

The Ottoman World and the Western Economy

The Ottoman World and the Western Economy:

*Civilization, Economics
and Ethics*

By

Mehmet Bulut

**Cambridge
Scholars
Publishing**



The Ottoman World and the Western Economy:
Civilization, Economics and Ethics

By Mehmet Bulut

This book first published 2024

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

Copyright © 2024 by Mehmet Bulut

All rights for this book reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the copyright owner.

ISBN (10): 1-0364-0437-4

ISBN (13): 978-1-0364-0437-6

TABLE OF CONTENTS

Preface	vii
Chapter I	1
Economics and Civilization	
Modern Man, Economics and Civilization	4
The Ottoman World: A Different Economics and Civilization in the Modern Era.....	11
Tensions Between Economics and Civilization.....	22
The Key approaches.....	25
Taking a closer look at the reality	32
Conclusion	36
Chapter II.....	42
Economics and Ethics	
Capitalism and Morality	46
Towards a new idea of Economics and Morality.....	49
Islam, Economics and Morality	53
Conclusion	56
Chapter III	59
The Emergence of New Centers in the Contemporary World Economy and the Changing Balances from the Times of Developing Europe and Expanding Ottomans	
Transition from an Asian-based World Economy to the European- based World Economy	63
Ottomans and the Asian trade	65
The Shift of the Economic Center from the Mediterranean to the Atlantic.....	67
The Ottomans and East-West Trade	70
Towards the New center in the 21st century.....	74

Chapter IV	78
Revisiting the Ottoman Political Economy	
The Main approaches to the Ottoman Political Economy.....	82
The Political economy prior to Modern Capitalism.....	88
The Ottoman Empire's Political Economy and Its Response to Commercial Capitalism.....	91
Ottomans, Capital accumulation and the Capitulation.....	94
The final era of the Ottoman political economy and the Industrial Revolution	99
Conclusion	105
Chapter V.....	108
The Tradition of Modern Financial Economics in the Ottoman World	
The formation and development of 'Modern' economic understanding	111
Ottomans and Economics	117
Ottomans and the Modern Finance	124
Conclusion	130
Chapter VI	132
Exploring the Intersection of Waqf, Economics, and Finance in the Ottoman Balkans	
The Ottoman Conquest and the settlement of the Balkans	133
Man, Waqf and Development	137
Waqf and Economics	139
From the Real-Estate model of Waqf to Evkaf-I-Nukud: The Rumeli Monetary Foundations of the Ottomans	142
Conclusion	147
References	150
Index	162

PREFACE

This book, published in the early 21st century, is a compilation of articles previously published in various indexed journals. It examines the moral, economic, and civilizational differences between the Ottoman Empire and the West, with a particular focus on the narrative of the rise of the West and the decline of “other” civilizations. This narrative of the rise of the West and decline of the Rest has been prevalent since the emergence of modern civilization and capitalism in the 16th century.

The Ottoman Empire and the Western world had distinct economic systems that were shaped by their respective cultural, historical, and political contexts. The Ottomans were working to establish a stable economic system, while the Western world was developing an economic system that prioritized increased earning and consumption. Over time, this emphasis on maximizing earning and consumption became a central priority in Western society.

The development of the different economic systems and mentalities between the Ottoman Empire and the Western world took a long time to unfold. Europeans had to journey around the Cape of Good Hope, cross the Asian and Atlantic oceans, and reach the American continent in order to experience the changes that led to these economic differences. While the economic differences between the Ottoman Empire and the Western world were not significant in terms of material wealth until the 19th century, except for two small Western countries (Holland and England), the Ottoman Empire was aware of the potential social costs of rapid economic development and consciously chose to prioritize other values over increased material wealth and financial development. The Ottoman Empire thus deliberately created economic and social systems that differed from those of modern capitalist nations.

When examining the positive concepts of modern capitalism, such as freedom, private property, law, and institutional structures, significant

differences can be observed between the Western world and the Ottoman Empire. In the context of Europe's relationship with other regions, the concept of private property and the right to free labor have often been used to justify the exploitation of marginalized groups and the expropriation of resources from colonized societies. Legal institutions established to support capitalism have frequently prioritized the interests of the capitalist class and perpetuated inequalities.

To understand modern capitalism, it's important to study the economic developments in the Western world since the early modern period, where self-interests were prioritized and laws and morals were reinterpreted only when they affected "others." During this time, the Western world exerted its influence, institutions, and philosophy to dominate and control the world across four continents. In contrast, the Ottoman Empire sought solutions to the problems and dilemmas faced by humanity and served as a beacon of hope for salvation.

The current era, characterized by illusionary promises of endless production and consumption, is turning humanity into an insatiable being. These empty promises allow us to draw comparisons between the altruistic human, considered the "most honorable of all creation," and the self-interested homo economicus, from the perspective of *Homo Ethicus*. *Homo Ethicus* is a branch of philosophy that studies the moral aspects of human behavior. It is important for everyone, especially those who believe in a day of judgment when all will be held accountable for their actions, to consider how far humanity will go in this understanding of economics. The frenzy of production and consumption is no longer limited to the Western world and impacts every person and society globally. It is crucial to reconsider these issues promptly as time passes.

