THE MENTALITIES OF 'DECLINE' IN THE SPANISH AND OTTOMAN EMPIRES

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ABSTRACT

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This study is an attempt to challenge the conventional decline-irrationality literature in the Ottoman historiography. Conventional view presented a way of thinking that is unfavorable to the rational economic behavior as the explanatory factor for the so-called decline of Ottoman Empire. Using an explicitly comparative approach, main aim of the study is to account for the specific trajectory of the Ottoman transformation without recourse to the conventional view. Juxtaposing the Ottoman and Western experience, the traditional explanation runs through the specific trajectory of Ottoman transformation in terms of its mental inferiority with respect to the so-called Western rationale. In contradistinction, this study aims to demonstrate that the Ottoman and Spanish experiences can be analyzed within the same comparative framework without an eye to such factors as 'irrationality'.

Keywords: Ottoman Empire, Spanish Empire, Economic Mentality, Ottoman Economy, Ottoman Economic Thought

ÖZ

OSMANLI VE İSPANYOL İMPARATORLUKLARINDA 'GERİLEME' ZİHNİYETİ

Ağır, Seven

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Bu tez, Osmanlı tarih yazınında egemen olan gerileme-akıldışılık yaklaşımını farklı bir çerçeveden sorgulamayı amaçlamaktadır. Geleneksel tarih yazınında, Osmanlı gerilemesi olarak adlandırılan dönem Osmanlı toplumunda akılcı iktisadi davranışın doğasına elverişsiz bir düşünce yapısının varlığıyla açıklanmaktadır. Bu çalışmada karşılaştırmalı bir yöntem kullanılarak Osmanlı İmparatorluğu'nun geçirdiği dönüşüm için geleneksel olmayan bir açıklama sunulmak istenmektedir. Egemen görüş, Osmanlı-Batı karşıtlığından yola çıkarak Batı akılcılığı karşısında Osmanlı zihniyetinin kısırlığını vurgularken, bu çalışma kullandığı karşılaştırmalı yöntem ile Osmanlı ve İspanyol imparatorluklarının özgün dönüşümlerini aynı çerçeveye oturtabilmeyi amaçlamaktadır.

Anahtar Kelimeler: Osmanlı İmparatorluğu, İspanyol İmparatorluğu, İktisadi Zihniyet, Osmanlı Ekonomisi, Osmanlı İktisadi Düşüncesi

Babama,

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TABLE OF CONTENTS

CHAPTER 1

INTRODUCTION

In the Ottoman historiography, two domains that are of particular interest to the economic historian have generally been handled separately but have represented the same dominant paradigm in the field. One of these areas of interest focuses on the transformation of economic relations and political structure of the Empire, and the other handles the issue of economic thinking in the Ottoman Empire. In the conventional context, the transformation has been conceptualized in such a way that a 'golden era' was followed by a period of 'decline', whereas this very process eventually yielded something quite different from the classical Ottoman system. There is a lack of general agreement on the perception of 'decline' insofar as its timing is concerned as well as the economic, political and social motives behind it[1]. All the same, what is common to the general understanding of 'decline' is the 'negative' meaning the term entails. Besides the analogy between human body and social structures that they both rise, grow and die; the notion of decline is also indicative of a situation of inferiority with respect to other entities in rise. Decline, in this relative sense, does not only mean a transition from a better to a worse situation in an isolated environment, but also implies a deterioration with respect to others. As such, the Ottoman historiography juxtaposes the decline of Ottoman Empire against the rise of West, as the two sides of the same coin.

[1] For a survey of decline literature see, Owen (1977), Darling (1996), İslamoğlu-İnan (1987), and Faroqhi (1991).

The other domain focuses on the economic thinking in the Ottoman Empire. Since economic thinking cannot be separated from the entire set of social, cultural and religious values, this area comprehends the study of the whole mental attitudes in the Empire. In this regard, the conventional contention is that the Ottoman mentality was stagnant, inward-looking and unfavorable to capitalistic development, even to all types of change. Put differently, Ottoman habits of thought were not only irrational, but also inconsistent in the sense that behavioral patterns could not serve well to the materialization of interests. The diagnosis as such does not only underscore the lack of a capitalistic rationale within Ottoman attitudes, but also presupposes a kind of integrity between rationality and capitalistic development[2].

These two notions, 'decline' and 'irrationality', are generally disposed together and serve to propagate each other. Whereas 'irrationality' is utilized to expose 'decline', the decline of the Empire *per se* is presented as the evidence of irrationality. Recently, some Ottoman scholars have attempted to challenge this conventional perception of 'decline' and put forward alternative conceptualizations for the Ottoman transformation. Our study, in this respect, is another attempt to challenge the 'decline' notion as such, as well as the 'irrationality' argument behind it. Our expected contribution relies on the use of an explicitly comparative approach. We choose to have recourse to the Spanish Empire as a commensurable counterpart in order to investigate the conventional duality encompassing 'decline' and 'irrationality'. As such, it turns out to be possible to examine the Ottoman Empire

[2] This implication of the conventional argument derives from the so-called liberal creed which assumes that capitalistic development is inevitable and that rational behavior goes hand in hand with capitalistic development.

within the European historical context. Two methodological questions arise at this point. Why a comparative study? And why the Spanish Empire as the example of comparison?

A comparative study is functional for two reasons. First, a comparative analysis, underlining similar historical structures and processes, can yield useful generalizations on the way to constructing general theories such as the ones on state transformation and imperial organizations. Second, a comparative framework provides the researcher with significant insights that do not appear in a study, which handles the entity under consideration in isolation from analogous counterparts. In a comparative analysis, inquiries into different entities can help us grasp the elements that we cannot realize while being preoccupied with a single case. To be sure, for the inquiries to be meaningful, analysis must be based on commensurables; that is, not on apples and oranges, in which case a priori axioms turn out to be quite unlikely.

