Ideal and Actual in Provisioning Institutions:
Ottoman and Castilian Cases in the 16th and 17th Centuries

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1. Introduction

In this paper, we will examine the policy norm\(^1\) of establishing official grain prices, an essential component of redistributive (particularly provisioning) policies in the Ottoman and Castilian realms up until the late eighteenth century. We will demonstrate the existence of a gap between ideal and actual practice of this norm and present some preliminary observations regarding the factors that might account for the persistence of this rule despite this gap prior to the eighteenth century in both Ottoman and Castilian cases. This, in turn, will provide us with some insights regarding the processes of institutional change common to two seemingly different institutional contexts.

In the second half of the eighteenth century, the central administration of both the Ottoman and Castilian realms attempted to liberalize grain prices for the first time. Official price regulation in the grain sector had been a long established policy norm in both empires. In the Ottoman case, the reform attempt consisted of a partial liberalization—in the sense that restrictions on internal trade were not totally abolished—and proved to be short-lived. In the Ottoman historiography, this attempt at liberalization drew little attention from scholars of Ottoman economy. Having occurred prior to Tanzimat—the commonly accepted turning-point of Ottoman political and economic history—, the attempt was considered merely as maneuvering within the old system. In contrast to the Ottoman policy, the Castilian central administration managed to pursue a full-fledged liberalization—a simultaneous trade and price liberalization—at least in theory, for almost thirty years. Castilian liberalization, being part of a comprehensive reform agenda, was viewed as a genuine attempt to reform the way in which the economy was organized. Leaving the question as to whether or not the reform attempts in both cases

\(^1\) With “the policy norm” we refer to the rules and regulations as they are described by legal codes as opposed to the actual policy as it was implemented by the public authorities.
can actually be considered as change of outlook among political elites regarding the ‘ideal’ role of the government in the economy aside for the time being, I decided to look at the long-term factors that might have brought about such an attempted change in both cases and try to discern similarities and differences among these factors. A preliminary analysis of the historical sources reveals that in both cases there was a significant yet variable gap between the ideal (what ought to be implemented according to the legal documents) and the way the policy was actually implemented. First, I will demonstrate the trajectory of this gap over time. Then, I will attempt to explain it with reference to some common factors exogenous and endogenous to provisioning policies. Lastly, I will suggest some ideas on the implications of this analysis for the understanding of the following period.

2. Problematique
In the Ottoman Empire, Selim III (1789-1807) promulgated a royal decree (firman) abolishing official price regulation in the grain trade (narh) in 1795, almost three decades after Carlos III’s Real Pragmatica abolished maximum prices (tasa) in grain trade in 1765. Up until then, the imposition of official prices in basic commodities in general and in grain and grain produces in particular was taken for granted. Castilian and Ottoman law (municipal law codes and imperial decrees) justified and explained the policy of setting an official price by similar pragmatic and moral arguments. In both cases, the main intention, according to the policy-makers, was to prevent public harm that would be caused by sellers when they raised prices of basic commodities at will. In both cases, it was underlined that the price ought to be set at a level that would ensure the well being of all the parties -both the poor and the sellers- and that none of the parties engaged in the exchange (sellers and buyers) would be wronged. In line with the Scholastic / Spanish and Muslim / Ottoman intellectual traditions’ views on just price, government’s duty to
intervene in the prices of basic commodities was presented as a requirement of distributive and commutative justice³.

Ensuring that the price of basic alimentary goods such as bread was low enough to be afforded by the poor was pronounced as a matter of justice and public good that required political action. We assume that this rhetoric of justice and public good, besides furnishing the ideological legitimacy to the government’s acts, reflected a practical concern with urban tranquility and political stability that was essential for the survival of the political entity. No government existing today or in the past can endure for long unless basic staples are available at affordable prices for the majority of the population. Yet, for a variety of reasons, the policy decisions of rulers do not always conform to their ideological notions of the public interest. Moreover, even when the ideal policies are adopted, outcomes quite often diverge from motives pronounced by the policy-makers. This was also the case with the price policy in both the Ottoman and Castilian realms: The governments could not impose official prices on grain trade as they desired. Furthermore, when they actually managed to put the policy into practice as they wished, the results were frequently far from what was desired. In the following part, we will demonstrate this gap.

3. Official Prices, Real Prices and the Gap between Two

To what extent did official prices diverge from real prices (prices that would be formed freely in the market place, without price controls) and to what extent were these official prices effective? This question is difficult to answer since the prices in locations that were exempted from price controls or prices in locations in which price controls were not activated because they were lower than the maximum official price probably did not reflect the prices that would have emerged had there been no controls (non-price controls) at all. Price levels that are set in the market through seemingly voluntary exchange of buyers and sellers were not totally exogenous to the redistributive policies. The form of appropriation of agricultural surplus, the controls on its distribution (which sometimes

³ I focused on theological and legal ideas on just price and just exchange that were articulated by the Spanish and Muslim Scholastics in another work.
substituted and sometimes complemented price controls) and the level of official prices themselves might have had adverse effects on agricultural production (such as absenteeism, peasant indebtedness) which in turn led to higher prices. In other words, distributive policies in general and price controls in particular might themselves cause decline in agricultural production and hence an upward tendency in agricultural prices.

Accordingly, it is difficult to decide whether official price levels converged with market levels without having data on all factors that might have played into price levels (such as data on yields, monetary supply, etc.) However, if we can discern policymakers’ responses to the tendency of the market prices by way of observing policy adjustments, we can deduce some conclusions regarding the timing and the intensity of the gap. We make two assumptions as to how policy-makers would react to the market conditions given that they are rational (which means they impose a policy as long as they think that it would be effective): 1) If there is abundant supply, market prices would be already low and incentive to impose official prices would be weak. 2) If there is a long-term trend that would lead market prices to increase (such as population pressure), then the already-existing official price levels would be hard to impose (due to higher incentives for smuggling and hoarding) and eventually official price levels would be let to increase through an official upward adjustment or a relaxation of the controls.

