

Chapter 3

Counterfeiting Money and Anti-Counterfeit Measures: The Historical Case of the Ottoman Empire

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ABSTRACT

This study is designed to investigate the use of counterfeit money in the Ottoman Empire. Firstly, the concept of money and the reasons for the use of counterfeit money in the Ottoman Empire are described. Secondly, the reasons for the formation of counterfeit money are examined. Thirdly, the precautions taken against counterfeit money in the Ottoman Empire are discussed. The goal of this study is to investigate the counterfeit money printing incidents that had taken place. Moreover, the anti-counterfeit measures are identified that are implemented by Ottoman Empire to curb this crime and to remove counterfeit money from the market.

INTRODUCTION

Money has had an important place in the economic field since the moment it was invented. It is recognized as certain coined metals or paper in assorted colors carrying varying symbols (Bülbul, 2013). Money has three primary functions within an economic structure. These functions are being distinguished as a medium of exchange, as a unit of account, and as a store of value (Bülbul, 2013). Monetary variable mechanisms were analyzed to determine the effects of monetary variables on economic activity and on the general level of prices. (Mishkin, 1994; Rafay & Farid, 2017). It was seen that the effects of monetary variables on total output and price level mostly affected the money market (Akdeniz & Çatık, 2019).

Like all traditional economies, the Ottoman economy was based on the coin system. The basis of this system is the use of money, that is, gold and silver, as a medium of exchange while minimizing its use as goods so that the money supply is at a level that will meet the need for exchange. This system brought a stable monetary regime to the Ottoman economy (Tabakoğlu, 2016). The first Ottoman currency, the *akçe*, was struck in 1326. The geometric average of the total depreciation of the *akçe* in 414

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years between 1326 and 1740 was 2%, suggesting an inflation-free economy (Tabakoğlu, 2016). The Ottoman State coined its first currency as a symbol of independence in its establishment and started to use it within its borders. Although the coining began in the central regions, the State kept coining in places close to the mines over time, facilitating its circulation. The Ottoman Empire paid attention to protecting the value of the money coined in the mint and to its circulation within the State. Various laws were enacted to protect the circulation of money. Penal sanctions were applied to those who acted against the law (Baytimur, 2016).

The 19th century is a unique period in terms of economy and money in Ottoman history. A feature of the period is the reforms inspired by the West, which were undertaken to strengthen the central state in the fields of economy, finance, and money, as well as administration, education, and justice. Another key feature of the period is its opening up to world markets through the rapid expansion in European trade. In this way, the Ottoman economy gained an identity that specialized in exporting agricultural goods and importing manufactured goods. Between 1820 and 1914, there was a 15-fold increase in foreign trade by Macedonia, Anatolia, Syria, and Iraq, which were within the empire's borders until 1911. This increase was supported by the construction of ports and railways, causing an expansion in trade volume (Pamuk, 1999). Policymakers need to take various measures on monetary policies to ensure economic growth in the country. Economic growth forms the basis of increasing welfare in society. Investments in human and physical capital, the adaptation of new production techniques, and the development of new products are considered indispensable elements of the growth process. (Çetin & Ecevit, 2016).

Money is used as a medium of exchange, and the State must only carry out the minting of money. However, in all societies throughout history, some individuals placed counterfeit money on the market (Kılıç, 1999).

Kalpazan (transl. counterfeiter) is an expression that means liar or unreliable, and it is used for people who counterfeit money (Pakalın, 1972). Ottoman documents mainly include words such as *kallab* (transl. fraud), *kalbzen* (transl. liar), and *sikkezen* (transl. coiner) (Kılıç, 1999). To maintain balance in the circulation of money within its borders, the Ottoman Empire attempted to implement the monetary system in an orderly manner by issuing laws stating the mintage methods of the coins and the steps to be taken by officials (Akgündüz, 1990).

Counterfeit *akçe* is the money used as an imitation of the *akçe*. Counterfeiting activities occurred in various regions during different periods. Counterfeiting events were concentrated in Central and Western Anatolia and Rumelia in the 16th century. One hundred forty-three incidents occurred in 108 separate locations. The mints were one of the areas in which counterfeiting activities were found to be intense. For example, there were 13 counterfeiting incidents in Skopje, 10 in Edirne, seven in Novo Brdo, and six in Bursa (Kılıç, 1999). Counterfeit coins were obtained by pouring them into a mold and could easily be distinguished due to their rough and damaged surfaces. Other coins, which could not easily be detected as counterfeit, were coins that could not be detected by measuring their weight unless their components were weighed. (Öztel, 2018). To distinguish these counterfeit coins from the real ones, it was necessary to divide the counterfeit coins into two groups. Those in the first group were counterfeit coins made by inexperienced manufacturers, and those in the second group were skillfully made. These coins were manufactured and placed on the market by organized crime groups. Some looked even better than the real coins. This counterfeit money was impossible to recognize without using a chemical method. The observational approach, the contact method, recognition by a sound test, a chemical test, and a specific gravity test were used to distinguish coins from each other (Arat, 1985). Various methods were followed while taking precautions regarding counterfeit money in the Ottoman Empire. One of

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