It is clear that modern humans are producing and consuming more than ever before, using not only goods and commodities but also the natural elements of water, air, earth, and fire. This has led to environmental pollution and the degradation of air, water, and soil, threatening the lives of thousands or millions of people. Many species on this planet are at risk of extinction in the near future. Was this the intended outcome of modern economic development and civilization? After all of these consequences, it is worth

considering whether modern humans will ultimately be happier. This book aims to encourage reflection on these issues and proposes the need for a new conception and understanding of economy and civilization that considers both inner peace and prosperity for humanity. By drawing upon the economic knowledge of previous civilizations, it is hoped that a better understanding of the modern civilization and economic system of capitalism can be achieved, ultimately contributing to the well-being of individuals, societies, and the world as a whole.

I am grateful to Saima Rashid her contributions during the translation of this book from Turkish to English and Adam Rummens from Cambridge Scholar Publishing for his valuable efforts. I also would like to thank everyone else who has contributed to this book in any way.

The success and prosperity can only come from Allah (SWT).

Mehmet Bulut
Istanbul, September 2024

CHAPTER I

ECONOMICS AND CIVILIZATION¹

The foundation of economy and civilization is the human being. The human embodies, at once, a whole “civilization”. Within each individual, all of the visible and invisible accumulations of thoughts, beliefs, and practices of their society and their geography, including their religion, science, technology, economics, politics, culture, art, architecture, literature, and history, are present. While economics is just one dimension of civilization, it is a particularly influential one, as it affects many aspects of our daily lives, including production, consumption, sharing, and exchange. Therefore, it is important to consider the ethical implications of economic decisions and to find ways to balance economic growth with other values such as sustainability, social welfare, and the well-being of both current and future generations.

It may be true that the concept of “civilization” as a scientific concept was first used in the West by the Marquis de Mirabeau in the French language in 1757. However, it was Ibn Khaldun, a 14th century Muslim thinker, who introduced the concept of civilization and its contents, along with his work on geography, the civilization in which he lived, and the world view and values adopted by humanity. In his work *al-Muqaddimah*, he introduced key concepts such as the analysis of supply and demand, prices, and labor and how these factors are affected by environmental and geographical conditions. He also delved into the importance of division of labor, specialization, and the role of trade in economic growth. He provided a theory of economic development, stating that it is driven by social and political factors such as the formation of the state and the stability of the political order. His insights and analysis on the impact of prices, environmental conditions, and geography on economic activity and behavior, particularly in the realm of business, further solidify his status as

¹ This Article was published in the *Journal of Conservative Thought* (2020/59).

a pioneering figure in the field of economics. His work is still widely read and studied today and it is considered a foundation for modern economic thought and his work predates that of philosophers such as Adam Smith (1776) and Karl Marx (1867).

Since the emergence of the first civilizations, economics has been concerned with the needs of the human being². While societies may share a common understanding of production, consumption, exchange of goods, and sharing relations, they are also influenced by their own ethical systems, outlooks, and economic and political systems. When examining the roots of ancient civilizations, there are many similarities in economic issues such as the organization of production, credit systems, financial models, the establishment of markets, and the sharing of revenue. However, there are also differences depending on the systems implemented by central and local authorities and based on the culture, world views, and values of the societies. In modern times, it is undeniable that the economy and civilization built by the West has had a significant influence on the culture of individuals and societies and has been successful in shaping and institutionalizing new world views.

An essential characteristic that distinguishes humans from all other living beings is the ability to live according to moral values and a chosen worldview, as well as the ability to reason, comprehend, contemplate, and reflect. This characteristic makes humans unique and gives them the freedom and responsibility to be self-aware. ‘The higher a person’s sense of self’, the more freedom they have to be aware of their responsibilities. The nobility of a person’s essence also depends on their ability to meet both their material and spiritual needs, including their needs for the heart, brain, spirit,

² ‘The Fertile Crescent’, encompassing the Mediterranean and surrounding basins of Egypt, Mesopotamia, and Anatolia, is widely accepted as the center of the first human civilization. This region saw the emergence of settled life, the first agricultural revolution, the invention of writing, and the use of metal. It was also the birthplace of market, exchange, credit, and financial relations. From around 10,000-12,000 BC to the 1500s and even the 1800s, the Fertile Crescent around the Mediterranean was the center of world civilization, with many of the first inventions and applications in various fields arising here and spreading throughout the world (Diamond, 2014).

and stomach. However, these needs should be in a state of balanced and consistent integrity³. It is natural for the physical needs of the body and stomach to differ from the needs of the heart and soul. In every community, people try to meet their economic and social needs based on the values and outlook they adopt from their surroundings. Freedom has been a top priority for people since ancient times, but in the field of economics, the relationship between freedom and choice can sometimes create opportunity costs for people and societies. Therefore, every choice has an alternative cost. Freedom is also a top priority for people living in modern times.

In many cases, social and economic conditions can have a negative impact on people. If people do not pay attention to the details, their reliance on economic conditions can prevent them from achieving true freedom⁴. However, as İsmet Özel (2009) states that human freedom is closely tied to the freedom of one's essence and there is no doubt about this. In economics, human beings are the primary decision-makers when it comes to utilizing resources to fulfill their needs and wants. They take into account the balance between available resources and the various needs and wants of individuals and society. However, the choices they make, along with the assumptions and preferences they hold, can vary. Modern economics is based on the principle of "scarcity of resources and unlimited wants." These preferences are adopted with the understanding that while wants may be limitless, resources are not. In other words, if resources were unlimited, it would be enough for everyone to have everything they desire. The economic, technological, social, political, moral, cultural, natural, and environmental

³ Nurettin Topçu (2012) highlighted the head, abdomen, and heart in the 3K formula in his analysis of human needs and stated that the needs of each are distinct from one another. It is evident that correct thinking and judgment are important for a healthy mind, love and affection are necessary for a healthy heart, and clean and halal food is essential for a healthy stomach.