The aim of this study is not to arrive at a general theory in which the Ottoman and Spanish Empires are defined under the same label. The primary objective is to underline the similarities and dissimilarities of these two empires in order to account for the specific trajectory of Ottoman transformation without any reference to the conventional 'decline-irrationality' literature. Comparison of Ottoman history to that of Spain is instructive in two senses: First, the Spanish case is promising in terms of comparative purposes insofar as handling the Ottoman Empire is concerned. The simultaneity of the golden ages and decline periods of these empires provides a favorable ground for a comparative study. The relative coincidence with respect to time and space is conducive to a comparative analysis. Considering the lack of

explicit comparisons in the literature, Spain, with its promising aspects, shows up as a good vantage point for comparative analysis. Second, the conventional literature has had a tendency towards placing the Ottoman Empire against the West. In this connection, Spain as a part of the Western world is probably the most convenient entity whereby an influential challenge can be directed towards the conventional East-West antinomy.

In order to challenge 'decline-irrationality' pair, we organized our study in two chapters. In the first chapter we discuss the so-called 'golden age's of these empires in order to disclose the dynamics of the pre-decline periods. Decline, by definition, indicates a better period prior to it. In this chapter, we try to figure out how this better period is perceived. In other words, we reveal the reason why it is specifically called a 'golden age' and question whether this image reflects factual phenomena. Then, we present different conceptions of 'change' along with their directional and magnitudal implications. Consequently, we narrow our analysis so as to focus on *how* policy-makers then responded to the problems they encountered.

In the second chapter, relying on the findings of the first, we try to figure out *why* policy-makers reacted in the way they did. This chapter involves a discussion of the mental attitudes of Spanish and Ottoman policy-makers in order to reveal the reasoning behind their policies. Two crucial questions are also addressed in this chapter: What were the intentions and aspirations of the policy-makers in their decisions regarding economic activities? And what were the constraints of and the pressures on their decision-making processes? The answers given to these questions provide us with a unique analytical framework by way of which we can bring

Ottoman and Spanish mentalities together. Such a framework, which entails certain explanatory factors --such as land regime, degree of centralization, military organization-- to account for the differences and similarities in Ottoman and Spanish policy-making will provide us with an alternative understanding of change and mentality.

In the concluding chapter, we summarize our findings and discuss the implications of the alternative framework for the dominant 'decline-irrationality' literature. Finally, questions for further research are raised.

In terms of sources, this study relies on a broad survey of secondary literature on Ottoman and Spanish history. In this survey, the controversial historian Leopold von Ranke, provides a vantage point with his comparative study that has been unique in Spanish and Ottoman literature. Adopting a historicist approach throughout his work, he represents one of the most elaborate presentations of the conventional view on the one hand, while invoking the revisionist critiques on the other. Best representatives of various revisionist strands also constitute a good deal of our bibliographical material. In this sense, this study is expected to be a contribution to the debates over methodological approaches to Ottoman and Spanish histories. Besides, theoretical works that compromise the common field of 'economics' and 'history'[3], such as of Karl Polanyi, Joseph A. Schumpeter and John Hicks, were used to broaden the debate over methodology of historical inquiry.

[3] Hicks (1979: 5) defines the characteristic of this common field as "the study of the past, with the object of finding out, not only what happened, but why it happened." The same concern characterizes the present study as manifested in the number of questions starting with 'why'.

CHAPTER 2

TRAJECTORIES FROM VIRTUOUS TO VICIOUS CIRCLE

> There was a time when the power, and, in a great measure, the civilization of Europe, seemed to have their chief seat in the South; a time when the Ottoman empire and the Spanish monarchy had grown up, face to face, to an overtapping greatness, dangerous to neighbouring and remote nations. (Ranke, 1975: 1)

In his famous work, Ranke provided a lively picture of the glorious rise and the pathetic demise of the Spanish and the Ottoman Empires. However, he is not the only one who has viewed the history of these imperial structures in terms of a 'golden age' and an ensuing period of 'decline'. In the conventional historiography, both empires are assumed to have had a 'golden age', approximately during the same period and in the same geographical area, namely the Mediterranean[4]. Not only that but also both empires are supposed to have experienced a sudden 'decline' after a few decades of imperial glory. However, over the past few decades, these notions of 'golden age' and 'decline' have been challenged on various grounds. Although the majority of the historians agree that there was a period of fundamental change in the histories of these empires, they differ in their views as to the nature of this change and the conceptualization of this period varies with respect to the nature of change. 'Transformation', 'transition', 'consolidation', 'adaptation' and 'dependence' are some of the concepts that scholars have adopted in order to challenge the dominant

[4] However, Peter Burke (ed. Kunt, 1995: 162-3) argues that in spite of the parallel ideas of golden ages, "the idea of golden age had a much greater range of significance and association in western Europe than it had in the Ottoman Empire."

'decline' paradigm. The difference between various approaches towards the nature of change stems from the interplay of three factors in the analysis:

1) the priority given to the external or internal factors in the explanation of change
2) the understanding of change as an economic, political or military phenomenon
3) the degree of inevitability of the direction and the timing of change

Every effort behind these approaches entails a process of reconstructing the past, while the facts and images are rearranged according to this reconstruction. This chapter will briefly outline these attempts at reconstruction in order to develop a perspective appropriate to analyse the economic mentality in these empires, which is the subject of Chapter 2.

