

The Causes of the Financial Crisis That Began in the 16th Century and Continued until the Tanzimat Era in the Ottoman Empire

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Abstract

The financial crisis that began in the 16th century and continued until the Tanzimat reform era in the Ottoman Empire is an interesting and crucial historical period that actually displays the causes and the development process of the social, political and economic degeneration and amiss approaches to reverse it in vain.

The Ottoman Empire could not accommodate itself to the developing civilization in the West and remained in the civilization of the Middle Ages. In order to keep the sovereignty of the Ottoman dynasty intact and refuse to share power, capital accumulation and the resulting social developments were prevented, thus actually paving the way for the dissolution of the empire.

Keywords: *Economic degeneration, financial crisis, the Ottoman Empire, social & political degeneration*

Introduction

The Ottoman Empire was born in the 14th century, as is known. Primary elements that constitute the system of the empire are; seizing the production of other people by virtue of the conquests instead of attending to the restricted agricultural product raised by Rayah (meaning the folk, the flock of the sultan) and the improvement of its quantity and quality, feudalism, soldiers that are gathered at an early age from Christian families and ascend depending on their competence, civil privileged ruling class, the restricted usage of the money owing to dominant rural economy.

Rayah could be peasants, craftsmen or merchants. Essentially, merchants were non-Muslims inhabiting the empire. Ottomans were not interested in commerce, but in conquest: commerce did not have any impor-

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tance in their mind worlds. Hence, for the most part, they could not avoid doing mistakes when they had to take decisions related to commerce. The decisions they took on the subject of foreign trade and institutions they established have caused harm more than benefit. Capitulations are a typical example for this¹. Peasants make the agricultural production by cultivating the land belonging to the sultan. They receive training from the cavalryman who is the head of the land they cultivate, go to war when called and obey sultan's authority unconditionally. On the other hand, Ottoman craftsman organizations "have absolutely remained inside the religious globe as they were affiliated with dervish orders and rented stores belonging to foundations."² System was designed in such a way that the capital would not accumulate in certain hands. Because the accumulation of wealth and the financial power it would bring along could have caused problems for the absolute power. "Although the akhi organization provided some privileges to craftsmen compared to peasants, in reality it was acting like a heavy bureaucratic cogwheel enabling them to be inspected by the center, preventing them from growing and developing as bourgeois class and create their own independent culture."³ Until the end of the 16th century, this system established by the Ottoman Empire was managed successfully. However, Iran and Austria wars, which began at the end of this century and lasted long... have disturbed this system and monetary value has declined... Other than that, because the Crete war which began in the mid of the 17th century and lasted long and other wars, domestic riots and absence of public peace... have caused plenty of money to leave the country, the actual consequences were suffered in the 18th century⁴.

In Europe, the darkness of the middle ages was prevailing in the 14th century. In Europe, along with the Renaissance process which began in the 15th century, with the translations of ancient classical works and works of Islamic philosophers and scholars, prominence of humanism, revival of empiric thought, communication of knowledge to masses with the invention of the printing press, high profit raised with geographical discoveries, creation of the bourgeois class, Europe shook off the darkness of the middle ages and begun to rise. In time, Ottomans were going to be rather

1 Mehmet Genç, Osmanlı İmparatorluğunda Devlet ve Ekonomi. [State and Economy in the Ottoman Empire]. (Istanbul: Otuken Publications Inc.,2005),s.201.

2 Mehmet Ali Kılıçbay, Doğu'nun Devleti, Batı'nın Cumhuriyeti. [The State of the East, the Republic of the West], (Ankara: Gece Publications,1992),s.16.

3 Erdoğan Aydın, Osmanlı Gerçeği, "Nizam-ı Alem" in Gayri Resmi Tarihi. [The Ottoman Reality, Unofficial History of "Nizam-ı Alem", (Istanbul: Cumhuriyet Books, 2002),s.221.