For the Ottoman case, we use the data pertaining to official prices (narh) for the grain produces (mainly bread and flour) as a proxy for the government price policy in grain trade. In the Spanish case, we look at the decrees adjusting maximum official price (tasa) and complimentary rules to infer the attitudes of the policy-makers. The Ottoman data show that from mid-seventeenth century through the late-eighteenth century there are only a few legal records of official bread prices compared to the earlier and latter.

In order to make the Table 1 which sums up our analysis, we use the data compiled by Şevket Pamuk in 500 Years of Prices and Wages in Istanbul and Other Cities / Istanbul ve Diğer Kentlerde 500 Yıllık Fiyatlar ve Ücretler, 1469-1998, Ankara: Devlet İstatistik Enstitüsü Yayınları, 2001. We produced lists of official real prices of bread by way of dividing nominal prices to silver value of Ottoman monetary unit (akçe) provided in this source.

We have data for the narh of price starting from 1530. From 1530 to 1642 we have frequent data of narh of bread. From 1643, until 1785, we only have narh values for bread in years 1651, 1657, 1693-1696, 1776 and narh values just for flour in years 1667, 1678, 1690,1724 and 1775.
period (see Table 1 below). Furthermore, the average real value of the official price levels for this period is lower than the average of the period prior to this one (see Table 1 below). On the other hand, it is obvious that during the late sixteenth century and in the beginning of the seventeenth century public authorities used price controls more frequently.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1530-1642 (112 years)</td>
<td>41</td>
<td>0.645</td>
</tr>
<tr>
<td>1643-1774 (130 years)</td>
<td>10</td>
<td>0.614</td>
</tr>
<tr>
<td>1775-1833 (57 years)</td>
<td>33</td>
<td>0.767</td>
</tr>
<tr>
<td>1785-1800 (14 years)</td>
<td>13</td>
<td>0.730</td>
</tr>
</tbody>
</table>

Source: Values generated by the data compiled in Pamuk, 2001, pp. 102, 106, 110, 114, 118, 122, 126, 130.

A: Number of years where official prices of flour and / or bread are available: 
B: The average narh for bread in silver gram (or real narh)

The same overlap between market prices (what we shall call the tendency of market prices) and official prices can be observed in the Castilian context as well. While during the late sixteenth century and early seventeenth century, official maximum price was adjusted upwardly due to the pressures of demand; from the 1630’s onwards, price controls were relaxed (See Table 2). In 1632, farmers (labradores) were exempted from official price regulation in their transactions. This law remained effective until 1699 and provided great flexibility, under which all market actors could circumvent price controls6.

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6 As Campomanes would note in the eighteenth century, it was practically difficult to spot the origin of the grain brought to the markets and those who were held responsible for official price regulation could easily manage to evade the legislation. P. Rodriguez de Campomanes, Respuesta fiscal sobre abolir la tasa…., p. 59 in Concepción de Castro, El Pan de Madrid, p. 84. Hence, official price was practically with no use until 1699 and prices above official rates were considered legal in the markets and even recorded by the public officials. G. Anes and J. P. Le Flem, “Las crisis del siglo XVII: Producción agrícola. Precios e ingresos en tierras de Segovia”, Moneda y Crédito, VI, 1965, núm. 93, p. 13.
Table 2: Grain Policy Adjustments in Castile

<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
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<tbody>
<tr>
<td>1582</td>
<td>upward readjustment of tasa for grain and transportation of grain</td>
</tr>
<tr>
<td></td>
<td>further specification of bureaucratic regulation</td>
</tr>
<tr>
<td>1600</td>
<td>upward readjustment of tasa for grain</td>
</tr>
<tr>
<td>1619-1625</td>
<td>exemption of farmers from tasa (revoked due to high prices)</td>
</tr>
<tr>
<td>1632-1699</td>
<td>exemption of farmers from tasa</td>
</tr>
<tr>
<td>1699</td>
<td>official price was reestablished, ruling out any sort of exemption and</td>
</tr>
<tr>
<td></td>
<td>privilege regarding the scope of tasa</td>
</tr>
</tbody>
</table>

Source: Concepcion de Castro, *el pan de Madrid*.

As we see, prior to the eighteenth century, price policy in grain went through two parallel phases in both Castilian and Ottoman cases, which reflected the common effects both felt from economic conjuncture. During the first phase (from approximately the mid-sixteenth century until the mid-seventeenth century), there was pressure on agricultural production due to the parallel trends of demographic and bureaucratic expansion. The inflexibility of supply, reflecting a stagnant agricultural technology in the face of an increase in demand, drove prices up. In other words, an increase in agricultural production could not keep up with an increase in population.⁸

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⁷ Garcia Sanz, p. 30.
⁸ Crop shortages became a recurrent phenomenon in Castile from 1530’s and in the Ottoman lands from the 1570’s onwards. Faruk Tabak, *The Ottoman countryside in the Age of the Autumn of the Mediterranean, 1560-1870*, Ph. D. thesis, State University of New York at Binghamton, 2000, p. 89. Contrasting indices for the extent of arable land and the size of population in three localities at Anatolia, Cook shows that population growth outstripped extension of cultivation during the period 1450-1575. See Cook, 1972, pp. 9-10. See Güçer’s *Hububat Meselesi* as well in which he argues that after about 1585, there was a “marked decline in the incidence of grain shortages”.
Urban expansion\(^9\) and “population pressure” required coordinating the economic space in a way that the natural tendency of prices to increase would be kept in check. Hence, during this period Ottoman and Castillian administrations started to intervene in the grain trade in a more regular and more formalized manner. The aim was to organize geographical space into a more or less self-sufficient unit through barriers and opportunities both imposing and enabling cooperation within that unit. In both cases, the boundaries of a geographical sphere that was supposed to provide sustenance to the capital city were drawn by restricting on the outflow of grain from the hinterland and by enabling the easy flow of grain within that area. It was within the context of this redistributive network that price policy became a prominent tool. Before moving to the question of how this policy worked in practice, let us examine the general characteristics of the formation of grain provisioning networks in both cases.

