

**CRISES AND OPPORTUNITIES: GREEK AND BULGARIAN
BOURGEOISIE AND MUSLIM MERCHANTS
IN THE 19th CENTURY BLACK SEA TRADE**

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Abstract: *In the 19th century, there were some crises in the Black Sea trade and some opportunities related to these crises. The monopoly power of the Ottoman Empire in the Black Sea trade was shared among other regional actors in the process that began with the 1774 Küçük Kaynarca Agreement. The Russian Empire's start to trade in the Black Sea was a crisis for the Muslim Ottoman merchant in the region, but it was an opportunity for Greek sailors. In this crisis environment, the Muslim merchant has turned to the east, namely the Black Sea-Iran transit trade route. As a result of the crisis in the Black Sea, they turned to Iranian trade and seized an opportunity. As a result of the industrialization activities, the integration of the world economy made the Balkan geography important. The dominance of the Greeks in trade created a crisis for Bulgarian merchants. However, the political crises of the Ottoman Empire allowed the Bulgarian bourgeoisie to grow. The Bulgarian bourgeoisie maintained good relations with the Ottoman Empire for many years, and even tax collections on behalf of the Ottomans caused serious tensions between the bourgeoisie and the people. In this article, as in Schumpeter's crisis theory, it is tried to be explained that the 19th century Black Sea trade creates crises and opportunities.*

Key words: *Black Sea Trade, Bourgeoisie, Ottoman Empire, Russian Empire, Greeks, Bulgarians, The Chorbadjis.*

JEL: N83, N90, P12, P45

Muslim merchants and Greeks in the Black Sea Trade in the 19th century in the nineteenth century, people engaged in trade were also the basis of the financial system. The establishment of modern commercial and financial structures was transformed in this century. The driving force was the financial elite. Capitalism paved the way for these wealthy elites of unlimited wealth, while at the same time exerting an exclusive effect on the market. Capitalism was dependent on the financial elites and their activities in the 19th century. (Solimano, 2014, s. 31-33) Before the emergence of modern financial institutions, the state's relations with the market and

the guarantees it provided were the most important means of preventing crises. In cases where the state could not intervene in the market, the panic atmosphere spread rapidly and crises deepened. In the long run, economic institutions have learned to avoid and avoid the negative effects of the state. (Bordo, 2018, s. 14-15) In the 19th century, however, the commercial and financial elites required state apparatus. They could use their commercial capacity to the extent that the states provided them with opportunities. The political crises affected by the states also affected them deeply.

However, the article is not intended to address crisis theories. At this stage, it would be appropriate to share only Schumpeter's view of the economic crisis. According to Schumpeter, crises also have opportunities within themselves. Some people begin to lay the foundations of the new structure as the old order collapses, and these opportunists who know how to take advantage of crises hold capital in the new order. (Schumpeter, 2003) We tried to apply the situation expressed by Schumpeter to 19th century Black Sea trade actors.

Articles 11 and 14 of the Treaty of Küçük Kaynarca in 1774 allowed the Russians to freely trade in the Black Sea. After landing in the Black Sea, the first job of the Russians was to establish central ports and port cities in the commercial coastal areas. In two years, about 10,000 people were resettled in the new port city called Herson. Following the official opening in 1778, the commercial volume of Herson Port was constantly increasing. Odessa Harbor was another port city built after Küçük Kaynarca. Odessa Port, which will be explained in detail below, would become the centre of the Black Sea trade of Russians and Greeks. (Jorga, 1999, s. 72) When the Russians started the Black Sea trade; they did not have traders and trading networks that were experienced in maritime. In addition, the number of ships Russians would use in this trade was not much. The deficit in the number of ships and the need for experienced traders were met by the Greeks. From the 18th century onwards, the Greeks began to gain practical experience in maritime trade. Most of people working in the factory and commercial colony established by the Levant Company in 1700 in İzmir were Greeks. (Walsh, 1825, s. 43) The maritime capabilities of the Greeks and the lack of merchants in the Russian maritime trade turned into mutual cooperation after 1774. The number of ships with the Ottoman Flag on the Black Sea was decreasing. Greek sailors were pulling the Russian flag on their ships instead of the Ottoman flag. Russia rented ships of Greek sailors or provided them with a banner to enjoy the privileges. Almost there wasn't a single rock left in the Aegean and Mediterranean with no Greeks dressed in Russian uniforms. (Anderson, 2001, s. 27)

