

1830-1840 YILLARI ARASINDA OSMANLI DEVLETİ'NİN KÜRESEL EKONOMİYE ENTEGRASYONU

İlyas Balcı*

Öz

Bu çalışma esas olarak Osmanlı Devleti'nin 1830-1840 yılları arasında küresel ekonomiye entegre olmasındaki iç ve dış etkenleri ortaya koymayı amaçlamaktadır. Bu amaçla, ilk olarak küresel ekonomiye entegre olmanın ne olduğu ve gerçekleşme yolları açıklanmış, sonrasında Osmanlı Devleti'ni küresel ekonomiye entegre olmaya iten veya buna ortam hazırlayan dünyadaki ve Osmanlı'daki gelişmeler, güçler ve durumlar analiz edilmiştir. Bu bağlamda, çalışmanın temel bulgusu şu yöndedir: 1830-1840 döneminde Osmanlı Devletini küresel ekonomiye entegre eden temelde 6 faktör vardır ve bunlar şu şekildedir: Avrupa'ya öğrenci gönderilmeye başlanması (1830), Mısır Valisi Mehmed Ali Paşa'nın isyanı (1832), Balta Limanı Antlaşması (1838) (bu sürecin inşasında ve bu çalışmada merkez konumdadır.), Britanya ve Fransa başta olmak üzere çeşitli Avrupa devletlerinin Osmanlı'ya doğrudan yatırımları ve Osmanlı'nın dış borçları. Ayrıca bu entegrasyon sürecini şekillendiren dünyadaki ek diğer gelişmeler de bu çalışmada analiz edilmiştir. Bu açıdan çalışmanın kapsamı anılan faktörlerin ve bu faktörlerin İmparatorluğun küresel ekonomiye entegrasyona etkisi üzerine olacaktır. Konunun analizinde Berkes, Erdilek, Lewis, Pamuk, Wallerstein gibi alanın en saygın entelektüellerinin çalışmalarını da kapsayan, literatürde bulunan, ikincil kaynaklardan yararlanılmıştır.

Anahtar Kelimeler: Küresel Ekonomiye Entegrasyon, Yurtdışı Eğitim, Yatırım, Dış Borçlanma.

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INTEGRATION OF OTTOMAN EMPIRE INTO GLOBAL ECONOMY BETWEEN 1830-1840

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Abstract

This study aims to reveal the internal and external factors that gave rise to the integration of The Ottoman Empire into the global economy between 1830-1840. With this regard, the meaning of the integration into the global economy, the ways for its realization were explained in the initial part of this study. The factors, forces and developments which pushed The Ottoman Empire to integrate the global economy were followingly analyzed. In this context, main finding of this study is as follows: There are basically 6 factors that integrated The Ottoman Empire into the global economy in the period between 1830-1840, and these are as follows: the beginning of sending students to Europe for foreign education (1830), the revolt of the Egyptian Governor Mehmed Ali Pasha (1832), Balta Limanı Treaty (1838) (it has a central position in the construction of this process and in this study), the direct investments of various European states, especially Britain and France to The Ottoman Empire, and The Ottoman foreign debts. Furthermore, global developments that shaped this integration process were also analyzed. With this respect, the scope of this study is the examination of the aforementioned factors and their impacts on the integration of the Empire into the global economy. Secondary sources in the literature were used to analyze the subject. The sources comprise the studies of the most respected intellectual in the field like Berkes, Erdilek, Lewis, Pamuk, Wallerstein.

Keywords: *Integration into World Economy, Foreign Education, Investment, Loans, Foreign Debts.*

Introduction

Ottoman Empire as a strong power which ruled three continents (Balkans, Middle East and North Africa) during 16 and 17th centuries stuck and struggled with a dichotomy for decades in the midst of 19th century following the decrease in its power and the development of capitalism in Europe. The dichotomy that the Empire was caught was choosing side between conserving its traditional economic and political life and getting integrated into the world economy. The Ottoman Empire was unable to achieve sufficient development and fell behind its rivals (especially Europe). The emergence and growth of capitalism and changing production and trade skills in Europe created an environment in which The Ottoman Empire became the dependent on the European production, politics, culture, science etc., which also composed the environment for its absorption or integration into the global economy. This addicted consumption habit of The Ottoman Empire and other under-developed non-European countries ensured the consistency and continuity of the European superiority and stability in areas of economy, science and politics for decades. This habit also composes an essence of central-periphery argument which was examined below.

Global economy, on the other hand, is defined by Wallerstein as “a single social economy containing multiple state-structures in capitalist way, in which capital accumulation is controlling social actions which is pursued through the free market.” (Wallerstein, 1979: 390). The key component of global economy is “free market” while the unequal and brutal side of global economy is that countries have not begun and continued at the same level of scientific, industrial and capitalist development. Integration into world economy, as Erdilek underlines, can take place in three ways which are through “international trade, labor movement and capital movement. Capital movement can be realized through foreign direct investment (FDI), foreign portfolio investment with or without equity and foreign bank borrowing. FDI is the most prominent form of recent glo-

balization and increased the growth rate of many developing countries.” (Erdilek, 2006: 17).

Almost any country in the world got integrated into the world economy in one way or another between 16th and 19th centuries. Modelski and Thompson noted as a result of their historical analysis that every century brings a global power which appears as a consequence of the combat of two powers (Modelski, 1988: 135). Britain as a country on which the sun never sets became global power and steered the world politics and economy in 19th century with its industrial production, imperial trade and colonialism across the world.” (Balcı, 2020: 34). If the Britain was global power of the era, reading the concept of “integration into the global economy” through “integration into the global power of the relevant era” would not be wrong. In this way, The Ottoman Empire’s integration or boundary to the Britain is the reflection of its integration into the global economy as well. The Ottoman Empire went through some hard processes and events which ended up with its eventual integration into the world economy.

