THE IMPACT OF THE DOMESTIC MARKET ON RURAL-URBAN RELATIONS
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As the cradle of civilization, the Middle East has for millenia comprised several types of societies—tribal, rural and urban. One has only to look at Sumerian epics to appreciate the antiquity of this social division. Yet, the real question is whether the structures and relationships of these three segments in society have remained constant throughout the ages.

The economic aspect of the urban-rural domination model, briefly stated, refers to a state of affairs in which urban based agencies such as merchants, moneylenders, and absentee landlords carry out transactions with the rural population in the form of purchase of agricultural produce at rates determined by urban market conditions, extending credit at exorbitant interest rates, acquisition of large rural estates and renting land to cultivators. The urban agencies—merchant, moneylender and absentee landlord—may or may not be combined in the same person or firm depending on circumstances. Landownership is considered as an urban phenomenon where city based landowners extract the surplus from cultivators who are reduced to laborers or tenant farmers. Finally, the urban domination thesis maintains that this condition has persisted in the Middle East more or less unchanged since the early Islamic era and to a great extent because of Islam which is biased in favor of city life.

This essay is built around two basic
distinctions made regarding the conditions of society before and during the nineteenth century in the Middle East. It is first proposed that before the market growth of the domestic market during the first half of the nineteenth century, rural conditions consisted of the holders of political and administrative authority on the one hand and rural population on the other, with merchants and money-lenders conspicuously absent from the rural scene. In other words, no rent capitalism of urban society was actually imposed on rural people, but rather state domination of a predominantly subsistence system of agriculture. The second point is that urban domination is a more recent development coincident with the domestic market since the beginning of the nineteenth century. Furthermore, the urban domination thesis, it will be shown, tends to be a simplified version of the actual pattern of relationships which developed during the nineteenth century.

Three phases may therefore be identified in the modern development of Middle East societies when viewed in terms of rural-urban relations. The first phase is characterized by a noncompetitive subsistence system of agriculture and by international trade which coexist with a minimal degree of interaction. The second phase is characterized by the growth of a domestic market bound to an export sector and state centralization starting roughly at the beginning of the nineteenth century. This may be considered as the first phase of modernization in the Middle East. The third phase pertains to the contemporary scene starting by and large in the post-World War II era. It is basically characterized by the modification of the domestic market in certain Middle Eastern countries in such a way as to limit the political and economic roles of large landlords and money-lenders and at the same time reduce the size of the subsistence sector of agriculture. National leaders are generally oriented toward a welfare though still an authoritarian social policy. Naturally, these developments are more extensive and effective in some countries than in others, but most have experienced a certain degree of change in that direction. It may well be that the contemporary era of a welfare state marks the beginning of the end of the urban domination phenomenon.

I. The Noncompetitive Economy and Social Relations

The traditional system of subsistence economy in the Middle East was based on a land tenure system where agricultural land was owned by the state while cultivators and rural notables had the rights of usufruct, not freehold. Private ownership of agricultural land in the Middle East before the nineteenth century was not known except in very small areas in the immediate vicinity of large cities where orchards were cultivated and in Mount Lebanon where private property of agricultural land was a fully legal institution enjoyed alike by the ruling class, cultivators and corporate bodies such as the Church. The nearest thing to the idea of a landowner in the rest of the Middle East during the period of subsistence economy was the feudal lord: the timar holder in the Ottoman empire, the muntazim in Egypt and the tuyuldar in Iran.

The land tenure system under these conditions was inseparable from an authority structure whereby a decentralized system of state administration within a large commonwealth, such as the Ottoman or Persian, combined civil with economic authority. This type of system may be referred to, at the risk of simplicity, as the Iltizam system prevalent for a long time in the Middle East in a variety of forms and varying degrees of strength well into the first half of the nineteenth century. During that century the Iltizam system in the Otto-
man empire was abolished but in practice survived in a modified form as a tax-forming system, thus putting one step removed from economic affairs.

The traditional iltizam model, in brief, was a system of political authority in which the land was the property of the sovereign distributed to members of the ruling class, often soldiers and officials, for the purpose of administering authority. It comprised such functions as maintenance of law and order, tax collection and allocation and administration of land cultivation. During his tenure, the mulazim was given a rural estate to cultivate for his own account, exempt from imperial taxation as a payment for his services. The mulazim's position remained, however, insecure, subject to dismissal by the sovereign and unable to pass his estate or position to his offspring. During certain periods of weakness in the central government in the Ottoman and Persian empires, some mulazims asserted their rights to the estate in practice not in law, but they were not able to preserve this right permanently. In general, the limited tenure of mulazims prevented until the nineteenth century the rise of a stable rural aristocracy. As has already been mentioned variations of this basic pattern and sporadic disruptions occurred from time to time and in different regions, but essentially the pattern remained the most characteristic system of authority in the Ottoman and Persian empires.

