Scholarship on Ottoman economic history is based on an implicit dichotomy between Ottoman and Western institutions: In the Ottoman Empire, before the reforms of the late nineteenth century, economic transactions were usually personal, private property rights were weak or absent, and organizational forms were primitive. In Western Europe, on the other hand, the early modern era witnessed the emergence of impersonal exchange and secure property rights along with innovations in organizational forms that enabled the onset of the Industrial Revolution. No single historian mentions this dichotomy explicitly, but bits and pieces of it protrude through the surface of nearly every work on the Ottoman economic history. While this conventional view rarely deals explicitly with European experience, it exercises considerable influence over comparative literature on economic development.¹

This article argues that this dichotomy obscures the complex and changing nature of the property rights structure in the Ottoman Empire. The argument is based on evidence gathered from the late eighteenth- and early nineteenth-century Istanbul court records and reveals how usufruct rights over factors of production in urban commercial and industrial activity defined through guild membership turned into liquid assets during this period. The emergence of transferable usufruct rights not only meant an expansion of the private property rights vis-à-vis rights owned and controlled by the guilds or the state, but also allowed businesses to raise joint-stock capital fund by selling shares. Although the emergence of the joint-stock features in the Ottoman context had very different roots than their emergence in the Western context, it indicates similar problems and opportunities for businesses.

In the first part, the paper outlines the emergence of gediks as a result of transition from a traditional property rights regime that restricted transferability of usufruct rights on capital goods and commercial real estate through entry barriers to a property rights regime that enabled transfer of usufruct rights via the emergence of individually-held deeds of usufruct during the second half of the eighteenth century. Prior to the emergence of these deeds, known as gediks, the rights to work and workplace in crafts and retail trades in major Ottoman urban centers were acquired through membership of guilds. Considerations of public finance during the second half of the eighteenth century, along with distributional conflicts

among proprietors and guild members, brought about legal changes accommodating and facilitating the transfer of these rights. An unintended consequence of transferable usufruct rights associated with gedik ownership was the advent of secondary markets in these assets.

The second part of the paper examines these secondary markets and presents empirical evidence showing that usufruct rights associated with gediks were gradually converted into liquid assets that could be used for credit and speculative purposes in various sectors. To explain the existence of a market in which gediks were regularly traded, the study explores what made their value determinable by using a theoretical framework based on a dual taxonomy separating two ideal gedik types. Within this framework, the paper shows that high gedik prices must have reflected either perpetual leases that lock in rents lower than current market rates or monopoly rents normally associated with guilds. While it is difficult to determine with certainty which of these two factors weighed more heavily in explaining high price of gediks, the ease with which gediks were transferred in certain sectors indicate erosion of barriers in access to privileges—whether locational or sectorial—associated with guild membership.

Classifying guilds according to the nature of the industry and reorganizing archival material accordingly, the study demonstrates that erosion of barriers depended on the sector-specific regulations concerning gedik transactions. In service/retail sector, the frequent practice of share partitioning caused by high prices enabled investment without being a member of the guild, eliminating barriers to entry. This finding stands in contrast with the presumed ‘rigidization of guild system’ associated with the rise of gedik in the secondary literature. In the production sector, however, the limits on the transferability of gediks helped sustain barriers to entry, keeping prices relatively low and allowing whole gediks to remain intact. The study also shows that despite legal uncertainties surrounding the rights associated with gedik ownership during this transition period, people kept investing in them. In other words, fear of expropriation did not significantly deter investment in these assets.

The third and final part discusses how businesses with gediks were similar to unincorporated joint-stock companies and had some features that are normally attributed to corporations. It is argued that the presence of legal rules that enabled asset partitioning, which were also central to development of the corporate form in the West, rendered gediks as attractive venues for investment and allowed impersonal transfer of shares. Guilds, however, continued to play an important role in setting the legal rules for entity shielding that was crucial for emergence of transferable shares. While assetization of usufruct rights associated with guild membership can be considered a financial innovation in the Ottoman legal context;
the persisting barriers to entry, especially in productive sectors, warrants caution in unequivocally attributing a positive role to gediks in terms of their contribution to the long-run growth.

**From guild membership to asset ownership**

In the pre-industrial world, guilds and guild-like institutions played a central role in regulating access to factors of production in urban centers. Under the supervision of central or municipal authorities, albeit with varying degrees of autonomy, guilds aimed at furthering the common interests of their members. While the extent to which the members of these organizations could regulate the occupation varied greatly across time and place, an element of regulation was central to the definition of early modern guilds. Did these regulations serve to further only private interests of the guild members or to ensure some socially beneficial outcomes? Were guilds rent-seeking institutions with adverse implications for efficiency, did they play any welfare-enhancing role? These are the issues on which no academic consensus has formed yet.  

---

2 Jan Lucassen, Tine de Moor, and Jan Luiten Van Zanden, “The Return of the Guilds: Towards a Global History of the Guilds in Pre-industrial Times,” *International Review of Social History* 53 (2008), Supplement, pp. 5–18. “The Return of the Guilds” Conference and the resulting publications aim to assess the role guilds and guild-like institutions played in the pre-industrial economy from a comparative perspective and constitute an excellent source to take stock of recent advances in the field. While the literature has, in general, differentiated the European and non-European guilds, the recent focus on the role of guilds as institutions of “corporate collective action” has brought forward more generalizable aspects of the guilds. Explaining European guilds’ capacity to act as corporate institutions able to take collective action, de Moor underlines that guilds, like commons, “differentiate insiders from outsiders, to set boundaries to the group and to the use of its resources by means of a set of rules that could be expanded or reduced according to the needs of the moment.” When referring to the guilds, this paper also assumes the ability to differentiate insiders from outsiders and collective regulation of access to resources. See Tine de Moor, “The Silent Revolution: A New Perspective on the Emergence of Commons, Guilds, and Other Forms of Corporate Collective Action in Western Europe,” *International Review of Social History* 53 (2008), Supplement, pp. 179-212. See p. 195.

3 For instance, most craft guilds in early modern Europe were not able to set prices; while in the Ottoman Empire, at least in the sectors dealing with the necessities, price setting was a common practice. The ability of the guilds to control input distribution also varied according to sector, time and place. In the northern European context, Larry Epstein argued that there were powerful competitive pressures in manufacturing guilds. See Epstein “Craft Guilds, Apprenticeship, and Technological Change in Pre-industrial Europe,” *The Journal of Economic History* 53 (1998).

Whether guilds were interpreted as socially efficient institutions or rent-seeking organizations, their functioning was based on rules and regulations that set barriers to entry\(^5\) and hence restricted excludability and transferability of the property rights. While the literature has delved into the question of what guilds’ entry barriers implied for intellectual property rights and innovation,\(^6\) there have been few attempts to explore how they shaped allocation of usufruct rights over workplace and tangible capital goods.\(^7\)

Barriers to entry were central to the functioning of the guild system: in order to open a shop or operate an itinerant business in any sector, one needed to become a member of the relevant guild. Membership was restricted through various means, such as the requirement of formal apprenticeship, the imposition of an entry fee, the existence of a *numerus fixus* (a fixed membership size).\(^8\) In this sense, guild membership functioned like a modern-day license needed for practice in some professions today, such as admission to the bar, acquisition of a taxi medallion, or a pharmacist’s degree, which aim to ensure not only quality standards but also stable earnings in these professions. There is, however, a significant difference between certain modern forms of licensing and guild membership. By its very nature, collective regulation implied by guild prerogatives ruled out any individual rights over transferability of the privileges associated with membership. Guild membership, unlike a taxi medallion, was not conceived as a property to be bought, sold, or transferred. It was this limitation on

\(^5\) In this paper, the term ‘barriers to entry’ refers to the presence of formal entry requirements that create ‘entry costs’ and prevent free access to a sector. Entry barriers alone, however, need not imply monopoly rents. As Harold Demsetz has argued, barriers “block the free flow of resources in some directions,” but might serve consumer interests through creating positive externalities at the same time. See Demsetz, “Barriers to Entry,” *American Economic Review* 72 (1982), 47-57, see pp. 48-9. See previous footnote the debates on efficiency and social benefits of the European guilds.