The literature lacks the overall analysis of the integration process of Ottoman Empire in global economy. Rather, it has some specific studies and analysis focusing on the specific events and processes covered in this study. However, such studies lack the holistic view and bigger function of the events they focus. Therefore, literature lacks a holistic analysis of the 1830-1840 era in the context of the integration or absorption of Ottoman Empire into world economy. In this context, this study aims to discover the factors that cause or force the Ottoman Empire into the absorption or integration into world economy. With this regard, the main dynamics and events led the Ottoman Empire’s integration into global economy will be analyzed in this study through the following main pillars: sending students Europe for foreign education (1830), Kavalalı Mehmed Ali Pasha Revolt (1831-1840), Balta Limanı Treaty (1838), Ottoman Bank, Direct Foreign Investments in Ottoman Empire, British Trade, Ceride-i Havâdis.

The significance of this study is that it will be a model indicating the absorption of an empire, a state into the world economy by either consent, compulsion or force. This study will be a light for further studies to discover the other effects that push, cause or lead the Ottoman Empire into global economy and, to discover the factors affecting the other countries' integration or absorption into global economy.

1. Sending Students to Europe (1830)

When individuals, institutions, or countries realize they are less developed than their competitors, they typically investigate how their competitors obtained success. Although The Ottoman Empire entered into the period of decline or transformation with the Karlowitz Treaty in 1699, it took The Empire too long to send students Europe (1830) for benchmarking or for the search of what and how they were doing better. In spite of the fact that there were many statemen or merchants who travelled the Europe and brought their observations to the Empire, it took too long to take them seriously and make systematic research on the points at which the Empire fall behind the Europe.

As Berkes (2012: 56) indicated, "Yirmisekiz Mehmed Çelebi was sent to Paris in 1770 to seek the possibility of an alliance with France as well as to recognize the French civilization and to bring information on what could be adapted or adopted. When Çelebi returned the Empire, in his Se-faretname, he describes his admire to what he saw in social, economic, scientific and political developments and practices in France." What carries significance here is sending a stateman to Europe to learn and bring their civilization as a whole which developed more than the Empire. However, this was not a comprehensive and systematic research for the restoration, and it was going to begin sixty years later, in 1830 with the students who were sent to Europe for foreign education and training by Sultan Mahmud II.

Beginning from the 17th century, the distortions in social, political and economic life in The Ottoman Empire left it behind its counterparts

and pushed it to find solutions. Sultan Mahmud II thought that underdevelopment of the Ottoman Empire compared to its European counterparts was caused by the education system. Therefore, The Sultan initiated a policy to send students to Europe for education in 1830 for the first time.

Sultan Mahmud II became the first in the Ottoman Empire who sent students Europe for education in a systematic way since his predecessors failed in such attempts before (like Sultan Abdulhamid I, Sultan Selim III). Serasker Hüsrev Pasha was the most important figure who contributed to the Sultan's decision on foreign education and its systematization. It is important to note that the students sent by The Ottoman Empire were all military-based and were aimed to take military education.” (Gençoğlu, 2020: 11). Furthermore, the Sultan intended to close the gap of military underdevelopment by embracing European education through sending students, while he did not abandon other underdevelopments. However, the way he pursued for the solution of others were different than foreign education to catch the Europe. One of them, for example, importing machines from Europe to create and increase production by state hand. As Pamuk indicated, “For initial reforms in the 1830s and 1840s, the government imported machines using the latest technology from Europe, set up a series of state- owned factories, essentially to meet the needs of the army, the navy, and the palace. The cotton and wool weaving plants, fez factory, armory, shipyards, and foundries were among the most important.” (Pamuk, 2018: 100)

The Sultan was aware of the underdevelopment of the empire in many fields compared to its European counterparts. Therefore, the Sultan initiated many reform policies varying from dress reform, modern postal service, first official newspaper (Takvim-i Vekayi). Moreover, he abolished many institutions or groups who resisted the reforms. (Gençoğlu, 2020: 8) In this context, abolishment of the guild of janissaries is one of the biggest actions the Sultan deployed. However, such abolitions were not regarded enough by the Sultan since there had to be modernized institutions, information and personnel to develop the Empire and help it catch its Euro-

pean counterparts. Therefore, The Sultan went on the quests of European knowhow, knowledge, experience and ability.

The Ottoman Empire of the era was not homogenous in terms of the development. While the center was trying to look for the ways to improve the state and catch up its European counterparts, another part of the state was already developed and caught its European competitors. One of them was Egypt Governor Kavalalı Mehmed Ali Pasha and he was governing the region like a sultan and modernized province earlier than the Ottoman Empire. In that, he initiated the foreign education in 1815 by sending students to Italy. Moreover, he sent many students to France during the following years to modernize and develop the province's military and scientific level. Sultan Mahmud II demanded educational assistance from Egypt, yet it never came. The option of bringing the European scholars directly to the Empire's military schools was regarded as costly and ineffective by the Sultan. Therefore, the only solution for the modernization of the Ottoman Empire was to get European development directly by the Ottoman students through foreign education (Gençoğlu, 2020: 10).

The students in consideration had varying status such as soldiers, students, engineers and technicians from varying military schools such as Asakir-i Mansure-i Muhammediye (established by Sultan Mahmud II in 1826), Mühendishane-i Berri-i Hümayun and Mekteb-i Harbiye. However, they all had the same mission: to transfer the knowhow, knowledge, experience and ability of the Europe to the Ottoman Empire.

