

**THE ECONOMIC IMPACT OF
THE 1923 GRECO-TURKISH POPULATION EXCHANGE
UPON TURKEY**

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ABSTRACT

THE ECONOMIC IMPACT OF THE 1923 GRECO-TURKISH POPULATION EXCHANGE UPON TURKEY

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The Convention Concerning the Exchange of Greek and Turkish Populations signed on January 30, 1923 at Lausanne resulted in the first compulsory population exchange under the auspices of an international organization, namely the League of Nations. The Greco-Turkish Population Exchange marked a turning point for Greece and Turkey with regard to its demographic, social, political and economic effects. Although the multifaceted effects of the Exchange upon Greece have been extensively studied by the scholars of different disciplines, the Turkish scholarship is very limited in terms of documenting and analyzing the role of this event in the history of modern Turkey. The present study aims to fill this gap by assessing the economic effects of this event upon Turkey.

This thesis fulfils the above task by examining the transformation of the basic sectors in the Turkish economy during the post-Exchange period. We argue that the Population Exchange had significant effects upon the Turkish economy. For example, in the agricultural sector the capitalist property relations on land were reinforced and the production patterns in certain agricultural crops were subject to a

considerable degree of change. As far as the industry is concerned, the production of certain commodities deteriorated due to the rising competition between Turkey and Greece over the manufactured goods. The worsening international economic conditions exacerbated the effects of this competition upon the Turkish economy. Lastly, with the transfer of the Anatolian Greek merchants to Greece, Anatolia's commercial links with foreign markets weakened much to the detriment of the Turkish economy. The intermediary position of the Greek merchants was gradually substituted by the newly-emerging Turkish mercantile bourgeoisie after the Exchange.

This thesis consists of five chapters. Chapter 1 introduces the subject and provides a survey of the related literature. Chapter 2 examines the effects of the Exchange upon agriculture and land tenure system. Chapter 3 is designed to evaluate the transformation of the industrial base inherited from the Ottoman Empire by certain factors including the Exchange. Chapter 4 deals with the effects of the transfer of the Anatolian Greeks and the arrival of the refugees upon the commerce. Chapter 5 presents general and specific conclusions in the light of previous chapters.

Keywords: The Greco-Turkish Population Exchange, Ottoman Greeks, Primitive Accumulation, Turkification of the Economy, Turkish Economy, Early-Republic Period of Turkish History, Greece

ÖZ

1923 TÜRK-YUNAN NÜFUS MÜBADELESİ'NİN TÜRKİYE ÜZERİNE İKTİSADİ ETKİLERİ

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30 Ocak 1923 tarihinde Lozan'da imzalanan Türk ve Yunan Halklarının Mübadelesine İlişkin Sözleşme uluslararası bir örgütün, Milletler Cemiyeti'nin yönetiminde gerçekleşen ilk zorunlu nüfus mübadelesi ile sonuçlandı. Türk-Yunan Nüfus Mübadelesi, demografik, toplumsal, siyasi ve iktisadi etkileri açısından Türkiye ve Yunanistan için bir dönüm noktası teşkil etti. Mübadele'nin Yunanistan'a olan çok yönlü etkisi farklı disiplinlerden bilim insanları tarafından geniş biçimde çalışılmış olmakla birlikte Türkiye'de bilimsel çalışmalar bu olayın modern Türkiye tarihindeki rolünün belgelenmesi ve tahlili açısından çok sınırlıdır. Şu anki çalışma, söz konusu olayın Türkiye'ye olan iktisadi etkilerini değerlendirerek bu boşluğu doldurmayı hedeflemektedir.

Bu tez yukarıdaki amacı Türkiye ekonomisindeki temel sektörlerin Mübadele-sonrası dönemde geçirdiği dönüşümü inceleyerek gerçekleştirmektedir. Nüfus Mübadelesi'nin Türkiye ekonomisi üzerinde anlamlı etkilerde bulunduğunu iddia ediyoruz. Örneğin, tarımsal sektörde toprak üzerinde kapitalist mülkiyet ilişkileri güçlenmiş, belli tarımsal ürünlerin üretim kalıpları önemli ölçüde değişime uğramıştır. Sanayi açısından, belli metallerin üretimi Türkiye ve Yunanistan arasında mamul mallar üzerindeki rekabet nedeniyle geriledi. Kötüleştiren uluslararası

iktisadi şartlar bu rekabetin Türkiye ekonomisi üzerindeki olumsuz etkilerini artırmıştır. Son olarak, Anadolu Rum tüccarların nakli sonucu Anadolu'nun yabancı piyasalar ile ticari bağlantıları Türkiye ekonomisinin zararına zayıflamıştır. Mübadele sonrası, Rum tüccarların aracı konumları ise yeni ortaya çıkan Türk ticaret burjuvazisi tarafından tedrici biçimde doldurulmuştur.

Bu tez beş bölümden oluşmaktadır. 1. Bölüm, konuya bir giriş yapmakta ve ilgili literatürü incelemektedir. 2. Bölüm, Mübadele'nin tarım ve toprak sistemi üzerindeki etkisini incelemektedir. 3. Bölüm, Osmanlı İmparatorluğu'ndan devralınan endüstriyel temelin Mübadele'yi de içeren bir dizi faktör tarafından belirlenen dönüşümünü incelemek üzere tasarlanmıştır. 4. Bölüm, Anadolu Rumlarının nakli ve mübadillerin gelişinin ticaret üzerine olan etkilerini ele almaktadır.

Anahtar Sözcükler: Türk-Yunan Nüfus Mübadelesi, Osmanlı Rumları, İlkel Birikim, Ekonominin Türkleştirilmesi, Türkiye Ekonomisi, Türkiye Tarihi Erken Cumhuriyet Dönemi, Yunanistan

*To My Mom and Dad, Ayşe and Atilla Alpan,
who have made it all possible*

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LIST OF ABBREVIATIONS

ABBREVIATION

BCA: Republic of Turkey General Directorate of Prime Ministry State Archive
Office of Republican Archive Prime Ministry Republic Archives

CUP: The Center of Union and Progress

KKE: The Communist Party of Greece

OCM: The Ottoman Carpet Manufacturers Ltd.

ODA: The Ottoman Debt Administration

RSC: The Refugee Resettlement Commission

SCT: The Socialist Center of Turkey

US: The United States of America

WWI: The First World War

ed(s): Editor(s)

etc.: Etcetera

drs.: Drahtmas

fn.: Footnote

p.: Page

pp.: Pages

CHAPTER 1:

INTRODUCTION

Nationalism was shaped and found its class base under the umbrella of mercantilism in the late-seventeenth and eighteenth centuries.¹ After the French Revolution, history witnessed the actual rise of nation-states in international political order which was accompanied by the conceptual rise of “national economy” in political economy, especially among the followers of the German Historical School. Friedrich List, one of the pioneers of the concept of “national economy”, critiqued classical political economy for its *chimerical cosmopolitanism*, its *dead materialism* “taking account neither of the moral nor of the political interests of the present nor of the future, nor of the productive power of the nation” and for its “*separatism*” or “*disorganizing individualism*” neglecting nation-based organized humanity.² List explains his grievance towards classical political economy by saying:

But between the individual and the whole human race there is the nation with its special language and literature, with its own origin and history, with its manners and habits, its laws and institutions; with its claims to existence, its independence, its progress, its duration, and with its distinct territory [...]. As an individual acquires chiefly by the aid of the nation and in the bosom of the nation, intellectual culture, productive power, security, and well-being, human civilization can only be conceived as possible by means of the civilization and development of nations.³

¹ Immanuel Wallerstein, *Modern World-System – Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, (New York: Academic Press, Inc., 1974), p. 146

² Friedrich List, *National System of Political Economy*, (Philadelphia: J. B. Lippincott & Co., 1856), p. 262

³ *Ibid.*, p. 263

According to List, the formation of a national economy was the result of the transformation of the *economy of people* by means of which the state embraces the whole nation.⁴ Even if List hardly suggests any nationalistic agenda other than protectionism for the latecomers of capitalist development, the advocates of the idea of the national economy created their ideological and political program called nationalism and the idea of national economy *per se* became a facet of this program. List's ideas are of special importance for the comprehension of Turkish nationalism in the early-twentieth century.⁵ As it will be discussed below, the trajectory of *state-nation embracement*, in List's conceptualization, had a definite effect in the fate of the Ottoman Empire.

As the latest in terms of the national awakenings of ethnic groups within the Ottoman Empire, Turkish nationalism did not harbor an idea of national economy as an antecedent to political nationalism; but rather their development went hand in hand. Turkish nationalism was shaped against Serbian, Greek, Bulgarian, Armenian, Albanian and Arab nationalisms, and accordingly, the economic component of Turkish nationalism was shaped as one dimension of the reactions to the particularistic goals of these ethnic groups.⁶ It could also be logical to claim that the aspiration for a national economy was owing to the relative economic decline of the central subject of the discourse of Turkish nationalism *vis-à-vis* the non-Muslim elements of the Empire, particularly the Armenians and Greeks who are of special importance for the purpose of this study. The economic decline of the Muslims within the Empire was so evident that this decline and the economic expansion of the non-Muslims and the reactions to this situation were noted down by a number of

⁴ Ibid., p. 281

⁵ Hanioglu claims that the policy of the Committee of Union aiming to form a national economy "had its intellectual roots in the thinking of Friedrich List and the German Historical School". M. Ş. Hanioglu, *A Brief History of the Late Ottoman Empire*, (Princeton: Princeton University Press, 2008), p. 189. According to Toprak, List was one of the most important thinkers influencing anti-liberal, state-interventionist line of Center of Union and Progress. Zafer Toprak, "İkinci Meşrutiyet'te Solidarist Düşünce: Halkçılık", *Toplum ve Bilim*, sayı 1, Bahar 1977, s. 92-123.

⁶ It should be also noted that Turkish nationalism, at its initial stage, had an anti-imperialist aspect as well. Since so-called Western imperialism was seen as the collaborator of the nationalist/separatist goals of other ethnic groups within the Ottoman Empire.

travelers.⁷ For instance, Ramsey, the author of several texts based on his travels across Asia Minor⁸ during the late nineteenth century, underlines the Greek economic expansion together with the decline of the “oriental element”:

The Oriental element does not retreat or emigrate; it is not driven out by force; it dies out in these parts by a slow but sure decay; you can only say that here the people was, and here it has almost ceased to be. As the railway goes inland, the Greek element goes with it and even in front of it. Trade is from the first almost entirely in their hands. Even where the capital is foreign, the practical working is to a great extent directed by Greeks.⁹

There were certain stimuli for the increasing prosperity of the Greeks and these stimuli also exemplify the hand-in-hand development of political and economic nationalism among Muslim-Turkish “citizens” of the Empire.¹⁰ The most prominent factor seems to be due to the structural organization of the Ottoman administration. In general, we can say that the Greekness, as all other ethnic identities in the Empire, had been systematically excluded from political power except from a minor

⁷ See W. M. Ramsey, *The Historical Geography of Asia Minor*, (Amsterdam: Adolf M. Hakkert – Publisher, 1962 [1890]), J. L. Farley, *Turkey*, (London: Sampson Low, Son, and Marston, 1866), W. M. Ramsey, *Impressions of Turkey During Twelve Years’ Wanderings*, (London: Hodder and Stoughton, 1897), A. J. Dunn, *Turkey and Its Future*, (London: Effingham Wilson, 1905), Richard Davey, *The Sultan and His Subjects*, (London: Chatto and Windus, 1907), W. J. Childs, *Across Asia Minor on Foot*, (Edinburgh and London: William Blackwood and Sons, 1917)

⁸ In this study, the words of Anatolia and Asia Minor are used interchangeably. Although the former seems to be a property of Turkish historiography and the latter of Greek historiography, in this study we use these terms without referring to their specific national connotations.

⁹W. M. Ramsey, *Impressions of Turkey...*, p. 131 Apart from this emphasis, Ramsay in one his earlier works claims Greek element’s “supplanting the Oriental on the Aegean coast” and the Oriental element’s “dying out on the coast by a slow yet sure decay “ (*The Historical Geography*, p. 25) He evaluates this “decadence” in more detail in his *Impressions of Turkey During Twelve Years’ Wanderings*: “The steady, inexorable, irresistible spread of European, and mainly of Greek, influence in the western parts of Asia Minor, is by far the most striking fact in modern Turkey. That progress is so patent that the Turks make practically no attempt to resist it : it is accepted as inevitable. The Asiatic Greeks have the future in their hands; and no man or no policy will be successful, which does not recognize that fact and build upon it as foundation.” [p. 133] “The subject Greek feels that the world is with him; the Turkish governor feels that it is against him.” [pp. 133-134] Not only in Aegean coasts of Anatolia prospered Greeks, but also in other regions where the Greek population was dense, for instance in Trabzon, the Greeks experienced a considerable economic expansion. Moreover, the migration within the Empire reinforced the expansionary trend by advancing trading networks and communication potentialities. M. E. Meeker, *A Nation of Empire – The Ottoman Legacy of Turkish Modernity*, (Berkeley: University of California Press, 2002), p. 268

¹⁰ It is certain that the ones who formulated and advocated nationalism were the members of the wealthy strata of different ethnic groups.

element, namely the *Phanariot* dragomans in the Porte.¹¹ However, the Greek Revolt in 1821, *de facto* independence of Greece from the Ottoman Empire, resulted in further exclusion of the Greeks from political power. According to Ortaylı, the Greek Revolt gave birth to a consciousness of decline in the Ottoman Empire. The reformation attempts in the imperial administrative, educational and military structures took place after this Revolt. One of the most important consequences of the Greek Revolt was the further elimination of the Greeks from important bureaucratic and social positions.¹² Greeks' centuries-long suspension from the political power within the Empire amalgamated with ever increasing market opportunities and Greeks devoted more and more energy to the economic sphere. Now that the role of the Greek Revolt concerning the modernizing reforms is mentioned, *en passant* it can be said that the disintegration was due to the legal and administrative modernization in the absence of a unifying ideology. As for Ottomanism, even in its mightiest period this was an ideology peculiar to the imperial elites.¹³ Consequently, the Greek element in the Ottoman Empire had definite (direct or indirect) role in the reformation of the imperial structure and in the economic change occurring throughout the Empire in the form of expansion.

The Greek economic expansion in the Ottoman Empire had two definite outcomes. For the first one, we should say that this can also be seen as a reflection rather than an outcome. If we reconsider Ramsey's observation on the economic improvement of the Greek element, we see that he associates it with the expanding railway lines. Relating the expansion of railways as investments of the imperialist countries in latecomers in the mid-nineteenth and early-twentieth century with the penetration of capitalist production relations in these late-developing countries is a well-known

¹¹ For the social and administrative position of Phanariot Greeks see A. A. Pallis, *The Phanariots: A Greek Aristocracy under Turkish Rule* (London: n.p. , 1951) For a more recent study on this issue see Christine Philliou, "*Worlds Old and New: Phanariot Networks and the Remaking of Ottoman Governance, 1800-50*", Unpublished PhD Dissertation, (Princeton: Princeton University, 2005).

¹² İlber Ortaylı, "The Greeks and Ottoman Administration During the *Tanzimat* Period", in *Ottoman Studies*, (İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2004), p. 37

¹³ Çağlar Keyder, "Giriş", *Memâlik-i Osmaniye'den Avrupa Birliği'ne*, (İstanbul: İletişim Yayınları, 2007), p. 13 and 15

and generally accepted approach.¹⁴ Moreover, if we take into account the unique differentiation of the economic sphere from the political in capitalism¹⁵, the suspension of the Greeks from political power and their dominance in business life (together with the Armenians and Jews to a lesser degree) can be accepted as the concrete form of this distinction of “economic” and “politic”. As a result, we can argue that the emergence of capitalistic production and property relations and the economic rise of the Greek elites in the Ottoman Empire are all correlated.

Secondly, “the Muslim merchants of the classical period”, the local administrators, local notables (*âyâns*) were overshadowed by the economic rise of the Greek element within the Empire. With that development, Muslim elites’ wealthy found their source of livelihood contested.¹⁶ This disturbance among the Muslim rich due to the economic rise of the Greeks formed the idea of the Turkification of the economy and this idea found its intellectual and political representation in the Young Turk Movement which became the heart of these restless social and economic groups. In the beginning of the twentieth century, the Turkish nationalists gained the upper hand in the Movement. After the Young Turks Congress of 1902, says Hanioglu, “a stronger focus on nationalism developed”.¹⁷ According to the author, *Ottoman* and *Turk* became interchangeably used terms. The Balkan Wars

¹⁴ For a general and comparative survey of the railway construction policy of the imperialist countries see C. B. Davis et. al., *Railway Imperialism*, (New York: Greenwood Press, 1991). V. I. Lenin, *Imperialism, the Highest Stage of Capitalism: A popular outline*, (New York: International Publishers, 1939). Rosa Luxemburg, *The Accumulation of Capital*, (London: Routledge, 2003). For three good examples that investigates the reflections of this policy in the Ottoman Empire see Orhan Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, (İstanbul: Yordam Kitap, 2008), passim. Tefik Çavdar, *Osmanlıların Yarı Sömürge Oluşu*, (İstanbul: Gelenek Yayınları, 2000), pp. 118-154, Lothar Rathmann, *Berlin- Bağdat: Alman Emperyalizminin Türkiye’ye Girişi*, (İstanbul: Belge Yayınları, 1982),

¹⁵ The distinction of economic spheres from the political is related with both Marxist and Polanyian interpretation of capitalism. There were certain differences in these interpretations and in the definition of this distinction” in Marxist and Polanyian frameworks. For an analysis of the distinction of “economic” and “politic” in capitalism see E. M. Wood, *Capitalism Against Democracy: Renewing Historical Materialism*, (Cambridge: Cambridge University Press, 1995), pp. 19-178.

¹⁶ Reşat Kasaba, *Osmanlı İmparatorluğu ve Dünya Ekonomisi – On Dokuzuncu Yüzyıl*, (İstanbul: Belge Yayınları, 1993), p. 88. See also Zafer Toprak, *Türkiye’de Milli İktisat, 1908-1918*, (Ankara: Yurt Yayınları, 1982), pp. 19-20.

¹⁷ M. Ş. Hanioglu, *The Young Turks in Opposition*, (New York: Oxford University Press, 1995), p. 216

became a turning point in this process. The Balkan Wars showed that securing the economic sphere in favor of the Muslim-Turkish element was an impossible task on a multiethnic demographic base with minorities occupying leading positions in the economy. Referring to List's definition, the way of the state-nation embracement led to National Economics (*Milli İktisat*) policy of the CUP which was "a blend of corporatism, protectionism, and strict state control over the economy".¹⁸ The intended outcome of this embracement was a *national bourgeoisie* made out of the Muslim-Turkish element. The CUP started to organize the economic sphere on national base through various means such as cooperatives for Muslim-Turkish manufacturers and societies of artisans.¹⁹ Due this kind of an *embracement* aiming to create a national bourgeoisie, methods of ethnic engineering became epidemic which has been called *pathological homogenization* by some scholars.²⁰

It is legitimate to ask whether this "pathological homogenization" was endemic to Turkish nationalism. This is highly debatable on both local and universal levels. "In the ethnic kaleidoscope of the Balkans", asserts Mazower, "the principle of nationality was a recipe for violence".²¹ Moreover, as Dirlik puts it, what is pathologic about nationalism is its universal character of *metonymic reductionism*, that is:²²

Nationalism, once it has emerged, tends to project itself over both space and time; homogenizing all differences across the territory occupied by the nation, and projecting itself back in time to some mythical origin to erase the different temporalities of the past, so that all history becomes a history of national emergence. In the process, some trait or traits become emblematic of the nation, while others that are inconsistent with the national self-image are swept aside as foreign intrusions.

¹⁸ Hanioglu, *A Brief History of ...*, p. 189. For a comprehensive analysis of National Economics policy see Zafer Toprak, *Türkiye'de "Milli İktisat"...*, and Zafer Toprak, *Milli İktisat-Milli Burjuvazi*, (İstanbul: Tarih Vakfı Yurt Yayınları, 1995)

¹⁹ Hanioglu, *A Brief History of ...*, p. 190

²⁰ Heather Rae, *State Identities and the Homogenisation of Peoples*, (Cambridge: Cambridge University Press, 2002), see especially pp. 15-54 and 124-164

²¹ Mark Mazower, *The Balkans – A Short History*, (New York: The Modern Library, 2002), p. 115

²² Arif Dirlik, "Chinese History and the Question of Orientalism", *History and Theory*, Vol. 35, No. 4, (Dec., 1996), p. 106

Dirlik's illustrative description applies to the Turkish case as well. The idea of *population exchange* was shaped as a method of temporal and spatial self-projection of nationalism. As for Anatolian Greeks, the spontaneous actions of discrimination against Greeks and other minorities became a demographic policy and gained an organized character in the early-twentieth century. The first attempt of population exchange came into question during the Balkan Wars between the Ottoman Empire and Bulgaria.²³ In the context of this population exchange, 48.750 Muslims and 46.764 Bulgarians were transferred bilaterally from June to October of 1914. Meanwhile, the Greek emigration from Thrace had been continuing since the end of 1913 and Anatolia had been receiving thousands of Muslim refugees from the Balkan countries. On May 22, 1914, the Greek Prime Minister Venizelos accepted to exchange the Greek peasants in the *vilayet* of Aydın with the Macedonian Turks. Hence it can be said that Greece and the Ottoman Empire agreed on the idea of the population exchange under the pressure of circumstances. However, on January 13, 1915 a Mixed Commission (*Muhtelit Mübadele Komisyonu*) decided the terms of the population exchange. The Commission agreed on the voluntary character of this exchange and the terms of this exchange concentrated on the abandoned properties of the migrated populations.²⁴ Since this was not the intended outcome, and as the intensity of the First World War (WWI) was on the rise, the ethnic policies of the CUP towards Greeks accelerated. Turkish nationalism rose during WWI and matured during the national resistance years. Kushner claims "Turkism could finally be adopted and transformed into a programme for action in the political, economic, social and cultural spheres"²⁵ During WWI, the discriminative acts against Greeks continued with deportations and economic boycotts which are discussed in the following pages.

²³ H. Y. Ağanoğlu, *Osmanlı'dan Cumhuriyet'e Balkanların Makûs Talihi: Göç*, (İstanbul: Kum Saati, 2001), pp. 120-123

²⁴ Fuat Dündar, *Modern Türkiye'nin Şifresi – İttihat ve Terakki'nin Etnisite Mühendisliği (1913-1918)*, (İstanbul: İletişim Yayınları, 2008), p. 219

²⁵ David Kushner, *The Rise of Turkish Nationalism – 1876-1908*, (London, Frank Cass, 1977), p. 101

On the Greek side of the picture the Greek state was not free from nationalist sentiments. In fact, Greek politics were under the influence of the Megali Idea²⁶ (*Μεγάλη Ίδέα*) for many decades; there were also serious discriminations against any ethnic “aberration” and against those seen as obstacles in front of the nationalist discourse. Carabott defines the situation in Greece in the early-twentieth century as such:

In a country where the collective mentality of the inhabitants had been for almost a century heavily imbued with the *Μεγάλη Ίδέα*, public opinion was sensitive to any hindrance of irredentist aspirations, and notions of xenophobia, especially communist-phobia, could and indeed did find expression among large number of Greeks.²⁷

Though Megali Idea was the basic determining ideological code within the Hellenic Greek society, it became influential among the Anatolian Greeks only after the Greek invasion of western coasts of Anatolia. The general attitude of the Anatolian Greeks could have been defined by the hope of “being salvaged by the Hellenic Kingdom”. Hence the collapse of the Greek front in Anatolia surpassed an ordinary military defeat. This is why the debacle is called as the Asia Minor Catastrophe (*Μικρασιατική Καταστροφή*) in Greek historiography. The Catastrophe meant the end of the Great Idea.

It can be argued that this historical moment constituted a coincidence for both Turkish and Greek nationalisms. For Turkish nationalism, the historical tendency was towards the creation of an ethnically “purified” or coherent political and economic unit, that is, a nation-state. Though Greece was more experienced in its state- and nation-building processes, it is impossible to claim that it had solved all the related problems associated with these processes. For Greece, the problem of Macedonia remained unsolved; and moreover, the Catastrophe created a certain

²⁶ The Megali Idea or the Great Idea briefly was the idea of unification of the Greek land which had been under the yoke of different countries. For a comprehensive analysis for the sources and aims of the modern Greek nationalism see Richard Clogg, “The Byzantine Legacy in Modern Greek World: The Megali Idea”, L. Clucas, (ed.), *The Byzantine Legacy in Eastern Europe*, (New York: Boulder, 1988) and Stephan G. Xydis, “Modern Greek Nationalism”, P. F. Sugar and I. J. Lederer (eds.), *Nationalism in Eastern Europe*, (Seattle: University of Washington Press, 1969), pp. 235-243.

²⁷ Carabott, Philip. (1992). “The Greek ‘Communists’ and the Asia Minor Campaign”. *ΔΕΛΤΙΟ Κέντρου Μικρασιατικών Σπουδών*, v.9, p. 100

ideological gap in the Greek nationalist discourse. Mouzelis, a prominent Greek social scientist, claims that this gap in the ideological level was filled by the strong polarization of the Greek political sphere between Venizelists and anti-Venizelists which is called as National Schism (*Εθνικός Διχασμός*) and by anti-communism.²⁸ However, it is obvious that the transition theme of the Greek nationalist discourse was the salvation of the “brothers and sisters in Asia Minor” —this time— by means of diplomacy. Moreover, as a common problem in these countries, the hostility between Greek and Muslim-Turkish peoples after the Greek invasion of the western Anatolia reached to an unbearable level. A peaceful coexistence of the Greeks and Turks in these two countries became practically impossible.²⁹

This is the historical background of the central subject of this study, namely the Greco-Turkish Population Exchange in 1923. Given this background, by signing the *Convention Concerning the Exchange of Greek and Turkish Populations* on January 30, 1923 in the context of Lausanne Conference Turkey and Greece came to an agreement on the first *compulsory* population exchange of history under the auspices of an international organization, namely the League of Nations. According to the convention, the Exchange was to be based on the religious affiliations since it was either impossible to make distinction based on linguistic or racial criteria or to maximize the transferable populations by any other categorization.³⁰ In other words, by signing this convention, Turkish and Greek delegations decided on the exchange of Orthodox and Muslim populations in Turkey and Greece respectively which

²⁸ N. P. Mouzelis, *Modern Greece – Facets of Underdevelopment*, (London: MacMillan, 1978), p. 207

²⁹ This emphasis does not neglect the *Modus Vivendi* of the Ottoman Greeks and Turks in the Ottoman Empire lasting for centuries. According to Yıldırım, disregarding this historical background and presenting the increasing hostility among these peoples after the Balkan Wars in a trans-historical manner does not help assess the role of nationalist leaders in the Population Exchange process. Yıldırım, *Diplomasi ve Göç...*, p. 19

³⁰ H. J. Psomiades, “*Greek-Turkish Relations, 1923-1930: A Study in Politics of Rapprochement*”, Unpublished Ph.D. Dissertation, (New York: Columbia University, 1962), p. 152. Psomiades makes mention of Greek-speaking Muslims of Crete and *Karamanlis* —Turkish-speaking Greek Orthodox Christians of Anatolia— and cites from Bernard Lewis that the Exchange might have been seen as the deportation of Christian Turks to Greece and Muslim Greek to Turkey.

included more than 1,5 million people.³¹ The origin of the idea of compulsory exchange is still unclear. Sources cite different actors as the architect of the idea.³²

The vast majority of the Anatolian Greeks and the Muslims in Greece were transferred reciprocally until the end of 1925. However, in both countries, the avalanching problems owing to the Population Exchange continued for a long time. As for Turkey, it is possible to see the reflections of these problems by tracing the complaint petitions of exchangees³³ and “non-exchangeable”s (*gayri-mübadiller*) submitted to several state organs until the midst 1930s among clusters of archival documents.³⁴ The problems in Turkey focused mainly on the improper resettlement, the compensation of the properties left in Greece, the tension between native and refugee populations. Yet, the effects of the Population Exchange, that is, the uprooting of 1,5 million people cannot be limited to contents of these complaint petitions, something that brings us to the departure of this study.

The impact of the Greco-Turkish Population Exchange upon the Turkish economy is the subject of this study. Accordingly, it looks at the effects of the Exchange on agriculture and land regime, industry and commerce. The economic impact of the forced migration of the Anatolian Greeks and the resettlement of refugees in Turkey deserves special attention for a number of reasons:

³¹ According to 1928 Census in Greece, there were 1.221.892 refugees in Greece. 1.104.216 of the refugees were from Anatolia. Of these refugees 151.892 came before the collapse of Greek front in Anatolia. In the context of the Population Exchange, there were 186.189 Greeks transferred from Turkey to Greece. As for Turkey, the number of the newcomers varies in different sources between 380.243 (Cevat Geray – See Appendix-C) and 499.239 (*İskan Tarihçesi*, (İstanbul: Hamit Matbaası, 1932), p. 37)

³² For a detailed evaluation of the “Exchange Diplomacy” during the Lausanne Conference see Yıldırım, *Diplomasi ve Göç...*, pp. 59-139. Also See Promiades, “*Greek Turkish Relations...*”, pp. 148-155

³³ Actually the term exchangee is not very common in the Population Exchange literature. “Refugee” is the term used instead of other terms to define the people subject to the Population Exchange and transferred to their new “homelands”. For the explanation of the term “refugee” in terms of identity and the reason of this term-choice in the literature see Renée Hirschon, *Heirs of The Greek Catastrophe – The Social Life of Asia Minor Refugees in Piraeus*, (Oxford: Calderon Press, 1989), pp. xii-xiii

³⁴ One of these petitions directly written to Mustafa Kemal by Naciye Öney, a refugee from Crete having relatives in the bureaucracy, can be seen in Appendix-D.

- i. Although an analysis on superstructure does not necessarily refer to the analysis of the structure (economic base), the ground of a rich structure analysis can lead to enhanced superstructure analyses. In the concrete, understanding the economic effects of the Exchange and its connection with the capital accumulation processes in Turkey can lead a better understanding of formative era of the Turkish nation-state, that is, the 1920s and 1930s.
- ii. Given the particular character of the landmark event under consideration, it provides a distinct case of the role of the demographic and nationalistic measures in the formation of modern national economies.
- iii. The Exchange has not been studied as a separate problematic in the economic history of Turkey. Hence a study on the economic effects of the Exchange can shed light on the economic history of Turkey during the formative period of the Republic. This could also help clarify the vague ideas about a highly neglected landmark event in the history of modern Turkey. Moreover, it affords insights into the ways of emergence of a two peripheral economies in the world economy, namely Turkey and Greece. This helps the researchers develop a comparative perspective.

These concerns at the background, this study tries to provide plausible answers to the following questions: Did the Population Exchange create distinct effects upon the sectors of the Turkish economy, namely agriculture, industry and commerce? Can it be considered as a turning point in the development of capitalist production and property relations in Turkey? Was it one of the formative events in the social formation of Turkey? Did the deportation of an economically dynamic non-Muslim community create an advantageous economic atmosphere for their native counterparts in Anatolia?

To be able to answer these questions various sources and documents are analyzed, reanalyzed, interpreted and summarized. The present study draws on the

unpublished and published archival documents as well as a wide range of secondary sources on the economic, social and political history of Turkey and Greece. The unpublished archival documents employed in the study are selected to support the discussions on the roles of the refugees. *İzmir Vilayeti 1926 Senesi İstatistiği* (Statistical Data of *Vilayet* of İzmir for the Year 1927), 1927-1928 *İzmir Vilayeti Salnâmesi* (1927-1928 Yearbook of *Vilayet* of İzmir), and the results of the 1927 Industrial Census are used in the study as statistical sources. Apart from Turkish sources, we use the reports on the Turkish economy prepared by economic attachés of the Britain (1856, 1920, 1925 and 1927) and of the US (1926). As for these sources, this study mentions when data inconsistency or some degree of unreliability problem concerning the statistical data presented. Moreover, the memoirs which are directly related with the topic or can shed light on the discussion are used in the present study.

This study devices a critical approach to the existing literature. In the literature, the economic effects of the Population Exchange are considered as a step of the *Turkification* process, the bases of which can be found in the late-Ottoman period as mentioned above.³⁵ The studies on this policy in general and the particular interest among the scholars concerning the Population Exchange have positive effects upon the comprehension of the early-Republic period. Although the “Turkification literature” gives an idea about the motivational background of some practices such as the Population Exchange, the Capital Tax, etc.; it hardly talks about the broader results of these practices other than the Turkification of the economic and political

³⁵ The literature on Turkification of the political and economic spheres during the nation building process in Turkey paces. A selected bibliography for the Turkification process of the economic sphere: R. N. Bali, *Cumhuriyet Yıllarında Türkiye Yahudileri: Bir Türkleşme Serüveni (1923-1946)*, (İstanbul: İletişim Yayınları, 1999). Rıdvan Akar, *Aşkale Yolcuları: Varlık Vergisi ve Çalışma Kampları*, (İstanbul: Belge Yayınları, 2000), Ayhan Aktar, *Varlık Vergisi ve “Türkleşme” Politikaları*, (İstanbul: İletişim Yayınları, 2008), M. Çağatay Okutan, *Tek Parti Döneminde Azınlık Politikaları*, (İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2004). Ayhan Aktar *Türk Milliyetçiliği, Gayrimüslimler ve Ekonomik Dönüşüm*, (İstanbul: İletişim Yayınları, 2006). Samim Akgönül, *Türkiye Rumları – Ulus-Devlet Çağından Küreselleşme Çağına Bir Azınlığın Yok oluş Süreci*, (İstanbul: İletişim Yayınları, 2007), Çağlar Keyder, “Cumhuriyetin İlk Yıllarında Türk Tüccarın Millileşmesi”, *METU Studies in Development 1979-1980 Special Issue*, pp. 17-28. Sabri Yetkin and Erkan Serçe, “Ticari Hayatın Millileştirilmesi Sürecinde Ticaret Borsaları: İzmir Örneği (1891-1930)”, *Toplum ve Bilim*, Winter 1998, no.79, pp. 162-187, Murat Koraltürk, “Ekonominin Türkleştirilmesi ve Türk-Yunan Nüfus Mübadelesinin İktisadi Sonuçları”, M. Ö. Alkan, T. Bora, M. Koraltürk (eds.), *Mete Tunçay’a Armağan*, (İstanbul: İletişim Yayınları, 2007), pp. 603-638

spheres. Therefore, this approach fails to answer most of the questions listed above. Further analysis of the results of the particular events is left to the mercy of intuition. One scholar who exceptionally deals with the Population Exchange from a political economy perspective by mobilizing the means of historical sociology is Çağlar Keyder. Keyder's works are given a special importance in this study. Although his analysis is quite rich and illuminating in several respects, he assesses the Population Exchange within his well-known framework based on the state/bureaucracy-bourgeoisie dichotomy in Turkey. This framework has certain epistemological defects which will be discussed in the following pages. It is our contention that the Population Exchange does not have a segregated place as a distinct historical event in his analysis, but the Exchange and its effects are crucial to the extent they serve to reinforce the arguments of his framework. Obviously, such a starting point creates definite problems, for instance reducing historical agents to economic and/or social upper classes and this approach disregards the historical potential of other economic and/or social classes. This approach, by neglecting the subjectivities of these classes, gives them only an inert role in the history which is assumed to be shaped merely by the bureaucracy-bourgeoisie dichotomy.

The body of this study consists of three chapters which are followed by a conclusion chapter. These main chapters deal with the effects of the Population Exchange on the agriculture, industry and commerce respectively. In the main chapters of the study we try to develop a three-dimensional approach to each related sector. We start with the analysis of the Ottoman background and the role of the Ottoman Greeks on the development of these sectors. The analysis continues with the refugee impact in Greece upon the corresponding sectors.³⁶ This study does not situate itself in the trend of Ottoman history nor does it have any pretensions to be comparative. However, there is extensive reference to the Ottoman past and appropriate references to the Greek side of the Exchange due to the aforementioned

³⁶ As for the refugee impact on Greece, our study draws upon secondary sources. The basic literature concerning the effects of the Population Exchange in Greece is in English. This includes the pioneering works of Stephan Ladas and Mears and some other important works, such as those of Psomiades, Pentzopoulos, Mavragordatos, Mazower and Kontogiorgi.

deficiencies of the literature, such temporal and spatial comparisons are imperative to form a sound framework. These two elements are followed by the direct analysis of the economic change in each related sector brought about the Exchange in the early-Republic period.

Given this background, the study starts with evaluation of the pivotal sector in the economy, namely the agriculture in the Ottoman Empire with a special emphasis on the land system. After assessing the transformation of the agricultural structure and the land system in the Ottoman era, the role of the Greeks in this transformation is investigated. Moreover, the role of the refugee influx into Anatolia —mainly due to the shrinking borders of the Empire especially from the Balkans— in the transformation of the imperial land system is also underlined. The *leitmotiv* of this chapter concerning the land system is the historical tendency towards private property in land in the post-*Tanzimat* period. We consider the Population Exchange as a homestretch in this evolution of the land system. We contend that the Greco-Turkish Population Exchange was a *primitive accumulation* process. To elaborate the Marxian term of “primitive accumulation” an appendix (Appendix-G) is annexed to the end of our study discussing the different approaches to Marxist interpretation of this term. From our point of view, this approach which we believe has a major potential to explain the formative phase of Turkish nation-state is crucial since it juxtaposes the Population Exchange practice not only with the Turkification of the economic structure, but also with the rise and expansion of the capitalist production and property relations within the Turkish economy. Furthermore, the positive and negative effects of the refugees upon the production of certain crops, such as tobacco, raisins, figs and grain, are also studied in *Chapter 2*.

In *Chapter 3* with a similar organizational scheme, we study the effects of the Population Exchange on the industry. We especially concentrate on the carpet weaving industry and production of silken goods which were deeply affected by the Population Exchange. The exodus of the skilled and experienced producers is one aspect of the story. But the main handicap of these industries was the increasing

competition with Greece, productive capacity of which increased considerably due to the arrival of the Anatolian Greeks. Hence the mass exportation of *human capital*—in neoclassical terms— which coupled with the deteriorating effects of the wars on the labor force caused a serious obstacle in the industrial growth capacity of the nascent Republic. We also briefly touch upon the effects of the Anatolian Greeks and Exchange upon the formation of working class and working class movement in Turkey.

Chapter 4 studies the commercial consequences of the Exchange. For us, the most apparent effects of the Exchange were on the commercial structure. Contrary to the general interpretation of the issue, the effects of the Population Exchange upon the commerce cannot be limited to the loss of commercial capital previously owned by the Anatolian Greeks. Actually the Exchange process meant the loss of three sorts of capital, that is to say, money capital, human capital and *social capital* in terms of commerce. The breakup of the commercial networks and the loss of credit opportunities deeply affected the economic structure of Turkey. In this chapter we also evaluate the outcomes of the Population Exchange in the *Ereğli-Zonguldak Coal Basin*. This discussion is placed in Chapter 4; since the mine operators were considered as merchants and they were members of chambers of commerce where available.

The present study shows that the Greco-Turkish Population Exchange in 1923 has important economic effects upon the Republic of Turkey which was in the pace of formation. Our study relates the deportation of an economically powerful minority the foundation of national economy of Turkey by analyzing the basic sectors of the economy, namely, agriculture and land system, industry, and commerce.

CHAPTER 2:

AGRICULTURE AND LAND SYSTEM

A comprehensive analysis of the Population Exchange's effects upon agricultural structure requires background information on the heritage of the Ottoman Empire on the nascent Republic and clear evaluation of the post-Exchange period. In order to make a comparison, we need a clear framework of reference. For this purpose, in this chapter together with the assessment of the post-Exchange period we will concentrated on the transformation of the structure of the Ottoman agriculture in the nineteenth and early-twentieth century, the role of the Greeks in Ottoman agriculture and the impact of the Greek refugees upon Greece.

Scholars studying the land problem (or agricultural structure) in Turkey from a historical perspective highlight the importance of this question. For instance, Barkan, in major contributions to the study of the Ottoman land system, namely the *malikâne-divânî* system, claims that the existing situation in land system and the land policy of Turkey can be understood if and only if the adoption and demise of the *malikâne-divânî* system and its decay are fully understood.³⁷ Similarly, İnalçık evaluates the heritage of the Ottoman land system upon modern Turkey by asserting that “The Ottoman period has determined the main character and the social structure

³⁷ Ö. L. Barkan, “Türk-İslâm Toprak Hukuku Tatbikatının Osmanlı İmparatorluğu’nda Aldığı Şekiller: Malikâne-Divânî Sistemi”, in *Türkiye’de Toprak Meselesi – Toplu Eserler-I*, (İstanbul: Gözlem Yayınları, 1980), p. 188-189

of our Turkey. In other words, we owe the socio-economic structure based on small peasant-family establishments to *mîrî* land structure and *çift-hane* system”.³⁸

These canonical studies associate the importance of the Ottoman land tenure system with its power to explain the contemporary situation in the Turkish land system. However, Keyder attributes a more structural weight to the Ottoman land holding system. In his view, the heritage from the Ottoman era is important for two reasons.³⁹ Firstly, agriculture was the main determinant of the “incorporation” process of Turkey. The economic surplus was basically produced in this sector. The relationship with the developed capitalist economies was based on the exchange of the agricultural surplus produced in Turkey with the value-added goods produced in these countries. The raw materials produced within this sector constituted the main In the 1920s the sufficient capital accumulation to establish a national economy could only be achieved by means of agriculture. Secondly, in his theoretical framework drawn upon Wallestein’s “world-system analysis”, land tenure is considered to be central to the formation of the local dynamics of periphery-type incorporation. The distinctive characteristics of the incorporation process in different regions are shaped by different land tenure systems and customs.

Therefore, an analysis focusing on the dynamic effects of migration on Turkish agriculture and land system should develop an approach that addresses these two

³⁸ Halil İnalçık, “Köy, Köylü ve İmparatorluk”, in *Osmanlı İmparatorluğu – Toplum ve Ekonomi Üzerinde Arşiv Çalışmaları, İncelemeler*, (İstanbul: Eren Yayıncılık, 1996), p.1

In this study, Halil İnalçık claims that till the midst twentieth century the Turkish economy and social structure preserved the essence of the Ottoman tradition. For İnalçık, the basic evidence for this continuity is the preservation of the small-family-establishments as the dominant form of land ownership. In his view, the breaking point in this permanence was the expansion of tractor use and the penetration of market-economy into the agriculture in the 1950s. For the time being, even if we dismiss the technologic determinism of this argument, it should be said that it underestimates the role of transformation of the agricultural structure the beginning of which can be dated back -at least- to the nineteenth century. For us, it is hardly possible to prove such an argument on the production unit without considering the production relations determining this production unit. According to the central argument of this study, the economic structure was profoundly affected by the demographic changes in the first decades of the twentieth century, such as the 1923 Greco-Turkish Population Exchange, so did agricultural structure. However, problems in the timing and the method of the penetration of the market-economy into agriculture in this postulate invalidate his argument that we cited above.

³⁹ Çağlar Keyder, *Definition of a Peripheral Economy: Turkey 1923-1929*, (Cambridge: Cambridge University Press, 1981), pp.11-12

aspects of the problem, namely the effect on the land tenure system and the role of agriculture in the integration to the world economy. We should underline that it is hard to gauge out the effects of refugees within the cumulative effects of a period of change. However, some studies reveal the impact of refugee into the Empire late nineteenth and early twentieth century. There are studies giving a particular role to the “refugees” in the evolution of the property rights in the Ottoman Empire as one of the main actors in the land conflicts in the late nineteenth century. Moreover, the effects of the Balkan and Caucasus immigrants on the production techniques and production level are uncovered by some scholars.⁴⁰ Therefore, we believe that one can still make some observations on these two aspects of the process by looking at Population Exchange. For this, we have focused on the transformation of the Ottoman land system and the legacy of this transformation to the early-Republic era. We have investigated this transformation process with a special emphasis on the new roles undertaken by the Anatolian the Greeks in their new country. The comprehension of these roles provides a suitable ground for a comparison between pre- and post- periods of the Population Exchange. While analyzing the effects of the Population Exchange in the context of integration of the Anatolian agriculture to the world market, we will construct a theoretical framework by referring to the Marxian term of “primitive accumulation.” For practical purposes, to elaborate the Marxian term of “primitive accumulation” an appendix (Appendix-G) is annexed to the end of our study.

2.1 Ottoman Background

Classically, Ottoman imperial lands were divided in to three categories: *Mirî* land was state property. One of the most important characteristic of *mirî* lands was that these lands were the farms used for cultivation of cereals. Moreover, these were not used as vineyards or gardens. This made it possible, at least theoretically, for the

⁴⁰ Kemal Karpat is one of the most prominent scholars studying this issue. For a detailed analysis of him on the refugees see Kemal Karpat, *Ottoman Population, 1830-1914: Demographic and Social Characteristics*, (Wisconsin: University of Wisconsin Press, 1985), Kemal Karpat, “Kemal Karpat, “The hijra from Russia and the Balkans: The Process of Self-definition in the Late Ottoman State” in *Studies on Ottoman Social and Political History – Selected Articles and Essays*, (Leiden: Brill, 2002), pp. 689-711, Kemal Karpat, *Türk Demokrasi Tarihi*, (İstanbul: İstanbul Matbaası, 1967)

state to control the agricultural economy and rural dynamics. In fact, this policy was the result of the huge subsistence problem of İstanbul and the army. The term *vakıf* is used for the land of religious foundations. And private property is called *mülk*. Apart from *vakıf* lands not defined within the *rakaba* right of the State and *mülk* lands – these two types of land were very small in comparison to the *mirî* land – *de jure* owner of land was the State. As for these exceptions, the owners could sell, rent or transfer the land. Moreover land-owner had rights of inheritance and hiring. In the sixteenth century, even for *mirî* lands there were rights of transfer, *ferag*, which, in the final stage, made *mirî* lands subject of transaction.⁴¹ There were also some “transitional” forms of land tenure such as *metrûk* and *mevat*.