4. Provisioning Networks in the Making

In the Ottoman case, it was forbidden to take staples and strategic raw materials such as grain out of the Empire under normal conditions. Permission to export such commodities from Istanbul’ hinterland was granted only occasionally, through particular licenses granted to merchants for one-time use only. Nevertheless, grain and wheat were exported in significant quantities from Ottoman territories outside this core provisioning region around Istanbul\(^{10}\). On the other hand, we barely find any evidence for the import of foreign grain into the Ottoman territories, even when there were frequent local grain famines between mid-sixteenth century and mid-seventeenth century\(^{11}\). Castile, also, had

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\(^9\) Both capital cities developed during the second half of the sixteenth century not only due to demographic cycles but also due to the parallel formation of bureaucratic expansion. Istanbul’s population in the mid-fifteenth century is estimated to have been between 30,000 and 50,000. In the sixteenth century on the other hand, estimated guesses suggest that it was at least a few hundreds of thousands. Suraiya Faroqhi, “Supplying Seventeenth- and Eighteenth-Century Istanbul with Fresh Produce,” p. 8 and see the article “Istanbul” in the Encyclopedia of Islam, 2nd ed., by Halil Inalcik. In the mid-eighteenth century, it was a metropolitan with more than 400,000 residents. Ozveren, p. 232. When Madrid became the capital of the Habsburg Empire in 1561, its population was around 20,000. In 1630 it was 150,000, in 1740 it was 150,000 and in the final decade of the eighteenth century it was 200,000. Jose Ubaldo Berdardos Sanz, “Libertad e Intervencion...” in Nourrir..., p. 367-8. The expansion was not only due to increased birth rate but also internal migration that was induced by the administrative opportunities created in both cities.

\(^{10}\) At least prior to the second half of the sixteenth century, regular exports of grain from areas outside the Black Sea region (such as Salonica, Crete, Cyprus, Anatolia, Egypt) were recorded. Bruce McGowan, 1977, p. 32.

\(^{11}\) Bruce McGowan, 1977, p. 32 from Güçer, 1964, p. 28.
little recourse to grain imports. In this sense, it was very different from other regions of the Iberian Peninsula. The peripheries of the Iberian Peninsula (the Northern and the Mediterranean regions) had to resort to importation very frequently since the interior regions of the Peninsula were not able to provide these regions with sufficient and affordable grain due to high costs of transportation and maybe more importantly due to the low and irregular production of a marketable surplus\(^\text{12}\).

In both cases, the internal grain market was organized ideally into a network of more or less self-sufficient subunits separated by official barriers - through a system of licenses and customs\(^\text{13}\). However, practical feasibility of these barriers and specific tools used to regulate domestic grain trade were shaped by exigencies of transportation as well as particular geopolitical conditions. The geographical and geopolitical differences between Castile and the Ottoman core conditioned transportation costs and transaction costs, thus affecting the nature and scope of regulation.

It was noted that the costs of imposing barriers between regions of the Iberian Peninsula should have been relatively low due to topographic and historical reasons: The lack of navigable rivers and coastlines in the central plateau of the Peninsula (Meseta) made grain transportation costly while the presence of historical divisions between administrative units allowed the establishment of an internal custom network relatively


\(^{13}\) Concepción de Castro, *El Pan de Madrid*, p. 54. In the Iberian Peninsula, administrative areas within the Peninsula were separated from each other by internal customs (peajes, portazgos, or barcajes). The transfer of grain from producing zones was authorized through extraction licenses (licencias de saca). Interregional exchange within Castile was free while export of grain to other regions was strictly forbidden. Through certificates required to transfer commodities from one region to another (guías and tornaguías), the Crown sought to ensure the payment of customs and to prevent undesired imports and exports. In both Ottoman and Castilian realms, interior circulation of grain was shaped In Castile, internal barriers on grain trade survived until 1757, the year in which restrictions of grain trade were abolished. In the Ottoman Empire, the restrictions on internal grain trade were preserved until 1839.
easily\textsuperscript{14}. On the other hand, urban centers in the Ottoman core provinces (Istanbul, Edirne, İzmir) were surrounded by seas that enabled cheap transportation.

Yet, a favorable geography is a two-edged sword. On the one hand, it could make control over trade more difficult for the authorities. This was the case along the Mediterranean coasts of Anatolia, where navigation on the open sea provided all sorts of opportunities for smuggling and created many problems for the administration. On the other hand, the abundance of waterways and seacoasts, the cheapest way of grain transportation in the pre-industrial era\textsuperscript{15}, would also enable the administration’s access to a vast region for the procurement of required grain and provide more flexibility in times of regional scarcity as long as smuggling and black marketing could be prevented. Taking both implications of geography into consideration, one can assume that in terms of the location of their capitals, Ottoman administration was far more fortunate than its Castilian counterpart.

\textsuperscript{14} Concepción de Castro, \textit{El Pan de Madrid}, p. 54.