4 İsmail Hakkı Uzunçarşılı, Osmanlı Tarihi. [The Ottoman History], (Ankara: Turk Tarih Kurumu Press,1982),s.575.

late to adapt... to the new world system developing in the West. In fact, this was not possible according to the world system they were members of and the state perception they developed. Their integration to Europe's moral values based on materiality, financial system based on colonialism and mercantilist mentality which helped the Europeans to develop rapidly and adaptation to this system could not have been expected.⁵

The rapid developments and changes in the West had affected Ottoman's international relative power negatively, since the 16th century and also slowly paved the way for its recession and decadence. Ottoman Empire's being late for modernizing its infantry and trooper based army, while gunnery had been developing since the 16th century, had turned the wars into disadvantage. "Change of the land system and decline of the invasion revenues due to loss of land were depriving the state from valuable sources of income. ...On the other hand, price increases, decreases in the value of money and other reasons were embittering the financial tribulation more and more."⁶ While the world was transforming into a monetary economy since the 16th century, in the Ottoman Empire, real economy was prominent until the second half of the 17th century. Again, we can make the observation that since the 16th century, the number of janissaries and bureaucrats had been increased, assignments had been made with bribery and favour and the system had started to corrupt. The milestones (the mite shock, corruption in the timar system, cessation of conquests, corruption of the ruling class) which in 16th century began to pave the way to the inevitable end are going to be dealt with and evaluated briefly below.

1. The Mite Shock

There are many reasons which trigger each other for the occurrence of great commercial and economic crises and rapid value loss of mite which was the basic currency. "Until the first gold specie named *sultani* was issues in the last quarter of 15th century, Ottoman species were consisting of little silver mites and copper coins. Mite (called *akçe* or *akça*) was considered basic unit of account."⁷ While the portion of the rural economy, showing the characteristics of real economy, was decreasing in the system over

5 Ekmeleddin İhsanoğlu, *Osmanlı Devleti ve Medeniyet Tarihi, Cilt-I*. [The History of the Ottoman State and Civilization Volume I], (Istanbul: İslam Tarih, Sanat ve Kültür Araştırma Merkezi, 1994), s.45.

6 Kenan Bulutoğlu, *100 Soruda Yabancı Sermaye*. [Foreign Capital in 100 Questions], (Istanbul: Gerçek Publications, 1970), s.67.

7 Şevket Pamuk, *Osmanlı Ekonomisi ve Kurumları*. [The Ottoman Economy and Institutions], (Istanbul: Türkiye İş Bankası Kültür Publications 2007), s.70.

time, economy was becoming commercialized leading to an increase in the portion of monetary economy. Accordingly, the usage of mite as a means of payment in deals and borrowings between people and in state's payments to people increased. Notwithstanding, mite made of pure silver losing weight continuously (debasements) has created a distrust towards mite. "It is necessary in a way to interpret the withdrawal of silver coins from the market and issuance of light coins in royal mints as a precaution to increase the volume of money in the market."⁸ The main reason for mite's loss of weight, meaning debasements, was the money shortage caused by the insufficiency of gold and silver. The longer the wars Ottomans made continued and the more the land was lost, the more the Ottomans lost importance in world trade during the process following the discoveries of America and maritime commercial road to Asia by Europeans, precious mine stock decreased and budget deficits appeared. Since the middle of the 16th century, mines began to be carried from Africa to Europe. "In the century between 1520-1620, silver production five folded.... between 1503-1660, from America to Seville in Spain... 17000 tons of silver was brought... this action..., led to some deep economic-social movements in whole Europe and Ottoman Empire."⁹ Europeans were obtaining raw material for very low prices, with no cost from Africa and America. Our first loss was the loss of tax revenues since 1550s. Europeans did not have to pay taxes to Ottoman Empire for the critical raw materials. "The English were estimating that Ottoman treasury was going to lose at least 300.000 gold coins customs revenue per year with the end of spice and silk trade towards 1620."¹⁰

Associated with the timar system yielding its place to tax farming and then to the manorial system, tyrannized by the despotism and abuse of the tacks men since the beginning of tax farming "... peasants left production and became Jelali (rebels against state). In consequence, state revenues decreased, hence the financial situation was disturbed seriously, and for this reason proof coin deteriorated."¹¹ When production decreased inside the borders of the empire, product purchases were made from Europe at hiked prices. This meant deviation from the self-sufficient economic system of the empire. In the country, the prices increased and raw material shortage emerged. Ottoman State was now exporting raw material and

8 Halil İnalçık, 'Osmanlı Para ve Ekonomi Tarihine Toplu Bir Bakış', Makaleler-I. [A Synopsis of the Ottoman Money and Economy History', Articles-1, (Ankara: Dogu-Bati Publications, 2005),s.152.