⁴ It is necessary to consider how the categories of needs that people in ancient times and modern times consider "natural" and "mandatory," as well as their occupations and priorities, influence their freedom. While modern people may be more dependent on the state, the company, the market, and the environment to meet their needs, which are often shaped by advertising and media, people in ancient traditions may have had different sources of dependence. Comparing the degree of freedom and dependence of people in ancient times versus modern times can lead to different conclusions depending on the specific factors at play.

consequences will differ depending on the size of the resource supply and the preferences of human communities. It is clear that the modern Western civilization and the understanding of economics are shaped by the choices of the free “economic man” (*homo-economicus*). We have been living under the influence of these preferences for the past few centuries, but they only provide prosperity for certain regions and communities. However, the consequences of these preferences for different communities and regions, as well as for other aspects of existence, raise questions about the health, prosperity, and peace that is meant to be available to everyone. In the last century, the world experienced two world wars that resulted in the deaths of hundreds of millions of people. There are few people who believe that the future will be healthy, peaceful, and prosperous for every person alive and every nation that continues to exist. There is an increase in bloodshed and tears around the world every day.

Modern Man, Economics and Civilization

Economics is a multifaceted discipline that encompasses various meanings, including the measurement, moderation, and balance of resources and wealth. The term “economy” derives from the ancient Greek word “*oikonomia*,” which refers to the management or administration of a household. Over time, the concept of economy has evolved and adapted to different geographical and cultural contexts. In our civilization, which has a long history dating back to ancient times, morality has been a central and overriding value that has shaped other fields, including economics (*ilm-i ahlak*)⁵. The term economics was originally used in the sense of “*ilm-i tedbirü'l-menzil*”. In many cultures, including the ancient Greek and Islamic civilizations, economics was seen as a subfield of morality and was considered a means of ensuring balance and harmony within a household or community. Within the moral sciences, politics was referred to as (*ilm-i tedbirü'l-medine*), meaning administration of the city. Morality is considered as the essence of people and the society. The most important

⁵ For religious societies that follow the teachings of the last prophet, the most important priority and value is to cultivate good morals and virtue in all aspects of life. These societies believe that living according to the principles of good morals, as outlined in their faith, is the key to achieving a fulfilling and meaningful life.

ideal in a virtuous society is the individuals with very high morals (Farabi, 2011). Therefore, the parallel of the Greek 'oikonomia' concept in our civilization is 'moderation, measurement and balance' and it means 'maintaining the balance and order of the house'. This concept was included as *ilm-i-tedbirü'l menzil*, which refers to managing the system of the house in harmony and balance within the possible limits. In this way, economics can be seen as a means of ensuring a peaceful and harmonious life within a community by managing resources and wealth in a balanced and measured way. This definition has been used in a similar context until modern times, both in the West as well as in our geographical civilization. The development of Western civilization can be traced back to the ancient civilizations of Greece and Rome, which laid the foundations for the cultural and intellectual advancements of the Renaissance, Reformation, and Enlightenment periods. The Industrial Revolution, with its emphasis on technological innovation and rational thinking, further transformed the landscape of Western society, challenging traditional institutions such as the Church and paving the way for the secularization of many aspects of life. This process of secularization also extended to the realm of economics, as the modernization of industry and commerce led to the reassessment of traditional economic systems and the emergence of new modes of production and exchange. Overall, the evolution of Western civilization has been marked by a constant striving for progress and a commitment to the ideals of reason and individualism.

The conceptualization of the economy in modern times differs significantly from ancient times. In ancient times, economies were primarily based on agriculture and the production of goods for local consumption. However, the end of the 15th century marked a shift towards a new understanding of the economy, as Europe began to open up to the world. During the period between 1450 and 1750, Western European nations such as Spain, Portugal, France, England, and the Netherlands faced insufficiency of resources within their own countries. As a result, these nations began to seize the resources and wealth of geographical areas ranging from the African coasts to the east of Asia and west of the Americas. This process involved ignoring the rights of the people and the laws of these nations in order to accumulate capital within their own countries. The period of commercial capitalism that

began with the opening of Europe to the world in the 15th and 16th centuries corresponds to the mercantilist stage of the modern economy, which contributed to the emergence and institutionalization of the nation-state in the West. Adam Smith (1776), considered one of the founders of modern economics, stated in his book “The Wealth of Nations” that the two most important events in human history were the voyages of European explorers around the Cape of Good Hope to Asia and across the Atlantic Ocean to the Americas.’⁶.

The emergence and institutionalization of the modern economy in Europe was accompanied by trade interventionism and economic policies that were implemented in cooperation with the state, merchants, and industry. During this period, which lasted for roughly three hundred years, Europe was able to monopolize resources and accumulate a significant amount of capital by supporting certain classes, leading to the institutionalization of the economy. However, it is important to note that this process involved the control and monopolization of the elements of production, such as labor, capital, and natural resources, outside the national borders of European countries. It is also debatable whether this process was in compliance with universal laws and ethical codes. It is important to consider the impact of the construction of the modern Western economy on the lives of millions of people in Africa, Asia, the Americas, and even Europe, as well as the destruction of many other living beings, environmental disasters, and social costs for humanity.