The first principle, therefore, of the traditional social system in the Middle East was the absence of private property rights in agricultural land and the lack of differentiation between civil and economic administration. The second main feature of this system was subsistence agriculture in which crops were cultivated for purposes of local consumption not commercial transactions. The circulation of cash, especially in the countryside was not, therefore, widespread. The domestic market-exchanges of agricultural products and manufactured goods between the countryside and the city--was extremely primitive and negligible amounts of transactions were made between urban and rural areas. Urban as well as rural communities were based on a non-competitive system of production and were practically self-sufficient. As we shall see later, large cities were provided with grain grown in the country but not in the form of commercial transactions. The limited opportunities for export of goods was perhaps the single most important factor in the retarded conditions of the domestic market, and in the Middle East in particular, this condition was enforced by artificially imposed government restrictions, as we shall soon see.

Karl Polanyi commenting on the medieval city in Europe emphasizes the city organization and way of life as the main obstacle to a system of mobile economic transactions. In towns raised every possible obstacle. He wrote, to the formation of that national or internal market for which the capitalist wholesaler was pressing. By maintaining the principle of a non-competitive local trade and an equally non-competitive long distance trade carried on from town to town, the burgesses harpered by all means at their disposal the inclusion of the countryside into the compass of trade and the opening up of indiscriminate trade between the towns of the country.1 While this may well have contributed to the same

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condition in Middle Eastern cities where taxes on nonresident merchants and on goods coming into the city were imposed, lack of opportunities for exports and government interference remain the major factors of the delay in the growth of a domestic market. For even then the city way of life is resistant to changes in its structure, an opportunity for economic advancement would invite intruders into the city, or new towns would emerge to perform these functions. Polanyi's comment was not, however, intended to dismiss these possibilities but rather to describe the attitude and economic behavior of bourgeois to the market. In this respect his statement is quite pertinent to the discussion at hand.

The Middle East has for long periods past been a trade zone, but its trade consisted primarily of international transactions carried out by great city merchants, to whom reference is often made in chronicles and histories, were mostly wholesale tradesmen and brokers who conducted their business between large cities, states, and continents. Most of their commodities of trade were not even products of the Middle East such as slaves, spices, indigo and cochineal and to a large extent sugar. Coffee, cotton, and silk which constituted a part of this international trade were produced in some Middle Eastern countries. International transactions in grain were limited since its export was prohibited in Ottoman dominions before the nineteenth century.1

A considerable part of international trade was conducted in the form of barter,2 and Middle Eastern demand for European goods was limited by the inability of Middle Eastern merchants to pay for extra goods in cash.

Trade inside the city and international trade existed in relative independence. The urban market was affected by international trade only to the extent that urban merchants prospered and their wealth affected urban consumption habits. Some luxuries of international trade were consumed in urban centers but naturally this did not lead to an increase in production output of the consuming community. Urban merchants and retail tradesmen did not penetrate the countryside to obtain agricultural produce for sale. In some cases where agricultural products were sold in town, villagers carried their produce to the city.

If, as we have stated, commercial transactions between urban centers and the rural areas were scarce, it becomes necessary to determine the means of procurement of food provisions for the city. The needs of the city for food provisions produced in the countryside may be the primary reason for the ease with which the thesis of the asymmetrical relations of the city to the countryside has been accepted. The urban domination thesis is based on a logical inference derived from a functional theory of the social system. Unfortunately, empirical reality does not confirm such an inference universally and without qualifications.

Since the idea of the city is associated with specialization of functions, to wit manufactures, services and trade, it is also generally assumed that the countryside exists to furnish the city with food provisions and raw material and that this transaction is undertaken by urban dealers who exchange manufacture for agricultural goods. There were many intervening variables in the relations of ru-

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1 Illicit exports, however, were often made as well as transactions between parts of the empire.
eral areas to the city in the development of Middle Eastern societies which led to modification of this thesis. In the first place, grain upon which the city population depended for livelihood was transferred to the major cities not as a commercial transaction but in the form of taxes paid in kind to the government. It was kept in the government’s granary from where the grain was sold to retailers such as millers and bakers. Also grain which was obtained by multasims from their umdabs was sold in the urban market where most of them lived.

Another reason why grain was not produced for commercial purposes was government controls on its prices and prohibition of its export. It was mentioned earlier that the Ottoman government prohibited the export of grain from its dominions in order to guarantee the means of livelihood for its armies, employees and subjects. The government also interfered in the prices of wheat, rice and bread not allowing a free market to develop. One reason for price controls was that the government often used grain as a medium of exchange. It collected taxes in kind and cash and paid some of its expenses in kind too, including part of the salaries of its officials. Taxes were paid either in kind or cash according to the region and/or commodity. In Iran for instance, taxes were paid mostly in kind on wheat, barley, silk, tobacco and mostly in cash on vegetables and fruits which as a rule used to be grown in the vicinity of cities. In Egypt, taxes in the Cairo area and a good part of the delta were more commonly paid in cash, whereas in more remote areas such as Upper Egypt they were paid mostly in kind. It may also be noted that vegetables and fruits were grown more in the Cairo region and formed part of the urban economy. A free flow of grain from the country may in periods of good harvest depreciate its price and debase the grain currency. When, for instance, Mamluk emirs used to force the sale of grain on city merchants, not only merchants became resentful but also government officials whose pay depreciated as a consequence of these dumping practices.