2.1 The Paradigm of 'Golden Age'

According to Ranke, the period 1540-1620 witnessed "the vigour and seeming bloom of the two nations" while "it traces in the germ what succeeding times brought forth." (Ranke, 1975: 1) Then, the question one needs to ask is -What is meant by 'vigour' and 'seeming bloom'? If 'to be feared' connotes 'vigour' for a nation, as stated by Ranke, then 'golden age' is a notion that is used to denote solely the military strength and expansionary character of these empires which may in turn be interpreted as the indicator of this military strength[5]. Then the question is: To what extent did military strength coincide with political and economic strength in these imperial structures, and which one should we adopt as an indicator of the so-called 'golden age'? A priori, I would argue that the strength of any body politic

[5] Ranke overemphasizes the political aspects of the historical inquiry since he viewed the political power as the principal agent in history. For a detailed analysis of Ranke' scholarship, see Leonard Krieger (1977).

correlates with the coherence and healthy fuctioning of its constituents which would provide the stability and sustainability of that body. Then, not one but the interplay of a multitude of factors (military, political and economic) would determine the very success or the sanity of an imperial structure.

Let us start with the 'golden age' of the Ottoman Empire. The period which preceded the period of change is called the 'classical age' of the Ottoman Empire, a characterization that has been widely agreed upon in Ottoman historiography[6]. What were the characteristics of this 'classical age'?

In this period, wars were the primary source of revenue as they brought tribute, arable land and taxable population and played a crucial role in the reproduction of the economy. According to Ranke, "the whole system was thoroughly military in its organization, that the state was warlike and its business war" (Ranke, 1975: 9). On account of two institutions which provided the empire with its strength --timar and the institution of slavery[7]--, war was absolutely necessary.

During this period, "the administrative set-up largely conformed to the military organization, clearly aiming for a centralized system." (İnalcık, 1992: 13) In

[6] İnalcık who incorporates the concept of 'classical age' into Ottoman studies defines the period 1300-1600 as the classical period of the Empire since it was "a well-defined, distinct period with an autocratic centralist government and a command economy," (İnalcık, 1994b: 1)

[7] Here, Ranke defines the process of folding the children of Christians in order to educate them as soldiers and statesmen in the service of sultan as the 'slavery institution'. In fact these children were recruited through *devshirme*, "a sort of tribute which consisted of taking away from their homes in the Balkans a certain number of Christian children, usually under the age of five" (Mantran, quoted in Braudel, 1966: 685).

this centralized system, no local authority "was allowed to exercise judicial power" (İnalcık, 1992: 50).

> Those to whom *padişah* delegated his authority, primarily the provincial *beys* and local lieutenants as well as the judges whose duty it was to oversee and guarantee enforcement of the law, kept each other under control as counterveiling forces and stayed in continuous written contact with the central authority (İnalcık, 1972: 339).

In order to limit local authority,

> ...the central bureaucracy systematically attempted to prevent the spread of hereditary benefices (*malikane* and *mülk tımars*) and to maintain a kind of check and balance system in the provincial administration; these efforts were all designed to preserve the ruler's absolute control and monopoly over the 'benefices' (İnalcık, 1992: 66).

The land system was the backbone of the military-administrative organization. "In harmony with the traditional view of the state throughout the Middle East, the land and those who worked on it were regarded by the Ottomans as belonging to the sultan himself" (İnalcık, 1972: 338-39). In this system, namely *tımar*[8], tax revenue was not transfered to the central treasury but was allotted to the officials and soldiers for their own use. Accordingly, *tımar* holders –*sipahis*- were responsible for raising soldiers which were not paid by salaries and they dealt with agriculture in times of peace. Altough sipahis had some rigths over the people who worked within the *tımar*, they were not assigned to use judicial power. They had an official responsibility which could only be used in the name of the state (Barkan, 1980: 882)[9] demonstrated by the fact that "the central government was the authority responsible for the assignment of all tımars and the promotion of all *tımar*-holders"

[8] *Tımar* was the bacbone of the military-administrative organization. See Cezar (1986).
[9] See Barkan (1980) for a brief comparison between the feudal land regime and the Ottoman *tımar* system.

(İnalcık, 1980: 295). In other words, the *tımar* system was the guarantee of the authority of the central government.

In the tımar system, agricultural production and military organization went hand in hand. The state did not need to transfer cash from the central treasury in order to pay its expenditures, nor did it need to collect taxes (Cezar, 1986: 28-29). Although the tımar sytem seemed to be the most appropriate organization for a vast empire with an expansionist aim, its sustainability was contingent upon two conditions:

1) wars had to be won on a regular basis,
2) there was to be no need for cash financing since the system was based on in-kind transfers on the provincial basis (Cezar, 1986: 30).

Further drawback of the tımar system was its responsiveness to the price changes. Genç argues that since tımar was based on payments in-kind, increasing military expenditures would result in increasing in-kind taxes from agricultural production (Genç, 1984: 57). If military expenditures increased for one reason or another, this would hamper the productive capacity of the economy.

The fiscal structure of the Ottoman Empire in its classical age reflected the needs of this military-agricultural organization. Ottoman budgets of the classical age did not possess the flexibility that could afford extraordinary expenses, since both the revenues and expenses that accrued to the hands of government were of small magnitude (Cezar, 1986: 30).

The Ottoman model of state was in harmony with this self-sufficient and ever expanding imperial structure. According to the traditional view of the state in the Middle East, state should protect *reaya* from abuse and tyranny in order to survive since "the impoverishment or dispersion of the *reaya* masses would result in the dimunition of a State's sources of income, and a state without income could not survive" (İnalcık: 1972: 342). As formulated by the concept of the 'Circle of Justice', justice on the part of the ruler was necessary for the production of wealth by the subjects which would go to the state treasury. The treasury would pay for the military power that would secure royal authority which in turn would bring justice to the subjects. A break in the circle would disturb the functioning of the whole system[10]. Such a conceptualization indicates "an extremely stable form of government, but one that could attract only a low level of commitment from its subjects" since "for the circle of justice to be a true circle, all parts of the political system had to be weighed equally" (Darling, 1996: 302).