\(^7\) In a recent study, scholars explore implications of barriers to entry for gender discrimination in retail business. See Danielle Van Den Heuvel, “Guilds, Gender Policies and Economic Opportunities for Women in Early Modern Dutch Towns,” in *Gender and Urban Development: Gender in European Towns, 1640-1830*, (eds.) Deborah Simonton and Anne Montenach, Routledge (2013), pp. 116-133, see especially pp. 122-129.

\(^8\) The way membership was restricted (the process of admission into the guild) has significant implications for the guild’s ability to capture monopoly rents. If paying one’s taxes or paying a standard fee were the only condition for membership, guild regulations would be less likely to create deadweight loss. If guild administration discriminated potential entrants according to their personal qualifications (such as family ties, ethno-religious affiliation, birth of place, gender), barriers might imply an inefficient allocation of resources. The personal ties, however, can also serve as a cost-effective means of obtaining information and securing trust that is socially valuable. While today most barriers to entry are impersonal (barriers are set by objective criteria such as passing an exam or paying a certain fee or ‘first come, first serve’ rule), in European guilds, the evidence is mixed. Studies on the Ottoman guilds indicate that the barriers discriminated potential entrants as much according to their personal qualifications as to impersonal criteria. In acceptance into a guild, family ties, ethno-religious affiliation, birth of place, and gender played a role as important as the payment of an entrance fee or the requirement to be a resident of the town. When legal barriers distinguish potential entrants with respect to their personal characteristics and ties, transferability is limited at the outset.
individual right over transferability that served to differentiate insiders from outsiders and enabled collective action, at the same time.

The implications of barriers to entry for property rights in the guild context, which I have outlined above in very broad terms, hold also true for guilds in the Ottoman Empire. In the Ottoman case, recent literature has showed that economic activity was mostly organized around guilds in major urban centers. While recent studies indicate entering or leaving a guild was not as difficult as once assumed, guilds’ efforts to prevent entry are documented to have surged in times of stringency. During the seventeenth and eighteenth centuries, in the Ottoman urban centers, various guilds were able to solicit edicts limiting the number of legitimate shops or practitioners in a certain craft or trade. Whether these legal restrictions enabled guild members to capture monopoly rents or served merely as social insurance against ‘creative destruction,’ they restricted outsiders’ access to factors of production and inevitably implied entry costs for potential entrants.

---

9 Ottoman guilds emerged in the beginning of the 1500s, in the largest cities first, and gradually acquired a more formal organization in the course of the sixteenth century. According to the recent scholarship, the Ottoman guilds were less constraining than had been previously assumed. In the eighteenth century, however, they came under pressure to form “more tightly structured organizations.” Nevertheless, there was considerable variation as to the extent of autonomy and openness of guilds. For an overview of the literature on Ottoman guilds’ transformation between the 16th and 19th centuries, see Suraiya Faroqhi, Artisans of Empire: Crafts and Craftsmen Under the Ottomans, IB Tauris, 2009, pp. 103-127 and idem, “Ottoman Craftsmen: Problematic and Sources with Special Emphasis on the Eighteenth Century”, in Faroqhi and Deguilhem, Crafts and Craftsmen of the Middle East, pp. 84–118.

10 During certain periods, the number of shops increased in spite of decrees setting the number of shops. Inalçik, for instance, documented that the number of brocade workshops in Istanbul increased in a short period of time from 100 to 318 during the sixteenth century. See Halil Inalçik, The Ottoman Empire: The Classical Age, (trans.) Norman Itzkowitz, Colin Imber, London: Weidenfeld and Nicolson (1973), p. 158. See also Gerber, Haim. Economy and Society in an Ottoman City: Bursa, 1600-1700. Vol. 3. Hebrew University, 1988. Mübahat Kütükoğlu maintained that the guilds began to play a more active role in the decision process for determining the number of shops during the seventeenth century. See Kütkükoğlu, “Osmanlı Esnafında Otomobil Kontrol Müessesesi,” 1986, p. 60.

11 Yi, Guild Dynamics, 146-7. Onur Yıldırım, “Ottoman Guilds in the Early Modern Era,” International Review of Social History 53 (2008), Supplement, pp. 73-93, see p. 83. Both Yi and Yıldırım point to numerous petitions of various guilds to the state, aiming to restrict the entry of the outsiders into their realm of business. For the legal code restring entry in the Ottoman legal context, see inhisar, see Encyclopaedia of Islam, 2nd edition. Evidence on the rules requiring guild membership to open a new shop comes primarily from major cities such as Istanbul, Cairo, and Aleppo. Research on various Balkan cities in the Empire, however, demonstrates presence of large groups of non-guilded craftsmen and tradesmen. See Nicolai Todorov, The Balkan City, University of Washington Press, 1983. Ensuring that the highly populated cities such as Istanbul and Cairo, with their incontestable potential for social and political upheaval, had access to affordable and abundant supply of basic necessities was a vital priority for the political authorities. Accordingly we have more evidence on the regulatory efforts of the guilds and the administration in these cities, which cannot stand for the generality of Ottoman provincial cities. See Faroqhi, Artisans of Empire, pp. 74-79. Studying Istanbul, as a distinctive case with its high level of urbanization and dynamism, however, might help us observe some trends in urban economic life in their most marked form. A preliminary survey of primary and secondary sources indicate that the phenomenon of gedik was also emerging in other cities, such as Selanik, İzmir, Bursa, Edirne, and Cairo. See C. ML. 102/4530, C. ML. 605/24972, C. BLD. 39/1921.

12 Entry costs were also linked to guilds’ role in setting up collective agreements that ensure access to credit. In Ottoman cities, the sustenance of urban business depended on the long-term credit relations between suppliers—long-distance traders—and local shopkeepers. In the absence of the formal credit institutions, guilds functioned
In the Ottoman case, guild membership also provided access to a workplace through collective arrangements with proprietors that ensured rent advantages. This aspect of guild membership is the second issue relating to the property rights structure and how they would be transformed during the late eighteenth century. Therefore, I will first describe implications of guild membership for access to real estate markets and then proceed to discuss what emergence of **gedik** implies for these property rights.

Most urban businesses in the Ottoman cities operated in shops rented from charitable foundations (**waqfs**). In line with the Islamic jurisprudence, commercial rent-yielding property could be endowed in the form of **waqf**. Although **waqf** property had to be unalienable, long-term or permanent tenancy was legitimized by contemporary jurists on several grounds: In the short-term tenancy, the tenant would not have an incentive to preserve the conditions of the premises and therefore the value of the estate would go down due to natural wear and tear. More importantly, frequent fires and sometimes earthquakes would destroy the buildings and deprive the **waqf** of its revenues. In case the **waqf** had to take care of maintenance and repairs, it would have to incur large expenses on an irregular basis. This concern for ensuring stable revenues for the **waqf** led some Muslim jurists to argue that the Islamic law permits the long-term tenancy of the **waqf** property. In order to acquire this right to long-term tenancy, tenants had to make an advance lump-sum payment to the trustee, which was supposed to be sufficient to restore the building; in addition to the monthly or annual rents they agreed to pay. This arrangement, known as double rent (**icareteyn**) was not far from controversial among legal scholars as it created a loophole for the alienation of **waqf** property. Yet, although some important figures of the Ottoman jurisprudence disputed **icareteyn** as a valid form of rental contract; it was adopted by the majority and seems to have become a common practice by the seventeenth century. Through legal modifications over

---

13 “A **waqf** is an endowment that “gives an individual or a group of individuals the opportunity to finance a given beneficiary or a set of beneficiaries with a specific amount of proceeds accruing from revenues generated by properties owned by the endowment founder which he or she designates as **waqf** assets.” See Randi Deguilhem, “The **Waqf** in the city,” in Salma K. Jayyusi, Renata Holod, Atilio Petruccioi and Andre Raymond (eds.), *The City in the Islamic World*, Brill, pp. 923-950.  
15 Akgündüz, *Vakıf Müessesesi*, pp. 356-8, 362-3. For instance, Ebu Suud (d. 1574), the chief juriconsult of the sixteenth century who allowed contentious cash **waqfs**, was against flexible use of **icareteyn** contracts, whereas another prominent Ottoman jurist, Kinalizade Ali Efendi (d. 1572), maintained that as long as the arrangement benefited the **waqf**, it should be allowed. See also Klaus Kreiser, “**Icareteyn**: Zur "Doppelten Miete" im Osmanischen Stiftungswesen,” *Journal of Turkish Studies*, 10 (1986), 219-26
time, the right of long-term lease embedded in the notion of double-rent paved the way for use and control of the rented property with greater flexibility. While not all businesses operated on waqf property, guild membership allowed access to waqf property on favorable terms of lease.

