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## Economy In Ottoman Empire

The theme of fiscal short-term solutions carried on into the seventeenth and eighteenth centuries. The Ottoman bureaucrats focused more closely on ad-hoc solutions, not a real structural transformation, in hopes of generating faster outcomes. The collapse of the timar system, temporary land grants issued by the Sultan, were abandoned in favor of tax farming (auctioning taxation rights to the highest bidder and then keeping a portion of the taxes for own use). Tax farming measures opened up the path for greater decentralization from the state government. Resat Kasaba describes the effects of the implementing the tax farming system on the central government as “[the] government was losing its ability to supervise agriculture, the largest and the most important sector of the imperial economy (14).” Agricultural control was a key staple for any economy during the seventeenth century, and the Ottoman’s relied heavily on the industry to keep their economy going. The loss of agricultural control is one of the primary domestic factors that influenced the economic decline.

From the beginning of the seventeenth century, the Ottoman government’s decentralization affected the urban manufacturing sector of the economy as well. Power was lost over manufacturing control, and three main factors worked towards the detriment of Ottoman guilds in which most of the urban manufacture was organized. The government had no ability to provide monetary stability. This was the first major issue for the Ottoman guilds. Secondly, the peasant class was going through a migration into the cities, and thirdly the empire was facing “economic exhaustion caused by the long wars of the seventeenth century which undermined the dependability of the urban markets” (Kasaba 15). As the guilds lost strength, the revenue from manufacturing in the empire was lost as most manufacturing was done in rural areas. This rural manufacturing created a livelihood for those in the rural areas, but did not have an overall positive effect on the Ottoman economy. The negative economic result from these manufacturing issues lead to the inability of the government to tax manufacturers, and “opened up the possibility of private accumulation of wealth and power by the larger producers in such guilds” (Kasaba 14).

As the eighteenth and nineteenth centuries came around, the Ottoman Empire became closely linked with the capitalist world economy. The Ottoman state was beginning to suffer from the effects of the removal of mercantilist barriers in combination with a broader industrial revolution that Western Europe was going through. The Napoleonic war era was over with, and overarching moments of peace within Europe created beneficial surroundings for the circulation of goods, people, and capital in the world economy. Primary source world data reveals that “between 1800-1830 world trade had increased by 30%, from about 300 million to about 400 million pounds; but between 1840 and 1870, it multiplied five times over; and by 1870, it passed 2,800 pounds”. The strengthening of the world economy in the peripheral of the Ottoman state had a direct positive correlation with the strengthening of the Ottoman economy at the time.

Eighteenth century Ottoman issues surrounding stagnant industrial growth were evident. Industrial growth in the Ottoman Empire lacked trends, and economic trends are what signal positive or negative economic growth. The principles that guided the economy, provisionism, traditionalism and fiscalism, stalled the introduction of new technology. The advancement of new technology, according to the neoclassical growth theory, is crucial in fueling economic

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growth. Lack of new technology resulted in a decline in labor productivity, which in turn decreases the amount of capital income per hour. A decrease in capital income per hour causes a lack of investment in the region, and this is one of the prominent drop backs that differentiated the Ottoman economy from those of more developed countries. Provisionism in the Ottoman Empire kept a “steady supply so that all goods and services were cheap, plentiful, and of good quality” (Duranoglu 29). This was essentially a control lever on supply and demand within the state, and supply levels were kept high through the positive view on imports. Imports were viewed so positively and taxed little to none, that the empire eventually found themselves battling a large budget deficit. To counter this deficit, the Ottomans had to borrow from other countries, and international monetary reserves began to deplete, causing an overall slowdown in economic growth.

Political instability in the Middle East was triggered by the international pressures from Europe’s political and military power. The tumultuous reign of Mahmud II from 1808-1839 was a significant time to navigate the domestic revolutions and wars that plagued the Ottoman Empire. A steep political downfall occurred as bureaucratic reforms were enacted to reconstruct the royal authority and attempt to increase government efficiency. These reforms were successful in the eyes of Mahmud II, but in reality the reforms still left the Ottoman Empire at a global disadvantage. A sense of negative economic and political conditions in the state was in full swing, and the Tanzimat reform implemented to ease the issues. The purpose of the Tanzimat reforms was to consolidate the government roles of the Empire, as well as provide a deep emphasis on the education system. These reforms were necessary to stop, and at worst case, slow the decline of the Ottoman Empire. Mahmud II looked at Western countries modernization efforts and practices in order to pull different ideas about how to ensure the Ottoman Empire survived during such a difficult time. Some of the educational ideas drawn from the Western world were driven by European university models. Educational prowess and development would equip Ottoman’s with the tools and skills necessary to maintain and evolve the economy and society as a whole. On the political front of the Tanzimat reforms, the treatment of non-Muslims in the Empire was changed for the first time ever. Muslims and non-Muslims were given equal rights in regards to the law. Economically, new banks were formed, private property rights were granted, and a new tax system was put in place in order to make an attempt at advancing the economy. The attempt at implementing a Western economic model was never as successful as the Caliphs had sought it to be. When analyzing the impact of the Tanzimat reforms, economically almost no progress was truly made. New banks were in place, but citizens still lacked any form of individual power, as the Sultan still remained with total control. Religion no longer handcuffed the state, and the education model took a secular shift. The reforms overall did not provide enough of a springboard to stop the Ottoman economy from a decline.