Although there is no consensus on the exact number of the students sent by the Ottoman Empire to Europe for education in the literature, Gençoğlu (2020: 10-15) underlines throughout the Sultan Mahmud II era (1808-1839), the number of students sent abroad for education is 89 and 30 of them were sent to study in Austria, 27 in England, 24 in France, and 3 in Prussia in varying fields such as military, artillery, mining, navy. Almost all students were appointed as the head of very critical institutions and organizations (relevant to their training and education area abroad) in the state when they returned the homeland. The positions they appointed

and served with their foreign education experience includes vizier, mine directorate, chief engineer, general, colonel etc.

Although the foreign education of The Ottoman students was mainly aimed to have military education until 1838, it spread to other modern sciences like medicine after 1838 (Lewis, 2001: 84-85). Sending students to Europe for education by state's hand depicts that the great The Ottoman Empire realized and admitted its underdevelopment compared to Europe and it looked for the solutions. However, the initial admission of underdevelopment seems to be limited mainly to the military area and later spread to the other scientific areas. Anyway, this movement brought the Empire closer to Europe directly and the world economy indirectly. (Through the global powers in Europe) In other words, The Ottoman Empire understood its underdevelopment compared to its European counterparts and, it desired and expected to catch up their level by trying to learn how they succeeded through foreign education via students. With the foreign education step, The Empire acknowledged that it was not the pioneer and leading power of the world anymore. Rather, it sensed that The Europe was superior in varying fields such as military, science, technology, education, which pushed the Ottoman Empire closer to the Europe to fill the gap in question.

The Ottoman Empire understood its underdevelopment compared to Europe during the era of Sultan Mahmud II, and the Empire made its first direct contact with Europe through foreign education to close the gap. Because the Empire faced with internal political crises and gridlocks in the following years and the Empire applied to Britain, the global hegemonic power, for the solution of such problems. However, this first contact, the foreign education of the Ottoman students, was just the first step in practice on the path that takes The Empire to the integration into global economy. The Britain was going to took advantage of the difficult situation of the Ottoman Empire with Balta Limanı Treaty which dissolves the Empire's protective economy policies applied for decades to preserve its under-industrialized economy and merchants from advanced industries, which threw the Empire into the "free trade" sea.

Another step that takes the Empire to the absorption into global economy one step ahead was Kavalalı Mehmet Ali Pasha revolts. It was the most serious political gridlock that The Ottoman Empire faced in the era analyzed in this study. Since the Empire applied to Britain for the solution of this revolt, it led to broader results than expected and aimed. The journey of demanding foreign help which began with the foreign education, continued with Balta Limanı Treaty caused by Kavalalı Mehmet Ali Pasha revolt and resulted in The Ottoman Empire's absolute absorption into global economy.

2. Kavalalı Mehmed Ali Pasha Revolt

Mehmed Ali Pasha appointed as the governor of Egypt in 1805 and obtained a gradual but huge political and economic autonomy in Egypt in the subsequent years. He modernized and disciplined his army with the French supports. He also obtained the technological advancements achieved by Europe through the students he sent for foreign education. He substantially improved Egypt and attempted to expand his realm, which led to disputes with the Sultan of the Empire (Karakaya, 2019: 290-301). Moreover, the power and success he obtained poisoned his mind and Pasha consistently revolted against the Ottoman Empire and the Sultan between 1831-1840. Although the revolt was an internal issue at the beginning, it gained international dimension in the following years because of three main reasons which are the weakness of the Ottoman Empire, the cooperation of Pasha with European powers especially with France and, the desire of the global powers like Britain, Russia, France on the potential of Ottoman Lands.

The endless disobedience and revolt of Pasha brought the Empire on its knees eventually since it proceeded and conquered almost half of the Anatolia. In 1832, he arrived Kütahya which became a turning point for Sultan Mahmud II and he applied for the mediation of the Britain, France and Russia. The first two powers did not deal with the issue at first since

the first one did not take the issue seriously enough while the second one was supporting Mehmed Ali Pasha. The last one, Russia, made the mediation and sent a big troop to Istanbul for safety with the Treaty of Hünkâr İskelesi in 1833. The Treaty mobilized the global powers. The first two powers (Britain and France) realized the importance of the issue with the concerns about Russia's influence or domination on the region, they embarked on mediation activities. Treaty of Kütahya was signed in the same year as a result of this intervention. Critical changes took place on the status of Egypt, Damascus, Crete and Adana region. During the era, the governorships of Egypt, Damascus and Crete was given to Pasha with the Treaty of Kütahya in 1833. However, both sides were not satisfied and consistently clashed and tried to abolish one another. As a result, The Ottoman Empire applied again the mediation and aid of Britain to solve the ongoing problem with Pasha. In exchange of the support for the suppression of Mehmed Ali Pasha's revolts, Britain demanded some privileges from the Empire in 1838, which resulted in Balta Limanı Treaty that threw the Empire to a deep "free trade sea". In return, Mehmed Ali Pasha problem was dissolved with "London Treaty" or "Convention of London" pioneered by Britain, mediated by Austria, Prussia and Russia. Throughout the era, both diplomatic efforts and hard power of The Ottoman Empire and Britain with Pasha played major role in signing the London Treaty. The mediation of Britain on Ottoman Empire's internal problem had already found its return in Balta Limanı Treaty in 1838 which led the absorption of the Ottoman Empire into global economy as analyzed below.

Mehmed Ali Pasha Revolt was an internal problem of the Ottoman Empire at the beginning. However, it became an international issue with the Treaties of Hünkâr İskelesi (1833), Kütahya, Balta Limanı and London pioneered by Britain due to the inability or weakness of the Empire to resolve and suppress. The potential of the population and lands of the Ottoman Empire was promising to the global powers of the era, and they did not miss such an opportunity by signing the Balta Limanı Treaty (and

similar treaties signed with France, Netherlands, Norway, Spain, Sweden, Portugal, Denmark and Belgium in the following three years).