As the Black Sea trade became more lucrative for the Greeks, trade within the borders of the Ottoman Empire had shifted. The Greeks now formed a new trade route from Odessa to other important trade centres as Marseille and Trieste. The

dynamics created by this trade route quickly turned into an international network. (Kasaba, 1988, s. 20-21) The centre of the new trade network was Herson and Odessa. The port of Kherson had a share of 2% to 3% of the total Russian trade in the six-year period since its establishment. Odesa Port grew rapidly in time and became the centre of the Black Sea trade. Arriving in Odessa in 1814, Polish traveller Edward Raczynski was fascinated by the development of Odessa. 25 years ago the Tatars' animals were grazing on these lands. But now there was a gigantic city. Katerina's efforts to make Odessa a major commercial centre continued after her death with his heir Alexander. In 1814, about 25,000 people lived in Odessa. Theaters and public buildings in the city were likened to ancient Greek architecture, and the largest building in the city was the Greek Nicolai Church. Commercial activities provided the city's wealth to increase continuously. In 1811, 700 ships of wheat were exported from Odessa to Europe and Istanbul. Traders were buying goods such as leather, wool, oil, tobacco from Odessa and reaching the world markets. Greek sailors returned to Russia from their commercial expeditions with wine, cloth, and porcelain. (Raczynski, 1980)

Greek sailors who traded in the Black Sea with Russian banner crossed the Aegean Sea and travelled to major cities such as Vienna, Trieste, Livorno, Alexandria, Istanbul, and London. It was inevitable that Greek sailors would prosper and form a Greek bourgeoisie with the motive of solidarity within themselves. The bourgeoisie-like structures first appeared in Vienna in the late 18th century. The merchants organized among themselves and wanted to leave the Ottoman domination behind the Greek love of Europe. (Serinidou, 2011, s. 488) In this process, the crisis deepened for Muslim Ottoman merchants. They lost their connections, habits and commercial routes.

The crisis has deepened for Muslim traders, but it has also offered many new opportunities for Greek traders. From the perspective of city economies, this commercial crisis has increased the volume of trade in the Ottoman cities and also provided new opportunities for Russian port cities. As a result of these developments in the Black Sea, Muslim merchants wanted protection status from the state. The Ottoman Empire, which was trying to modernize, also needed a group of merchants who were connected to it by organic ties. The crisis of Muslim merchants had created an opportunity for themselves this time.

At the end of the 18th century, Muslims engaged in trade began to enter the protection of the state. The formalized form of this process was the Hayriye Merchants. In order to become a Hayriye Merchant, it was necessary to obtain a certificate (*berat*) from the state just like the European Traders. The state had set certain conditions in order to obtain a certificate. Being honest, right, and pious was one of these conditions. The Hayriye Merchant's *Şehbender* and his *muhtar* checked if the candidate fulfilled these conditions. In the investigation, it was determined that

there was no obstacle for the person to become a Hayriye Trader; officers and *muhtars* were vouched for the person and ensured that he was given a certificate¹.

In order to obtain a certificate, the merchants had to pay a certain amount to the state. This fee was 1500 cents for European merchants and 1200 cents for Hayriyye Merchants. (Masters, 1992, s. 585) Thus, it was aimed to increase the effectiveness of Muslim merchants in trade. The Ottoman Empire granted some privileges to these merchants:

- Tax reductions
- Travel supports
- Judicial amenities
- Credit and debt follow-up by the state (Güripek, 2019, s. 60-70)

The Muslim merchants were predominantly in the supply of cities, especially in Istanbul. Hayriye merchants had obtained permission from the state for grain and wheat trade and transportation of goods. The Muslim merchants who brought the grain from Russia to the Black Sea took them to Istanbul, Rumelia, Danube Coast, and Crimea. (Issawi, 1970, s. 18-27)

Two important port cities of the Black Sea such as Trabzon and Samsun were the new stations of the commercial network formed in the Black Sea. Merchants brought goods from Russia to Samsun or Trabzon Port. The products were either coming to Istanbul via the Black Sea cities, or they were going on the Erzurum – Halep (Aleppo) line and getting involved in Iranian trade. In addition to trade with Europe, we can say that two alternative trade routes are used by Muslim merchants. These are; The Black Sea-Istanbul line and the Black Sea - Iran transit routes.

