

THE PROBLEMS OF WESTERNIZATION OF THE TRADITIONAL OTTOMAN ECONOMIC CULTURE

The emergence of the classical Ottoman civilization (XV-XVII c.c.) was the outcome of interaction of several historical items: the socio-political institutions of the Turkish nomadic tribes, the traditions of the socio-economic and political organization of the Middle East despotism, the cultural and socio-political practice of Islam, the historical heritage of Byzantium (partly), the peculiarities of the nature and the climate of the Middle East and Balkans, the specific geopolitical place of the Ottoman empire.

The Ottoman civilization created the economic culture of its own. This culture can be imagined like an economic culture of the state distributional relations based on the function of the state distributional relations based on the function of the small economic forms (the so called timar system). The commodity production existed in the country. Of course, the Ottoman Empire, this mostly self-sustained world-economy (F. Braudel), was not completely excluded from the international goods-exchange.

Nevertheless the distributional relations absolutely prevailed the market relations in the Ottoman empire during the classical period of her historical development. The private property institutions or, better to say, the Ottoman substitutes of the West-European private property institutions were put under strict state-control. Small peasant estates in the villages and small handicrafts in the towns were the typical features of the Ottoman socio-economic order.

The Ottoman mode of economic life was in organic unity with the order sides of the Ottoman civilization, its general culture, religion and socio-political organization. The Ottoman Turks were inside this economic culture with their mentality and psychology, with their customs and morals. They were the creators of this culture, but on the other side, this culture created them¹.

The XVIII c. was the period of the inner reconstruction of the Ottoman Empire, the of appearance of many new forms of life and weakening of the former traditions. The inner and external forces led the Ottoman Empire to disintegration: the state control on the land fund of the country was practically destroyed and the private landownership (çiftlik) began to developed. However, as T. Özal noticed, "in the Ottoman Empire the private ownership emerged not as the achievement of a rising class (traders and a former

¹ S. F. Ülgener, *İktisadi Çözülmenin Ahlak ve Zihniyet Dünyası*, Üçüncü Basım, İstanbul, 1991, p. 68-71, 77-78.

serfs), like it was in the western Europe, but as a result of the collapse of traditional order into chaos”².

So, the private land property appeared in the Ottoman Empire not as a result of the long historical evolution of the traditional society, but from the situation of the political and social chaos in the Ottoman Empire in the second half of the XVIII c. The institution of big private property was out off the historical traditions in the Ottoman Empire. That is why it was not solid and stable and that is why big private land estates were converted into the state property again in the period of Mahmud II reign (1808-1839), in the time of the new concentration of power in the hands of the central government in Istanbul.

The traditional economic culture did not disappear in the XIX c. in the Ottoman Empire. The medieval economic culture of the state distributional relations turned into the culture of the bureaucratic market (or the culture of bureaucratic economic services) as a result of reforms of Tanzimat and under the strong influence of the Western countries.

The commodity circulation enlarged and the real market relations began to develop at that time in the Ottoman Empire. But nevertheless, it is necessary to remember, that according to some information, in 1900 there were approximately 500.000 civil jobs that did not exist a century before³. To some other estimates, there were more than 180.000 civil bureaucrats in the Ottoman Empire in 1914⁴. Of course, it is not so important to talk over the quantity of bureaucrats in the Ottoman Empire. We think, it is more important to imagine the influence of this huge Ottoman state machinery on the economic life of the country.

Certainly, there were thousands of the so called “bakshish” bureaucratic posts in the country at that time. The foreigners were often suprised, that “from ten to twenty men were employed to do the work of one” in the Ottoman Turkey. The same author emphasized, that “one of the most difficult questions to deal with was the almost universal and hopeless corruption of the personnel, a corruption so deep, so widespread, and so open, that it a material effect not only on official business, but on the ordinary transactions of daily life⁵. So, we have the possibility to speak about the emergence of

² T. Özal, *Turkey in Europe and Europe in Turkey*, Nicosia, 1991, p. 221.

³ D. Quataert, *Ottoman Manufacturing in the Age of the Industrial Revolution*, Cambridge, 1993, p. 164.

⁴ V. Eldem, *Osmanlı İmparatorluğu'nun İktisadi Şartları Hakkında Bir Tetkik*, Ankara, 1970, p. 211.

⁵ Memorandum by Lieutenant Colonel Wilson on Anatolia and Necessary Reforms, in *British Documents on Ottoman Armenians*, vol. II (1880-1890), Ankara 1983, ed. by Bilâl N. Şimşir, p. 164.

the specific economic culture in the Ottoman Empire- the culture of the bureaucratic market.