\textsuperscript{15} The significance of access to waterways and sea can be better understood if one considers how expensive overland transportation was during the period in question. Transportation of grain for a distance around 200-300 miles was more than enough to double the price of grain. In 1557, 1 Diyarbakir kilesi wheat was sold for 6 akça in Diyarbakır (2 Diyarbakır kilesi = 1 Istanbul kilesi). The official transportation fee for 13 days-distance from Diyarbakır to Van (the distance between Diyarbakır and Van, on modern transportation system, is 224 miles/360 kilometers) was 60 akça for four kiles. In terms of Istanbul kilesi, then, transportation fee was 15 akça for a kile of wheat that costs 12 akça. XVI-XVII. Asırlarda Osmanlı İmparatorluğu’nda Hububat Meselesi ve Hububattan Alınan Vergiler, Güçer, 1964, p. 29. In short, transportation cost made up % 55 of the final price. Likewise, price of grain imported from Alicante (located at a distance of 432 kilometers from Madrid) doubled when it arrived at Madrid’s vicinity. The cost of transportation was around 16,5-18 reales for each fanega and during the eighteenth century, el Pósito paid around 10-20 marevedis for lengua and fanega. Concepción de Castro, \textit{El Pan de Madrid}, p. 57 from \textit{Memorial Ajustado de Orden del Consejo…sobre…los Abastos de Madrid…}, Madrid, 1768, tomo I, la Respuesta de Campomanes como Fiscal del Consejo, de 21-IX-1767. Water transportation was much cheaper than land transportation. In 1585, official freight charge (navlun) for transportation for a Istanbul kile of wheat from Black Sea coasts of Rumelia to Trabzon was 6 akça. In 1594, transportation fee for a Istanbul kile wheat from Alexandria to Istanbul (takes 15 days) was 3 akça for official transportation (resmi navlun) and 10 akça for the private merchants (serbest tarife). Güçer, 1964, p. 33. In early seventeenth century, official price for a kile of wheat was 55 akça while shipping cost per kile varied between 8 to 14 akça which means that overseas transportation amounted between 15% and 25% of the intrinsic value of the goods shipped. Murphey, p. 226 from Mubahat Kütükoğlu, \textit{Osmanlılarla Narh Müessesesi ve 1640 Tarhîlî Narh Defterî}, Istanbul, 1983, p. 92. In other words, the transportation of grain from places as far as Egypt to the Empire’s center did not cost more than transportation between two cities in the Iberian Peninsula. However, one should keep in mind that sea transportation was only suitable for certain months. The period that was suitable for navigation (derya mevsemi) was known as the period from late March (nevruz) to November, Güçer, 1964, p. 34.
Istanbul had an “exceptionally advantageous seaborne access to a vast region,” but more importantly to a region which was geographically more accessible from the Ottoman core than from foreign lands. Navigable rivers on the Danubian Plain connected Ottoman urban centers (primarily Istanbul) to grain producing areas of the Balkans through the Black Sea while mountains in the northeastern part of the Peninsula (Carpathian Mountains and Transylvanian Alps) restricted the access of these plains from the west. Since the late fifteenth century, the Ottomans had an exclusive control over the Black Sea trade. The Black Sea shores and the lower Danube were closed to the impact of foreign demand through effective controls on the straits. On the other hand, Madrid was in the middle of the Iberian Peninsula, located more than 300 kilometers far away from the closest coast. Even though transportation may not have been as expensive as we assume, the access of the outer zones of the Peninsula to the seacoasts made the control over these regions almost impossible from the center. Hence, Madrid supplied its grain on a large scale from its own Castilian hinterland.

Due to the geographical differences of their grain-supplying hinterland and their implications for transaction costs (i.e. transportation and policing costs), central administrations pursued policies that were different in terms of the level of coercion and the degree of participation of private agents. Ottoman central administration preferred to procure most of the grain needed for the capital from the European coasts of the Black Sea. The Bulgarian shore, the Dobrudja, and the ports at the mouth of the Danube were the main sources of grain supply for Istanbul. Wallachia and Moldavia were also primary supply zones. In these regions, primarily state-authorized private merchants (kapan merchants) were buying the grain for the official price (miri) or for the current price (rayic). The zones that were relatively more open to foreign demand, such as

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16 Ozveren, 225.
17 See Mark Mazower, The Balkans. However, transportation through waterways in the Balkans in general was poor. “Before the Second World War, the lower Danube iced over for four to five months of the year.”
18 Ottomans drove the Italians from the Black Sea in the late fifteenth century and until the late eighteenth century Ottoman monopoly over the region remained. McGowan, 1977, pp. 14-5.
19 Hiltpold argues that the transportation was not as high as some scholars assumed based on the fact that the grain would be transported to faraway regions to benefit from free price.
Western Anatolia, were considered only as secondary option\textsuperscript{21}, in which, grain was procured generally by state assigned officials and carried by state-owned ships.

Madrid’s grain was acquired through a network of commissioned agents assigned by Madrid’s municipal granary administration (el pósito madrileño) operating through Castilian villages. In the second half of the sixteenth century and throughout the first half of the seventeenth century, a system based on private merchants (pan de registro) expanded in Castile. In the beginning of the seventeenth century, the area of pan de registro enlarged, covering an area with a radius larger than 100 kilometers and 500 villages\textsuperscript{22}. This system was replaced (or became relatively less important) as municipal organization and positos became more prominent in the provisioning network.\textsuperscript{23} In Castile, the prohibition of exports from the region in order to ensure the provision of grain to the capital was not really a necessity due to the scarcity of marketable surplus in the region.\textsuperscript{24} Yet, until the latter period when demand pressure was low and the central organization (Junta del Posito) intervened only in times of severe scarcity,\textsuperscript{25} competition over limited resources by nearby Castilian towns made a strict control on behalf of central administration indispensable.

In both cases, economic space was segmented with the aim of creating a more or less self-sufficient unit through barriers and licenses. However, the Ottoman administration was more fortunate as geography enabled access to a vast hinterland in addition to relatively easy control over this area. Castile, on the other hand, was confined

\textsuperscript{21} Central Anatolia, Western Anatolia, Marmara Region and Anatolian Coasts of Black Sea were listed as the secondary zones in Emeceen, p. 199 and R. Mantran, Istanbul I, p. 182. Egypt was an emergency source, rarely sending grain to Istanbul, most of the time sparing its surplus for the unproductive southern lands of the Empire. During 1520-1560, storage facilities in Egypt were located in three different zones of the city; each was loaded with grain to be directed towards a different destination (Mecca and Medina, internal distribution and northbound export. Murphey, p. 232.

\textsuperscript{22} Jose Ubaldo Berdardos Sanz, “Libertad e Intervencion...” in Nourrir..., p. 370.