9 Halil İnalçık, 'Osmanlı Para ...',s.159.

10 Halil İnalçık, 'Osmanlı Para ...',s.172.

11 Yaşar Yücel ve Ali Sevim, Türkiye Tarihi III.-Osmanlı Dönemi (1566-1730). [History of Turkey III.-The Ottoman Era (1566-1730), (Ankara: Turk Tarih Kurumu Press,1991),s.28.

importing finished products. Because raw material had become too expensive, domestic production almost came to a standstill. Foreign trade deficits were embittering the inflation and mite was losing its value continuously. Tacksmen and traders were beginning to accumulate wealth, although it was bereaved with later confiscations.

Besides, approximately fourfold-increase in the number of paid janisary army at the end of 16th century was another significant reason triggering the financial crisis. Owing to the rareness of the silver the state had in its hands, weight of the mite was being decreased constantly. Because the public did not want to use the light mite, there existed those who produced weighted mites from silver bullions or the light mites on the market in royal mints and issued them, gaining unlawful profit. State could provide itself with side income by resorting to debasement often, however ...as many different species were issued and state did not have the financial power to call them in, problems were embittered. These conditions were not only disrupting the daily transactions, but also the international trade. On the other hand, the demand for the constant European species in domestic markets was increasing continuously.¹² The effects of the shock that mite went through on the Ottoman economy could be summarized in 3 points . a- Because the raw materials that the domestic small industry used were cheap, they were purchased by Europe and the domestic industry fell into a large scale raw material crisis. b- Big money started being accumulated in certain hands. c- The development of the manufacturing sector in West increased the quantity of finished products imported from those countries and the small industry was no more able to compete with them.¹³

2. Corruption in the Timar System

It could be said that the Ottoman Empire was a multinational agriculture empire. In the Ottoman Empire, sultan's sovereignty is mainly based on land. Lands were grouped in three categories in the Ottoman Empire: "estate", "glebe" and "demesne". Along with many privileges and authorizations, spare lands were granted to influential viziers as estate or glebe. "Estate lands" are so small in quantity compared to the whole empire that they are not worth mentioning. These are the lands which belong to persons, however the owner does not hold the right to economize the land

12 Şevket Pamuk, *Osmanlı Ekonomisi ...*,s.129.

13 Ömer Lütfi Barkan, 'Osmanlı İmparatorluğu Tarihi Üzerine Denemeler'. [Essays on the History of the Ottoman Empire], (Ankara: Hacettepe Seri Konferanslari, V.15., 1970),s.78.

at his own will, he has the right to ask for land rent from peasants. The relationship between the land owner and the ones working on that land is a feudal one. Glebes are the lands whose revenues are donated to a foundation. Demesnes are the lands whose revenues are transferred to a person in return for his service. These lands, with a general description, characterized as timar could be grouped into three in an increasing order as *Timar*, *Zeamet* and *Has*. In the Ottoman Empire, "The center of ideology is justice and grace of the state which owns the whole land in sultan's religious presence, who is at the same time the khalif, and redistributes the rest to maintain it 'eternally legal'."¹⁴ Tax revenues were collected in terms of land and as crops. Taking into account the difficulty of transporting the collected crops to the centre, then exchanging them with money and distributing the money to soldiers and officers in the mentioned era, collection of the revenues of a certain area by soldiers and officers in and on behalf of them, in return for service, formed the base of timar system. "...and once the lands of conquered countries are considered and announced as *demesne*, Ottoman sultans have always considered themselves having the right to divide some of this land and transfer it to grand soldiers and officers who made service to the state."¹⁵

On behalf of the sultan, timar holder would manage the land. Peasants would cultivate it. Timar holder would transfer not all the products the peasant grew, but only the specified tax (*öşür*, meaning Islamic tithe) of it to the center. Besides, he would train a number of peasants, determined according to the size of the timar, to join him in wartime. "This timar organization which was rather significant in Ottoman state organization had generated the most powerful trooper of the state until the end of the 16th century."¹⁶ Rayah who would do military service with the timar holder in wartime, would cultivate the land in peacetime, yet he did not have the title by descent. When he dies, the only thing he could legate to his son or wife is the right to cultivate the land. If a rayah did not cultivate his land for three years successively, the land would be dispossessed, transferred to someone else and if there was any harm caused by desolation, he would have to pay a due named "*çift bozan resmi* (meaning tax paid by the deserter of the land)". In these kind of situations, the officer managing the demesne could rent it to someone else in return for a rent payment in