As for vegetables and fruits, not as essential a commodity as grain, and consumed mostly by the well-to-do urban dwellers, they were mainly produced in the vicinity of towns, which brings us to the second aspect of Middle Eastern society and economy. The Middle Eastern city was basically the source of its own vegetables and fruits because it was partially rural. What this means is that the urban dependence on the countryside for its comestibles was true to the extent that the country was the immediate extension of the city itself. Remote rural areas

1 See for instance Stanford J. Shaw, The Financial and Administrative Organization, pp. 215-234 and Ira Martin Lapidus, Muslim Cities in the Later Middle Ages, pp. 51-53
3 Shaw, op. cit., pp. 64-67. Not until the 1880s was collection of taxes in kind abandoned in Egypt; see Gabriel Bar, A History of Landownership in Modern Egypt, 180-1950, p. 34. The practice was to assess the produce in terms of cash value and collected kind. Usually such assessments were below actual value. See Stanford J. Shaw (translator), Ottoman Egypt in the Age of the French Revolution, by Hüseyin Efendi, p. 121.
4 Lapidus, Muslim Cities in the Later Middle Ages, pp. 51-53.
were left out of this kind of transaction 1. In so far as the city and its immediate environment were the proper locus of imperial authority, they also formed the boundaries of the urban marked and to a certain extent the urban community.

The economy of the Middle Eastern city was not based entirely on manufactures, commerce and services, but was partly agricultural. Orchards and vegetable gardens could be found even inside cities and towns and in most of the immediate vicinity. Most of these gardens were owned and cultivated by people living in the town or neighboring hamlets. More than half the population of such a great urban center as Cairo, Abu-Lughod tells us, were still involved in agriculture during the middle of the nineteenth century 2.

In much the same way as the city aimed at a mixture of self-sufficiency and trade, remote parts of the countryside were also self-sufficient and produced in addition to food provisions, manufactured goods such as cloth, mats and rugs, ironworks and even some carpentry.

Under conditions of relative self-sufficiency as in the Middle East, it should not be surprising to find that the circulation of money was not very widespread before the nineteenth century. Coins, however, were produced in countries such as Egypt, Turkey and Iran in addition to use of foreign coins, but paper money was not introduced to Turkey until the middle of the nineteenth century and to Iran until 1928.

In addition to prohibition on exports and price controls, there were other reasons why commercial transactions were not commonly domestically before the nineteenth century. One is that there where government imposts on commodities moving between the countryside and towns. Tolls on city gates, roads and bridges were major obstacles to the increase in the volume of transactions between city and countryside. In Tehran, tolls were still collected in the 1920s. 3 Furthermore, vexatious taxation on agricultural produce often deprived the countryside from the surplus which it could dispense of by means of trade.

Poor communication facilities and security of trade routes were other reasons not conducive to the flourishing of a domestic market. There were no paved roads and no carriages to transfer commodities of trade. Merchants of international trade used draft animals especially camels, and for security reasons traveled collectively in caravans, a condition which prevailed well into the middle of the nineteenth century. Only where navigable rivers existed, such as in Egypt, was the mobility of transactions more advanced between country and city, but not many countries in the area had a Nile River. Travellers could be subject to attacks by bandits and unruly tribesmen. If travel between such places as Beirut and Damascus was not quite secure nor facilitated by roads, it could not have been very easy in places such as the Anatolian and Persian plateaus. Not until trade had improved during the latter part of the nineteenth century were roads

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1 In Egypt where conditions for commercial exchanges on the domestic level were more advanced than anywhere else in the water transport, Cairo used to receive some Rosetta region on the Mediterranean to judge from taxes commodities entering Cairo. See Shaw, op. cit., pp. 119-120.


3 See Peter Avery, Modern Iran, p. 271.

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and trams introduced thus connecting cities with other cities and with the countryside.

Mount Lebanon stood as an exception in some major ways and therefore requires a special explanation. In Mount Lebanon, private property in agricultural land, landlordism, and to a certain extent, cash crops existed as far back as the seventeenth century. Yet it was in this setting in particular that absentee landlords and moneylenders did not exist. On the contrary, during the period agricultural land was becoming freehold in the rest of the Middle East and large estates emerging, in Lebanon feudal estates were growing smaller and many peasants had already acquired land. Indeed, by the nineteenth century Lebanese peasants had taken to violent resistance to the feudal institutions and by 1861 the feudal system was abolished in law and fact.

We have tried to show in this discussion that freehold in agricultural land, landlordism, mercantilist activities, and moneylending were conspicuously absent before the nineteenth century. The urban domination thesis does not hold for the period previous to the emergence of the domestic market and foreign trade. Concealed in the urban domination model are the conditions of the market and the nature of urban and rural economy. Also overlooked is the role played by the state in the economic conditions of subjects whether urban or rural.