In the first half of the eighteenth century, a new term referring to the tenants’ permanent usufruct rights over workplace emerged out of the culmination of these legal developments. In Ottoman Turkish, the term ‘gedik’ whose dictionary meaning is ‘gap, slot, or opening’ referred to positions secured in Ottoman bureaucracy. It was only in the eighteenth century, however, the term came to be used with reference to urban businesses. Scholars of Islamic legal history have traced the origins of the term to several concepts referring to the usufruct rights granted by virtue of residence or virtue of improvements to the premises. Icareteyn contracts and gedik ownership, in this sense, were similar: while icareteyn contracts granted stable and favorable tenancy rights in return for tenant’s commitment to make repairs needed to preserve the value of the estate, gedik referred to permanent usufruct rights granted in return for the tenant’s placement of equipment required for a particular craft or trade into the work premise. However, unlike icareteyn contracts, gediks were not restricted to waqf property and referred to rights not only to the workplace, but also to the equipment placed in that workplace, which were acquired by virtue of one’s providing a valuable service to the community through his or her legitimate business.

Gediks allowed urban craftsmen and tradesmen, whether doing business on private property or waqf property, to have permanent rights to tenancy. In the long-run, gediks would cause a decrease in the real value of revenues accrued to the waqf. Why would such an arrangement detrimental to the waqf’s interests be allowed? Engin Akarlı, who first wrote on gediks in relation to property rights, showed that gediks emerged as a by-product of urban craftsmen and tradesmen’s attempts to preserve their real incomes against the background of increasing economic difficulties throughout the eighteenth century. Financial stringencies of

16 Bahaeddin Yediyıldız, XVIII. Yüzyılda Türkiye’dede Vakıf Müessesesi: Bir Sosyal Tarih İncelemesi, (Ankara: Türk Tarih Kurumu, 2003); Robert J. Barnes, An Introduction to the Religious Foundations in the Ottoman Empire (Leiden: E. J. Brill, 1986). For instance, the chief juriconsult, Zekeriyazade Yahya Efendi (d. 1643) specified that as proprietor’s heirs, daughters also had right to inherit the usufruct right associated with icareteyn. See Akgündüz, Vakıf Müessesesi, p. 363.
17 In Vakıf Müessesesi, Akgündüz discusses in detail the meanings of the terms sükna, girdar, and huliv. For a brief definition of gedik and its origins, Ahmet Akgündüz, “Gedik”, in Türkiye Diyanet Vakfı İslâm Ansiklopedisi, ed. Bekir Topaloğlu et alii (İstanbul: Türkiye Diyanet Vakfı, 1996), (13) 541-43.
the eighteenth century had led the Ottoman administration search for ways to share the revenues of pious endowments, which owned most urban commercial buildings during this period. As a response to these pressures, administrators of the foundations attempted to increase their revenues by increasing the rents. Shopkeepers resisted these attempts by referring to public good considerations—as rent increases would create payment difficulties and disrupt supply of their services.

In certain sectors, the government ended up recognizing shopkeepers’ rights to permanent tenancy by allowing them to register their shops as gediks. An Imperial decree explicitly stated that the gediks were assigned to protect shopkeepers involved in the production and retail of necessities (i.e. bakeries, butchers, groceries) against rent increases and eviction to ensure the stability of business. While there might have been a genuine concern for public interest in designating such privileges for staple sectors, collective rent-seeking struggle of the craftsmen and tradesmen organized into guilds seems also to have played a role in the spread of gediks. Towards the end of the eighteenth century, gedik registrations in businesses dealing with non-essentials appeared in court records indicating that members of the guilds in these sectors also managed to claim permanent rights of tenancy—a development that the central administration tried to prevent, to no avail. With respect to tenancy-related rights, gedik can be thought of as a version of icareteyn contract, securing rent advantages to tenants not only on waqf property, but also on private property. But, linking the usufruct rights over workplace to the ownership of capital goods and the legal ability to work, gediks created a possessory title that had been hitherto nonexistent.

It is important to understand the implications of the differences between icareteyn contracts and gediks to appreciate the latter’s originality. The first difference is a matter of degree as to the extent of excludability and transferability of usufruct rights over workplace. First, in icareteyn contracts, waqf was still able to interrupt the permanency of the contract and evict the premises under certain conditions. Second, usufruct rights acquired through an
icareteyn contract were transferrable to third parties only with the full consent of the trustee of the waqf. In gedik transactions, on the other hand, there was no reference to the permission of the trustee or the proprietor. In short, gedik owners had more flexibility in the control and use of the usufruct rights due to the permanency of the usufruct rights associated with gedik ownership.

What does the increased flexibility in the transfer of usufruct rights over economic resources imply? The first implication is the ability to use the value that was created by these usufruct rights as a tradable asset, in other words assetization of usufruct rights. This assetization was not a straightforward consequence of legal recognition of gedik as individually held possessory titles. The transferability feature was initially driven by debt problems faced by urban businesses in the second half of the eighteenth century. Political and military difficulties of the Empire had disrupted the traditional supply networks of Istanbul, raising the price of inputs and thereby creating payment difficulties for certain groups of urban shopkeepers who depended primarily on these networks. The earliest gedik transactions were indeed resale of gediks expropriated by the guilds, aiming to pay the debts of their members to various actors, including the suppliers. In other words, gediks’ turning into saleable assets resulted from attempts of the guilds to sustain trade in spite of the buildup of excessive debt during the second half of the eighteenth century. While emergence of new credit instruments are in general associated with phases of commercial expansion, in this case, they seem to have been brought about by the disruption of trade that created adverse conditions for exchange.


22 1605 (1014) Galata 27: 44a/4 in Kuran (2010: 143-44) For instance, in 1605, a certain Mustafa who held usufruct rights of half an oil shop, rented from Karaçelebi endowment through an icareteyn contract, sold his share to Receb.


24 Among more than 900 cases from court registers of the late eighteenth and early nineteenth century, however, there was not a single case in which the trustee or the property holder attempts to evict premises in which gedik was placed.


26 A decree had authorized usurpation and sale of the gediks of meat-dealers who were not able to pay their debts as early as 1757. See C. BLD. 61/3008 (12 L 1170 [30 6 1757]). In 1780s and 1790s, most gedik transactions registered in the court were also expropriations due to default of debt.
Secondary Markets in Gediks

Gediks, rooted in the guild members’ struggle to resist rent increases driven by fiscal pressures, spread as the debt problems necessitated their use as mortgageable assets. But, once they emerged as tradable assets, their purchase and sale could potentially turn into a regular business motivated by profit opportunities. Emergence of a secondary market as such depended on conditions both on the demand and the supply side. On the demand side, the value of gediks had to be considered determinable and the potential investors had to have an incentive to purchase gediks besides aiming to practice a certain trade or craft. On the supply side, there should have been no legal restrictions upon guild members selling gedik or gedik shares to those, within or outside the guild, who would like to purchase them. Once shopkeepers were allowed to sell gediks in shares, they could use them either to finance their debts or to raise capital for future investment.