Adam Smith is considered the first classic philosopher of modern economics and is renowned for his contributions to the field. However, he initially gained fame as an expert in moral sciences and a professor of

⁶ The concept of the “economic man,” who is driven by the desire to fulfill his unlimited needs with limited resources, was central to the development of the nation-state during the mercantilist period. Colonialism, in particular, aimed to access, control, and transfer the resources of other nations, particularly in the continents of Asia, Africa, and the Americas, in order to expand the limited national resources of European nations and enrich the country through the acquisition of labor and natural resources, particularly gold and silver. It is also important to consider the ways in which colonialism sought to create a legitimate basis for its activities and produce scientific justifications for its efforts to “civilize” other regions or “bring civilization” to other parts of the world.

theology with his first work, “*The Theory of Moral Sentiments*,” published in 1759. His other notable work, “*The Wealth of Nations*,” was published in 1776 and is considered one of the most important founding texts of modern economics. This book marked the beginning of the study of political economy and the modern understanding of economics as a science. The term “economics” itself was first used to refer to the study of the economy in the modern sense by Alfred Marshall in his book “*Principles of Economics*,” published in 1902⁷.

In “*The Theory of Moral Sentiments*,” published in 1759, Adam Smith presents a view of man as wise and virtuous, while in “*The Wealth of Nations*,” published in 1776, he portrays man as an egocentric and selfish economic actor, or “*homo economicus*,” driven by unlimited needs and the pursuit of self-interest. This inconsistency between the moral and self-seeking man is evident in Smith’s two different works. However, it is clear that Smith prefers the greedy, insatiable, self-centered, and egocentric “economic man” to the compassionate, prudent, or morally upright man. According to this perspective, the modern Western civilization requires this new economic actor, rather than a virtuous society, to build and sustain itself⁸.

⁷ Adam Smith’s “*The Wealth of Nations*,” published in 1776, is considered the foundational text of political economy rather than economics. The classical economists, such as Smith, Ricardo, Malthus, and Mill, all focused on political economy rather than economic analysis. It was not until Alfred Marshall’s publication of “*Principles of Economics*” in the early 20th century that the field of economics, or the science of economic analysis, came to the forefront. Prior to Marshall, economists focused on political and microeconomic issues. In fact, until the economic crisis of 1929, the dominant approach was within the framework of microeconomics. The 1929 crisis led to a shift in focus towards macroeconomic planning and state intervention in order to address the crisis and prevent future economic turmoil. Until this period, economists adopted a supply-side approach to economics rather than a demand-side approach. The supply-side approach, as articulated by Count’s Law, states that “every supply creates its own demand.” However, the demand-side approach, which emphasizes increasing consumption, became dominant after the 1929 crisis due to the influence of John Maynard Keynes’ “*General Theory...*” (1936) and the increased role of the state in the economy. This shift laid the foundations for today’s consumer society.

⁸ Adam Smith’s preference for capitalism and the industrial revolution in the West highlights the unique and historically specific nature of these experiences. It also

It is undeniable that a society comprised of selfish individuals who prioritize their own interests over morals and virtues will experience greater economic growth and development over time compared to a society that prioritizes morals and virtues over self-interest. Even if other conditions are equal, differing values and worldviews can impact economic success, particularly from a moral and judicial standpoint. Therefore, the ‘unique’ economic growth and development experienced by Northwestern Europe in modern times can be attributed to the values and worldviews prevalent in that geography and civilization⁹.

The modern conception of the economy is a product of the Western tradition and its philosophers, who have fundamentally reshaped and redefined the concept. This revised understanding has had a wide-ranging influence on individuals and economies globally. Within the framework of social science, the principal agent of the economy is theorized as “homo economicus,” or “economic man,” who is characterized by boundless wants and places self-interest at the center of all economic endeavors, including production, consumption, and social relations. As such, this agent plays a

raises the question of why a similar process has not emerged in other geographies where it has not been experienced or is not allowed to occur. For example, could there have been a thinker like Smith among Ottoman intellectuals or scholars during the same time period? It seems that, unlike in Scotland or England, the priority of intellectuals in the Ottoman world was to build a virtuous society composed of individuals with “good morals.” This priority involved controlling and limiting the unlimited desires of “human beings,” contributing to economic processes within this framework, and consuming without waste. It can be argued that this priority involved living a life of “right, goodness, and beauty in the soul” and recommending it to others, rather than legitimizing the pursuit of selfish desires based on the assumption of unlimited needs. From Kınalızâde Ali Efendi (1243, *Ahlak-i Alâî*) in the 16th century to Cevdet Pasha (1877, *Mecelle-i Ahkam-ı Adliye*) at the end of the 19th century, it appears that these values continued to shape the priorities of the Ottoman people. As Ülgener (2006) notes, these preferences can lead to different results in terms of economic concepts and processes, as well as the human imagination of different civilizations.”

⁹ In the face of the developments in the industrial revolution process in Western Europe in modern times, it seems natural that the developments in the technological, economic, and social fields in the Ottoman civilization geography would end in a different way than in the West, given the difference in priorities and preferences between individuals and institutions in a society consisting of ‘Ottoman Balkan or Anatolian people and Istanbul gentlemen’ (Genç 2000; Ülgener 2006).

crucial role in shaping and determining the economic system and its processes.