II. The First Phase of Modernization

The Domestic Market

During the first two decades of the nineteenth century major changes in the conditions of the market and the structure of political authority began to take shape, setting forth an irreversible course of events that was to affect societies in the Middle East to this day. The drive of European nations for world markets and their demand for commodities and raw goods from the Middle East and elsewhere transformed not only the character of foreign trade but also subsistence agriculture and the isolation of rural areas from urban economic life. As for the changes in the structure of political authority, it moved in line consistent with and enforcing the changes in the market conditions not only because of the challenge of the market but also in response to the military superiority of Europe. The first phase of modernization in the Middle East took the form of emulation by the state of those features of European nations which were deemed responsible for the superiority of the West, i.e., central administrative system and a modern standing army rather than the improvement in economic and social conditions of the subjects.

Change in Trade Patterns

Trade with Europe during the nineteenth century changed not only in terms of the goods transacted and the personnel of traders but also in that it opened up the whole of society to commercial transactions and connected the countryside with the city. New commodities of trade became predominantly manufactured goods from Europe, especially textiles, exchanged for raw agricultural produce of Middle Eastern societies. The prohibition by the state of exports on wheat, for instance, was terminated and its cultivation was stimulated by exports to Europe. The cultivation of new crops appeared in response to European market demand such as tobacco and sesame, while others declined

1 For a detailed account see my book, Politics and Change in a Traditional Society: Lebanon 1731-1845.
such as silk and cotton (with the exception of Egyptian cotton).

Trade between the Middle East and Europe became indicative of a trend in world trade whereby manufactured goods came primarily from Europe and agricultural produce from the less developed countries of the world. One victim of such division in world trade roles was the Middle Eastern city, whose crafts started to decline affecting the whole social structure, and whose entrepreneurs or tradesmen were faced with an aggressive rival—the foreign merchant, well equipped with cash and skilled in the new art of trade. The foreign merchant was first to venture into rural areas to buy agricultural produce for cash and foreign entrepreneurs established steam silk firms and ginneries in the countryside. European merchants in the past stopped mostly at city ports or in the city bazaar and dealt directly with wholesale city merchants. In the new era, however, the ignored the wholesale city merchants and dealt directly with the producer, be he a notable villager or a small cultivator.

There were several factors which favored the foreign merchant over the native in opening the countryside for domestic trade and these go beyond the simple change in the kind of commodities exchanged. Foreign merchants supported by the powerful nations of Europe benefited exclusively from the dismantling of the traditional barriers to domestic trade: internal tariffs, monopolies, and prohibitions of export on grain. These privileges were not extended to native merchants in the Ottoman empire until much later. Early in the nineteenth century, European nations such as Britain, France and Russia put strong pressure on the Ottoman empire, Egypt, and Persia to remove the obstacles to free trade. In 1838, the British-Ottoman trade convention was signed demolishing the barriers to free trade in one blow at the same time giving privileges to the foreign merchant that the native one did not receive.

By the terms of the convention, monopolies were abolished, a step aimed primarily at the Viceroy of Egypt, Mohammed Ali (1805-1848), who had succeeded in making of himself the archenemy of his suzerain, the Ottoman Sultan. The convention allowed British merchants to purchase at all places in the Ottoman Dominions (whether for the purpose of internal trade or exportation) all articles without any exception whatsoever, the produce, growth, or manufacture of the said Dominions. It also freed foreign merchants from having to pay tolls at city gates and bridges or by impositions of provincial governors, a great concession not enjoyed by native traders. In Mount Lebanon, however, tolls on roads were abolished in 1812, and later: native merchants in Egypt where put on a footing with foreigners when Khedive Sa‘id (1864-1863) abolished internal tolls in 1858. However, with the exception of Beirut, native merchants in the Ottoman empire continued to be at a disadvantage vis-à-vis foreign competitors due to the extraterritorial privileges extended to foreign nationals under the Capitulations. Another advantage enjoyed by foreign merchants over native ones was their connections with business firms in Europe and possession of cash in a market rapidly changing its medium of exchange from barter to money.

The Russians, who had by an earlier

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agreement with the Ottoman government secured even better duty terms, were actually making similar agreements with Persia. Along with the Treaty of Turkomanchai in 1828, a separate trade and security agreement was signed with Russia which limited the duty on Russian imports to 5 percent, granted free entry for goods for official use, allowed Russia the right to protect her Persian employees, and granted extraterritorial privileges for Russian subjects in Persia.1 This last privilege was later demanded by most foreign countries for their nationals.2 However, not until the last two decades of the nineteenth century did Russian trade reach its peak making Russia the largest importer of Persian goods.3 New relations with the rest of Europe during the nineteenth century produced great commercial activities and contributed to the rise of a prosperous and powerful merchant class among the Persians.

Breaking the barriers on trade, both foreign and domestic, was coupled with a major development in the medium of exchange whereby money gradually came to replace what used to be a mixed barter and cash system of transactions. Increasing circulation of cash was stimulated not only by exports but also by official developments related to cash indemnities, subsidies, state loans and the introduction of modern projects by foreign firms such as railways and road construction, telegraphs, and banks. Exports and the circulation of cash contributed to a certain degree of specialization in agricultural production whereby cultivation of cash crops appeared in conjunction with subsistence system of cultivation, a process which proved to be very durable as we shall soon see.