Trabzon, the largest port city on the Black Sea, was used by Russian and Greek merchants. During this crisis, Muslim merchants began to organize in the smaller port cities of Ordu and Samsun in the Black Sea. The crisis in the Black Sea trade offered them the opportunity to make a profit using the Black Sea-Iran transit trade route.

Table 1.

The Steam Ship Companies and Representatives in Trabzon

Company Name	Agency
The Danoise	M. Khidichian
The Ege	Phostiropoulos
Austrian Lloyd	A.Sassi

¹ Başkanlık Osmanlı Arşivi (The Presidency's Ottoman Archive) BOA. C. İKTS. 20/972 1832 For Başkanlık Osmanlı Arşivi (The Presidency's Ottoman Archive), hereafter BOA.

Messageries Maritimes	Boyaighi
Panhellenic Co.	N.D.Constantinoff
Rusian Black Sea Co.	Phostiropoulos
General İtalian Navigation	A.Mahoklan
Paquet Company	M.Missir
Russian Navigation Co.	E.Serafimov

Source: Üner Turgay, „Trabzon“, *Doğu Akdeniz Liman Kentleri 1800-1914*, (ed.) Çağlar Keyder, *Tarih Vakfı Yurt Yayınları, İstanbul, 1993, p. 59.*

As seen in Table 1, there were more Greek and Russian companies in the Black Sea trade. However, Austrian and Italian companies were also included in this commercial network. As interest in the Eastern Black Sea ports increased, the importance of the Black Sea-Iran trade route increased. As the ports became important commercial stations, the Black Sea became a commercial centre. The use of these ports by merchants engaged in trade with Iran formed the transit trade route between the Black Sea and Iran. The merchants coming from Samsun and Trabzon were reaching Iran via Anatolian cities such as Erzurum and Diyarbakır for Iranian trade. The commercial vitality of Muslim and non-Muslim merchants became more important with the opening of the Suez Canal. All this commercial vitality was reflected in the trade statistics between the Ottomans, Iran, and Russia. (Abdulvahab, 2008, s. 79) In 1821, Russia and the Ottomans took first place in the countries where Iran had the highest trade.

Table 2.

Commercial Partners of Iran and Total Trade Volume in 1821

Country	Trade Volume (Sterling)	Percentage (%)
The Russian Empire	450.000	36,7
The Ottoman Empire	400.000	32,6
India	305.000	24
Bukhara	50.000	4,1
The Persian Gulf Countries	20.000	1,6
Total	1.225.000	100.0

Source: James Baillie Fraiser, *A Winter's Journey (Tatar) From Constantinople to Tehran, Vol II, With Travels through Various Parts of Persia*, Forgotten Books Publish, London, 2015, p. 290.

Russia and the Ottoman Empire had a share of approximately 65% in Iran's commercial activities. Almost all of the products going to Iran were going from Black Sea ports. In 1842, the number of bales and crates that went to Iran in Trabzon reached 32.000. Muslim Hayriye Merchants were waiting for state support to compete with other competitors on the Black Sea-Iran transit trade route. They demanded a discount both in their trade and in the trade of Iranian traders to protect themselves from the damage caused by European Traders. The state was trying to meet and support the expectations of Hayriye Merchants as much as they could.²

Bulgarian Merchants and Black Sea Trade

In the first half of the 18th century, the Austrian and German industries obtained the raw materials they needed from Serbia and Hungary. Timișoara (was the centre of this trade. In the following years, Bulgarians started to participate in this trade. Bulgarian merchants operated their business in the trade route of Solun, Skopje, Nis, Belgrade, and Zemun as the merchants from Dubrovnik. Austrian state-funded commercial companies and Bulgarian merchants have been developing a commercial market since the second half of the 18th century. Austria exports hardware, iron tools, and textile products to Bulgaria. Bulgarian merchants, in turn, exported oriental goods and raw materials. By the 19th century, the eastern parts of Bulgaria became the centre of trade with the Habsburg Empire.