\textsuperscript{23} The reason Ringrose suggests for this shift is the practical inability to implement pan de obligacion anymore since authorities started to set the prices in the villages even under the level in the capital and eventually “the towns of the region continually resisted this expansion of control, and by the 1630's deterioration of the regional economy had led to the exemption of many communities, and the system was becoming ineffective”AVM, Secretaria, sig. 1-455-2; AHN, Alcaldes, libros for 1630, fols. 12, 64, 49, 151, 340,422; 1631, fol. 196; 1632, fols. 134,398; 1635, fols. 35, 95 in Ringrose, Madrid and the Spanish Economy, p. 145.

\textsuperscript{24} Concepción de Castro, El Pan de Madrid, p. 51.

\textsuperscript{25} Jose Ubaldo Berdardos Sanz, “Libertad e Intervencion...” in Nourrir..., p. 373.
to a narrow area. Consequently, Madrid’s provisioning network was tighter and smaller in size in comparison to the loose and widespread network of Istanbul.

In short, in both the Castilian and Ottoman realms, the redistribution of grain was achieved through a segmentation of economic space through several institutions that both enabled and imposed the acquirement and storage of grain, and its transportation on designated routes. All of these policies had to be accomplished by agents that were appointed or authorized by the government. The fiscal capacity of the pre-modern state was limited and the central government had to depend on the local political and economic power groups throughout all stages of the grain exchange. However, the way it depended on these intermediaries was conditioned by the dynamics between local and central authorities, which was determined both by economic conjuncture and by provisioning institutions themselves. In the next part, we will present our observations on this subject (role of intermediaries within economic conjuncture) in relation to the practice of price policy.

5. Intermediaries: Uses and Abuses

During the second half of the sixteenth century and the first part of the seventeenth century, increasing price pressures compelled public authorities to use more coercive measures, including price controls, to keep prices in check and to prevent outflow of grain (which was especially important for the Ottoman administration since Ottoman grain prices were relatively lower than grain prices in the Western Mediterranean). During this period, controls embraced within provisioning networks were tightened. New regulations were introduced aiming to prevent smuggling and hoarding. Yet, this period

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26 Grain owners were required to sell their grain to the ship owners with the official permit (tezkere). Suraiya Faroqhi, “İstanbul’un İaşesi ve Tekirdağ-Rodocuk Limanı, (16.-17. yüzyıllar)” in METU Studies in Development, 1979-1980, pp. 139-154, see p. 146. In Castile, during the second half of the sixteenth century, the controls on grain trade were defined more rigorously and testimonies were required from all those engaged in the grain trade. Testimonies were not only a way to make sure that the grain price would be adjusted rightly according to the transportation costs (as they should be declared in the testimonies), but also a document that would inform public officials about those with fiscal privileges –such as transporters of la Real Cabanía, los pósitos- and those that are exempted from the alcabala tax –such as those that transport the grain for their own use. Concepción de Castro, El Pan de Madrid, p. 56. These controls were aiming at restraining speculation but also ensuring that the tax on sales (alcabala) would be collected.
actually witnessed an increase in smuggling and hoarding, that is documented by the high number of complaints and decrees ordering measures trying to curb these illegal activities. I suggest two endogenous and one exogenous factors for this discrepancy common to both Ottoman and Castilian cases:

i) The authorities were not willing to allow price increases and this intensified the incentive for circumventing price controls.

ii) More (public and private) intermediary agents were encouraged and allowed to participate in the network and the abuse of official prices increased with the number of intermediary agents engaged in the network.

iii) There were more powerful groups (due to reasons exogenous to provisioning policy) able and willing to circumvent controls in pursuit of their self-interest (a situation which applies more to the second half of the seventeenth century)

The upward tendency of grain prices during the sixteenth century created new opportunities for profit\textsuperscript{27}. Whatever the source of grain shortage (an artificial shortage created by hoarding or speculation or a natural shortage created by a bad harvest or both), the authorities were not willing to allow official prices to increase. The most prominent political treatises produced by Ottoman bureaucrats in the sixteenth century designated price regulation as one of the key policies which required utmost attention and which, if adopted well, would make a government be considered successful\textsuperscript{28}. When the public authorities justified price regulation on the basis of speculation –a human cause of scarcity- in the sixteenth century, they did not take into consideration the fact it was the natural factors (dynamics of agricultural production and population) that created incentives for speculation\textsuperscript{29}. The legal-moral traditions condemned zealously certain

\textsuperscript{27} Consider the current situation of oil market and how speculation drives prices upward: Expectation of higher prices is a strong incentive for holding inventories, however at the bottom it is that the production increases are not really significant and the demand for oil has been increasing and it is this market-supply gap that drove the market along.


\textsuperscript{29} A rise in grain price, even when it was clear that the scarcity was originated in the natural disasters, was generally considered as the outcome of greedy acts of certain groups. A price that would not allow the poor
profit-driven acts such as speculation. However, merchants and holders of agricultural surplus (both private and public) were more inclined to smuggle and hoard grain since the gap between the market prices and official prices was increasing.

Furthermore, the official price set by the decrees promulgated by the Crown could not be observed by the local governments on many occasions. At certain times, even the public agents of the municipality had to make purchases above the official price. Also, grain owners often managed to sell the grain for a price above that which was set by the government. Although official prices were seemingly observed, in reality a higher price was demanded in many cases. As long as the producers could conceal the size of harvests and circumvent the inspections of the city they were supposed to sell their grain for, they could find purchasers willing to buy grain at higher prices. Ecclesiastical corporations, other towns, petty nobility, even the members of the city council were ready to take advantage of the situation.