14 Çağlar Keyder, *Toplumsal Tarih Çalışmaları*. [Studies in Social History], (Ankara: Dost Books,1983),s.14

15 Ömer Lütfi Barkan, *Osmanlı Devletinin Sosyal ve Ekonomik Tarihi Tetkikler-Makaleler Cilt2*. [The Social and Economic History of the Ottoman State, Studies-Articles V.2.], (Istanbul: Istanbul Üniversitesi Rektörlük Publications,2000),s.1290.

16 İsmail Hakkı Uzunçarşılı, *Osmanlı ...*,s.311.

advance. There is no relationship between rayah and timar holder based on forced labour. The quantity of tax which the timar holder could ask for from the rayah was determined by codes. "Timar system had begun to lose its significance since the early times of 17th century with the structural changes occurring in world economy such as monetary relations becoming widespread, price movements, soldiership becoming a job owing to the war technology and transition from monetary capitalism to industrial capitalism."¹⁷

Faced with the growing financial crisis, Empire had the necessity to find new revenue sources, so it went for a new arrangement in Land regime and changed from demesne system to tax farming system. While the ones who made service in wars were ascended to be timar holders earlier, with the tax farming system, the land was transferred to those who pay more. Because janisseries' *ulufe* (payment made to janissaries) was constantly rising, they had accumulated great wealth and so they had the right to manage timar, too, in the tax farming system. In the new system, *devshirme*s (the converts to Islam) and even the foreigners could own timar. Timar system, as the same in the other state institutions... began to corrupt and lost its old identity. Because, timar, contrary to the regulations and laws which had to be obeyed during the distribution of timar, was unjustly given to people who are not adept and not related to the military. Hence, the organization corrupted.¹⁸ The need to establish a central, permanent and regular army, increased the significance of the transfer of more tax revenues to the centre, and also abuse of the timar system distribution rules necessitated a revision on this subject. Consequently, timar system changed to the tax farming system.

In the tax farming system, privilege to collect taxes for a period is purchased with cash in advance by tacksmen via auction. After winning the auction, they collect the tax revenues of units called *muqata'ah*. Tacksmen were liquidating the real tax revenue they collected from rayah and send it to central state treasury. "when paying a certain amount of the tax farming cost in advance... became a condition of the auction in the end, a class having financial capital including exchangers came to dominate the tax farming, which for the most part belonged to the military class previously."¹⁹

17 Ahmet Tabakoğlu, *Türk İktisat Tarihi*. [The History of the Turkish Economy], (Istanbul: Dergah Publication, 5th ed., 2000),s.207.

18 Yusuf Halaçoğlu, *XIV-XVII. Yüzyıllarda Osmanlıda Devlet Teşkilatı ve Sosyal Yapı*. [State Organization and Social Structure in the Ottoman Empire, between 14th-17th Centuries], (Ankara: Turk Tarih Kurumu Publications,1991),s.88.

19 Mehmet Genç, *Osmanlı İmparatorluğunda...*,s.102

Because the right to collect taxes was sold with auction in the tax farming system, a certain amount of the tax revenues was encashed by the state in advance from the tacksman. Then the tacksman deduced the revenue he had paid in advance, his own tax encashing cost and his own service cost from the tax revenues he collected in kind and then liquidated, and submitting the rest of the tax revenue to central state treasury. In time, along with the further corruption of the empire's financial conditions and the increase in the need for borrowing, instead of the tax farming system in which the lands were given to tacksmen via auction for normally one year and sometimes even for a shorter period, the manorial system was accepted in which muqata'ahs were given for life. "prolonging the muqata'ah periods and giving them for life was increasing the amount of the advance payments. So, it is possible to interpret the manorial system as the state going into a kind of long term domestic borrowing by using muqata'ahs."²⁰ Timar lands were transformed to glebes or private estates. Great revolts erupted. Consequently, peasants deserted these areas. "Along with the corruption of the agriculture system in 17th century, city life also began degenerating; on the one hand the idle crowd who ran away from villages to fill the cities, on the other hand the social problems caused by janissary-craftsman relations ruined the city life."²¹