The rapid growth of the domestic market during the nineteenth century gave impetus to provincial towns which in the past had served as centers of government administration or main stations on the international trade highways. As was the case in large cities, the economy of these towns was based on crafts and agriculture. The relative isolation of these towns from most of the countryside in their regions was due to similar causes as in the case of larger cities. Tolls and taxes, poor communication facilities, the ilitizam system, the noncompetitive system of production, and the absence of largescale demand for agricultural crops, all contributed to the small volume of commercial transactions between provincial towns and the countryside. Knocking down the prohibitive tariffs on exports and internal tolls and duties stimulated the demand for agricultural products of the Middle Eastern countries and increased the volume of commercial exchanges between town and countryside. The flourishing of trade led to the revival of provincial towns and the emergence of new ones all over the Middle East. Port towns in particular showed the most remarkable growth during that period, while the largest cities such as Cairo, Damascus and Aleppo experienced an initial loss of population due mostly to the decline of native manufactures in the face of more competitive European manufactured goods.

Domestic market and the cash value of agricultural produce contributed to the introduction of private property in

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1 Joseph M. Upton, The History of Modern Iran: An Interpretation, p. 6.
2 Ibid.
3 For a very informative account see Martin L. Entner, Russo-Persian Commercial Relations, 1828-1914.
4 See Avery, Modern Iran, pp. 76-77; Ibrahim Amr, Al Ard wa al Falah, pp. 64-65; and Base, A History of Landownership.
agricultural land. No where except in Mount Lebanon was private property in agricultural land a common legal institution in the Middle East. With changes in the economy and the organization of the state, private property of agricultural land was introduced in the Ottoman empire in 1839, in Egypt in 1858 and in Persia in 1906.

We have seen that under conditions of subsistence agriculture, a pristine domestic market, and absence of property rights, neither credit nor merchants played a role in agricultural economy. The government obtained grain from the countryside on a regular basis in the form of taxes or outright imposition whether the produce was a surplus or not. Under these conditions the government and its agents, multazims, were the major if not the only forces which acted toward the country people, notables and cultivators alike. Not only did they administer the cultivation of land but the government often distributed seeds to peasants during the planting season.

With the stimulation and development of a domestic market and the cultivation of cash crops, a third party entered the country scene: a mercantilist class consisting of creditors, buyers of the produce, speculators in land, and absentee landlords did not have the effect of displacing the state from its dominant role in the countryside but acted rather in concert and/or competition with the state.

Before we trace the impact of the domestic market and foreign trade of the countryside, it is necessary to discuss the changes in the state organization and efforts that were made to modernize it.

The Impact of State Centralization

The establishment of a central authority as of the beginning of the nineteenth century had a traumatic effect onto Egypt, a disturbing one in Turkey, and a revolutionary outcome in Persia. These developments are described elsewhere in the literature, here we shall simply identify the trend and then dwell on its implications to the market and rural-urban relations.

State centralization in the Middle East was in an essential respect a military and administrative response to the challenge posed by European nations with very little attention paid to the economic and social conditions of the subjects. Efforts were made to create modern standing army organizations and central administrative systems in all three of the major states of the area.

The main implications of modernizing the state were the enforcement of trends already introduced by the market such as the widespread use of cash as the main medium of exchange, the cultivation of cash crops and dependence on Europe. The need of the state modernizers for credit and technological assistance from Europe made them vulnerable to European pressure to open up the market of their lands for free trade.

Centralization of the state did not necessarily result in developing the economy in any of the three major nations--Turkey, Egypt or Iran. There was some progress in agriculture such as irrigation improvements in Turkey and Egypt and some land reclamation in the latter, but on the whole improvements were quite modest. Administrative centralization enforced tendencies which had already been started by new market conditions. The most unsettling politically and economically was the insatiable demand by the respective governments for money. Military and civilian personnel under the modern

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1 Large proprietors in Persia before 1906 established in practice though not in principle the right to bequeath land to their offspring.
form of administration were paid salaries entirely in cash. Similarly, modernization projects such as canals, roads, railways and the like required expenditure in money. Heavy taxation, creation of monopolies, state economic enterprise, and foreign loans were the means to which the new states resorted for raising money. Foreign loans, and state economic enterprise, even monopolies, appear as a persistent phenomenon associated with state centralization and modernization in the Middle East well into the twentieth century. Witness for instance the last stages in the process of centralization in Persia under Reza Shah (1925-1941) and the case of Atatürk in modern Turkey (1923-1938). Contemporary Egypt, of course, under the name of socialism has practically complete control over the economy.

Lacking competent financial management to keep the state solvent, all three states became hopelessly indebted to foreign creditors in the second half of the nineteenth century. In Iran, this contributes to a national revolution which eventually cost the Qajars their throne, while Turkey was sustained only by the interest of Britain to keep it alive in the face of Russian desire to expand southward. Egypt, especially under Khedive Isma'il (1863-1879), is the example par excellence of irresponsible fiscal policy and poor management, which led that country to become the first and only state in the area to lose its independence to creditor nations by an act of foreclosure.