Over the course of the seventeenth century official prices fell behind market prices. Between 1558 and 1650, the average prices of grain (as they are calculated by and needy have his bread could not be considered legitimate whether it was due to natural or human causes. For instance, in 1539, official price was introduced just after the year a drought in the main producing zones of Old Castile caused a severe scarcity. Yet in the official sources the shortage was attributed to the hoarding and several controls on grain transactions (los registros, las requisas and las penas pecuniarias) were introduced. Concepción de Castro, El Pan de Madrid, p. 75. The decrees held responsible private agents who did not want to sell the grain for the official price for the scarcity. It was known “por experiencia...que las personas que tienen el pan (en grano), poniéndose tasa lo esconden y no lo quieren vender, de que resulta haber falta y estrechez”, quoted in Concepción de Castro, El Pan de Madrid, p. 77-8.

30 For instance in 1599 at Cordoba and in Medina de Rioseco in 1540 J. I. Fortea, Córdoba en el siglo XVI..., op. cit. p. 215 and E. Hernández Esteve, Una operación municipal de compra de cereales, op. cit. In 1506, city of Córdoba suspended the official price without waiting for the approval of the Crown. B. Yun Casalilla, Crisis de subsistencias..., 1980, pp. 76-77. See also Concepción de Castro, El Pan de Madrid, p. 76. Likewise, in 1507, scarcity enforced the council of Seville to import grain for prices higher than the official price. The grains imported to Seville from Flanders, Brittany, Africa, Sicily or Genoa (?) cost between 200 and 300 maravedís for fanega according to the quality of the grain, which was much higher than the official price. Concepción de Castro, El Pan de Madrid, p. 76.

31 “El cronista Matías Escudero de Cobenya, de Almonacid de Zorita, comenta cómo, aun respetada en apariencia la tasa, se exigía luego un sobreprecio arbitrario por medir el grano, por ejemplo” in Concepción de Castro, p. 77 from E. Hernández Esteve, Una operación municipal de compra de cereales...


33 Concepción de Castro, El Pan de Madrid, p. 78.
Hamilton on the basis of the account books of hospitals and convents) in the productive region of Castile never rose above official price during the corresponding years\textsuperscript{34}. As Castro remarks, especially in the zone of Old Castile-Leon, the official price effectively functioned as a tool for price restraint\textsuperscript{35}. However, in New Castile, the official prices (as calculated by Hamilton) rose above the market prices for the majority of the years\textsuperscript{36}. The implementation of the policy was uneven and inconsistent. The duality in price regulation (some places following the law and some not due to formal exemption and informal inequalities in the towns’ capacity to disobey the orders of the center) provided profit-making opportunities for some while causing scarcity and debt for the municipal treasury in places where price controls were followed\textsuperscript{37}.

As the prices tended to increase, central authorities had to tolerate the incorporation of more agents into the grain commodity network. Regarding alimentary commodities, intermediate business was generally viewed unfavorably. In Castile, initially the law restricted intermediary activities to small transporters with a low capacity to speculate was slim\textsuperscript{38}. The first decree that established official price permanently in 1558 excluded the tenants (arrendadores) from grain trade. However, after 1571, tenants were allowed to sell grain as long as they abided by the official price.\textsuperscript{39} In other words, as Castro observes, after 1571 official price regulation became the unique regulatory tool against speculation. In the Ottoman context, merchants, who were already held responsible for the scarcity due to their so-called “greedy acts,”\textsuperscript{40} used their official

\begin{footnotes}
\footnote{34 Concepción de Castro, \textit{El Pan de Madrid}, p. 78.}
\footnote{35 Concepción de Castro, \textit{El Pan de Madrid}, p. 78.}
\footnote{36 Concepción de Castro, \textit{El Pan de Madrid}, p. 78. Market price was above official price, for 21 years (out of 43) during 1558-1600, for 32 years (out of 50) during 1601-1650, and for 28 years (out of 50) during 1651-1700.}
\footnote{37 Municipalities who followed the price controls had to buy high and sell low. Hiltpold’s article depicts the affects of uneven implementation of price policy in Burgos, Paul Hiltpold, “The Price, Production, and Transportation of Grain in Early Modern Castile,” \textit{Agricultural History}, Vol. 63, No. 1., 1989, pp. 73-91.}
\footnote{38 Concepción de Castro, \textit{El Pan de Madrid}, p. 80 from Ley XIX, tit XI, lib. V, de Rec. This decree -promulgated in 1530- accounted for high grain prices by these intermediary activities and restricted this business to recueros and trajineros. This restriction was repeated in decree of 1539 and 1540.}
\footnote{40 Some merchants bought the produce in advance (selem) in order to benefit from the opportunity to sell these products for higher prices. “Selem mahsûl daha tarlada iken, hasattan sonra kendisine satılmasi şartıyla peşin para ile ödelyene satılmasi keyfiyetidir”. Kütükoğlu, 2000, p. 38 from M. Zeki Pakalın, \textit{Osmani Tarih Deyimleri ve Terimleri Sözlüğü}, III, İstanbul 1954, 160-161. These are considered as maddabaz and seen as one of the sources of scarcity in Istanbul. Some merchants were lending money to}
\end{footnotes}
privileges to further their interests at the expense of both consumers and producers. They intended to capture the peasants’ grain on the basis of the permits granted by the central authority.\textsuperscript{41}

Provincial officials who were granted privileges by the central government precisely to acquire agricultural surpluses engaged in activities that disrupted the very grain network that the central government aimed to consolidate. The Ottoman government promulgated various decrees addressing provincial administrative and judicial authorities (\textit{sancâkbeği}, \textit{kadi}, \textit{zu‘ama}, \textit{erbâb-ı timar}, \textit{yeniçeri}) as proprietors of grain and urging them not to violate regulations.\textsuperscript{42} Similarly, there were many complaints about the abuses of the Castilian functionaries that were in charge of the system\textsuperscript{43}: Most of the time, these functionaries were accused of requiring more grain than necessary, failing to make payment on the official price, and imposing additional costs on the municipalities. With all their privileges (such as right for requisition, \textit{derecho de tanteo}, exemption from tolls, etc.), they were able to exceed legal limits in order to further their interests\textsuperscript{44}. In short, the abuses increased as did the number of intermediary agents engaged in the grain network.