The “economic man” of Western economy and civilization has given rise to two primary systems in the modern period: capitalism and socialism. These systems have undergone various iterations in practice, with the nature of the system being determined by the level of interventionism and freedom, and the relationship between the state, firms, and individuals. While socialism was implemented in certain countries in Eastern Europe, particularly Russia and China, during the 20th century, these countries ultimately abandoned socialism and adopted different versions of capitalism by the end of the century (1989). It is clear that the current unipolar world is heavily influenced by the modern Western capitalist economic system and civilization. Many economists and social scientists, including Adam Smith (1776), Karl Marx (1867), Werner Sombart (1902), Max Weber (1905), Thorstein Veblen (1912), Joseph Schumpeter (1947, 1976), Fernand Braudel (1984, 1996), John Kenneth Galbraith (1956), Milton Friedman (1962), Amartya Sen (1984, 1991), and Immanuel Wallerstein (1974, 1984), have contributed to the development and institutionalization of capitalism.

Capitalism, which is considered a key contribution of modern Western civilization to the field of economics, has undergone three main phases: commerce, industry, and finance. The Netherlands served as the center of commercial capitalism in the 17th century, England as the center of industrial capitalism in the 19th century, and the United States as the center of financial capitalism in the 20th century (Wallerstein 1974; 1984). It should be noted that capitalism is a system of monopoly rather than a free market (Braudel 1984; 1996). In specific periods of world history, the finance, capital production, and output system flows towards the center of the system and these processes and results are planned and implemented according to the rules determined by these central great powers. Certain states with significant capital (Kapital) hold monopoly firms and play a critical role in shaping economic processes, as well as political, social, scientific, cultural, and other processes, according to their level of power.

Werner Sombart (1913) argued that capitalism was the creation of Southern Europeans, particularly Jews, who were stateless and homeless, valuing

portable goods rather than property. Sombart claimed that Jews, through the circulation of money, were the first to legalize and morally justify the charging of interest on loans. In contrast, Max Weber (1905) posited that capitalism was the product of Protestants, specifically Calvinists, who declared the charging of interest on loans to be legitimate in 1545. When Sombart's (1911) and Weber's (1905) research is considered together, it suggests that both the emergence of Protestantism and the influence of Jews played a role in the development of modern capitalism. It can be argued that either Protestantism arose as a result of capitalism or capitalism emerged due to Protestantism, and that capitalism would not have existed without the influence of Jews.

Contrary to liberals and Marxists, "Braudel (1984) and Schumpeter (1947) argue that capitalism can exist without a market system, and instead relies on the privilege of monopolists and monopolies. In contrast, liberals such as Friedman (1962) and Hayek (1944) ignore the fact that the person is a part of the environment, its nature and the society, and also owes their property to these three elements. They consider the right to property as an absolute freedom and accept capitalism as the market system itself. These liberals attribute positive developments in Western societies to capitalism and tend to blame the state and interventionism for negative developments. Braudel, on the other hand, believes that capitalism is a disruptive force that operates outside of the norms of economic life and is characterized by speculation, opacity, and the elimination of competition and control. He contends that capitalism is the main enemy of the market economy and presents a contrast between the predictable and transparent nature of economic life, which is in order and follows accepted norms, and capitalism, which is a novel phenomenon characterized by speculation and opacity. According to Braudel, economic life is a predictable discipline, while capitalism is speculative. Economic life is transparent, while capitalism is shady or opaque. Economic life encompasses small profits, while capitalism is the exception, characterized by the pursuit of large profits. Economic life is liberation, while capitalism is a jungle. Economic life incorporates automatic pricing based on genuine supply and demand, while under capitalism, prices are imposed by power and dishonesty. Economic life involves controlled competition, while capitalism seeks to eliminate both

control and competition. Economic life is the domain of ordinary people, while the guarantor of capitalism is hegemonic power, and capitalism is embodied in that power” (Braudel 1984).

Schumpeter’s work, *Capitalism, Socialism and Democracy* (1947), offers a perspective on the viability and sustainability of capitalism, particularly in relation to the privileges provided to it by monopolies and the state. In this work, Schumpeter (1947) challenges Marx’s (1867) view that capitalism will collapse due to its internal contradictions, failures, and class conflict, arguing instead that capitalism will adapt and find ways to survive economic crises through the process of “creative destruction.” However, Schumpeter (1976) also notes that the reasons for capitalism’s ability to adapt are sociological and bureaucratic rather than economic in nature. This suggests that capitalism is a system in which the state, businesses, and bureaucrats play a more important role than the market system.

The Ottoman World: A Different Economics and Civilization in the Modern Era

Every civilization has its own unique set of values, priorities, and worldviews that shape its reality and understanding of the world. As a result, civilizations may choose to adopt or reject certain ideas and institutions from other civilizations based on their compatibility with their own values and needs. The Ottoman Empire, like any other civilization, inherited the cultural and institutional legacies of previous civilizations, which they perceived in favor of the society and humanity and integrated them into its own reality. However, it did not blindly adopt these elements, but rather evaluated them in terms of their compatibility with Ottoman values, needs, and worldview. The Ottoman Empire was able to adapt and adopt elements of other civilizations, including the market system, in a way that was consistent with its own cultural and societal norms. This is in contrast to the modern Western capitalist system, which, according to Karl Polanyi (1957), operates independently of societal control and culture. The Ottoman Empire’s ability to adapt and integrate elements from other civilizations while maintaining its own cultural and societal values highlights the importance of cultural and institutional continuity in the development and evolution of a civilization.