The social unit in the rural region of the Empire was peasant family. According to İnalçık, this family was *patriarchal* and *patrilineal*. The economic unit was called as *raiyyet çiftliği* which was defined by a peasant family with a pair of oxen and land which was registered and could be ploughed by these two oxen. This system was called as *çift-hane sistemi*.⁴²

However, the continuity of such a land system could only be provided by the strength of the central government. Under a powerful central authority, this structure guaranteed the tax incomes of the government and it reinforced the control of the center over provincial authorities. This, furthermore, gave obvious ideological and hence economic advantages to the central authority. With the decreasing control of the central government in the eighteenth century, the land system of the Empire started to work in a different way in actuality from the supposed ideal. With the decline of the central control over *mirî* lands, a new system called as *mâlikâne-divâni* system in which the pressure of taxation on peasantry increased as a result of separate taxes and responsibilities towards the holder of *mâlikâne* share and to the state, or to the *sipahi*, owner of *divâni* share.⁴³

⁴¹ İnalçık, “Köy, Köylü...”, p.14

⁴²İbid., pp.2-8

⁴³ For details see Ömer Lütfi Barkan, “Mâlikâne-Divâni Sistemi”, in *Türkiye’de Toprak Meselesi – Toplu Eserler 1*, pp.151-208

However, the state did not give up its *rakabe* right over land and its control over *reaya*. Although the transformation of Ottoman land tenure system was triggered by the attenuation of the state authority, the state continued to be the leading actor in this process.⁴⁴

The pivotal sector of the Ottoman imperial economy was agriculture. However, the income derived from agriculture was not totally under control of the imperial state. In fact, the transformation of the land system can be accepted as the result of the central government's struggle to control the tax-income from agriculture. By the end of the eighteenth century, with the weakening of the classical land tenure system of the Empire resulted in the rise of local notables, *âyâns*. The response of the central authority was to launch an all-out struggle against the decentralization tendency in land tenure. In the first half of this century, the central government tried to re-centralize the land and protect the subsistence farming of the small peasantry. Mahmud II confiscated large estates. Across the Empire, the government was successful in abolishing the property rights of the large land-owners. According to Quataert, this was one of the most crucial achievements of the Ottoman government in the nineteenth century.⁴⁵ However, it is hardly possible to say that the central government managed to establish full authority over local notables. As we have stated, Mahmud II was successful in eliminating some local notables, the most powerful ones, who had had very large estates. However, there were also some other local minuscule "powers" such as *aghas* and *âyâns* who were lesser notables. The elimination of feudal-like landowners resulted in the rise of these minuscule "powers" on land. The resultant effect of this process was the intensification of exploitation over peasantry. There were two reasons for the increasing pressure on the peasantry. Firstly, the "balance of power" between the feudal-like landowners and local notables disappeared. Secondly, the number of authorities who had the

⁴⁴ Tosun Arıcanlı, "19. Yüzyılda Anadolu'da Mülkiyet, Toprak ve Emek" translated by Zeynep Altok in eds. Faruk Tabak and Çağlar Keyder, *Osmanlı'da Toprak Mülkiyeti ve Tarım*, (İstanbul: Tarih Vakfı Yurt Yayınları, 1998), p.132

⁴⁵ Donald Quataert, "Age of Reforms 1812-1914" H. İnalcık and D. Quataert (eds.), *An Economic and Social History of the Ottoman Empire 1300-1914*, (Cambridge: Cambridge University Press, 1994), p. 842

control over the peasants increased, as did the peasantry's responsibilities in terms of the taxes they paid. With the Noble Edict of the Rose Chamber (*Gülhane Hatt-ı Şerifi*) in 1839, private property was put forward as the primary condition for the public welfare. One year later, confiscation (*müsadere*), –one of the most important barriers in front of private ownership– was banned by a European-style penal law.⁴⁶

By the Land Code of 1858 (*1858 Arazi Kanunnâmesi*)⁴⁷, the central authority attempted to regulate land ownership by trying to fill the vacuum created by the abolition of the *tımar* system and to address the tension with the *âyâns* to maximize the tax incomes of the Treasury. However, thinking of the central authority as a unified entity may lead us to an undesired destination. There were certain interest groups located at certain levels of huge State mechanism of the Ottoman Empire. As Yerasimos puts it, this *Kanunnâme* was full of conflicts of the situation, and hence, interventionism and the consolidation of private property were intermixed in this law.⁴⁸ Although the *Kanunnâme* did not bring about new measures on large land-ownership through a kind of cadastral system, neither practical nor juridical measures were sufficient enough to weaken the strength of the *âyâns* and the disintegration of the land continued through land sales and inheritance. As a result, we can say that the Land Code of 1858 enabled, at least in the short run, the consolidation of rights of small private property in land.

However, as Yerasimos states, the results of the *Kanunnâme* were conflicting. Private ownership right of the small peasantry and their subsistence-level

⁴⁶ Y. S. Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, (Ankara: Yurt Yayınları, 1982), p. 72

⁴⁷ It is widely accepted that in the preparation and the establishment of the *Kanunnâme* the influence of Britain was apparent. For a comprehensive evaluation of the dynamics leading to the Land Code of 1858 and the impacts of this legal arrangement see Huri İslamoğlu, “Towards a Political Economy of Legal and Administrative Constitutions of Individual Property”, in H. İslamoğlu (ed.), *Constituting Modernity, Private Property in the East and West*, London, I. B. Tauris, 2004, pp. 3-34 and Huri İslamoğlu, “Property as a Contested Domain: A Reevaluation of the Ottoman Land Code of 1858”, in R. Owen (ed.), *New Perspectives on Property and Land in the Middle East*, (Massachusetts: Harvard University Press, 2000), 3-61.

⁴⁸ Stefanos Yerasimos, *Az gelişmişlik Sürecinde Türkiye – Tanzimat'tan I. Dünya Savaşına*, v.2, (İstanbul: Belge Yayınları, 2007), p.104

production on small farms were consolidated and guaranteed by law. Yet, the process having given rise to these judicial arrangements increased the economic vulnerability of these peasants. Although there were some short-lived measures aiming at the protection of small peasantry *vis-à-vis* the local notables, the increasing economic vulnerability of the small peasantry, in the medium run, resulted in loss of their land and the concentration of land. Although *Kanunnâme* made it feasible to define usufruct over large lands, it was a part of a settlement policy of the central authority and hardly gave rise to large landownership. According to Arıcanlı, large landownership formed as a result of the Land Code of 1858 in Çukurova was exceptional. In 1867 the dynamics reshaping the land system of the Ottoman Empire was reorganized by a law legalizing foreign ownership of land. In fact, the Imperial Reform Edict (*Islahat Fermanı*) issued in 1856 guaranteed this right for foreigners; however, legal dimension of the guarantee in this edict could be arranged a decade later. In the light of Kurmuş's work, we know that there were some exceptional examples showing land ownerships of British in Western Anatolia before 1867.⁴⁹ But, after 1867, land ownership of the foreigners, particularly British, was very apparent especially in Western Anatolia. Kurmuş claims that the expansion of British *çifliks* and development of capitalistic relations in this region went hand in hand. The concentration of land in the hands of the British meant the separation of the small peasantry from his land. This separation caused the rise of widespread use of wage-labor in agriculture in the Aegean costs.⁵⁰ Wage levels in this region were very high and this limited its further usage. However, it was widespread in the form of seasonal labor.

The rise of private ownership over land and the acceptance of this right for, first, non-Muslim subjects of the Empire and, then, for foreigners gave impetus to the transformation of the land tenure system in the Ottoman State. The role of the Greeks in this transformation is examined below in a separate section. Hence we can conclude that state activities widening the right of private ownership over land constituted a *trend* throughout the Empire concerning the property rights which was

⁴⁹ Orhan Kurmuş, *Emperyalizmin Türkiye'ye Girişi*, (İstanbul: Yordam Kitap, 2008), pp. 146-150

⁵⁰ *Ibid.*, p. 153-156

towards a more liberal land tenure system. As a consequence of the state's continuous struggle against large landownership, Anatolia became a region dominated by small proprietors. However, this dominance of small proprietors continued for a limited time period. After the mass confiscations in the reign of Mahmud II, the Sultan himself abolished confiscation in land. By taking the dominance of small proprietors for granted, Keyder claims that the transformation process in land gave rise to a highly developed base for the advance of capitalist property relations.⁵¹ Yerasimos, within a more historical and factual framework, relates the intensification of capitalist production and property relations with the resultant vector of the internal determinants, such as the exploitation of peasantry and the external determinants, such as the growing role of the European powers in the agrarian structure and the re-concentration tendency in land.⁵² According to the data obtained from agrarian census in 1913, the distribution of the cultivated land is shown in Table-2.1.

⁵¹ Çağlar Keyder, "Nüfus Mübadelesinin Türkiye Açısından Sonuçları", in Renée Hirschon (ed.), *Ege'yi Geçerken – 1923 Türk-Yunan Zorunlu Nüfus Mübadelesi*, (İstanbul: İstanbul Bilgi Üniversitesi Yayınları, 2005), p. 62. As we note above, Keyder's interpretation of the agrarian structure in Turkey is based on the dominance of small properties. A similar emphasis can be found in Pamuk as well. Köymen criticize this assumption due to its ignorance of the transformation of the imperial agrarian structure under the influence of Western imperialism which resulted in concentration of land in the hands of western capitalists and in the hand of the newly emerging bourgeois class in Turkey. But more importantly, Köymen's criticism focuses on its weak factual base. According to Köymen, the argument of the dominance of small property was derived from Chayanov's "peasantry mode of production" which was very popular in the US in the 1970s and as it accepts small-peasantry a distinct "mode of production", excludes the role of capitalist production and property relations. Once this theoretical model conflicting with the actual trajectory of the imperial agrarian system is adopted, then it becomes impossible to evaluate the transformation of the production and property relations in the Ottoman Empire. See Oya Köymen, *Sermaye Birikirken – Osmanlı, Türkiye, Dünya*, (İstanbul: Yordam Kitap, 2007), pp.68-73.

⁵² Yerasimos, *Az gelişmişlik Sürecinde...*, vol.2, pp.302-304

TABLE-2.1: Distribution of Land in 1913

	<i>Number of families</i>	<i>Percentage of peasant family</i>	<i>Percentage of lands</i>
<i>Large Landlord</i>	10.000	1	39
<i>Medium or Small Landlords</i>	40.000	4	26
<i>Peasants with medium-sized or insufficient land</i>	870.000	87	35
<i>Peasantry without land</i>	80.000	8	---

Source: State Institute of Statistics (DİE), *Türkiye’de Toplumsal ve Ekonomik Gelişmenin 50 Yılı*, (Ankara: DİE, 1973), p.24, Cited also by Tefik Çavdar, *Millî Mücadelenin Ekonomik Kökenleri*, (İstanbul:Köz Yayınları, 1974), p.122, and Oya Silier, *Türkiye’de Tarımsal Yapının Gelişimi 1923-1938*, (İstanbul: Boğaziçi Üniversitesi, 1981), p. 10

This table confirms that the majority of the agrarian population (87 per cent of peasant families) was formed of peasants with medium-sized or insufficient land. Only 5 per cent of the peasant families were landowners. However, this table also shows that 5 per cent of the agrarian population had the 65 per cent of total cultivated lands where 95 per cent of peasant families had only 35 per cent. 8 per cent of these peasant families had no land at all. According to the data by State Institute of Statistics for twenty cities, the agricultural enterprises smaller than 5 hectares constituted 73.5 per cent of the total enterprises and the enterprises smaller than 1 hectare were 35 per cent of the enterprises smaller than 5 hectares. These dwarfish enterprises were prevalent in Eastern Anatolia and Central Anatolia.⁵³ Keyder claims that these enterprises were subsistence holdings.⁵⁴ However, by interpreting these data, Silier asserts that the most apparent characteristic of this structure was that it formed out of enterprises which were dwarfish and not subsistence holdings due to their limited access to market.⁵⁵ Together with the increasing tendency toward private ownership on land, we observe an accelerated disintegration of land via inheritance and exploitation of the *mülk* lands. One more item should be added to the image: This interpretation of the proprietorship in land does not exclude the role of large landownership in social, political and economic

⁵³ DİE, *Türkiye’de Toplumsal ve Ekonomik Gelişmenin...*, p.29-30 see also Oya Silier, *Türkiye’de Tarımsal Yapı...*, p. 10

⁵⁴ Keyder, *The Definition of ...*, p.11

⁵⁵ Silier, *Türkiye’de Tarımsal Yapı...*, p.10

life of the Ottoman Empire. This image shows that there was a strong stratification in agrarian society. Given this stratification, it can be said that the imperial agrarian structure was determined by increasing influence of the big landowners and through the relationship between the owners of these large landowners and small peasantry.⁵⁶ The transformation of the land tenure system caused some transformations in the agricultural production as well.

As for agricultural production, we should emphasize that the nineteenth century was an extraordinarily good period in terms of agricultural production. There was clear increase in the production of agricultural products. Although there are no exact statistics concerning the level of production, scholars generally refer to the different sorts of tax income of the Treasure. For example, the income from tithe (*aşar*) increased by 22 per cent in the period 1864-1869. If we compare the averages of 1887-1891 and 1907-1911 *aşar* income of the Treasure, a 58 per cent increase is observed.⁵⁷ According to Eldem, the production was 10 per cent higher than the domestic demand and this made it possible to export almost 10 per cent of the gross product.⁵⁸ It should be said that this volume of export in agriculture was achieved through a change in production patterns agriculture. Increasing European and the US demand for agricultural products created an increase in the production of export products. The increase in western demand was not, however, the only source of the agricultural growth. Obviously the internal demand had also an effect on agricultural supply. The relative rise of urban population can be seen as another source of growth in agricultural. The increase in agricultural production continued into the beginning of the twentieth century. Especially with the turn of the century, the influx of Muslim refugees from the Balkans who had been engaged in agriculture into the Empire's shrinking borders and the settlement program of central authority as a result of security problems became important sources of

⁵⁶ Donald Quataert, *Anadolu'da Osmanlı Reformu ve Tarım – 1876-1908*, (İstanbul: Türkiye İş Bankası Kültür Yayınları, 2008), p.63, and also Silier, *Türkiye'de Tarımsal Yapı...*, p.14

⁵⁷ Tezel, *Cumhuriyet Döneminin...* , p.71

⁵⁸ Vedat Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Hakkında Bir Tetkik*, (Ankara: TTK Yayınları, 1994), p.27

internal demand. The expansion of Ottoman agriculture in the period of 1889-1914 showed consistency with the expansion trend in world market. Table-2.2 shows this parallelism.⁵⁹

TABLE-2.2: Volume of Agricultural Production

	Turkey	World
1889/1890	100	–
1890/1891	–	100
1897/1898	112	–
1900/1901	–	110
1909/1910	136	–
1910/1911	–	137
1913/1914	147	146

Source: Eldem, *Osmanlı İmparatorluğu'nun İktisadi...*, p.4

Although there was an evident expansion in agriculture, one of the basic economic problems of the Empire persisted in nineteenth century as well. This problem was the dependence of Ottoman Empire—in the particularly the US—for wheat. The self-sufficiency problem of the Empire grew with the Balkan Wars; because in the end of the war the Ottoman Empire lost some of its most fertile lands the products of which had been reserved for the capital.

We can talk about an uneven development among different regions of the Empire in terms of agricultural production for market. Production for market originated in the second half of the sixteenth century along the Aegean and Mediterranean coasts. However, in the nineteenth century the production for market in these regions for market improved together with the rising demand from Europe.⁶⁰ Nevertheless, the development of this sort of productive relations in the inner regions was not realized

⁵⁹ For the total agricultural production between 1909–1939, please see Appendix-B.

⁶⁰ See Reşat Kasaba, *The Ottoman Empire and the World Economy: The Nineteenth Century*, (Albany: SUNY Press, 1988), pp.87–94

until the integration of the domestic market and the key instrument for this step was the construction of the railways. We can see this necessity through the faster development of market-oriented production in the environs of the railways lines in the inner regions of Anatolia. Railway lines were integrating the domestic market while introducing new marketing opportunities and technology to peasantry. Hence these new opportunities and production techniques engendered agricultural surplus. The most important incentive for increasing the agricultural surplus was the rising, or already higher prices of the products.⁶¹ The construction of the railway lines also speeded up the ethnic division of labor in the Ottoman Empire which will be discussed in the following pages. The exclusion of the non-Muslim communities from power relations resulted in their rising initiative in economic sphere. Ottoman the Greeks and Armenians invested heavily in the regions along the railway lines. Then the production in these regions gradually came under the control of non-Muslim elements of the Empire. Hence, it can be said that the dependent development of new production relations on land was dominated by the non-Muslim Ottomans as well as the European demand and capital. We should also say that non-Muslim subjects of the Empire were not only investors into the agriculture. The majority of them had already been engaged in agriculture. Armenians were known to be good farmers and the Greeks were generally sharecroppers.

The end of the increasing trend in agricultural production was due to WWI. The mass mobilization of the male population and the harsh decrease in foreign demand for agricultural production brought about this development. Owing to these factors, there was a high possibility of scarcity in the Empire.

2.2 The Role of the Greeks in the Ottoman Economy – Agricultural Aspect

There are some common assumptions about the economic role of the Greek *millet* in the Ottoman Empire. One of these assumptions is that the Greeks were generally engaged in commerce. This assumption is too general to be true. There were at least

⁶¹ See Quataert, *Anadolu'da Osmanlı Reformu ...*, pp. 42-44

1.5 million the Greeks in the Ottoman Empire⁶² and commerce was an activity in which small number of people could be engaged. However, it is true to say that commerce in the Empire was under the control of Christian elements, in particular of the Greeks. However, the Greek *millet* was not a *homogeneous* body. If we consider the social structure of the Ottoman Empire, it would not be an overstatement to claim that the majority of the Greek subjects of the Empire consisted of farmers. Hence we can conclude that agriculture was the primary economic activity of the Anatolian the Greeks. Only a small minority was occupied with trade and some other professions.⁶³ The vast majority of the Anatolian population (82 per cent) was engaged in agriculture.⁶⁴

There are certain reasons behind this the Greek-merchant image. It is apparent that the primitive character of the Ottoman agricultural structure caused a low rate of return compared to trade. Hence the Greek capital flowed to commerce instead of agriculture. In the previous part of this study, we had pointed to certain turning points in the change of Ottoman agrarian structure. With regard to the Greek capital, we should emphasize the importance of land ownership right for the foreigners of 1867. As a result of the rising opportunity of private ownership in land and the extension of this right to foreigners, and after 1867, some other economic incentives, the economic activity of the Greek community and of Hellenic the

⁶² Whilst Karpat gives the least estimate concerning the number of the Greek people by considering the results of 1914 Census. The result of the 1910-12 the Greek Census was much higher. The former gives 1.498.450 and the latter estimates 2.068.402 the Greeks in Anatolia and Thrace. Alexandris talks about a third estimate which was of Soteriades. The number Soteriades gives is 1.948.104. Georgios Nakarcas underlines the possibly overestimated character of Soteriades' figures and warns about the fact that these figures were used by Venizeolos government after the WWI to put forward territorial claims. Nakarcas also mentions another estimation of the Greek population within the Ottoman Empire which was called after Anagnostopoulos. Anagnostopoulos' estimation of the Greek population is much lower than Soteriades'. See Kemal Karpat, *Ottoman Population...*, Alexis Alexandris, "the Greek Census of Anatolia and Thrace (1910-1912): A contribution to Ottoman Historical Demography" in C. Issawi D. Gondicas (eds.), *Ottoman the Greeks in the Age of Nationalism: Politics, Economy, and Society in the Nineteenth Century*, (Princeton: Darwin Press, 1999), pp. 45-76, Georgios Nakarcas, *Anadolu ve Rum Göçmenlerin Kökeni – 1922 Emperyalist Yunan Politikası ve Anadolu Felaketi*, (İstanbul: Belge Yayınları, 2003)

⁶³ A. J. Panayotopoulos, "The Economic Activities of the Anatolian the Greeks from the Mid-19th to the Early 20th Centuries", *ΔΕΛΤΙΟ Κέντρου Μικρασιατικών Εποόδων*, v.4, Athens, 1983, p.88

⁶⁴ Quataert, *Anadolu'da Osmanlı Reformu...*, p.33

Greeks in agriculture increased rapidly. Especially in Western Anatolia, there were some the Greeks among the largest local landowners. The *Baltazzi* and *Amira* families were two examples to these large landowners. Moreover, there were some British consular representatives who were of the Greek origin.⁶⁵ However, there had been an apparent reluctance to invest in agriculture for the Greeks. This is strictly related with the backward conditions of the agricultural production.

There was lack of incentives for the Greeks and for foreign investors to invest in agriculture. As for the Greeks, Augustinos quotes five factors to explain the Greeks' reluctance to engage in agricultural activities:

- i. a plentiful, cheap and reliable labor supply,
- ii. modern technology,
- iii. ready capital,
- iv. communication network to tie production centers and markets,
- v. efficient agricultural practices⁶⁶

Augustinos does not mention security problem with which the Greeks faced. Although brigandage was quite widespread in the countryside, the source of the threat was not only the "illegal" brigandage, but there was also "legal" brigandage of local officials which impeded the Greeks from cultivating their lands.⁶⁷ These two types of brigandage targeted the Greeks more and more with the rise of nationalist sentiments in society and particularly among the ruling elite. There were

⁶⁵ Elena Frangakis-Syrett, "The Economic Activities of the Greek Community of İzmir in the Second Half of the Nineteenth and Early Twentieth Centuries", in C. Issawi D. Gondicas (eds.), *Ottoman the Greeks in the Age of Nationalism: Politics, Economy, and Society in the Nineteenth Century*, (Princeton: Darwin Press, 1999), p.28. According to Frangakis-Syrett, the *Baltazzi* and the *Amira* families were of the Greek origin. This is one of the points that we are not sure about Frangakis-Syrett's study. The *Amira* family was said to be Armenian and the *Baltazzi* family was said to be Levantine. The *Baltazzi* family could be of the Greek origin. However, it seems that they were citizens of the British Empire as well. Kurmuş mentions two members of the *Baltazzi* among the land-purchasing British citizens. According to Kurmuş, D. *Baltazzi* had 24.700 hectares of land in Western Anatolia and M *Baltazzi* was the owner of 8.200 hectares of land in Bergama. (*Emperyalizmin Türkiye'ye Girişi*, p.149)

⁶⁶ Gerasimos Augustinos, *the Greeks of Asia Minor – Confession, Community and Ethnicity in the Nineteenth Century*, (Ohio: The Kent State University Press, 1992), p.103

⁶⁷ Frangakis-Syrett, "The Economic Activities of...", p.28, Panayatopoulos, "On the Economic...", p.94

also “anti-Greek boycotts” organized by the Committee of Union and Progress (CUP) which aimed to reduce the consumption of goods produced or traded by the Greeks which will be discussed in Chapter 4.

As we have mentioned above, due to the structural deficiency of the means of production the rate of return for agricultural production was very low when compared to trade and commerce. The reform attempts of the Ottoman ruling elite coincided with the increase in the European demand. Although it is hard to say that the latter triggered the former, the increasing European demand for cash-crops such as cotton, tobacco, grain crops etc. completed the missing part in the picture. This development in the agrarian structure was reinforced by the improvements in the transportation conditions; the railway lines constructed in Western Anatolia by foreign capital connected fertile hinterland of this region to the distribution centers of local trade and international trade. This has a certain affect on the amelioration of interest among the Greeks for land. Since, in addition to the new opportunities in trade after the 1838 *Trade Agreement* with Britain, the transportation and protection costs of the transferred goods were reduced by these new transportation techniques. This increased the profitability of agriculture. According to Panayatopoulos, the effect of the promulgation of the 1867 Law was very limited in comparison to the effect of newly constructed railway lines.⁶⁸

As Novichev points out the ratio of marketing (i.e., ratio of commodity output to total output) of these industrial and garden crops was very high. The increasing demand and the foreign investment in new transportation technology caused the restructuring of agriculture in Anatolia. The regions where the Greek population was dense were affected by these new conditions.

As the production of these crops [industrial and garden crops] was developed by foreign capital to meet its own needs, their export to foreign markets increased and with it the dependence on these crops and the great mass of peasants, especially those living in the coastal regions

⁶⁸ Panayotopoulos, “On the Economic...”, p.90 and p.98

and more particularly the ones along the Aegean Sea and the Sea of Marmara.⁶⁹

However, the growing dependence on industrial crops does not say much about the changing role of the Greeks in the agrarian structure. For this we should refer Sussnitzki's concept of ethnic division of labor.⁷⁰ According to the ethnic division of labor in the Ottoman Empire, certain ethnic groups were engaged in certain sectors of economy. Moreover, this division of labor in terms of ethnicity could be observed not only *among* the sectors but also *within* the sectors. Although there were no clear-cut divisions, certain center of ethnic gravities can be determined. Within agriculture, this rough division can be observed in that way as for the Greeks:

These two groups [the Armenians and the Greeks], wherever they have been long resident in large numbers, also play a significant part in agricultural activity. But they represent the opposite extreme to the Turks. It is true that cereal cultivation is not entirely unknown to them, especially to the Armenians. However, the inner relation with the soil, the sense of growing together with it which distinguishes the Turkish peasant, is generally absent. And their broader (*ganzer*) mind, which is more oriented toward gain, leads them in mass to the cultivation cash-crops and also fruits.⁷¹

Moreover, the Greeks cultivating these cash-crops were also active in buying Turkish peasants' crops, and transmitting them to the markets. Sussnitzki states that the ethnic division of labor sometimes coincides with the regional concentration of ethnic identities:

⁶⁹ A. D. Novichev, "The Development of Commodity-Money and Capitalistic Relations in Agriculture", in Charles Issawi (ed.), *The Economic History of the Middle East 1800-1914*, (Chicago: The University of Chicago Press, 1966), p.67

⁷⁰ A. J. Sussnitzki, "Ethnic Division of Labor", in Charles Issawi (ed.), *The Economic History of the Middle East 1800-1914*, (Chicago: The University of Chicago Press, 1966), pp.115-125. For a controversial view concerning the ethnic division of labor in the Ottoman economy, see Peter Mentzel, "The 'Ethnic Division of Labor' on Ottoman Railroads: A Reevaluation", *Turcica*, 37, 2005, pp.221-241. Panayotopoulos also opposes "*millet* specialization in agriculture"; since he considers this approach "merely descriptive". ("On the Economic...", p.94)

⁷¹ Sussnitzki, "Ethnic Division...", p.116

[...C]ereal cultivation in Western Asia Minor is in large measure in the Greek hands, in central Anatolia almost exclusively in Turkish, in Armenia predominantly in Armenian and in other parts in Arab hands.⁷²

Hence we can conclude that it was mostly the Greeks who benefited from the increasing demand for the cash-crops from international markets. This certainly caused an increase in the revenue from the agriculture. Thanks to this rising revenue, there emerged “a stratum of profitable medium-sized agricultural units below that of large *çiftliks*”.⁷³

The increasing agricultural demand and the new transportation techniques, namely the railway transportation, had a spillover effect. As a result, money demand in the region increased. In the absence of a regular credit market, this turned to be an opportunity for the moneylenders who were non-Muslim, not necessarily the Greeks. This led to the increase of (usurious) interest rates, and hence to the bankruptcy of those generally non-prompt payers.

A similar situation arose in a different level. We have already mentioned the lack of plentiful, cheap and reliable labor supply. The Ottoman war machine in the era of nationalism and colonization was in need of a growing number of people. Yet, non-Muslims were not obliged to serve in the military. This became a dual advantage for the Greeks of the Empire. First, this situation created a relative freedom of action for them. Since they felt the scarcity of labor less than the Muslim farmers who had to be away for their military service for a long period, especially the small-scale landowners of the Greek origin had an obvious advantage in cultivating their lands in a regular way. They had also a similar advantage over the Muslim peasants as sharecroppers in big *çiftliks* by supplying the “market” with a relatively regular labor force. Second, when they were back home from their long military service, Muslim peasants handicapped by a severe financial deprivation were pushed into the hands of non-Muslim money lenders who were generally the Greek *bakkals* or

⁷² Ibid., p.117

⁷³ Panayatopoulos, “On the Economic...”, p.98

millers. Then a mechanism similar to the one in money scarcity operated. The Muslim peasants found themselves in a desperate situation in front of the usurious interest rates. This resulted in a certain concentration of land in the hands of the Greek money lenders.⁷⁴ Novichev also confirms this process. Besides, he emphasizes that this increase in the expropriation of peasant land was a fact in the coast lands and in European Turkey, especially in Macedonia.⁷⁵ As stated by Novichev, this was a certain step in the development of commodity-money and capitalistic relations and constituting hegemony of finance capital within the Empire. Panayatopoulos gives two concrete illustrations about the processes we have summarized above.

The first example is the agrarian structure of the Çeşme Peninsula in the last quarter of the nineteenth century. By quoting from Poulakis' *Στατιστική Κρήνης και 'Ανέων'*, he gives figures of land division, population by ethnic group and land ownership by ethnic group in the Çeşme Peninsula.⁷⁶

Poulakis estimates that 80 per cent of the aggregate Turkish and the Greek populations of the above districts consisted of peasants and the 20 per cent were some other occupations such as merchants, workers, millers, etc. These two tables give us an idea about the concentration of land. If we include other ethnic groups we can deduce that 79.2 per cent of the population owned 31.2% of the total arable land and the rest of the land belonged to 18 *çiftliks*.⁷⁷

⁷⁴ Ibid. This process which coincided with the expansion of market relations within the Empire resulted in the expansion of wage labor in the imperial economy, especially in the agriculture.

⁷⁵ Novichev, "The Development of Commodity-Money..." , p.69

⁷⁶ Panayatopoulos., "On the Economic..." , pp.120-121

⁷⁷ Ibid.

TABLE-2.3: Land Division in Çeşme Peninsula

<i>Districts</i>	<i>Number of big farmers</i>	<i>Hectares owned by</i>		<i>TOTAL (Hectares)</i>
		<i>big farmers</i>	<i>small farmers</i>	
<i>Sokya ('Avea)</i>	6	32.500 or: 60.3%	21.400 or: 39.7%	53.900
<i>Gâvurköy (Κολοφών)</i>	6	37.000 or: 90%*	4.200 or: 10%*	41.200
<i>Çeşme (Κρήνη)</i>	6	9.065 or: 60.2%	6.000 or: 39.8%	15.065
<i>Karaburun (Μέλαινα 'Ακρα)</i>	-	-**	4.000 or: 100%	4.000
<i>TOTAL</i>	18	78.565 or: 68.8%	35.600 or: 31.2%	114.165 or: 100%

* The percentages 90 and 10% are arbitrary: Poulakis informs us that only a small number of lands belonged to small farmers

** There were no large estates in Karaburun because the country was mountainous.

By taking this data into consideration and combining these two tables under the assumption that the land owned by the Greek and Turkish small farmers was proportionate to their population ratio, Poulakis gives a new table of which results are in need of interpretation.⁷⁸

⁷⁸ We do not have the original text and we quote the data from Panayatopoulos. However, this table contains serious arithmetic faults. For this, we have recalculated the figures.

TABLE-2.4: Population by Ethnic Group in Çeşme Peninsula

<i>Districts</i>	<i>the Greeks</i>	<i>Turks</i>	<i>TOTAL</i>	<i>% the Greek</i>	<i>% Turk</i>
<i>Gâvurköy</i> (<i>Κολοφών</i>)	1.430	904	2.334	61.3	38.7
<i>Sokya</i> (<i>Άνεα</i>)	12.625	7.600	20.795*	60.7	36.5
<i>Karaburun</i> (<i>Μέλαινα Άκρα</i>)	6.150	3.124	9.274	66.3	33.7
<i>Çeşme</i> (<i>Κρήνη</i>)	40.550	3.440	44.120**	92.0	7.7
<i>TOTAL</i>	60.755	15.068	76.523	79.4	19.7

* Figure including: 400 Caucasians, 80 Gypsies, 50 Armenians, 40 Ethiopians

** Figure including: 60 Jews, 40 Ethiopians, 20 Gypsies, 10 Armenians

TABLE-2.5: Population and Land Ownership by Ethnic Group

<i>Districts</i>	<i>80% of</i>		<i>Hectares owned by</i>	
	<i>the Greeks</i>	<i>Turks</i>	<i>the Greeks</i>	<i>Turks</i>
<i>Sokya</i>	10.100	6.080		
<i>%</i>	62.4%	37.6%	13358,5	8041,5
<i>Gâvurköy</i>	1.144	723		
<i>%</i>	61.3%	38.7%	2573,5	1626,5
<i>Çeşme</i>	4.920	2.499		
<i>%</i>	92.2%	7.8%	2652,6	1347,4
<i>Karaburun</i>	32.440	2.752		
<i>%</i>	66.3%	33.7%	5530,8	469,2
<i>TOTAL</i>	48.604	12.054	24115,5	11484,5
	60.658		35.600	

Under the assumption that the land owned by the Turks and the Greeks was proportionate to their percentage in the total peasant population, the per capita area of the Turkish population was twice as much as that of the Greeks. Admittedly this assumption is very strong and oversimplifying. This can be a reason why it contradicts with the findings of other scholars. While evaluating the effect of the Population Exchange, Keyder warns the reader by saying that the average size of the Greek establishments in Western Anatolia was probably greater than that of the Turkish ones.⁷⁹ Second result of this data, according to Panayotopoulos, is that the data confirm the information concerning the expanding landownership of the Greeks through gradual land purchasing. Since the scale of ownership was uncharacteristic of the Turks.⁸⁰

The other example given by Panayotopoulos was Axos (*Hasaköy*) in Cappadocia (situated North East of Niğde on the road to *Nevşehir/Νεάπολις*).⁸¹ This example is crucial due to its convenience for visualizing the Ottoman the Greeks in the interior parts of Anatolia. In Axos, there were 600 Christian families and this number increased to 900 in 1924 by the time of Population Exchange. We can speak of three main strata in this village.

- i. *The large landowning families* were 20% of the village population (120 families). They had 50-80 Turkish *strema*⁸² (TS) each.
- ii. *The small landowners* with 30 TS land for each family constituted 60% of the population.
- iii. *Wage laborers* were the landless people and there were 120 families in this situation in the village. They worked on land for daily

⁷⁹ Keyder, *The Definition of...*, p. 23

⁸⁰ Panayotopoulos, "On the Economic...", p.96

⁸¹ *Ibid.*, p.97

⁸² A *strema* (σπρέμα, plural σπρέματα/*stremata*) is a unit of area equal to 1000 m². However, "Turkish *strema*" or the older *strema* was 1270 m². In Panayotopoulos' article, he gives the figures in Turkish *strema*, however while he converting these figures to hectare, he treats these figures as if they were in the Greek *strema*. Due to this discrepancy, we have not converted the figures.

wage and a small part of the crop they were let to take by the landowner.

There are some other agricultural activities. One of these activities in the Ottoman Empire was sericulture and the Greeks in Bursa were mainly engaged in sericulture and silk reeling. There are no qualitative data revealing the depth of ethnic division of labor in this branch. Despite our limited information, we can conclude from impressionistic evidence that in Bursa, silkworm raising was a common economic activity. Generally the reelers working in the mills were from amongst the cultivator families and we know that throughout the nineteenth century and in the beginning of the twentieth century the dominant, if not monopolistic, element of the workforce in silk reeling was Ottoman the Greeks.⁸³ Therefore we see the effects of the Greeks on the improvement of sericulture and silk weaving in Greece after the Exchange of Populations which can be taken as a sign of this engagement of the Ottoman the Greeks. Moreover, while we deal with the role of the Greeks in industry, we turn back to silk manufacturing.

Apart from properties of individuals, the Greek Orthodox Church had also land which was rented by the Church and cultivated by the Greeks. According to Horvath, the Greek Orthodox Church was “the wealthiest capitalist in Anatolia”.⁸⁴

As far as the roles of the Greeks in the imperial agricultural production are concerned, it should be added that the analysis so far suggests a wealthy Greek stratum and poor Muslim peasantry. Such a picture of the agrarian structure in terms of ethnicity bears a sort of reductionism in itself. The Greek stereotype in the literature who was well-off and above all who was an extension of Western capitalism penetrating into the Empire represents only a small number of the Ottoman Greeks; since most of the Greek population in the Empire was small-peasants engaged in agriculture parallel to the demographic structure of the Empire.

⁸³ Donald Quataert, *Ottoman Manufacturing and in the Age of the Industrial Revolution*, (Cambridge: Cambridge University Press, 1993), p. 116-133

⁸⁴ Béla Horvath, *Anadolu 1913*, (İstanbul: Tarih Vakfı Yurt Yayınları, 1997), p. vii and p.73. For a similar emphasis, see Panayatopoulos, “On the Economic...”, p.97

Hence the Greeks as a community were not comprador subjects in the formation of capitalist production relations, but they were among the objects directly affected by this process which does not exclude the presence of a Greek comprador bourgeoisie. The class structure of the Ottoman Greeks became more evident when we investigate the economic and social conditions of the Asia Minor refugees of the Population Exchange. This is the next issue we discuss in our study.

2.3 Greek Refugees and Their Effects in the Greek Agriculture

After investigating the role of the Greeks in Ottoman agriculture, the effect of refugees in the Greek agriculture may give us some clues about the effects of Population Exchange in Turkey. An assumption stating that the effect of the Population Exchange on agricultural structure and land tenure system branded the economic and social structures of Turkey and Greece the economies of which relied upon agriculture is not explanatory. If we forsake dealing with the basic characteristics of these two countries and dig down deep, we can see that economic and physical conditions of these two countries presented certain differences at the time of the Population Exchange. For instance, Turkey had never experienced land scarcity which was the one of the basic problems in Greece accepting almost 1.5 million new citizens. Despite this fact, we believe that this analysis will improve our understanding in two aspects. First, the picture conspicuously clarifies the deep impact of the Population Exchange, which had no distinct place in Turkish historiography until recent times. Second, this picture constitutes a mirror-image for the process in Turkey. The effect in Greece was created by the population expelled from Turkey. Hence, this illustrative effect of the Greek refugees on rural structure of the country can be traced via two variables: their effect on the land tenure and on agricultural production capacity.

Land distribution in Greece was a characteristic inherited from the Ottoman Empire. Until the annexation of Thessaly in 1881 the soil for agriculture had been a serious problem in Greece. The majority of the population was engaged in agriculture but agriculture was not the most important occupation. Although the annexation of the

fertile land of Thessaly and then the incorporation of northern land after the Balkan Wars became some kind of healing to the acute land problem of Greece, the land tenure system directly affected the development of agriculture. Large portions of the Greek society still lacked enough land for subsistence level production. Old technology and unproductive methods used in the farms hindered this development. Due to this, Greece was heavily dependent on the agricultural imports to feed its population. Despite its population composition in which the farmers took the lion's share, the factors given above resulted in a problem of subsistence.⁸⁵ In fact, regulating the land tenure system in Greece had been one of the basic items of the governments for political and economic reasons. It is not unexpected that the first attempts for the regulation of land system were determined by political aims.

The land tenure system varied from region to region in the country. According to data supplied by Servakis and Pertountzi, in the Old Greece —the southern part of the country— small farms outnumbered the large ones, whereas in the northern part the large estates occupied half of the total territory.⁸⁶ The distribution of the large estates was as the following:

TABLE-2.6: Regional Number of Large Estates

<i>Region</i>	<i>Number of Large Estates</i>
Macedonia	818
Thessaly	584
Epirus	410
Western Thrace	84
Old Greece	363
<i>TOTAL</i>	2259

Source: Servakis and Pertountzi, "The Agricultural Policy of Greece" in O. S. Morgan (ed.), *Agricultural Systems of Middle Europe*, (New York: Macmillan, 1933)

⁸⁵ Mark Mazower, *Greece and the Inter-War Economic Crisis*, (Oxford: Clarendon Press, 1991), p.41

⁸⁶ Servakis and Pertountzi, "The Agricultural Policy of Greece", in O. S. Morgan (ed.), *Agricultural Systems of Middle Europe*, (New York: Macmillan, 1933), p.148

In order to completely do away with the Ottoman inheritance in land system, after independence of Greece, together with the lands which belonged to the Orthodox Church, the *mirî* and *vakîf* lands and the large estates of which proprietors were Muslim were nationalized under the name of “national lands” (*εθνικά κτήματα*) and they were redistributed in 1871 by the Koumoundouros Government.⁸⁷ For Barkan, this redistribution movement reinforced the problem of uneven land distribution since the government did not take any measures in order to obstruct the concentration of land in the hands of individuals in a society suffering from heavy income inequality. Hence the problems inherited from the Ottoman land tenure system coupled with the new juristic mentality based on private property derived from Roman Law. This redistribution movement strengthened the social and economic positions of large landowners. This redistribution movement did not solve the land problem in Greece and this fundamental problem was clinched in the subsequent years to the independence.⁸⁸

The problem that occurred in Thessaly was different. After the incorporation of Thessaly into Greece, with mass migration of small and large landowners of Turkish origin to the Empire, the Greek state intervened in the land issue in Thessaly where the large estates formed three quarter of the cultivated land. There are data confirming that the large estates belonged to the Greeks and some of these emerged after the acquisition of Thessaly. These lands were cultivated with backward agrarian techniques. Most of the land was divided and rented to the

⁸⁷ Barkan, “Balkan Memleketlerinin Zirai Reform Tecrübeleri”, in *Türkiye’de Toprak Meselesi – Toplu Eserler 1*, p.416. See also Elisabeth Kontogiorgi, *Population Exchange in the Greek Macedonia – Rural Settlement of Refugees 1922 – 1930*, (Oxford: Clerdon Press, 2006), p.120-121 Barkan gives these figures concerning the land expropriated in this attempt of the Greek government by citing from Sismonide: These lands were the two thirds of the aggregate cultivated lands in Greece and they were almost one million hectares which made 500 million golden francs. McGrew makes a comprehensive analysis of the Land Distribution Program of 1871 in Greece. According to McGrew, with this extensive land distribution program which included not only families, but also self-supporting single persons, orphans and widows, government wished to remove the ambiguity of tenure and to uncover and be compensated for illegal seizures of national property, and to gain income. Moreover, the Greek government hoped to simplify land management by reducing the amount of public land under lease. McGrew, W. W., *Land and Revolution in Modern Greece, 1800-1881 – The transition in the Tenure and Exploitation of Land from Ottoman Rule to Independence*, Ohio: The Kent State University Press, 1985, p.208

⁸⁸ Barkan, “Balkan Memleketlerinin Zirai...”. p.417

sharecroppers. After this intervention, according to the figures provided by Barkan, there were left only 269 villages (215 Christian and 54 Muslim) on *çiftlik* land out of 658 ones and these 269 villages constituted 65 per cent of the total cultivated land. With the promulgation of new constitutional provisions in 1911, the expropriation of these lands became possible when it was deemed favorable to public interest.⁸⁹

The situation in Macedonia was similar to Thessaly. There were 609 out of 1.335 villages were on the *çiftlik* lands which were cultivated by backward methods by the sharecroppers.⁹⁰ The difference between Thessaly and Macedonia was that huge demographic movements generally affecting Northern Greece and WWI did not permit the Greek government to make instantaneous changes in the land tenure system. After the Balkan Wars, the refugee influx to Macedonia and land and resettlement policies of the government which concentrated on palliative solutions for landownership, such as not granting *de jure* land titles but making redistribution of land in a *de facto* manner, created tensions among indigenous population and newcomers by creating ambiguity in the status of land.⁹¹ Moreover, Bulgarian occupation of eastern Macedonia from 1916 to 1918 resulted in the loss of the harvest of the aforementioned years, over and above, the forced migration of the tobacco cultivators to Bulgaria brought about certain depopulation of the region.⁹² In addition to this situation, the *Entente* blockade in 1916 worsened the self-sufficiency problem of Greece in agricultural production.

All these incidents made the government intervene in the existing land tenure system. Moreover, this became a must for the liberal Venizelists for their political future. One of the major elements of the Venizelist discourse was radical land reform. In the split between Venizelists and anti-Venizelists called the “national

⁸⁹ Ibid., pp.417-9

⁹⁰ Ibid., p.420

⁹¹ Kontogiorgi, *Population Exchange in the Greek Macedonia...*, p.120

⁹² Ibid., p.121

schism” (*Εθνικός Διχασμός*) in the Greek historiography, conservative landowners were openly supporting anti-Venizelists. There were certain attempts of the Venizelist Provisional Government formed in Thessaloniki for the redistribution of land in this city. After the abolition of the Kingdom and Venizelos’ establishing his government in Athens, the decree of the National Government on the Agrarian Law was accepted and promulgated by the Chamber of Deputies in December 1917. This decree “was allowing expropriation of the large estates for redistribution to landless peasants in the provinces of Greece. All state lands, lands owned by monasteries, estates held by absentee landlords, and private holdings exceeding 400 stremmata in Thessaly, Macedonia, Epirus, and Thrace and 1.200 stremmata in the other provinces were subject to this law”.⁹³

Although the fate of the land reform was determined by the political fluctuations in the country, political events triggering the Venizelos’ populist land reform policy are not covered in this study. As for the correlation between the land reform and the refugee influx to Greece, it can be said that the early influx of the refugees to Greece triggered the land reform which was the most radical one in the Balkans according to some scholars.⁹⁴ Moreover, the refugee influx due to the compulsory exchange of populations between Turkey and Greece caused “the *coup de grâce* of the big estates, even the monastic ones, which were literally swept away”.⁹⁵ Moreover, this also meant the end of the social structure of the land tenure system primarily determined by the large-estates. Since the low land/labor ratio in Greece became a harsher problem with the arrival of millions of refugees. The decrease in this ratio brought about a severe competition in labor market, severity of which would be a potential source of tension between indigenous and refugee populations. And it was obvious that the lower the ratio, the more likely the social unrest among

⁹³ Ibid., p.124

⁹⁴ There were some side effects of the arrival of the refugees and successive incidents on other economic braches such as stockbreeding. The division of the large estates and their under-plow situation deeply affected the shepherds. See Mazower, *Greece and the Inter-War...*, p.53 and Kontogiorgi, *Population Exchange in the Greek Macedonia...*, p.120

⁹⁵ Dimitri Pentzopoulos, *The Balkan Exchange of Minorities and Its Impact on Greece*, (London: Hurst&Company, 2002), p.152

refugees would be. This also made a land reform indispensable. There were three distinct aims of the liberal government behind its desire to wipe out the large-estates and support small land holdings. Politically, the Venizelist government wanted to gain support of the inflowing masses; moreover, Venizelos was trying to create ‘petty bourgeoisie classes’ which were ‘more valuable with respect to social balance’ rather than creating a proletariat which did not give confidence politically”.⁹⁶ Economically, the plan of the government was, by eliminating the risk of social unrest in rural areas, to form “a class of independent peasant proprietors, who, having a direct interest in their farms, would make every effort to increase their production”.⁹⁷ As a result of the refugee influx and the land reform, 12 to 14 million *stremmata* cultivated land of the 1911-1920 period expanded to 14 to 17 million *stremmata* by 1931.⁹⁸ As Pentzopoulos states, in 1932 the cultivated land exceeded 19 million *stremmata*. According to Mazower, it is possible to observe the unequivocal effect of land reform on the expansion of cultivated land. In Macedonia and Thrace, the rate of expansion was higher than in the Old Greece.⁹⁹ Hence, for the land tenure system in Greece, a country where the land/labor ratio was quite low, the private ownership of the land in the form of small holdings reinforced as a result of the Greco-Turkish Population Exchange.