This Ottoman economic culture was in interaction with the West-European economic culture in the XIX c. in the different ways: trade, finances, the movement of capital, technology, modern forms of organization of production and so on. The traditional Ottoman economy was gradually adapted to the economic contacts with the world economy and was gradually westernized. But it remained still the traditional Ottoman economy with it's traditional economic culture. In some cases this economic culture distorted the economic essence of many institutions imported from the West, in others - the Ottoman traditions rejected the western innovations in general, or it appeared to be the mixed traditional- modern forms of economic life in the Ottoman Empire.

It is necessary to give some examples in order to prove these statements.

We can begin with the well-known Ottoman financial experiment- the issue of paper money- the so called "kaime". As we know, "kaime" were issued in the time of a strict financial and political crisis, when Mehmed Ali's army defeated the Turkish forces in 1839. The Ottoman government tried to emphasize the quality of "kaime" as the equivalent of coin. But "kaime"s were not paper money in European meaning of this world. The circulation on of "kaime" was constantly plagued by counterfeiting⁶. The ottoman government and society were not prepared for issuing paper money, and the real economic essence of kaime "was not an instrument of circulation in the market economy, but a specific Ottoman kind of domestic loan.

We say "specific Ottoman kind of domestic loan" because it is not possible to evaluate the first issues of "kaime" like domestic loans and government's debts in European conditions were the forms of inner accumulation of capital. We can even repeat the well-known aphorism "the people are rich if the government debts is large". But in the case of the Ottoman situation at the beginning of the 1840's the government's borrowing was only-a form of robbery of the Ottoman population.

We see the same situation, when we examine the Ottoman foreign loans and foreign government's debts. We know, that the Ottoman government received a huge sum of capital from the Western banks, in Paris and London, after the Crimean war (1853-1856). But we know also, that this flow of Western gold led to the collapse of Turkish finances. Why did it happen? The answer may be the following: European capital being in hands of the Ottoman government lost its economic essence. In Europe the capital is a phenomenon of a general culture of a nation, the product of the evolution of mentality and psychology, a very long historical process, brilliantly described by F.

⁶ M. Erol, *Osmanlı İmparatorluğunda Kağıt Para (Kaime)*, Ankara 1970, p. 14; R. A. Davitson, *Essays in Ottoman and Turkish History, 1774-1923, The Impact of the West*, Texas 1990, p.p. 61, 63, 65.

Braudel in one of his works⁷. If you don't have such an economic culture you don't have the capital, but only money, which you can spend in any way, like an instrument of circulation, payment or accumulation (treasure).

In the case of the Ottoman's foreign borrowing, as we know, the bulk of western loans was spent in a non-productive way -for buying new weapons and administrative reforms⁸. It was the main reason of the collapse of the Turkish finances in mid of the 1870's.

Of course, the creation of the new army and civil bureaucracy was very important for the Ottoman Empire at that time. But we also must remember, that Europe forced upon this country in the XIX c. in all spheres. Indeed, having its own way of development with its own goals and priorities, the Ottoman Empire had a possibility to bear this competition only from one or two sides army and administrative centralization.

Analyzing the Ottoman public debt we can confirm, that the Ottoman budgets published first in 1861-1862 were not budgets in the European meaning. They were openly published, maintained figures dealing with the government revenues and expenditures, but all these figures were partly or mostly falsified. The Ottoman budgets, as contemporaries noticed, were prepared with only one purpose -to convince the European governments and bankers, that everything was correct with Turkish financial system⁹. And in such a way the Ottoman government could borrow again and again from the West.

So, were the Ottoman budgets the financial instruments of organization of the economic life of the country, like it was at that time in the Western Europe? We think, they were not real budgets, but the elements of economic diplomacy of the Ottoman government, prepared in order to provide new foreign loans.

At last some words about the most important economic experiment of the Ottoman government and the West in the second half of the XIX c. in the Turkish Empire. We mean the construction of the railways on the territory of country. It is known, that the first railways were constructed in the Ottoman Turkey in 1856-60's, practically simultaneously with the construction of the railway-system in European industrial countries. But what was the difference between the conditions and results of the use of railways in the Europe and in the Ottoman Empire!

First of all, the European railways were the specific expression of highly developed industry and market economy in the Western Europe. The railways in the united economic regions of every country into one national market. They expressed the

⁷ See - F. Braudel, *La Dynamique du Capitalisme*, Paris 1985.

⁸ R. Ş., Suvla, *Tanzimat Devrinde İstikrazlar, Tanzimat*, İstanbul 1940, p. 713.

⁹ G. Scharm, *Polojeniye Turzii, Yeye Politika, Administrativniye i finansoviye besporiyadki*, - "Vek", kn. 2, Saint Petersburg 1882, p. 194.

development of united national markets, and at the same time were the powerful stimulus's in this process.