In explaining emergence of the secondary markets, the first task, then, is to explain what made gediks highly valued assets from the perspective of potential investors. Since the term referred to a multitude of rights (the right to permanent tenancy, the right to tangible capital goods, the right to practice a trade or craft) it is not possible, based on textual analysis alone, to determine which usufruct rights rendered gedik valuable. In the court documents, gediks were generically referred as “certain capital goods.” The prices in most sectors, however, were too high to reflect only the value of the tangible factors of production placed in the shops.27 Furthermore, there were gediks assigned to desolate shops, for which the standard phrase “certain capital goods” was still in use. In such cases, gedik seems to have implied the right to operate a business at a certain location. Sometimes, however, gedik referred to the capital goods essential for a particular branch of production, such as a standard textile loom, with no mention of location. In this case, the term seems to have referred to the privileges associated with mastership in that particular sector. In most cases, however, in gedik documents, the location of the shop or stall is specified along with the sector.

In this part, in order to clarify the ambiguities in the notion and explain what made gediks valuable as assets, I differentiate two ideal types of gedik. In the first type, I assume a case where gedik ownership merely refers to the permanent tenancy rights that can be freely transferred. In such a case, gedik price would be equal to the capitalized value of paying below-market rents. For a simple theoretical explanation, see Box 1:

---

27 Average price of a gedik pertaining to equipment in a grocery store was 3,705 guruş in 1816-18 registers. This equals 128 British pounds. The exchange rate of the British pound in 1818 was 29 guruşes. See Şevket Pamuk, *A Monetary History of the Ottoman Empire*, Cambridge: Cambridge University Press, p. 191.
The above discussion puts forward one explanation as to why gedik prices were high. Given high prices, craftsmen and tradesmen entering the business for the first time would not be able to afford a gedik on their own, which would explain the demand for gedik shares. On the other hand, existing gedik owners could sell gedik shares to raise capital for further investment or to pay their debts. In a secondary market, outside investors would also be interested in the purchase and sale of gediks merely for profit-making purposes.

In the second ideal type, gediks are viewed simply as occupational licenses limited in number, implying barriers to entry in a certain sector. There are two reasons why gediks should be analyzed also as occupational licenses restricting entry: First, there was a type of gedik, known as ‘moveable gediks’, assigned to itinerant retailers or service providers, such as urban water carriers and roaming bagel sellers. As these occupations were not practiced under a roof, demand for such gediks could have had nothing to do with rental advantages pertaining to real estate. Rather, these gediks were acquired to have access to a specific market and thereby to above-market profits or at least to a protective cushion against competition. Second, since gediks almost always were specified according to sectors,

---

**Box 1: Gediks as transferable permanent tenancy rights**

Suppose the waqf rents a stall for a rent W. Upon gedik assignment, anyone occupying this stall pays the waqf W on a regular basis for as long as he or she wants to keep the tenancy. Now suppose the market rent on the stall is V. Then the waqf is forgoing W-V each year. The capitalized value of the gedik is (V-W)/r, where r is the discount rate.

In other words, G = (V-W)/r

If we assume that the gedik-owner tenant can freely sell the gedik to someone else and everyone knows that waqf rent (W) will never change, then any increase in the market rent of stall (V) will have a large effect on gedik price (G). This means if V rises, owner of the gedik will be able profit from selling his or her gedik. If he or she decides to keep the gedik, G will be its opportunity cost. As long as the number of premises available for ‘permanent-tenancy’ is expected to remain fixed or to increase at a rate lower than the demand for premises (to be used) rise, there would be some demand for these assets due to speculative motives.

i.e., Suppose r = .05. Then the capitalization multiplies V-W by 20. This implies that any change in V has a large effect on G.

Suppose W=1 and V = 5*W; that is, since the waqf first fixed the rent, the market rent has increased 5-fold. Then G = 4/r; if r=.05, then G=80. This implies that G is worth 80 times the original rent. This shows how this mechanism can quickly make the value of the gedik huge in comparison to what a tradesman might be able to pay on his or her own.

---

28 One of the earliest references to gedik as an occupational license is an official document which authorizes transfer of a deceased water carrier’s gedik to his brother ‘according to the traditional way of doing things’ (vezhi merasih üzre kadımden olgıldıği üzre). See 83 No ‘1u Mühimme Defteri (Registry of Important Affairs), no. 168, 1040-1041 [1630-31]. Other sectors in which gediks assignments were noted in seventeenth century were porters, night guards, brokers, shoe-tip makers, glass makers. See Eunjeong Yi, _Guild Dynamics in Seventeenth-Century Istanbul: Fluidity and Leverage_, (Leiden and Boston: E. J. Brill, 2004), p. 157.
depending on the capacity of the guild to restrict quantity in that particular sector, *gedik* owners might have profited from monopolistic rents. Hence, even in cases where *gediks* specifically referred to a location that had rent advantages, there might have been some ‘monopoly’ rents created by the guilds’ regulatory attempts at the same time.

During the second half of the eighteenth century, in various sectors, existing *gedik* owners applied to the court, on the basis of imperial decrees they had already obtained, to officially register their *gediks* as ‘the only valid ones’ for that particular craft or trade. This means most *gediks*, in late eighteenth and early nineteenth century, probably contained both types of rent, but in differing degrees depending on how successful the guilds were in actually preventing outsiders infiltrating guilds or rise of an informal sector. Now, for convenience, we leave aside tenancy-rights and focus on *gediks* only as occupational licenses. Suppose one can acquire *gedik* by becoming member of the guild, which only requires payment of a certain fee. In such a case, *gedik* price would be equal to the capitalized value of the monopoly rents created by the guild. For a simple theoretical explanation, see Box 2:

**Box 2: Gediks as occupational licenses and source of monopolistic rents**

Suppose the guild is able to control creation of new *gediks*, which means a market rent (*V*) is created by the barriers to entry. In essence, *V* is a function of the profits to be made occupying a certain stall. Those profits are in part a function of the guild and its power. A powerful guild might imply monopsonistic and monopolistic privilege, which would affect the value of the *gedik*.

F is the membership fee. As long as membership costs do not change, the capitalized value of *gedik* is \((V-F)/r\), where *r* is the discount rate.

In other words, \(G = (V-F)/r\)

\(V = V(P)\), where *P* is the price the guild charges for its goods (there is a demand curve \(D=D(P)\), \(P\) is an optimal price that follows the demand curve). I assume that *P* is set by the guild as a profit-maximizing monopolist.

Then for a guild member, \(V(P)\) is by construction higher than for someone who operates in a competitive market. Thus the guild makes \(G\) worth more than \(G\), if there were no sectorial monopolistic privileges.

The price of *gedik* (\(G\)) goes up only when \(P\) goes up (i.e., when the demand curve shift rights). In other words, *gedik* owner can make a “profit” on *gedik*, if he buys it when \(P=P_0\) and sells when \(P=P_1\), where \(P_1 > P_0\).

The above discussion offers another explanation as to why *gedik* prices would be high and *gediks* would be divided into shares. If someone buys a *gedik* or a *gedik* share, then he or she acquires the right to share the monopoly profits created by the guild. Because \(V(P)\) is a function of the guild’s ability to collect rents from the market, the profits would depend on the
guild’s ability to preserve its monopolistic privileges. If a sector were growing, with no
damage to guild’s ability to restrict entry, gedik owners would expect to profit from resale. In
such a case, potential entrants into the business, such as qualifying apprentices, would have
difficulty paying for gediks.

Above I described two hypothetical cases in order to specify different factors that
might account for high gedik prices. These inferences are based on one crucial assumption:
Gediks were freely transferable. As long as gediks were transferable, the rents created by
artificially subdued rents or guild’s monopoly power would lead to high prices that reflect
present value of these rents. In this case, there would be a tendency for share partitioning,
speculative activity and diversification (i.e., one’s ownership of shares dispersed across
multiple sectors). Furthermore, if gediks were transferable, the initial gedik owners would not
hold a differential cost advantage in competing against potential entrants because of
opportunity costs incurred in the foregone sale of gediks.29 As a result, we would expect to
observe a wider range of gedik owners—individuals that are not members of the guilds—
which would lead to the erosion of barriers to entry in terms access to privileges associated
with guild membership.