The second criterion for analysis of the effect of refugee flow to Greece was related with this economic aim of the land reform in Greece. The increase in agricultural output was remarkable. However, it is difficult to isolate the outcomes of different dynamics. It is apparent that the post-WWI expansion of the world economy coupled with the mass import of “human capital”¹⁰⁰ and new techniques of

⁹⁶ Mark Mazower, “The Refugees, the Economic Crisis and the Collapse of Venizelist Hegemony 1929 – 1932”, *ΔΕΛΤΙΟ Κέντρου Μικρασιατικών Εποδών*, v.9, p.121

⁹⁷ Petzopoulos, *The Balkan Exchange of...*, p.153

⁹⁸ Servakis and Pertountzi, , “The Agricultural Policy of Greece”, p.151

⁹⁹ Mazower, *Greece and the Inter-war...*, p.79

¹⁰⁰ By human capital, we refer to the stock of *productive skills* and *technical knowledge* embodied in labor. Especially together with the rise of endogenous growth model, the importance of technical improvements, that is to say new technologies and human capital in economic growth became much more apparent.

production through the Population Exchange gave rise to the economic expansion of Greece. Again the rise in the “human capital” was not only related with the population exchange, but also with the demobilization issue.

The bare numbers concerning the agricultural production in Greece show a significant progress after the arrival of the refugees. Table-2.5 shows the increase in the production of cereals in Greece from 1922 to 1928. Apart from a small decline in Maslin (0.3%), the production of cereals experienced an increase by 44.2% to 114.8%.

TABLE-2.7: Production of Cereals (1922:100)

<i>Crops</i>	<i>1928</i>
Wheat	183,35
Barley	172,36
Maslin	99,72
Maize	144,26*
Oats	178,48
Rye	214,82
<i>TOTAL</i>	169,76

* Recalculated from 1926 figure

Source: Recalculated from Pentzopoulos, *The Balkan Exchange of Minorities...*

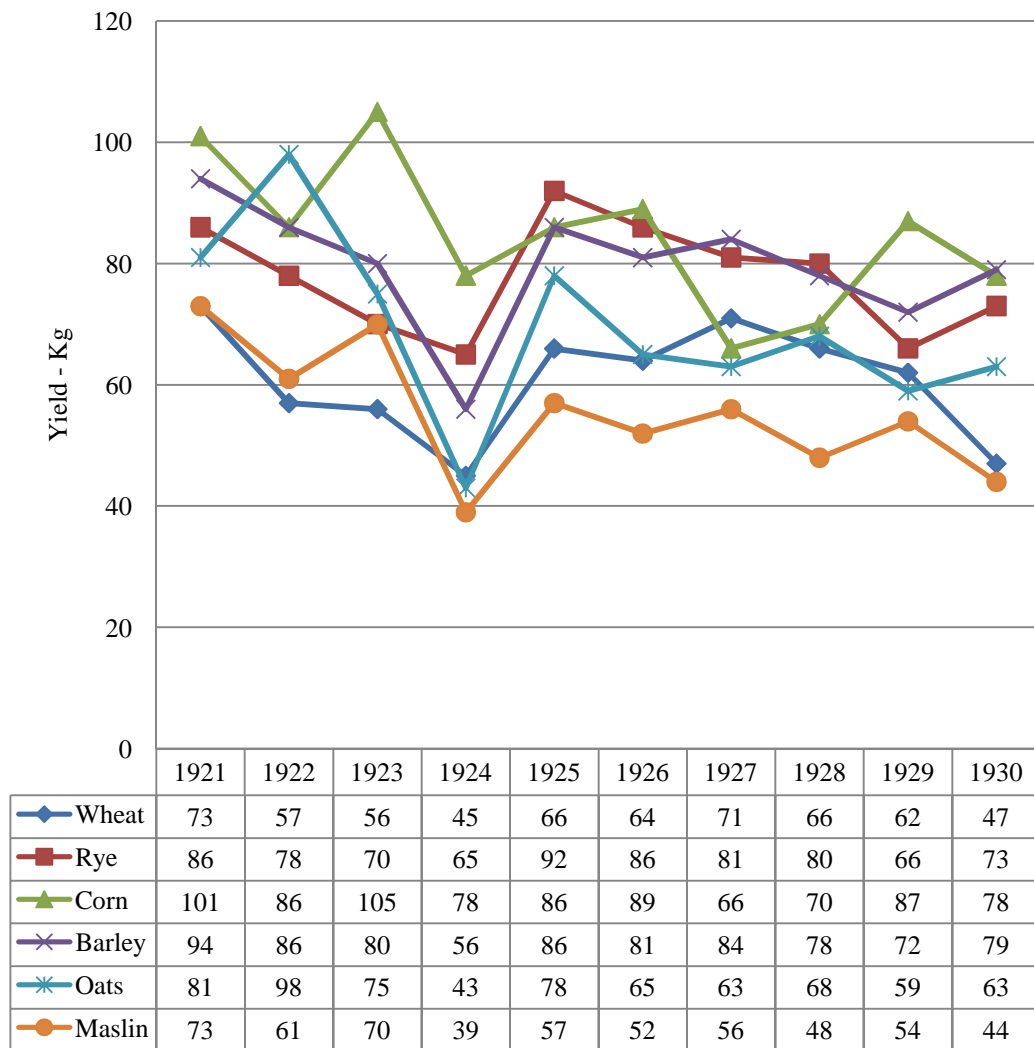
By looking these figures, we can conclude that at least for these years Greece made a certain progress in dealing with her self-sufficiency problem. Moreover, in spite of the low per-capita income of the newly created cultivator with smallholding, the disintegration of the *çiftlik* lands which had been inefficient contributed to the further development of capitalist mode of production in the Greek agriculture which created a base for the boom of industrial capitalism in Greece.¹⁰¹ However, the productivity of land is a more reliable index to measure the improvement in agrarian structure. We see that the productivity in cereals which had declined during

¹⁰¹ Nicos Mouzelis, *Modern Greece: Facets of Underdevelopment*, (London: The Macmillan Press Ltd., 1979), p.23

the war years (1912-1922), this decline showed obvious persistence in the 1920s.¹⁰²

Figure-2.1 exhibits the decline in the production of cereals.

FIGURE-2.1: Average Yield of Cereals in Greece 1921 -1930



Source: Servakis and Pertountzi, “The Agricultural Policy of Greece” in O. S. Morgan (ed.), *Agricultural Systems of Middle Europe*, (New York: Macmillan, 1933)

¹⁰² Servakis and Pertountzi, “The Agricultural Policy of Greece”, p. 196. See also Mazower, *Greece and the Inter-war...*, p. 80 and Pentzopoulos, *The Balkan Exchange of...*, p. 159. Pentzopoulos emphasizes the negative effects of the land reform by citing these lines from Stephaniades: “The smallness [of the agricultural allotment] was such that one comes to the distressing conclusion that the settlement did not create small proprietors but *pathological forms of dwarfish land properties.*” (*The Balkan Exchange of...*, p.159)

Servakis and Pertountzi do not analyze the negative effects of the land reform on the decline in average yield. They focus on the fragmentation of the expropriated land and talk about its adverse effects on the agricultural production. Mazower cites agricultural economist Babis Alivizatos' absolute verdict: "the agrarian reform had perhaps socially necessary, but economically and productively *harmful*". Mazower seems not to agree with Alivizatos. According to Mazower, it was not the land reform behind this decline, but it was bad weather, high input prices, primitive agricultural techniques, and poor seed. Moreover, the decline was the continuation of the trend which persisted through the 1920s. So, it is not legitimate to claim that the reason of the decline in cereals was the land reform. But, parallel to Mazower's statement, the backward techniques could be the main reason behind this persistently declining trend of the cereal production in Greece. However, the effect of the division of large estates on stockbreeding was almost unquestionably negative. As a result of the disruption of the traditional system, Greece which had been self-sufficient in terms of stockbreeding was obliged to import meat and dairy products.¹⁰³

In addition to grain, the effects of the Population Exchange on tobacco production and vine-growing are also worth mentioning due to their economic importance as cash-crops.

The product by which the refugee impact can be traced most apparently was tobacco. We have already talked about the deterioration in tobacco production during the long war years of Greece. After the years of depression in tobacco production, this product was impinged by the mass emigration of the tobacco cultivators as a result of the Population Exchange. Until the tobacco production was hit by the overproduction coupled with the decline in international demand for this

¹⁰³ Mazower, *Greece and the inter-war...*, p.53 and Kontogiorgi, *Population Exchange ...*, p.120 and Kontogiorgi, "Makedonya'nın Yunanistan'a Ait Olan Kısımına Mülteci Yerleşiminin Ekonomik Sonuçları, 1923-1932", translated by Müfide Pekin and Ertuğ Altınay in Renée Hirschon (ed.), *Ege'yi Geçerken...*, p.88-89

commodity, tobacco nimbly became the *key* commodity in the Greek economy.¹⁰⁴ Refugees produced two-third of the total tobacco¹⁰⁵ due to the fact that production of tobacco was labor-intensive rather than capital-intensive, and suitable for smallholdings of the refugees.

By the middle of the decade, tobacco constituted almost one-fifth of the total gross crop output, despite being grown on less than one-tenth of the cultivated area, and was responsible for half total the Greek export earnings.¹⁰⁶

Hence it can be deduced that the tobacco cultivator Muslim population was quickly replaced by the Greeks. The effect of the newcomers was not limited to scalar change in the production. According to Pentzopoulos, the refugees from Asia Minor introduced and spread new varieties of crops, adaptable to Macedonia and Thrace.¹⁰⁷

¹⁰⁴ Mazower, *Greece and the Inter-war...*, p. 87. Also see Mazower, "The refugees..." and Kontogiorgi, *Population Exchange...*, p.190

¹⁰⁵ Pentzopoulos, *The Balkan Exchange of...*, p.156. Mazower also states that in Kavala, one of the major tobacco production centers in Greece 100 out of 137 refugee settlements were engaged in tobacco cultivation. (*Greece and the Inter-war...*, p. 87)

¹⁰⁶ Mazower, *Greece and the Inter-war...*, p. 87

¹⁰⁷ Pentzopoulos, *The Balkan Exchange...*, p.157.



Illustration-2.1: Refugees remained active in tobacco production for decades. In this picture members of a refugee family engaged in tobacco production are seen while they were sewing tobacco into strings to dry in Yannitza (*Yenice*) in the 1950s.

Source: G. A. Yiannokopoulos (ed.), *Προσφυγική Ελλάδα: Φωτογραφίες από το Αρχείο του Κέντρου Μικρασιατικών Σπουδών: Refugee Greece : Photographs from the Archive of the Centre for Asia Minor Studies*, (Athens: Center for Asia Minor Studies, 1992), p.185

Apart from tobacco, new types of vine also were also introduced by the refugees. The story of how Turkish sultanias fell into disfavor in the world market was strictly related —practically— with the refugees and —theoretically— with the human capital issue:

The most important development, however, occurred in Crete. One variety of vine, the sultana, had been introduced into the island around 1900 but did not succeed in competing with Smyrna variety, although climatic and soil conditions were very favorable. When the newcomers from Ionia settled there, possessing great knowledge about the preparation and exportation of sultanias and with the advantage of long experience in Continental and British markets, the situation reversed. The Cretan sultanias ranked higher and competed successfully with the Smyrna product.¹⁰⁸

¹⁰⁸ Ibid., p.155. The “formerly American Resident Trade Commissioner in Greece” Professor Eliot Grinnell Mears makes similar observations on the sultana: “The exports of Cretan sultanias just before the arrival of the refugees were only 10.000 tons, while three years later they had exactly doubled in quantity. Before 1923 they had sold at from ten to thirty per cent less than Smyrna sultanias, but now they command higher prices than that variety. The refugees from Smyrna and Vourla established large factories at Candia and Crete to prepare sultanias for export. They also introduced into Crete the manufacture of wooden boxes for packing sultanias. On account of their acquaintance with European markets, and because of the improvements they soon made in the quality and packing of Cretan sultanias, it was not long before they had transferred much of Smyrna’s former business to Crete. The Turks expelled from Greece have taken over the vineyards abandoned by the Greeks in Smyrna; but, although in 1926 they had brought the Smyrna production back to the

According to Servakis and Pertountzi, there were “expert cultivators” of *sultana* among the refugees and these refugees were making new plantations for this “excellent quality table grape, very much appreciated by the local and foreign markets”.¹⁰⁹



Illustration-2.2: Refugees in front of a newly planted vineyard in 1927.

Source: Yiannokopoulos (ed.), *Προσφυγική Ελλάδα...*, p.123

Another area that the refugees made their presence strongly felt was sericulture. Although sericulture had been known before the arrival of the refugees, the refugees’ dominance in this sector of agriculture was quite clear. Since the arrival of Asia Minor refugees, sericulture grew fivefold.¹¹⁰ As we have mentioned above we were unable to find any quantitative information about the Anatolian the Greeks’ interests in sericulture, that is, the ethnic division of labor in Bursa and especially in sericulture. However, their interest in this activity was quite clear.¹¹¹ By using this mirror image we can conclude that the Greek refugees —especially those coming

1922 figure, their exports were only two-thirds of the exports of 1913.” (*Greece Today – The Aftermath of the Refugee Impact*, (California: Stanford University Press, 1929), p.70)

¹⁰⁹ Servakis and Pertountzi, “The Agricultural Policy of Greece”, p.159

¹¹⁰ Mears, *Greece Today...*, p.79

¹¹¹ See Stephan Ladas, *The Exchange of Minorities Bulgaria, Greece and Turkey*, (New York: The Macmillan Company, 1932), p.662

from Bursa— was considerably important in sericulture. The effects of the Exchange on sericulture in Turkey and Greece are investigated in the next chapter.

2.4 Landownership, Agricultural Structure and Production

The effect of the Exchange will be analyzed by highlighting three main topics: Landownership, agricultural structure and production (production techniques and production level of certain crops, tobacco, raisins, fig and grain) we will aim to show that the Exchange had a certain impact on this three interrelated issues.

2.4.1 Landownership and Agricultural Structure

Above it was mentioned that to determine the net effect of different variables in historical process is not an easy task. The implications of such events as the Greco-Turkish Population Exchange in this era of transformation can be better assessed in this context. Even in Greece where the process is well-documented and openly discussed, scholars tend to avoid absolute conclusions on certain aspects of the story. A prominent the Greek economic historian, Kostas Kostis, complains about the scantiness of the data to reach decisive conclusions about the role of the Population Exchange in the bankruptcy of the Greek state in 1932.¹¹² Hence determining the net effect of the Population Exchange on agriculture (and other economic and social areas) is a tough issue and if we take into consideration the limited character of the primary sources concerning the Turkish side of the story and negligence concerning the issue by official historiography in Turkey, we can better comprehend the difficulty of the task under consideration. However, though covering a different period and a different historical context, Terzibaşoğlu's studies gives us some clues about the importance of the refugee factor in the evolution of the property relations on land in the late-Ottoman era.¹¹³

¹¹² Cited by Elisabeth Kontogiorgi, "Makedonya'nın Yunanistan'a Ait Olan...", p. 107

¹¹³ See especially Yücel Terzibaşoğlu, "Land Disputes and Ethno-Politics: North-western Anatolia, 1877-1912" S. Engerman and J Metzger (eds.), in *Ethno-Nationality, Property Rights in Land and Territorial Sovereignty in Historical Perspective*, (London: Routledge, 2004), pp. 155-180, Yücel

The mass expulsion of Muslims from the lands broken off from the Empire due to the 1877-1878 Russo-Ottoman War and the Balkan war of 1912-1913 played a significant role in the transformation process of the Ottoman Empire. The expulsion of the Muslims from Serbia after its gaining autonomy in 1815 was followed by similar cases Greece, Bulgaria and Romania and at least five million people immigrated into the shrinking borders of the Ottoman Empire from the Balkans.¹¹⁴ The intensifying population pressure within the Empire and the physical existence of the refugees which meant the need for a rapid solution for their material necessities gave rise to some land conflicts. The Ottoman resettlement policy and institutions corroded and eventually collapsed due to the these mass immigration movements in the late-nineteenth and early-twentieth century create. Since the imperial resettlement policy was an integrated part of the land system, and particularly the property relations over land which had been basically determined by the local power relations due to the nature of property relations based on local memory and knowledge.¹¹⁵ This created frictional relations between large landowners, who were generally absentee, nomads, who had become an active element of the imperial resettlement policy, and refugees, whose arrival resulted in breaking-in the customary rights of the nomads and created competition for the local works on land. Moreover, the arrival of the refugees meant the injection of highly nationalist atmosphere to their new “homes” which caused increasing tension with local Christian population. The erosion of the customary rights of the nomadic *yörüks* as a result of the refugee influx coupled with the “transformation from multiple overlapping rights to individual rights”, or “a transition from a plurality of rights on land to the uniform categories defined in the Land Code”.¹¹⁶ The existence of refugees and their claims on land eased this transformation/transition and caused “the clash between custom and private rights of ownership” which was “the

Terzibaşoğlu, “Landlords, Refugees and Nomads: Struggles for Land around Late-Nineteenth-Century Ayvalık” *New Perspectives on Turkey*, Spring 2001, 24, pp.51-82.

¹¹⁴ Kemal Karpat, “The hijra from Russia and the Balkans...”, pp.690-691

¹¹⁵ Terzibaşoğlu, “Land disputes and...”, p. 159

¹¹⁶ Terzibaşoğlu, “Land disputes and...”, p.158

confrontation of the precapitalist notion of use rights with the capitalist notion of exclusionary rights of private property”.¹¹⁷

Among Turkish scholars there are discussions even on the contours of the issue. Although there is a growing literature on the side effects of the Population Exchange on the socio-economic structure of Turkey, such as the loss of human capital, the broken balance between urban and rural populations, etc., there are also counter arguments concerning the subject. For instance, Tezel claims that “in the long run, it can also be said that a social structure homogeneous in terms of language and religion and which had scaled down the ethnic conflicts in itself created a suitable atmosphere for economic growth. [...] If we remember the size and the character of the ethnic conflicts in the last days of the Ottoman Empire, the relaxing consequences of the homogeneity of the population in Anatolia can be assessed in a better way”.¹¹⁸

However, we believe that some further clues for a better comprehension of the Population Exchange process could be obtained. In this section, there is an attempt to discover the effects of the Population Exchange on agriculture through its effects of land ownership and of agricultural production.

One of the most evident results of the Population Exchange was its effect on the land ownership. We know that in the last days of the Empire, the agrarian structure was based on a distinct polarization. Although the majority of the peasantry was formed out of farmers with small-sized holdings, most of the land was under the control of large landowners. In war conditions and in the absence of the control mechanisms of a central authority, strong tendency towards land concentration emerged. This tendency was reinforced by the fragmentation in small holdings as

¹¹⁷ Terzibaşoğlu, “Landlords, Refugees and Nomads...”, pp.78-79

¹¹⁸ Tezel, *Cumhuriyet Döneminin İktisadi...*, p.90. Nationalist historians’ apologist attitude towards the Population Exchange seems to be quite reasonable. However, it is worth to note that Yahya Sezai Tezel, in this study, attempts to approach to the economic history of early Republic period from a Marxist perspective which can be seen in the conceptual part of his study. Also see Kemal Arı, *Büyük Mübadele – Türkiye’ye Zorunlu Göç (1923-1925)*, (İstanbul: Tarih Vakfı Yurt Yayınları, 1995[2007]), p.178

well as the troublesome conditions created by the absence of a developed credit market. Hence we can assume that due to uncertain property rights, the land tenure system which had produced a callous polarization in land produced further injustice. the Greek population of the Empire started to migrate to the territories of the Greek State after the Balkan Wars. Moreover, during the Greek occupation in Western Anatolia, the policies of the Greek administration in the region towards property rights further enhanced the uncertainty of the property rights. the Greek administration in Izmir tried to reverse the population movement of the Greeks after the Balkan Wars. They transferred the Greek people from the Aegean islands, some of whom were not of Anatolian origin. This attitude coupled with the policies of occupation caused an internal migration of Muslims towards inner regions. We can assume that in either case, most of the land was either expropriated or underrated. The same assumption is true for the situation emerged with the withdrawal of the Greek army. Some of the Anatolian the Greeks left Anatolia in this withdrawal.

If we compare the numbers of the Greek peasants (~500.000) transferred from Turkey and the Turkish peasants (~350.000) resettled in Turkey during the Exchange of Populations, we can reason that the average size of holdings should have been increased. Keyder makes a calculation concerning the average land holding size in Eastern Thrace by using the data provided by Ladas and Pentzopoulos. However, it should be noted that Keyder misuses the figures given by Pentzopoulos. Pentzopoulos gives the aggregate number of the Greek refugees from Eastern Thrace origin as 256.635. Keyder takes this number (250.000) as the number of the Greek peasants. Although this does not affect the ultimate interpretation of the author, we should accept that the number of peasants among these people should have been less than this number. We can think that in an area used for the feeding of the Ottoman capital, the majority of the population should have been engaged in agriculture and this people replaced with 152.770 Muslim refugees (Keyder rounds this number to 160.000). Hence the average holding size must have increased. Another calculation made by Keyder for Aegean coasts is this: Under the assumption of the existence of 60.000 the Greek families engaged in agriculture in the Western coasts of Anatolia and if Nickoley's estimation on the

average *çiftlik* size of Aydın *vilayet* in prewar period which was 4.5 hectares was true, then the size of the lands belonging to the Greeks reached to 270.000 hectares. According to the 1927 Census, the size of the cultivated lands in Western Anatolia was 820.000 hectares. If this is taken as the half of the total agricultural land, then the land owned by the Greeks would amount to the one-sixth of the total agricultural lands. Keyder warns us about the falsity of the assumption of equal size of the Greek and Muslim land holdings. He thinks that the average size of the Greeks holdings may have been larger. He also notes that on the lands owned by the Greeks generally cash-crops were produced for exportation such as tobacco and grapes.¹¹⁹

One more calculation can be made by the data provided by Barkan. Barkan gives a table in his study concerning the government's reform attempts in the Civil Code in order to give land to landless farmers which may help us interpret the role of the Population Exchange in land concentration.¹²⁰

According to this data the following conclusions can be deduced for the people subject to the Population Exchange:

- The average size of the family engaged in agriculture was about 4 people. ($380.243/99.709=3,8$)
- The average land size be destined per family was 4,76 hectares. ($4.741.473/99.709=47,6$ (x1000 m²))¹²¹

¹¹⁹ Keyder, *The Definiton of...*, p.23-24

¹²⁰ Barkan, “‘Çiftçiyi Topraklandırma Kanunu’ ve Türkiye’de Zirai bir Reformun Ana Meseleleri”, in *Türkiye’de Toprak Meselesi...*, pp.449-544

¹²¹ For Bursa, this figure for 1924-1933 period was much lower, almost 3 hectares. (Calculated from the data supplied by *Mübadele İmar ve İskan Vekaleti* (Ministry of the Exchange, Reconstruction and Settlement)) See Appendix-C.

TABLE-2.8: The Distributed Land between 1923 and 1934

	Land (1000 m ²)	Vineyard (1000 m ²)	Garden (1000 m ²)	TOTAL (1000 m ²)
Eastern Refugees	122.937	-	-	122.937
Refugees of Population Exchange(*)	4.482.567	98.606	160.300	4.741.473
Immigrants and Refugees(**)	1.450.280	58.814	8.359	1.517.453
Native Peasants in need of land	731.450	-	-	731.450
TOTAL	6.787.234	157.420	168.659	7.113.313

(*) 99.709 household and 380.243 people (***) 58.027 household and 247.295 people

Source: Barkan, “‘Çiftçiyi Topraklandırma Kanunu’ ve Türkiye’de Zirai bir Reformun Ana Meseleleri”, in *Türkiye’de Toprak Meselesi...*, p.455

We know that most of the refugees such as eastern refugees made use of the land left behind by the Greeks. This issue was so critical and urgent that it was raised in the Grand Assembly several times by the deputies of the eastern provinces. One of them was by Şefik Bey, the deputy of *Doğubeyazıt* in March 13, 1924. He opposed to the secondary importance attached to the eastern refugees borne out by the Russian occupation and migrated to the western provinces. According to Şefik Bey, “at first the inside of the mosque should be taken into consideration. He continues as:

While *the real sons of the motherland* whose houses were devastated and razed to the ground have been waiting and not been supplied with dwellings, the houses will be given to the prospective refugees first and then they will receive... Your obedient servant believes that in the eastern provinces the people who were not in need of help are only one or two or there is not at all.¹²²

It can be seen that there was a severe conflict for the possession of the properties left by the Greeks and in the same day, the Grand Assembly passed a bill concerning this issue. The estimated number of refugees from Eastern provinces

¹²² Cited by Ayhan Aktar, “Nüfusu Homojenleştirilmesi ve Ekonominin Türkleştirilmesi Sürecinde Bir Aşama: Türk-Yunan Nüfus Mübadelesi, 1923-1924”, in Renée Hirschon (ed.), *Ege’yi Geçerken...*, p.127, Turkish Parliamentary Minutes (TBMMZC), vol.VII/1, (Ankara: 1975) 414-415 [Our italics]

who did not return to their homes was 35.017 which make approximately 9.145 families. Hence if we take into consideration this information and recalculate the average figures for family size and for land holdings, following results can be reached:

- The average family size for the immigrants and the refugees was around 4 ($247.295/58.027=4,3$)
- The average size of the land holding per family was 2,6 hectares.
- For the eastern refugees, these figures were, respectively, ~4 (3,8) and 1,3.
- We do not include the lands distributed to the indigenous peasantry because of lack of data on the total population of this category. If we take these lands into consideration this average should be lower. The overall average of holding size of the Eastern refugees, refugees subject to the Population Exchange and *muhacirs* and refugees was 3,8 hectares.¹²³

If we consider Panayatopoulos' Axos (*Hasaköy*) example we see that the average land holding in this small district was 4 hectares and Keyder gives us 4,5 hectares for the average size of the land holding in the Aegean costs. Moreover, the average size of the agrarian enterprises in Anatolia according to 1927 Census was 11 hectares.¹²⁴ Hence the lands left by the Greeks were distributed in smaller parts than the average land holdings of the time.¹²⁵ Together with the information of that the incoming population, and the aggregate population officially making use of this

¹²³Since the family sizes for all three categories were almost equal, we have calculated the average without taking into consideration of the weights of the categories. For the problems occurred in the resettlement process, see Arı, *Büyük Mübadele...*, pp.105-125

¹²⁴ Silier, *Türkiye'de Tarımsal Yapının...*, p.16

¹²⁵ We should also say that *emval-i metruke* (abandoned properties) left by Armenians who had been subject to forced migration in 1915 were used for the resettlement of the refugees. Hence we can conclude that total area destined for the resettlement of the refugees should have been larger. In Samsun, Vezirköprü the refugees from *Kayalar* were let to settle in Armenian abandoned properties. (BCA:272..0.0.12 – 53.123..23., [08/05/1927]). A similar situation was experienced in İzmir. The officials were let to distribute Armenian abandoned properties to the refugees when no the Greek abandoned property existed. (BCA:272..0.0.13 – 79.8..22., [02/07/1927]). Moreover in İzmir, Ahmet Ağa, an immigrant from *Köprülü*, were let to settle in Armenian abandoned property by being indebted. (BCA: 272..0.0.12 – 57.147..2.2. [09/01/1928])

land distribution was much smaller than the Greek refugees, the positive effect of the Population Exchange on the trend of concentration of land becomes obvious.

According to Keyder, this tendency for increasing concentration in land can be explained by some structural characteristics of the agrarian body. The high land/labor ratio, that is relative abundance of land, made it possible for the appropriation of land left by the Greeks which were highly commercialized. However, the desire for the appropriation of these lands is still in need of an explanation. For Keyder, this desire shows an expectation of high profitability. The first factor leading to such an expectation was the low land prices. In our case, sometimes it was possible to get these lands free of charge. Moreover, this situation was supported by the subsidies supplied by the government for implementing new technologies and new production methods.¹²⁶

Moreover, after the resettlement of the refugees, the process went on in favor of concentration. There were two important factors: malpractices and plundering. Some of these could be traced through the petitions of the refugees. For instance, in a petition Ragıp, a refugee from *Kayalar* and his friends were complaining about local people breakings into their land.¹²⁷ Moreover there are many other documents revealing the tension between natives and refugees. Fatma, a refugee from Lesbos, who was settled in *Çanakkale-Küçükçetmi* informed the authorities that she was debarred from tree distribution.¹²⁸ In another document, we see that *Mülazım* (lieutenant) Hadi Bey occupied the property in Manisa destined for two of the Florina refugees, Hanife and Fethiye *Hanıms*.¹²⁹ Another example about malpractices is that after the head of register office sold the properties of two the Greeks subject to the Population Exchange for the compensation of their debt, he failed to hand in the official title deeds to the purchasers. As a result of this he was

¹²⁶ Keyder, *The Definition of...*, pp.25-26

¹²⁷ BCA: 272..0.0.12 - 46.84..12. [24/11/1925]

¹²⁸ BCA: 272..0.0.12 - 46.84..11. [24/11/1925]

¹²⁹ BCA: 272..0.0.12 - 47.89..10. [25/02/1926]

dismissed from his position¹³⁰. There are also some other documents mentioning or indicating certain malpractices. The last two examples also confirm that the properties left by the Greeks (on which there were not any official residential area) were subject to purchase and sale and it can be assumed that a weak control mechanism of central authority resulted in such malpractices in the resettlement process which gave considerable advantage for local notables or state officials in deriving improper personal benefits over the properties left by the Greeks.¹³¹ Secondly, malpractices and seizure of the abandoned properties made refugees leave the lands allocated for them. Together with malpractices and plundering, the most important factor for their relinquishing was the discrepancy between economic and social habits of the refugees and those of the destination.¹³² The cartoon in Illustration-2.3, published in the *Vazife*¹³³ (Mission) on Kanunusani 8, 1339 (December 8, 1923) criticizes malpractices in the resettlement of the exchangees.

¹³⁰ BCA: 30..10.0.0 - 123.877..20. [21/07/1925]

¹³¹ Hulusi Bey, the deputy of Bursa, was accused of being a part of this plundering movement. (Koraltürk, "Ekonominin Türkleştirilmesi...", pp. 636-637)

¹³² Sophia Koufopoulou, "Türkiye'de Müslüman Giritliler – Bir Ege Topluluğunda Etnik Kimliğin Yeniden Belirlenmesi" in Renée Hirschon (ed.), *Ege'yi Geçerken...*, p. 320

¹³³ The *Vazife*, as far as we know, is the only example exposing the interest of the leftist movements in Turkey in the Exchange process. In the article written by Şefik Hüsnü, one of the most prominent actors of the communist movement in Turkey, criticized the absence of a central resettlement policy in his leading column in the *Vazife* in Teşrinisani (November) 10, 1923. According to Şefik Hüsnü, the government had the opportunity to prepare a detailed resettlement program, but did not. Şefik Hüsnü also underlines the economic potential of refugees as additional working force. However, he complains about the limited nature of the employment opportunities in general. (Metin Tunçay, *Türkiye'de Sol Akımlar 1908-1925*, vol.1, (İstanbul: BDS Yayınları, 1991) pp.517-518) In another article in the *Vazife* in Kanunusani 8, 1339 (December 8, 1923) it was claimed that the malfeasances in the transportation of the refugees seemed to be a robbery. In the end of the article related ministry was called for duty. (Ibid., p.544)



Illustration-2.3: A cartoon in *Vazife* criticizing the malpractices in the resettlement of the exchangees. On the wall a signboard writes “Ya Sabur” (God, give me patience)

-Five hundred more refugees have come. Aren't there any available houses even among the abandoned properties?

-No way. There were only two mansions left from one thousand and five hundred houses. In this week, they have been occupied by the families of commander *bey* and pasha *efendi*.

Source: Tunçay, *Türkiye'de Sol Akımlar...*, vol.1, p.529

What was *definite* concerning property rights was an *uncertainty*. How can we deal with the ultimate effect of the population exchange on the property rights on land? In the related literature, there are two interpretations: According to the first interpretation which is generally accepted, together with the other policies of the government, the Population Exchange consolidated the private property on land, in other words the capitalistic relations of property.¹³⁴

¹³⁴ Silier, *Türkiye'de Tarımsal Yapının...*, p.17, Keyder, *The Definiton of...*, pp.20-24, Arı, *Büyük Mübadele...*, pp.166-167

The other interpretation claims the opposite. According to this approach the process, in which the Population Exchange was a step or a sub-process, symbolizes a breaking point in the liberal tendency in the last decades of the Ottoman Empire. In this breaking point, the political mind dominated the economic one and resulted in the resurgence of the classic patrimonial state tradition of the Ottoman Empire.¹³⁵ This idea relies heavily on the historical fact of “nationalization” of the lands left by the Greeks. It is true that there were clear examples of political “abuses” in appropriation and redistribution of the land. However, the historical process in which the capitalistic relations of property emerged was based on these abuses aiming of the *separation* of the masses from the means of production. In Marxist political economy this process is called “primitive accumulation” and as Marx states, “*the history of this, their expropriation, is written in the annals of mankind in letters of blood and fire*”.¹³⁶ Therefore, it can be said that in our case the right of private ownership was temporarily suspended *for the sake of private property*. The successive developments in the cadastral system¹³⁷ and the legal arrangements for private property reinforce this view.

The effects of the Population Exchange on agrarian structure can be observed through the production patterns. On this issue, there are also conflicting interpretations. Colonel H. Woods, British “Commercial Secretary of Britain in Constantinople” and the author of a series of reports on the economic and commercial conditions in Turkey, underlines the revival of the ultranationalist and protectionist tendencies among the administrators:

¹³⁵ Keyder, “Nüfus Mübadelesinin Türkiye Açısından...”, p.62. It is quite astonishing that we can see Prof. Keyder among the supporters of the two interpretations. However, the second interpretation, in fact, is the original contribution of him to the literature and we think that it needs to be reevaluated. For this reevaluation, we believe that the concept of primitive accumulation can be a suitable starting point.

¹³⁶ Karl Marx, *Capital : A Critique of Political Economy - vol.1*, (New York: International Publishers, 1975), p.715

¹³⁷ In 1924, *Land Registry General Directorate (Tapu Umum Müdürlüğü)* was founded and one year later with the Law 658 a cadastral unit was added to this organization and this law reinforced private property in land. In 1926, with the promulgation of the Civil Code, full private property was defined in land.

Nationalism in an acute form was prevalent in the country. The protectionist policy was not limited to the mere imposition of high duties with a view to protecting the few and struggling native industries, but went so far as to envisage the reservation of a whole series of trades, professions and industries.

There has, however, been a slight improvement and the sharp edges of nationalism are very gradually wearing off [but ...] the spirit of the New Regime still remains Turkey for Turks, who continue to think they can by a clean cut with the past, successfully replace those foreign elements which owe such success as they have obtained in this country to the inheritance conferred by generations of experience.¹³⁸

Although Woods is critical about the growing protectionist tendencies as a commercial secretary of an imperialist country, he talks about the “replacement of the foreign elements” as a success story. While he evaluates the economic performance of the refugees in agriculture, he says that

The authorities responsible for the installation of refugees, in conjunction with the Commissariat of Agriculture, have been settled, it is reported, approximately 327.000 refugees in different localities. In some districts, the refugees have set to work with a will, especially in tobacco growing districts, the acreage under cultivation having been considerably increased, with the result that the yield for 1924 is over double that of 1923.¹³⁹

In 1931, in his speech on the Exchange of Populations Şükrü Kaya Bey, the Minister of Internal Affairs, claimed that despite certain problems in the resettlement of the refugees, the goal of the resettlement of the refugees had been to gain energy and this mission had been accomplished.¹⁴⁰ On the other hand, by investigating the foreign trade pattern of Turkey in the post-Exchange period, Ladas, concludes that the exodus of the Greek refugees caused a severe paralysis of economic life in Turkey.¹⁴¹

¹³⁸ Colonel H. Woods, O.B.E., *Economic and Commercial Report* (April, 1925), (London: His Majesty's Stationary Office, 1925), p.5

¹³⁹ *Ibid.*, p.11

¹⁴⁰ Bilsay Kuruç (ed.), *Belgelerle Türkiye İktisat Politikası vol.1(1929-1932)*, (Ankara: Ankara Üniversitesi Siyasal Bilgiler Fakültesi Yayınları, 1988), p.136

¹⁴¹ Ladas, *The Exchange of Minorities...*, p.718

We should say that —despite of deterioration of the agricultural prices in world market— in post-National Liberation War era there was an agricultural recovery which can be seen through the data given in Appendix-B. However, it is really hard to isolate the impact of refugees in this recovery. Since the increase in agricultural harvest had several reasons. But the main reason was that the recovery was the result of a “bouncing effect” since the production had almost completely collapsed during the 1914-1923 period. After this period, the policies implemented by the government gave an impetus to the agricultural production:

- subsidies and price support programs for agricultural production
- improving marketing medium
- effective role of *Ziraat Bankası*, Agricultural Bank, in the formation of a controllable credit market
- customs exemption of agricultural machinery
- introducing new technologies and expanding the minimal technological requirements, such as plow
- training of the peasantry
- railroad construction for the further unification of domestic market and reduction of railway tariffs
- abolition of *aşar*, tithe in 1924.

In spite of these measures, an observer commenting on the economic condition of Turkey describes the agricultural methods used in the country as constant since the time of Adam.¹⁴²

Apart from these government measures, Colonel Woods reports more than one source mentioning about “the peasant has worked night and day with a view to intensifying cultivation [...]”.¹⁴³ This emphasis by Woods echoes Chayanov’s *self-exploitation* concept:

¹⁴² Yorgaki Effimianidis, *Cihan İktisat Buhranı Önünde Türkiye v.1*, (İstanbul: Kâatçılık ve Matbaacılık Anonim Şirketi, 1935), p. 168

The amount of labor product is mainly determined by the size and composition of the working family [working without paid labor, *a.n.*], the number of its members capable of work, then by the productivity of the labor unit, and —this is especially important— by the degree of self-exploitation through which the working members effect a certain quantity of labor units in the course of the year.¹⁴⁴

The degree of self-exploitation of labor in peasant family is determined by the equilibrium between demand satiation in family and the *tyagostnost* (drudgery) of labor. Moreover, for Chayanov, the structure of this individual economic units was determined by “the economic and political measures of the state power which by noneconomic constraint controls the mode of land utilization and *popular migration*”¹⁴⁵ among some other factors.

As for refugees and their effect on the agricultural structure, the government wished to make the refugees producers as soon as possible. Apart from the expenditures for resettlement of the refugees, 4.300.000 olive, fig and various fruit trees, 27.501 ploughs, 20 carts, 20 garden rakes, 20 lawn movers, 50 mowing machines, 12 tractors (totally 41.253 agricultural implements of various sorts), 19.070 kg of agricultural chemicals (such as sulfur and blue vitriol), 22.994 animals to be used in plowing were distributed.¹⁴⁶

The detailed effects of the Population Exchange and of the refugees on agricultural production are demonstrated through the study of production techniques, tobacco, wheat and olive and grape/raisin productions.

¹⁴³ Woods, *Economic and Commercial Report – 1925...*, p.13

¹⁴⁴ A.V. Chayanov, “On the Theory of Non-Capitalist Economic Systems”, in eds. Daniel Thorner, Basile Kerblay, R. E. F. Smith, *The Theory of Peasant Economy* (Illinois, The American Economic Association, 1966), pp.5-6

¹⁴⁵ Chayanov, *ibid.*, p.13 [Our Italics]

¹⁴⁶ Cevat Geray, *Türkiye’den ve Türkiye’ye Göçler*, Türk İktisadi Gelişmesi Araştırma Projesi, (Photocopy), (Ankara: SBF Maliye Enstitüsü 1962), pp. 22-24 and Nedim İpek, *Mübadele ve Samsun*, (Ankara: Türk Tarih Kurumu Basımevi, 2000), p.171. Together with this, the archival documents also show that new credit opportunities were given to the agrarian Population Exchange refugees to avoid standing idle. (BCA: 30..18.1.1 – 8.41..10.)

2.4.2 Production

2.4.2.1 Production Techniques

We saw that refugees introduced new products and new techniques into the different branches of the Greek agriculture. However, we can say that such an impact on Turkey was quite limited in comparison with Greece. One of the most important reasons behind this was the absence of a systematic resettlement program of the Turkish government. Most of the refugees were settled in districts with characteristics totally alien to them. Almost every regional study concerning the early Republic period and touching upon the effects of the influx of refugees or the direct studies on the Population Exchange complains about this problem. Although, Arı claims with the reference to Karpas that the refugees made a positive contribution on the expansion of tobacco and potato cultivation, in this particular source Karpas does not talk about Turkish refugees subject to the Population Exchange but the immigrants from Bosnia and Romania.¹⁴⁷ The impact of the Population Exchange refugees on tobacco cultivation is discussed below.

In this context, Karpas mentions *general* and *local* contributions of refugees to the agricultural production to the production methods and to the agricultural production level respectively. This was “*muhacir cart*”, a horse cart with four wheels. Due to its maneuvering ability, it was preferred to *kağrı*, ox-cart.¹⁴⁸ However, despite lack of information we know that since the Balkan Wars, immigrants had contributed to the improvements in agricultural methods. According to a report published by The Historical Section of the Foreign Office (of Britain) in 1920 contrasts the agricultural methods of the immigrants and native Muslim population and as well as immigrating native Christian Population:

As a general rule, the Christian peasants are more skillful and intelligent, and readier to welcome modern improvements, than the native Turk; and in the western vilayets , they possess valuable traditional lore and show

¹⁴⁷ Kemal Karpas, *Türk Demokrasi Tarihi...*, p. 97 and Arı, *Büyük Mübadele...*, p.170

¹⁴⁸ Karpas, *Türk Demokrasi Tarihi...*, p.97

wonderful ability in gardening and the raising of particular products such as grapes, olives, opium and tobacco. The *Muhajirs*, or Mussulman immigrants from European Turkey, are likewise comparatively advanced in agricultural knowledge and methods, and their villages and fields can be distinguished at a glance from those of the native Turk by their orderly and prosperous appearance.¹⁴⁹

Therefore it can be concluded that, in our case, the exodus of the Greek peasants who, according to the aforementioned report, were more adoptable to the modern methods in cultivation created certain decline in agriculture in terms of its modernization. Although the immigration of the Turks into the current borders of Turkey after the Balkan Wars meant a certain improvement in agriculture compared to the natives, the net effect of the Population Exchange seems to be negative on the improvement of the agricultural methods when bethought the number of the deported the Greeks and their relative openness to new methods.

It should be noted that the decrease in population (the Turkish refugees equalled one tenth of the ousted the Greeks) coupled with the urgent problem of self-sufficiency pushed the government to improve the technical level of agricultural production and as we have noted above the refugees made use of this opportunity as well. The importation of agricultural machinery increased.¹⁵⁰ The Population Exchange played some role in the mechanization of agriculture. Since, apart from restructuring the agriculture for creating a base for national industry, the government tried to overcome the problem of labor scarcity in agriculture.

2.4.2.2 Tobacco

Tobacco was the leading agricultural product and commodity on which the refugee impact could best be observed. Tobacco, for a long time, had been an important cash-crop for the economy of the country. In the late-Ottoman period, the share of the tobacco in total exports was 10 per cent. In the early-Republic era the income from tobacco exportation form 25 or 35 per cent of the total export incomes. As it is

¹⁴⁹ The Historical Section of the Foreign Office (HSFO), *Anatolia – Handbooks Prepared under the Direction of HSFO* – No. 59, (London: H.M. Stationary Office, 1920), p.79, also see p.73.

¹⁵⁰ Among many sources see Silier, *Türkiye’de Tarımsal Yapının...*, p. 20-21, and Keyder, *The Definiton of ...*, p.37-38

seen in Table-2.9 after 1913 there was a steady decrease in tobacco production until 1924. This was due to the shrinking borders of the Empire which, then, precluded some most fertile lands and gradual departure of the Greeks which specialized in tobacco production. However, a higher growth rate of tobacco production (49,7 per cent) than that of the total agricultural production (33,8 per cent) from 1923 to 1924 was observed.¹⁵¹ This can be explained by the role of Turkish refugees who closed the gap after the departure of the Greeks. Since considerable part of the Turkish refugees were coming from the districts such as Drama and Kavala which had been famous for their high harvest and good quality. Although the number of people engaged in tobacco production was limited, the cultivated land and the harvest show an increase after the Population Exchange. It was not only the increase in the tonnage of the tobacco production but also the value of the production was almost quadrupled in fix prices of 1913-14 from 1923 to 1924 (1923: 75.34 and 1924:292.55 in million piastres). The share of the tobacco production also increased in the same period from 2.26 to 6.17 per cent. With the increase in the aggregate agricultural production, the share of tobacco was decreased, however this ratio remained higher than 1913 level until 1928.¹⁵² The refugees' positive influence on tobacco production can be traced better by looking at their local activities.