To sum up, in the so-called classical age of the Empire, the institutions of the state were in harmony with each other. Fiscal, military and agricultural aspects of the Ottoman system formed a tightly closed economic order that provided a huge empire with self-sufficiency. (Barkan, 1975: 4). The training of sultans as warriors and governors and the manning of the janissary corps by levies of boys were supplemantary features of this sytem.[11] These institutional arrangements were

[10] It is formulated by the circle of justice (*daire-i adliye*) as: "Adldir mucib-ı salah-ı cihan; cihan bir bağdır dıvarı devlet; devletin nazımı şeriattır; şeriata haris olamaz illa melik; melik zapteylemez illa leşker; leşkeri cem' edemez illa mal; malı cem' eyleyen reayadır; reayayı kul eder padişah-ı aleme adl". (Öz, 1997: 51)

[11] Both Ranke and Darling comes up exactly with the same institutions when defining the characteristics of the classical system of the Empire. However as we will observe in the following pages, their attitudes towards the disappearance of these institutions are almost opposite.

designed for an empire expanding by conquest. (Darling, 1996; Cezar, 1986). Also state-society relations and the balance between different sectoral and regional groups provided the legitimacy that was necessary for the stability of the system[12]. Then the question is, was this expansionary structure as sustainable in the long-run as it was stable in the short-run? Before coming to this question, let's turn our attention to the so-called 'golden age' of the Spanish Empire.

In Spanish historiography there is no consensus on the reality and timing of the so-called "golden-age". The conventional view has it that unified Spain possessed in 1492 a powerful machine, a solid economy, an exterior projection, naval experience including the exploration of trade routes and notable scientific-technical potential. This image of the golden age however has been subjected to severe criticisms. Modern scholars attribute the so-called golden age of Spain to the great age of Habsburg imperial hegemony while early historians date it before the accession of the Habsburgs, to the reign of Ferdinand and Isabella (Kamen, 1978: 27-28). This difference grows out of the different understandings of 'success' and efforts of creating self-images by reconstructing the past[13]. Besides the controversy over the timing of the "golden age" , some scholars totaly reject the use of this notion. Kamen who defines 'success' as a degree of industrial development argues that Spain had never risen since "Spain had never been an economically strong nation" (Kamen, 1978: 35). However, this view could be challenged on the ground that while mere imperial and military power would not account for the success of an imperial

[12] Next chapter will discuss the state-society relations in detail.
[13] Elliot (1961: 169) argues that this difference also depends on "the nationality or the pertinacity of the writer."

structure, economic criteria alone are also insufficient to measure the degree of success reached by a nation. According to Kamen,

> early modern Spain did not have a unified economy, and the most useful way in which we can try to understand its evolution is to recognize that it was a backward country with poor resources dependent on external markets and external suppliers (Kamen, 1978: 41).

However, this economistic approach has anachronistic implications that adapt the framework of modern economic theory to a pre-industrial structure in which the relationship of the economic and the political aspects were defined differently than in an industrial structure.[14] As Stradling put it, "it is an underlying assumption of our own post Keynesian era that the maintenance of power by any political entity for any length of time is not possible without a sound economy" (Stradling, 1994: 8). Moreover, Kamen argues that the lack of a Spanish merchant class, as an indicator of economic backwardness, was the logical result of a pattern of dependence. This attitude which gives priority to the external factors in the explanation of economic backwardness of Spain excludes any examination of the state's relations with different groups on the basis of political considerations. In the following pages, we will attempt at a more comprehensive evaluation of Spain.

In the period, 1540-1620, Spain was an empire made-up of coordinated and almost independent kingdoms and the unity of the whole body politic was centered in the person of the emperor (Ranke, 1975: 39). This empire was formed during the reign of Isabella and Ferdinand –the Catholic Monarchs- who used the already existing juridicial and administrative institutions to reinforce the state apparatus and

[14] A similar tendency could be observed in the Ottoman historiography which defames the provisionist policies of the Empire on the basis of pure economic theory, without taking into account the political role of these policies for the Ottoman state.

royal authority. However, according to Vives, Ferdinand and Isabella did not in fact aspire to the attainment of effective unity in Spain, since they could not attain the unity in economic structure: "the only link that existed among the kingdoms of the Hispanic monarchy was the monetary" (Vives, 1969: 313). Besides, there was a twofold struggle within the Empire: One was between the supreme authority and the isolated interests of the several provinces and the other was between the parties in the government reflecting the supreme authority and the isolated interests of some classes (Ranke, 1975: 28, 50-54). However, against this background the unconditional authority of the government was completed in the 16th century (Ranke, 1975: 63). "The regime of Philip II has frequently been described as 'absolutist'" (Kamen, 1983: 144):

> Like other 16th century monarchs, he was obliged by custom and political necessity to employ grandees in the principal and most lucrative posts. But, also like them, in day-to-day administration he preferred those of lesser rank, partly because they were more qualified, partly because they relied wholly on the crown for remuneration (Kamen, 1983: 144).

This policy was an extension of Isabella's and Ferdinand's efforts to create a new social category[15] and implies "a marked preference for communeros" (Braudel, 1969: 676).

There are different views regarding the nature of the absolutist regime in Spain. Kamen argued that "the royal power was much weaker in practice than may appear" (Kamen, 1983: 146). He emphasized the limits to royal absolutism in Spain:

> important areas of jurisdiction were still catered for by local customary law, by seigneurial law and by church law; the crown was obliged to

[15] They "put the management of justice and public affairs in the hands of letrados, men of middling condition, neither high nor very low born, offending neither the one nor the other and whose profession was the study of law" (Moreno quoted in Braudel, 1969: 682).

> respect these distinct spheres of authority and there were therefore considerable restriction on its power to act (Kamen, 1983: 147).