The Ottoman railways were isolated from the economic life of the country during along period of time. At the initial stage of the railway boom in the Ottoman Turkey, as R. Kasaba confirms, railways had not yet displaced the earlier forms of transportation-the camel caravans¹⁰. This was the reason of unprofitability of them. Then -and this was the main problem -the Ottoman railroads could not unite the isolated economic regions of the empire into one economic mechanism like it was in Western Europe. On the contrary, they stimulated the economic disintegration of the Ottoman Empire. The struggle for export-import zones in the Ottoman Empire between European countries had produced the disintegration of economic regions in the Middle East and Balkans.

Does it mean, that all these efforts to modernize the Ottoman economy were in vain? Summing up the economic results of the incorporation of the Ottoman Empire into the World Economic system and transferring modern economic institutions and technological systems to the Empire we can see the following: all of them has stimulated the overall economic development of the country. The growth of the Ottoman GNP in the last decades of the XIX c. And in the first decade of the XX c. was approximately 2 % a year¹¹. It was not so much as compared with the Russia's GNP growth of 8 % or the USA's GNP growth of 4 % a year at the same period¹². But still it was a sufficient success for the country. With the development of the transportation the commodity circulation has enlarged, threat of mass hunger and mass diseases has disappeared. The population of the Ottoman Empire was growing up and this was the main index of economic and social situation and progress of the country¹³.

But what kind of development it was? We have to notice, that it was a dependent and non-organic process of development. In contrast to the export markets, the role of the domestic market was rather limited in the expansion of commodity production in agriculture and in other sectors of the Ottoman economy. The decrease or increase of production of some Ottoman goods was stimulated more by the outside than the inside impulses. On the other side, the Ottoman population has become the consumers of many Western goods during the XIX c.: they got used to consume Western textiles, kerosene, sugar, some kinds of foot-wear, clothes and so on. But in many cases the country had no economic base for the production of such commodities. It was the reason of appearance

¹⁰ R. Kasaba, *The Ottoman Empire and the World Economy. The Nineteenth Century*, New-York 1988, p. 99.

¹¹ V. Eldem, *op.cit.*, s. 308.

¹² S. Fisher, R. Dornbush, *Schmalensee R., Economics*. Second edition (Russian ed.) Moscow 1993, p. 759.

¹³ J. Mc-Carty, *Muslims and Minorities. The Population of Ottoman Anatolia and the End of the Empire*, New-York, London 1983, p. 50; K. H. Karpat, *Ottoman Population, 1830-1914. Demographic and Social Characteristics*, Wisconsin 1985, p. 57.

of foreign trade disbalance and one of the main reasons of financial and overall economic dependence of the Ottoman Empire.

In general we see the appearance of dualism in the economic life and economic culture of the country at that time. New modern forms of production and technology were introduced from abroad into the traditional Ottoman economy without any preparation of the Ottoman society to adopt them.

For instance, we were often suprized, why mechanized factories were so few in number in the Ottoman Empire (according to V. Eldem's investigation -214 factories in 1915)¹⁴. Why did not the very developed and very widespread Ottoman handicrafts evaluate to the industrial style of production? As a rule, our answers to these questions concern the lack of domestic capital, of skilled workers, and of "know-how". We speak also about the foreign competition and the disintegration of the internal Ottoman market, which prevented the evolution of the Ottoman handicrafts to the industrial stage of production. And, of course, this is true. But still we must not forget, that big enterprises (factories or big shops) were in contradiction to the above mentioned traditional economic culture of small economic and socio-political order kept the members of the Ottoman society in their own places. Everybody knew, what was forbidden or permitted for him in the Ottoman Empire. Every kind of economic activity of the Ottoman population was under strict state control and supervision, practically up to the Tanzimat period. Of course, all of these prevented the evolution of the traditional Ottoman economy to a modern one. But on the other side, the traditional Ottoman state paternalism and the Islamic culture created specific spiritual atmosphere of social justice and equality, of mutual understanding and mutual aid in the Ottoman Muslim society.

The Ottoman Turks imagined, that the import of the Western technologies at the same time would mean the import of the Western economic culture and the Western way of life. That is why, The Ottoman Turks did not accept in many cases the industrial methods of production. They were afraid, as we can quest, that the Western way of production could destroy their traditional social relations, their social justice notions and ideas, and thus their traditional culture in general.

It is necessary to remember all these points, because they show how it was difficult to transform the traditional v economy to the modern industrial-market economy. There were not only economic, but also socio-cultural obstacles on this way of transition. And of course, the central point of the whole process of modernization was the dramatic evolution of man, his mentality, psychology and economic behavior in the a changing economic space of the Ottoman Empire. But, perhaps, only now we begin to understand the scope, profundity and many other aspects of this historical drama.

Sergey M. Ivanov

¹⁴ V. Eldem, *op.cit.*, p. 121