Mehmed Ali Pasha Revolt was not the only main pillar behind the integration of The Ottoman Empire into the world economy. It was only a triggering step of the fire. Many developments prepared this case both for The Ottoman Empire and Britain. Political, social, economic and military distortions weakened the Empire converted it into vulnerable against such interventions and aids. On the other hand, the Industrial Revolution in addition to colonialism and the battles like Seven Years Wars strengthened and turned the Britain into a global power which steered the world for decades in accordance with its interest just like The USA today.

Britain was experienced so much in the fields of linking countries to the global economy. So, The Ottoman Empire was not a new case for the Britain which completed its Industrial Revolution in 1820s and became a global power after defeating France. Britain signed free trade agreements with many countries from Latin America to China, by either agreeing with governments or using hard power when necessary. (Pamuk, 2007: 207) The Ottoman Empire with its economic, military and political problems could not sustain its protective policies against the pressure of Britain's trade demands after Mehmed Ali Pasha revolt broke out. When the increasing domination of Russia on The Ottoman Empire is taken into consideration, the role of Britain appears to maintain the territorial integrity of The Ottoman Empire in exchange of the commercial privileges it demanded. This series of incidents ended up with Balta Limanı Treaty in 1838 and they as a whole created a ground on which integration of The Ottoman Empire to the world economy developed.

3. Balta Limanı Treaty (1838)

In The Ottoman side, the effective factors creating the Balta Limanı Treaty were, in short, distortions in the economic, military and political order, Mehmed Ali Pasha Revolt, and underdevelopment compared to Eu-

rope as mentioned above. However, there were some effective factors that pushed the Britain in private and Europe in general to look for such treaties. As Dura and Altıparmak underlined, “the Industrial Revolution that began in Britain and lasted until 1840 provided the European countries with the ability to produce more than what they consume thanks to the transition to mass mechanic production, in exchange of hand production.” (Dura, 2000: 17-30). The excessive production in question pushed both the Britain and Europe to look for markets to sell their products. In addition, with the mass production, costs diminished relatively much while its transportation also became quite cheap thanks to the steamships. “The seek for raw materials to produce and the seek for new markets to sell them directed the European countries especially Britain to The Ottoman Empire and other similar states, which made them peripheral countries bounded to the Europe.” (Eşiyok, 2014: 67-108) The Ottoman Empire was regarded by those as a rare market for trade and this condition is the fundamental dynamics that created Balta Limanı Treaty in the Britain and European side.

There are different views towards the aim of Britain with Balta Limanı Treaty. Fahmy (2002: 13) underlines that the aim of Balta Limanı Treaty was to remove the commercial monopolies of Ottoman Empire in general and, Mehmed Ali Pasha in particular because of his success in the economy policy in Egypt. However, the treaty was signed with the Ottoman Empire in Istanbul; it was not signed with Mehmed Ali Pasha in Egypt. Moreover, the treaty affected the whole empire, not only the Egypt failed to battle with the cheaper and mas produced British goods, but also the rest of the Ottoman Empire failed to battle with the same goods.

Prior to the Treaty, The Ottoman Empire had a different economic-trade system named as “Yed-i Vahit” (The Ottoman Monopoly). In this system, Mercantilist structure shows its existence relatively much because it left no competitive space for foreign merchants in domestic trade which was totally granted to the monopoly of The Ottoman merchants. As it was underlined by many scholars such as Pamuk (2007: 205), “The trade of

many goods (especially export) was given to the monopoly of The Ottoman merchants in return for a license fee. The manufacturer or importer is obliged to sell his goods to these license holders. Taxes up to 12 percent were collected from domestic trade. Moving goods from one city to another requires obtaining a “license.” Yed-i Vahit System thus, was a barrier against the trade interest of the European countries since they face with a huge difficulty in competition with The Ottoman merchants due to the monopolistic trade structure or the privileges granted to The Ottoman merchants since internal trade was left only the pre-determined The Ottoman merchants. The absence of free trade in essence would be said to lead the treaty. Increasing productivity of the Europe and the huge and young consumer market of Ottoman Empire as well as its political, military, and economic crisis created the most proper environment for Balta Limanı Treaty.

As a consequence of such dynamics, Balta Limanı Treaty was signed on August 16, 1838, with the Britain while similar treaties were also signed with France, Netherlands, Norway, Spain, Sweden, Portugal, Denmark and Belgium in the following three years. The content of the Balta Limanı Treaty carries quite much importance in terms of integration of The Ottoman Empire to the global economy. The most prominent matters of the treaty are in short as follows (Pamuk, 2007: 205; Erdilek, 2006: 17-28; Dura and Altıparmak, 2000: 17):

1. “Yed-i Vahit System was abolished.
2. British merchants were allowed to trade in Ottoman empire freely.
3. The License permit (8 percent) demanded for the purchase or transportation of goods was abolished.
4. Tax Rate for exports was decided as 12 percent.
5. Tax Rate for imports was decided as 5 percent. (It was 3 percent prior to the treaty. However, transportation of the goods inside the Empire became free of taxes or license permit (8 percent).
6. Transit Trade through the empire was levied 3 percent of tax.

7. Foreign goods will pass freely through the straits. No tax was decided to be paid for the straits.
8. Other states also decided to benefit from the treaty.”

The treaty took the Empire quite away from its traditions and economic approach that had existed for centuries. It has long lasting effects that even today its legacy stays alive. It mainly linked the Empire to the worldwide economic system in many aspects. Each matter of the treaty above has different importance in terms of the break of The Ottoman Empire from its centuries-old tradition and of integrating the global economy. With the abolition of Yed-i Vahit System, the empire was taken from the system that it has produced and evolved in centuries. With the second and eighth matter, the British and other European countries were given an open market in which they were not admitted entering for trade before the trade. The Ottoman market was fabulous to satisfy the imperial demands of the industrial European countries since it can consume the productions of them while it could also provide them with the raw materials that they (imperial and industrial countries) need for their productions.