The Crown "delegated functions without surrendering sovereignty" since "it sought to build up strong allies to help in reconquering and repopulating new territory" (Kamen, 1983: 155). Secondly, in Spain, "the king had in theory no power over the private property of subjects"[16] (Kamen, 1983: 149). As stated in the dictum quoted by Kamen from Dr. Palacius Rubios, "the king is entrusted solely with the administration of the realm, not with the dominion over property"[17] (Kamen, 1983: 149). Kamen argued that it was the "lack of a centralized state bureaucracy either in judicial matters or in finance" that "made it impossible to secure firm control over the administration" (Kamen, 1983: 151).

On the other hand, Elliot argued that "Spain did succeed in building a global bureaucracy, that the bureaucracy did function with greater or lesser efficciency, and that it did manage to hold the king's many disparate territories together" (Elliot, 1989: 14). As he put it, there was "a well-developed and professionally run bureaucratic organization" in Spain, and the Spain of Philip II was "the most advanced state in 16th century Europe" (Elliot, 1989: 14). It was the success of Spanish Crown [that it managed] "to overcome the unprecedented problems of time and space to the extent of preventing the centrifugal forces inherent in a worldwide empire from triumphing over the forces of control emanating from Madrid" (Elliot, 1989: 14). As is seen above, contrary to Kamen, Elliot attributes the success of Spanish crown to its ability in preserving the central authority.

[16] Kamen (1983: 149) states "even royal manipulation of the coinage was seen as an attack on the property of the subjects."
[17] Although the crown interfered with the property rights of its subjects mostly for financial reasons, these interventions "were limited in scope and were specifically recognized to be exceptional".

2.1.1 The Ottoman and Spanish Empires Compared

Both the Spanish and Ottoman Empires were trying to expand their size and both empires imputed a messianic meaning to their expansionary momentum. In the Ottoman Empire it was *jihad* idea that provided the ideological background to the warlike character of the state. In the Spanish Empire, it was the crusading ideal that provided the ideological basis of conquest (Braudel, 1969: 659). Over time, the spirit of Reconquista was replaced by a more universal crusading ideal. Behind the idea of world-wide empire, there was the "theme of a providential mission, of the union of all mankind beneath the government of a single ruler, foreshadowing the return of universal harmony" (Elliot, 1989: 8). Accompanied by the "sense of geographical expansion of a kind appropriate to the great European age of discovery", this messianic mission formed the ideological basis for overseas expansion[18].

Moreover, in the periods following their expansion, whether as a fact or an image, they both attributed a similar concept of justice to their golden ages. Regarding the golden age of the Spanish Empire, there was that image of success stemming from the idea of "direct equation between national morality and national fortune" (Elliot, 1977: 47). In later periods, that age was perceived as an era when the society was in balance (Elliot, 1977: 56). Whether it is a self-deception or not, this perception reminds us of the Ottoman concept of the "circle of justice". In fact, the image of justice was used in all European states, but the main focus of the European circle was the commercial sources of revenue (Darling, 1996: 286).

[18] Elliot (1989: 9) generalized this mission-building as "every empire needs its ideology, that the empire-builders have to justify to themselves in terms of a higher mission their government of dependent peoples". In other words, as Braudel (1969: 659) stated, "no empire could exist without some mystique".

Revenues from trade, which were used to finance the war, had an essential function in the operation of so-called European circle of justice. However, there are some arguments which imply that the Spanish understanding of justice was closer to that of the Ottoman instead of the European understanding:

> An exception was Spain, where the sovereign was bound to rule and defend the people, to administer justice, and to care for the common good, which was thought to include spending tax revenues on roads, bridges, irrigation works, and flood control; public buildings and town walls; salaries of public officials; and internal and external peace (Laures, cited in Darling, 1996: 286).

2.1.2 The Ottoman and Spanish Empires Contrasted

Ottoman and Spanish Empires differed in terms of the initial drive – initial source- of their expansion. This difference stems from their distinct military-administrative structure, manifested in their land regimes and military organizations. In Spain, "to govern his provinces the king relied utterly on the cooperation of the ruling elites" (Kamen, 1983: 151)[19]. "The power of the great lords" was the most striking feature of the Spanish Crown. (Kamen, 1983: 155). In the sixteenth century, under Charles V and Philip II, "there was significant extension of the seigneurial regime in Castile" enabling nobles to enlarge their private property (Kamen, 1983: 156). Spain put land onto market in an attempt to meet expenses and pay debts earlier than the Ottoman Empire. On the other hand, the Ottomans had absolute jurisdiction. The tımar system was securing the absolute power of the sovereign by avoiding any hereditary rights on land, and building royal jurisdiction independent of any local power.

[19] Although there were royal officials –*Corregidores*- active in Castile, "their task was to liaise with local government rather than to dominate it or extent royal power" Kamen (1983: 155). On the other hand, Braudel describes *Corregidores* as "the figures of authority in the cities and powerful individuals, that the state then controlled its subjects" and provides a contrary argument regarding the function of corregidores.

Also, the military organization of Spain was different from that of the Ottoman Empire owing to the difference of their land regimes. Ranke points out this difference as a part of an overall comparison between the oriental and western strategies of those times: "to raise an army Soliman handed over his estates and revenues to the soldiers who fought all their lives beneath his banners and did him gallant feudal service" while his counterpart in Spain, Charles, "handed over his estates and his revenues to mercantile men, who gave him money instead, but that only once, so that he was enabled indeed to raise troops, but only for a very short time" (Ranke, 1975: 87). The obvious implication of this difference for Ranke is that the second strategy could not afford full security for the monarch, since the system was dependent on the continuous payments of merchants.

Depending on these differences in their military organizations and central administrations, their ways of financing the imperial ventures were different. As Elliot mentioned, it was the overseas empire of Spain that "helped to provide the crown with the resources to launch military ventures which were quite beyond the scope of its European rivals" (Elliot, 1989: 22):

> The imperialism of Charles V and then of Philip II, was financed by borrowing and neither of these monarchs would have been able to borrow for so long, or on such a massive scale, if they had not been able to attract the international financial community with the lure of New World silver (Elliot, 1989: 23)[20].