Under the light of the above theoretical discussion, what does the data tell us about
actual gedik markets? Were gediks easily transferable? Or, were gedik transactions restricted
to in-guild dealings? Were there any informal barriers to entry? By answering these questions,
we aim to explore the limits on participation in gedik markets, assess the degree of
transferability and determine whether the regulatory situation implied barriers to entry or not.
In order to do this, we use three sets of court registers:30

1) The register from 1790-93, which contain 65 cases of gedik transactions (IM 60).
2) The registers from 1802, which contain 299 gedik transactions (IM 79).
3) The registers from 1816-1818, which contain 400 cases of gedik transactions (IM 120,
   IM 121, IM 122).

The data have one limitation: a comparison of gedik prices across sectors is problematic
because neither the size of the shops, nor the quantity and quality of the tangible equipment
placed in them are clearly explained in the documents and little is known about the general

29 Harold Demsetz dismisses a notion of barriers to entry based on differential costs, giving the example of
case, differential costs matter since with differential costs, there should be some sort of rationing for the usufruct
rights in concern. The absence of differential costs makes an impersonal, market-based allocation possible.
30 In the Ottoman Archives, there is no data series available for gedik transactions. I surveyed court and waqf
registers to gather data and construct a representative data set that includes various sectors. Most records are
huiçet (deed) records in which transactions are registered. There are also some court disputes concerning gediks
in these registers.
profitability of the business in each sector. All of these (profitability, size, value of the tangible equipment) are expected to have influenced expected payoffs and to have correlated with gedik prices. Yet, a comparison of prices within sectors, across shops practicing in the same type of business, can provide us with clues as to the transferability of gediks. It is even possible, in some cases, to trace a single gedik over time. The information about the shares and the shareholders, also gives us valuable information about the degree of share partitioning and access to the gedik markets.

Before we proceed with detailed analysis of gedik transactions, we compare the general characteristics of these three sets of data. The increase in the number of gedik transactions over time partly reflects the spread of gedikization from essential sectors to others, partly reflects new regulations concerning registration process that developed in response to this spread. In early court registers, the transactions were overwhelmingly from essential sectors and concerned debt-settlement issues. Later registers contain a wider range of sectors, where motives other than debt-settlement appear more frequently. For a long while, the rules concerning access to gedik markets and the transferability of gediks were vaguely defined since political authorities were unwilling to recognize the validity of claims to gedik ownership, especially in sectors that do not concern production or retail of essentials. Nevertheless, the courts seem to have recognized gedik transactions, probably on convictions of legitimacy that developed over time rather than through political authorization. As higher authorities caught up with the de facto and local de jure developments, they tried to expand their control over gedik markets, which consolidated legitimization and increased documentation of these transactions. Also the haphazard process of registration led to complaints by suppliers who expected to collect debts that are owed to them through resale of gediks at auctions.

In the first register, 25 out of 65 transactions concerned gedik or gedik shares of bakery-mill complexes. The fact that most bakeries struggled with financial difficulties during this period might explain why there were so many gedik transactions in this sector. In fact, 20 per cent of these sales were specifically made for debt settlement. The second set contains a

31 A descriptive statistical analysis of the prices grouped according to sectors and regions did not produce any meaningful comparative results.
32 In 1802, upon complaints by the suppliers (traders of oil, candles, rice, molasses etc.) about spread of grocery gedik, an imperial decree ordered registration of gedik transactions at the central court of Istanbul, at the presence of the head of the marketplace. C. BLD. 6124 (27 L 1216): “Asitane-i Aliyyede ve gerek Bilad-i Selase’de gedik nakli ve mücerreden dükkân kışadı ve bırbilerine gedik bey ve şişası ve istığıl tarikiye beyi ve nakil ve bey ve istığıl olunacak gediklerde ahar kimesnenin hissesi ve hukuk-i eytam olduğuda isim ve söhretleri tasrîh olunarak bazaarbaşi ve bölükbaşi marifetleriyle ancak İstanbul kadıları huzurlarında hüccet ve ilam alınmak”
higher number of transactions that spread a wide a range of sectors. It includes gediks pertaining to 42 different types of business. Only a few of these transactions (4 out of 299 transactions) concern sales of gediks at auctions due to default of debt.\footnote{2 of 4 debt settlements concerned bakeries.}

### Table 1: IM 79 (1802)

<table>
<thead>
<tr>
<th>Type</th>
<th># of registrations</th>
<th>valid # of transactions</th>
<th>volume of transactions</th>
<th>value of whole gediks</th>
<th>in shares</th>
<th>as whole</th>
<th>minimum share</th>
<th>average price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery</td>
<td>177</td>
<td>174</td>
<td>167.225,00</td>
<td>485.358,20</td>
<td>165</td>
<td>9</td>
<td>0,42</td>
<td>2.789,48</td>
</tr>
<tr>
<td>Scone /Bagel</td>
<td>21</td>
<td>21</td>
<td>35.747,00</td>
<td>83.389,20</td>
<td>20</td>
<td>1</td>
<td>0,063</td>
<td>3.970,91</td>
</tr>
<tr>
<td>Caviar/Fish salt shop</td>
<td>13</td>
<td>12</td>
<td>11.328,00</td>
<td>81.514,29</td>
<td>12</td>
<td>0</td>
<td>0,021</td>
<td>6.792,86</td>
</tr>
<tr>
<td>Mill / Bakery</td>
<td>10</td>
<td>10</td>
<td>21.056,00</td>
<td>39.020,00</td>
<td>7</td>
<td>3</td>
<td>0,219</td>
<td>3.902,00</td>
</tr>
<tr>
<td>Soap Seller</td>
<td>10</td>
<td>10</td>
<td>32.060,00</td>
<td>34.903,33</td>
<td>4</td>
<td>6</td>
<td>0,5</td>
<td>3.490,33</td>
</tr>
<tr>
<td>Coffee House</td>
<td>7</td>
<td>6</td>
<td>11.030,00</td>
<td>14.860,00</td>
<td>3</td>
<td>3</td>
<td>0,5</td>
<td>2.476,66</td>
</tr>
<tr>
<td>OTHER Retail</td>
<td>61</td>
<td>57</td>
<td>92.883,00</td>
<td>122.773,00</td>
<td>19</td>
<td>38</td>
<td>0,25</td>
<td>2.153,91</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>299</strong></td>
<td><strong>290</strong></td>
<td><strong>371.329,00</strong></td>
<td><strong>861.818,02</strong></td>
<td><strong>230</strong></td>
<td><strong>60</strong></td>
<td><strong>0,021</strong></td>
<td></td>
</tr>
</tbody>
</table>

In this second set of registers, we observe that almost 80 per cent of all gediks (230 out of 290) sold and bought were in shares. Only 13 of these transactions were in-family transactions.\footnote{“Inter-family” means cases in which gedik was transferred within nuclear family (i.e. from father to son, from brother to sister etc.). It is possible that there might be broader, blood ties between buyers and sellers, which we are not able to observe because they are not specified in the documents.} Furthermore, only less than 7 per cent of gedik transactions (19 out of 290) concern settlement of inheritance. In short, 90 per cent of gedik transactions were not due to some within-family or family-related transfer. Also we note that in sectors in which gedik transactions were not common (grouped under ‘other retail’ category),\footnote{Sectors, in which there were less than 5 transactions, were grouped under ‘other’ category.} the share of transactions in shares in total number of transactions was lower. Only one third of the total transactions (19 out of 57) were share transactions. This finding is not surprising, since one would expect to see the number of transactions increase as the practice of share partitioning
allowed a larger set of buyers. While sectorial profitability seems to have played some role in the determination of prices,\textsuperscript{36} the variation within individual sectors do not permit us to make meaningful comparisons across sectors.

The third set of register contains the highest number of transactions (596 in total), including many transactions of \textit{gediks} concerning textile looms (157 out of 596), which were not existent in previous registers. In addition to 9 sectorial categories presented in the table below, there were \textit{gediks} concerning more than 50 different types of business. An examination of this set indicates that businesses can be categorized into two large groups according to the share partitioning: in retail sectors,\textsuperscript{37} most \textit{gediks} were partitioned into shares; whereas in productive sectors, \textit{gediks} were purchased and sold in whole.