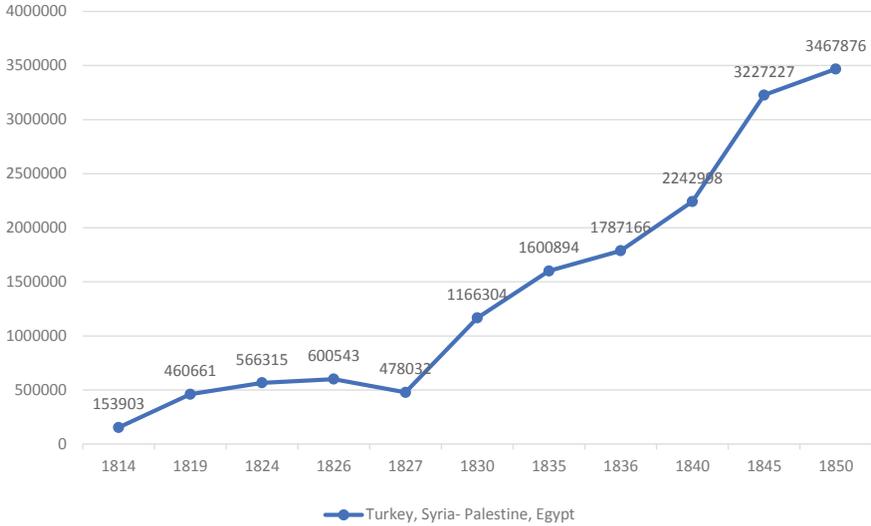
Before the treaty, there was an obligation of obtaining license permit to purchase or transport the goods in the Empire. The license permit was 8 percent as tax. With the treaty, this cost was abolished, and transportation became free for the foreigner merchants as well.

The high tax rate for exports (12 percent) weakened The Ottoman economy and affected its trade balance negatively. Compared to the tax for imports (5 percent), the tax advantage of imports encouraged foreign merchants to sell their products in Ottoman Empire while it abolished the domestic merchants' ability to compete with the imported industrial productions and prices. It in essence bounded the economy of the Empire to the Britain and other industrial countries signing the treaty in 1838 or in the following years. Because the treaty made The Ottoman merchants vulnerable by eliminating their ability to compete with the industrial productions of the Europe.

Ottoman merchants were simply left to compete with the European goods which were massively produced in industrial factories, carried by steamships, imported with lower taxes in the Empire, which composes much lower costs than domestic goods. Their entrance into the Empire with a lower tax and in an easier way simply converted the Empire into an open and domestic market of the Europe to obtain the raw materials they and to sell their products. Although it created a comfort place for a while for The Ottoman citizens to obtain cheaper goods, it created huge inflation in the Empire because of the trade deficit. As Dura and Altıparmak pointed out that “imported goods literally invaded the domestic markets. Between 1820 and 1914, foreign trade volume (import and export) increased by 12-15 times, and textile imports from Europe increased more than 100 times.” (Dura and Altıparmak, 2000: 23).

Figure 1 below indicates the changes in British exports to the specific region of Ottoman Empire covering Turkey, Syria- Palestine, Egypt Regions between 1814-1850 in Pounds £ - at annual averages. According to it, a dramatic rise after 1840 (with the Balta Limanı Treaty) in the British exports attracts attention. The British exports in question increased up to 50 percent in the following 22 years after Balta Limanı Treaty. Moreover, the integration of Ottoman Empire into global economy analyzed in this study covers the years between 1830 and 1840 since the main pillars of the integration appears during this era. When the figure 1 is examined in this context, the view will be clearer, which demonstrates the unbalanced effects of the integration. With this regard, at the beginning of integration period analyzed at this study, which is 1830, the British exports to the Ottoman Empire (Türkiye, Syria- Palestine, Egypt Regions) was £ 1.1 million while it doubled at the end of the integration period (in 1840) and became £ 2.2 million.

Figure 1: British Exports to Ottoman Empire (Turkey, Syria-Palestine, Egypt Region) 1814-1850 (£ - declared values) (annual averages)



Source: Author's compilation based on the following source: Owen, Roger (1993). *The Middle East in the World Economy, 1800-1914*. London; New York: I.B. Tauris. Pp: 85.

Figure 2 below indicates the French trade with the Ottoman Empire's Turkey Region between 1790-1856 at annual averages in millions of Francs. The figure illustrates the bilateral effects of the integration better since it includes both exports and imports of the Ottoman Empire with a strong European country and a strong part of global economy. According to it, a dramatic increase in the trade between the Ottoman Empire and France after the ends of 1830s (which corresponds to the Balta Limanı Treaty) attracts attention. As it was underlined above, France was one of the countries with which the Ottoman Empire signed a trade treaty in 1839 and it was similar to the Balta Limanı Treaty. Thus, the bilateral effects of the Balta Limanı Treaty which absorbs the Ottoman Empire to the global economy are more visible in the figure 2 below. According to it, the imports and exports of the Empire with France doubled after 1840 until 1856. Such increase (as shown with both France and Britain) indicates

the effects of the absorption process of The Ottoman Empire into global economy.

Figure 2: French Trade with the Ottoman Empire (Türkiye Region), 1790-1856 (Annual Averages in Millions of Francs)



Source: Author's compilation based on the following source: Owen, Roger (1993). *The Middle East in the World Economy, 1800-1914*. London; New York: I.B. Tauris. Pp: 87.