Also, according to Kamen, "Spain itself had too small a population and was economically too underdeveloped to operate an imperial programme from its own

[20] Considering this, one should rethink Braudel's statement that "it is not entirely fanciful to imagine a French Empire supported by Florence in the same way that the Spanish Empire was supported by Genoa", (1969: 660).

sources" (Kamen, 1983: 158). However, comparing the Spanish expansion with that of Ottoman reveals that it was not a small population or economic bacwardness that made Spain dependent on foreign resources to expand but its land system which could not provide the circular mechanism of expansion. The resources that came from the Americas made Spain's attempt to achieve a Europe-wide empire possible[21]. On the other hand, in the Ottoman case, expansion was possible within the limits of military-administrative organization of the classical system. The circular effect of wars on the production through land system made it possible to expand as long as the assumptions of the classical system were not thwarted by the outside forces.

The difference between the controversial issue of Spanish "golden age" and the commonly used notion of Ottoman "classical age" may stem from this difference in their expansionary mechanisms. The expansion of the Spanish Empire appears as an 'artificial' expansion based on the "false sense of wealth as consisting of gold and silver" (Elliot, 1989: 25) while the Ottoman Empire in the classical age appears as having an inherent capacity to expand. However, both empires entered into a long period of transformation following their golden/classical periods and traditionally this period was labelled as a period of decline.

[21] In Spain, it was the bullion flow that spurted the expansion by "fueling the war machine and oiling the wheels of power". Drelichman (2001: 1). According to Flynn (1982: 1), mining profits rather than the quantity of imports supported the Empire. A critique to this kind of explanation which puts the emphasis on the impact of New World treasure comes from Braudel (1969: 679). He argued that "if the New World had not offered easy access to gold and silver mines, Western Europe's need for expansion would have found other outlets and brought home other spoils." According to Braudel (1969: 660), "the period of economic growth" created a situation consistently favorable to imperial ventures of both the Ottomans and the Habsburgs.

2.2 'Decline' and Alternative Conceptualizations of Change

What happened to these empires and what happened to the image of this 'golden age'? There are two dimensions of the conceptualization of change. Firstly, what do we mean by change? In other words, which factors indicate change?

1) military factors: the loss of military strength against the external world
2) economic factors: the regression of economic indicators
3) political factors: loss of the power of central authority against internal forces

Any concept of change would consist of one or more of these military, economic, and political aspects of change. However, the priority attributed to any of these aspects and the direction of causality between these factors would determine the exact shape of conceptualization. Secondly what are the factors that led to change? Are they inherent in these empires or do they come from outside? They might be;

1) internal factors such as corruption and moral decay;
2) external factors such as uncontrollable trade effects or climatic changes.

Again, these factors could interplay with each other, however the dominance of any factor would reveal the nature of conceptualization. On the basis of these two dimensions, change could be named as 'transformation', 'decline', 'adaptation', 'consolidation' or 'dependence'. And these labels would each represent a different point of view regarding the responsibility of agents in historical change. In this section I will survey some of the better-representative examples of the scholarship on forementioned concepts of change.

2.2.1 The Ottoman Case

According to Ranke, the indicator of change is the *loss of power* of these empires against the external powers: "Spanish monarch, far from asserting its force over friends and foes was rent and subdivided by foreign politics, [while] Ottomans ceased to be feared and began themselves to fear," (Ranke, 1975: 2). In Ranke's work, one of the author's major points is that these changes were mainly the result of *internal developments*. He argues that the Ottoman power had need of two things - war and the warlike chief- and the *decay* of the Ottoman power was the result of the *corruption* of the institutions which are the backbone of this warlike empire (Ranke, 1975: 11-12). Corruption of sultans, which was the result of the deviation from the practice of training sultans as warriors, resulted in the corruption of the system of government. Weak sultans allowed power to pass into the hands of slaves, eunuchs and women. (Darling, 1996: 2). Also the institution of the janissaries was caught by this corruptive disease and timars likewise could not escape from the general abuse. That is to say, "internal strength of the empire became afflicted with great maladies" (Ranke, 1975: 22). In this point of view, corruption was intrinsic to the empire, since Ottomans "had set out from a principle at variance with humanity, from despotism" (Ranke, 1975: 27). In other words, Ottoman decline was the result of a flaw inherent to its constitution. However this conceptualization can be seen as a representative of the perspective "that reflects the self image of Western Europe more than actual condition in the Ottoman Empire" (Darling, 1996: 2). This conventional strand of historiography has its source in the genre of advice literature that represents the views of the ones who "believed themselves to be living in an era of decline from former greatness, a decline that had set in during the later 16th century" (Darling, 1996: 3).

Advice literature explained ‘decline’ in the context of the deformation of the Circle of Justice. In this explanation, the main cause of decline was the administrative corruption and the neglect of traditional law (Öz, 1997: 103). Reform proposals of this literature were mostly traditional: “Their primary concern was the preserving and reviving of old regulations and institutions, to which they attributed the past greatness and prosperity of the Empire” (İnalcık, 1980: 284).

Both Ranke and the advice literature represent insider and outsider examples of the conventional conceptualization which measures change in terms of military strength against the external world and which explains this decline with the help of internal factors such as corruption. Another body of scholarship evaluates change in terms of economic criteria. Concerning the debates on “economic change”, there are certain views on a variety of topics. One source of conflict regarding economic change is the distinction between ‘crisis’ and ‘change’. Some scholars argue that crisis in the 17th century was not an indicator of a long-term decline; while others try to incorporate the ‘crisis’ into the more general ‘decline’ paradigm. (Faroqhi, ed. İnalcık, 1994b; Darling, 1996: 11). The second debate is over the distiction between ‘absolute’ and ‘relative’ decline. Owen draws attention to the confusion created by failing to make clear whether ‘decline’ is defined in absolute terms or ‘decline’ vis-a-vis an expanding Europe (Owen, 1977: 134). Lastly, there are different explanations over the factors that led to economic change. Which factors were resposible for the change?