The market system established by Western capitalists in modern times is characterized by the free exchange of goods and services, and the liberation of economic activity from society's control, operating according to its own rules. In this system, money, land, labor, and even art, culture, and knowledge are transformed into commodities, and the economy becomes separate from society, rather than society being a part of the economy. Karl Polanyi (1957) notes that with the emergence of modern capitalism, land, which was previously the common living space for all living beings, labor, which cannot be reduced solely to economic productivity, and money, a medium of exchange, were turned into private property like any other good or commodity. This process was unique to the modern West in the history of modern times. The Ottoman Empire was influenced by the powerful states and structures it inherited from previous civilizations, and was able to build and develop its own economy and civilization based on its own priorities and politics. While it was able to maintain this stability for a long time, it was not able to achieve the same level of growth, industrialization, and economic development as the modern West. However, it is important to consider the fact that the Ottoman Empire was able to maintain stability and peace across a wide geography encompassing three continents for more than six hundred years, while also incorporating a diversity of nations within its own social, economic, and political system, rather than being dependent on external powers. This is a significant achievement worth understanding in the context of the significant changes occurring in these ages and geographies.

There is limited research available on the Ottoman Empire's domination over three continents (Asia, Europe, and Africa) and its global impact at the time when modern Europe was emerging and establishing itself. Different perspectives exist on the relationship between the Ottoman and modern European worlds in terms of economy and civilization. However, until the 19th century, the Ottoman Empire as the last representatives of Islamic civilization had a significant influence on their own geographies and the world as a whole. It was before modern Western civilization began to dominate in terms of economy. In this context, the Ottomans built and developed their own economic systems based on Umayyad, Abbasid, Iranian, and Turkish traditions, particularly the practices established in

Mecca and Medina before them, which then spread north, east, and west to Jerusalem, Baghdad, Merv, Samarkand, Cairo, and Andalusia.

Islamic civilization originated in Western Asia and was spread to other regions, including Mesopotamia, East Asia, North Africa, and Southern Europe, by the Arab people. The Turkish people later adopted Islam and served as a means of transmitting the religion to Asia, Africa, and Europe, leading to the widespread presence of Islam in the Mediterranean, Black Sea, Aegean, Adriatic, and Red Sea regions. The Ottoman Empire, which was a major player in the second major expansion of Islamic civilization, established dominance in three continents and maintained that dominance for a significant period of time. The Ottoman Empire's expansion to Africa, Asia, and America enhanced its importance in the world economy and trade during the modern period.

During the second era of globalization, when Islam first spread, the Ottomans had a significant impact on world trade and the economy. In any case, the Ottomans were constantly striving to improve the living conditions of people in peace and civilization (*Pax Ottomana*). Justice was believed to be the basis of the Ottoman understanding of the economy and civilization, in which importance was attached to every segment of society without creating an 'other' in trade and the economy. Diversity was perceived as wealth, and differences were allowed to coexist. Therefore, the term '*ibadullahın terfi-i ahvali*' (improvement of the conditions of people) was frequently emphasized.

During the modern era, as Western Civilization, which originated in Europe, was spreading and institutionalizing globally, the Ottoman Civilization maintained its own economic conceptualization and implementation. As discussed in our article titled 'Developing Europe and the World Economy from the Expanding Ottoman Empire to the Present', the early modern period of the 16th, 17th, and 18th centuries saw the central capitalist powers of European civilization, the Netherlands, England, and France, emerge as more significant players in the global economy. However, it can be argued that the Ottoman Civilization maintained its classical conceptions, particularly in the economic realm, and even persisted with this understanding until the mid-19th century. In this context, the 'classical'

system of the Ottoman Civilization appears to have continued to operate within its own dynamics, making necessary adjustments without ignoring global developments.

From its inception, the Ottoman Civilization aimed to gain the support of the people by establishing an economic system that promoted a humane way of life during its period of westward expansion. Ömer Lütfi Barkan (1942) posits that Turkish dervishes, who acted as pioneers, played a significant role in this expansion. Instead of using military force, the Ottomans employed persuasion, guided by dervishes who believed in winning hearts, to overcome popular resistance from the start of their encounters with the West. Halil İnalcık (1997) argues that the Ottomans approached the West with the spirit of Ghazwah and acted spiritually, avoiding materialism. He contends that the spirit of Ghazwah played a decisive role in these conquests, allowing the Ottomans to gain the support of the local population and successfully expand their empire.

According to the findings of Barkan (1942) and Halil İnalcık (1997), Ottoman Civilization aimed to ensure that every family and its members lived a decent life, often by allocating a farm to each family. In line with principles of justice, local administrators and the Sultans in the center were expected to closely monitor and recognize the rights of all producers in the production process, without subjecting them to persecution. The state's most important economic policy priorities were to provide the goods and services needed by citizens, maximize state revenues, and maintain these goals in the long term (Genç, 2000). In order to achieve these economic objectives and protect the welfare of Ottoman citizens by accessing cheap and abundant goods, the state built an institutional infrastructure based on these policies, granting capitulations to foreign traders who requested them while considering the balance of power.