In a local newspaper called *Yeni Fikir*, New Idea, in Bursa in 1925 an article titled as "Refugees and Agriculture" informs the reader about that the refugees were mostly engaged in cultivation of tobacco and maize.¹⁵³ Actually the tobacco

¹⁵¹ Calculated from the data in Appendix-B and Table-2.9

¹⁵² The extraordinary increase in the share of tobacco in agricultural production in 1927 (8.26 per cent) could be explained by that tobacco production was not affected by the bad harvest conditions in 1927. "The winter has been extremely rigorous throughout Anatolia, and consequently certain centers have suffered. The heavy falls of snow have given rise to great scarcity of foodstuffs and fodder in interior districts where the means of communication precarious." Colonel H. Woods, O.B.E., *Report on Economic Conditions in Turkey* (May, 1928), (London: His Majesty's Stationary Office, 1928), p.8

¹⁵³ Nesim Şeker, "*Türk-Yunan nüfus mübadelesi sonucu Bursa'ya gelen göçmenlerin kentin sosyal yapısı üzerindeki etkileri (1923-1935)*", *Unpublished MA Thesis*, (Bursa: Uludağ Üniversitesi, 1995), p.89

production in Bursa was increased from 5.057.334 *kıyyes* (in 1922) to 6.411.300 *kıyyes* (in 1927).¹⁵⁴

We should note that the exchangees experienced in tobacco production was tried to be settled in places where tobacco production had been common before the Population Exchange for the sake of a quick recovery. For instance, 528 of 931 refugees settled in the center of Samsun were declared practicing tobacco-related occupations. As a result of this resettlement, tobacco production in Canik *vilayet* increased by 50.7 per cent from 1924 to 1927 (from 2.235.709 kg to 4.536.780 kg).¹⁵⁵ The majority of the refugees settled in the districts of Samsun was farm labor working in tobacco cultivation.¹⁵⁶

¹⁵⁴ Raif Kaplanoğlu, *Bursa'da Mübadele*, (İstanbul: Avrasya Etnografya Vakfı Yayınları, 1999), p.126

¹⁵⁵ İpek, *Mübadele ve Samsun...*, p. 164

¹⁵⁶ Zehra Kosova, an important figure in the labor movement of Turkey, was also an exchangee from Kavala. As most of the refugees from Kavala, she and her family were settled in Tokat, a sancak in Samsun vilayet according to the Ottoman administrative structure and a city bordering Samsun in the Republic of Turkey. Since her childhood, Zehra Kosova was engaged in tobacco production with other family members. It is worth to note that after their moving to İstanbul Kosova continued to work as a worker in tobacco processing. For her memoirs see Zehra Kosova, *Ben İşçiyim*, Zihni T. Anadol (ed.), (İstanbul: İletişim Yayınları, 1996). See especially pp.13-42. See also Mustafa Özçelik, *1930-1950 Arasında Tütüncüler Tarihi*, (İstanbul: Tüstav Yayınları, 2003).

TABLE-2.9: Tobacco Production (1909-1939)

Year	Tobacco Production (tons)	Production (in 1913-14 prices, million piastres)	in Total Agricultural Production (%)	Tobacco Production (kg)	Production (in 1913-14 prices, piastres)
1909	31237	208.31	2.49	2.05	13.65
1913*	41692	277.05	3.59	2.64	19.28
1914**	37698	238.02	2.19	2.44	13.84
1923	26090	75.34	2.26	2.07	5.99
1924	51870	292.55	6.17	4.04	22.78
1925	56294	260.88	5.40	4.30	19.91
1926	54319	265.42	4.24	4.06	19.85
1927	69604	376.78	8.26	5.10	27.61
1928	43035	182.66	3.35	3.09	13.10
1929	36503	175.31	2.44	2.56	12.31
1930	47211	252.10	4.67	3.25	17.34
1931	51111	139.72	2.89	3.44	9.41
1932	18040	48.29	1.33	1.19	3.18
1933	40148	106.08	2.83	2.59	6.85
1934	35678	135.98	3.84	2.26	8.60
1935	36004	154.42	4.16	2.23	9.56
1936	75936	297.88	5.47	4.62	18.12
1937	72677	224.27	4.70	4.35	13.41
1938	58800	171.68	3.34	3.46	10.09
1939	65434	195.88	3.73	3.74	11.18

(*) Estimated data; Güran's data are increased by 1.54% for the total value and 2.42% for the total volume, for the shares of the non-surveyed provinces Ağrı, Erzurum, Erzincan, Hakkari, Muş and Siirt.

(**) Estimated data, Güran's data are increased by 1.7% for the total value and 2.48% for the total volume, for the estimated shares of the non-surveyed provinces Ağrı, Erzurum, Erzincan, Hakkari Muş, Siirt, Adana, Bingöl, Bitlis, İçel, Urfa and Van.

Source: Özel, "The Economy of Turkey...", p. 28

In *Evkaf* district of Samsun the refugees were successful at increasing harvest and quality and the tobacco exportation from Samsun had been 2.178.536 kg in 1925 and it was 3.776.728 kg in 1926.¹⁵⁷ Some similar developments were observed in Edirne, too. The production of tobacco increased to 2.000.000-2.500.000 kg in 1923 from about 1.000.000 kg in 1922.¹⁵⁸ This example also can be seen as an answer to the question asking whether or not the refugees found suitable conditions for production.

In İzmir and its districts refugees created a deep impact that changed the product diversity and production habits of the indigenous population. In a source on the topography of İzmir in 1924, for Bayındır, a district of İzmir, it was said that tobacco production previously dominated by the Christians was acquired by the indigenous population and refugees. The production rose to 600.000 *kıyyes* from 250.000 *kıyyes*.¹⁵⁹

2.4.2.3 Raisins and Figs

Production and exportation of dried fruits (such as raisins, currants, figs, etc.) were another economically important area where the impact of refugees was apparent. For us, among dried fruits raisins were especially important for their high share in total exports and for the role of the Anatolian the Greeks in their production. The role of the Greeks in raisin production was obvious in Hilmi Uran's memories during his Çeşme district governorship in 1914. The emigration of 40.000 the Greeks from Çeşme to Chios due to the insecure atmosphere after the Balkan Wars and the resettlement of the Muslim refugees in Çeşme resulted in the deterioration of vine growing in this district owing to the fact that the refugees were accustomed neither to the climate of Çeşme nor to the agricultural character of the district.¹⁶⁰

¹⁵⁷ Ibid., p.166

¹⁵⁸ Arı, *Büyük Mübadele...*, p.181

¹⁵⁹ Ibid.

¹⁶⁰ Hilmi Uran, *Hatıralarım*, (Ankara: Ayyıldız Matbaası, 1959), p.72

Raisins were not only important in Çeşme. They were one of the most prominent export crops of the imperial exportation at the turn of the century. According to Keyder, raisins had become a principal export item in the very beginning of the integration of Western Anatolia into the world market.¹⁶¹ The share of raisins in total value of exports varied between 6.3 per cent and 10.4 in 1909-1913.¹⁶² More than 60 per cent of exported raisins were sold to Britain.

As far as production level of raisins is considered, generally we do not see a significant reduction in production of raisins in the long run. However, a closer look at the production level reveals that production of raisins in İzmir was 69 million kilograms in 1913 whilst the post-1923 maximum was 51 million kilograms in 1929.¹⁶³ Such a sharp decrease in a period of recovery may be explained by the loss of experienced vinegrowers due to the Population Exchange. The archival documents prove that, though limited, the government tried to resettle experienced vinegrowers to the Western regions.¹⁶⁴ However, we can conclude that these efforts made inadequate effect to increase the production of raisins at least in the first years of the Republic. The overall production of raisins reduced to 406.1 million kilograms in 1925 from the level of 493.5 million kilograms achieved in 1924. Probably, problems similar to the ones in Çeşme in 1914 arose due to the resettlement of exchangees of 1923 in the absence of a resettlement plan. However, the most evident impact of the Population Exchange in terms of raisins was upon the foreign trade of this agricultural product.

¹⁶¹ Keyder, *The Definition of...*, p. 26

¹⁶² Işık Özel, “*The Economy of Turkey in the Late Ottoman and Early Republican Periods – 1907-1939 – A Quantitative Comparison*”, *Unpublished MA Thesis*, (İstanbul: Boğaziçi University, 1997), p.125

¹⁶³ Keyder, *The Definition of...*, p.39. The production level in 1923 was 36 million kilograms. See Eldem, *Harp ve Mütareke Yıllarında...*, p.142

¹⁶⁴ For the settlement of the experienced vinegrowers from Crete in Bozcaada see BCA: 272..0.0.11 – 16.70..16. [28/12/1923] and for the settlement of the vinegrower refugee families from Vodine, Karaferye and Karacaova in İzmir region see BCA: 272..0.0.11 – 17.80..9 [29/3/1924].

The transfer of sultana grapes from Turkey to Greece with the refugees at the turn of the twentieth century is discussed above. Mears underlines the increasing exports of Cretan sultana grapes after the exodus of the Greek and Armenian growers in Anatolia. While the export volume increased twofold and the Cretan sultanas started to command higher prices than İzmir sultanas where the price of Cretan sultanas had been 10 to 30 per cent less than İzmir sultanas. The refugees from *Vourla* (Urla) and İzmir established large factories at Candia and Crete to prepare grapes for export and a new industrial branch was introduced in Crete: The Asia Minor refugees established factories for the production of wooden boxes for packing of sultanas.¹⁶⁵ However, the only competition for Turkish raisins did not come from Greece. There was also harsh competition coming from the US¹⁶⁶ and Australia. The expansion of world production of raisins resulted in the decreasing prices. A ton of Turkish raisins had a market at TL 37 in 1924, however, in 1927 the value of a ton of Turkish raisins decreased to TL 11.¹⁶⁷ Such a fast decrease of prices was the sign of a cut-throat competition and abundance of raisins in the world market. The competition was so strong that Britain, the major importer of Turkish raisins, did not buy any raisins from Turkey and preferred other countries in 1923. Together with the reluctance of Britain towards Turkish raisins, decreasing demand from Germany jeopardized the revenue from the major export items.¹⁶⁸

Figs draw a very similar profile with raisins. Unlike sultana grapes, in Greece figs were not introduced by refugees, but refugees were engaged in fig production and export. The international demand for the Greek figs created a wooden box industry for the packing of figs. Hence, Turkish fig producers compete with the Greek

¹⁶⁵ Mears, *Greece Today...*, p.70

¹⁶⁶ It is worth to note that the entrance of the US to the international raisins market was the result of heavy migration from Anatolia to this country in the late-nineteenth century. "Almost all US raisins are produced in California's San Joaquin Valley, where commercial raisin production began in the 1870s with the arrival of immigrants from present-day Armenia and Turkey." Philip Martin, "California's Farm Labor Market: The Case of Raisin Grapes", May 4, 2008, http://migration.ucdavis.edu/cf/files/conference_may_2008/martin_mason-californias_farm_labor_market-the_case_of_raisin_grapes.pdf

¹⁶⁷ Our calculations based on Özel's data.

¹⁶⁸ Alaiyelizade Mahmud, "Rumlar'ın Hicretinden Evvel ve Sonra İzmir Ahvâl-i İktisâdiyyesi", *İstanbul Sanayi ve Ticaret Odası Mecmuası*, Year:41, No: 5, May 1341, p.873

producers, as well as American ones. However, Belli mentions the figs-packing industry declined after the Population Exchange which can be interpreted as the deterioration of importance of figs export in the post-Exchange period.¹⁶⁹

2.4.2.4 Grain

In grain production, it is very difficult to trace the impact of refugees. Because the widespread character of the grain cultivation among the indigenous population of Anatolia makes it almost impossible. Nevertheless determining the refugees' interest in cultivation of grains is important. Since grain production of which share in aggregate agrarian production was 30-40 per cent was the core of the basic economic activity in the country, namely agriculture. Almost half of the GNP was due to the agrarian component of the economy. Hence by easy calculation, it can be deduced that 15-20 per cent of the GNP was based on grain production. This bare numbers are enough to reflect the importance of the grain production in Turkey.

The increase in the agricultural labor force in certain regions created positive expectations on the grain production which was inevitable for the subsistence of the country. A newspaper, *Cumhuriyet*, declared that the aggregate grain production would be tripled in the end of 1924. According to this newspaper, 80 per cent of the abandoned properties were under plough.¹⁷⁰

2.5 Summary and Conclusion

The Population Exchange deeply influenced the Turkish agrarian structure and land system. The most important consequence of the Exchange is its impact on the land system of Turkey. By means of our research on this issue, we conclude that following the impacts of refugees in the late-nineteenth century and early-twentieth century the Exchange intensified the capitalistic property relations in land in the

¹⁶⁹ Mihri Belli, *Türkiye-Yunanistan Nüfus Mübadelesi – Ekonomik Açıdan Bir Bakış*, (İstanbul: Belge Yayınları, 2006), p.97

¹⁷⁰ Cited by Şeker, “*Türk-Yunan Nüfus Mübadelesi Anlaşması Sonucu...*”, p.89

long run. At first glance, the depredation movement against the abandoned properties seems to be in conflict with this interpretation. For two reasons this is just a seemingly contradiction. Firstly, the mass deportation of the Greeks and depredation of the abandoned estates which can be named as the clearing of estates and the separation of the means of production and the producers by extra-economic forces was a primitive accumulation which resulted in the intensification of the capitalist production and property relations. As aforementioned, this was a temporary suspension of the capitalist private property rights for the long term sake of these rights. Moreover, the need for the reorganization of the land system became more apparent with the mess after the Exchange. The legal arrangements which define property rights around capitalist private property and the formation of a cadastral system can be seen as evidences for our interpretation. More positively, it is sensible to claim that the examination of the land tenure during the resettlement process of the refugees prepared a suitable ground for bringing an ultimate end to the upper hand of the local-oral tradition in determination of the use rights on the land. Secondly, primitive accumulation created the necessary capital accumulation in the post-war era.

The opposite argument claims that the Exchange caused an adverse trend when compared to the positive trend of development of the private property rights in the Ottoman Empire which resulted in the consolidation of strong state tradition, a *leitmotiv* in Turkish history. According to this argument, the “strong state” did not lead to the development of an independent entrepreneur bourgeois class.¹⁷¹ Such an interpretation of the process relies on a double-*idealization*. First idealization was concerning the mechanism of the rise modern property relations, that is, an ideal model for the development of private property based on the centuries-long mutual clashes among the state, landlords, peasants and lastly bourgeoisie, such as the rise of “agrarian capitalism” in Britain. However, none of the capitalist countries other than Britain followed the way of the capitalist development in Britain. In our case, the historical deficiency was met by the intervention of the state and the rise of private property intermingled with some other historical facts and events, such as

¹⁷¹ See Keyder, *State and Class...*, Keyder, “Nüfus Mübadelesinin Türkiye Açısından...”.

the Population Exchange. Second one was the idealization of the Ottoman state based on a trans-historical strong state tradition which annihilated capital accumulation and caused the dominance of small proprietors in the agricultural structure. In this idealistic interpretation of the Ottoman era, contradictorily, it presumes a *deus ex machine* called strong liberal tendency in land system. It is true that the expansion of capitalist production relations and the penetration of Western imperialism into the Empire resulted in the rise of private property in land and it was legalized by the Land Code of 1858. However, even in the early-twentieth century the property rights in land were determined by local power relations rather than sanctity of the private property and oral inquiry rather than documentation.¹⁷² We underline this not to deny the transformation of the property rights in the late-Ottoman era, but to show that the case was far from being ideal.

As for agricultural production, the arrival of refugees did not mean transfer of new production techniques and means. However, they profoundly affected production level of certain crops. The most well-known example is tobacco. Though the agrarian structure did not become to be a monoculture, tobacco played a major role in the integration of the Anatolian market to the international market. As for other crops having significant share in exportation, such as raisins, the situation was different. In the first years, the production level of raisins declined not destructively although there were sharp decreases in certain localities. What was more important than the production level was the availability of markets demanding Turkish raisins. As the result of the population exchange, certain types of raisins were transferred to Greece; and hence, the growing competition impaired the revenue from the exportation of raisins. The figs were also similar to the raisins.

¹⁷² Yücel Terzibaşoğlu, “Eleni Hatun’un zeytin bahçeleri: 19. yüzyılda Anadolu’da mülkiyet hakları nasıl inşa edildi?”, *Tarih ve Toplum, Yeni Yaklaşımlar*, Güz 2006, sayı 4, pp. 121-147

CHAPTER 3:

INDUSTRY

3.1. Ottoman Background

It is a well known fact that the industrial base of the Ottoman Empire was quite weak. However, the reasons behind this weakness are still debated. There are some explanations based on the expansion of the capitalist world-economy and the incorporation of the Ottoman Empire to the capitalist world-system. On the other hand, in some other explanations, the process was seen as the semi-colonization of the Ottoman Empire by the capitalist-imperialist system. Most prominent discussion of these explanations agree on the fact that this peripheralization or semi-colonization processes were accompanied by a *deindustrialization* process. Issawi, as the most distinguished proponent of deindustrialization theory, defined this process as the decline of handicrafts due to the increasing competition with the West.¹⁷³ The decline of the handicrafts and the re-arrangement of the industry on the basis of new factory-system (*reindustrialization*) was another characteristic of this process. Since there was limited capital accumulation to support the reindustrialization, there is no doubt that in this reindustrialization process there were two important determinants: the State and the foreign capital. However, as far as the industry was concerned, since the choices of the State, in one way or another, were determined by tropism stimulated by the economic needs which were under

¹⁷³ Charles Issawi, "De-industrialization and re-industrialization in the Middle East", *International Journal of Middle East Studies*, 1980 (12), *passim*

the influence of the international market, these two determinants can be reduced to one for the Ottoman Empire as any other dependent state. Some scholars overlooked the reducible character of one of these determinants to the other and explained the process as an Industrial Revolution having taken place in the Empire.¹⁷⁴ Of course, it can be argued that before the penetration of European capitalism to the Ottoman Empire, these two determinants could not be reduced to one, since within the Empire the rise of capitalist production relations had not appeared yet. *Provisionism*, however, one of the leading economic principles of the Empire which governed the economic system of the Empire together with *traditionalism* and *fiscalism* makes this reduction possible. Provisionism, the principle of keeping the supply of goods and services cheap and abundant, resulted in the development of a “voluntary dependency” relationship with the West, given that as long as the imported goods and services were cheaper and more abundant than their substitutes produced in the domestic market, the State did not turn to import substitution and moreover, export as an economic activity was strictly under control of the central authority.¹⁷⁵ Furthermore, *fiscalism*, the principle of increasing the revenues of the Ottoman Treasury, created an economic mentality disregarding the middle and long term growth effects of the economic activities and evaluating them in terms of their potential tax revenues which created a sort of *fiscocentralism*.¹⁷⁶ *Fiscocentralism* gave rise to an atmosphere lacking of incentives for the domestic producers. Especially the producers of the Ottoman origin, who were not under the protection of the Western states, were imposed to pay new taxes. For instance, raw materials for the domestic market were subject to an additional tax, 8 per cent over the value of the products. British authorities reported that it was an economic “suicide” to invest in industry in the Ottoman Empire.¹⁷⁷ Martal points

¹⁷⁴ E. J. Clark, “The Ottoman Industrial Revolution”, *International Journal of Middle East Studies*, 1974(5), pp.65-76

¹⁷⁵ Mehmet Genç, “18. Yüzyılda Osmanlı Sanayisi”, in *Osmanlı İmparatorluğunda Devlet ve Ekonomi*, (İstanbul: Ötüken Neşriyat A.Ş., 2000), p. 227. For more detailed explanations of the principles of provisionism, traditionalism and fiscalism, please see Mehmet Genç, “Osmanlı İmparatorluğu’nda Devlet ve Ekonomi” in *Osmanlı İmparatorluğunda Devlet ve Ekonomi*, (İstanbul: Ötüken Neşriyat A.Ş., 2000), pp. 57-67

¹⁷⁶ Genç, “18. Yüzyılda Osmanlı Sanayisi”, p.228

out that whole tax burden on the producers would reach 20-25 per cent if real estate taxes and income taxes were taken into account.¹⁷⁸ Although there were certain obstacles for the industrialization because of the economic structure, disregarding the industrialization attempts of the Ottoman State would be an over-simplification. There was, indeed, a state-led “industrial” development. Yet the Ottoman industry was still in its infancy after a complex period of “development” in the eighteenth century. Genç refers to three examples for the attempts of the State to establish manufactures, especially for the production of textiles: Woolen Manufacture (1703), Silk Manufacture (1720), and Sailcloth Manufacture (1709). Sailcloth Manufacture was one of the most longstanding attempts.¹⁷⁹ This was due to its privileged position in the market (monopoly, business opportunities with the State, etc.) and the abundance of skilled labor force suitable for this traditional manufacturing area. To these institutions, we should also add the launching of *Dökümhane*, Foundry, in 1709. There were also various other attempts in textile industry, paper manufacturing, ceramic manufacture, and etc. The efforts of the State for the expansion of modern industrial production in the first half of eighteenth century were halted by the developments in the second half of this century. In this period, some indirect measures taken by the State to protect certain industrial activities ceased to exist as the result of increasing European intervention to the economic sphere, especially to the terms of trade. One other important reason behind this stagnation and even recession was the war agenda of the State. The Ottoman military power relatively weakened in consequence of the technological developments in this area in Europe. In this century, the wars of the Ottoman Empire were defensive ones and ended in defeats which meant additional burden on the economy in several respects. First, the burden on the Ottoman Treasury increased. Second, the State tried to escape from this increasing burden by exploiting the producers through the system of *Mîrî Mübayaa* which allowed the State to buy the needs of the military from the domestic market with very cheap

¹⁷⁷ Cited by Kurmuş, *Emperyalizmin Türkiye'ye Girişi*, p.173

¹⁷⁸ Ahmet Martal, *Değişim Sürecinde İzmir'de Sanayileşme-19. Yüzyıl*, (İzmir: Dokuz Eylül Yayınları, 1999), p.127

¹⁷⁹ Genç, “18. Yüzyılda Osmanlı Sanayisi”, pp.237 – 254

prices, sometimes below its production costs under the name of an extraordinary tax in kind. Some of the treaties in the end of these wars were directly related with the Ottoman economic sphere such as new tax exemptions, new protections, etc. Third, domestic demand collapsed because of the wars. Fourth, the shrinking borders of the Empire meant shrinking market and declining raw material opportunities for production.¹⁸⁰ Hence, especially the increasing and multifaceted burden of these defensive wars brought about stagnation in the industrialization attempts in the second half of the eighteenth century.

The second industrialization movement (1830-1850) started in the first half of the nineteenth century. Similar to the first wave of the industrialization attempts, this second movement also concentrated in the textile industry to meet the military needs of the State. The first three examples of this movement were the weaving factories founded in Bursa (silk), Balıkesir (*aba*-a strong coarse wool cloth), and Zeytinburnu (cotton). However, perhaps, the most renowned example of this wave was the foundation of *Feshane* (factory producing fez for military) in İstanbul in 1835. Apart from textile, there were also iron, paper, soap, brick, flour, glass, faience and glue factories established in the course of this second movement. The determinants of this wave were such:

- The industrialization in Europe decreased the production costs and increased supply which literally caused an invasion of the Ottoman market by the cheaper and higher quality European goods.
- The consumer behaviors changed along with the increasing supply and the changing profile of the goods, hence demand for European-like goods increased.
- The handicrafts did not manage to survive this competition due to their structural deficiencies such as their technologic backwardness.
- The process of reform created new needs, especially in the military field.

¹⁸⁰ For a more detailed evaluation of the effects of the wars on the Ottoman economy in the eighteenth century see Mehmet Genç, “18. Yüzyılda Osmanlı Ekonomisi ve Savaş” in *Osmanlı İmparatorluğunda Devlet ve Ekonomi*, (İstanbul: Ötüken Neşriyat A.Ş., 2000), pp.211-225

The first determinant was thanks to the collapse of the protectionist policies of the Empire as a result of *The Anglo-Ottoman Commercial Treaty of 1838 (Baltalimanı Agreement)** which broke the tariff barriers of the Empire into pieces. The Industrial Revolution initiated an increase in the raw material demand of Europe. This increasing demand pushed the Ottoman Empire to a raw material supplier position slowly but surely. This also damaged the imperial production. Hence, in 1826 the Ottoman State developed a protectionist policy called *yehd-i vahid* which handed over the monopoly rights to producers in the production of the certain goods and foreign trade activities. This policy moreover, secured the economic activities of imperial economic agents. It is not surprising that this protectionist policy disturbed the British economic interests in the Empire. This condition imposed the Free Trade Agreement on the Empire and with this agreement, the Ottoman Empire lost its right of imposing extraordinary taxes on economic activities in case extraordinary conditions such as famine, war, and etc. The *yehd-i vahid* system then was abolished. Similar agreements with other European powers followed the Anglo-Ottoman Commercial Treaty. This did not mean only the invasion of the Ottoman goods by the British goods, but also it encourage the motivation of the foreigners to invest in industry. Especially the British share in the industry increased rapidly throughout the nineteenth century. Kurmuş supplies us with illustrative examples of the increasing role of British capital in the industry of Western Anatolia.¹⁸¹

The industrialization movement originating from the aforementioned reasons caused an increase in public investments in industry. Moreover, there were some highly profitable industrial branches which attracted private investments. According to Martal, the terms after 1838 improved the position of Greeks and Armenians in the industry. Martal exemplifies this by examining the authorizations and privileges given by the State in 1846 and 1847. In 1846, Nicola Gaco was permitted to establish a silk factory in Tırhala. In 1847, Niko, a citizen of France, gained some

* Henceforth this agreement is called as the Free Trade Agreement.

¹⁸¹ See especially the chapter called as “Sanayide İngiliz Sermayesi” (British Capital in the Industry) in Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, pp. 169-204

10-year-valid privileges for his intention to establish a silk factory in İstanbul. Again in 1847, Askeroğlu Öseb was given 10-year-valid privileges and 3-year tax exemption for his hemp and thread production activity by importing machinery from Europe. In the same year, Martaroğlu Asord were permitted to found a factory on woolen cloth and serge production in İnegöl.¹⁸² This brings us to the detailed analysis of role of the Greeks in the imperial industry.

3.2 The Role of Ottoman Greeks in the industry

Parallel to Martal's findings, Exertzoglou claims that Greeks played a vital role in the emergence of modern industry in Anatolia. According to him, in the period 1850-1910, the Greeks invested in the industry to establish at least 2.000 plants. These investments especially concentrated in from 1880 to 1910.¹⁸³ Only these figures are sufficient to demonstrate the importance of the Greek element's role in the Ottoman industry.

Given the backwardness of the industry throughout the Empire, the role of the Greeks in the modernization and expansion of certain manufacturing activities cannot be disregarded. The importance of Greeks in two industrial branches, namely the carpet-making and silk production industries, will be dealt with separately due to their relevance to our discussion. But before this, let us discuss the roles of the Greeks in other industrial branches.

3.2.1 Foundries and Ironworks

A local paper in İzmir, namely, *Ahenk*, bearing the date of 13 February 1898, presents the *Issigonis* factory as "the oldest and the most perfect" of its kind in the Empire and, similarly, in 1900 P. Fartdhoulis talks about this factory by using

¹⁸² Martal, *Değişim Sürecinde...*, p. 21

¹⁸³ Haris Exertzoglou, "The Development of a Greek Ottoman Bourgeoisie: Investment Patterns in the Ottoman Empire, 1850-1914", in *Ottoman Greeks in the Age of Nationalism* (eds. Gondicas and Issawi), p.96

exactly the same words.¹⁸⁴ According to *Ahenk*, the factory was founded in 1854, however, Farthoulis dated it back to 1850. According to the Greek consular report issued in 1910, Demosthenis Issigonis factory was the first factory to use the steam power in Anatolia and it was established in 1856.¹⁸⁵ In the factory letter shown in Illustration-3.1 the foundation year is said to be 1854. According to the latter source, in the Issigonis factory there were 75 horsepower engines and 150-250 workers according to the season and it contained machine-works, iron-works and a foundry, as well as mechanized joineries. Martal, citing from Scherzer, claims that steam boilers, hydraulic pumps could be produced in Issigonis. In 1872, in this factory 11 steam machines, 12 boilers in various sizes, 20-30 hydraulic press, 100 pumps, 40 garden pumps, 5 fire pumps, 2 steam-driven mills, 60-70 tanks of various capacities, for soap factories 10 iron or copper boilers and 2000 okkas cast-iron were produced by 60-70 workers. In 1887, a new department to produce iron-needles was started within the factory during WWI. Issigonis's factory was nationalized and his family left Anatolia for London after the Asia Minor Catastrophe.



Illustration-3.1: A company letter of 1910 carrying a picture of the Issigonis factory
Source: L.S. Skartsis and G.A. Avramidis, *Made in Greece: Το ελληνικό αυτοκίνητο, όχημα και αεροσκάφος*, (Patras: University of Patras Publicaitons, 2007)

¹⁸⁴ Cited by Martal, *Değişim Sürecinde...*, p. 138

¹⁸⁵ Cited by Panayotopoulos, "On the Economic Activities...", p. 105

In the Industrial Censuses of 1913 and 1915, there were 24 metallic [goods] industrial plants employing more than 10 workers. By only looking at the names of the factories we are able to say that 8 of them were of Greek origin (İsigonis (sic.), Hiralogos, Hristo Dolos Yani, Kalohretas, Leonidopulos H., Leonidopulos Y., Mihailidis, Vasilyadis) 5 in İzmir and 3 in İstanbul.¹⁸⁶

3.2.2 Flour Mills

One of the most important industrial activities in the Ottoman Empire was flour production. According to the Ottoman Industrial Censuses of 1913 and 1915, there were 31 primary and 2 secondary establishments in the Ottoman Anatolia. 9 of them belonged to Greeks as we identify from their names: Stefanidis and Milakopidis, Stimatyadi and Yakonos, Patrikyos, Plitas and Madencidis, Triyandafilopulos Yorgi, Yovaniki, Frangopulo Dimitri, Venturato Panayot, and Yorgalo. “Stefanidis and Milakopidis” was the first flour mill in İzmir.¹⁸⁷

According to the consular economic report mentioned above, there were about 23 flour mills in Anatolia 10-12 of which were steam-powered. 4 of these steam-driven mills belonged to the Ottoman Greeks: N. Karamaniolos, M. Nicolaidis, Marcopoulos and Hadjiantoniou, Cousineris and Pittacos (also French seubjects).¹⁸⁸ Panayotopoulos made the calculation of “daily Hellenic contribution” to the flour production which was no less than 62.675 liters/day and this meant 34% of the daily production in Anatolia. In 1911, this ratio improved further. There were 4 steam-powered mills that belonged to Greek subjects (Karamaniolos, Faypeas, Tsintsinias, Vintirosos), 3 of steam-powered mills were Ottoman Greeks (Girkalos, Tozakoglou and Stefanidis, Mouratis and Mindissoglou (?)), 2 of them belonged to Marcopoulos who changed his nationality to Italian. Excluding the Mouratis and Mindissoglou and Marcopoulos, 65.3% of the daily production was in the hands of the Hellenic or

¹⁸⁶ Ökçün, *Osmanlı Sanayi...*, pp. 199-200

¹⁸⁷ *Ibid.*, pp. 39-40

¹⁸⁸ Cited by Panayotopoulos, “On the Economic Activities...”, p. 106

Ottoman Greeks.¹⁸⁹ The total value of the Greek investment in this sector was 1.194.000 paper TL (=426.000 gold TL).¹⁹⁰

We know that the flour mills of Tozakoglou and Stefanidis was one of the longstanding ones. In 1926, the factory at Darağacı was subject to compulsory purchase by the Municipality of İzmir and it was decided that the compensation would be paid in eight annual installments.¹⁹¹

3.2.3 Other Industrial Activities

There were some other industrial branches where the Greeks were active. Martal mentions that single “saw bench” factory in İzmir was in *Urla* and belonged to Sirkecioğlu Penanos. In 1901, there was a timber factory in *Kordon* belonging to Penayi Mavromati, a Greek merchant. Other Greek merchants of the neighborhood contested this factory by stating its “harmful potential to public health and comfort”.¹⁹² There were also hundreds of small tanneries and dye-works, soap-works, confectionaries, box-making for exportation of agricultural goods, especially figs and currants. In the last item, the Greek contribution was the most apparent: 90% of this industry was under the Greek control.¹⁹³ In beverage (wine, brandy, etc.) and alcohol industries, Greek investment was about 400.000 paper TL. In sugar products industry, 8 out of 9 factories belonged to Greeks and in tanning industry, 4 out of 7.¹⁹⁴ It can be deduced that in certain industrial branches the Greek capital became dominant. As we have mentioned above, the overall industrial base of the Empire was quite backward and the economic policies of the State did not encourage industrialization. Thus, except for the financial burden of founding a

¹⁸⁹ Ibid.

¹⁹⁰ Exertzoglou, “The Development of...”, p. 97

¹⁹¹ BCA: 30..18.1.1 - 18.25..2. [06.04.1926]

¹⁹² Martal, *Değişim Sürecinde...*, p. 158

¹⁹³ Panayotopoulos, “On the Economic Activities...”, p. 106

¹⁹⁴ Exertzoglou, “The Development of ...”, p.97

factory, it was not easy to establish an industrial plant. For instance, Tozakoglou and Stefanidis applied for permission to found a steam-driven flour mill on their registered land in Darağacı, İzmir on the Peraköy Avenue in 1905. The official correspondences for the foundation of the factory continued till 1908 and at last it was approved.¹⁹⁵ Hence, we can claim that despite such bureaucratic complications of the process and the heavy financial burden, Greeks played a leading role in Ottoman industrialization.

TABLE-3.1: Distribution of Industrial Plants According to Nationality in İzmir, 1919*

Greek	Turkish	Armenian	Jewish	British	French	Austrian	Italian	American	German	Belgian	TOTAL
4.008	1.216	28	21	13	8	6	3	2	2	1	5.308

Source: Exertzoglou, "The Development of...", p.105

Table-3.1 includes home industries, small workshops, manufacturers, and factories. Greeks' share in the industry in terms of number of plants was 75%. Issawi estimates the Greek share in industry and crafts in the Ottoman Empire at 49%.¹⁹⁶ According to Demitzakis' data, from 1891 to 1900 443 industrial plants were established by the Greeks and only 98 by the Turks. From 1901 to 1910, 437 Greek industrial units were founded as opposed to 58 Turkish plants.¹⁹⁷ Table-3.2 also shows the ethnic distribution of capital and labor power in 1915:

¹⁹⁵ Martal, *Değişim Sürecinde...*, p. 143

* It merits mentioning that these numbers belonged to the years of Greek invasion in western Anatolia.

¹⁹⁶ Issawi, *The Economic History of Turkey*, (1980: Chicago University Press, Chicago), pp.13-15

¹⁹⁷ Cited by Panayotopoulos, "On the Economic Activities...", p. 108

TABLE-3.2: The Ethnic Distribution of Capital and Labor Power in Industry, 1915

<i>Ethnic Groups</i>	<i>Share in Capital (%)</i>	<i>Share in Labor Power (%)</i>
Muslim Turks	15	15
Orthodox Greeks	50	60
Armenians	20	15
Jews	5	10
Foreigners	10	0

Source: Samim Akgönül, *Türkiye Rumları – Ulus-Devlet Çağından Küreselleşme Çağına Bir Azınlığın Yok oluş Süreci*, (İstanbul: İletişim Yayınları, 2007), p. 76

Table-3.2 shows that the Greek dominance over the imperial industry was not based on its sporadic nature, but also in terms of the share in capital and in labor power, the Greeks were the dominant element. Although Tezel does not mention the source of his data, he underlines the role of Greeks in manufacturing industry by claiming that 73 per cent of the manufacturing industrial plants in Western Anatolia belonged to the Ottoman Greeks. He proceeds to show the share of Greeks in the labor force in these establishments: 85 per cent of 22.000 workers, that is, 18.700 workers were of Greek origin.¹⁹⁸ Tezel's data are not in an exact accordance with the figures given in Table-3-2. In our investigation, we have found out that this data was extracted from a report written by Bie Ravndal, American Consul General in İstanbul.¹⁹⁹ According to this report, the percentage concerning the ethnic distribution of labor force given by Tezel was the share belonging to the aggregate non-Muslim population (Greeks, Armenians and Jews). The section of this report called as "*Effects of Nonmoslem Exodus*" is given in Appendix-A in this study.

One should accept the "brightness" of these figures; however, the facts behind these figures should not be disregarded. As we have mentioned, the backwardness was one aspect of the industrial structure. The most important problem was the lack of capital which constituted a major constraint before the industrial development. The Greek establishments were not immune from this problem. The ephemeral character

¹⁹⁸ Y. S. Tezel, *Cumhuriyet Döneminin İktisadi Tarihi (1923-1950)*, (Ankara: Yurt Yayınları, 1982), p.88

¹⁹⁹ G. B. Ravndal, *Turkey: A Commercial and Industrial Handbook*, (Washington D.C: Government Printing Office, 1926).

of most of the industrial plants was due to the insufficient capital accumulation. This problem was followed by the lack of technical and managerial knowledge. Apart from the general problem, there was one crucial problem particular to the Greek industrial establishments. This problem was their *individualism and familism*. The Greek “industrialists” did not cooperate with each other and did not make further advantage of their dominant character in the industry. For Demitzakis, this was also another reason for the non-modernizing nature of the industry.²⁰⁰ Panayotopoulos also complains about the spirit of education based on national sentiments rather than technical knowledge. “According to Demitzakis, their syllabuses did not meet the practical needs of everyday life”.²⁰¹

Finishing this discussion without mentioning the toiling people in the industry would be a definite deficiency. The question to be addressed is related to the position of Greeks in the “Ottoman working class”.

3.2.4 “Ottoman Working Class” and Greek Contribution

While we are talking about the industry, we simply quote some figures showing the preponderant numbers of Greek workers in the labor force (see Table-3.2). This dominance needs to be examined in more detail. The evolution of the Ottoman working class and its dominant Greek element which would be subject to the Exchange did have some profound implications for the social and political structure of Turkey.

As far as the Ottoman working class is considered, we should consider the post-*Tanzimat* period. In this period, the working class movement became more manifested in the last quarter of the nineteenth century and especially by 1908. The 1908 Strikes were very crucial in the formation of the working class in the Ottoman Empire as well as in Greece.

²⁰⁰ Panayotopoulos, “On the Economic Activities...”, p.109

²⁰¹ Ibid., p. 107

As it is discussed above, the role of the Greeks in the imperial industrial structure was more prominent than the other ethnic groups. However, the number of Greek workers did not increase in accordance with to the expansion of the Greeks' economic activities in industry. It was a consequence of the fact that the Greek factory or manufacture owners were in favor of employing workers of Greek origin. This tendency reproduced itself in the society as an increasing communal solidarity that created a sort of "public sphere". In this public sphere, the Greek society was able to reproduce its ethnic identity.²⁰² According to Noutsos, this optimistic picture suddenly changed with the rise of a labor movement and diffusion of socialist ideals among Greek workers. The class-consciousness and national awakening were intertwined in the Ottoman Empire. Greeks were not exempt from this obvious situation. However, we can see a persistent internationalist dimension in the Greek labor movement. Especially in its early phases, the resolution of the social conflicts was seen as a prerequisite for the resolution of national question.²⁰³ Dissolving national problems in a socialist Balkan federation was also another persistent theme in Greek (and all Balkan) socialists' political programs. There were some mouthpiece journals of socialist circles in Greece that had representative correspondents within the Empire, especially in İzmir and İstanbul, such as *O Sosyalistis* and *Neon Fos* (anarchist-socialist).²⁰⁴ It was interesting that *O Sosyalistis* presented itself as the only socialist journal of the Orient, moreover it was carrying the subtitle of "Journal of Socialists from Greece and Turkey". However, these did not create serious repercussion in the Ottoman political sphere since they had not met with the working class members yet and the working class was too weak and too inexperienced to be apparent and effective in the politics.

²⁰² Cited from Tsoucalas by Panayot Noutsos, "Osmanlı İmparatorluğu'nda Sosyalist Hareketin Oluşmasında ve Gelişmesinde Rum Topluluğunun Rolü: 1876-1925", in M. Tunçay, E. J. Zürcher (eds.) *Osmanlı İmparatorluğu'nda Sosyalizm ve Milliyetçilik (1876-1923)*, (İstanbul: İletişim Yayınları, 2004), p. 113

²⁰³ Ibid., p.114

²⁰⁴ Ibid., p.118

1908 was a turning point for the working class movement in the Ottoman Empire.²⁰⁵ Although there were some strikes before 1908, 1908 strikes were the first because of their “epidemic” nature. We use the term “epidemic” not only for signifying the diffusive nature of the strikes, but also for indicating their spontaneity and disorganized character.

The 1908 Strike Wave was no coincidence. A British report, *Smyrna*, dated 1856, mentions the miserable conditions of toiling people of all ethnic groups in the Empire.²⁰⁶ Demitzakis’ comments on the living standards of the working class people, on the eve of the 1908 Revolution, proved that not much changed since then:

Malnutrition, bad housing, humidity, and malaria made them sluggish, slow-minded and lacking in skillfulness in comparison with their counterparts in the Greek Kingdom. They also lacked specialized technical knowledge. Any consciousness of belonging to the working class or to a professional class was equally absent.²⁰⁷

Probably the political excitement created by the Revolution resulted in an increase in the political and economic expectations of the workers which helped them to overcome the lack of class consciousness. The first strike in İzmir started in July (August?) 1908. It was organized by four hundred dockers.²⁰⁸ The representatives of the strikers were N. Nerazoulis and S. Koufanastasopoulos who were the Ottoman Greeks. All workers of the İzmir port joined the strike both for supporting dockers and for their own demands. Panayotopoulos cites from *Amaltheia*, the Greek daily published in İzmir, that the striker dockers and porters gathered around

²⁰⁵ For 1908 strikes and labor movement see Hakkı Onur, “1908 İşçi Hareketleri ve Jön Türkler”, *Yurt ve Dünya*, March 1977, no.2, pp.277-295, Donald Quataert, *Osmanlı Devleti’nde Avrupa İktisadi Yayılımı ve Direniş, (1881-1908)* (İstanbul: Yurt Yayınları, 1987), Y. S. Karakışla, “The Emergence of the Ottoman Industrial Working Class”, *Workers and Working Class in the Ottoman Empire and the Turkish Republic 1839-1950*, (eds. D. Quataert and E.J. Zürcher), (London: Tauris Academic Studies, 1995), pp.19-34.

²⁰⁶ *Report – Smyrna for Her Majesty’s Stationary Office*, (London: George E. Eyre and William Spottiswoode, 1856), passim

²⁰⁷ Cited by Panayotopoulos, “On the Economic Activities of...”, p.110

²⁰⁸ Alkiviades Panayotopoulos, “The Hellenic Contribution to the Ottoman Labour and Socialist Movement after 1908”, *Études Balkaniques*, 1980/1, p. 39

the Turkish and Greek flags and with the slogans like “*Yaşasın Millet*” (long live the nation) and “*Hürriyet Var*” (there is freedom).²⁰⁹ According to *Amaltheia*, most of the dockers were Muslims, hence it can be said that this march was a certain sign of the class fraternity among workers. It is interesting that during the early stages of this movement the Committee of Union and Progress (CUP) was quite “democratic” towards the strikes and tried to referee between the employers and the employees. The CUP officials declared that the strikers were free to express their feelings and pursue their interests. Moreover, military officials went one step further and said that “measures were to be taken against the exploitation of the poor”.²¹⁰ Probably the increasing number of strikes throughout the Empire underscored the “democratic” approach of the CUP towards the labor movement. There were 70 strikes throughout the Empire between August and October 1908.²¹¹ Panayotopoulos also sees the internationalism of the strikes as a factor behind the changing attitude of the CUP. Another big strike was the one of the İzmir-Aydın Railway workers (and also civil servants) which started on August, 31. The role of the Greeks in this strike was also very apparent, as the workers printed and submitted a petition in Greek.²¹² The strike was suppressed by armed forces. During the demonstrations in the Develiköy Station House, the correspondent of the newspaper *O Ergatis* (The Worker), Kotzamanis (Kocamani), was arrested, as it wrote in *İkdam* newspaper.²¹³ In fact, Kotzamanis was the editor of *O Ergatis* which was the first socialist newspaper of İzmir and started to be published in August 1908.²¹⁴

²⁰⁹ Ibid.

²¹⁰ Ibid., p.40

²¹¹ Onur, “1908 İşçi Hareketleri...”, p.282-283

²¹² Panayotopoulos, “The Hellenic Contribution...”, p.41

²¹³ Onur, “1908 İşçi Hareketleri...”, p.291

²¹⁴ About *O Ergatis* see Panayot Noutsos, “Osmanlı İmparatorluğu’nda Sosyalist...” pp.125-128 and Panayotopoulos, “The Hellenic Contribution...” According to Panayotopoulos, *O Ergatis* “the Gazette of the Working People” was published in Turkish. It had as a symbol of an L-shaped angle and a hammer evoking hammer and sickle and a pair of compasses on this shape which perfectly reflects the aim of the newspaper which was “educating our working class, teaching it, and raising its morale.”

