view ‘mercantilism’ as a self interested rent seeking process rather than a smooth hegemony of certain type of ideas due to the degree of development in the process of economic thought\textsuperscript{26}. To sum it up, attempts to challenge the idea of one coherent European mercantilism managed to show that “even in Europe we need causal pluralism.” (Tracy, 1991: 45-6). Leaving aside the question of mercantilism, we now turn to the question of economic development.

**Question of Economic Development**

Even though we maintain that Spanish and Ottoman states were not different from each other and from other European states in terms of ‘principles’ governing their political economy; there was variety in terms of the consequences of international trade for economic development.

There was a cost paid by the rise of these cities not maybe on the national level, but on the sectoral and geographical level. The growth of Atlantic economy which gave the impetus for Seville’s growth affected other cities in Castile in a different manner. Ciudad Real, for instance, which was the center of local subsistence network with a high number of wage laborers\textsuperscript{27} turned into an importing city after the imports of cheap Portuguese cloth undermined the textile manufactures. Similarly, Toledo which was the

\textsuperscript{25} Taylor, origins and Growth of the English Constitution, p. 274, quoted in Ekelund (1990).

\textsuperscript{26} Ekelund (1990) puts it as the difference between the doctrinal view and the process view of mercantilism, and I follow him in his assertion that the process view is richer than the doctrinal view in its ability to explain historical change.

\textsuperscript{27} Due to the fragility of its agricultural income in Ciudad Real, the city and the surrounding rural area were highly interdependent which compelled the city to produce many industrial goods for its own needs(Carla Rahn).
part of an urban network with Valencia, Murcia and Granada acting as its peripheries lost its competitive edge in export industry after the opening of the trade with the New World.

A similar trend was discernible in the Smyrna’s growth. In the eighteenth century, “[t]he exports of Smyrna were almost exclusively goods requiring no manufacturing and special treatment” and “the wool purchased from the Levant was used to make cloth that in turn was sold at profit back to the Levant” (Frangakis-Syrett, 1992: 215). In both cases, local merchants and land-owners took part in the domestic part of the international trade where they reaped primarily profits from commerce by participating as intermediaries between domestic producers and international agents.

**Conclusion**

On the basis of our discussion, it is difficult to maintain that Ottoman state or Spanish state could not follow the path of Northwestern Europe because they failed to capitalize on newly found advantages of international trade. Rather, it was the changing division of labor in the international economy that created the path towards dependency through unequal exchange. And what the attitudes of state towards port cities and foreign merchants shows us that it was not a specific type of economic mentality that determined the roles taken up by participants in the division of labor. Although there were mutual benefits from trade for various parties, it was the nature of division of labor that created “uneven long-term effects for participating economies” (Frangakis-Syrett, 1992). As Rapp (1975: 501) puts it, “the Dutch and English succeeded not through their creative exploitation of newly created maritime routes, nor merely efficiencies in transaction and transportation services, but by the prosecution of competitive advantages in industrial
production against Venice and other Mediterranean commercial and manufacturing communities at a time when the transatlantic trade was too insignificant to cause a commercial revolution.”
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