Barkan presents us with the most famous external explanation. He argues that in the 16th century the Ottoman state fell into "a grave economic and social crisis which presaged a decisive turning point in its history" (Barkan, 1975: 3). According to Barkan:

> ...the decline of the established Ottoman social and economic order began as the result of developments entirely outside the area dominated by the Porte, and in particular as a consequence of the establishment in Western Europe of an "Atlantic economy" of tremendous vitality and force...toward the end of the 16th century the Ottoman Empire underwent a great inflationary price and trade movement which shook the foundations of its social and economic life (Barkan, 1975: 5, 17).

This explanation points out the price inflation as the primary cause of military degradation by producing a financial crisis in military "fiefs". In short, having examined the movements of prices and demography of the 16th and 17th centuries, Barkan concludes that the economic factors as well as monetary problems originating outside the Empire resulted in the detorioration of the social and economic order of the Empire. However this general "crisis" approach was criticized by some scholars on the grounds that further research is required on the peculiarity of the Ottoman case to argue in favor of an explanation that integrates crisis with the decline framework. (Darling, 1996; Faroqhi, (ed) Inalcık, 1994b)

Lastly, there is a body of literature which sees the political situation as the main indicator of the change. In this strand, 'decentralization' and 'decline' are considered traditionally all but synonymous (Faroqhi, (ed) Inalcık, 1994b: 468). However, a revisionist approach that reconsiders decentralization within longer cyles of state formation breaks the corrolation between *decline* and *decentralization* (Salzmann, 1993: 394). In this view, change is considered as "the transition between

a precocious imperial centralization of the 15-16th centuries and a peculiar institutional centralization that ushered in the modern state in the early 19th century" (Salzmann, 1993: 394). Here change is a fisco-political *transition* as a viable alternative to centralized control (Salzmann, 1993: 409).

Like Salzmann, Darling considered the 17th century changes in the Ottomans' military and fiscal organizations not as the indicators of decline but as a part of a process of imperial *consolidation* (Darling, 1996: 8). Here change is a natural result of the "stabilization of the frontiers in the 16th century and the consequent inability of the tımar system to expand" (Darling, 1996: 8). Change is regarded as *adaptation* which means "altering over time to conform to change in the empire's structure and needs" (Darling, 1996: 19). In this sense change means positive internal development, adaptation against the international loss of power which is a direct consequence of the organizational disadvantage of a tributary empire compared to a nation state: "the external military decline of the Ottomans can thus be explained without recourse to an internal devolution" which, according to Darling, was more mythological than real (Darling, 1996: 303).

Thus far, we have outlined some examples of the scholarship with respect to their attitude towards the concept of change. The perspectives that give priority to the external factors in the explanation of change do not put the blame on Ottoman actors and institutions. Either they view the change as a fatal but inevitable result of external factors or they appreciate the process of change coming internally as a reaction to external factors and avoid using words such as 'decay' or 'decline'. Instead they prefer to use concepts such as 'consolidation', 'adaptation' or mere

'transformation'. On the other hand, conventional explanations which give priority to internal factors emphasize the moral factors and put the blame on Ottoman actors and institutions, either by branding the Ottomans as Barbarians as Ranke did, or by accusing some evil factors in the Empire as early commentators did. Their favorite notions are 'corruption' and 'decay', which are certainly synonymous with decline. However, there is a third way in approaching the era of transformation in the Ottoman Empire.

According to Cezar, initial problems of the Empire were external. While there were geographical limits to the expansion on the one hand[22]; global price inflation and the changes in the trade routes and problems of population pressure were challenging the structure of the classical Ottoman institutions on the other. In short, Ottoman classical system was based on some assumptions and when these assumptions underlying the expansionary imperial structure were disrupted as a result of external factors, the system was confronted with some dilemmas.[23] Like Darling, Cezar focuses on the policy responses of the system to changing conditions. According to Darling, these policy responses and the following transformation of the institutions were reasonable and creative in the sense that they maintained the survival of the empire, although "the finance department appears bent on its destruction" (Darling, 1996: 15). She considers fiscal policies not as a cause of decline but as a tool in the hands of government, one whose impact is not yet known. On the other hand, according to Cezar, Ottoman administrators responded to the

[22] This is what Darling indicated as "relatively fixed boundaries" of empire (Darling, 1996: 305).
[23] Darling points to the institutional arrangements designed for an empire expanding by conquest and explains the process that occurred in the 16th and 17th centuries as the reorientation of these institutions to serve a consolidating empire. In this sense her analysis evaluates the change in the warlike organization as a reaction to external factors which is the exactly opposite of Ranke's approach toward change.

problems in the context of the classical system which resulted in the identification of fiscal problems with military problems: Virtuous circle of expansion turned into a vicious circle of fiscal and military crises.

Here, the relevant research question becomes: What were the policy responses of the Ottoman state to the economic, military and political problems and what were the results of these policies? If they achieved what they aimed at, then we could say that these policies were successful. Then, one should rule out any explanation that aims to account for accidental or unintended transformation and focus on the intentions and consequences of the policies in order to decide on the nature of change in the Ottoman Empire on its own grounds.

First of all, even when the limits of the expansion were reached, the Ottoman Empire tried to pursue its expansionary character. When wars began to last longer than before, agricultural production was curtailed since it was the same unit –tımar- which provided both the military support and agricultural production of the empire. The reduction in agricultural production further reduced the revenues for subsequent wars. The fiscal practices that aimed to increase revenues for military ventures undermined the basis of this production unit (İnalcık, 1980).