\textsuperscript{36} A small number of caviar shops seem to have higher prices on average. 10 out of 12 caviar shops have a price higher than 5500 guruş, a value above average prices in all other sectors.

\textsuperscript{37} Retail sectors, in this paper, refer to businesses that supply goods and services to the end-user, in which processing and services involved require few specialized skills. \textit{Gediks} concerning mill-bakery facilities, grocery stores, tobacco stores, taverns, which appear most frequently in the court records, can be listed within this category.
In this register, we observe that more than 55 per cent of transactions in *gediks* concerning retail business (194 out of 350) were in shares; whereas almost all transactions in *gediks* pertaining to textile looms were transfer of whole *gediks*.\(^{38}\) Again, in sectors where there were more transactions, the share of transactions in shares was larger. When we take out the transactions in ‘other retail’ category, we find that 63 per cent of the transactions (148 out of

\(^{38}\) The reason why number of loom *gediks* transferred in whole (seventh column in Table 2) is the sales of multiple gediks in single transactions. Out of 182 gediks, only 1 was in share and it was due to an inheritance procedure.
234) were in shares. The share of partitioned *gediks* in total transactions is lower for the third register than the second (63 per cent vs. 80 percent). This is not due to a decline in the partitioning trend in the sectors where gediks emerged earlier (i.e., groceries and bakeries), but a result of the special characteristics of some of the new sectors included in the third registers. Especially in *gediks* pertaining to butcher shops and tobacco shops, we see that the ratio of partitioned *gedik* transactions is very low. One reason for this might be relatively high Janissary involvement and presence of some non-economic networks that prevent entry into these sectors. An examination of the dealers with respect to their titles actually indicate that the Janissaries were more involved in these sectors:39

<table>
<thead>
<tr>
<th>Type</th>
<th># of registrations</th>
<th>valid # of transactions</th>
<th># of janissary involved transactions</th>
<th># of janissary involved transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery</td>
<td>81</td>
<td>81</td>
<td>14</td>
<td>17.28</td>
</tr>
<tr>
<td>Mill/Bakery</td>
<td>37</td>
<td>31</td>
<td>7</td>
<td>18.92</td>
</tr>
<tr>
<td>Tobacco Shops</td>
<td>36</td>
<td>28</td>
<td>12</td>
<td>33.33</td>
</tr>
<tr>
<td>Bagel shops</td>
<td>28</td>
<td>27</td>
<td>8</td>
<td>28.57</td>
</tr>
<tr>
<td>Butcher</td>
<td>20</td>
<td>20</td>
<td>8</td>
<td>40.00</td>
</tr>
<tr>
<td>Oil cellar</td>
<td>20</td>
<td>16</td>
<td>2</td>
<td>10.00</td>
</tr>
<tr>
<td>Green Grocery</td>
<td>19</td>
<td>17</td>
<td>5</td>
<td>26.32</td>
</tr>
<tr>
<td>Barber</td>
<td>11</td>
<td>6</td>
<td>1</td>
<td>9.09</td>
</tr>
<tr>
<td>Lemon sellers</td>
<td>9</td>
<td>8</td>
<td>0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Table 3: Jannissary involved transactions in IM 120, 121, 122

In these two registers, we observe that share standardization due to *gedik* partitioning becomes a common procedure among urban shopkeepers. The standard number of shares contained in a single *gedik* is recorded as ‘120 shares’ for the grocery and bagel shop *gediks*. The total shares in mill/bakery *gediks* are recorded mostly in the number of horses or stones required in the operation of that mill/bakery (mostly 8 to 16 horses/shares). In sectors where share partitioning is not common (such a tobacco shops), there is no formalized number of shares specified.

39 The third column on this table was formed by counting the number of all registrations that include the Jannissary titles (beşe, ağa, çavuş etc.). It is interesting to note that lower ranks such as çavuş (sergeant) take part only in butcher and tobacco *gedik* transactions. For the involvement of the Janissaries in crafts and trades in early 19th century, see Mehmet Mert Sunar, “Cauldron of Dissent: A Study of Janissary Corps, 1807-1826,” Unpublished Ph.D. thesis, Binghamton University, 2006.
Examining last two sets of registers in detail, going beyond the descriptive statistics above, help us make some generalizations about the structure and evolution of gedik markets. In addition to the presence or absence of share partitioning, various characteristics of the observed transactions support the thesis that there was an active secondary market in gediks in retailing sectors; whereas barriers to entry have persisted in others.

In retail sectors, most shareowners were not guild members and did not occupy the shops. For instance, a money broker or a tobacco dealer could own gedik of a bakery or a grocery;\textsuperscript{40} various people with titles indicating legal-religious positions, instead of ‘guild affiliation’ owned gediks in shares or in whole;\textsuperscript{41} women who were not affiliated with the guild could own, sell, and pawn gedik shares in a wide variety of sectors.\textsuperscript{42} In other words, many gedik and gedik-share holders were not guild members; they were holding gediks as creditors or investors.

As gediks became assets, a split between gedik ownership and shop management seems to have emerged. The owners of the gediks did not necessarily occupy or manage the shops. For instance, a certain Mehmet Şerif Efendi (an estimable judge) was the tenant of an icareteyn contract of a grocery shop and also owned the gedik. He rented the gedik to a certain Yani for 16.5 guruş per month. In this case, others in grocery business stood as surety for Yani for any potential debts to the gedik owner for rent arrears or to the merchants for the merchandise bought on credit.\textsuperscript{43} Various women who held gedik pertaining to tobacco shops rented out the gediks to men who were interested in running the business.\textsuperscript{44}

Renting gediks or gedik shares enabled urban craftsmen and tradesmen to acquire access to workplace without having to pay large sums for gediks. If share partitioning was due to inheritance or debt collection, then renting shares could also serve as a solution to partnership problems. For instance, a certain Dimo, who owned 90 out of 120 shares of a grocery gedik rented the remaining 30 shares owned by his brother, Mihal. The court register stated that after this rental agreement, Mihal would not interfere with Dimo’s business. In this case, Dimo secures independence in running the business in return for regular payments (the rent of 100 guruş per year) to his brother.\textsuperscript{45}

\textsuperscript{40} IM 60, no. 70, 11 Ca 1206, İM 60, no. 13, 1205, İM 1-120/68a-1.  
\textsuperscript{41} IM 60, no. 1, 10 $ 1205; no. 8, 28 $ 1205; 29 $ 1205; no. 107, 2 $ 1206, no. 159, Ra 1207; no. 178, 19 C 1207; IM 1-122/23b-3  
\textsuperscript{42} IM 60, no. 31, 29 Z 1205; no. 34, 28 M 1206; no. 67, 9 Ca 1206; no. 107, 2 $ 1206; no. 117, 10 L 1206, no. 161, 5 Ra 1207; IM 1-121/65b-1; 1-121/25b-1; 2-351/8b-3; 1-120/7b-1.  
\textsuperscript{43} IM 60, no. 159, Ra 1207.  
\textsuperscript{44} IM 2-351/8b-3, 1-121/3b-1.  
\textsuperscript{45} IM 60, no 131, 6 Za 1206.
Information in most of these registers do not provide the exact number and identity of all shareholders since in most cases the share-holder transferring the gedik only reports that the transaction takes place with the permission of his or her partners (şeriklerin izniyle), without specifying their names. While share transactions are reported to have taken place “with the partners’ consent” (a generic phrase found in the court registers), the court did not require other shareholders’ physical presence in the court to validate the contract. Also, I have not seen any court disputes, in which a shareholder challenges a transaction on the grounds that it was realized without his or her consent. This flexibility in share transactions indicates that the secondary markets enabled partnerships that did not have to depend on personal familiarity.