State Role in Creating a Landlord Class

The state continued to play a role in agricultural landholding and trade during the nineteenth century, not giving way to competition from private business, and contributed in a major way to the creation of a landlord class. In Iran, where dynastic changes in 1925 brought about changes in the composition of large landed proprietors, wrote Professor Lambton, sold landed proprietors and the tribal khans, in so far as they were also landowners, tended to lose their land, on the one hand by confiscation to the state and on the other to the rising class of merchants and contractors, to the new bureaucracy, and to the military classes. In Egypt, cases of acquisition of land by government officials and officers in lieu of salary were also known during the nineteenth century, but their position was unstable, losing or gaining land according to their political fortunes. Khedive Isma'il donated from state land 576,863 feddans to his officials and relatives, an area equal to more than one-fourth the entire cultivated area of Egypt at that time.

The state was also indirectly responsible for consolidation of land in the hands of village notables and headmen. When peasants who could not bear the burden of taxation deserted the land, village notables paid the peasants' taxes to the government and acquired title to the peasants' property in return.

In-Iraq, the impact of state policy on landownership was far-reaching. When Midhat Pasha, the Ottoman Governor in Iraq (1860-1871) implemented the Land Law of 1858, almost an entire class of landlords was created out of tribal shaykhs and towns people who were in a favorable position vis-à-vis the government. Despite this massive act of transferring state land to private proprietors, the state remained the owner of four-fifths of the agricultural land of Iraq. The cultivation of these state domains was entrusted to tenant farmers. In later years under the

1 Lambton, *Landlord and Peasant in Persia*, p. 293.
2 For the actual distribution of these donations see Sayyid Murti, *Al Isah Al Zara'*
5 Ibid., p. 184.
British and the Hashemite monarchy, the state policy of creating landlords by transferring land title to private individuals continued practically along the same lines as under Midhat Pasha.

Forced registration of land in private names, especially in Syria and Iraq starting in 1858 and well into this century, proved to be another disadvantage to the cultivator. Registration was the major contributing factor to the dissolution of the communal organization of the sedentary tribes. Tribal shaykhs were transformed to landlords and members of the tribe to tenants or laborers. In addition, urban speculators and investors in land acquired part of tribal domains to the loss of members of the tribe who in the past cultivated the land as a community not a private undertaking.

The ruling dynasties themselves in Egypt, Turkey and Iran engaged in the acquisition of land in various ways. Not all bona fide purchases. By the time Khedive Isma'il abdicated in 1879, he had increased his landholdings by 63 times what they were when he ascended the throne. His estate which reached nearly a million feddan was taken over by the state after he abdicated. His son and grandson, Kings Fuad (1917-1936) and Faruq (1936-1952), had similarly increased their estates several times over during their rule. The Ottoman Sultan, Abdul Hamid II, was another case whereby the monarch acquired a large estate during his reign. In the 1880s he acquired for his personal property some 30 percent of the total cultivated land in the Vilayet of Baghdad and correspondingly large estates in the Vilayets of Basra and Mosul. In Iran, Reza Shah is another clear example not only of affecting the composition of the landed proprietors but also of one who made himself the largest landowner in the country.

In short, the changes which occurred in landholdings in the Middle East during the nineteenth century and the early part of this century were the result of acts by the state as much as the direct effect of the free market economy. A number of merchants and moneylenders were known to join the class of landed proprietors in almost all three states but were less conspicuous than the landed groups created by governments.

The new system of cash crop cultivation, the money economy, and the appearance of private property in agricultural land did not result in a scramble for land titles. There were no large-scale changes in title holding (excluding the registration policies of land in Iraq and Syria), nor did large estates held by absentee urban dwellers emerge suddenly or in large numbers. Agricultural land continued to be held by three agents: (a) the state in the form of public domains, (b) large landholders (including waqfs) and (c) small peasant proprietors. Since the institutionalization of private property, small proprietors held their own if not increased their holdings. In the Ottoman empire for instance, 75 percent of cleared land after the reforms of 1839 consisted of small holdings. In Egypt, more than half the cultivated area was held in 1594 in plots less than fifty feddans in size (Table I). Since the beginning of this century, and with the development of the market into a full-fledged free system based on money-commodity, small cultivators whose holdings consisted of five feddans or less increased the land area they occupied from 21.7 to 35.4 percent of the total cultivated area between 1894 and 1952, before land reform had even started.

Large estates (fifty feddans and over), on the other hand, shrunk from 44 percent

1 Ibid., p. 168.
of the cultivated area to 24.2 percent during the same period (Table I).

In Iran, wrote Anne Lambton, the general trend of events since the grant of the Constitution in 1906, beginning with changes in the administration, has been in fact to alter the status of the large landed proprietor from that of a petty territorial prince to that of an ordinary landowner. In addition to the reduction in the power of the large landed proprietors, there has also been a tendency towards a reduction in the size of their estates. The extent to which a reduction in the total area owned by large landed proprietors occurred is not certain, and Professor Lambton does not believe that it has sensibly decreased. At any rate, there was no increase in the area in the form of large estates although new elements had joined the class of landed proprietors, such as merchants, contractors, officials, army officers, gendarmerie, and village headmen.