After the first month of the strikes, it was seen that the strikes and the protests were disorganized, spontaneous and gradually becoming more radical. It was so much so that the CUP asked help from the trade-unions to “rationalize” the demands of the workers.²¹⁵ Panayotopoulos’ assessment concerning the initial outcomes of these strikes reads as follows:

...they affected Smyrna’s economy. More important, the Smyrniot workers headed mainly by Greeks opened a new chapter in the Ottoman labour movement. They began to realize their power and give another meaning to the claims of fraternity. They also began to realize the importance of being organized. As a matter of fact, representatives of several labour unions met and decided the formation of an ‘All Workers Union, on September 25.’²¹⁶

There were strikes in İstanbul too. Some strikes in İstanbul witnessed the absence of nationalistic sentiments among workers of different ethnic origins. For instance, the Oriental Railway strike committee was composed of different nationalities. There were two representatives of the committee who were Greek Aidonidis and Turkish Hüseyin.²¹⁷ There were similar solidarity examples among workers. For instance, during the one of the sessions of the Ottoman Parliament (*Meclis-i Mebusan*), with regard to Strike Law (*Tatil-i Eşgâl*) on July 6, 1909, 5000 workers of different ethnic origins protested this law and the attitude of the CUP towards the working people.²¹⁸ The speeches in the meeting were in four languages, Turkish, Bulgarian, Greek and Ladino, and the leaflets prepared for the demonstration were published in five languages.²¹⁹ According to Karakışla, this was the first political meeting organized by the Ottoman laborers. There were further examples such as *O Ergatis’*

²¹⁵ Onur, “1908 İşçi Hareketleri...”, p.293

²¹⁶ Panayotopoulos, “The Hellenic Contribution...”, p.43

²¹⁷ Ibid., p.46

²¹⁸ The Strike Law had been already in operation. In fact, it was put into action on 8 October 1908 without the Parliament’s approval, that is, as *kanun-u muvakkat*. Law passed through the Parliament on 9 August 1909. According to this Law, in the public institutions, such as railways, seaways, tramway, port, dock, gas, electric, water Strikes were strictly forbidden. (Onur, “1908 İşçi Hareketleri...”, p.293) The Strike Law really halted the increasing strike wave. Between 1909 and 1912 there were 33 strikes and only 5 between 1913 and 1918. Karakışla, “The Emergence of the Ottoman...”, p.25

²¹⁹ Karakışla, “The Emergence of the Ottoman...”, p.25

leading article titled as “Workers of *Turkey*, Unite” written by S. Papadopoulos.²²⁰ Moreover, in this article *O Ergatis* defined a united socialist organization made up of municipal units. Yet, it should be noted that the increasing dominance of the nationalist discourse in the whole country directly affected the fraternal solidarity among workers. There were certain “socialist” circles propagating socialist ideals refracted through the *Megali Idea*, such as *Laos* (People).²²¹

In 1910, *O Ergatis* declared the *Socialist Center of Turkey* (SCT) and became its news organ. The SCT participated in international congresses on behalf of the socialists of Turkey and eventually in the end of the same year, it was suspended by the CUP and then its leader was expelled to Greece.²²² There was also a group of the Greek, Bulgarian and Turkish socialists around *Parvus Efendi*. This group was quite limited in number. However Parvus’s influence on the CUP was still a contradictory topic.²²³

In conclusion, it can be said that “Ottoman socialism did not succeed in going beyond that initial stage, in contrast with the workers’ mobilization, which showed remarkable militancy. Undoubtedly, the Ottoman Greeks played a leading role in both cases, and if they did not manage to answer the nationalistic dilemmas successfully, the blame is to be shared also by their Turkish counterpart”.²²⁴

²²⁰ Panayotopoulos, “The Hellenic Contribution...”, p.52 (Our Italics)

²²¹ See Ibid., pp.48-51

²²² Ibid., pp. 56-57

²²³ For more information about Parvus Efendi see Asım Karaömerlioğlu, “Parvus Efendi” in *Modern Türkiye’de Siyasi Düşünce Ansiklopedisi v.1: Cumhuriyet’e Devreden Düşünce Mirası – Tanzimat ve Meşrutiyet’in Birikimi*, (eds. T. Bora, M. Gültekingil), (İstanbul: İletişim Yayınları, 2001), pp. 304-307 and W. B. Scharlau and Z. A. Zeman, *Devrim Taciri İttihat ve Terakki’nin Bolşevik Teorisyeni: Parvus Efendi*, (İstanbul: Kalkedon Yayınları, 2007)

²²⁴ Panayotopoulos, “The Hellenic Contribution...”, p.57

3.3 The Refugee Impact on the Turkish and Greek Industries:

The refugee impact on Turkish and Greek industries can be analyzed by examining the developments in carpet-making and silk production and weaving industries both in Greece and Turkey. These two sectors are chosen for their striking change after the Exchange. This change makes it possible to reconsider the impacts of the Exchange upon the industries of these two countries.

3.3.1 Carpet-Making and Weaving: Transfer of an Industry?

The *bodily transfer* of the valuable Oriental rug industry of Asia Minor to Greece, with the influx of the Anatolian Greeks, has been largely responsible for the growth of the textile totals. [...]he Asiatic Greeks had developed and perfected this industry until, before they left Turkey in 1922 and 1923, they had built up an enormous trade in hand made 'Turkish' (but almost Greek) rugs of many sizes and styles.²²⁵

Mears, as one of the leading scholars who investigated the effects of the Population Exchange in Greece, talks about the "bodily transfer" of the carpet-making industry to Greece from Anatolia. Similarly, Pentzopoulos, who is the writer of a path-breaking study on the effects of the Exchange upon Greece, calls the effect of Greek refugees in the carpet-making industry as their "most important contribution".²²⁶ Pentzopoulos also mentions of "the transplantation of entire industries from one side of the Aegean to the other" as the result of transfer of populations.²²⁷ The terms, "bodily transfer" and transplantation, used by these two authorities, have certain implications about the demise of this industrial branch in Anatolia. Although it is certain that the emergence of this manufacturing activity in Greece was the result of the Exchange, the termination of carpet-making in Turkey did not take place, contrary to the views of Mears and Pentzopoulos. However, Turkey lost its unrivalled position in the production of the oriental carpets. The effect of the

²²⁵ Mears, *Modern Greece...*, p. 105-106 (Our italics)

²²⁶ Pentzopoulos, *Population Exchange...*, p. 163

²²⁷ *Ibid.*, p. 144

Exchange can be named as cloning rather than transportation. The cloning of the carpet-making industry and the increasing rivalry between Greece and Turkey for the carpet market are discussed in this part of the thesis.

There are no detailed figures in the official records of the Empire for the carpet-making industry. Even in the *Industrial Censuses of 1913, 1915* the carpet-making industry was not included in the industrial statistics. Ökçün who re-examined the Ottoman Industrial statistics and published them in Turkish, underlines this absence and call this phenomenon as bizarre.²²⁸ Although it was excluded from the statistical tables, there were some verbal descriptions of the situation of the carpet-making within the Empire. According to the data provided by the Census, carpets were not weaved in the factories or workshops, but predominantly in houses. In Uşak, the center city of carpet-making with a population of 25.000²²⁹, there were 1.500 looms and an average of 6.000 people were engaged in carpet-making. Hence, it can be concluded that almost one fourth of the total population was employed in this sector. The same ratio was valid for towns like Gördes, Kula and Demirci.²³⁰

The quantity, quality and some aesthetic properties of the carpet production in the Empire were determined by European and US demand. In fact, the oriental carpets produced within the Empire were the *only* finished goods to be exported. Although in the official documents of the *Industrial Censuses 1913, 1915* the advances in the carpet-making industry emphasized, in 1911 Turkish Land (*Türk Yurdu*), the political and ideological journal of the National Economies movement, was complaining about the weak position of the carpet-making industry in Turkey in front of the international competition basically due to the mechanization of the production and warned about the danger of the termination of this industry.²³¹ It is

²²⁸ Ökçün, *Osmanlı Sanayii ...*, p. 130

²²⁹ Since the beginning of the nineteenth century the center of carpet-making had been Uşak in the Ottoman Empire. In this century two-third of the exported carpets were weaving in this city.

²³⁰ *Ibid.*, p.130-131

possible to take this caution of Turkish Land as an exaggeration to underline the openness and the weakness of the sector. The sources mention the new organizational steps and regulative measures concerning the carpet manufacturing with the increasing commercial value of the carpets.²³² The only international rival for the Ottoman carpets were the ones produced in Iran. The high profitability in carpet-making and the non-satiable character of the international demand for Turkish carpets attracted the entrepreneurs from all commercial centers of the Empire. This resulted in a quick diffusion of carpet-making all over Anatolia. Sometimes, this diffusion was directed by the State, but generally it was the profit-oriented movements of merchant houses²³³ so as not to create an increase in wage level in the old production centers. The rise of Isparta, Konya and Sivas as carpet making centers in Anatolia was the result of this profit motive. Labor force was far cheaper in Konya, Isparta and Sivas than that in Uşak.²³⁴ However, high profitability of the sector still created a harsh competition. In the last years of the nineteenth century, İstanbul-based merchant houses introduced a broad network active in the Konya region. At the same time, three consortia of Uşak Muslim rug merchants threatened the İzmir-based merchants' predominant position. The foundation of the *Ottoman Carpet Manufacturers Ltd.* (OCM) was the result of this competition among İzmir, Uşak and İstanbul merchants²³⁵. In order to consolidate

²³¹ Tevfik Nurettin, "Türk Esnafının Hali", *Türk Yurdu*, n. 2-3 (1327/1911), p.46 cited by Sabri Yetkin, "Sanatsal Üretim Pazarlanmasında Milliyetçi Tartışmalar (1922-1927) - Ege'nin İki Yakasında Halı Rekabeti", *Toplumsal Tarih*, n.62, Feb. 1999, p. 11

²³² See Ökçün, *Osmanlı Sanayii...*, p.131 and Eldem, *Osmanlı İmparatorluğu'nun...*, p.85

²³³ Quataert, *Ottoman Manufacture...*, p. 151

²³⁴ Ibid., for other data on the wage level in this industry see also Eldem, *Osmanlı İmparatorluğu'nun...*, p. 85, Quataert, "The Age of Reforms...", p. 919, and Quataert, *Ottoman Manufacturing...*, p.138 (Table 5.3), 155 and 159, Quataert, "Machine Breaking and the Changing Carpet Industry of Western Anatolia, 1860-1908", *Journal of Social History*, Vol. 19, No. 3, (Spring, 1986), p.481 and Panayotopoulos, "On the Economic...", p. 104. In 1900, the daily wage of a skilled woman laborer able to make 5,500 knots was 2-5 piasters in Uşak, whereas in Sivas household knotters received only 0,5-1.0 piasters per workday. Wages per knot was as little as one-eighth of the wages per knot paid in Uşak. Later on the wages in Sivas improved to one-fourth of the ones paid in Uşak (Quataert, *Ottoman Manufacturing...*, p.159). However, it is worth to note that the wage level in carpet-making was generally far lower (even in Uşak) than in other industrial branches (Ökçün, *Osmanlı Sanayii...*, p.131). Together with the demand boom, this explains the reason of affinity of entrepreneurs.

and improve their position, six İzmir firms joined to form to a single trust called as the OCM with a capital of £ 400.000 on January 1908 (later increased to £ 1 million).²³⁶ The OCM was a trust founded basically with the British capital. After the capital increase, the OCM became the largest firm in the Empire when the railways are not considered.²³⁷ Although some Uşak manufacturers tried to survive this competition for a longer time and only two of them managed. İstanbul merchant houses rustling in Konya, one year later, were involved by the OCM. In one-year time, the number of rival firms reduced to seven from fifteen.²³⁸ In 1913, OCM established its monopoly over the manufacturing of exported carpets. Hence, it can be concluded that “the bulk of the profit of the largest export industry flowed out of the country, to the corporate offices of the trust in London”.²³⁹

As mentioned above, the foundation of the OCM contributed to the dispersion of carpet-making to new centers in Anatolia. The trust established new workshops in the cities famous for their carpets such as İzmir, Sivas, Burdur, Isparta and Maraş. Moreover by setting up agencies in several cities and towns (Demirci, Akhisar, Sivrihisar, Niğde, Kula, Kütahya, Simav, Manisa, Gördes, Uşak, Denizli, Milas, Akşehir, Sille, and Isparta) it regulated and redirected the carpet production across Anatolia.²⁴⁰ The number of these workshops ultimately reached 17. In the 1913 Industrial Census, it was said that there were 6 factories engaged in wool spinning

²³⁵ In 1907, a national carpet-making firm, Uşak Ottoman Carpet Firm (*Uşak Osmanlı Halı Ticarethanesi*) was established. For more detailed information please see Sabri Yetkin, “İkinci Meşrutiyet Öncesi Ege’de Şirket-i Milli Denemesi: Uşak Osmanlı Halı Ticarethanesi – I”, *Toplumsal Tarih*, vol.5, no. 26, February 1996, pp.14-19, and “İkinci Meşrutiyet Öncesi Ege’de Şirket-i Milli Denemesi: Uşak Osmanlı Halı Ticarethanesi – II”, *Toplumsal Tarih*, vol.5, no. 27, March 1996, pp.26-31

²³⁶ Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, p. 178, Quataert, *Ottoman Manufacturing...* p. 153, Ökçün, *Osmanlı Sanayii...*, p.130. In the Industrial Censuses, the capital amount of the firm was stated as 400.000 Liras and then 1 million Liras.

²³⁷ Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, p. 178

²³⁸ *Ibid.*, p. 178 and Quataert, *Ottoman Manufacturing...*, p. 153

²³⁹ Quataert, “The Age of Reforms...”, p. 920

²⁴⁰ Ökçün, *Osmanlı Sanayii...*, p. 131

for carpet-making.²⁴¹ According to Kurmuş, three of these factories belonged to the OCM (one of them was in Bandırma and the others were in İzmir).²⁴² This diffusion resulted in an ethnic diffraction in the force employed in carpet-making. In the beginning of the nineteenth century when the industry was restricted within Uşak, the Turks constituted the predominant element of the labor force. Moreover, most of the means of production belonged to the Turks. As the dispersal took place, the Greeks gradually entered to the sector. After the boom in the last quarter of the nineteenth century the Greeks and the Armenians, outnumbered Turks.²⁴³ However, according to Panayotopoulos, the Greek and Hellenic capital was not invested in this field. Greeks were purely suppliers of labor-force perhaps with a few exceptions such as the carpet manufacturers T. S. Spartalis and Co..²⁴⁴ According to Demirzakis, after the establishment of the OCM, this firm took in the largest portion of the Greek labor-force. This can be grasped from the following figures: In 1919, the OCM had 1.570 looms and employed 6.400 women of whom 4.400 were Greek in the *vilayet* of Aydın.²⁴⁵ However, the role of Greeks in the labor force is a disputed issue. According to a post-war statistics cited by Quataert, 85 per cent of the labor force in carpet-making industry was Muslim.²⁴⁶ However, as the statistics belonged to the post-war data, from these figures we cannot draw any conclusions about the composition of the labor-force in the pre-war period, since with the collapse of the Greek front in Anatolia, mass population movements hastened and considerable part of the Greeks left Anatolia together with the Greek armed forces. There are not further figures considering the share of Greeks in the carpet-making workforce, yet some further points can be noted. The ethno-diffraction effect created by the diffusion of the carpet-making industry resulted in a higher participation of Greeks and other non-Muslim communities (especially

²⁴¹ Ibid., p.128

²⁴² Kurmuş, *Emperyalizmin Türkiye'ye Girişi*, p. 180

²⁴³ Panayotopoulos, "On the Economic...", p. 104

²⁴⁴ Ibid., p. 104

²⁴⁵ Cited by Ibid., p.105

²⁴⁶ Quataert, *Ottoman Manufacturing...*, p. 156

Armenians) in the manufacture of carpets. Although the majority of the workforce remained Muslim in the early centers of this economic activity, in the newer areas “Greeks and Armenians were likely the majority of the workforce”.²⁴⁷

Greek element was also important in the exportation of the carpets produced in various parts of Anatolia where the Greeks were in majority. For instance, *Levissi* (*Kaya Köy*)²⁴⁸ carpets were exported to Europe by the Greek merchants of Meis since the seventeenth century. After the demand boom for the Anatolian carpets and monopolization of the market by the OCM, the role of the Greeks still remained unchallenged.

As most of the carpet industry was still organized on a putting-out system (after the domination of the OCM - ASA), the Greeks, along with other local Muslim and non-Muslim entrepreneurs, acted as agents in the interior for Western firms. They were in charge of the manufacture and remittance of carpets to İzmir on behalf of their principals.²⁴⁹

Given this background information, it can be concluded that as far as the carpet-making industry is considered, the Greeks played a multifaceted role as laborers, merchants and inventors.

As for production, the destructive results of the War and the material losses resulting from the Exchange, the exodus and the migration of the labor-force formed by the skilled and specialized laborers had profound impact on carpet manufacturing. On the March 13, 1340 [1924] issue of Agriculture and Commerce Newspaper (*Ziraat ve Ticaret Gazetesi*) the decline in the revenue from the

²⁴⁷ Ibid. p.156

²⁴⁸ Levissi, later on Kaya Köy, was a large Greek “village” in Meğri (now Fethiye –from *Μακριά* [far, afar] in Greek–) and famous for its carpets. Its population in 1912 was 6.500 and purely Greek. Kaya Köy was a well-developed city with its schools, libraries, pharmacy, hospital and artisanal workshops, etc. After the Exchange, the Turkish population settled in *Kaya Köy* did not reconcile with the conditions of the region and migrated to Manisa. The Greek population of *Kaya Köy* settled in newly formed districts near to Athens which were called as Nea Levissi and Nea Makri. It is still possible to visit the ruins of this district. Sema Etikan, “Kaya Köy Halıları”, *Milli Folklor*, v. 10, no. 74, Summer 2007, pp. 84-85

²⁴⁹ Frangakis-Syrett, “The Economic Activities...”, p. 32

exported carpets was emphasized. According to Agriculture and Commerce Newspaper (*Ziraat ve Ticaret Gazetesi*), the value of the carpet exportation of Turkey in pre-war period was £ 450.000 whereas in the last three years it declined to £ 150.000 – 160.000.²⁵⁰ The figure for 1923 was even lower, somewhere around £120.000. The decline was not only in the value of the exported carpets, but also in the volume of the exportation as grasped from the figures in Table-3.3.

²⁵⁰ “İzmir’in Vaziyet-i Ticariyesi”, *Ziraat ve Ticaret Gazetesi*, 4, 10 March 1340 cited by Sabri Yetkin, “Ege’nin İki Yakası Arasında...”, p. 12

**TABLE-3.3: The Volume of Exported Carpets from the İzmir Port
(Selected Years)**

<i>Period</i>	<i>Exported Carpets (Tons)</i>
1897/1898 ^a	640
1901/1902 ^a	1.240
1910/1911 ^a	2.016
1911/1912 ^a	1.584
1913/1914 ^a	2.000
1919-1922 ^{b #}	924 [*]
October (Teşrin-i Evvel) 1922-1923 ^b	994 ²⁵¹
1923/1924 ^c	752
1924/1925 ^c	1.048
1925/1926 ^c	969
1926/1927 ^c	1.013
1927/1928 ^c	1.246
1928/1929 ^d	1.105
1929/1930 ^d	1.180

Source:

^a Eldem, *Osmanlı İmparatorluğu'nun...*, p. 87

^b Alaiyelizade Mahmud, "Rumlar'ın Hicretinden Evvel ve Sonra İzmir Ahvâl-i İktisâdiyyesi", *İstanbul Sanayi ve Ticaret Odası Mecmuası*, Year:41, No: 5, May 1341, p.876

[#] Annual average

^c Mehmed Zeki, "İzmir İktisadi Mıntıkası Halıcılığı", *İzmir Ticaret ve Sanayi Odası Mecmuası*, 6, (1927), pp.249-250 cited by Sabri Yetkin, "Ege'nin İki Kıyısı Arasında...", p.17

^d "Halılarımız", *İzmir Ticaret ve Sanayi Odası Mecmuası*, 9-10, (1930), pp.578-579 cited by Sabri Yetkin, "Ege'nin İki Kıyısı Arasında...", p.18

²⁵¹ Alaiyelizade used *arşın-ı murabba* (arşın square) instead of meter square. An *arşın* is 0,68 meters and hence an *arşın-ı murabba* is 0,46 meter squares. According to Alaiyelizade, in 1919-1922 period during the Greek occupation, the total production was 1.168.000 *arşın-ı murabba*s, that is, 537.280 m². From the figures given by Eldem, we have calculated that the one meter square of the exported carpets weighted 2,15 kg. Therefore aggregate production weighted 1.155.152 kg. If 80 per cent of the total production was exported as Eldem mentioned, then, 924.122 kg. of carpets was exported annually in this period. The same calculation is made for October 1923/1924 period.

Although there was a noteworthy recovery in the post-war period until the symptoms of the economic crisis appeared, the export capacity of the country did not reach to its pre-war levels. The loss of labor-force was enormous. The number of the looms operating in the pre-war period was 9.100 according to Alaiyelizade. This number reduced by 30 per cent and retreated to 6.375. However, as it can be comprehended from the figures given in Table-3.3, the actual production deteriorated twice as fast as the decrease in the number of looms. On the eve of World War I 2.000 tons of carpets were exported whereas, after the War merely 752 tons of carpets were subject to foreign trade. The volume of exportation was contracted by 62 per cent. Therefore, we can conclude that the decrease of the production and exportation was not only because of the deteriorating impact of the war over the means of production but also due to the loss of skilled labor in the sector.

Another reason behind the shrinking volume of the exportation could be the increasing competition between Greece and Turkey over the markets of Europe and the United States. The emergence of carpet-industry in Greece created multiple effects. First, the population engaged in this industry was composed of women and children, a considerable number of whom were widows and orphans. Therefore, securing subsistent life standards for this portion of population was very crucial for social order and particularly for the integration of these people. Although the carpet manufacturing did not solve the entire problem, it helped the solution of a very persistent problem. Moreover, since this industry was a newly developing industry thanks to the Asia Minor refugees, we cannot talk about a very important setback for the economy, namely the tension between native population and the refugees.²⁵²

²⁵² This conflict was relatively mild in Turkey. In Greece, this was one of the major problems in the Exchange process: The tension between the native population and the newcomers, from water outage in rural areas to bloody disputes showed itself in cities especially as reflections of the increasing competition among the working class. At a rather early date (August 21st, 1914) when the number of refugees was rather limited the Athens Workers' Center which was an umbrella organization of more than twenty worker syndicates demanded from the Prime Minister that passing the works of native laborers to the hands of refugee workers be prohibited. They claimed that the refugees stole their jobs. (See Kontogiorgi, *Population Exchange in ...*, p. 167) It is easy to predict that these demands and claims continually gained strength. This tension was effective especially in Greece in restructuring the labor market. As a result of the competition between the active population and the newcomers, wages dropped, it became difficult to carry out strikes, work conditions deteriorated,

Furthermore, a new industry with a highly value added output emerged in Greece in a –relatively– very short time. Table-3.4 shows the growth of carpet-making industry in Greece. Considering these advantages of the industry, the Greek state and the Refugee Settlement Commission (RSC) supported the industry. After the RSC’s admission of the carpet making as a sort of “productive production”,²⁵³ the RSC promoted cooperative carpet factories as well.²⁵⁴ Since the living conditions of the refugees were not suitable for a “putting-out” carpet industry, the arrival of the refugees might have encouraged the mechanization of the textile industry.

and as a whole the exploitation rate increased. This is among important “contributions” of the refugees to Greek industrialization. For more extensive analysis on the clashes between the native Greeks and the refugees see Dimitri Pentzopoulos, *the Balkan Exchange of ...* pp. 199-219; G. T. Mavrogordatos, *Stillborn Republic: Social Coalitions and Party Strategies in Greece, 1922-1936*, (Berkeley: University of California Press, 1983), pp. 182-225; Renée Hirschon, *Heirs of The Greek Catastrophe ...*, pp. 33-51, Elisabeth Kontogiorgi, *Population Exchange in ...*, pp. 165-185 and Nicos Marantzidis, “Ethnic Identity, Memory and Political Behaviour: The Case of Turkish-Speaking Pontian Greeks”. *South European Society and Politics*, Vol.5, No.3, 2000, pp. 62-66

²⁵³ George Kritikos, “State Policy and Urban Employment of Refugees: The Greek Case (1923-30)”, *European Review of History*, vol.7, no.2, 2000, p. 200

²⁵⁴ Mears, *Modern Greece...*, p.108

TABLE-3.4.: Growth of Carpet Industry in Greece, 1923-1927²⁵⁵

Year	Number of Organized Plants	Number of Looms	Number of Workers	Production (m ²)	Value (\$)
1923	40	1.050	4.000	60.000	430.000
1924	58	1.810	5.000	80.000	645.000
1925	70	2.150	6.500	120.000	1.000.000
1926	80	3.000	8.000	150.000	1.500.000
1927	92	4.000	10.000	180.000	1.750.000

Source: Mears, *Modern Greece...*, p.107

In contravention of these positive aspects of the growing carpet industry, the dependent character of the textile industry, particularly the carpet-making industry in Greece to the imported inputs (such as wool, fleeces, dyes, and etc.) and the “for export” nature of this industry determined the fate of it as well. The Great Depression of 1929, which hit most severely the US, the main importer of the Greek carpets, caused a severe crunch in carpet manufacturing in Greece.

²⁵⁵ Although the figures given by Mears relied on the Greek sources, such as the report of Banque d’Athènes (*Bulletin Économique et Financier*, February 1928), they contradict with the figures supplied by Pentzopoulos which are also based on *Statistical Annual of Greece-1930* issued by the Ministry of National Economy. According to Pentzopoulos, the figures belonged to the carpet production as the following

Year	Production (m ²)
1925	68.000
1926	104.000
1927	147.000
1928	195.411

Source: Pentzopoulos, *The Balkan Exchange...*, p.164

And according to the source from which Pentzopoulos quotes these figures, 7.250 people were employed in this industry.

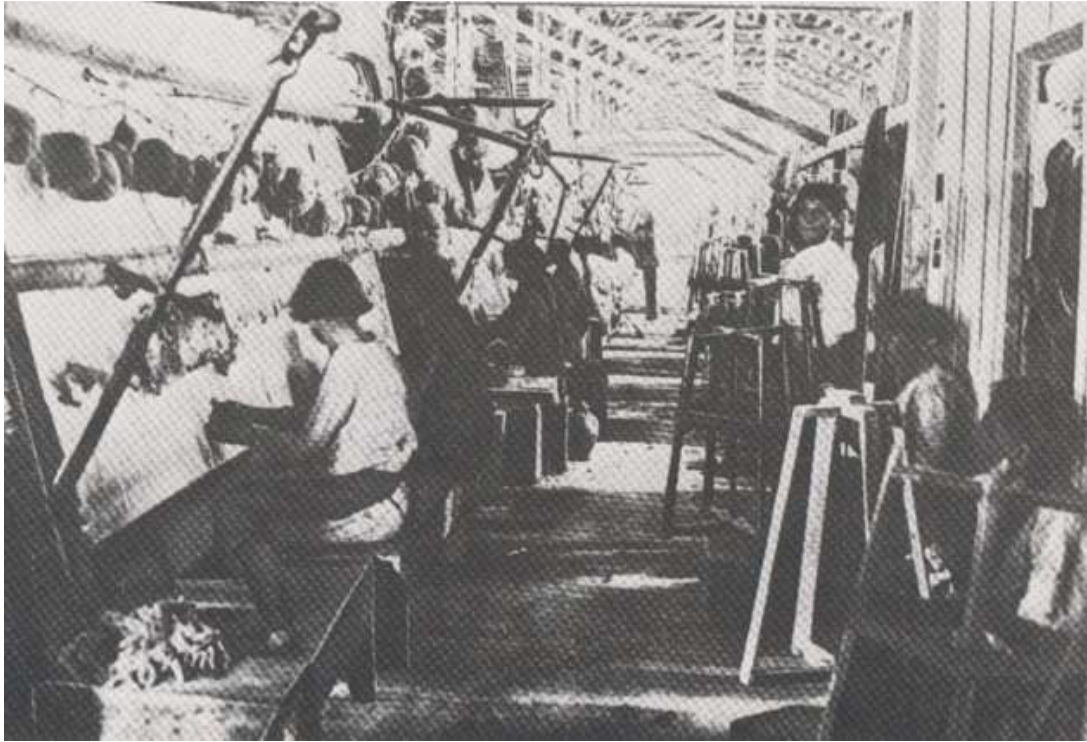


Illustration-3.2: Carpet factory in a suburb of Athens where refugees were employed.
Source: Yiannokopoulos (ed.), *Προσφυγική Ελλάδα...*, p.23



Illustration-3.3: Evanthia Topaloglou, a famous refugee carpet-weaver (wearing black) with her daughters in 1960
Source: Yiannokopoulos (ed.), *Προσφυγική Ελλάδα...*, p.109

This short-lived brilliant period of the Greek carpet-making resulted in a Greco-Turkish cut-throat competition for the US and European markets, as we have noted above, which caused severe political and economic discussions between and within the countries concerned.²⁵⁶ On July 17, 1340 [1924], the Athens special correspondent of *Anadolu*, a newspaper of İzmir published between the years ----, was forewarning about the increasing potential of Greece in his *Letters from Greece*. According to his data, there were 35-40 carpet-making “factories” and thoroughly 1.500-2.000 looms operating in Greece in Athens, Piraeus, Hydra, Galos, Crete where refugee population was dense. His information is consistent with the information given by Mears and data shown in Table-3.4. The *Anadolu* correspondent underlined the state assistance for further development of the sector in Greece. Actually, the Greek state and the RSC were supporting carpet-making industry in various ways for the reasons mentioned above. After admitting the productive nature of carpet-making, the RSC established a cooperative rug factory at Daout-Matli with twenty workers, and four other factories in Macedonian localities.²⁵⁷ Four days later, on July 21, 1324, Halıcızade Hulusi Şakir’s an article was published in *Anadolu*. He strictly insisted on stopping the Turkish fleece export to Greece. According to him, Turkish fleece was of better quality than Greek fleece which was quite hard and hirsute, and in the absence of good quality fleece, Greek carpets would not compete with the Turkish ones in the international market. One of the directors of the OCM, Norman Saykıs, declared in *Anatolia* on July 27, 1340 that to make a price competition with Greece, the production costs should have been reduced by the assistance of the state. In concrete terms, he was requesting a tax and custom reduction or even exemption. The detailed report of the *Anadolu* correspondent based on official statistics of Greece caused panic in Turkey. In fact, the author of the report seemed to aim at this. The title of the report was “All of us,

²⁵⁶ Unless otherwise is stated, this part is based on Sabri Yetkin, “Sanatsal Üretimin Pazarlanmasında Milliyetçi Tartışmalar...”, pp.11-19. The information on the discussion that appeared in the press of the time is cited from this source.

²⁵⁷ Mears, *Modern Greece...*, p. 108 The support of the Greek state to this industry drew attention of the Turkish press before the Anadolu correspondent’s warning. In 10 March 1340 [1924], *Ziraat ve Ticaret Gazetesi* (Agriculture and Commerce Newspaper) mentioned the custom exemption of the imported carpet-making inputs in Greece and the attempt of the government to reduce the train dues by 33 per cent. According to the newspaper, “Turkey should not be indifferent.”

beware or else carpet-making will be lost”. In this report, he was calling attention to the fact that the carpets produced in Greece were carrying trademarks such as *Uşak*, *Gördes*, *Kula*, *Isparta*, and etc.²⁵⁸ The same situation was also stated in an article of the Turkish newspaper *Le Journal d’Orient*, on March 4, 1925. This article was reprinted in the Greek press under the title of “Greece is creating dangers for the Turkish carpet industry”.²⁵⁹ In this article,

he Greeks were accused of taking advantage of the exchange of populations in order to conquer the European market, creating ‘fierce competition for the Turkish carpet industry, labeling without hesitation the trade mark ‘*Usak*’ on the carpets made in Athens and Salonica’.

Like Halıcızade Hulusi in *Anadolu*, *Le Journal d’Orient* also was suggesting a ban on the export of fleeces from Anatolia to Greece.

As inferred from this example, both parts followed the reflection of this competition in the other country. The articles published in the journal of the *Athens Chamber of Commerce* were immediately translated into Turkish and published in Turkish press. For this journal, with the arrival of their “nationalist brothers and sisters”, the totally unfamiliar industry of carpet-making was introduced to Greece and flourished. It was argued that Turkish carpets were of Byzantium origin. The Turks’ answer came from Mehmed Zeki, the Director of Intelligence and Press of İzmir Chamber of Commerce. Mehmed Zeki called his Greek counterparts’ claims as “charlatanry” and “delirium”.

In order to sustain their position in the international market, Turkish manufacturers put pressure on the government. For this aim, a delegation met with İsmet İnönü in Ankara to call for government assistance and protection. One of the members of this delegation, M. Turgut, wrote out his impressions in *Anadolu*. His words reflect the impact of the Exchange on this sector. According to Turgut, the exodus of the Anatolian Greeks and Armenians created serious rivals for the first time concerning

²⁵⁸ See also Ladas, *The Exchange of Minorities...*, p.679

²⁵⁹ Cited by Kritikos, “*State Policy and Urban Employment...*”, p. 200

the production and foreign markets.²⁶⁰ These debates continued more rigorously as the competition deepened. There is no doubt that as the exodus of the Anatolian Greeks contributed to the “Turkification” of the economy, these debates reinforced the nationalist discourse in the economic sphere.

These nationalistic suggestions for the solution of the problems reached to peak with the suggestion of a national carpet enterprise and planning of the production, especially the production of intermediate goods, in order to avoid overproduction which caused the exportation of these intermediate goods to Greece.²⁶¹

With the spread of Greek propaganda in Europe, stating that not only carpet-making but also economic sphere in general had collapsed as a result of the Greek exodus, the authorities tried to prove the opposite instead of making an accurate calculation of the cost of the Population Exchange. In a report²⁶² written by Mehmet Turgut, General Secretary of İzmir Chamber of Commerce, wording of which was ultra-nationalistic and very aggressive, the conditions that had brought about the Exchange were stressed one more time:

We all know that curtailing the population of a country is not an action corresponding to the principles of living practices and economy. Yet, the expulsion of the Greeks and the Armenians was a necessity. They betrayed to the country of which they took the benefit and in which they lived in an absolute affluence and happiness. They were far away from being effective and hardworking elements of Turkey. These two nations remained as fistula in the very existence of the Republic of Turkey and Turkish Nation. We have cleaned and got rid of this malefic part of our body by a successful operation. This operation has not created even least trauma in Turkish body. On the contrary, the Turkish nation pacing through the hale and always prolific and fertile ways and starting to paddle her own canoe on her own ideas and as her own capital has

²⁶⁰ A similar comment was made by Arthur Burben Dilley a carpet expert from the US who visited Turkey. In his interview published in *Son Saat* he reported this fact: “Watch out: The Asia Minor Greeks who has settled in Greece are dangerous rivals...Hence I would like to bring up to the Turkish manufacturers that Greece makes considerable effort and gives paramount time to compete with Turkish carpets.” He underlined that especially the refugees from Asia Minor were busy with manufacturing carpets in carpet factories settled in Greece.

²⁶¹ See Ahmed Şerif, “İzmir İktisadi Mıntıkasını Şiddetle Alakadar Eden Mühim bir Rapor”, *İzmir Ticaret ve Sanayi Odası Mecmuası* 1 (1927), pp.5-6

²⁶² Mehmet Turgut, “İktisadiyyat: Halıcılık Sanatı Ne Merkezdedir?” *Fikirler* 2 (1927), pp.7-8

been taking more brilliant and more successful steps with each day passing.

The competition over the European and US markets declined as the Great Depression approached and then ended. Thus, we can say that neither of the countries benefited from this competition especially after the competition turned to be a price competition. Even in 1929, Mears was writing that every year 30.000 square meters were unsold since the demand was not keeping pace with the supply.²⁶³ Although the Greek state and the RSC tried to avoid the collapse of the industry with certain measures²⁶⁴, in 1929, carpet production declined by some 65 per cent in comparison with the production of the previous year.²⁶⁵ The Great Depression and the collapse of commodity prices made it unsustainable to lean on exporting raw materials for imported manufactured goods. As we have mentioned, Greek carpet industry was basically dependent on the importation of raw materials and also it was highly vulnerable due to its dependence on the fluctuations of foreign markets. According to a Turkish source, the value of the textile exports of Greece decreased by 62.3 per cent from 1930 to 1931.²⁶⁶ Turkey was also affected by the Great Depression. The value of the exported carpets remained stable around 1.1–1.2 million kilograms in the last years of the 1920s. The same source mentions that in 1931 Turkey exported carpets valued at 2.408.607 Liras and in 1932 the value of the exported carpets was 1.187.488 Liras. The decrease was more than 50 per cent.²⁶⁷ The main cause of this deterioration was because of the protectionist policies of the carpet importing countries, especially of the US.

²⁶³ Mears, *Modern Greece...*, p.107

²⁶⁴ In 1929, RSC established a co-operative carpet factory as we have mentioned. Moreover, in the same year “the government created” says Ladas “an autonomous ‘Greek Carpet-making Organization’ with the purpose of protecting and encouraging the sale of carpets. The organization was granted special rights as regards collecting its advances and loans. A special tax on raw materials (wool and cotton yarn) was paid into account of the organization.” Ladas, *Exchange of Minorities...*, p.679-680

²⁶⁵ Kritikos, “State Policy and Urban Employment of Refugees...”, p. 201

²⁶⁶ Effimianidis, *Cihan İktisat Buhranı...*, vol.II, p.258

²⁶⁷ *Ibid.*, p. 265

Hence, we can conclude that the effects of the Population Exchange on Turkey and Greece should be handled separately when carpet-making is considered. In Greece, with the arrival of the refugees, a carpet-making industry which had been totally unknown before 1922 was introduced. Therefore, as a result of the Population Exchange in other words a mass importation of human capital; a new industry was quickly built by utilizing national sources and international loans allocated for the resettlement and integration of refugees in Greece. However, this did not mean the collapse of carpet-making industry in Turkey. The labor-force shortage was quickly restored by the Eastern refugees, chiefly by the Kurdish women. The production level and the productivity of the sector did not decrease significantly. However, we can talk about a decline in quality of the carpets produced in Anatolia. For instance, the manager of the Hereke Carpet Factory, M. Reşat (Ağrıboz?) mentions that in the seventeenth and eighteenth centuries the Gördes carpets had been the highest quality whereas the Gördes carpets were among the cheapest and the most inferior in the 1920s.²⁶⁸ Another source writes about a revival in Hereke carpets after WWI and a decline following the revival.²⁶⁹ Not only Gördes carpets, but all carpets produced in Anatolia suffered from the same problem. We think that the loss of skilled labor was as influential as the corrosive effects of mechanization over the artistic sides of the carpet-making. Moreover, we can say that the competition between Greece and Turkey for the demand of the US and Europe turned to be a cut-throat price competition. The deteriorating economic conditions in the Western world caused the price elasticity of demand to be increased in this highly competitive atmosphere. These two made it impossible to reflect increasing input costs onto the price and accordingly caused a severe decline in carpet-making industry.

²⁶⁸ M. Reşat, *Halıcılık – “Türk Tarihinin Anahatları” Eserinin Müsveddeleri no. 17*, p.16

²⁶⁹ Vasfi Kotan, *Türkiyede Halıcılık*, (İstanbul: İstanbul Ticaret ve Sanayi Odası Neşriyatı, 1949), p.18, 22 In this source, the author shows that the level of exportation started decreasing as a result of the Great Depression in 1929 and in the post-War (WWI) period, carpet-making became an industry producing thoroughly for the domestic market (p.22). Paradoxically he also writes about the position of Turkish carpets in international carpet commerce and he does not mention the name of Greece among the rivals of Turkey (p.25). We think that quick collapse of carpet-making industry in Greece caused such ignorance.

3.2.2. Greeks and the Silk Manufacturing of Bursa: A Complete Deterioration?

The development of silk industry in the Ottoman Empire went through a cyclical path. There were periods in which the Ottoman silk production was splendid, and hence silk occupied a significant place in the overall economy. However, there were also periods in which the silk production and the production of silken cloth collapsed due to some natural causes, such as diseases sickening the silkworms or the mulberry trees, the only nurture of the silkworms, and definitely affecting the silk production or the economic circumstances such as the collapse of demand for the silk and silken goods or the technological improvements forcing the Empire to leave the international market as an exporter of manufactured goods.

The most apparent transformation of the industry took place in the midst sixteenth century and in the following two centuries; the weaving of silken goods disappeared. The Empire became one of most important cocoon dealer centers in the international markets. We can categorize the reasons behind the decline of silk industry in two: (i) the internal reasons and (ii) the external reasons. Dalsar writes about these reasons in detail.²⁷⁰

For internal reasons, first he writes about the scarce labor and silk sources of the Empire. These sources were insufficient for meeting the expanding needs. Although the Empire was generally successful in acquiring enough silk to meet the demand, there was an acute constraint, namely the lack of skilled labor to process the imported silk. The diffusion of the silk processing throughout the Empire was the second internal cause for the decline of the production of silken goods. Despite its seemingly positive avocations, the diffusion resulted in the worsening quality of the products. With the expansion of the production, the control over it by the central government became economically expensive and technically impossible. After presenting these reasons, Dalsar discusses the modernization of the industry which

²⁷⁰ Fahri Dalsar, *Türk Sanayi ve Ticaret Tarihinde Bursa'da İpekçilik*, (İstanbul: İstanbul Üniversitesi İktisat Fakültesi Yayınları, 1960), pp. 291-309

created some adverse effects on the production. The accumulation of the means of production in the hands of the wealthy obviously created certain problems. First, the mass production in manufacture-like production units resulted in loosening the control mechanisms over the labor-force which affected the quality of the products. Moreover, the expansion of wage-labor usage in silk production caused some corrosion in raising new skilled labor generations. Thirdly, Dalsar mentions the high tax burden on the shoulders of producers which revealed that the State did not try to protect these manufacturers.

Dalsar then looks at the external dynamics affecting sericulture which predominated the internal factors as well. There were two basic external dynamics: First, the effect of the continuous wars with Iran which caused scarcity of silk and the loss of skilled labor throughout these wars. In fact, the losses of labor-force in Iran, indirectly affected the Ottoman Empire due to Iran's being among the chief silk suppliers to the Empire. Secondly, the rise of sericulture and silk weaving in Europe should be emphasized. The competition was harsh. Erder, for instance, writes about British industrial spying over sericulture.²⁷¹ Dalsar also draws attention to the quick withdrawal of the Ottoman Empire from the competition with Europe which can be considered as a third reason. Hence, the Ottoman Empire turned to be one of the raw material suppliers by abandoning its own manufacturing position.

The Ottoman sericulture entered the nineteenth century in an atmosphere shaped by these determinants. In the nineteenth century, the sericulture, especially cocoon dealing expanded to Anatolia and especially to Western Anatolia towns, such as town of *Aydın*. However, Bursa was the leading city not only in silk production but also in weaving. Except from the centers in Anatolia, Damascus was also famous for its silken clothes. The main silk supplier within the Empire was Bursa. Even though the Empire's position as a manufacturer of the finished goods declined, towards the midst nineteenth century raw silk of the Ottoman Empire was unrivalled in the European market. While the rise of Europe negatively affected the

²⁷¹ Leila Erder, *The Making of Industrial Bursa: 1835-1975*, Unpublished Dissertation, (Princeton: Princeton University, 1976), p. 93

silken cloth manufacturing in the Empire, with the formation of the international division of labor (1800-1840) which compelled the Empire into the production of cocoons and raw silk, the raw material producing position of the Empire strengthened and the revenue from silk increased towards the end of this period. However, the rise of Italy and France with the improvement of mechanization, again threatened the position of the Ottoman silks.²⁷² The response to this situation was the mechanization in silk reeling by importing new machinery and know-how.²⁷³ There are some debates over the date of the establishment of the first factory.²⁷⁴ Dalsar, by utilizing the information in *1878 Hüdavendigâr Vilayeti Salnâmesi*, dates back the foundation of the first factory to 1838.²⁷⁵ Some other sources claim that the foundation of the first factory was in 1845. According to Erder, 1845 was the date of large-scale expansion.²⁷⁶ The expansion was quick enough to increase the number of factories to 10 in a decade. In 1855, there were twenty two reeling enterprises according to the numbers given by the Vice-Consul of Sardinia, M. Terraneo. Only two of them were founded by the investment of foreign capital. The majority of the remainder belonged to the Christian minorities and some to the Muslims as well.²⁷⁷ The State also changed its attitude to the industrial development in silk production by trying to encourage the capital owners to invest in silk industry. For this aim, an imperial commission was formed and the commissioner reported about their attempts to encourage the local Greek merchants who had enough wealth to invest in this area. However, the Greek merchants were reluctant to accept this offer made by the commission. Augustinos claims that this

²⁷² Dalsar, *Türk Sanayi ve Ticaret Tarihinde...*, p. 409

²⁷³ Erder, *The Making of...*, p.108

²⁷⁴ “‘Factory’ as the term is used here should not imply industry with an integrated production process from raw material to finished product. These silk reeling factories were only performing the last steps in preparing raw material for export.” Ibid., p. 126

²⁷⁵ Dalsar, *Türk Sanayi ve Ticaret Tarihinde...*, p. 410

²⁷⁶ Erder, *The Making of...*, p. 100

²⁷⁷ Ibid., p.105, Şeker, *Türk-Yunan Nüfus Mübadelesi Anlaşması Sonucu...*, p.57 Erder warns the reader about the reliability of these figures. Since these figures were basically derived by analyzing the names of the establishments. The onomastic analysis did not always reflect the origin or the locality of the establishments.

was the result of the Greeks' general reluctance for making business with the State, "no doubt they believed trading in such manufacturers to be a more lucrative enterprise".²⁷⁸ However, the Greeks' role in silk production as investors improved gradually. Kaplanoğlu, by quoting from Perrot's impressions based on his 1867 travel to Asia Minor, mentions that in 1867 there were almost 35 factories engaged in silk production and 6 or 7 of them belonged to the European investors and the rest belonged to the Armenians, Greeks and Jews.²⁷⁹ Back to the Augustinos' assessments on the role of the Greeks in sericulture, in addition to the wealth, we should underline that their trading network created a suitable atmosphere for the silk and cocoons produced in Bursa. Moreover, this extensive network made Bursa an *entrepôt* for the silk produced in Iran or China to be sold in the European market. Alongside the expansion of the mass production, the need for labor-force also expanded. As it is mentioned in Chapter 2, the major element of the workforce in silk reeling was Ottoman Greek women. According to Issawi, in 1872 only 4 per cent of the work force in silk reeling was formed of male workers and 95 per cent of the female workers were either Greek or Armenian.²⁸⁰ There were also statistics of the Institute of Sericulture (*Darül-Harir*) reflecting the overwhelming majority of the Christians. Between 1888 and 1905, there were 1.234 "graduates" of the Institute, 72,9 per cent of whom were from Bursa and some 73,3 per cent of these were of either Greek or Armenian origin.²⁸¹ Torkomyan Efendi, the founder of the Institute of Sericulture (*Darül-Harir*), gives different figures about the number of graduates and their communal identities. According to Torkomyan Efendi, the number of persons getting diploma from the Institute of Sericulture from 1890 to 1900 was 2032. The ethnic distribution was as such: 895 Armenians (44.0%), 658 Greeks (32.4%), 458 Turks (22.5%), 19 Bulgarians and 2 Jews.²⁸² These figures show the importance of non-Muslim elements —Greeks, in our case— in the

²⁷⁸ Augustinos, *The Greeks of Asia Minor...*, p. 99

²⁷⁹ Kaplanoğlu, *Bursa'da Mübadele*, p.35

²⁸⁰ Issawi, *The Economic History...*, p. 313

²⁸¹ Donald Quataert, "The Silk Industry of Bursa, 1880-1914", in Huri İslamoğlu-İnan (ed.), *The Ottoman Empire and the World Economy*, (1987:Cambridge, Cambridge University Press), p. 292

²⁸² Cited by Dalsar, *Türk Sanayi ve Ticaret Tarihinde...*, p. 430

industrial character of Bursa in many aspects, as capital owners, as traders, and as workers. Especially as the right of determining the silk tithe was transferred to the Ottoman Debt Administration (ODA) (*Düyun-u Umumiye*), the ODA decreased this tax. the decrease in this tax thus created a certain incentive for the non-Muslim minorities and Ottoman citizens of foreign origin.