It can be put forth that Britain was the hegemonic power of the term in question, and it acted in accordance with its role. As Robinson defines the hegemony as a “dominant nation-state within the core that serves to anchor the world capitalist system or to impose the rules and enforcement that allows the inter-state system to function over time. Thus, there has been a succession of hegemonic powers in the history of world capitalism, e.g., from Dutch, to British and then to US hegemony.” (Robinson, 2005: 560). When Balta Limanı Treaty and its matters are considered together with the hegemony approach above, the British hegemony as a rule maker with coercion would become more visible.

There were two sides of European imperialism towards Ottoman Empire which were first selling industrial products in an imbalanced tax system while the second was to get the raw materials from The Ottoman Empire to make industrial productions. The treaty in essence opened the gates of these two paths. As Dura and Altıparmak (2000: 17) underlined that “a serious increase took place in the exports of raw materials in The Ottoman Empire after the treaty.” They turned The Ottoman Empire into a market that they would buy raw materials from it and sell it back by attaching added value.

The most striking result of the treaty is that it terminated the freedom or sovereignty of The Ottoman Empire’s economy policy. Namely, the economy policy of the Empire became bounded to the decisions of the Industrialized European powers especially of the Britain which steered the world economy and politics during the relevant era. It would protect itself from the destructive economic demands of the European powers. However, The Ottoman Empire became dependent to such powers instead of becoming free with the treaty.

The Balta Limanı Treaty and trade deficit led to a great economic crisis in the Empire, which caused to the great foreign borrowings which continued and ended up with the bankruptcy of the empire in 1875. Followingly, European creditors found the solution in establishing “Duyun-u Umumiye” in 1881 to collect the debts of the Empire. As Erdilek underlined that “the number of personnel in Duyun-u Umumiye was greater than Empire’s Ministry of finance. Duyun-u Umumiye reached every part of the empire and levied and collected tax of the Empire.” (Erdilek, 2006: 17). It converted the Empire into a semi-colonized state through its structure and functioning. Through the debts they lent to the Empire, European imperial powers steered its economy and policies for decades.

4. Ottoman Bank, Direct Foreign Investments in Ottoman Empire, British Trade, Cerîde-i Havâdis

As underlined above, Balta Limanı treaty and the obligations, regulations in the fields of economy, tax and trade broke all of its economic functioning since it couldn't levy or collect its taxes, it could not rule its foreign economic policy, it's handmade small merchant factories could not compete with the European industrial productions and overall, the empire was full of imported European products where trade deficit was alarming due to the absence of export. Therefore, the Empire borrowed foreign loans for decades. However, huge inflation took place in the Empire because of the absence of production, exports and abundance of the imports and loans. As Lewis underlined that "the rate of the Turkish piastre or its equivalent to the pound sterling, fell from 23 in 1814 to 104 in 1839. The effects of these changes on the economy of the Empire and on the standard of living and integrity of salaried officials were disastrous. In 1840, Ottoman bank was established and ordered to be formed along European lines." (Lewis, 2001: 111). The Ottoman Bank can easily be said that it facilitated the financial transactions of the Empire with the world especially with the Europe since most of The Ottoman loans were obtained from Europe.

1840 witnessed many developments which are important for the ties of The Ottoman Empire with the world. One of them was the formation of Cerîde-i Havâdis newspaper in 1840. A Britishman named William Churchill controlled the semi-legal newspaper. The newspaper served as the press bridge between the empire, Europe, and the rest of the world. It helped the European economic and political ideas to spread in the Empire. It brought the economic and political developments and ideas of the Europe to the Empire. As Özçelik underlined that "the newspaper fulfilled its mission to disseminate modern economic and political ideas in the empire until its owner died in 1846. The emphasis on British methods, examples, translations attract interest and the existence of the British interest in the content of newspaper is obvious." (Özçelik, 2003: 154). Although the newspaper could not reach majority of The Ottoman population, it served its mission.

When the variety of media owned by the world today is compared with the world in 1830s, it would be easily put forth that there is a huge gap between the numbers. The few numbers of the press organs existed between 1830s in Ottoman Empire somehow steered or affected the public opinion or at least spent effort to do it in favor of the British interests.

When the existence of the direct foreign investments, foreign goods and services in The Ottoman between 1830 and 1840 is taken into consideration, it can be easily noted that it the direct foreign investments reached its peak especially between the era covering Balta Limanı Treaty and the establishment of Duyun-u Umumiye. The relation between direct foreign investment and the integration into the world economy is obvious because as Erdilek stressed, it can take place in three ways which are through “international trade, labor movement and capital movement. Capital moves through foreign direct investment (FDI), foreign portfolio investment with or without equity and foreign bank borrowing. FDI is the most prominent form of recent globalization and increased the growth rate of many developing countries.” (Erdilek, 2006: 17).

Modelski and Thompson (1988:135), Pamuk (2007: 207) and Balcı (2020: 34) stressed that Britain was the global power of 19th century. Then, reading the concept of “integration into the global economy” through “integration into the global power of the relevant era” would not be wrong. In this way, Ottoman Empire’s integration or boundary to the Britain is the reflection of its integration into the global economy as well. The relations of The Ottoman Empire and Britain developed as underlined above developed tremendously weighing the interest of the Britain and in accordance with its demands. Taxes were designed for its interest, students were sent to Europe to take their military and scientific education, raw materials were swept by itself, direct foreign investments in the Empire’s national services like postal and electricity services in addition to the cotton and industrial products were made and carried out without considering the national merchants. Britain and the European powers also ruled the empire’s revenues for decades through Duyun-u Umumiye to take the loans

they gave to The Ottoman Empire. Overall, the empire became dependent to the Britain and the Europe completely between 1830 and 1840, which is also regarded as the launch of its integration into the world economy.