3. Cessation of Conquests

During the rise of the Ottomans when the empire was the most magnificent, lands were rather broad and revenues were plentiful. Considering the broadness of the empire which expanded to three continents, increase in the budget numbers was normal and real. The factor which led to the prosperity of the Ottoman ruling class and its policy of not overtaxing its own people was foreign plunder. ...As long as it could conquer, the state did not develop reflexes to stimulate production qualitatively and quantitatively. Others were producing and then it was organizing a regular confiscation mechanism.²² In this respect, military payments were made promptly, in time and easily and they did not constitute a problem for the treasury. "In the army described as State Soldier, for the most part, there were Timar Holders, their *cebeli* and other state soldiers. This was not a

20 Şevket Pamuk, *Osmanlı-Türkiye İktisadi Tarihi (1500-1914)*. [The History of the Ottoman-Turkey Economy], (Istanbul: Gerçek Press, 1990),s.129

21 Taner Timur, *Osmanlı Toplumsal Düzeni*. [The Ottoman Social Order], (Ankara: Imge Books,1994),s.259.

22 Erdoğan Aydın, *Osmanlı Gerçeği*.,s. 206.

regular, paid army. When the center commanded, Timar Holders would take the peasants they had given military training (*cebeli*) with them and go for the duty."²³ Janissaries raised in *Kapıkulu Ocakları* (troops directly under sultan's command) were based on the formation of an army by assimilating the kids gathered from different ethnic groups (*devshirme*). Janissaries were the trained infantry force of the Ottoman army. "In early times, there were 10-12.000 janissaries at most. At the end of the 16th century, *ulufeli*, meaning paid janissary army had to be expanded to 30-40.000; then the financial crisis commenced."²⁴

In the 16th century, because the frontiers of the empire expanded enormously and the distance of the lands planned to be conquered, to the centre increased, front supply costs also increased. And since the second half of the 16th century "...there had been a change in military systems in the world and rifle infantries replaced cavaliers. Due to the necessities in wars, considering the practical needs, traditional Timar holder system of the empire was abandoned and rifle infantries began to be used in the Ottoman army."²⁵ Because of the narrowing down empire frontiers due to loss of land and swiftly decreasing treasury revenues in parallel with the lost lands, the payments called *mevacip* and *ulufe* payments, given to military troops every three months, which were the number one expense of the Ottoman treasury, were delayed, and these delays caused great discontent among soldiers. Especially among the military troops which *ulufe* payments were delayed, some unpleasant movements against the state were observed. In order to finance the increasing war costs and the decreasing revenues due to loss of land, the quantity of the taxes collected from the people was raised. Beside additional taxes, when renewing their titles of privilege, timar holders, foundation servants etc. were forced to pay a tax called "title of privilege renewal tax". However, all these could not relieve the treasury and it was depleted day by day. Often-changing sultans and traditional accession fees (*cülus bahşişi*) paid with every change of sultan were troubling the treasury seriously. Accession fee was equal to the weight of a soldier's one-year-*ulufe*. When the accession fee was added (due to the change of the sultan) to the soldier's existing *ulufe* credit, the situation went beyond a crisis; revolts and raid commenced. "Janissaries' audacity and disobedience knew no limits and their imprudent demands

23 İsmail Cem, *Türkiye'de Geri Kalmışlığın Tarihi*. [The History of Backwardness in Turkey], (İstanbul: Türkiye İş Bankası Kultur Publications, 2007),s.43.

24 Halil İnalçık, 'Osmanlı Para ...',s.156.

25 Erhan Afyoncu, *Sorularla Osmanlı İmparatorluğu IV*. [The Ottoman Empire with Questions], (İstanbul:Yeditepe Publications,2005),s.140.

led to the bankruptcy of the treasury. Such actions as confiscation and seizure of heritage have to be considered a result of the obligation of covering the deficits caused by forced generosity to janissaries."²⁶ The state could not encash its revenues and the treasury was in a bottle neck due to the unsuccessful wars. Revenue sources were increasingly shrinking. In parallel with those hard days and events both in the center and in front-lines, there were efforts to take saving measures; however, it cannot be said that a constant and significant saving in the number of soldiers was realized.