In addition to abuses of the groups who had privileged position within the grain network due to grain policies themselves, there were other actors who were not directly taking part in the network yet could cause disruption. For instance, trustees of \textit{waqfs} and \textit{çiflik} owners held a privileged position since they could circumvent public controls by

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\textsuperscript{41} Emecen, p. 204. Anadolu Beylerbeyi was the highest local official that deemed responsible to prevent this kind of abuses in the sixteenth century.

\textsuperscript{42} Cook, 1972, p. 5. Cook refers to various documents pertaining to the period 1590-1610 which show frequent illegal acts that public authorities engaged with in the grain trade such as smuggling (unauthorized exports to foreign lands or sale of grain reserved for Istanbul to other places within the Empire) and hoarding

\textsuperscript{43} J. A. A. Thompson, \textit{Guerra y decadencia}. pp. 255-265. See also Concepción de Castro, \textit{El Pan de Madrid}, p. 67.

\textsuperscript{44} All this paragraph is from, Concepción de Castro, \textit{El Pan de Madrid}, p. 67.
\end{footnotesize}
claiming that the grain they kept in storage was produced by them\textsuperscript{45}. Also Ottoman military-administrative cadres who were in charge of taxation (in-kind taxation concerning production and procurement of the grain) were in a position to use storage facilities for their own interest: For instance, when the central government demanded grain from local administrators (\textit{has eminleri}), these administrators claimed not to have any deposited grain since that they gathered the tax (\textit{miriye raci olan öşr-i gallât}) in cash\textsuperscript{46}. The economic and social power of certain groups (especially large landholders – who generally received the rents in kind and frequently renewed their renting\textsuperscript{47} and collectors of ecclesiastical taxes –primarily \textit{diezmos}) enabled them to speculate and accumulate the surplus produce, evading regulatory measures and sanctions\textsuperscript{48}. Furthermore, other wealthy groups, such as important merchant groups, leased the right to collect these rents and taxes (\textit{los dezmeros} and \textit{los arrendadores}); it was eventually they who marketed the surplus\textsuperscript{49}. Even though those who were able to speculate comprised a minority, in the sixteenth and seventeenth centuries, increasing prices provided them with an opportunity to further their interests and become a major component of local power dynamics\textsuperscript{50}. Only to a limited extent, could the public authorities manage to ensure that these powerful groups adhered to provisioning policies\textsuperscript{51}. The powerful groups that held grain\textsuperscript{52} -secular and ecclesiastical rentiers- used


\textsuperscript{46} Emecen, pp. 203-204. The documents show that the central government officials did not believe in these claims and tried to prevent such abuses.

\textsuperscript{47} Concepción de Castro, El Pan de Madrid, p. 79. For contracts of rent, See M. Artola, Antiguo Régimen y…, pp. 63 y ss. BUL

\textsuperscript{48} Concepción de Castro, El Pan de Madrid, p. 79. There were numerous complaints sent to the Castillian Cortes regarding the abuses of those groups. See G. Anes, “Comercio de productos y distribución de rentas”, La economía agraria en la historia de España, Madrid, 1979, p. 283.

\textsuperscript{49} Concepción de Castro, El Pan de Madrid, p. 80.

\textsuperscript{50} These groups were referred as “villanos ricos” or “poderosos de los pueblos”. See Noel Salomón, La vida rural castellana, pp. 280 and ss., M. Artola, Antiguo Régimen y…, Concepción de Castro, El Pan de Madrid, p. 80.

\textsuperscript{51} A detailed study on a particular case can be found in F. Pérez Castro, “El abasto de pan en la Corte madrileña en 1630”, Revista de Biblioteca, Archivo y Museo, 1946, pp. 117-147. See also Concepción de Castro, El Pan de Madrid, p. 93. In this case, the official charged with procuring the grain for the Madrid’s warehouse manages to compel local ecclesiastical authorities, although with many difficulties, to contribute to the capital’s needs with grain from their private warehouses.
their privileges and resources to evade the obligatory requisitions and most of the time it was modest subjects that had to bear the burden of these policies.

In the Ottoman case, those who personally held the right to collect tithes and taxes, made significant profit from grain, especially with the progressive commercialization of agriculture and increased foreign demand for Ottoman grain starting with the second half of the sixteenth century. Also, there is ample evidence suggesting that especially with the development of the tax farming system and transformation of in-kind levies and taxes into cash exactions, abuses by intermediary agents became grave: “tax farmers, provincial officials and local leaders commonly abused the peasantry by forcing the sale of grain at extortionate prices and demanding that their retinues be provisioned at the expense of the reaya”.

Large landowners in the Balkans did not differ from their counterparts in Castile or in Andalusia: They “were particularly adept at using their economic privileges to leverage control over provincial grain markets and to restrict access to the markets for both peasants and town dwellers. Often they enjoyed the right of first purchase on harvests and were able to set both the purchase and selling prices as they wished”.

In the second half of the seventeenth century, conditions of supply and demand rendered imposition of official prices unnecessary. In the Ottoman case, not surprisingly, the only incidents of arguments against official price policy we could find, on the other

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hand, comes from the second half of the seventeenth century. When prices were low, like in most of the seventeenth century, price controls were released. According to García Sanz, both in 1619 and in 1632, market prices were already falling and producers could not take advantage of the regulation. The rest of the agents (proprietarios rentistas, arrendadores de rentas, dezmeros, trajineros) were still obliged to observe the official price in their transactions. With this law, the authorities intended to encourage production and direct sale in public markets. Yet, even during this period (the second half of the seventeenth century) public institutions equipped with purchasing privileges (i.e. positos) had to offer prices above the official price. When fiscal pressures became severe –like in the second half of the sixteenth century in Castile-, the government increased the cost of production by creating new burdens for peasants (sale of baldíos and imposition of new taxes) and it could not provide the peasants with market incentives, such as higher prices.