The existence of British investments in Ottoman Empire became obvious everywhere after Balta Limanı Treaty. The functioning and profitability of FDI companies in the empire were almost guaranteed through the exemption from corporate tax. “Huge investments of Britain focused especially on service sector like banking and insurance in addition to railways, ports, telephone, electricity, water and gas businesses. During this period, Britain established cotton farms and acquired large plots of farming in western Anatolia based on the legislation enabling foreigners to acquire land.” (Erdilek, 2006: 16-18) As a result, foreign direct investments in the Empire were mainly dominated by Britain and France until the end of 19th century and afterwards German domination became visible, which as a whole contributed to Empire’s integration into the world economy through their huge investments in the areas noted above.

Conclusion

Integration into world economy was an inevitable end of the countries beginning from 16. century until twentieth century. It occurred either in consent or in coercion. Although Ottoman Empire resisted against this integration for decades until 1830s, it managed to absorb it finally. In essence, the integration process in question appeared, evolved in time and developed step by step as a gradual result of sequential events instead of a fast one that emerged in one day. The inevitable and harsh result of the industrialization pushed the countries like Britain and France to look for new markets to sell their products meanwhile to obtain the raw materials they need for new productions. As many other countries, Ottoman Empire became another ring of this chain.

Sending students Europe for foreign education as a first time in 1830s merely implies that The Ottoman Empire started to detect that it fell be-

hind the Europe in terms of development in science and military, and the Empire was not the pioneer of the world anymore. Although it was an admission of the superiority of the Europe compared to the Empire, it was also an implication that the Empire was bounded to the European (indirectly to the global) education. In other words, Ottoman Empire was taught what European countries produced as a knowledge in military and technical sciences just like how it became dependent on the goods they produced after 1838 with the Balta Limanı Treaty.

Another turning point that takes the Empire closer to the integration into global economy was Kavalalı Mehmet Ali Pasha revolts which took place between 1831-1841. It was the most serious political gridlock that The Ottoman Empire faced during the era. Since the Empire applied for Britain's mediation for the solution of this revolt, it led to wider results than expected and aimed. The journey of demanding foreign support which began with the foreign education, continued with foreign mediation for internal issue (Kavalalı Mehmet Ali Pasha revolt) which led to Balta Limanı Treaty resulted in The Ottoman Empire's absolute absorption into global economy. The Britain converted the difficult times of the Ottoman Empire into advantage with Balta Limanı Treaty which removes the Empire's protective economy policies applied for decades to preserve its under-industrialized economy and merchants from advanced industries, which threw the Empire into the "free trade" sea. It was not a merely an elective decision. It included more coercion than consent. Although the integration has some advantages in the long run for the macro economy of Ottoman Empire; in the short run, it converted the Ottoman Empire into a market where British goods (with a mass, industrialized and cheaper production) were sold at cheaper prices which sends the Ottoman goods out of option for demand, which led the bankrupt of innumerable local merchants and manufacturers.

Balta Limanı Treaty is regarded as a transition to the liberal economy in the empire. However, it can be easily put forth the liberal economy should treat in a just way to both domestic and foreign investors or trad-

ers. What Balta Limanı Treaty brought is unjust in terms of the imbalance in the tax rates for imports and exports. It simply encourages the imports while discouraging or punishing exports and domestic trade. It's directly giving the trade of the empire to the developed or industrialized European countries, which is unfair. However, in terms of binding the world economy, the treaty binds the empire to the global economy well with the treaty followed by the huge direct investments. It should have bear more balanced and understandable structure taking the gap between underdeveloped/ unindustrialized economy of The Ottoman Empire and the developed and industrialized Britain and Europe.

As a conclusion, the integration journey of the Ottoman Empire into global economy began with the students sent Europe for foreign education and ended with the Balta Limanı Treaty and direct foreign investments and loans and they were found to be the main pillars behind The Ottoman Empire's integration into global economy. The effects of those integration are seen today, and it would be another study's subject. The number of academic research related with the integration of Ottoman Empire into the world economy has been increasing in the contemporary era. There have been many other factors affecting the integration process in question. The further studies would be inspired by this point and discover more factors in order to reveal the overall reasons and factors.

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Geniřletilmiř Özet

Küresel ekonomiye entegrasyon, ülkelerin 16. ve 20. yüzyıl arasında kimi zaman rızayla kimi zaman da zorla kaçınılmaz sonu olmuřtur. Wallerstein küresel ekonomiyi “sermaye birikiminin serbest piyasa yoluyla yürütölen sosyal eylemleri kontrol ettiđi, çok sayıda kapitalist devlet yapısını içeren tek bir sosyal ekonomi” olarak tanımlanmaktadır. Dünya ekonomisine entegrasyon, Erdilek’in de altını çizdiđi gibi “uluslararası ticaret, emek hareketi ve sermaye hareketi olmak üzere üç şekilde gerçekteřebilir. Sermaye hareketi, doğrudan yabancı yatırım (DYY), öz sermayeli veya öz sermayesiz yabancı portföy yatırımı ve yabancı banka borçlanması yoluyla gerçekteřtirilebilir.

Osmanlı Devleti 1830’lara kadar uzun yıllar boyunca bu entegrasyona ya da bütünleřmeye karřı dirense de sonunda onu özümsemiř ve dahil olmuřtur. Esasen söz konusu entegrasyon, bir günde gerçekteřen hızlı bir süreç deđildir. Aksine, bu entegrasyon zamanla ortaya çıkmıř, zaman içinde evrilmiř ve adım adım ardıřık olayların sonucu olarak geliřmiřtir. Dönemin en büyük ekonomilerinden olan İngiltere ve Fransa gibi ülkeler sanayileřme sürecinin kaçınılmaz sonucu olarak yeni üretimlerde ihtiyaç duydukları hammaddeleri elde etmek ve ürettikleri ürünleri satmak için yeni pazar arayıřına gitmesiyle diđer birçok ülke gibi Osmanlı İmparatorluđu da bu zincirin bir halkası oldu.