While martial art was developing in Europe, the East remained the same. In Western forces, ...there were decent and disciplined armies consisting of hundreds of thousands soldiers acting with velocity, regularity and force harmony. Whereas in the Ottoman Empire, there was an army that had never existed as a whole, had been heroic but messy and disobedient.²⁷ It was natural that the expenses of the army during wartime were greater compared to the expenses in peacetime. However, as a result of protracted wars, war expenses which have to be temporary expenses have come to be permanent additional expenses. Defeats in the wars made in the 17th century only with the hope and purpose of providing a permanent revenue source for the treasury, caused loss of land and depletion of revenue sources to cover war expenses. "Vienna defeat ...both displayed the Ottomans' administrative and military weaknesses sardonically and obliged them to accept the superiority of the West reluctantly. From then on, the Ottomans entered a period in which they were going to look for the solutions in the West, rather than domestically."²⁸ Together with the additional expenses loaded on the treasury by wars, budget deficit was constantly growing. When the defeats came successively, the Ottomans abandoned their holy war concept and resorted to a peace policy. Notwithstanding, excluding some years which could be considered exceptions, the Ottoman budget started giving deficit even in peacetime. In order to cover for the additional expenses of the treasury, additional taxes and internal borrowings were resorted to. "In the 17th century, there was an attempt to improve the old institutions such as timar holders and janissaries and this continued in the beginning of the 18th century, too. However, starting from the second half of 18th century, new institutions began to be established."²⁹

26 Engelhardt, Ed., *Tanzimat*, çev. Ayda Düz. [The Tanzimat Era, trans. Ayda Düz], (İstanbul: Milliyet Publications,1976),s.21.

27 Alphonse De Lamartine. (Collected by: M.R.Uzmen). Sona Doğru (Türkiye Tarihi). [Towards the End The History of Turkey]. V. 6., (İstanbul: Kervan Books Inc.,1973). s.1429.

28 Ekmeleddin İhsanoğlu, *Osmanlı Devleti...*,s.56

29 Erhan Afyoncu, *Sorularla Osmanlı ...*,s.145

4. Corruption of the Ruling Class

The source of the Ottoman bureaucracy (*kapıkulları*) was the prisoners of war. The main concern for forming *kapıkulu* was internal and external enemies. One section of the raised *kapıkulu* was janissaries who were the infantry part of *kapıkulu ocakları* that were under the command of the sultan, and the other section was consisting of people trained in a school (*Enderun*) inside the palace to work for the palace, the army or the government jobs. In *Enderun*, grand viziers, pashas, janissary masters, state governors, flag officers etc. were trained. Although the *devshirmeh* bureaucracy and its striking power, the janissaries were ruling the state, they had no economic, socio-ethnic or similar roots in society. Because, they were both “*devshirmehs*” from Orthodox Christians and their security of life was in the hands of the sultan. Naturally, this situation reflects the “model” of the Ottoman system, meaning its theoretical body.³⁰ Brainwashing was involved in their training and the other result of the non-Muslim character of *Kapıkulu* was rootlessness. “Ottoman central army had been organised according to the concept of *devshirmeh* since Murat 1. The practice of young Christian boys’ being pulled of their family roots, being raised first by Muslim families and then in *Enderun*, was intended to make them obedient tools in sultan’s hands.”³¹ In *Enderun*, some parts of the staff needed in army and bureaucracy were trained. In the Ottoman education system, the principle of *devshirmeh* Christian children being educated according to their abilities to have promotions in military and civil state ranks was adopted. For the sake of protecting the absolute power of the sultan, forming a distinguished class according to merit rather than heredity was aimed.