The Ottoman Empire, which existed from the 13th to the early 20th century, was known for its emphasis on ensuring the livelihood and well-being of all its citizens. This was a key aspect of the Ottoman economic system, which aimed to provide a sustainable and humane environment for all people and families. The Ottomans believed that "letting the people live" was necessary for the survival of the state, and they pursued economic policies that sought

to provide for the needs of all citizens, regardless of their religion or background. In order to achieve this goal, the Ottomans made it a priority of their economic system to provide for every person and every family without discrimination between Muslims and non-Muslims. In order to ensure their livelihood and to allow them to live in a humane manner, the Ottoman values were based on: 'We are all connected and responsible for one another within humanity'¹⁰. One of the most important features of the Ottoman economic system was its focus on sustainability and inclusivity. It was designed to provide for the needs of all people and families, ensuring that no one was left behind or disadvantaged. This system was intended to be humane at a medium level, meaning that it aimed to provide a standard of living that was comfortable but not overly luxurious. It also sought to prevent conflicts or competition between different groups or individuals. According to Wallerstein (1974), the Ottoman Empire was also a world economy, as it included economic actors from many different nations and communities and was a dominant power in the Mediterranean region. According to Braudel (1996), the Ottomans established a world empire that extended its influence and control over a wide range of territories and populations. Overall, the Ottoman Empire was characterized by its commitment to ensuring the prosperity and well-being of all its citizens, as well as its position as a major player in the global economy.

In Ottoman agriculture, the *Timar* System was implemented, where each family, regardless of religion, was allocated an average of 100-180 acres of land, depending on soil fertility, to meet their basic needs. Under this system, Muslim peasants were required to pay one-tenth of their production as tax, while non-Muslim peasants were required to pay two-tenths and were granted the privilege of military exemption. According to Braudel (1996), this system brought about a social revolution in Europe, as it differed from the feudal system prevalent in the Byzantine empire, where landowners (kings, lords, and the Church) held most of the rights to the land and peasants had no rights and were forced to work to meet the needs of their lords. Under the *Timar* System, villagers had the right to keep the revenue from their land for the rest of their lives, as long as they paid a small amount

¹⁰ In the West, the saying "*Homo homini lupus*" (meaning "man is the wolf of man") has been commonly used to express the idea that people can be cruel to one another.

of tax to the state. The legal framework for this system outlined the relations between *Sipahi* (military officials) and villagers (İnalçık 1997).

Until the 19th century, more than 90% of the world's population was engaged in agriculture in rural areas, providing a secure livelihood for the majority of society without the need to be subservient to anyone. The *Miri* land regime was used in the agricultural lands of the Ottoman Empire. Under this system, the land was owned by the government and could not be bought or sold. Peasants could only obtain the right to cultivate the land by paying the taxes required by the state. As a result, there was no sale of land, which meant that there was no possibility for the emergence of a rental class through the conversion of agricultural land into rental property.

In the Ottoman world, every family's house and garden were their personal property. Villagers living in rural and agricultural areas had the right to keep the revenue from their land as long as they were engaged in production. The people had trust in the central authority to provide justice in cases of injustice. This understanding of justice in the Ottoman Empire meant that people believed that if someone living in Bosnia-Herzegovina, Yemen, Cairo, or Crimea faced injustice, the local administrators or the Sultan, as the central authority representing justice, would ensure that they received their due. It is worth noting that the Ottoman Empire's long-lasting success can be attributed to its commitment to justice and its respect for human beings as "*eşref-i mahlukat*" (the noblest of all creations) and for science and scholars¹¹.

As one moves from rural areas to cities, there is the availability of rental lands that can be bought and sold. To address this issue, the Ottomans developed the concept of foundations and institutions. It appears that the rent paid by city centers was largely collected by foundations. Shops and other properties in city centers were allocated to foundations, and the resulting rent was distributed to all segments of society. This can be seen as a departure from the "only for me" mentality of capitalism and the "neither

¹¹ From the relationship between Sheikh Edebali and Osman Ghazi to the present day, every Ottoman sultan valued the knowledge, wisdom, and advice of the most influential intellectuals and sought their counsel. It is important to note that these relationships were formalized and systematic.

for me nor for you” mentality of socialism, and instead represents an understanding of “for me, for you, and for all my brothers”.

In cities, people were either engaged in craft or trade. The establishment of brotherhoods and companionships, which provided professional and moral education, contributed to the peaceful and harmonious continuation of economic activities based on ethics and kinship. Institutions such as *Ahilik* (brotherhoods) and *Zaviye* (ethical institutions) were established to teach courtesy, elegance, and various arts, cultures, daily life practices, and crafts. It can be observed that in Ottoman society, there was a strong emphasis on conviction and altruism in the economic field, and efforts were made to avoid policies and practices that could create competition between classes. In fact, the ruling elite made extraordinary efforts to maintain balance and order in the established system for a very long time.

It can be argued that waged labor was limited in Ottoman society, but each family member worked on their own behalf in the fields of agriculture, trade, or craft and provided for their own sustenance. These economic activities were conducted within the framework of frugality and altruism (Tabakoğlu 1994). It is important to note that the Ottoman economy and civilization differed from both socialism and capitalism in the way that it approached production, distribution, and consumption. While capitalism values private property and socialism values public property, the Ottomans implemented a balance of both public and private property through the use of foundations (waqf). This approach, which puts people at the center and values ‘social balance’, sets the Ottoman civilization apart from other materialist civilizations in the world.