In Castile in 1699, official maximum price was elevated significantly degree and all privileges and exemptions that used to limit the scope of official price regulation – which had actually rendered it useless- were ruled out. According to this decree, price regulation could not have been implemented until then because of the abuses by local officials who, in the pursuit of their own interests, overlooked the illegal acts of the rich and the powerful. From 1699 until 1765, market actors adopted the old ways to evade

58 In 1662, a year of scarcity, el pósito de Madrid ordered to its agents to make purchases for whatever price they find. In another year of shortage, 1675, prices recorded in Vallecas to inform el pósito de Madrid was between 37 and 42 reales (per fanega). Following year -1676- the prices registered in Castilla la Vieja and Salamanca of the grain to be sent to Madrid were all higher than official price of 18 reales. A. V.a M., Secret, Libros de Acuerdos de la Junta del Pósito, 1643’1678 in Concepción de Castro, El Pan de Madrid, p. 85. In 1677, a year of severe scarcity in which prices rose to very high levels, orden de registro ordered local officials to register and make requisitions of grain not for the official price but for the market price (“a los precios que comunmente corrieren”) in A.H.N., Cons., lib. 1474, núm. 11.  
59 This decree stated that “la falta de observancia de las antecedentes principalmente se ha ocasionado en la omisión y descuido de nuestras justicias, quienes por diversos respetos y particulares intereses humanos toleran a los poderosos y ricos la venta libre, y la ocultación de sus granos.” Ley X, tit. XIX, lib. VII, Nov. Rec., also Auto V, tit. XXV, lib. V, de Rec. in Concepción de Castro, El Pan de Madrid, p. 85.
official price and *los positos*, and were again able to make their purchases for the official price.\textsuperscript{60}

We see that in both cases, price controls were effective only in certain places and only for certain groups. The privileged position of certain groups enabled them to avoid from these controls. Smuggling and hoarding were intrinsic to the workings of provisioning policy. Furthermore, most of the time, the presence of price controls worsened the situation. However, the relaxation of price controls did not improve the situation.

In both cases, the central administration inevitably relied on intermediary agents to aid the regulation of grain trade. Through legal privileges and sometimes through enforcement, administration ensured their cooperation, yet in both cases those privileges were abused by both public and private agents. Like private agents who used their socio-economic power to further their interests at the expense of the provisioning system, public agents also used their socio-political power and took advantage of their privileged position to benefit from the system. Institutional factors (I am referring here to the land-related institutional framework) and administrative exigencies provided certain groups with power that enabled them to abuse the system. Price controls, when they were applied in an uneven manner, worsened the corruption by intermediary agents.

**6. Conclusion: From Practice back to Theory**

Prior to eighteenth century, price regulation –in theory- was accompanied by administered trade –in theory- in both the Ottoman and Castilian cases. During the sixteenth and seventeenth centuries, in both cases, grain trade was regulated through restrictions on internal trade and price regulation. The decisions regarding the allocation of resources were made centrally. The system of regulation was aiming at redistributing the grain supply through time and space.

\textsuperscript{60} As Castro puts it, “*La tasa intensifica, en definitiva, los efectos de la intervención de los pósitos en la distribución del grano*”. Concepción de Castro, *El Pan de Madrid*, p. 86.
Ideally, in both the Ottoman and Castilian cases the benefits and costs of official prices were distributed through sectors and regions in order to allow the generation of a moderate income ensuring sustenance of all and to allow consumption of the basic necessity at a moderate price. Intervention (distribution of the burden and benefit) consisted of a combination of tools and measures that aim to incorporate private actors in the provisioning processes involving both *coercion* and *consent*. Incentives were used to make certain activities appealing for private actors, ensuring their consent through providing opportunities for their self-interest.

However, as we have seen, this ideal provisioning system did not function perfectly. First, authorities were much more liberal –and sometimes deliberately so- in practice than they tended to be in their ideological pronouncements. Second, market forces would find ways to circumvent official regulations and engage in highly profitable illegal activities. Smuggling and the black market were constant and serious problems for local and central authorities. Furthermore, those who were in charge of grain provisioning acted against the internal logic of the system by abusing the means at their disposal (monopolistic advantages such as purchase rights and access to state storages) to further their private gains.

Practically, the viability of official price policy depended on the gap between official price and market price. A high gap would create more incentives for speculation and hoarding. However, there were also other factors that shaped the viability of official price policy. The costs of imposing price controls (including opportunity costs) were determined by the institutional framework (administrative structure, alternative forms of provisioning, cultural traits) and geography.

Understanding the relationship between the central government and local administrations is central to unraveling the problems of the provisioning system. The limited capacity of the central authorities to oversee productive zones and the uneven distribution of social and economic power caused an inconsistent application of the
policy which allowed certain agents to further their interests\textsuperscript{61}. The inconsistency of price regulation restricted access of certain regions to grain surpluses, exacerbating the scarcity initiated by natural causes and causing prices to increase further. In other words, price controls were useless and even harmful in some areas. Official prices were adjusted to market prices in the medium and long terms\textsuperscript{62}, yet the short-term gap between market prices and official prices favored only certain groups.

In spite of this gap between the \textit{ideal} and the \textit{actual}, official price policy remained an important norm of economic policy that defined what constituted good government and continued to serve as a legitimizing discourse. Why did this policy norm preserve its ideological dominance despite the gap between \textit{actual} and \textit{ideal}? We might argue that the policy norm did not lose its ideological function when it lost its material function, or the gap between ideal and actual policy widened. Instead, it lost its ideological function when that gap became a sphere of contestation among conflicting societal groups reflecting a new balance (or imbalance) of power and/or when knowledge about alternative forms of distribution became available. We will leave it to another work to substantiate this view by comparing economic conjuncture, balance of power and available knowledge of the eighteenth century with the previous period.

\textsuperscript{61} As Castro maintained, “given the social structure of the urban society and the deficiencies of the central government, the arbitrariness of the municipal government would always be an insoluble problem” Concepción de Castro, \textit{El Pan de Madrid}, p. 74.