However, in the Ottoman Empire, the promotion of people, educated in *Enderun* and having the ability to rise to the ruling ranks was abandoned in time and instead the formation of the ruling class by bribery and privilege commenced. In time, “Sultans’ shutting themselves into the palace to indulge in exuberance has developed the competition between viziers and paving the way for having positions by bribery, it has been a destructive way for Ottoman Empire’s moral body.”³² Because the political authority was weakened in the recession period in the Ottoman Empire, serious problems came in to life. The newly formed ruling class accelerated the recession and collapse of the empire. In the mean time, the empire was

30 Emre Kongar, 21.Yüzyılda Türkiye (2000’li Yıllarda Türkiye’nin Toplumsal Yapısı). [Turkey in the 21. Century (The Social Structure of Turkey in the 2000s)] 9.ed., (Istanbul: Remzi Publications,1998),s.17

31 Taner Timur, Osmanlı Toplumsal ...,s.261.

32 Namık Kemal, Osmanlı Tarihi. [The Ottoman History], (Istanbul: Hurriyet Publications. History Series. V. 3., 1974),s.414.

making raids again into foreign territory but losing more lands. Along with the recession of the Ottoman Empire, Rumelia lands commenced to be lost causing the depletion of *Kapıkulu* sources. Ottoman rulers who saw *Kapıkulu* was about to vanish, started sending students to the West in order to be trained as soldier-civil ruler, since the second half of the 18th century. The students sent to the West were the first systematic encounter of the Ottomans with the West. At the same time, schools similar to the ones in the West began to be opened inside of the empire. The students, who went to the West, unwarily considered behaving and dressing-up like the Westerners to be sufficient for development. They ignored the technologic developments, industrialization in Europe and the economic relations lying behind them. In and around the palace, luxury and waste increased and everything was changed without any economical base. Nevertheless, the students who went to the West were affected by the institutions there. They attempted to put limitations to the power of the Ottoman Sultan.

Conclusion

The Ottoman Empire was based on an autocratic conception of sovereignty which does not allow for private property and civil society. As it was not convenient to make reforms and a bourgeois class could not be formed within the structural principles of the empire, mercantilist economic mentality of the West could not be adopted. International trade routes in Anatolia and the Mediterranean changed directions as a result of geographical discoveries. Treasury lost a great scale of customs revenue when Ottoman Empire lost the monopoly for spice and silk trade. Besides, Europeans, extending inside America and getting greatly rich with the gold and silver of America, now that they were dominating the maritime trade routes also, began to purchase only raw material from the Ottomans and sold the excess of their finished product to the Ottomans. As a consequence of these deals, Ottoman Empire started losing its silver reserves. Additionally, another point of question was “the raid of European silver coins (most of them were fake) into the Ottoman market between 1584-1600”³³.

The Ottoman Empire always had a strict control over the production factors, namely land, labour, capital and the entrepreneur. This prevented capital accumulation and the formation of the bourgeois class. As long as the enrichment based on capital accumulation could not be realized, holy war mentality based on foreign plunder could not be abandoned. However, the developments in firearm technologies could not be observed closely

33 Halil İnalçık, ‘Osmanlı Para ...’,s. 158.

for the modernization of the army. Defeats followed each other in the battle fields. Long and attritive war periods created great financial loads which could not be paid in peacetime. Money lost its value (debasements) and inflation occurred. While the significance of the timar system was decreasing with the developments in military technology, its structure also changed the financial sense with the decrease of the portion of reel economy and its change to monetary economy. First, the tax farming system, in which the tacksmen collected the taxes, was adopted and then the manorial system, in which timars were given for life. Timar system gained a semi-feudal structure. The pressure increased for the peasants cultivating the land to get more products and for the person who is the land owner for his life, to raise the revenues left from the taxes. The attempt to raise the tax revenues over land products, made the life and work conditions more difficult for rayah working on land. The emergence of financial crisis was followed by the social crisis. Peasants deserted the lands they were cultivating and ran away to towns and cities. When these people flooded the towns and cities as idle masses, public order problems emerged. Those who could not find a means of subsistence became rebels (*jelali*) against the state. Unemployment and the problems in the means of subsistence extended to the other parts of society, too. Political, economic and social order of the Ottoman Empire was ruined.

The Ottoman desiring to protect its crown, wanted to maintain the order it established at all costs, without any change. ...Not only the Turkish nobles, but even the other family members of the Ottoman who could be a competitor for the crown... were sacrificed for the purpose of maintaining the order without change. In fact, at the end, for the crown of the Ottoman, a whole empire, its own empire was sacrificed.³⁴ Finally, when the Empire collapsed, the sovereignty was also lost.

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