**Limitations of Rural Capitalism**

Why did the domestic market and money economy not give rise to a large-scale capitalism in agriculture and prosperity in the economy? Why did land after it had been defined as a transferable asset valued in terms of money not become concentrated entirely in few hands or even change hands markedly? There were many factors which in the Middle East prevented the consequences of a free market economy from developing fully.

The impact of modernization, the domestic market, money economy, and freehold in agricultural land cannot be assessed in the abstract on the grounds that exports and money-commodity will readily result in a widespread capitalist enterprise in agriculture and reduce the peasant to a state of destitution and exploitation by business entrepreneurs. The impact of a market economy has been more varied in the Middle East than pure theory would suggest. Moneylenders were not swarming the countryside offering unlimited opportunities to the peasant to borrow money, nor have we detected any evidence of a remarkable flow of capital for the purchase of agricultural lands. The magnitude of the absentee landlordism phenomenon which started

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1 ibid., p. 19.
3 ibid.
to appear during the nineteenth century remains unknown to this day. No figures are given by students of rural areas on numbers of such landlords or areas under their control to improve our assessment of this phenomenon. From the general evidence available, absentee landlords seem to have constituted the majority of their class in Persia and Syria only. For similar reasons which explain the limited flow of credit to the countryside during that century, absentee landlordism in other areas remained also limited.

In explaining the limited flow of credit to the countryside in Middle Eastern societies during the nineteenth century many factors should be taken into account but above all those of private property, response of peasants to market demands, and the mode of agricultural production. State intervention in the economy and tax policies, as it has been already indicated, were additional factors not conducive to business prosperity or economic growth.

It is important to remember first, that in the Middle East, especially in parts where security in life and property was lacking, disbursement of credit even when abundant would be limited by the creditor's need for loan securities. Before institutionalization of private ownership of land in the area, the produce served as the only security to a creditor. In areas where perennial irrigation and intensive farming was the rule, the crop could serve as a low risk security on loans but not where agriculture depended on rainfall as in most parts of the Middle East. With the outcome of the harvest not always certain, creditors could not take many risks.

**Tenant Farmers**

One of the main reasons that the domestic market and export trade failed to create economic prosperity or a capitalist economy during the nineteenth century was the persistence of sharecropping, the primitive mode of agricultural production prevalent under subsistence farming. Farming during the nineteenth century continued to be semi-subsistence despite the cultivation of cash crops. Rather than giving way to a more productive and professional system of cultivation, the sharecropping system adjusted to new conditions created by the market. The export merchant paid the landlord cash for the crop, and the landlord responded by converting part of his estate for cash crop cultivations, leaving the other part for the subsistence needs of the tenant who continued to be responsible for cultivation as in the past. While this continuity of the old system of cultivation may have contributed to stability and security of peasant life, it was hardly conducive to modernization. Rather than stimulate the economy and lead to prosperity, the domestic market and export trade superimposed a modern system or commercial transactions on a primitive system of production. The capital created by the price of crops was shared by the merchant and the landlord and it did not revert to productive enterprises in agriculture or industry. The city manufactures which declined such as textiles and those which survived such as soap, tobacco and to a certain extent silk did not offer great investment opportunities. Consequently, facilities shifted their economic enterprise from productive pursuits to services and trade in which relations to the countryside loomed large. In short, the economy in most Middle Eastern countries continued to operated with old and new systems of production and transaction co-existing and adjusting to one another well into this century.

In discussing land tenure systems one needs to distinguish clearly between rent tenancy and sharecropping which are often considered the same. Rent tenancy is a system of transaction in which land
use is purchased for a temporary period by means of cash paid in advance. The renter secures from the landlord practically total freedom of land use for a fixed period of time whereby he produces and disposes of the produce freely. Sharecropping, on the other hand, is a system of cultivation whereby the land is cultivated for the interest of the owner by an agreement with a sharecropping cultivator, who in fact is no more than a laborer paid for his toil in kind. The sharecropping laborer is by and large left outside the money economy because the owner takes away the most valuable cash crops for himself, usually shares grain, and leaves maize and fodder entirely for the subsistence of the cultivator and his animals. Under the rent system, the tenant cultivator pays for the right of temporary ownership and is thus motivated to raise crops for profit and to increase production. In contrast, the sharecropper is primarily interested in the crops which he shares with the owner, paying less attention to the main cash crops which the owner reserves for himself. However, basic improvement in the soil and other long-run improvements such as irrigation facilities are generally left unattended by both kinds of tenants.

Sharecropping rather than rent tenancy was the predominant mode of cultivation in the Middle East during the nineteenth century and well into the first three decades of this century. By 1939, only 17 percent of the land in Egypt was rented for cultivation while most of the rest was under sharecropping. Rent tenancy started to increase rapidly during World War II, while professional farming, except for a few foreign firms established in Egypt as of the 1880s, did not start until very recent times.