It can be argued that the Ottomans used a classical economic approach and the notion of civilization in the fields of agriculture, trade, and industry until the mid-19th century, while making changes to the system while still preserving its essence. According to an analysis by Kenneth Pomeranz (2000) in his book on *The Great Divergence*, the Yellow River Delta region of China in the mid-19th century was wealthier than the regions of London and Manchester, which are known for their industrialization. However, little is known about the economy of the Ottoman Empire prior to the 19th century, and it appears that the Ottoman Empire was not significantly

behind other countries in the Western world or Europe in terms of economic wealth and prosperity, with the exception of a few regions such as England and the Netherlands

In response to early modern developments in Western Europe, the Ottoman Empire made significant adjustments to its economy and finances while remaining faithful to the principles of *Kanun-i-Kadim* (ancient law) until the mid-19th century. In line with the priorities of “letting people live in order for the state to last,” “improving the conditions of people,” and the “state’s eternal existence,” the Ottoman Empire ensured that all people living within its territory had access to their basic needs regardless of their religion, race, or ethnicity. This was achieved through a dynamic and stable economic system based on justice and the understanding of an “economy of abundance.” The Ottomans did not hesitate to make changes to their economic system, including the introduction of interest-based changes, and implemented the *Timar* system in agricultural and rural areas, which helped to develop the land and estate economy, as well as the *gedik* system in trade and production. Institutions and foundations were also established to address not only economic needs, but also social and cultural ones (Bulut 2019).

The long-term (*long duree*) stability of the Ottoman economy and civilization was based on the alignment and harmony between mentality, structural and institutional development, and function. The Ottoman economy and civilization prioritized the well-being of individuals, segments of society, and institutions, rather than the absoluteness of public and private property. It can be argued that the main priority of the Ottoman economy was to establish and maintain a system in which everyone could work for themselves in agriculture, industry, crafts, or trade, ensuring their own livelihood and income without being dependent on anyone else. In line with this, it is clear that foundations (*waqf*) and institutions had an important role to play in Ottoman society and its economy, in addition to the public and private sectors.

In order to maintain the production process and provide a stable source of income, the Ottoman ruling class of soldiers (*seyfiye*), bureaucrats (*kalemiye*), and scholars (*ilmiye*) were exempt from taxes. For all other

Muslims (*beraya*) and non-Muslims (*reaya*), the Ottoman government established an economic infrastructure that met the needs of its citizens. This economic and social system, which aimed to prevent poverty in the vast Ottoman Empire, extended from rural areas to urban centers. There were very few people in the Ottoman state who died of hunger. Western travelers, such as Bruin (1728), noted that there were no beggars in Ottoman society, unlike in the West. It was not only Muslims, but also non-Muslim Ottoman citizens, who were not tolerated for begging. However, in modern times, the number of beggars and people dying from hunger has increased significantly in Western countries that underwent the industrial revolution. In the early 19th century, while there were thousands of beggars in cities like Paris and London, there were only a few hundred in Istanbul, and only a small number of non-Muslims begged on the streets. These developments in Ottoman society were due in part to cooperation and solidarity within foundations and institutions. It can also be recognized that the social and economic system established by the Ottomans was based on an understanding of union, exchange, and fraternity. Businesses and trade organizations in the cities were managed within this framework, and the profit margin for traders was generally around 10%. However, the value-added tax system set by judicial officials was to be used only in exceptional cases (Genç 2000).

In the Ottoman Empire, the state was the absolute owner of land and the production from that land belonged to the peasants. The Ottoman farming system allowed everyone to have enough land to work as an “optimal economic unit,” equal in size to their family, without the need to employ outside labor. Peasants without land were not accepted, but families were required to participate in production by cultivating the land allocated to them. The landlord system was not tolerated, making wage labor uncommon in the agricultural system of Ottoman society.

In comparison to Europeans, the Ottomans imposed very low taxes in order to ease the burden on their subjects. They sought to keep taxes as low as possible in the areas they conquered. The Ottomans viewed their people as “entrusted by God” and treated them accordingly. They even went so far as to abolish feudalism in Europe. According to research by Western historians, the Ottomans brought about a social revolution in Europe and the

Balkans (Braudel 1996). The people in the Balkans quickly and wholeheartedly embraced the Ottomans because they were guaranteed their economic, cultural, social, and religious rights and were able to experience a greater sense of freedom.

In the Ottoman economic system, trade and exchange of goods between cities and provinces was free. Only when the needs of the local population were met were surplus goods and services allowed to be exported abroad. A similar principle applied to the collection and distribution of taxes. The priority was to meet the needs of the local population, ensure their welfare and peace, and then secure the power and wealth of the central state. This process, which involved carrying out these responsibilities within the framework of principles of justice without violating anyone's rights and laws (i.e., self-restraining from taking away someone's rights), was one of the most important concerns for local officials and administrators.

There is no denying that capitalism and industrialization have brought material wealth to the West. However, in the Ottoman world, the understanding of economics and civilization prioritized ensuring that everyone had access to their basic needs at a minimum level and was able to live a normal and stable life in an environment of peace and justice, in accordance with religious freedom. At the same time, it is well-known that global colonial activities such as labor exploitation were not a part of the Ottoman vision of economics and civilization, whereas for the West, they were an important aspect of its growth and industrialization. While stability and harmony were valued in the Ottoman world, the essence of modern Western capitalism, colonialism, and imperialism, which is based on inequality and imbalance, was incompatible with a system that aimed to minimize gaps between different sections of society (Bulut 2009).

Labor and human exploitation have been recognized as fundamental to the modern economic growth and industrialization of the West. It is well-known that, in the modern industrialization and growth of England, after male workers, women and child workers were drawn to the factory fences in Manchester and London and employed as cheap labor in order to maximize profit margins (Marx 1867). Experts are aware that the excessive use of labor, both domestic and outsourced, particularly slave labor, has been a