1830’larda ilk defa Avrupa’ya eđitim için öđrenci göndermesi Osmanlı Devleti’nin bilim ve askeri alanda Avrupa’nın gerisinde kaldıđını ve artık dünyanın öncüsü olmadıđını anlamaya bařladıđının göstergesi olarak görölebilir. Bu geliřme, Avrupa’nın Osmanlı İmparatorluđuna göre üstünlüđünün bir kabulü olmasının yanında, İmparatorluđun Avrupa eđitimine ve dolayısıyla küresel eđitime entegre olduđunun da bir göstergesidir. Bařka bir deyiřle, Osmanlı Devleti nasıl 1838’de imzalanan Balta Limanı Antlařması ile Avrupa ülkelerinin ürettiđi mallara bađımlı hale geldiyse, bu geliřme de aynı durumu askeri ve teknik bilimlerde meydana getirmiř ve Osmanlı Devletini küresel ekonomiye ve eđitime entegre etmiřtir. Altını

çizmekte faydalı olacak husus şudur ki bu entegrasyon rızadan çok zorlamayı içeriyordu.

Osmanlı İmparatorluğunda liberal ekonomiye geçiş ve küresel ekonomiye entegrasyon için temel dönüm noktası Balta Limanı Antlaşması olarak kabul edilmektedir. Ancak liberal ekonominin hem yerli hem de yabancı yatırımcılara veya tüccarlara adil davranması gerekirken, Balta Limanı Antlaşmasının getirdiği ithalat ve ihracat vergi oranlarındaki dengesizlik eşitsizlik üretirken, ihracatı caydırmakta veya cezalandırmakta aynı zamanda ithalatı teşvik etmekteydi. Antlaşma İmparatorluğun ticaretini doğrudan geliştirmiş ve/veya sanayileşmiş Avrupa ülkelerine vermektedir. Antlaşmanın ardından gelen devasa doğrudan yatırımlar ve krediler imparatorluğu küresel ekonomiye sıkıca bağlamaktaydı. Antlaşmanın az gelişmiş/sanayileşmemiş Osmanlı ekonomisi ile gelişmiş ve sanayileşmiş Britanya ve Avrupa arasındaki boşluğu dolduran daha dengeli, anlaşılır bir yapıya sahip olması iki tarafın da çıkarına olabileceken, tek taraflı çıkarı gözetilen bir formda olması bir tarafa büyük faydalar sağlarken, diğer taraflara büyük zararlar vermiştir.

Bu çalışma esas olarak “Osmanlı Devleti’nin 1830-1840 yılları arasında küresel ekonomiye entegre olmasındaki iç ve dış etkenleri” ortaya koymayı amaçlamaktadır. Bu amaçla, ilk olarak küresel ekonomiye entegre olmanın ne olduğu ve gerçekleşme yolları açıklanmış, sonrasında Osmanlı Devleti’ni küresel ekonomiye entegre olmaya iten, buna ortam hazırlayan dünyadaki ve Osmanlı’daki gelişmeler, güçler ve durumlar analiz edilmiştir. Bu bağlamda, 1830-1840 dönemi özelinde öğrencilerin yurtdışına eğitime gönderilmesiyle başlayan ve doğrudan yabancı yatırım ve kredilerle son bulan Osmanlı’yı küresel ekonomiye entegre eden gelişmeler bu çalışmada şu çerçevede incelenmiştir: Balta Limanı Antlaşması (1838) (bu sürecin inşasında ve bu çalışmada merkez konumdadır.), Avrupa’ya yurt dışı eğitim için öğrenci gönderilmeye başlanması (1830), Mısır Valisi Mehmed Ali Paşa’nın isyanı (1832), Britanya ve Fransa başta olmak üzere çeşitli Avrupa devletlerinin Osmanlı’ya doğrudan yatırımları ve Osmanlı’nın dış borçları.

Ayrıca bu entegrasyon sürecini şekillendiren dünyadaki ek diğer gelişmeler de bu çalışmada analiz edilmiştir.

Avrupa'da kapitalizmin ortaya çıkması, büyümesi ile değişen üretim ve ticaret becerileri, Osmanlı İmparatorluğu'nun Avrupa üretiminin, siyasetinin, kültürünün vb. tüketicisi haline gelmesine ve aynı zamanda küresel ekonomiyle bütünleşmesine ortam oluşturan bir ortam hazırlamıştır. Osmanlı İmparatorluğu'nun ve Avrupa dışındaki diğer az gelişmiş ülkelerin tüketim bağımlılığı, Avrupa'nın ekonomi ve siyaset alanlarındaki üstünlüğünün on yıllar boyunca istikrarını ve devamlılığını sağlamıştır. Bu alışkanlık aynı zamanda merkez-çevre argümanının bir özünü de oluşturmaktadır.

Çalışmadan incelenen bu entegrasyonun uzun vadeli etkileri bugün dahi sürmektedir gözlenmektedir ki bu başka bir çalışmanın konusu olacaktır. Kuşkusuz Osmanlı İmparatorluğu'nun dünya ekonomisine entegrasyon sürecini etkileyen daha birçok faktör olmuştur ancak en belirgin ve büyük etkiye sahip olanları bu çalışmanın araştırma konusuna dahil edilmiştir. Bu çalışmanın sonraki çalışmalara ilham kaynağı ve yol gösterici olacağı düşünülmektedir.