It is certain that the fate of the silk industry was not determined by the pure economic factors. The industrial base of Bursa was damaged by the ongoing wars in Anatolia and the exodus of non-Muslim population before the Exchange. In the pre-War period, there were 5 large factories operating in Bursa. Three of them belonged to Armenians, one was of a Turk and the other was a state enterprise. Moreover, most of the 41 raw silk factories belonged to the Christian Ottoman citizens. Till 1913 all of these factories ran, but in 1915 only one of these factories was running.²⁸³ From 1913 to 1915 period the value of the silk produced in these factories (together with the *Hereke Fabrika-ı Hümayûnu*) reduced to 514.854 piasters from 1.103.068 piasters.²⁸⁴ The decline in the revenues from silk reeling due to the ongoing wars and uncertainty made the non-Muslim capital leave the city and hence give up operating their mills. Moreover, mulberry groves were damaged either by the war conditions or the inability of the owners to meet their loss. In 1923, the volume of reeled silk production reduced to a level less than one tenth of its pre-War level.²⁸⁵ The decline accelerated owing to the exodus of Greeks as a result of Exchange of Populations Convention. Before the Greeks and the Armenians entirely left Bursa, there had been 25 factories engaged in silk production and reeling. Only two of them, *Sakarya* and *Gaffarzade*, managed to survive.

In the light of this discussion, we can say that: The outlook of Bursa changed deeply due to the Exchange of Populations. The equilibrium between the urban and the rural populations was disrupted in favor of the rural. In fact, approximately 120.000

²⁸³ Ökçün, *Osmanlı Sanayii...*, p.155

²⁸⁴ Ibid., p.157

²⁸⁵ Erder, *The Making of...*, p. 135

Armenians and Greeks left Bursa and only 40.000 refugees were settled in this city.²⁸⁶ Independent from the newcomers' profile, indigenous populations' mass migration resulted in this consequence. As we have mentioned above, a considerable number of the Greeks and the Armenians worked as workers in the industry. Hence, together with the industrial base, the former labor-force also left country as a result of deportations, migrations triggered by war conditions and uncertainty and the compulsory exchange. Although Bursa remained having the highest working population/total population ratio among all Turkish cities except from İstanbul²⁸⁷, there were only 3.670 people engaged in silk-related industries (reeling, dyeing, weaving and silken cloth manufacturing) according to 1927 Industrial Census throughout Turkey.²⁸⁸ It should be stressed that this new labor-force was provided by the immigrants and refugees settled in Bursa. These figures clearly reflect the destructive effect of the exodus of the non-Muslim population: There were 54 weaving factories established in Bursa till 1933 and none of them could be dated back to the pre-National Liberation War period²⁸⁹, and most of them were probably founded after the Law for Encouragement of Industry in 1927. For Keyder, due to the Greco-Turkish Population Exchange, there were only 12 raw silk factories left in Bursa where as we have noted above there had been 41 raw silk factories in Bursa according to the 1915 Census.²⁹⁰ Moreover three of these factories belonged to the French investors, and they produced for French domestic market only. Government attempted to restore this industry in Bursa by taking certain measures, such as distributing young mulberry trees to peasants, offering prizes for worm, egg, and cocoon production and establishing the Silk Institute in Bursa for control and improvement of the industry.²⁹¹ However, these attempts were

²⁸⁶ Ibid., p. 123. According to the data by *Mübadele İmar ve İskan Vekaleti* (Ministry of the Exchange, Reconstruction and Settlement) there were 31.658 refugees settled in Bursa. See Appendix-C.

²⁸⁷ Erder, *The Making of...*, p.142

²⁸⁸ *1927 Sanayi Sayımı*, pp.26-27

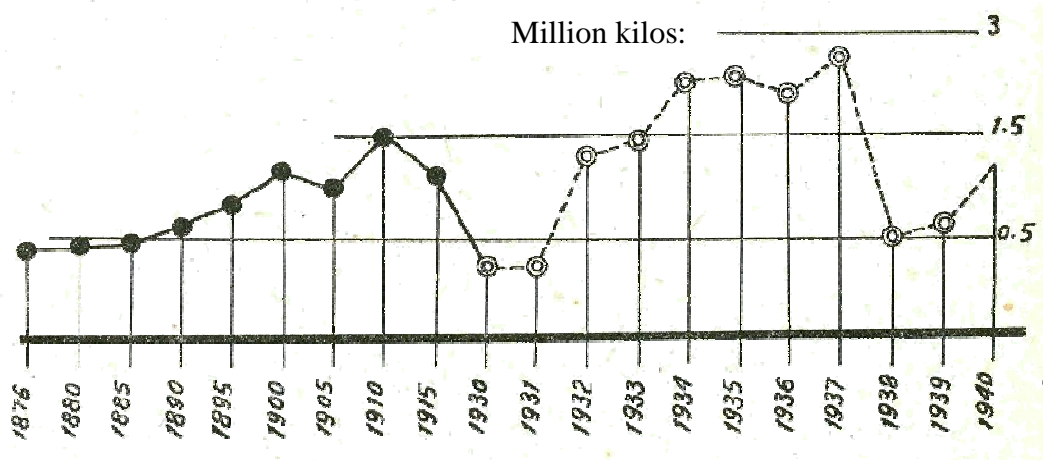
²⁸⁹ Kaplanoğlu, *Bursa'da Mübadele*, p. 125

²⁹⁰ Keyder, *Dünya Ekonomisi İçinde...*, p.83

insufficient. The official authorities apparently made no additional efforts to settle down the refugees in accordance with their previous occupation. Although the center of all the divisions of the silk industry was in Bursa, in 1924, the refugees who had been cocoon dealers and coming from Karacaova in Thessaloniki, for instance, were sent to *Harpur* (Elazığ) where the silk production had been an active “industry” in the sixteenth century.²⁹²

The production of silk can be seen in Figure-3.1. A sharp decrease in production after the Balkan Wars is apparent. The inability of the national economy to give further support for silk producers and processors coupled with the downward trend in silk production in the first years of the Republic. It is logical to claim that the exodus of the experienced silkworm growers and processors had a serious impact on the continuity of the decreasing trend.

FIGURE-3.1: Silk Production in Turkey 1876 – 1940



Source: Fahri Dalsar, *Türk Sanayi ve Ticaret Tarihinde Bursa'da İpekçilik*, (İstanbul: İstanbul Üniversitesi İktisat Fakültesi Yayınları, 1960), p.476

²⁹¹ C L. Stotz, “The Bursa Region of Turkey”, *Geographical Review*, vol.29, no.1, (Jan. 1939), pp.97-98

²⁹² B.C.A: 272..0.0.11 - 19.92..19. [31.08.1924]

However in some cases, a new potential in terms of the silk industry appeared. In Ödemiş, one of the largest districts of İzmir with a considerable exchangee population, this industry grabbed a chance of rapid growth in the second half of the 1920s. After the decline of silk industry with the resultant impact of the period between 1914 and 1923, a growing foreign demand for the silken goods (cloth and handkerchiefs) seems to create certain hope for the economic future of this district in 1927 and 1928.²⁹³

We have so far talked about the history of silk industry in Turkey and the effects of the exchange of populations on this industry. The other side of the coin gives us further clues to observe the effects of the Exchange upon industry. Silk production and processing industry developed rapidly after the Exchange as the result of the arrival of the new comers who had been working in this industry in their “old” country to Greece. Pentzopoulos notes that the population engaged in silk production and processing was transferred *en masse* to the plains of Argos in Peloponnesus. A refugee settlement district called as Nea Kios (New Gemlik) — note that Kios was the name of Gemlik, in Bursa, among Greeks—was formed and there was a colony of 550 families members of which were engaged in silkworm breeding. In this settlement a mulberry grove of 6.500 *stremmata* was created by the Greek State. The increase in the number of silkworm eggs was enormous. The expansion of the silk industry was supported by the Greek government and the RSC.²⁹⁴ There had been only 50.000 boxes of these eggs in 1922, whilst by 1926 the production increased by some 220% and reached to 160.000 boxes. According to the official numbers, with the contribution of the refugees settled in Macedonia, Greece produced 1.690.460 kilograms of fresh cocoons. The predictions about the Greece’s position in the international silk-market did not materialize due to the rise of artificial silk; however, in the 1930s Greek textile was self-sufficient in terms of silk and silken goods thanks to this expansion in the 1920s. According to

²⁹³ *İzmir Vilayeti Salnamesi 1927-1928*, (İzmir: Bilgi Matbaası, 1929), p. 129

²⁹⁴ In addition to what Pentzopoulos mentions here, according to Ladas, 500.000 drachmas were allocated as credit for the refugees settled in Macedonia and having been engaged in silk industry and. (*The Exchange of Minorities...*, p.715)

Pentzopoulos, in 1930, the production of silken cloth reached to a level of 3,1 fold of its 1925 level.²⁹⁵

The overall expansion of the textile industry in Greece can be observed in Table 3.5. Despite the general backwardness of the industry in Greece and its lacking of certain incentives, the textile industry, generally owing to the arrival of the refugees, managed to expand above the annual growth rate in industry which was 6.8 according to Mazower's calculations.²⁹⁶ According to our calculations based on Table 3.5, the textile industry grew with a rate of 13 per cent.

TABLE-3.5: Expansion of the Textile Industry in Greece, 1923-1930

	<i>1923</i>	<i>1930</i>
Number of Factories	120	238
Installations, looms, etc.	603	1360
Number of persons employed	9.359	22.900
Production (million drs.)	747	1.800

Source: Pentzopoulos, *The Balkan Exchange of Minorities...*, p.163

²⁹⁵ Pentzopoulos, *The Balkan Exchange of Minorities...*, p.163

²⁹⁶ Mazower, *Greece and the Inter-war...*, p. 92

The overall impact of the Population Exchange on Greek industry seems to be positive. The number and the power of new industrial firms from 1921 to 1929 in Greece are given in Table 3.6.

TABLE-3.6: The Number and Power of New Industrial Firms in Greece, 1921-1929

<i>Year</i>	<i>Number of new establishments</i>	<i>Horsepower</i>
1921	56	1.821
1922	46	371
1923	41	1.217
1924	107	2.518
1925	132	4.624
1926	124	3.145
1927	214	6.105
1928	192	6.540
1929	62	3.215

Source: Mazower, *Greece and the Inter-War...*, p.92

The acceleration of the investments after 1923 can be seen in Table 3.6. Unlike Turkey, this acceleration cannot be seen as a *physical* recovery from the war due to the fact that Greece had not experienced war within her borders. However, the recovery of the labor force can be one part of a reasonable explanation together with the relative stability of the period. The recovery of the labor-force had two reasons: First, the end of mobilization and the return of males their homes, and second, the Anatolian refugees arriving to the Greece. According to Svoronos, the number of laborers in the Greek factories had been 60.000 in 1917 and by 1930, this number reached to 140.000.²⁹⁷ In this increase the contribution of the refugees was beyond any dispute.

The Asia Minor refugees had a three-dimensional impact on Greek industry: Some of the refugees were ready to participate in labor market as laborers, some of the refugees managed to carry their capital with themselves to Greece and hence they were entrepreneurs, and lastly, all refugees, even refugee children, were consumers. Sir Norman Angell describes this triple identity as the following:

²⁹⁷ Nikos Svoronos, *Çağdaş Hellen Tarihine Bakış*, (İstanbul: Belge Yayınları, 1988), p.96

[T]he admission of an immigrant's family first of all creates work, employment. The children have to be fed and clothed and housed and warmed, and the production of the food, clothing, fuel keeps someone in employment... And when the refugee head of the family... begins to earn money, he must spend that money, which gives employment. Even a refugee camp is a market and a refugee child a consumer.²⁹⁸

Apart from these mechanistic effects, one should consider that refugees brought together with them certain assets such as some imperfect information of the Turkish market, some new production techniques and some unknown industrial branches, and some capital as well. A careful observer of Greek side of the story says that “in 1961, almost forty years after the arrival of the refugees in Greece, one out of five Greek industrialists had been born in Turkey”.²⁹⁹ Moreover, the refugees deeply changed the structure of the labor market. The excess supply of labor resulted in the collapse of wages under the level of subsistence. In the light of this discussion, it is legitimate to ask whether the Asia Minor refugees affected the Greek industry positively. Although the impact of refugees was more apparent and much well-documented in Greece as compared to Turkey, an affirmative answer would be too reductionist; since the refugees created a burden on the social, political and economic structure of Greece as well. As far as the economic burden is concerned totally, \$36.490.227 were spent for rural refugee settlement alone. The burden was so heavy that it made a certain “contribution” to the bankruptcy of Greek state in 1932. The Greek industry³⁰⁰ was in need of modernization; however, government had no “time” and funds for a state-led modernization movement in industry or encouraging such a modernization by some incentives for the entrepreneurs. The burden of the refugee resettlement was a momentous obstacle in front of modernizing economic policies. The Greek state could only protect existing industry by heightening custom walls and by creating a favorable fiscal regime for the investors. According to predominant view, this unconditional protection caused

²⁹⁸ Cited by Pentzopoulos, *The Balkan Exchange of Minorities...*, p.150

²⁹⁹ A. P. Alexander, *Greek Industrialists*, (Athens: Center of Planning and Economic Research, 1964), p.62

³⁰⁰ These evaluations on Greek industry are based on Mazower, *Greece and the Inter-War...*, p.91-100

a huge inefficiency. Although the 1920s witnessed an industrial boom beyond recovery, this boom was not accompanied by a structural change. There had been no heavy industries in Greece in the beginnings of the 1920s, so was it in 1930s. Moreover, industry meant a socially dangerous class, namely the proletariat, thus, the Greek state, as a strategy, tried to form a lower-middle class engaged in agriculture out of the Asia Minor refugees and gave up encouraging industrialization.

Insofar as Turkey is concerned, we briefly talk about the poor legacy of the Ottoman Empire to the nascent Republic in terms of industry. Most of the industrial plants were either idle or unusable. In the period 1923-1927, the Turkish State was not able to take necessary steps to improve industrial base of the country. The approach of the government towards the problem of industrialization in the İzmir Economic Congress in 1923 was strongly criticized by intellectual circles.³⁰¹ After the İzmir Economic Congress, there were some measures taken concerning industry. The government constituted some monopolies on certain foreign trade items which directly affected the industry. Moreover, the protectionist measures and privileges for the investments in sugar industry in 1925 were taken, such as 8-year-long tax exemption and 30 per cent discount for costs of transportation and raw material.³⁰² The most prominent step taken by the government was 1927 the Law for Encouragement of the Industry (*Teşvik-i Sanayi Kanunu*) which was a re-enactment of the 1329 (1913) *Teşvik-i Sanayi Kanun-u Muvakkatı*. By this law, investors were donated land up to 10 hectares free from charge and they were exempted from taxes of land property, of building and of income.³⁰³ These were certainly crucial incentives for industrial capital, and hence it can be thought that the State transferred its land accumulation that we have showed in Chapter 2 to the industrial bourgeoisie to certain extent. However, we can say that the government

³⁰¹ See A. G. Ökçün, *Türkiye İzmir İktisat Kongresi Haberler-Yorumlar-Belgeler*, (Ankara:SPK Yayınları, 1997), pp.307-310

³⁰² SSCB Bilimler Akademisi, *Ekim Devrimi Sonrası Türkiye Tarihi*, (İstanbul: Bilim Yayınları, 1979), p.111

³⁰³ *Ibid.*, p.112

approached selectively towards the enterprises that applied for taking advantage of this law. Large-scaled industry was advantageous in terms of preconditions of the Law. Therefore, the small scale industrial enterprises, that is, the dominant industrial unit in Turkey according to the 1927 Census, were hardly benefited from the Law for Encouragement of the Industry.

As far as the results of the 1927 Industrial Census are concerned, it is not possible to compare the results of 1913 and 1915 Industrial Censuses, since there is an important difference in the scale of industries under investigation. However, a comparison of these censuses gives us some clues about the effects of the Exchange upon the Turkish industry. For instance, Özel makes such an assessment by comparing 1913/15 and 1927 Censuses:

The main difference in the results of the 1927 Census from the previous censuses was the considerable decline of textiles. Although it had been the leading sector in terms of employment potential in both 1913 and 1915, with 46% and 48% relative shares respectively, by 1927 this sector only employed 18.7% of the total industrial labor. Thus agricultural industry and textiles to some extent exchanged their relative positions between the 1910s and 1920s, although it must be kept in mind that the scales and classifications differ among the censuses.³⁰⁴

Until now we discussed the importance of Greek element in textile industry and the effects of the Exchange. We can reach to the conclusion that the striking decrease in the employment share of textiles can be related with the Population Exchange. It can also be said that improvement of the relative position of agriculture can be seen another result which implied a sort of urban deterioration in the economic sphere. Moreover, the total industrial production in 1913-14 fixed prices, Turkish economy recovered to its pre-War period not before than 1937 shown in Table 3.7 and the share of industry in the GNP recovered to its pre-War and exceeded this level in 1927. The figures also display that the industrial production in fixed prices continued to decline further in 1924, a year of recovery expectation and this decline can also be correlated with the Population Exchange. The decrease in labor-force, in

³⁰⁴ Özel, “*The Economy of Turkey...*”, pp. 53-54

capital and the chaotic atmosphere suspending production or commercial relations can be considered as the outcome of the Exchange process.

3.3 Summary and Conclusion

The Greco-Turkish Population Exchange had a negative impact on the industrial base of Turkey. The industrial legacy of the Empire was very weak and backward. However, even in this limited industrial development, the Anatolian Greeks had a certain share, as entrepreneurs, workers and consumers. In this chapter, we have tried to trace the consequences of the Population Exchange regarding the industry through analyzing its effects upon the textile industry, particularly the carpet weaving and the silk (from sericulture to processing) industries. The terms “industry” and “factory” have been used in their widest meanings and do not refer to the integrated and mass production, but rather semi-mechanization of certain steps of the production and marketing of the products.

In the case of carpet-weaving, we have shown that the transfer of the experienced and skilled weavers to Greece resulted in the formation of a rival for Turkey in the oriental carpet market. This was due to the loss of human capital in this sector. Greece wisely saw this sector as a pool for the employment of the “more marginal” refugees —widows, orphans, etc.—settled in the urban areas. However, the intensifying competition between Greece and Turkey did not create any incentives for the structural improvement of this sector in either of these countries. The competition turned to be a price competition. The collapse of Western —especially the US— demand for the oriental carpets with the economic crisis in 1929 gave rise to the decline of this industry in both cases.

As for silk, the mass departure of the Greeks experienced in sericulture and silk processing combined with the physical destruction as a result of World War I and the Greek occupation. Moreover, the economic exigency making the mulberry cultivators unrig the trees which were the only source of nutrition of the silkworms

deteriorated this industry. We should also add the haphazard nature of the resettlement plan of the Turkish Government.

Although the impact of the Population Exchange was more apparent in the carpet weaving and silk industries, these were not the only examples of industries affected by the Exchange. Belli points out the fact that some other branches of industry declined after the transfer of qualified and experienced working force and capital to Greece. Fig packaging and olive oil industry were two other examples mentioned by Belli.³⁰⁵ The data of 1926 Statistical Yearbook of *Vilayet* of İzmir confirms Belli's argument. According to the data of this yearbook, only 110 out of more than 270 industrial establishments (factory and flour mill) were recorded as among the ones founded after 1923 and 69 of these new establishments were in İzmir District which was totally ruined by the "Great Fire of Smyrna" in 1922.³⁰⁶ This shows the slow pace of growth of the industry in the age of recovery in İzmir and it is quite reasonable to take for granted that some of these factories and flour mills were abandoned by the Greeks and especially of the ones in the districts other than the district of İzmir were re-established by their new owners after 1923 with limited or no modernization.

Another important consequence of historical sequence reshaping the Balkans and Middle East at the end of World War I in which the Population Exchange had a distinct role is the creation of two similar peripheral economies, namely Turkey and Greece. The Exchange played a crucial role deepening the "similarities" of these two economies which had historical connections and this process decreased their comparative advantage towards each other. Such a condition resulted in the rise of an economically competitive atmosphere between these two countries which had economic and political consequences for both countries. Economically, the possible revenue generated from these industries declined. Since, the absence of incentives and lacking feasibilities for the modernization of the industrial base resulted in a

³⁰⁵ Belli, *Türkiye-Yunanistan...*, p. 97

³⁰⁶ Collected data from the *Factories and Flour Mills* section in İzmir İstatistik Kalemî (İzmir Secretariat of Statistics), *İzmir Vilayeti 1926 Senesi İstatistiği*, (İzmir: Hafız Ali Matbaası, 1926), pp.221-267

price competition between Greece and Turkey which turned to be a highly aggressive one. One result of the integration model of these peripheral economies with the international market was the increasing dependency to the products subject to this competition. Since they were one of the value-added products of these countries which were very limited in number, this brought about growing vulnerability of these economies to the fluctuations in the international markets. Politically, such a competitive atmosphere eased the purification of the economic structure in terms of ethnicity.

As a last remark on this issue we should add that, the Exchange resulted in the transfer of Greek workers experienced in labor movement. The exodus of the militant Greek workers resulted in a discontinuance in the formation of working class movement in Turkey. The absence of such a dynamic in the political and economic life can be seen as one of the factors of the monolithic structure of Turkey till the 1940s. We believe that a comparison of the effects of the refugees in Greece and Turkey will give crucial results for a better understanding of the effects of the Population Exchange in both countries and also of the social formation in Turkey.³⁰⁷

³⁰⁷ For the impact of refugees upon the Greek political sphere see Mavrogordatos, *Stillborn Republic: Social Coalitions and Party Strategies in Greece...*, Mazower, *Greece and the Inter-War...*, Kontogiorgi, *Population Exchange in Greek Macedonia...* One of the most important impacts of the refugees which determined the whole course of the Greek politics in the interwar era was their relations with the Communist Party of Greece (KKE—the abbreviation of the party in Greek). Refugees created a major actor of the Greek politics out of a very marginal movement. For the refugee-KKE relation see A. S. Alpan, “Dönüm Noktasında Hayat ve Siyaset: Orak, Çekiç ve Mübadiller”, *Toplum ve Bilim*, no.112, 2008, pp. 158-181. The effects of the refugees upon Turkish politics are almost untouched. For the political support of the refugees for the the Free Republican Party see Cem Emrence, *Serbest Cumhuriyet Fırkası – 99 Günlük Muhalefet*, (İstanbul: İletişim Yayınları, 2006). For the political reaction of the Turkish left concerning the Population Exchange and the refugee problem see Mete Tunçay, *Türkiye’de Sol Akımlar...*, pp. 515-544

CHAPTER 4:

COMMERCE

4.1. The Commercial Structure in the Ottoman Empire

The need of a constantly expanding market for its products chases the bourgeoisie all over the whole surface of globe. It must nestle everywhere, settle everywhere, establish connexions everywhere.

The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. To the great chagrin of Reactionists, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations.³⁰⁸

Where trade is concerned, the nineteenth century witnessed three long waves of capitalist development: 1826-1847 contraction period, 1848-1873 expansion period, and 1874-1893 contraction period.

³⁰⁸ K. Marx and F. Engels, "Manifesto of the Communist Party", D. Fernbach (ed.), *The Revolutions of 1848 Political Writings – vol.1*, (Harmondsworth: Penguin, 1973), p.71

The first contraction period (1826-1847) was characterized by the protectionist-mercantilist policies of post-Napoleonic Wars era. However, these protectionist policies were seriously conflicting with the interests of the Great Britain which was undergoing the Industrial Revolution and hence was in need of markets for her products then raw material for production. The increasing grain prices—decreasing real wages—due to successive bad harvests led to a series of social unrests in the 1830s that Britain had hard times to tolerate. By a succession of legislative actions, the British state began to enforce *laissez faire* and “economic liberalism became a militant creed”.³⁰⁹ By 1840s, the East Mediterranean countries had become the markets for British products and once the restrictions imposed after the Napoleonic Wars had been abolished by the enforcement of Britain, a great stimuli for the unification of the world market emerged. Four distinct determinants affected the change in the capitalist development³¹⁰ namely: the decline of protectionism all over the world, the disappearance of the money shortages thanks to newly found gold sources, technological improvement leading advancement of transportation and communication techniques and lastly the relatively peaceful atmosphere of the century.

As described in the introductory passage above by Marx and Engels, the internal “connexions” of the world economy were constructed and reinforced; in addition, an international division of labor was introduced by “universal inter-dependence of nations”. Certainly, the Ottoman Empire also took its part in this international division of labor. The internal factors of the Empire and the increasing economic relations with European countries determined the position of the Ottoman Empire in the new world order. The Ottoman Empire became a country exporting agricultural products and raw materials; and in return the Empire was importing value-added products.³¹¹

³⁰⁹ Karl Polanyi, *The Great Transformation – The Political and Economic Origins of Our Time*, (Boston: Beacon Press, 1957), p. 137

³¹⁰ Reşat Kasaba, *Osmanlı İmparatorluğu ve Dünya Ekonomisi – Ondokuzuncu Yüzyıl*, (İstanbul: Belge Yayınları, 1993), pp. 39-40

³¹¹ According to Pamuk in 1911-1913, the breakdown of the exports gives such a result that 90 per cent of the total exportation was constituted by raw materials and agricultural products. However, as

Commercial relations between European countries and the Ottoman Empire deeply changed in the nineteenth century. According to Pamuk, in the period - 1730 -1780 the volume of the commercial activity between the Ottoman Empire and Europe grew with an average annual rate of less than 1 per cent (totally ~50 per cent). This rate was almost 1,5 in 1780-1830 (~90 per cent). The average annual growth rate exceeded 5 per cent after 1830s and especially 1840s, which meant 100 per cent growth in every 11-13 years.³¹² The value of the exports increased by 5 folds with current prices and 10 folds with fixed (1880) prices and the corresponding figures for imports were greater than 6,5 with current prices and 12 with fixed prices.³¹³ Table-4.1. prepared from the figures supplied by Pamuk shows the evolution of the value of the commercial activity between the Ottoman Empire and “core” countries, that is, the industrialized Europe and the US according to Pamuk’s definition.

TABLE-4.1: The Value Ottoman Trade with Core and Aggregate, 1830-1911

Period	Trade with “Core”*			Total Trade			The Share of “Core” in Total Trade		
	Export	Import	Total	Export	Import	Total	Export	Import	Total
	(million £)			(million £)			%		
1830-32	2,40	2,10	4,50	3,80	4,00	7,80	64,3	52,5	57,7
1840-42	3,60 [#]	3,80	7,40	5,20 [†]	5,70	10,90	70,0	66,7	67,9
1850-52	6,70 [#]	7,10	13,80	8,80 [†]	9,50	18,30	76,4	74,7	75,4
1860-62	9,10	8,70	17,80	12,40 [†]	12,90	25,30	73,4	67,4	70,4
1870-72	13,50 [#]	17,20	30,70	19,40 [†]	22,40	41,80	69,4	76,8	73,4
1880-82	9,60 [#]	11,50	21,10	15,20 [†]	15,40	30,60	62,9	74,7	69,0
1890-92	13,60 [#]	14,80	28,40	17,90 [†]	19,20	37,10	76,1	77,1	76,5
1900-02	15,90 [#]	15,70	31,60	20,30	20,30	40,60	78,3	77,3	77,8
1910-11	20,00 [#]	29,70	49,70	25,90 [†]	37,70	63,60	77,0	78,8	78,1

*Our calculation based on Pamuk’s figures. [#] Trade deficit in commercial relations with “core”

[†] Trade deficit

Source: Şevket Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme 1820-1913*, (İstanbul: Tarih Vakfı, 2005), pp.33-34 (reorganization of Table 2.4 and Table 2.5)

for imports, more than 90% of the importation was made up of the value-added materials (consumption goods, investment goods, etc.) See Şevket Pamuk, *19. Yüzyılda Osmanlı Dış Ticareti Tarihi İstatistikler Dizisi*, vol. 1, (Ankara: Devlet İstatistik Enstitüsü, 1995), p.36.

³¹² Şevket Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme 1820-1913*, (İstanbul: Tarih Vakfı, 2005), p. 30

³¹³ *Ibid.*, p.26

The role of the Great Britain was quite fundamental in this picture. The value of imports from Britain increased 12 folds between 1812 and 1836.³¹⁴ Since this statistics precedes the Free Trade Agreement in 1838, it is obvious that this pact acted as a catalyst in the opening of the Ottoman economy. In 1850, the Empire became the most important market for the British products.³¹⁵ The other countries with which the Ottoman Empire had trade relations are shown in the Table-4.2.

TABLE-4.2: The shares of Major Countries in the Ottoman Foreign Trade, 1894-1912

<i>Country</i>	<i>Import</i>				<i>Export</i>			
	<i>1894</i>	<i>1900</i>	<i>1906</i>	<i>1912</i>	<i>1894</i>	<i>1900</i>	<i>1906</i>	<i>1912</i>
<i>The Great Britain</i>	100,0*	91,8	121,4	110,0	100,0**	96,1	110,0	81,3
<i>Aus-Hun.</i>	57,0	53,1	72,0	75,5	23,2	25,9	37,2	38,9
<i>Germany</i>	3,1	5,4	14,7	57,5	5,1	7,9	21,3	21,4
<i>France</i>	30,3	32,8	29,5	43,6	62,0	25,4	83,6	74,8
<i>Italy</i>	6,9	14,7	27,0	27,2	8,2	12,4	17,3	16,2
<i>USA</i>	0,2	0,4	3,2	13,5	2,6	10,0	8,4	24,1
<i>TOTAL</i>	197,5	198,1	267,7	327,3	201,1	177,6	277,8	256,7

* \$ 39.842.000 and ** \$ 25.238.000

Source: Our calculation based on the figures in Çavdar, *Milli Mücadelenin...*, pp.72-73

The data above illustrate that commercial relations with Germany and the US improved steadily in the period considered. However, WWI affected the commercial activity of the Empire and this picture profoundly changed. The commercial activity contracted to the commerce with the Central Powers and non-allied countries.³¹⁶ According to Eldem, due to the abrupt increase in the prices of the exported materials by Turkey (350 per cent) and to the continuation of the trade with the aforementioned countries, the economy of the Empire was not affected

³¹⁴ Tezel, *Cumhuriyet Döneminin...*, p.62

³¹⁵ Yerasimos, *Az gelişmişlik Sürecinde... vol.2*, p.56

³¹⁶ For a detailed investigation of the commercial relations with the Central Powers see Eldem, *Harp ve Mütareke Yıllarında...*, pp.56-72

severely in comparison with the other sectors of the economy.³¹⁷ Nonetheless, state intervention to regulate the foreign trade such as the prohibition of trading certain goods in the international markets or increasing the taxes on the international trading activities became more difficult. Until the beginning of WWI, the Ottoman Empire could not manage to raise the tariffs to 4 per cent. It was only when WWI broke on October 20, 1914, the tariffs were raised to 15 per cent and on June 3, 1915 tariffs were further increased to 30 per cent.³¹⁸

The enhancement of commercial relations with the Western countries within which capitalist production relations developed altered the Ottoman Empire socially and economically. In this transformation process, different social and ethnic groups took up a variety of roles. The role of the Greek element in this process is particularly important for the purpose of our study.

4.2. The Asia Minor Greeks and their role in the Ottoman Commercial Structure

As we have mentioned above, the Free Trade Agreement in 1838 constituted a springboard rather than a turning point as far as the commercial relations between the European states and the Ottoman Empire are concerned. Before the British hegemony stuck out *laissez faire laissez passé* as the driving force of the economic sphere, the Ottoman state has attempted to adjust international and internal trade. In fact, the regulatory attempts towards domestic and international trade were the result of the decline of the Empire's economy. As many authors have claimed, in the heyday of the Empire the regulations were not towards commercial activity—the commercial activities of merchants were not regulated by *hisba*—, but towards the market place which can be observed throughout all pre-capitalist societies. However, we should underline that the Free Trade Agreement which was followed

³¹⁷ Ibid., p.67

³¹⁸ A. D. Novıçev, *Osmanlı İmparatorluğu'nun Yarı Sömürgeleşmesi*, (Ankara: Onur Yayınları, 1979), p.74

by other free trade agreements with other European states created a neoteric atmosphere.³¹⁹

As far as the role of Greeks in commerce is concerned, it was much more apparent than other fields of the economy. As mentioned above in Chapter 1, many of the travelers in the late-nineteenth and early-twentieth century and the scholars of the period talk about the rise of Greeks in Anatolia.³²⁰ The new free trade opportunities went hand in hand with the economic expansion of Greeks of Asia Minor. The diffusive nature of Greek population which resulted in a social network easing the commercial activity, the Diaspora Greeks massively engaged in commerce throughout the world. Moreover the increasing tendency in the unification of internal market through railways and the uncompetitive position of the Muslim merchants, *Hayriye Tüccari*³²¹, due to the terms of Free Trade Agreement and the relatively low tax rates in commerce as opposed to the agricultural activities gave rise to an climate in favor of Ottoman Greeks. One should also highlights the role of increasing activities of the foreign merchants within the Empire. To be more precise, the changing conditions in politics and in the international economy resulted in a boom in the trade centers of Anatolia.

The Greek merchants had an intermediary character at the beginning of the nineteenth century. The certificates (*Berat*) authorizing them to make translation for the foreign merchants/commercial houses fashioned such an intermediary position

³¹⁹ For the effects of the Free Trade Agreement and the successive agreements see Oya Köymen, “The Advent and Consequences of Free Trade in the Ottoman Empire—19th Century”, *Études Balkaniques.*, 1971/2, pp. 47-55, Orhan Kurmuş, “The 1838 Treaty of Commerce Reexamined” J. L. Bacqué-Grammont and P. Dumont (eds.), *Économie et sociétés dans l’empire ottoman* (Paris: Editions du Centre National de la Recherche Scientifique, 1983), pp. 411–417, Şevket Pamuk, *Osmanlı Ekonomisinde Bağımlılık ve Büyüme 1820-1913*, (İstanbul: Tarih Vakfı, 2005), pp.17-22.

³²⁰ See fn.6 and fn.8 in this study.

³²¹ The Ottoman State classified the merchants operating within the Empire in three groups. As we have mentioned here the Muslim merchants were called as *hayriye tüccari*. Apart from *hayriye tüccari*, there were *müstemen/ecnebî tüccars* who were foreign merchants and *beratlı European tüccar*, imperial non-Muslim merchants although they were called as “European merchants”. For more detail see Zafer Toprak, *Türkiye’de Milli İktisat (1908-1918)*, (Ankara: Yurt Yayınları, 1981), A. İ. Bağış, *Osmanlı Ticaretinde Gayri Müslimler: Kapitülasyonlar, Avrupa Tüccarları, Beratlı Tüccarlar, Hayriye Tüccarları, 1750-1839*, (Ankara: Turhan Kitabevi, 1983) and Charles Issawi, “The Transformation of ...”, pp.261-285.

in the commercial structure. Together with the Diaspora relations, this intermediary role of the Greek merchants supplied them with “an intimate, confidential knowledge of the market from the most remote areas of the Anatolian hinterland to London or Calcutta”.³²² The “intimate and confidential *knowledge*” of other markets bring about an advantage in “imitating production techniques” and/or importing technologic improvements. On the other hand, this “intimate and confidential knowledge” about the customs, consumer preferences, market conditions, and etc. guaranteed the consonance between the producers and the consumers. As Frangakis-Syrett puts it, the international links meant another favorable condition in terms of credit availability.³²³ Moreover, this array of contacts was active in the internal regions of Anatolia, a place totally inaccessible for the foreign merchants due to legal and practical reasons. This is why Ramsey insists on the role of Greeks in the operation of the market mechanisms by saying that “even where the capital is foreign, *the practical working is to a great extent directed by Greeks*”. These reinforced the “circulating” nature of the Greek capital as well as its intermediary character. It is this circulating nature of the Greek capital which enabled the increase in the significance of Greeks in different sectors of the economy such as banking, industry, mining etc. Hence it can be worked out that the lack of physical and money capital was compensated by the *social capital*³²⁴ in the Greek economic network and commerce was the key element of this chain.

³²² Frangakis-Syrett, “The Economic Activities...”, p.19

A similar condition to the one described here was the position of the Armenians, however these links of Armenians was not as strong as the ones established by the Greeks. Ibid., p.20

³²³ While discussing the role of Greeks in Ottoman industry, we criticize the “technologically backward” and “individualistic” character of the Greek economic development within the Empire. We should underline that this was a comparison made between western investments and the Greek ones. The commercial network mentioned here contributed to the development of the industrial activities of the Ottoman Greeks.

³²⁴ *Social capital* can be described as the following: “Social capital is an aggregate of interpersonal networks. Belonging to a network helps a person to coordinate his strategies with others. Where the state or the market is dysfunctional, communities enable people to survive, even if they do not enable them to live well. But communities often involve hierarchical social structures; and the theory of repeated games cautions us that communitarian relationships can involve allocations where some of the parties are worse off than they would have been if they had not been locked into the relationships. Even if no overt coercion is visible, such relationships could be exploitative.” (Dasgupta, Partha, social capital”, *The New Palgrave Dictionary of Economics*, Steven N. Durlauf and Lawrence E. Blume (eds.), Palgrave Macmillan, 2008, *The New Palgrave Dictionary of Economics Online*, Palgrave Macmillan.) The importance of the social capital in the Greek economic

Quataert describes the relation between the non-Muslim Ottoman merchants and foreign merchants at the beginning of the nineteenth century, as antagonistic.³²⁵ However, the relation between the Ottoman non-Muslim merchants and foreign merchants seemed to be symbiotic. The main antagonism was between the declining local Muslim merchants and the “others”. Göçek describes this symbiotic relationship via such determinants:³²⁶

- i. In order to clear off the problems originating from the internal conflicts of European states, they began to look for reliable and unbiased agents within the Empire, and the non-Muslim merchants satisfied this condition.³²⁷
- ii. There were little incentives for the European merchants to participate in the internal trade within the Ottoman Empire. The capitulatory

expansion became apparent especially with the decline of the Ottoman power. For instance, together with 1774 Kaynarji Agreement, Black Sea and the Danube became a part of the international trade and the network between Greek family members scattered to different port cities enabled them to profit from the increasing commercial opportunities. For a comprehensive description of this commercial network see Traian Stoianovich, “Conquering Balkan Orthodox Merchant”, *The Journal of Economic History*, Vol. 20, No. 2, (Jun., 1960), pp. 234-313. On the other hand, one can relate the “familism” in Greek economic life which we evaluate in Chapter 3 and its adverse effects to the economic development of Greeks when Greeks are concerned. This dimension of Greek economic role in the Ottoman Empire can be related with being locked in the interpersonal networks. However, the advantages of this network were much more apparent in the formation of Greek economic development in the Empire than its disadvantages mentioned above. We should underline that the concept of social capital has both economic and non-economic implications. As a non-economic factor, Kasaba talks about the importance of the Greek Orthodox Church recognized by the Ottoman State together with the dense population in the Western coasts of Anatolia (Kasaba, *Osmanlı İmparatorluğu...*, p.87). The role of the Greek Church can be evaluated in the context of human capital since it took a certain role in the formation of the “Greekness” of the Anatolian Greeks and hence it was an authority reinforcing the economic power through the religious and “national” sentiments. The role of the social capital became more apparent in the anti-Greek boycott in 1911 which will be discussed below.

³²⁵ Quataert, “The Age of Reforms...”, p. 839

³²⁶ F. M. Göçek, *Rise of the Bourgeoisie, Demise of Empire: Ottoman Westernization and Social Change*, (New York: Oxford University Press, 1996), pp. 211-213. For a contradictory interpretation of the relations between the Greek merchants and the European ones see Exertzoglou, “The Development of Greek...”, p.91. According to Exertzoglou, in the age of free trade the European protection was unnecessary, if not useless.

³²⁷ See also Göçek, *Rise of the Bourgeoisie...*, pp.88-89

regime gave certain advantages to the foreign merchants and non-Muslim (*Berathli*) merchants in terms of taxes. Muslim merchants had to pay 10 per cent tax over their international commercial activity where non-Muslim and European merchants had to pay only 3 per cent. On the other hand, for internal trade, the European merchants were subject to the same terms with the Muslim merchants.

- iii. The concern of the European states for the minority merchants were a part of their interest in the Ottoman Empire. Extensive distribution of language certificates was a part of this ambition.³²⁸
- iv. Apart from taking economic advantages of using the non-Muslim merchants, the European merchants also took the political and administrative advantages of employing the minority merchants as intermediaries such as trading in the Black Sea region where the activities of the foreign merchants were strictly forbidden. Moreover not being subject to Islamic law was also an advantage since Muslim courts might have cancelled off the contracts between Muslim and European merchants in favor of the Muslim ones.

³²⁸ In 1808 there were 120.000 Greek merchants under the protection of Russia. (Quataert, "The Age of Reforms...", p. 838) For instance, one of the most successful trading companies at the time was of Rallis Brothers, a Greek firm in İstanbul, and this company was under Russian protection. (Augustinos, *The Greeks of Asia Minor...*, p.100) The Russian protection for Ottoman Greek merchants became usual especially after the Treaty of Kaynarji, 1774. According to Sell, the Russian protection meant "an important step in the development of the spirit of independence" for Greeks. (Canon Sell, *The Ottoman Turks*, (Madras: The Christian Literature Society for India, 1915), p.79, See also Kasaba, *Osmanlı İmparatorluğu...*, p. 24) Furthermore, acts of naturalization were very common. "As early as the eighteenth century the Austrians were supposed to have distributed a quarter of a million such privileging documents in territories later lost to the Empire. In the core areas as well, ambassadors were willing to distribute or sell 'hundreds of thousands of passports' to Greeks and Armenians who were thus liberated from Ottoman citizenship." (Çağlar Keyder, *State and Class in Turkey-A Study in Capitalist Development*, (London: Verso, 1987), p.21) Keyder also claims that during the nineteenth century "the romanticized crusader perspective" of the West was to liberate the Christian populations under the yoke. Hence the formation of a Christian intermediary class articulated with this ambition and formed "a total project designed to solve the Ottoman problem." (Ibid., p.34) A report on İzmir written by George Rolleston (Fellow of Pembroke College, Oxford, and late Assistant Physician to the British Civil Hospital at Smyrna) for the Secretary of State of War underlines another important economic activity concerning international trade which Greek merchants made under British protection: "Besides the English lines belonging to English houses, there is also, as already mentioned, a line of English steam-ships in the employ of a company of Greek and Armenian merchants." (George Rolleston, *Report on Smyrna*, (London: Her Majesty's Stationery Office, 1856), p.86)

- v. Language and religion were obvious pluses for the non-Muslim merchants for reinforcing the solidarity between the non-Muslim merchants and the Europeans.
- vi. The European protection under the capitulatory regime was the only *de jure* barrier in front of the Sultan's right of confiscation. Hence the minority merchants sought for protection of the European powers for a more favorable legal status.³²⁹ Moreover, being protected by a foreign country meant certain economic advantages, such as exemption from capitation tax (*cizye*) and being subject to some other lower tax rates.