With the rising prices of agricultural products in the post-war period, many peasants in Egypt sought to rent land instead of sharecropping. The profit from rented land was so much higher than other forms of cultivation, including owner managed farms, that many owners after 1939 started to convert from sharecropping, and self-management to rent. Farm operators realized that instead of paying for labor and adding to the cost of cultivation, they could earn more per feddan by renting it to a peasant family. Thus between 1939 and 1952 the area cultivated on the basis of rent rose sharply from 17 to 75 percent of the total cultivated area. Even though rent rates were quite sensitive to changes in crop prices and demand for land, many peasant who rented land were better-off than in earlier periods. Renting had also the effect of making them join the market economy and make use of available technological changes in cultivation.

In brief, moneylenders and absentee landlords may not be the most important product of the domestic market and state centralization; other developments were just as noteworthy: private property in agricultural land was established, a class of well-to-do peasants emerged in many countries, forced labor was abolished, and population increased as a result of preventive medicine. Above all, rural and urban populations became more interdependent, a fact which contributed to making them one national society. Provincial towns changed character and new towns emerged which served as administrative centers for the central government and

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1 It is necessary to note that sharecropping has undergone basic changes during this century which make it quite similar to rent tenancy. Sharecropping in many areas of the Middle East today consists of paying the rent in kind while the tenant enjoys the same freedom as the renter.

as a market for the hinterland. Provincial towns became the link between the countryside and the national community.

III. Conclusion

It may well be that the emergence of a domestic market was one of the main factors contributing to the birth of nationhood in the Middle East. It broke the relative isolation between the countryside and urban centers and brought provincial areas into the national economy. Furthermore, with their economy bound to foreign exports, provincial people became aware of the extent to which their livelihood depended on the government and relations with the outside world. The early awakening or political consciousness in these societies was rooted in these conditions. Political awareness was further stimulated by the need and demands of landowners, cultivators, and merchants for security in life, property and commercial transactions which only an effective national state administration could provide. The Persian Revolution of 1905 may be the example par excellence of the stirrings for the realization of these national goals.

Neither in Persia nor in most other countries of the area was the majority of peasants really brought into national life in a direct or deliberate way during the nineteenth century. The sharecropping system, as has already been indicated, left most cultivators in the subsistence sector of agriculture remote from the national forces which were shaping events during that period. The political effect of the domestic market may be better understood by focusing on the provincial towns. By stimulating the growth of provincial towns, the domestic market not only brought remote provinces closer to the rest of society but also created business and administrative personnel rooted in the countryside and keenly aware of the national government on the one hand and of their rural environment on the other. As far as the provinces were concerned, nationalist orientation appeared among townspeople rather than among the peasantry at that early stage.

The transformation of relatively isolated and self-sufficient communities into one national interdependent nation-state has been an expanding process from the time state reforms and national markets emerged to the present. Improving economic and social conditions of peasants today is in part due to this change in rural-urban relations. If rural people in some Middle Eastern countries are presently the beneficiaries of reform-minded regimes, it is due largely to the fact that they have become part of national life and out of their stock many an influential national leader has appeared.

The first phase of modernization in the Middle East witnessed the emergence of a domestic market bound to foreign exports and based on money as the medium of exchange, a centralized bureaucracy and a modernized standing army. Moreover, while market growth strongly influenced the trend to state modernization, both developments, the market and state centralization, enforced one another. Another development contingent on market conditions was the appearance of a class of business entrepreneurs from towns and large cities who entered the rural economy as competitors or collaborators with the state. This whole process was of course slow in its development and has continued through the nineteenth century to the present time, and in large parts of the Middle East today agriculture continues to be run as a semi-subsistence system.

It is important to remember also that exports and the domestic market did not lead to the modernization of agricultural production but grafted the modern trade sector onto the subsistence system of production. The resort of landlords to conversion of part of the land for cash crops while leaving other parts for subsistence
of the cultivator prevented economic development of agriculture and contributed to the persistence of a stratification system in which the gap between the cultivator and the landlord became extremely wide.

The urban domination model which was outlined at the beginning of this discussion was based on a dual relationship between urban centers and the countryside without sufficient attention being paid to the state which continued to be a major force not only in terms of landholding but also in affecting lives of the country people as well as towns. It has been shown here that even in terms of economic domination the countryside before the nineteenth century was dominated by the state, townspeople entered the scene as late-comers to share and compete with the government over rural resources. It has also been shown that urban domination is a modern phenomenon and rent capitalism is one of the most recent developments going no farther back than the first half of this century. Indeed, it may be the decline of urban manufactures during the last century and the limited opportunities for investment in urban enterprise that oriented cities in the Middle East toward new opportunities such as trade with the countryside and investment in ownership of agricultural land. Islam as culture may well be biased in favor of urban living but taken by itself it no more explains urban life and growth in the Middle East than it explains peasant hunger for agricultural land.

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