The integration of the Black Sea-Balkans and Central European markets in the 19th century made Bulgaria's territory the centre of this trade. Bulgarian merchants came to the fore in the trade between the Ottoman Empire and Habsburg. The competition of Greek and Bulgarian traders increased the number of commercial activities and brought modernization in the Balkan lands. Commercial enrichment also caused cities to change their identity. Instead of the old and unfit castle cities, modern commercial cities were established. Production in rural areas such as Gabrovo, Tarnovo, and Kotel was increasing. Increased production flowed to cities on main commercial routes such as Sofia, Varna, and Ruse. This resulted in a process of economic integration that encompassed the whole of Bulgaria. Minas Bijişkyan (Bıçakçıyan) made observations in Varna in the same years: “*Varna is a commercial city and the majority of its population is Bulgarian. Every day many ships depart to Istanbul and a lot of goods are shipped.* (Bijişkyan, 1967, s. 107)

² BOA. MKT. NZD. 103/80 - 1833

Table 3.

Trade volume of Varna Port in 19th century

Year	Number of ships (import/export)	Tonnage (import/export)	Crew numbers (import/export)	Imports (Fr. francs)	Exports (Fr. francs)
1850	295	31.161	1.618	24.740	919.634
1851	356	41.196	2.256	6.787.915	5.181.947
1852	434	87.340	6.531	6.687.375	5.749.407
1853	366	79.840	6.279	6.731.855	7.610.125
1856	519	84.920	7.056	–	–
1858	681	239.345	15.577	7.502.769	6.837.119
1859	640	187.811	12.719	6.259.867	8.712.880
1860	720	209.657	15.493	8.243.098	6.405.311
1861	705	172.177	13.532	11.093.476	12.377.753
1863	519	147.021	11.314	11.927.000	15.130.625
1864	621	169.913	11.771	12.420.000	17.530.000
1865	653	197.194	13.570	12.110.000	18.733.600
1866	690	197.615	13.086	13.232.000	18.373.000
1868	-	-	-	17.100.000 (goods)/ 11.040.000 (money in parcels)	18.500.000 (goods)/ 1.610.000 (money in parcels)
1869	575/ 679	161.693/ 184.839	9.904/ 11.349	10.287.175 (goods)/ 3.712.957,5 (money in parcels)	9.332.650 (goods)/ 1.536.925 (money in parcels)
1870	556/ 551	200.995/ 199.928	12.185/ 12.148	7.650.225	7.012.202 (goods) / 1.650.282, 5 (money in parcels)
1872	848/ 846	221.213/ 220.562	13.119/ 13.093	10.215.510 (goods)/ 5.897.862 (money in parcels)	12.407.275 (goods)/7.540.119 (money in parcels)
1873	659 / 655	216.963/ 216.303	12.002/ 11.973	–	–

Source: Ivan Roussev, 'Old Glory Returns: The Port of Varna and The Trade in Bulgarian Lands during the Third Quarter of the 19th century', Papers of BAS Humanities and Social Sciences, Vol. 3, No: 1, 2016, p. 84.

The Bulgarian merchant families, who were prominent in the trade between the Black Sea and the Balkans, continued this business for many years and gained serious capital. The famous Bulgarian bourgeoisie such as the Chalikov family, the Gumusgerdan family, the Geshov brothers, the brothers of Georgiev, Hristo Tapchilestov emerged during this period. The period of modernization and fabrication of Bulgaria began with the investments made during these economic families.

At a time when the Greeks began to stand out in the Balkan trade, the problems experienced by the Ottoman Empire in the Balkans brought the Bulgarian elites to the forefront. Serbia's independence, the abolition of the Janissary army had caused serious destruction in the classical political order of the Ottoman Empire. In the Ottoman territory, which was in a political and economic crisis, Bulgarian economic elites turned this into an opportunity. They used the opportunities arising from the crisis by playing a leading role in this trade. However, the fact that the Bulgarian economic elites gathered taxes on behalf of the Ottomans and engaged in financial activities and trade in the Ottoman administration created a political crisis in the following period. Since most of the economic elites collected taxes from the Bulgarian state on behalf of the Ottomans (these were called *chorbadji*), they experienced serious tensions with the public during the process of national independence. The elites who turned the political crisis into an economic opportunity had once again faced a political crisis.

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