After describing the improving role of Greeks in commerce of İzmir, Frangakis-Syrett also warns her reader about the fact that “it would be misleading to consider the Greeks as all-powerful and able to keep Western merchants out of any branch of trade”.³³⁰ Yet, when the western large-scale firms tried to monopolize some sectors imperiously, it caused inevitable frictions between western and Greek capital in the Ottoman Empire.³³¹ The claim of an antagonism between the foreign and the minority merchants is based on the overwhelming significance of the non-Muslim Ottoman merchants among the whole merchants including the foreign ones in the Ottoman Empire. As a matter of fact, in the second half of the nineteenth century, the composition of merchants deeply changed. Another change taking place in the nineteenth century was the investment patterns of the emerging Greek bourgeoisie, especially after the Crimean War. This change was due to the incoming

³²⁹ For the confiscation practices in the Ottoman Empire and its impacts see Halil İnalçık, “Capital Formation in the Ottoman Empire”, *The Journal of Economic History*, Vol. 29, No. 1, (Mar., 1969), pp. 97-140 and Şerif Mardin, “Civil Society and Culture in the Ottoman Empire”, *Comparative Studies in Society and History*, Vol. 11, No. 3, (Jun., 1969), pp. 258-281

³³⁰ Frangakis-Syrett, “The Economic activities of ...”, p.23

³³¹ *Ibid.*, pp. 23-24

accumulation from commerce. According to Exertzoglou three different periods can be distinguished in the evolution of the activities of Greek capital.³³²

- i. Exclusive involvement in trade and shipping
- ii. Commerce as first priority but expansion towards other activities, like banking
- iii. Entrepreneurs getting involved in almost every sector

In the nineteenth century the position of the trading non-Muslim Ottoman citizens improved so much so that in consequence the number of Ottoman merchants increased —seemingly at the expense of foreign merchants. There were 1300 registered Ottoman merchants within the borders of the Empire by 1830; whereas there had been only 412 in 1815³³³ and the majority was the Christian merchants among whom Greeks took the lion's share. The economic expansion created an uneven development in the demographic structure of the Western coasts. Avcioğlu, by citing from Commander of Division 57, Şerif Aker, draws attention to the rapid increase of the Greek population in *Ezine* after the Crimean War. In the pre-War era, there had been no Greeks in *Ezine*, however, as a result of the mass migration of the Greeks from *Yanya*, the Aegean Islands and from Greece, in due course there had been 308 Greek houses in *Ezine*. Similarly, in *Edremit* there had been only two Greeks who were servants of Turkish landlords; however, by 1909 there were 1500 Greek families living in *Edremit*.³³⁴ The most striking example was *İzmir*. According to Hilmi Uran, head of *Çeşme*, in 1914 Turks seemed to be out of sight among dense Greek population and an outsider felt herself as if it had been in the midst of a Greek community. The Greeks in *Çeşme* knew no Turkish; however, all Turks spoke in Greek with the Greeks. In other words, the dominant language in the public sphere of *Çeşme* was Greek.³³⁵ Wealth, properties and estates belonged to

³³² Exertzoglou, "The Development of ...", p. 90

³³³ Quataert, "The Age of Reforms...", p. 839

³³⁴ Doğan Avcioğlu, *Milli Kurtuluş Tarihi 1835'ten 1995'e vol.3*, (Ankara: Tekin Yayınevi, 1987), p. 1059

Greeks; and hence Turks, *a fortiori*, are associated with an old —not respected and not accredited— reign.³³⁶ Avcioğlu then underlines the “*Greekification*” of İzmir population through the nineteenth century. In 1803, the population of İzmir was approximately 100.000 of which 30 per cent was Greek. In 1910, the population increased to 225.000 and Greek share was almost 50 per cent.³³⁷ These figures seem to be exaggerated. Yet, other sources also note that the number of the non-Muslims exceeded Turks at the beginning of WWI.³³⁸ This demographic change in the region, especially in İzmir was due to the growth of commercial capacity of the region, and the Empire.

While elucidating the material base of the Jewish impact in the Mediterranean region before the seventeenth century, to emphasize the role of commerce Braudel borrows Sombart’s “sun” allegory for Israel and claims that “if “Israel” was a ‘sun’, it was a sun teleguided from the ground. Jewish merchants went towards regions of growth and took advantage of their advance as much as they contributed to it”.³³⁹ The “sun” of Greek bourgeoisie (*Megali Idea*) was, also teleguided from the ground by the growing opportunities. Issawi, by citing from Indzhikyan, presents an

³³⁵ *Lingua franca* character of Greek language in Western coasts, especially for economic activities, is the leitmotif of several memoirs.

³³⁶ Uran, *Hatıralarım*, p.66

³³⁷ For the different estimations of the population of İzmir in 1702-1914 see T. A. Baran, “*İzmir’in İmar ve İskânı (1923-1938)*”, Unpublished MA Thesis, (İzmir: Dokuz Eylül Üniversitesi, 1994), pp. 7-9. At the beginning of the eighteenth century, there were 15.000 Turks, 10.000 Greeks, 1.800 Jews, 200 Armenians according to Köprülü. His estimation based on Chorsequel Gouffier’s data, the population of the city was almost 100.000 at the beginning of the nineteenth century and there were 60.000-65.000 Turks and 21.000 Greeks. For *Kamus al-a’lam*, in the second half of the nineteenth century, the population of the city was 130.000 including 65.000 Turks and 40.000 Greeks. Rauf Nezihi’s estimation for 1912 (the Balkan Wars) is 100.000 Turks, 50.000 Anatolian Greeks and 25.000 Hellenic Greeks. Nurullah Taçalan also gives another bunch of estimates for İzmir population and its composition based on Western sources. According to this, Greek population exceeded the Turkish one by 1861. See Nurullah Taçalan, *Ege’de Kurtuluş Savaşı Başlarken*, (İstanbul: Milliyet Yayınları, 1970), pp.50-51

³³⁸ Taçalan also mentions the sharp increase of the Greek share in the population of İzmir by giving an interesting example. According to Taçalan, the aggregate number of Greeks, Armenians, Jews, Hellenic Greeks and Levantines exceeded Turks in 1919. The 1919 (25 January) election for the İzmir mayoralty witnessed a severe competition between Turks and Greeks. Although Greeks were capable of winning the elections, they boycotted the elections in the last minute. *Ibid.*, pp.47-50

³³⁹ Fernand Braudel, *The Mediterranean World in the Age of Phillip II - vol. II*, (New York, Harper Colophon Books, 1976), p.816

analysis of the ethnic composition of the economic sphere in 1912 based on various yearbooks. This breakdown is given in Table 4.3. In the table below, although the Muslim elements seem to be prospered in the post-Balkan Wars era, the figures demonstrate that the difference between two ethnic groups was so big that a “natural” convergence seems to be impossible.

TABLE-4.3: Breakdown for the Ethnic Composition of the Economic Sphere, 1912

	<i>Number</i>	<i>Per cent</i>			
		<i>Turks</i>	<i>Greeks</i>	<i>Armenians</i>	<i>Others</i>
Internal Trade	18.063	15	43	23	19
Industry and Crafts	6.507	12	49	30	10
Professions	5.264	14	44	22	20

Source: Issawi, “The Transformation of the Economic...”, p.263, See also Issawi, *The Economic History...*, p.13-14

A Greek source on the subject³⁴⁰ is also in coherence with the figures mentioned by Issawi. According to this economic report, 80 per cent of the merchants trading with the hinterland of Aydın were the Ottoman Greeks. Moreover, 50 per cent of international trade activities were controlled by the Ottoman Greeks.³⁴¹ In addition, according to the French Consul Rougon, there were 94 trading companies within the Empire, 15 of them belonged to the Ottoman citizens including 10 Ottoman Greeks and furthermore there were three foreign companies (two French and an Italian) of whose owners were Greeks. Besides, according to the British sources, the import trade of İzmir was totally dominated by small-scale Greek importers.³⁴²

³⁴⁰ The aforementioned source was a report dated 1911, prepared by the Greek Consulate in İzmir.

³⁴¹ Panayotopoulos, “On the Economic Activities...”, pp.100-101

³⁴² Ibid.

Although the trendline of the Greek commercial expansion was positively sloped till the collapse of the Greek front in Anatolia, the actual development of this expansion did not follow a linear trajectory. There were certain factors determining the economic opportunities. One was the risks of a particular market. For instance, in the mid-nineteenth century the English Consul in Bursa noted that:

Of their [the Greeks] former respectable merchants and families very few indeed are left who have preserved the same property and credit, owing finally to overspeculation in foreign trade, particularly in silk when on the eve of its last extreme depretiation [sic].³⁴³

Obviously, the English diplomat underlines the depression in silk market due to the imported silken goods and to the economic habits or motivations of the Greek merchants. Moreover, we should keep in mind the effect of the long waves of capitalist development.

Another factor determining the economic conditions was obviously the “politics” that the Greek merchants depended on. Due to various reasons the Greeks could not have demanded the transfer of political power or a share of it. Göçek relates this “deficiency” with the unfavorable impact of ethnic division on class formation. This unfavorable impact can be summarized as the lack of market rationality in this ethnic group which was basically governed by communal traditions.³⁴⁴ Yet Keyder views the problem with different lenses, according to Keyder the absence of productive capital as an important category causes an inhibitive effect for the sufficient differentiation of the bourgeois class per se.³⁴⁵ This differentiation, for Keyder, was a *sine qua non* for an opposition to merchant and money capital. Employing Dobb’s conceptualization, Kurmuş defines the same situation, as the non-revolutionary path to capitalism which is the dominance of merchants not aiming to progress the productive forces over industry and not claiming the political

³⁴³ Cited by Augustinos, *The Greeks of Asia Minor...*, p.102

³⁴⁴ Göçek, *Rise of the Bourgeoisie...*, p.108

³⁴⁵ Keyder, *State and Class...*, p.46. See also Keyder, “Proto-Endüstrileşme”, *Toplumsal Tarih Çalışmaları*, (Ankara: Dost Kitabevi Yayınları, 1983), pp. 69-77 and “Proto-endüstri ve Emperyalizm”, op. cit., pp.78-95 According to Keyder, this process resulted in the *incorporation* of the Empire to the capitalist world-economy from periphery, that is, *peripherilisation* of the economy.

power.³⁴⁶ Since this exclusion from the political power was accepted by the Greek mercantile bourgeoisie, the stunning economic expansion of the Greek commercial capital (and the rise of the Armenians financial capital) in the nineteenth century resulted in a sort of separation of the economic and political spheres. This separation can be seen as the disintegration of these spheres which constitutes a unity in the feudal mode of production.³⁴⁷ This division was a sign of the development of capitalist production relations which was accompanied by the nation-building process including the formation of a national economy. In the Ottoman Empire, as we have mentioned above, this process took the form of the “Turkification” of the economic sphere by means of a neo-mercantilist policy specifically called as National Economics (*Milli İktisat*).³⁴⁸

The Greek Revolt in 1821 certainly created a trauma which resulted in the rise of national ideology among the ranks of the Turkish authorities. With the 1897 Greco-Turkish War, the nationalist discourse reinforced in the imperial economic sphere as well. Consequently, the Ottoman Government decided to deport all Hellenic Greeks and some of the native Greeks.³⁴⁹ Increasing tensions between Greece and the Ottoman Empire brought about the successive wars between Greece and Turkey. These wars unmistakably affected the economic relations between these countries and the overall economic conditions of the related countries. Inflating conflicts gave rise to a reactive nationalism in the economic policies of these two countries that

³⁴⁶ Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, p. 171

³⁴⁷ Here we use the term feudal mode of production to describe the cellular unity of political and economic oppression of the large masses, basically the peasantry. Feudal mode of production here refers “a society of peasants managing their own farms, and thus having direct access to their means of livelihood. Such peasants, who can directly reproduce themselves with the products of their own labor, can be made to hand over part of their produce only by non-economic coercion.” (Suraiya Faroqhi, *Approaching Ottoman History: An Introduction to Sources*, (Cambridge: Cambridge University Press, 1999), p.17)

³⁴⁸ See fn. 18 in this study.

³⁴⁹ The British merchants who were competing with Greek merchants for the Ottoman market saw the approaching disaster and warned the British government to take action in order to stop the deportation process, since at the end of this process they would have lost their middlemen as well. The diplomatic pressure over the Ottoman Empire peaked. Moreover, two British battle ships anchored in İzmir. The governor of İzmir put the deportation decision into action. Britain distributed 2626 passports in order to nullify the deportation. Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, p.240

reinforced the governments' "coherency" quest. As a result, the CUP government developed certain methods to "clean" the economic sphere from non-Muslim elements and to alter the ethnic composition of the capital within the Empire. One of the most effective weapons in the hands of the CUP was to organize boycotts, that is to say, formulating an economic war when military one was impossible.³⁵⁰ The CUP organized boycotts against the annexation of Bosnia-Herzegovina (Austria-Hungary), the Crete crisis (Greece), the occupation of Trablusgarb (Italy), the independence of Bulgaria and the occupation of the Aegean Islands (Greece). As for the boycotts against Greece, there were three significant ones. The apparent reason behind these was to put leverage on Greece for her unlawful irredentist policy. However, the subject of the boycotts turned out to be the Anatolian Greeks. While the boycotts were becoming an integrated part of the internal policy, the aim of the boycotts developed into the appropriation of the Greek capital hence compelling the Greek population leave the country.³⁵¹ Avcıoğlu calls this period as "economic nationalism".³⁵²

The first Greek boycott³⁵³ was organized against the "enosis" declaration of Crete contradicting even with the interests of the European countries which were regarded as the "protectors" of the island by international agreements (the Great Britain, France, Russia and Italy). In the first days of the Second Constitutional Era, on August 17, 1908, a boycott was declared against the Greek. The boycott declaration published in the *Ahenk* insisted on the fact that the boycott was against the goods and citizens of Greece and it had nothing to do with the Greek citizens of the

³⁵⁰ In *Ahenk*, August 17, 1908, the news concerning the Greek boycott (economic war instead of military war) was vindicated by arguing the historically pacifist attitude of the Turkish nation. See Raziye Kişi, "2. Meşrutiyet'in İlk Yıllarında (1908-1911) İzmir'de İktisadi Hayat", *Unpublished MA Thesis*, (Ankara: Hacettepe Üniversitesi, 1990), p.62

³⁵¹ Fuat Dündar, *Modern Türkiye'nin Şifresi – İttihat ve Terakki'nin Etnisite Mühendisliği (1913-1918)*, (İstanbul: İletişim Yayınları, 2008)

³⁵² Avcıoğlu, *Milli Kurtuluş Tarihi...*, p.1108

³⁵³ Unless otherwise stated, the information on the first and second Greek boycott was based on Kişi's work. Kişi, "2. Meşrutiyet'in İlk Yıllarında...", pp.62-70

Ottoman Empire.³⁵⁴ Although the boycott was not well organized, it was recorded to be successful. In order to break the boycott, the Ottoman Greeks decided not to open their enterprises. This decision was answered back with the immediate reaction of the Turkish authorities. Thus this boycott was abandoned on September 1, 1909. However, this was not an ultimate ending for the boycott, but rather a short break for a better organized one. On June 9, 1910 a new better organized boycott started. The names of the Hellenic merchants and enterprises were publicized via newspapers and posters, and moreover, Ottoman citizens who insisted to carry on their economic activities with the Hellenic Greeks or directly with Greece were subject to equal treatment with the Hellenic Greeks. There were records of applications of the Hellenic Greeks so as to become Ottoman citizens. This can be taken as a sign of boycott's success. Although the official documents and discourse were careful in distinguishing the Ottoman and the Hellenic Greeks from each other, the actual situation was quite different. French historian Driault called this process as "the war of termination".³⁵⁵ Avcıoğlu also stresses that the boycotts conflicted with the interests of Britain and France whose economic activities were dependent on the Greek intermediaries. Furthermore this was also a turning point which caused Germany and the Ottoman Empire rapprochement. Since Keiser's policy towards the Middle East was based on the Muslims and the Jews, he wants to "strangle the Hellenism".³⁵⁶ Although a few years ago Austria-Hungary had been the prey of the CUP's boycott policy herself, this country was also supporting the Greek boycott.

Frangakis-Syrett claims that "the anti-Greek boycott, in the end, apparently affected Turkish more than Greek economic interests"³⁵⁷ by relying on the British official documents stating that:

³⁵⁴ "Boykot sırf Yunan emtia ve tebaasına karşı olub bunun kat'ıyyen Rum vatandaşlarımızı şümûlü yoktur." *Ahenk*, August 18, 1908. Cited by *Ibid.*, p.63

³⁵⁵ Cited by Avcıoğlu, *Milli Kurtuluş Tarihi...*, p.1111

³⁵⁶ *Ibid.*, pp.1109-1112

³⁵⁷ Frangakis-Syrett, "The Economic Activities of...", p. 26

It was the shipping that suffered most openly, but most of the boycotted lines of navigation have since established profitable services elsewhere: while Greek merchants were but little affected, as they either found means of trading through others or changed their nationality to Austrian or Italian. Within the last year [1910-1911] Greek tonnage itself increased.

Hence, it can be claimed that the commercial and social network which Anatolian Greeks and Hellenic Greeks had constructed throughout centuries helped them in minimizing the effects of the boycotts of the Ottoman Empire.

The third Greek boycott was in 1914. This boycott had a more political discourse than the previous ones. In fact, the economic pressure due to the boycott policy and the unlawful practices of compelling the Anatolian Greeks to leave the country went hand in hand. Turkish authorities absolutely denied a conscious state policy for the deportation of the Greeks, but it is known that the Committee's local organizations were leading these practices.³⁵⁸ Hence the 1914 boycott directly aimed at the presence of the Anatolian Greeks as well as the Hellenic economic activity within the Empire. This boycott was harsher than the previous ones and much more widespread. On the surface the Boycott was not targeting the Anatolian Greeks and it was declared that the officials were to be penalized, But in fact only officials who did not successfully manage to administer the boycott or those who did not deport Greeks quietly and discreetly were penalized.³⁵⁹ We should note that the migration movements and/or the deportations of the Greeks, starting in the first decade of the twentieth century and continued during WWI resulted in a declension of the prescriptive commercial structure. WWI intensified the nationalist sentiments among the different ethnic elements of the Ottoman Empire. Following WWI, the Greek occupation of Western Anatolia extended the ethnic-based contradictions. In *Karagöz*, the Greek tradesmen were criticized for being material beneficiaries of the war.³⁶⁰ The recapture of the occupied territories by Turkish troops did not change

³⁵⁸ Avcıoğlu, *Milli Kurtuluş Tarihi...*, pp.1115-1119 and Dündar, *Modern Türkiye'nin Şifresi...*, p.208

³⁵⁹ Dündar, *Modern Türkiye'nin Şifresi...*, p.207

³⁶⁰ Karagöz and Hacivat look at a window of a butcher.
Karagöz: How fat it is!

the situation. In a cartoon published in *Güleriüz* in May 1921, the changing attitude of the Greek tradesmen was parodied as shown in Illustration-4.1.



Illustration-4.1: Apostol the Grocer

Source: François Georgeon, “Gülüşün ve Gözyaşlarının...”, p.95

One of the most important elements of the nationalist discourse was to idealize the conditions of the minorities in the Ottoman Empire. In one of his articles in *Açıksöz*, written as a response to the news published in international press on the aspiration of the migrated Anatolian and Cypriot Greeks towards Turkey, İsmail Habib writes the following lines:³⁶¹

Why not to miss: Even the rich Greeks who had migrated from our country became poor there; on the other hand, the undressed coming from Greece to us became rich here. Since here their trade had been uncompetitive, their lives had been assured, their solidarity had been firm. In Turkey, there had been no military service obligation for them,

Hacivat: Which one? Lamp or sheep?

Karagöz: Neither! Yorgi the butcher!

François Georgeon, “Gülüşün ve Gözyaşlarının Kıyısında”, S. Yerasimos (ed.), *İstanbul 1914-1923 – Kaybolup Giden Bir Dünyanın Başkenti ya da Yaşlı İmparatorlukların Can Çekişmesi*, (İstanbul: İletişim Yayınları, 1996), p.95

³⁶¹ İ. H. Seviük, *Kurtuluş Savaşı'nda Yunanlılar ve Anadolu Rumları Üzerine Makaleler (Açıksöz Gazetesi)*, (Ankara: Atatürk Araştırma Merkezi, 1999), pp. 53-54

there had been no one barging in their business, no one appropriating their profits and earnings. On the contrary, there had been a small tax in place of military duty and an unrivalled commercial sphere. Whilst this was the case, during the Balkan Wars they did as much harm as, showed as much hostility as, show as much ingratitude as they could. What is the reason behind all of these? Being liberated from us? I assure you about the fact that none of the Greeks think in that way. None of the Greeks were as dumb as to kick five or six centuries-long welfare.

In 1922, while the course of the war was changing, the Turkish nationalism was on rise and this had a reflection on the economic issues. In İstanbul, Ahmet Hamdi and some other Turkish entrepreneurs founded a company called as Economic Research, Publication and Documentation Joint Stock Company (*İktisadî Tedkikat, Neşriyat ve Muamelat Anonim Şirketi*). One of the first activities of this company was the preparation of Turkish Trading Yearbook (*Türk Ticaret Salnâmesi*) whose was to determine the weight of the Turkish element in the commercial life of the Empire. The results of the spadework for this yearbook were very dramatic. Koraltürk gives the following information concerning the share of the Muslim-Turkish element in different businesses:³⁶²

- In foreign trade – 4 per cent
- Brokerage – not greater than 3 per cent
- All businesses related with ports – 0 per cent (To do business in the ports it was a must knowing Greek, Italian or French)
- Purchasing agents, brokers in share and exchange stock market – less than 5 per cent
- There were only two small banks founded with Turkish capital. (*İtibar-ı Milli Bankası* and *Adapazarı İslam Ticaret Bankası*)
- No insurance companies
- Wholesaler working for domestic market – 15 per cent, semi-wholesaler and retailers – 25 per cent
- Urban services related with water, gas, electricity, telephone, tram, subway (Tünel) belonged to foreign countries. There were no Muslim-Turkish civil servants working for these companies.

³⁶² Murat Koraltürk, *Türkiye’de Ticaret ve Sanayi Odaları (1880-1952)*, (İstanbul: Denizler Yayınevi, 2002), p.67

- Workers and cleaners, doormen, etc. were Turkish.
- Almost all of the tores, shops, restaurants in Pera belonged to non-Muslims.

As seen above in all major businesses, the role of the Turkish-Muslim population was very limited. The yearbook concluded that there were 4267 establishments in İstanbul, only 1202 of these belonged to the Turks (28.3 per cent).³⁶³ The spadework and the result of the study reveal a significant difference. We think that this was due to the changing profile of the economic life after the Turkish troops had got the upper hand in the military struggle.

4.3 The Impact of the Population Exchange on Commerce

The effects of the population and capital transfer by the Exchange on the agricultural and industrial structures of Turkey are discussed in the previous chapters. To discuss the level of agricultural production, we investigate the evolution of the foreign trade pattern of certain agricultural crops production that had been in the hands of Greeks before the Population Exchange. Similarly, the effects of the Exchange on the industry are also discussed with a special emphasis on the trade of Turkish textiles in the international market. Hence, the different items of foreign trade are not covered here one by one. Instead of this, we make some general observations concerning the impact of the Population Exchange on commerce and we discuss the effects of the Population Exchange upon the economy with a special emphasis to the ethnical transformation of the commercial structure in Turkey. In addition, we discuss the impacts of the Exchange on the mining in the *Ereğli Basin*. We study this issue under the title of “commerce” since the mine operators were the members of the chambers of commerce in the Ottoman Empire.

³⁶³ Ibid., p.68

4.3.1 General Observations

The results of the Population Exchange on trade became much more apparent than the other sectors of the economy. Unlike other sectors, the physical destruction of the war was not a matter in this case.³⁶⁴ Essentially, the basic damage for trade is an outcome of the departure of Greeks intermediating in the trading activities. The decline of the Turkish commercial centers was marked by an observer of the period in 1927 as follows:

What an irony of fate! It seems that through the influx of the refugees Athens and Piraeus have prospered as Constantinople has declined. Before 1912, 2.000.000 tons of shipping passed through Constantinople and I think about 400.000 through Piraeus. Now the figures are practically reversed.³⁶⁵

This reversal brought about the refugees' struggle for their survival. In other words, the refugees engaged in commerce actively participated in the recovery from the *Asia Minor Catastrophe*. Moreover, they managed to dominate the commercial structure. "Once recovered from the shock of the disaster," says Pentzopoulos "the Greeks from Smyrna and Constantinople, employing their business acumen and utilizing their commercial connections in Western Europe, competed successfully with the established enterprises and often captured the domestic market".³⁶⁶ According to Yiannokopoulos, the Asia Minor refugees were active in the chambers of commerce of different cities in Greece. There were 1.000 Asia Minor refugees among 7.000 members of the Chamber of Commerce of Athens and in 20 per cent

³⁶⁴ The Great Fire of İzmir may be discussed here. However, the fire did not affect the port and in comparison with the damage of the involuntary transfer of Greeks, its effect on trade was quite limited. For the Great Fire, see Biray Kırılı, "From Ottoman Empire To Turkish Nation-State: Reconfiguring Spaces And Geo-Bodies", *Unpublished Dissertation*, (Binghamton: Binghamton University, 2002), pp. 218-245, M. H. Dobkin, *Smyrna 1922 Destruction of a City*, (New York: Newmark Press, 1998), Bilge Umar, *Yunanlıların ve Anadolu Rumlarının Anlatımıyla İzmir Savaşı*, (İstanbul: İnkılap Yayınları, 2002), Leyla Neyzi, "1922 İzmir Yangınına Yeniden Düşünmek", "Ben Kimim?" *Türkiye'de Sözlü Tarih, Kimlik ve Öznellik*, (İstanbul: İletişim Yayınları, 2004), pp.77-102

³⁶⁵ Cited by Pentzopoulos, *The Balkan Exchange of Minorities...*, p.166

³⁶⁶ *Ibid.*, p.210

of the members of Chamber of Commerce of Piraeus were refugees.³⁶⁷ This illustrates the amount of the transferred commercial capital by the Exchange in favor of Greece.

Besides money-capital, the loss of human and social capital was enormous. In 1923 a British dried fruit importer was complaining about the collapse of his commercial contacts with Anatolia in the monthly journal of British Chamber of Commerce.³⁶⁸ Even in 1927, Commercial Secretary of the British Embassy in İstanbul was complaining about the lack of experience of Turkish exporters along with the limited numbers of goods and products.³⁶⁹ Although Turkish exporters lack experience, they were aspiring for filling the gap that comes out with the transfer of the Greek commercial capital. Alaiyelizade Mahmud mentions this ambition of the “entrepreneurs from interior” and claims that all facets of commerce in İzmir improved in every aspect.³⁷⁰ As it is mentioned above, Alaiyelizade’s report was written in order to neutralize the anti-propaganda claiming the decline of Turkish economy and especially the decline of commercial capacity of the main exporting Turkish port city, namely İzmir. Hence, the overemphasis on “bettering-off” should be taken into consideration while using the information given in this report. Since it is a known fact that in the post-Exchange period, the İzmir Port left its leading position to İstanbul.

The government did not have many instruments to regulate the international trade of Turkey because of the restrictions of the Treaty of Lausanne on customs policy. These restrictions made the conditions difficult for an industrialization attempt.

³⁶⁷ G. A. Yiannokopoulos, “Refugee Greece” in G. A. Yiannokopoulos (ed.), *Προσφυγική Ελλάδα: Φωτογραφίες από το Αρχείο του Κέντρου Μικρασιατικών Σπουδών: Refugee Greece : photographs from the Archive of the Centre for Asia Minor Studies*, (Athens: Center for Asia Minor Studies, 1992), p. 42

³⁶⁸ Ayhan Aktar, “Nüfusun Homojenleştirilmesi ve Ekonominin Türkleştirilmesi Sürecinde Bir Aşama: Türk-Yunan Nüfus Mübadelesi 1923-1924”, *Varlık Vergisi ve Türkleştirme Politikaları*, (İstanbul: İletişim Yayınları, 2006), p. 51

³⁶⁹ Woods, Report on Economic and Commercial Conditions in Turkey – May, 1927, (London: His Majesty’s Stationery Office: 1927), p. 32

³⁷⁰ Alaiyelizade Mahmud, “Rumların Hicretinden Evvel ve Sonra İzmir Ahval-i İktisadiyesi”, *İstanbul Sanayi ve Ticaret Odası Mecmuası*, May 1341 (1925), year: 41, no.5, pp. 876-877

Hence, the industrialization perspective inherited from the late Ottoman economic thought was postponed. Instead of this, a domestic commercial reconstruction was aimed. Actually, this was hardly a reconstruction, since the inherited commercial structure from the Ottoman Empire was protected. However, it lacked a critical element; that was the expelled non-Muslim intermediaries. The Turkish merchants had to fill up the missing link in the chain. In other words, the Turkish merchants strived for restoring the vital situation after the Population Exchange.

4.3.2 Turkification of the Commercial Life

The Turkification of the economy was a policy implemented since the late-nineteenth century. This policy was inherited by the nascent Republic.³⁷¹ For us, Turkification was not a self-contained policy but rather Turkification of the economy was correlated with the capitalist uneven development and the economic tasks of the formative period of the Republic nationalism. It is this correlation which made possible for Turkification to become the predominant policy shaping the economic life in a period which is called as “exceptionally liberal”.

The Population Exchange thus, was a landmark determined by this policy. Although the Exchange was a step of the Turkification policy, it was not immune from this policy as well. The economic nationalism affected the Population Exchange process. The right of transportation of the refugees to Turkey was given to the Llyod Tristino Steamship Company. However, such an action was not in accordance with the spirit of the period and hence created serious discussions in the National Assemble. The Union of Turkish Steamship Operators made the government to abolish the contract with the Llyod Tristino Steamship Company and to give the right of transportation of the refugees to the Union.³⁷² Even this simple example demonstrates how eager Turkish merchants were to dominate the economic sphere in the new period. Yet, eagerness was not enough to constitute

³⁷¹ Korkut Boratav, *Türkiye İktisat Tarihi 1908-2002*, (Ankara: İmge Yayınevi, 2003), p. 40

³⁷² Arı, *Büyük Mübadele...*, pp. 37-43, See also Kemal Arı, “Mübadillerin Taşınması İşinin Türk Vapur Kumpanyalarına Verilmesi – Mübadele ve Ulusal Ekonomi Yaratma Çabaları”, *Toplumsal Tarih*, August 1999, no. 68, pp.12-17

such dominance in the economic sphere for two reasons: First, there were still “rivals” within the borders of the nation-state, such as the Jews, and their capital accumulation was too limited to achieve this goal. Therefore, the government did its part as well. The legal framework of “economic nationalism” was prepared and supported by a series of nation-wide actions and campaigns:³⁷³

- Restrictions by the government on movement of Greeks beyond the borders of İstanbul, the journeys of the Greeks made conditional on permission – 1925
- The law against “insulting Turkishness” restricted the press activities of Greeks
- The Law Concerning the Compulsory Turkish Usage in Economic Establishments – 1926³⁷⁴
- “Citizen, Speak Turkish” Campaign by Turkish Hearth (*Türk Ocağı*) – 1928

As Alexandris correctly diagnosed, these attempts created a “claustrophobic” atmosphere for the Greeks. The first two implementations resulted in the isolation of the Greeks. Economically this meant the impossibility of the continuation of their regular financial activities. For instance, the bureaucratic delays in travel permits obstruct the Greek entrepreneurs’ conducting business or having establishments outside İstanbul.³⁷⁵

Also it should be stressed that sometimes not taking initiative or holding back denotes a kind of intervention as strongly as enacting or taking quick action. The

³⁷³ The “perfection” of the legal framework and supportive actions were continued during the 1930s

- The Crafts and Professions Devoted for Turkish Citizens in Turkey – 1932
- Anti-Semitic events in Thrace – 1934
- Property Tax – 1944
- Istanbul Pogrom – 6-7 September 1955

³⁷⁴ In İzmir the governor of the city ordered the use of Turkish in the companies and economic establishments as early as 1923.

³⁷⁵ Alexis Alexandris, *The Greek Minority of Istanbul and Greek-Turkish Relations 1918-1974*, (Athens: Centre for Asia Minor Studies, 1992), p. 140

ongoing ambiguity in the problem of *établis*³⁷⁶ created unfavorable conditions such as uncertainty for the economic activities of these Greek merchant. There is no doubt that *établis* issue had an international character; however it should be underlined that the continuation of the problem was in accordance with the agenda of the Turkish government.³⁷⁷ Economically the Greek minority was marginalized by some further economic regulations, such as discriminatory taxation and creation of state monopolies.³⁷⁸ Hence, the Greeks merchants in İstanbul were disqualified from the race. Yet, there were some other rivals which became evident in the re-formation of the commercial life of İzmir.

In İzmir, almost all segments of economic life had been dominated by the Greeks before the Exchange. The exodus of the Greek element created a gap which was supposed to be filled by Turkish-Muslim entrepreneurs. However, the Jews were quicker than the Turks in filling this gap and this caused an unexpected obstacle in the desired trajectory of the process for the Turks. This obstacle was removed by a harsh struggle in the İzmir Stock Exchange of Commerce. The struggle was ended up with the triumph of the Turkish element in 1928. To become a broker in the stock exchange, proficiency in speaking and writing Turkish was made mandatory. In order to test the proficiency in Turkish, examinations were scheduled thus 38 Jewish brokers were “dismissed” from the stock exchange.³⁷⁹

³⁷⁶ *Établis*: This French term means “established” in English. The problem occurs due to the Article no.2 in the Exchange convention. According to this article Greeks “established” in İstanbul were not subject to the Exchange. The problem was the determination of the borders of İstanbul and the context of the concept. The Turkish government wanted to minimize the borders of the city, equivalently the number of the exemptions and/or to interpret the term *établis* as if it had been “resident in the city before 1923”. See Arı, *Büyük Mübadele...*, pp.87-88 and Alexandris, *The Greek Minority...*, pp.112-117

³⁷⁷ Alexandris, *The Greek Minority...*, p. 140

³⁷⁸ *Ibid.*, p.141

³⁷⁹ Yetkin and Serçe, “Ticari Hayatın Millileştirilmesi...”, p. 184 As for Muslim-Jew contradiction, for an opposite view claiming a supplemental relation between Jews and Muslims see Yalçın Küçük, *Gizli Tarih vol.1*, (İstanbul: Salyangoz Yayınları, 2007).

The removal of the non-Muslim element from the commercial life was the “successful” side of the story. But the only non-Turkish elements were not limited to the Greek, the Armenians or the Jews. This fact makes the Turkification alleged and paradoxical. To elaborate, while the government was trying to pick out the non-Turk citizens from the capitalist class, it was also encouraging the influx of the foreign capital. According to Keyder, although the non-Muslim elements had been eliminated, the old division of labor remained the same. The Western merchants were still controlling the direct links between Turkey and the world markets. The role left for the Turkish merchants was the middleman.³⁸⁰ Moreover, even this position—together with shipping and other activities— was not free from foreign competition. The member composition of the İstanbul Chamber of Commerce gives an idea about the position of the foreign merchants in the economy: among 10.046 members, there were 1595 western merchants.³⁸¹ Moreover, there were incentives for foreign commercial capital. Our emphasis on the incentives for the foreign capital seems to be conflicting with protectionist policies, such as the formation of state monopolies. The abolition of the *Régie* in 1925 and the nationalization of the commercial rights of tobacco in the foreign market was not an actual challenge for the foreign capital which was interested in the international commercial rights of the product. This can be seen by the fact that in 1927 tobacco exportation was totally in the hands of foreign firms. Therefore, it can be suggested that this new arrangement ostensibly in contradiction with the foreign interests that made the Turkish merchants a local extension of the foreign capital.³⁸² We think that this illustrative case also reveals the explanatory limits of the approach that considers the process as “Turkification”. This will be discussed at the end of this chapter.

³⁸⁰ Keyder, “Cumhuriyetin İlk Yıllarında...”, p. 245

³⁸¹ Ibid., p.249

³⁸² For a detailed analysis of this situation see Keyder, “Cumhuriyetin İlk Yıllarında...”

4.3.3 Additional Remarks Concerning the Impact of the Population Exchange on “Commerce and Industry”

In this part, we briefly examine the effects of the Population Exchange upon the mining sector. The reason for our assessment of this issue under the title of commerce, although it does not seem to be directly related with commerce, is that the mine operators were considered as merchants and they were members of chambers of commerce and industry where available. In fact, the increasing share of Greek capital in mining was a sign of maturing business profile of the Greek merchants characterized by investment diversification.³⁸³ Mine operating merchants of the Greek origin were active in mining some minerals such as emery³⁸⁴, chrome, lignite, zinc, alum and etc. in western Anatolia. Although those mines owned by the Greeks were not as big as the ones of the giant British enterprises which flourished after *Maâdin Nizamnamesi*, mining regulations, (1869) which was followed by the additional regulations of 1887 and 1906, they were not totally ignorable. Frangakis-Syrett and Kurmuş, separately, refer to a Greek merchant called Manopoulos who was investing heavily in mining. Moreover, Frangakis-Syrett underlines that the co-ownership of the mines was typical among Greek capital owners.³⁸⁵ The Greeks were also counted among the pioneers of mining in the Ereğli Basin as well.³⁸⁶ By the foundation of the Ereğli Ottoman Company (*Ereğli Şirketi Osmaniyesi*) in 1892, there were 124 pits in the Basin, 45 of which were of the Turks and 79 of which

³⁸³ Exertzoglou, “The Development of...”, pp. 89-90

³⁸⁴ Emery was unknown in Anatolia before the Greek government nationalized emery mines in *Naxos* to consolidate the monopoly position of Greece in the international market. Then the untouched ore beds were discovered by the British in western Anatolia and emery became one of the most important minerals in Anatolia. In fact, the beds in Aydın became the world’s greatest emery source.

³⁸⁵ Frangakis-Syrett, “The Economic Activities of...”, p.27, Kurmuş, *Emperyalizmin Türkiye’ye Girişi*, p.211

³⁸⁶ Quataert, *Osmanlı Devleti’nde...*, p.47 For the mining activity in the Ereğli Basin see Ahmet Naim, *Zonguldak Havzası - Uzun Mehmetten Bugüne Kadar*, (İstanbul: Hüsniyat Matbaası, 1934), Quataert, *Osmanlı Devleti’nde...*, pp. 44-66, E. A. Aytekin, *Tarlalardan Ocaklara, Sefaletten Mücadeleye – Zonguldak-Ereğli Kömür Havzası İşçileri*, (İstanbul: Yordam Kitap, 2007); Eldem, *Osmanlı İmparatorluğu’nun...*, pp. 41-51 and 140-143, Ahmet Öğreten, “Ereğli Kömür Havzasında Bahriye Nezareti Döneminde Madenler ve Madenciler”, *ZKÜ Sosyal Bilimler Dergisi*, v.3, no.5, 2007, pp.139–178.

belonged to the non-Muslim Ottoman citizens.³⁸⁷ Moreover, Greeks were also laborers in the mines³⁸⁸. The allocation of Greek capital decreased as a result of the increasing competition with these giant enterprises.

There are new findings of Nurşen Gürboğa concerning the effects of the Exchange on the Ereğli-Zonguldak Coal Basin which especially concentrate on the exodus of indigenous Greek population.³⁸⁹ According to Gürboğa, an immediate change took place in the composition of coal operators in the 1920s which was essentially due to the Exchange of Populations.

The fate of the coal operations was similar to the ones of merchants. In the years of the National Resistance, the expulsion of the non-Muslim population was used extensively for defensive purposes as mentioned above. The Zonguldak-Ereğli basin was one of the places where this method of defense heavily practiced.³⁹⁰ The Indigenous Greek and the Armenian male population aged between 15 and 50 were deported to the inner parts of Anatolia, i.e. Kastamonu and Bolu. Hence, it is logical to maintain that some of the local mine operators might have left the basin as a result of this deportation (See Illustration-4.2.).³⁹¹

³⁸⁷ Eldem, *Osmanlı İmparatorluğu'nun...*, p.48 It is worth to note that in the following lines Eldem talks about a company called as the *Gürcü Company* as an investor in the basin. Quataert warns about the fact that this company belonged to *Yorgi* (George), a Hellenic Greek, and the name of the company varies in the sources such as Güncü, Kurcu, Courdji. (Quataert, *Osmanlı Devleti'nde...*, p.48) Therefore, we can conclude that Hellenic Greeks were also investing in mining in Turkey. Kozlu Coal Mine (Italian-Greek joint company) and Yorgi-Rumbaki Company (Rumbaki, son of Hacı, was an Ottoman citizen) were other examples.

³⁸⁸ At this point, Augustinos points out to a peculiar event taking place in the first half of the nineteenth century. According to Augustinos, for two centuries the Greeks were engaged in the silver and alum mining in Gümüşhane. By 1840, the government decided to close down these mines. And the mining workers and a few families holding concession of the mines went into ruin. Most of them left the region. Some of them emigrated to Russia and some migrated to internal parts or to the western coasts of Anatolia. See *The Greeks of Asia Minor*, pp. 30-31.

³⁸⁹ Nurşen Gürboğa, “*Mine Workers, the State and War: The Ereğli- Zonguldak Coal Basin as The Site of Contest, 1920-1947*” Unpublished Dissertation, (İstanbul: Boğaziçi Üniversitesi, 2005). See especially *ibid.*, pp.54-58.

³⁹⁰ For an extensive survey and analysis of the “ethnicity engineering” see Fuat Dündar, *Modern Türkiye'nin Şifresi...*, and especially for the expulsion of the Greek population from coastal regions see *ibid.*, pp.230-240.

³⁹¹ *Ibid.*, p.55

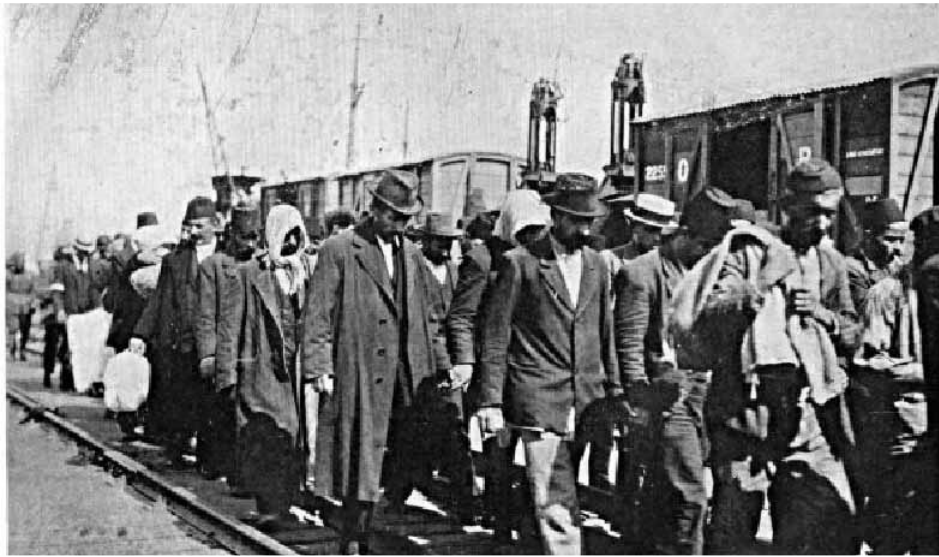


Illustration4.2: Non-Muslim men being deported to the interior of Asia Minor

Source: <http://www.acrobased.gr/1922/>

According to Gürboğa, this deported population included both the wealthy middle-class people and the skilled labor of the basin. Deportation, emigration and finally the Population Exchange deeply altered the capital composition of the basin in terms of nationality. There are some archival materials concerning the real estate left by the Greeks.³⁹² Table-4.4 shows the figures concerning the real estate left by local Greek population.

³⁹² See BCA: 272..0.0.10/2.13..4. [20/10/1924], BCA: 272..0.0.11/20.102..13. [December 1924] and BCA: 272..0.0.12/47.88..4. [06/02/1926] Especially the last document here, a correspondence between the governor of Zonguldak province and the Ministry of Internal Affairs titled as *the Submission of the report concerning the houses suitable for settlement and immigrants in Zonguldak* was the latest document in the archival sources demonstrating the numbers of real estate left by indigenous Greek population in Zonguldak. This document is also used by Gürboğa in her dissertation [Ibid., p. 56]. While interpreting these figures, Gürboğa underlines that Greeks were 2.5 per cent of the total population in Zonguldak in 1918 (the latest data available for the pre-1923 era) which reduced to 0.22 per cent in 1927 Census which included resident foreigners.

TABLE-4.4: Real Estate Left by Local Greek Population in Zonguldak

<i>District</i>	<i>Hired dwellings suitable for settlement</i>		<i>Per house number of families of four people</i>	<i>Land</i>	<i>Garden and Lot</i>	<i>By means of building houses</i>		<i>Explanation</i>
	<i>House</i>	<i>Shop</i>	<i>Family</i>	<i>1000 m²</i>	<i>Portion</i>	<i>Farm house</i>	<i>Workshop</i>	
<i>Zonguldak</i>	50	16	13	200	28	2	15	Blacksmith, house carpenter, carpenter, stonecutter, mason
<i>Ereğli</i>	29	30	7	395	19	5	5	Blacksmith, house carpenter, carpenter, stonecutter, mason
<i>Bartın</i>	40	14	10	174	22	1	5	Blacksmith, house carpenter, carpenter, stonecutter, mason
<i>Devrek</i>	0	0	0	160	0	1	0	Out of the district
<i>TOTAL</i>	119	60	30	926	69	9	25	

Source: *The Submission of the report concerning the houses suitable for settlement and immigrants in Zonguldak* BCA: 272..0.0.12/47.88..4. [06/02/1926]

If we compare these figures with the ones concerning the real estate distributed to the refugees in the period of 1924-1933 given in Appendix-C, A number of conclusions beyond mining can be derived as well for the Ereğli Basin. For instance, although there were 69 portions of gardens and lots, the incoming population received nothing in terms of gardens and lots. Similarly, the number of the distributed shops was just 9, although there were 60 shops and 25 workshops available. Since the figures given in Table-4.4 were of 1926, there is no reason to assume that most of these shops and workshops were ruined. Instead, it is known that there were attempts of selling the excessive estates to the local people and

finally on October 1926 it was reported that those “excess” estates were sold.³⁹³ In another related document, the land of aforementioned Rumbaki (Roumbaki) family in Zonguldak, İncirlisuyu (?) was reported to be confiscated by the Treasury to construct a “football field”.³⁹⁴ Since there were no petitions complaining about the land distribution which were common in other districts that were subject to the Exchange, we can also suggest that the land was relatively abundant in Zonguldak.

The situation of the mines was similar to that of shops and workshops. The mines left by Greeks passed to the state according to the Population Exchange Convention and the regulations subsequent to *Dilaver Paşa Nizamnamesi*.³⁹⁵ These mines were managed provisionally by the Provincial Treasury of Zonguldak (*Zonguldak Defterdarlığı*) in the name of the Ministry of Finance.³⁹⁶ According to Gürboğa, the comparison between the capital composition of the sector in 1922 and that of in 1925 exhibits strikingly different profiles. Some of the mines that had been operated by the local Christians in the pre-Republic era passed to the Turkish miners such as Süleyman Sırrı Bey, Mehmet Maksut Bey, Müftüzade İbrahim Hakkı, Çakalzade Mehmet Efendi, Bekir Sıtkı Bey.³⁹⁷ After the establishment of the Republic, there was a recovery in coal production³⁹⁸, despite the fact that the portion of mining in GNP reduced to 0,4 per cent from 0,9 per cent in 1913 and 0,5 per cent in 1914 and it was only 0,7 per cent in 1939.³⁹⁹ It is known that the *Ereğli Company* founded by

³⁹³ BCA: 272..0.0.12/49.101..6. [4/10/1926].