The absence of formal (guild or waqf imposed) restrictions or informal restrictions in share transferability is also evidenced by the extensiveness of transactions among people who do not belong to the same family or community. With-in-family transactions (i.e. father to son, brother to brother, wife to stepson) made up only 8 out of total 79 grocery cases. We also see that 20 per cent of all transactions in retail gediks were intercommunal, i.e. between Muslims and non-Muslims). We do not have the information regarding other blood ties or neighbourhood ties that buyers and sellers might have had. But presence of intercommunal transactions in a society where neighbourhoods were segregated according to communities (through legal regulations as well), proves that gedik transactions did not take place only in closed circles.

While intercommunal transactions were not barred in retail sectors; in certain cases, we observe that there were informal (i.e., community-imposed) restrictions upon share transfers. Only 15 per cent of all grocery gedik transactions were transactions of whole gediks (12 out of 79, see Table 2). Out of these 12 unpartitioned gediks, 8 belong to the Jewish groceries located at the neighbourhood of Balat and Hasköy. In two transactions, a father transfers whole gedik to his son without any payment made. In the remaining 6, the average price of full gediks (calculated from the share prices) is 350 guruş (max: 500, min: 250); which is much lower than the average price of full gediks in any neighbourhood. The low price of gediks pertaining to the shops owned by the Jews indicates that there might have been social and cultural barriers to entry into the gedik markets in the Jewish neighbourhoods. Also, the fact that these gediks were not partitioned support the view that the transferability and the consequent higher price of gediks would induce gedik partitioning.

---

46 IM 121/29b-1. In a case from the 1816-17 registers, a tailor is forced out of Carsambapazari district upon a collective petition by the Muslims in the neighborhood on the grounds that it was a Muslim neighborhood.
Another evidence that indicates an active secondary markets in *gediks* pertaining to retail business is the price fluctuations and the speculative activities driven by them. For instance, a certain Molla Mustafa who owns 7 out of 12 shares of a bakery-mill *gedik*, sells 1 share to his partner Mardiros and the remaining 6 shares to Kagos. The buyers pay Molla Mustafa only a part of the value of his shares (1320 guruş) and the rest (1247.5 guruş) were to be paid later in instalments to cover Mustafa’s debts to the state and merchants. ⁴⁷

Four months later, Mardiros and Kagos come to the court to sell each 2 shares out of 6 shares (in total 4 shares out of 12) to a certain Yorgi for 2,000 guruş, which he promises to pay to the merchants for their debt. ⁴⁸ Interestingly, in their agreement with Yorgi, the value of a share was set at 500 guruş (2000/4), 36 per cent higher than the value they paid to Molla Mustafa for a share (366.8 guruş).

There are other cases in the registers indicating that the price of *gedik* shares fluctuated in relatively short spans of time. A certain Hafize, a Muslim resident of Istanbul, who also happens to be a woman, purchases half share of a wheat-cracking shop on credit, to sell it in less than a month for a price 38 per cent higher than the initial purchase price. ⁴⁹

In another case, Es-seyyid Ahmed Ağâ who buys a *gedik* of a grocery shop, from three separate shareholders for 8,550 guruş, sells its half to 4,750 guruş, making a decent profit of 475 guruş for half of the gedik, in the very same day. ⁵⁰ A certain Kirkos, son of Sarkiz, who buys a *gedik* (of a *kiseci* shop) for 2,500 guruş, sells it with 10 per cent profit (for 2,750 guruş) a month later. ⁵¹ All these cases indicate that purchase and sale of *gediks* were open to all, including those who aimed to profit from plain speculation. As a result, in *gediks* pertaining to retail business.

---

⁴⁷ IM 60, no. 8, 28 § 1205 [30 06 1791]. ⁴⁸ IM 60, no. 51, S 1206 [10 1791]. ⁴⁹ IM 60, nos. 31, 34, 35. ⁵⁰ IM 120, 74a-1 and IM 120, 74b-2. ⁵¹ IM 222/54b-1 (17 B 1233) and 1-122/66b-2 (28 S 1233).
sectors, we observe widespread investment diversification—people holding multiple gediks and gedik share from varying sectors.52

As discussed above, in most retail sectors (such as groceries), there was an active secondary market in gediks. In a few sectors and however, the formal and informal restrictions on who can participate in the secondary markets implied barriers to entry, which seem to have been shaped by with-in guild power dynamics. Various kinds of textile looms constitute an example of tightly controlled gedik markets.

<table>
<thead>
<tr>
<th>Type</th>
<th>valid # of transactions</th>
<th>volume of transactions</th>
<th>in shares</th>
<th>as whole</th>
<th>minimum share</th>
<th>average price</th>
<th>st. dev. (min-max)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loom 1 (İrşim)</td>
<td>9</td>
<td>4500</td>
<td>0</td>
<td>9</td>
<td>1</td>
<td>500</td>
<td>171,39 (300-900)</td>
</tr>
<tr>
<td>Loom 2 (sandalci)</td>
<td>88</td>
<td>20115</td>
<td>1</td>
<td>103</td>
<td>0.33</td>
<td>200</td>
<td>CAPPED</td>
</tr>
<tr>
<td>Loom 3 (bürüncük)</td>
<td>12</td>
<td>4888</td>
<td>0</td>
<td>13</td>
<td>1</td>
<td>365,66</td>
<td>126,35 (200-587)</td>
</tr>
<tr>
<td>Loom 4 (dül bendçine)</td>
<td>19</td>
<td>2400</td>
<td>0</td>
<td>24</td>
<td>1</td>
<td>100</td>
<td>CAPPED</td>
</tr>
<tr>
<td>Loom 5 (kemhaci)</td>
<td>18</td>
<td>18005</td>
<td>0</td>
<td>18</td>
<td>1</td>
<td>1059</td>
<td>33,78 (1000-1110)</td>
</tr>
<tr>
<td>Loom 6 (kazzaz)</td>
<td>11</td>
<td>32100</td>
<td>0</td>
<td>14</td>
<td>1</td>
<td>1927</td>
<td>720,9 (1000-3500)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>157</strong></td>
<td><strong>82008</strong></td>
<td><strong>1</strong></td>
<td><strong>181</strong></td>
<td><strong>0.33</strong></td>
<td><strong>522,3439</strong></td>
<td></td>
</tr>
</tbody>
</table>

As mentioned before, gediks concerning looms are not partitioned into shares as gediks concerning retail shops. Also, there is much less variation in their prices. These important differences arise from the fact that the markets for loom-gediks are highly regulated. Although there is a secondary market, the entry into this secondary market seems to have been much tightly governed by the guild compared to retail sectors. Most transactions are between the masters and the journeyman or between the guild administration (i.e., kethüda, yiğitbaşı) and the journeyman. While legally the qualified journeymen acquire the right to the first available loom and the workplace, this does not imply there were no secondary markets. Various masters seem to have owned a high number of looms, which indicate that they, along with the wardens, might have played a role in in-guild trading of gediks.

52 İM 120/22b-1, İM 120/26a-1, İM 120/73a-1, İM 122/39b-1, İM 122/71a-1, İM 122/70a-3, İM 122/34a-1, İM 121/64a-1, İM 121/45b-2.
As Suraiya Faroqhi has underlined, established masters of the guild could use their gediks to prevent qualified journeymen from acquiring the same. Theoretically, the gediks could even serve the existent journeymen as long as they were used to prevent outsiders’ entry into the sector. The gedik assignment for a particular guild would prevent entry of outsiders to the auctions designed to sell the gedik of a deceased shop-keeper. In this way, the auctions (with limited entry) would not drive up the price much, enabling existent guild masters or journeymen acquire these gediks for affordable prices. But, the archival evidence corroborates the use of gediks by masters to preserve or even increase their market share indicating that gediks served as an impediment to intra-guild mobility.

An exemplary case concerns a group of master craftsmen in the weaving business. In 1797/98, a group among the silk weavers (kemhacı) requested abolishment of gedik on the grounds that they allowed the wealthier guild members to prevent the poorer ones from using of the looms (destgah) and practicing their craft; after all every destgah assigned to a gedik cost 400 guruş (26.6 pound sterlings). Put differently, the petitioners maintained that the unequal access to capital goods originated from economic differences among guild members and assignment of a fixed number of gediks to highly-valued means of production. For the gedik-owners, on the other hand, these claims were unjustified. In their response, the latter who were apparently all established masters maintained that there were 432 looms with officially-assigned gediks and the number was sufficient for the consumption of the city. They also argued that the petitioners requesting the abolishment of gedik were the journeymen who were not yet qualified and who had already dared to establish their own (unauthorized) looms in various locations and produced low-quality produces. The court sided with the masters and decided to punish journeymen who act against guild rules. In a court register from 1816/17, the average price of looms as recorded in market transactions now was around 1000 guruş, two and a half times what it had been fifteen years ago. Even with allowance for inflation, the established masters seem to have ‘made a killing’.

When complaining about the high price of entering their craft, the younger masters or journeymen thus surely had a point. Probably the high price of the gedik was not due only to the price of the looms that after all were available in a free market. The decree makes it clear

---

54 HAT 1413/57568 (1212/1797-98): “mesfurun eğerçi kalfalarımızdan olub lakin kendii ahallerinde olmayub hemiz sanatımızda mahareti (13) ve ustalıkları ve desturları yok iken hilaf-i emr-i ali ve mugayir-i nizam kenar mahallerde ziyade destgah (14) ihdas ve kalb (sahte) işleriyle ibadullahin ızrar ve niza-i memzu izmihiil içün...”
that the journeymen, in spite of regulations, could start their business in unauthorized shops, which means they were able to acquire looms although the latter might be of lower quality. Rather, loom gediks were expensive because the gedik numbers were fixed and in this way the gediks served as official licenses to practice the craft. By limiting the number of looms by means of gedik, the masters aimed probably not only at preventing competition driven by an increased number of authorized master craftsmen, but also preserving the value of the existent gediks in existence, assuming that there was an active gedik market in this period.

The masters of the weavers of bürüncük (a white crepe-like cloth made of raw silk) also seemed to have controlled access to the relevant looms. In 1200 (1785/86), the guild was able to obtain an imperial decree specifying the masters’ exclusive rights to practice this craft. Only 91 shops, each with two looms, had obtained authorization and neither the number of shops, nor that of looms could increase. When a shop-owner died, his gedik could only go to his son as long as the latter was qualified in the craft, or else to his journeymen.

While in these cases, masters of the guild seem to have controlled access to capital inputs and thereby benefit from the increasing value of their gediks; in other textile sectors, there were some regulations favouring journeymen. For instance, the price of the looms used by muslin weavers (dılbent and çine) and also those used by silk weavers producing a relatively cheap kind of silk (sandal). Such price controls probably aimed at preventing an increase in the price of looms that would harm journeymen. At the same time such controls might have favoured the emergence of a black market, yet until now I have not found any complaints on behalf of the journeymen.

Also, in a guild more strictly controlled by the central administration such as the manufacturers of thread including silver or gold wire (kılabdancı), masters were probably less able to use their gediks to prevent journeymen’s access to capital goods. Perhaps the emergence of standard ‘half-share looms’ among kılabdancıs in the late eighteenth century enabled an increased number of journeymen to acquire the status of masters.

These various cases offer some insights and help us raise further questions to be explored as to the causes and consequences of gedik markets. We see that gediks could be used by masters to curb intra-guild competition. As suggested by Faroqhi in a sector such as the manufacture of thread including silver or gold wire, which obviously required specific skills and relatively expensive capital goods, the guild was probably organized in a more

55 Sıtkı, Gedikler, p. 16. Similar restrictions apply to also weavers of other types of cloth.
56 See Table 5 above.
57 C.BLD 15 (1808).
formal way, implying a more hierarchical master-journeyman relationship and a more strictly defined promotion procedure. By restricting access to capital goods, guild masters probably did not aim only at protecting their pecuniary interests but also the established social structure. As a result in these sectors, we do not see any partitioning of gediks or sale of gedik shares to outsiders.

To summarize, as long as access to secondary is not restricted, gediks (and the presence of secondary markets) would enable outsiders to access guilds’ rents from monopolistic privileges, which was the case in most retailing sectors. When access to secondary markets is restricted, as was the case in textile looms, this could also work in two ways. If the prices of gediks were controlled (given that there is no black-market for looms) and journeymen’s access to available ones was regulated according to some criteria (i.e., a rationing mechanism in which the older journeyman without a loom was assigned the first loom), the journeymen would benefit from the restriction. If the price of gediks was not controlled, and the number of journeymen was allowed to increase, masters could profit at the expense of journeymen.

In retailing sectors, gedik markets were open to outsiders (people who were not guild members) and as a result, gedik prices were higher and gediks were partitioned into shares. Many people diversified their portfolio by holding shares of different gediks. In retailing, only in some closely-knit communities, entry seems to have been restricted through informal barriers to entry such as communal ties. In production sectors, on the other hand, gedik ownership was restricted to guild members. In such sectors, the ability to profit from secondary sales was restricted to the guild administration and the established masters. While gedik prices were relatively low due to limited access by outsiders, presence of an internal secondary market seemed to have benefited wealthiest and more established members of the guild.

Conclusion
What are the wider implications of the emergence and evolution of gedik markets for the study of Ottoman economic history? First, emergence of gedik markets in late eighteenth century shows that the traditional periodization of Ottoman economic history blinds us to the changing nature of the institutions of the Empire: the well-known ‘traditional’ institutions of Ottoman economic life, waqf and guild, went through significant legal and organizational changes before the impact of the European-inspired reforms. Second, it demonstrates the value of time and sector-sensitive analysis of institutions: the meaning of gedik varies in time and place; while a secondary market led to erosion of barriers to entry in retail sectors,
restrictions on access to secondary sales served to sustain in-guild hierarchies in productive sectors. The changes over time, moreover, cannot always be explained by reference to legal or political instrumentality: gediks, which emerged gradually out of Islamic law in response to conjunctural problems of the Ottoman urban life, were used for profit-seeking ends in spite of legal uncertainties surrounding the concept and political reluctance to recognize rights associated with it.

Lastly, gediks, transacted in secondary markets, have some joint-stock features, which are worth exploring for comparative purposes. While it was not possible to refer to any individual business enterprise as an ‘entity’ within the Ottoman legal context, guilds’ rules regarding gedik property enabled corporate creditors to have a prior claim to the business assets and protected them from a shareholder or his personal creditors attempting to liquidate those assets. When a gedik or gedik-share owner died or fled, the gedik was used first to pay the creditors of the business through involvement of the guild, which arranged the reassignment of the gedik. If the heir was capable of managing the business in question, gedik was transferred directly to him. If there were no heirs, the gedik was sold in auction by the guild to the highest bidder and the debts to creditors (to business) were paid first. In certain sectors (such as butcher shops, bakery/mills), the gediks of businesses in debt were automatically appropriated by the guild to be sold in auction and the money that is left after the debts were paid was distributed to the heirs.58

Gediks as transferable shares, however, not only responded to debt-driven problems of the businesses in troubled sectors; but also served as venues for diversified investment in profitable ones. In these sectors, expropriations were rare and barriers to entry were not common. Guilds, nevertheless, still played a role in ensuring protection for corporate (business) creditors by providing collective surety for the managing/occupying shareholder’s rent arrears and debts to the merchants. In such sectors, gediks emerged as highly preferred assets for diversified investment and speculation, enabling businesses to create a permanent fund using capital from investors that were not directly involved in the management.59 Hence, gediks enabled joint-stock capital formation that could have been potentially used in long-term, larger investments. Nevertheless, such mechanisms of creating financial capital were not put to use in productive sectors in which guilds’ regulations to prevent free entry continued to prevail. Hence, the limitations of the Ottoman businesses may have been related

58 IM 121/10b-1. IM122/13a-3, IM 122/3a-2. The procedure of reassignment is explained in detail in rules regarding gediks of muslin cloth-sellers: C. BLD. 34/1674 (10 R 1226).
less to the shortcomings of the Islamic law than to the political economic conditions of the Empire.