³⁹⁴ BCA: 272..0.0.12/51.113..2. [09/01/1927]

³⁹⁵ The Dilaver Paşa Nizamnamesi which aimed to regulate the working terms and conditions in the mines was issued in 1865. One of the basic aims of this regulation was to regulate working terms and conditions in the mines in order to encourage the land-related population to work in the mines as waged workers. The related term of this regulation was about the confiscation of the pits which were not operated for three months. The result of this regulation was the confiscation of the pits left by native Greeks.

³⁹⁶ Gürboğa, “*Mine Workers, the State and War...*”, p.57

³⁹⁷ Ibid., p. 58

³⁹⁸ Ibid.

³⁹⁹ Özel, “*The Economy of Turkey...*”, p.111 [Table 5.5]

French capital, continued its dominance in coal production until the time when all assets of Ereğli Company's passed to Etibank in March 31, 1937.

4.4 Summary and Conclusion

Among the economic effects of the Population Exchange, the ones related with commerce were the most apparent among the other basic sectors of the economy; since in commerce the loss of commercial capital coupled with the loss of social and human capital. Hence, especially commerce became one of the economic activities transferred to the other side of the Aegean Sea. The decline of İzmir port and the rise of Piraeus can be accepted as the consequences of this transfer. However it is also shown that, the economic gap left by the Greek merchants was filled by the Turkish merchants. Turkification of the commercial life became an important step in the foundation of national economy. This Turkification movement was so influential that on May 16, 1929 the Stock and Foreign Exchanges Code (*Menkul Kıymetler ve Kambiyo Borsaları Kanunu*) required the ones intending to establish commercial agencies of being *Turk*, not Turkish citizen.⁴⁰⁰

In this chapter we have also showed that *Turkification* barely defines the entire process which includes the Population Exchange. While the economy was “Turkified” in one hand, on the other hand the “Westernization” of the economy was in progress with a greater rate. Hence, it should be underlined that the so-called Turkification process was no more than the reorganization of the ethnic composition of the capital in accordance with the secular trends of the capitalism that resulted in the formation of national economies. Thus, the construction of an ethnically coherent economy was just a step in the further development of capitalist production relations which reinforced the integration of the domestic market of Turkey with the capitalist world market. Consequently, we claim that the determinant of the process was not Turkification, but the integration of the domestic market with the international one. That is why the intertwined nature of the

⁴⁰⁰ Akgönül, *Türkiye Rumları...*, p.83

“exceptionally liberal” and nationalist policies especially in the 1920s was not a contradiction.

The effect of the Population Exchange in the *Zonguldak-Ereğli Basin* has been also discussed in this chapter. The demographic measures such as deportation, emigration and finally the Exchange which were integral parts of the nationalism changed the national composition of the capital in the basin. Moreover, the data on the abandoned properties of the Greeks provide some additional information on the seizure of these abandoned properties. In the light of to these data, we have concluded that most of the abandoned properties had been either seized or sold owing to the “excessiveness” of these properties.

CHAPTER 5:

CONCLUSION

The Greco-Turkish Population Exchange in 1923 was the first compulsory population exchange which was organized under the patronage of an international organization, namely, the League of Nations. It directly affected the lives of at least 1.5 million people. The Exchange process had also indirect and multiple effects upon the millions of other people in Turkey and Greece. Although the outcomes of the Exchange on Greece have been widely studied, the Turkish aspect of the Exchange has been generally neglected or become the subject of the politically equivocal studies. Yıldırım identifies two main academic trends related with such political distortions: The first one is the academic literature born in Europe and the US during the inter-War period which sees the Greco-Turkish Population Exchange as a (successful) prototype for the resolution of the ethnic and/or interstate conflicts in this era and the second is the extremely nationalistic Greek academic writing.⁴⁰¹ These two currents make up the mainstream viewpoint concerning the Greco-Turkish Population Exchange. After the Second World War, this conventional stance was reinforced by the increasing ethnic conflicts and by the apparent domination of nationalism in the Greek historiography.⁴⁰² Official Turkish historiography, on the other hand, remained totally silent on the Exchange in both of these periods which was also a reflection of a nationalistic standpoint. However, the revisionist approaches in the 1990s resulted in positive developments in Turkish

⁴⁰¹ Yıldırım, *Diplomasi ve Göç...*, pp.9-17

⁴⁰² *Ibid.*, pp. 313-321.

and Greek historiographies. In Turkey, the revisionist approach has revealed itself as an increasing interest in the Population Exchange with a view to elucidating the formative period of the new state. In Greece, then again, the conventional approach to the Exchange has also been severely criticized by the revisionist scholars who have underlined the political, economic and social outcomes of the Exchange with a special emphasis on the refugees' lives and their integration with the existing national framework.⁴⁰³ Despite the visible progress, it should be noted that Turkish historiography is still poor on the Population Exchange. This shortcoming on the Turkish side prevents us from grasping the broader historical significance of this event. We believe that future research on the Turkish side of the event concerning particularly its background and results will complement the revisionist tendency in Greek historiography and lead to a more scientific and balanced understanding of the Exchange.

In the present study, we tried to assess the consequence and the effects of the Population Exchange from an economic history perspective. We have identified some short-term and some long-term effects.

Where short-term effects are concerned, the first striking observation has to do with depopulation and the disastrous effects of an ineffective resettlement policy on the part of the new Turkish state. Depopulation manifested itself as the lack of labor-force in agriculture and industry. Since we have no detailed statistics concerning the occupational distribution of the refugees, we assume that agricultural labor force was affected by the general decline of the population due to the destructive consequences of the war and the exodus of Greek and Armenian populations.⁴⁰⁴ In this respect, when agriculture is taken into consideration, it has been argued all

⁴⁰³ For the reflections of the Population Exchange in Turkish and Greek historiographies see Onur Yıldırım, "The Population Exchange, Refugees and National Historiographies in Greece and Turkey", *East European Quarterly*, XL, No.1, pp. 45-70, A. Aktar and D. Demiröz, "Yunan Tarihyazımında Mübadele ve Göç", *Kebikeç*, 22, pp.85-98, Evangelia Balta, "Mübadillerin Tarihi ve Yunan Tarih Yazımındaki Yeri". M. Pekinel (2005). (ed.) *Yeniden Kurulan Yaşamlar – 1923 Türk-Yunan Zorunlu Nüfus Mübadelesi*, İstanbul: İstanbul Bilgi Üniversitesi Yayınları, pp.111-121

⁴⁰⁴ According to Özel's calculations, the Ottoman population in 1914 within the borders of Modern Turkey was 16.018.000 which reduced to 13.093.000 in 1923. Özel, "*The Economy of Turkey...*", p. 100

along that there was no land scarcity in Turkey, and hence the Population Exchange did not bring about a serious problem. This claim can be objected on various grounds. First of all the statistical data on hand do not support this statement. According to Barkan, the rural population density in 1935 was 190 per hectare which was above the same ratio of all “core” countries and Greece.⁴⁰⁵ Then, even if we accept that the land-labor ratio was high in Turkey by taking into consideration the idle lands of Anatolia, we should admit that there was a lack of settlements and this was one of the major obstacles in front of transforming the newcomers into producers. This problem was discussed in the National Assembly in 1924.⁴⁰⁶ Moreover, it is a fact that most of the estates and dwellings, presumably earmarked for the incoming refugees, had been plundered before the arrival of refugees.

As for the industry, we can assume that the decline in the industrial labor-force was more than that in agriculture. The Population Exchange resulted in a sharper decrease in the urban population than the rural; since the newcomers were of generally rural origin where the share of the urban population had been higher in the transferred population. In addition, the high participation rate of the Greeks in the industrial labor-force should be taken into account while arguing the loss in the industrial labor-force. At this point, we should underline that the plundering problem of the properties by the locals was of common occurrence in the urban areas as well. Even the wealthy refugees, i.e. a factory owner, could not manage to compensate their loss —at least partially— and start to be a part of the production in economy right away. This was because of their belated compensation or the type of property they were granted, which was not related with their previous economic experiences.⁴⁰⁷ With regard to agriculture, this situation caused a problem for refugees to start off the production upon arrival. The most important reason behind

⁴⁰⁵ Ö. L. Barkan, “Türkiyede Muhacir İskân İşleri ve bir İç Kolonizasyon Planına olan İhtiyaç”, *İstanbul Üniversitesi İktisat Fakültesi Mecmuası*, 1951, vol. 10, no.1-4, pp. 218-219

⁴⁰⁶ Cited by Koraltürk, “Ekonominin Türkleştirilmesi...”, p. 621

⁴⁰⁷ M. A. Gökaçtı, *Nüfus Mübadelesi – Kayıp Bir Kuşağın Hikâyesi*, (İstanbul: İletişim Yayınları, 2005), p. 252

the gap between the refugees' arrival and their commencing the production was the absence of a well-designed and detailed resettlement plan of the Turkish government. For us, the absence of such a plan was due to two major reasons: First, the government had no funds to finance a comprehensive resettlement plan for the newcomers. In the related literature, the economic inadequacy of the Turkish government is linked with the governmental obsession with fiscal discipline, that is, the reluctance for accepting foreign loans for a comprehensive resettlement plan. Ladas explains this feature this by saying, "this would be contrary to the fundamental principle of the Turkish state, the complete political and economic independence of the nation".⁴⁰⁸ Indeed, this obsession or reluctance was quite understandable, since the Ottoman experience was interpreted as the semi-colonization of a world empire due to over-indebtedness. In the end, the spending for the resettlement of the refugees between 1923 and 1928 was less than £1.000.000, whereas the load on the Greek budget with respect to the colonization plan between 1923 and 1926 was £6.285.740 apart from the funds released by the government. Besides, we should also add that there were the funds used by the RSC as well.⁴⁰⁹ The difference is so large that a justification based on the ratio of the number of refugees is not enough to explain the situation. In 1951 Barkan, the most prominent historian on the land system in Turkey, criticized the absence of an internal-colonization plan of the governments since the first years of the Republic.⁴¹⁰ Another problem caused by the absence of a resettlement strategy was the temporary settlement of the refugees which gave rise to a delay in the adaptation/integration process of the refugees and their participation to the economy as producers. The last problem which we consider here was the haphazard distribution of the refugees without considering their previous occupations. The problem's short-term outcomes concerning the economy, for instance the destruction of vineyards by the refugees engaged in stockbreeding or the difficulties

⁴⁰⁸ Ladas, *The Exchange of Minorities...*, p. 715

⁴⁰⁹ According to report presented by the Governor of the National Bank of Greece, Mr. Alex. M. Diomède, due to the budgetary pressure on the Greek economy "a period of stress" was started to be felt in 1925. *Economist*, August 28, 1926, pp. 360-365, see especially pp. 361-363.

⁴¹⁰ Barkan, "Türkiyede Muhacir İskânı İşleri ...", pp. 204-223

of the refugees' adaptation are discussed in Chapter 2 of the present study. Hence, we can claim that the depopulation impact of the Exchange could have been compensated by a resettlement policy that would aspire for the integration of the incoming people with the existing social and economic structure, something that would create a serious budgetary difficulty.

As far as the short-term effects on the agricultural production are concerned, we have not come across any information concerning the new types of products introduced by the refugees to Anatolia contrary to the Asia Minor refugees in Greece. However, in the literature Turkish refugees are said to introduce new production techniques. Together with their eagerness to work, once they were settled, it can be claimed that the Turkish refugees became active elements of post-war recovery. One should also refer to the modernizing role of the Greek peasants and the merchants when they were in Anatolia. The Greek peasants in Anatolia had concentrated on producing cash-crops while the Greek merchants were investing in land. Therefore, the Population Exchange caused a discontinuity in the modernization of agriculture in Anatolia. Eventually, the obvious effect of the Population Exchange seems to be the lapse on the improvement of the agricultural methods when bethought with the number of the deported Greeks and their relative superiority in terms of their openness to new methods. As for production, since the agricultural production profile of Turkey was not monoculture, the impact of the Population Exchange turned out to be limited. The disappearance or the destruction of the overwhelmingly dominant crop would have affected the economy much more seriously than the short-term fluctuations in the production of different crops. The last but not the least important development in agriculture was the increasing importance of tobacco in the economy of the Turkish state. This also engendered further effects upon the Turkish economy. This point thus brings us to next topic of our discussion, namely the long term effects.

For us, the most important long-term effect of the Population Exchange was its impact on the reinforcement of the capitalist property relations by means of primitive accumulation obtained by the plunder of the properties left by the native

Greeks. The “clearing of estates” by the Exchange was also an essential crucial step in the Turkification of the agricultural structure. In our analysis we have used the Marxian term of “primitive accumulation”. By emphasizing the accumulation process, we have tried to draw attention to the capitalist nature of the process and its role in strengthening capitalist property relations. Otherwise, we consider that the crucial aspects of the process will remain obscure, such as the plundering of the abandoned lands, estates and dwellings. For instance, Arı, in his various studies on Turkish aspect of the Population Exchange, relates intensity of the plundering movement to an authority gap.⁴¹¹ Such an extensive initiative can hardly be explained by an authority gap. The historical evidence on the plundering events also shows that local notables, local administrators, security officers and the some people representing the central authority participated in this movement.⁴¹²

Speaking of the plundering movement, we would like to open a parenthesis here for Keyder’s reflections on this issue which occupies a special place in the literature concerning the effects of the Population Exchange upon Turkey. According to Keyder, the plundering movement caused a transformation of the relation between the bourgeoisie and the state/bureaucracy and thus, in a way contributed to the development of a lethargic bourgeois class dependent on the state.⁴¹³ The basic thesis underlying such an interpretation is the *state-society dichotomy* determining the course of Turkish history. A reading of the history of modern Turkey along these lines is based on some problematic assumptions.⁴¹⁴ Keyder’s basic assumption is based on the presence of an idealized western model of capitalist development and correspondingly an idealized interclass and state-class relation. Then, the history of a country, such as Turkey, which does not suit to this idealized model, is

⁴¹¹ Kemal Arı, “Yunan İşgalinden Sonra İzmir’de Emval-i Metruke ve Fuzuli İşgal Sorunu”, *Atatürk Araştırmaları Dergisi*, 1989, vol.5, no.15 and also Kemal Arı, *Büyük Mücadele...*, Chapter II.

⁴¹² Koraltürk, “Ekonominin Türkleştirilmesi...”, pp. 636-637, see also pp.58-60 in this study.

⁴¹³ Keyder, *State and Class...*, passim., and Keyder, “Nüfus Mübadelesinin Türkiye Açısından...”, passim.

⁴¹⁴ For the criticism of Keyder’s methodology and assumptions see Demet Dinler, “Türkiye’de Güçlü Devlet Geleneği Tezinin Eleştirisi”, *Praksis*, Winter 2003, no.9, pp. 17-54

reduced to “a history of absences”.⁴¹⁵ Second, Keyder’s conceptualization of the state has some problems. Keyder, by neglecting the lagging character of the capitalist mode of production in Turkey, defines state and “bureaucratic class” as if they had been independent from class relations. This frame of mind is also based on a presumption of the existence of a perfect superposition between bourgeois class and the state which is ahistorical. The problem in Turkish history is not the so-called “strong state tradition”, but lacking-coincidence between state and bourgeoisie that emanates from the uneven development of capitalism. The state, particularly the capitalist state, is not a *deus ex machina* but it is a historically determined and socially constructed entity. Moreover, the bureaucracy was not a *gargantuan automaton* which should have been restrained. On the contrary, the ultimate target of the state with its bureaucratic apparatus in all periods of the modern Turkey has been structured in favor of the capitalist class and capital accumulation processes.⁴¹⁶ The modernization from top which was led by bureaucracy was not the result of the despotism or of the power obsession of this “class”, but the ineffective level of capital accumulation, and accordingly, the weakness of a capitalist class.⁴¹⁷ We would like to close the parenthesis by pointing out that Keyder’s reflections on the Exchange offer some significant theoretical insights to situate the event within a political economy framework but they also present certain inconsistencies that stem from his somewhat Eurocentric view of state-making and his shortage of concrete evidence to support his argumentation.

If we go back to the long-term effects of the Exchange; a major development is observed in the tobacco sector. The formation of state monopolies in “strategic” areas was a vital step towards the state-led industrialization in the Republic of Turkey. One of the earliest attempts in this course was the abolition of the Ottoman

⁴¹⁵ Ibid. p. 23

⁴¹⁶ Metin Çulhaoğlu, *Bin Yıl Eşiğinde Marksizm ve Türkiye Solu*, (İstanbul: Sarmal Yayınevi, 1997), p. 211

⁴¹⁷ Another version of this thesis or a supplementary argument to this thesis is the one based on the *absence* or the termination of civil society flourishing in the Ottoman Empire which could have limit/control the state. See Şerif Mardin, “Civil Society and Culture in the Ottoman Empire”, *Comparative Studies in Society and History*, 1969, vol.11, no. 3, pp. 258-281 and Reşat Kasaba, “Economic Foundations of a civil society...”

Tobacco Régie (Monopoly) Company, (*Memalik-i Şahane Duhanları Müsterekiil Menfaa Reji Şirketi*) on February 26, 1925 and then on March 1 the Régie was retained from France by the State. We think that the increasing importance of tobacco with the arrival of the refugees is the reason behind this initial action.

Another aspect of the state-led industrialization as a consequence of the Population Exchange was the qualified and experienced labor-force. To put it differently, the exportation of human capital by the Population Exchange generated complex outcomes. The contemporary literature on the human capital discusses that “brain drain” may cause a “brain gain” at home if there is “higher returns to skill in a foreign country”.⁴¹⁸ This means that in order to stop brain drain or to recover from its negative effects. Thus, the home country would be pushed to take measures in order to make sure at least the same returns to skill. In the case of Turkish Republic, after the Exchange, the motivation for the vocational education for the sectors such as silk production, carpet-making etc. which became idle after the Exchange can be explained by this effect. Furthermore, the wage-scissors between qualified and unqualified labor and between agricultural workers and industrial workers widened in the early-Republic era especially due to the increasing tendency towards state-led industrialization.⁴¹⁹

As for the effects upon trade, the most significant impact on trade was the Turkification of the commercial capital. Though the capital was “nationalized”, the setting of the commercial structure and hence the integration of the domestic market with the world market did not change. On the contrary, this integration model was reinforced from another point; since the rural population surpassed the urban population, it can be said that the peripheral nature of the Turkish economy strengthened. Within the given setting, the Turkification of the commercial structure by the involuntary transfer of Greek merchants did not indicate any lack of interest towards the foreign capital which we have exemplified this in Chapter 4. Another

⁴¹⁸ Jean-Pierre Vidal, “The Effect of Emigration on Human Capital Formation”, *Journal of Population Economics*, 1998, n.11, p. 590

⁴¹⁹ See W. D. Dines et. al., *Türkiye'nin İktisadi Bakımdan Umumi Bir Tetkiki 1933-1934*, vol.2, (Ankara: Mehmed İhsan Matbaası, 1936), pp. 239-240

important outcome of the Population Exchange was the breakdown of the commercial network which had been constructed during the Ottoman times thanks to the Greek merchants' entrepreneurial skills. Hence the exodus of the Greek merchants meant the exportation of social capital. The immediate impact of this transfer was observed in some concrete developments in Greece. For instance, one of Greece's major outlets to foreign markets, namely Piraeus, experienced a great rise in importance after the Exchange. Whereas, this was not true of Izmir, which had been one of the most major trade outlets of the Ottoman Empire to foreign markets for many centuries.

This thesis studied the general effects of the Greco-Turkish Exchange of Populations upon Turkey's economic development in the immediate aftermath of this event. On the basis of the available documentation and the findings of the limited number of studies we were able to show that those effects were wide and varied, each with a different significance upon the transformation of the imperial economy to a national one. When the focus of the research on the economic effects of the Exchange is moved to local and sectoral levels, it will be possible to obtain a far more dynamic picture of this transformation. It is to this goal that our future studies will contribute.

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APPENDICIES

APPENDIX A

The commentary from Ravndal's Report on the effects of "Nonmoslem Exodus"

EFFECTS OF NONMOSLEM EXODUS

The significance of the defeat of the Greeks behind Smyrna, accompanied by the exodus, not only the Greek military and civil forces, but also of native Greeks and Armenians and more recently of Jews, can best be grasped by referring to the factory figures given previously. These show that the Greeks, Armenians, and Jews in 1915 were estimated to furnish 75 per cent of the capital and 85 per cent of the labor involved in Turkish industries.

For example, prior to the Greek defeat there were in the Vilayet of Smyrna (which included the present-day Vilayets of Smyrna, Aidin, Saruhan, Denizli, and Menteshah) 3,315 factories and work-shops of every description, employing about 22,000 laborers. Of these shops, 2,425 were Greek, 858 Turkish, and 32 Armenian, Jewish and foreign. Of the laborers, 17,000 were Greek, 3,250 Turkish, and 1,750 Armenian, Jewish and foreign. Even after allowing for the mechanical equipment abandoned to the Turks by the departing non-Moslems, the picture remains somewhat dreary, for the emigration of labor leaves a void that will prove difficult to fill.

Unfortunately, the Moslem elements being received from Greece under the exchange of populations convention are almost exclusively agricultural and for some time will be capable of assistance only to the tobacco and other agricultural industries. Already the Greek emigrants from Turkey have established in their new home in Greece a carpet-weaving enterprise that has offered the Turkish industry such rivalry that Turkey has forbidden the exportation of carpet wool.

Turkey is thus reaping industrially the whirlwind, the seeds of which were sown by its former rulers. Social and political injustice made the Greek and the Armenian undependable as soldiers and statesman and dictated that they should become artisans and tradesmen, catering to the needs of their Moslem superiors. The system having developed Greek and Armenian separatism and race consciousness to a point where these races became a political menace, there remained no remedy but their departure. But in departing they are taking with them material portions of the country's equipment for industry and commerce, which in the modern world are highly important factors in national life.

Politically, the sacrifice is probably worth while, especially from the point of view of the Turk. It involves, however, a period of bitter hardship during which Turkey will have create an economic organization out of a mass of raw labor and almost nonexistent capital. The Turks are setting bravely to work, and a prominent feature of every concession granted or proposed has been the establishment by the concessionary company of industrial schools for Moslem workmen and their children. There is also the stipulation that all officials and workmen shall be Turkish subjects, except where technical skill requires an outsider during the period necessary for training a Turkish understudy to carry on the work. To date, this merely means a realization by the Government of the country's shortcomings. The accomplishment of definite results will require time and patience.

APPENDIX B

TABLE-A/B: Total Value of Agricultural Production, 1909-1939

Year	Total Agricultural Production (Current, million piastres)	Total Agricultural Production (in 1913-14 prices, million piastres)	Per Capita Agricultural Production (in 1913-14 prices, piastres)	Share of Agriculture in the GNP (%)
1909 (*)	7805.3	6445.9	422.2	
1913(**)	8506.2	9089.9	569.6	48.3
1913(20% ↓)	6805.0	7575.0	474.7	40.9
1914	9781.9	9130.0	570.0	53.3
1914(20% ↓)	7825.5	7608.3	475.0	47.6
...				
1923	37930.0	3580.7	273.5	39.8
1924	57330.0	4557.7	344.5	47.6
1925	73300.0	4809.4	359.7	48.1
1926	82070.0	6352.6	470.1	49.7
1927	60850.0	4412.4	323.3	41.4
1928	72400.0	5237.3	375.7	44.4
1929	107520.0	7451.1	523.4	50.9
1930	72320.0	7268.3	499.9	45.2
1931	63240.0	7475.2	503.4	45.5
1932	47090.0	6220.6	410.1	40.8
1933	42900.0	7333.3	473.4	38.8
1934	41740.0	6991.6	441.9	35.8
1935	48470.0	6754.4	418.0	36.9
1936	73350.0	9767.0	594.1	44.6
1937	73990.0	9787.0	585.2	42.5
1938	76270.0	10075.3	592.1	42.1
1939	80820.0	10401.5	593.8	41.6

(*) Kars is included by 1%, by considering its relative share in the total agricultural production, in the following years.

(**) Estimated figure, reached by increasing Güran's data by 9% (total share in area sown in 1909) for the shares of missing provinces: Ağrı, Erzurum, Erzincan, Hakkari, Muş and Siirt. Kars is also included by 1%

(***) Estimated figure, reached through increasing Güran's data by 18.7% (total share in area sown in 1909) for the shares of missing provinces: Ağrı, Erzurum, Erzincan, Hakkari, Muş, Siirt, Adana, Bingöl, İçel, Urfa and Van.

Kars is also included by 1%. (20% ↓.) Estimated values for 1913 and 1914, with 20% reduction.

Source : Özel, "The Economy of Turkey...", p. 12

APPENDIX C

TABLE-A/C: Refugees' Ultimate Resettlement Figures by Geray

City	Number of Families	Population	House	Shop	Lot	Land (Dönüm)	Vineyard (Dönüm)	Garden (Dönüm)
Adana	1,640	5,862	1,640	344	41	45,187	2,870	84
Afyon K.H.	109	358	74			3472		58
Aksaray	1,076	3,186	747	22		13,561	2,178	2,273
Amasya	475	2,087	448	43	5	14,887	1,549	
Ankara	185	925	135	159	56	16,426	286	290
Antalya	1,087	4,015	1,033	228		106,780	939	
Aydın	2,264	8,312	1,893	201	144	97,256		12,466
Balıkesir	7,541	25,515	7,018	1,583	958	131,541	606	906
Bilecik	771	2,665				11,308	2,696	3,393
Bolu	14	122	5	9		3,131		
Burdur	102	380	98	8		2,403	330	57
Bursa	7,082	31,058	5,317	719	1,844	150,221	4,445	33,885
Çanakkale	2,143	9,646	2,709	152	8	87,894	1,091	3,492
Çankırı	2	5	2					6
Çorum	428	1,680	181	83	42	18,697	297	150
C. bereket	502	2,396	486	48	16	13,482		960
Denizli	490	1,740	193	141		14,511		
D.bakır	3	8	2	4		296		
Edirne	10,354	24,705	10,354	128	243	400,334	11,998	3,485
Elazığ	174	651	174			11,484		
Erzincan	272	945	272			11,805		
Eskişehir	855	1,214	186	29	214	4,633	1	
G.antep	119	438	117			8,082		
Giresun	216	832	214	39		938		6,118
Gümüşhane	17	130	839			11,191		
İçel	143	543	143	16		5,674		32
İzmir	13,234	62,947	5,000	3,000		1,000,000	5,000	5,000
İsparta	264	984	254	39		6,281	830	193
İstanbul	8,610	33,328	2,553	2,000		937,441	12,158	
Kastamonu	97	333	94	27		771	13	
Kayseri	1,644	6,150	1,640	119		65,244	3,721	3,008
Kırklareli	4,729	19,739	4,437	192		151,069	3,005	
Kocaeli	5,017	17,074	1,688	295	27	111,218		
Konya	1,021	4,023	1,021	156		33,858	32	492

TABLE-A/C (CONT'D): Refugees' Ultimate Resettlement Figures by Geray

Kütahya	176	669	139	64	3	4,145		
Malatya	1	4	1					
Manisa	3,662	15,468	2,349	155	423	45,572	22,893	798
Maraş	103	842	103			5,000	1,711	274
Mersin	803	3,091	680	115	11	23,264	1,075	942
Muğla	647	2,401	641	99		27,040		89
Niğde	3,969	15,750		120		134,709		
Ordu	332	1,438	389	178	148	21,174		24
Samsun	6,288	23,454	4,209	511	544	112,997		
Sinop	225	920	204	41		8,202		24
Sivas	486	1,918	288	15		25,636		
Ş.karahisar	425	5,617	1,515			58,450		
Tekirdağ	6,430	23,221	3,179	361	266	290,571	18,878	1,722
Tokat	1,630	6,209	1,325	25		75,868		
Trabzon	77	393	77	65		590		
Urfa	1	3	1					
Yozgat	1,113	3,911	598	67	3	56,731	4	80,100
Zonguldak	207	938	207	9		1,542		3
TOTAL	99,709	380,243	66,872	11,609	4,996	4,482,567	98,606	160,300

Source: Geray, Cevat, *Türkiye'den ve Türkiye'ye Göçler*, EK TABLO V

APPENDIX D

The petitions directly written to Mustafa Kemal by Naciye Öney, a refugee from Crete having relatives in the bureaucracy

YUNANİSTAN
MÜHÜRÜ
MÜHÜRÜ
MÜHÜRÜ

29/11/1937

Büyük Atatürke

Özel Arızemdir:

Yunanistanda kalan atamızdan mevrus Emlakimizin Cinsleri ve Kıymetleri 926 ve 27 Senelerindeki Muhtelit Komisyonlar tarafından mahallerinde tetkik ve tesbit edilmiştir. Bu Kıymet Defterleri Baş Vekâlet Makamındadır. Beş Senedenberi yaptığımız müracaatlara müsbet ve fi'li bir cevap verilmedi. Geçen Sene Şubatın ikisinde İstanbulda Dolmabahçe Sarayına giderek Yaveriniz Bay Naşit vasıtasile Yüksek Varlığınıza sunduğum Dilekçemi lütfen Baş Vekâlete havale ve için sür'atle neticelendirilmesini irade buyurdunuz. Bu Makam ise:-(Mes'ele Muaveneti İhtimaye Vekâletile muhabere edilmektedir) Suretinde Baştan Savma bir cevap verdi ve bundan da bu güne kadar bir netice çıkmadı.

Ailece Zaruret ve Borç içindeyiz. Giritte Yüz Binlerce Liralık megru' ve mevrus emlakı bulunan zevcimin muallimlikten alabildiği cüz'i para ise ancak çocuklarımızın tahsiline bile kifayet etmiyor. Bu hakkımızı Beş Senedenberi mütemediyen Ankarada takip için içinde barındığımız evimizi bile Emniyet Sandığına terhin ettik. Bu borcu da ödeyemediğimiz için belki de mekânsız kalmamız mukadderdir.

Her Dertliye ve her Haklıya yetişen Kurtarıcı İmdadınızı bizden de esirgemeyiniz. Bu emlakimizin mukabili her ne şekilde verilecekse bir an evvel te'minini irade buyurunuz. Başka müracaat edecek bir hâmi ve sığınacak bir melce' yoktur. Dosyalarımız tekmül etmiş bir halde Baş Vekâlet Makamında 932 Senesinden beri durmaktadır.

Hayatımız,Helasımız Merhamet ve Himayetinize kalmıştır Büyük Atamız.

Üsküdar'da Nuh Kuyusunda 105 Nr'da sakin.Girit Fatihî Serdar Gazi Hüseyin Paşa Terunlarından Fuat Öney Eşi.

Naciye Öney

Naciye Öney

030 01 40 236 1

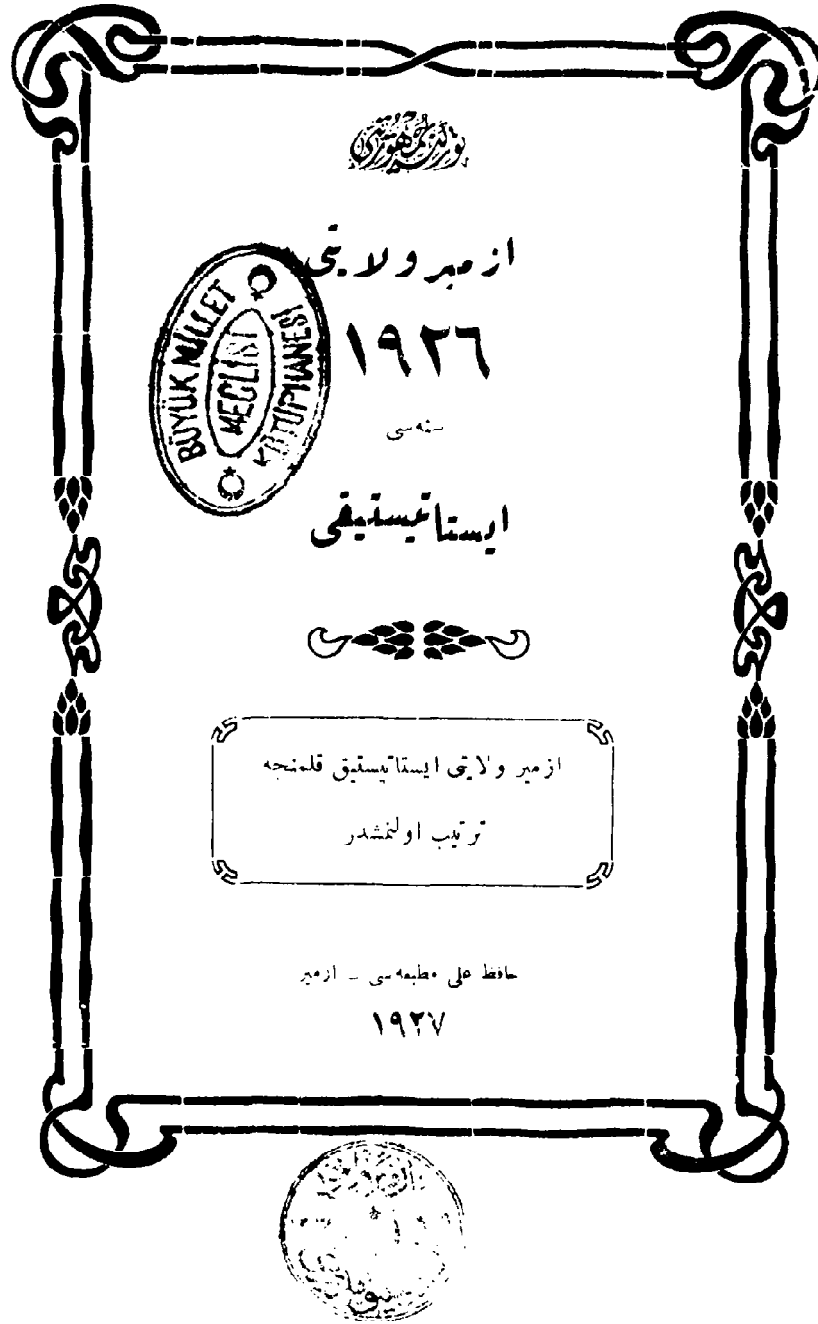
APPENDIX E

The report of Alaiyelizade Mahmud Bey on the economic impacts of the exodus of Greeks



APPENDIX F

İzmir Vilayeti 1926 Senesi İstatistiği (Statistical Data of Vilayet of İzmir for the Year 1926)



APPENDIX G

A note on Primitive Accumulation as a Continuous Process: Conceptual Framework

Conceptual approaches to the economic aspect of the Population Exchange generally assess this practice as a part of ethnic homogenization of the economic structures of Greece and Turkey. Surely this was one of the main motivations of the Turkish and Greek nationalists for the Exchange of Populations. We think that it is also possible to construct a new conceptual framework based on new arguments other than “ethnic purification”. Here it is offered that we can analyze the Population Exchange as a special step of “primitive accumulation” process in Turkey. The Population Exchange is special for its large-scale character. Even though documentation of this argument is still lacking, the logic and the successive events are in consistent with the conceptual framework given below.

Here we use “primitive accumulation” in accordance with the Marxist interpretation of this concept.⁴²⁰ In the last eight chapters of *Capital's* first volume, Marx discusses the role of primitive accumulation in the emergence of capitalism and the effects of this “original” accumulation on the formation of modern classes in agriculture and industry. He also refers this concept in the third volume of *Capital* and in the *Theories of Surplus Value* and *Grundrisse*.

For Marx, classical political economists, in order to legitimize private property of the means of production, draw a such vicious circle for capital accumulation: In order to satisfy capital accumulation, we need surplus value, and surplus value can only be the result of capitalistic production. Since capitalist mode of production

⁴²⁰ Marx, *Capital vol.1*, p. 713

requires the pre-existence of huge amounts of capital and labor-force in the hands of individual capitalists, we end up with a process in which capital accumulation requires pre-existence of accumulated capital. Classical political economy tries to solve this problem by defining an accumulation process which predates the formation of capitalist production. Adam Smith calls this process as “previous accumulation” or “the accumulation of stock”. Marx criticizes this approach of classical political economy for its creating a concept role of which is similar to the original sin in theology.⁴²¹ However, Marx’s basic criticism focuses on their explanation of this process by spending/saving habits of people. Therefore, for Marx, in actual history it was not the habits of individuals to cause this accumulation: “In actual history it is notorious that conquest, enslavement, robbery, murder, briefly *force* play the great part”.⁴²²

For Marx, the formation of capital and hence the endless accumulation of capital within the capitalist mode of production necessitates the private property of the means of production and as a result the commodification of labor force. Here, the key element of the process is “the complete *separation* of the laborers from all property in the means by which they can release their labor.”⁴²³ So the dispossession of the masses *by (extra-economic) force* was the main cause of this primitive accumulation. Probably, Marx might have called the process as *primitive* for multiple purposes.

It suggests a brutality, lacking the subtleties of the more modern forms of exploitation with which we are familiar. It implies that primitive accumulation was prior to the form of accumulation that people generally associate with capitalism. Finally implies something that we might associate with the ‘primitive’ parts of the world, where capital accumulation has not advanced as far as elsewhere.⁴²⁴

⁴²¹ Ibid.

⁴²² Ibid, p. 714 [Our Emphasis]

⁴²³ Ibid., p.714

⁴²⁴ Michael Perelman, “The Secret History of Primitive Accumulation and Classical Political Economy”. Retrieved June 12, 2005, from *The Commoner*: <http://www.thecommoner.org>, pp.1-2

Perelman does not say anything about whether he cares an order or not in his explanation of multiple connotations of the term primitive. For us, his order represents an order of likelihood as well. Marx's main purpose here was to explain the role of *force* in the explanation of the formation of capitalist mode of production and capital accumulation.

The results of primitive accumulation are not limited to the accumulated capital. Primitive accumulation is strictly related with the formation of labor class. In fact, separation gave the main stimulus for the creation of free laborers and this process was reinforced by some juridical measures to make people sell their labor-force in the market. Once the separation completed, the process would reach its ultimate stage, namely *the clearing of estates*.

The last process of wholesale expropriation of the agricultural population from the soil is, finally, the so-called clearing of estates, i.e., the sweeping men off them.⁴²⁵

The clearing of estates movement was so powerful that even the old inhabitants' cottages were cleared. As a result of this situation, housing for the agricultural laborers became impossible on the land they cultivated. The separation and clearing meant also some sort of input allocation in different sectors. As far as the labor-force allocation is considered —it is crucial for our purpose— that Marx, several times, refers to *forced population policies* of the governments as methods of separation and clearing. While he talks about the expropriated the Gaels in the eighteenth century, he underlines that the Gaels were forbidden to emigrate from the country in order to push them to Glasgow and other manufacturing towns. In the footnote at the end of this discussion, Marx mentions another population management practice implemented by the state:

In 1860 the people expropriated by force were exported to Canada under false pretenses. Some fled to the mountainous and neighboring islands.

⁴²⁵ Marx, *Capital vol.I.*, p.728

They were followed by the police, came to blows with them and escaped.⁴²⁶

These are clear examples of the fact that population management methods were used for primitive accumulation at the dawn of capitalism. There is no doubt that the separation and clearing movement in England was very distinguished by its scale, as well as its organized nature.

Yet, there is one more question to be answered: Is primitive accumulation continuous or special to the transition to capitalism? Marx left his readers a blurred picture concerning this issue. Although the historical character of primitive accumulation is obvious in Marx's scheme, the continuity of this process is still an open discussion.⁴²⁷ We think that for capitalism it is inevitable to dispossess the masses from the means of production, that is, separation, continuously. If we accept this interpretation of primitive accumulation, we should underline the difference between *primitive accumulation* and *accumulation*. In *Capital vol.III*, Marx defines the accumulation of capital as a continuation of primitive accumulation in a form raised to a "higher power":

This is simply the divorce of the conditions of labor from the producers raised to a higher power [...] It is in fact this divorce between the conditions of labor on the one hand and the producers on the other that forms the concept of capital, as this arises with primitive accumulation.

⁴²⁶ Ibid., p.729

⁴²⁷ *The Commoner* —a web-based Marxist journal published in Britain— in 2001 opened this discussion under the title of "new enclosures" by publishing two articles of Massimo De Angelis and Werner Bonefeld suggesting a new interpretation of "primitive accumulation" in the Marxist sense of the term with a special emphasis on its continuous character. (Michael Perelman's article mentioned above was also published in this issue.) However, Paul Zarembka criticized these two authors' "trans-historical" approach and insisted on the historical character of primitive accumulation. Then Bonefeld responded and defended his and De Angelis' view on the permanence of primitive accumulation. For a detailed discussion on the nature of primitive accumulation, see Werner Bonefeld, "The Permanence of Primitive Accumulation: Commodity Fetishism and Social Constitution", *The Commoner*, 2001, no.2, Massimo De Angelis, "Marx and Primitive Accumulation: The Continuous Character of Capital's 'Enclosures'", *The Commoner*, 2001, no.2, Paul Zarembka, "Primitive Accumulation in Marxism, Historical or Trans-historical Separation from Means of Production?", *The Commoner*, 2001, Werner Bonefeld, "History and Social Constitution: Primitive Accumulation is not Primitive", *The Commoner*, 2001

There are some other examples of Marx's "higher power" or "greater scale" emphases while he relates the accumulation of capital with primitive accumulation. Starting from this point, de Angelis gives a central importance to the concept "separation" and he distinguishes the accumulation and primitive accumulation processes by evaluating these two concepts' "*conditions of existence*". According to him, primitive accumulation refers to "*ex novo production of separation*" whilst accumulation of capital implies the "*reproduction of the same separation—on a greater scale—*". The distinctive difference between these two "resides for Marx not so much in the timing of occurrence of this separation [...] rather in the conditions and circumstances in which this separation is enforced". Extra-economic prerequisites for the accumulation process distinguish these two processes. Hence we can reach to a "new" definition of primitive accumulation. De Angelis claims that "primitive accumulation for Marx is a social process instigated by some social actor (the state, particular social classes, etc.) aimed at the people who have some form of direct access to the means of production. This social process often takes *the form of a strategy that aims to separate* them from the means of production" [Our Emphasis]. However, there are still question marks concerning the reason of Marx's limited stress or even distress on primitive accumulation and extra-economic coercion within the capitalist mode of production and his equivocal approaches to primitive accumulation in his writings. In fact, Marx's reducing the emphasis on primitive accumulation can be understood by considering his emphasis on the "the dull compulsion of economic relations".⁴²⁸ While explaining this "dull compulsion of economic relations", he claims that for this dull compulsion over laborers, the rising bourgeoisie needs the state power to regulate wages and working hours. For Marx, this compulsion via state-power is "*an essential element of the so-called primitive accumulation*". Hence we conclude that behind the de-emphasis of the "pompous compulsion of extra-economic relations" there is Marx's intention of illuminating the role of market or "dull compulsion of economic relations".⁴²⁹

⁴²⁸ Marx, *Capital vol.I*, p.737

⁴²⁹ For a comprehensive analysis of these arguments see Michael Perelman, *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*, (Durham&London: Duke University Press, 2000). Especially see Chapters 1,2, 4 and 5.

Hence we can conclude that the permanent character of primitive accumulation is so handier that even new trends in world economy can be assessed by using the argument based on the continuity of the separation by extra-economic forces. Perelman masterly summarizes the importance of this interpretation of primitive accumulation:

Specifically, by relegating primitive accumulation to the pre-capitalistic past, we lose sight of the two-fold time dimension of primitive accumulation. Firstly, as we shall emphasize later, the separation of people from their traditional means of production occurred over time as capital gradually required additional workers to join the labor force. Secondly, the process of primitive accumulation is a matter of degree. As we shall see, all out primitive accumulation would not be in the best interest of capital. Instead, capital would manipulate the extent to which workers relied on self-provisioning in order to maximize its advantage.⁴³⁰

To complete the summary of Marx's theory of primitive accumulation, we should discuss certain forms of primitive accumulation in his writings.

For Marx, there were certain forms of primitive accumulation. First and most famous form of this process is the *enclosure* movement in England.⁴³¹ In this analysis, primitive accumulation becomes the key element of transition from a feudal mode of production to a capitalist one, which gives rise to unilinear historical model of Marxism. However, in the same pages (*Capital*-vol.I-part.VIII) Marx refers to the slave trade as a method of primitive accumulation and he emphasizes its role in the capital accumulation process in England. Hence, as de Angelis mentions, primitive accumulation can be the result of international division of labor. Moreover, according to de Angelis, by recalling the concept of "world economy" in

⁴³⁰ Michael Perelman, "The Theory of Primitive Accumulation", Retrieved April, 15 2006, from *The Theory of Primitive Accumulation*:
http://www.csuchico.edu/~mperelman/primitive_accumulation.htm

⁴³¹ Marx, in his analysis, professes that this movement had the classical form in England alone and according to Marx, "the expropriation, in different countries assumes different aspects, and runs through its various phases in different orders of succession, and at different periods" (Marx, *Capital vol.I*, p. 716)

Braudelian sense, capital accumulation in one part of the world market may be or be the result of a primitive accumulation process in another part.

Another primitive accumulation form of which Marx makes mention is “the alienation of the state”.⁴³² By this term, in the concrete, Marx refers to the public debt system. The relation between primitive accumulation and national debts was obvious: “The public debt becomes one of the most powerful levers of primitive accumulation”. The setting prepared by the public debt system was completed by the *international credit system* and *(over)taxation* which also work along with the alienation of the state. In this part of his primitive accumulation analysis, he gets closer to the conceptualization of “imperialism”.

Above we have also mentioned that the the population management practices of the emerging nation-states were also a form of primitive accumulation process.

As a concluding remark, it should be noted that David Harvey, another Marxist scholar, prefers the term “accumulation by dispossession” instead of primitive accumulation in the context of contemporary capitalism.⁴³³ However, Harvey’s conceptualization of “accumulation by dispossession” is exactly what we mean by stressing the continuity of primitive accumulation which is the *separation* by extra-economic methods.

⁴³² Ibid., p.754

⁴³³ David Harvey, *The New Imperialism*, (New York: Oxford University Press, 2003), pp.137-182