The main policy instruments of the Ottoman state were taxation, which is closely connected with land regime, debasement and domestic borrowing. These fiscal practices primarily aimed at finding urgently needed resources for the treasury, and while doing this not disturbing the preexisting system as much as possible. “The government was faced with the major task of reorganizing state finances to meet the

challenging times" (İnalcık, 1980: 312). But "whatever the underlying reasons, the government, instead of affecting changes in the classical land system...chose to resort to *awariz* levies, extraordinary tax imposes, as a rule, at times of emergency (İnalcık, 1980: 313). However, as a result of these practices, the base of the classical system was further undermined:

1) Tımar system was dissolved as a result of state's interests of obtaining higher revenue. The hitherto military-administrative unit lost its military fuctions and "dissolution of the tımar system resulted in the lack of security and order in the provinces" (Owen, 1977: 144).

2) Depending on the decreasing central control in the provinces and increasing property held by locals, balance between central government and provinces were distorted: "The military and fiscal needs of the state prompted a radical change in the relation of government and subjects and eventually brought about a state-wide decentralization policy" (İnalcık, 1980: 288)

3) The Ottoman fiscal system was transformed into a more cash based and centralized structure (Cezar: 70). When the military expenditures were turned into cash form, the central treasury had to bear a heavy burden.

4) Wars affected the fiscal deficit more directly and contributed more to the fiscal deppression (Cezar: 32).

5) Fiscal resources of the state were exhausted in the long term.

To sum up, virtuous circle of expansion turned into a vicious circle of fiscal and military crisis. When we came to the late eighteenth century, state was in trouble with chronic budget deficits and there was high inflation.

What does all this mean? These policies were unsuccessful in the sense that they could not achieve what they aimed at. Budget deficits endured and more importantly the classical system could not be preserved. This does not mean that there was no adaptation. However, adaptaton does not necessarily imply a voluntary

transformation among possible alternative routes of transformation. Neither was this transformation the only possible one. Then, the next question is: "Why did the Ottoman policy makers respond to the economic processes within the context of the classical regime?". This question will be discussed in the next chapter. What follows is the discussion over the transformation of the Spanish Empire.

2.2.2 The Spanish Case

The debate over the periodization of Spanish history represents a very similar picture to that of Ottoman history. Again, the explanations regarding the period of change in the Spanish Empire can be categorized as:

> 1) domestic factors that led to internal degenaration and consequently military failure and internal disorder;
> 2) external factors that led to economic problems and consequently military failure and fiscal reorganization.

Ranke focuses on the character of the sovereigns in order to explain the decadence of Spanish power as he does in the case of the Ottoman Empire. In his view, "the most important items in the impulsive forces affecting the affairs of Europe" were of so very personal a nature (Ranke, 1975: 54). However, he mentions also some factors which are absent in his presentation of the Ottoman case such as the transfer of the commerce of the country to the hands of the foreigners (Ranke, 1975: 101). Moreover he was discrediting the ambitious aim of the sovereigns to establish a universal monarchy which exhausted and ruined the resources of the kingdom (Ranke, 1975: 50).

Spanish *arbitristas*[24], like their Ottoman counterparts, shared the belief in their advice to the rulers that something had gone seriously wrong with the society (Elliot, 1977: 45). There were two main strands of thoughts amongst *arbitristas* with respect to the diagnosis of 'decline'. One was the "supernatural explanation" of Castile's troubles which points to a degenerate process as the underlying factor of decline:

> The age revealed its corruption in several types of immorality and religious hypocrisy; in the idleness and insubordination of youth; in luxurious living, rich clothing and excessive indulgence in food and drink; and in the addiction to the theatre and games of chance (Elliot, 1977: 47).

According to this understanding of decline, it was the deviation from the guiding principle of the "heroic age of greatness" which was the true source of disaster (Elliot, 1977: 51). The indicators of "decline" were moral indicators even if they also have some bearing on government and the capacity for war (Elliot, 1977: 53). What makes Spanish *arbitristas* different from their Ottoman counterparts, was the second strand which pointed to a different kind of decline using economic and fiscal indicators (Elliot, 1977: 53). In this understanding where the population was seen as the basis of wealth and power, demographic trends came to provide the touchstone of decline: "It was an interpretation which assumed in line with contemporary thought in other parts of Western Europe, that it lay within the capacity of men and governments to increase productivity and maximize power" (Elliot, 1977: 55).

[24] *Arbitristas* is the name given to the authors of the *arbitrios* –treatises- addressed to the sovereign in order to offer support and advice (Hutchinson, 1993: 59). Elliot (1977: 43) states that "the *arbitrista* was the product of a society which took it for granted that the vassal had a duty to advise when he had something to communicate of benefit to king and commonwealth, the assumption being that he would also benefit himself."

On the basis of these two interpretations of decline, two currents of reform competed for attention: One pressing for a return to the ancient ways, the other for innovating change (Elliot, 1977: 57). Their attitudes towards the military strategy were also different, and so appeared as conflicting interests of different groups in the government[25]. Questions then to be raised in the context of our comparison between Ottoman and Spanish histories are: Firstly, as different from the Ottoman case, why did Spain have a party that tended to see decline in terms of economic backwardness relative to other contemporary societies and to see the problem in terms of mistaken policies which could be changed for better? Secondly, why did the traditionalist strand become the dominant one over the second strand and how could it manage to shape the future of Spain? We will try to answer these questions under the title of "understanding the economic mind" in the next chapter.

When we came to the external explanations of decline, Hamilton provides us with the most representative narrative of Spanish decline in the context of general crisis of seventeenth century. Hamilton, like Barkan interprets Spain's decline on the basis of economic factors. According to Hamilton, "Spanish society had become addicted to the influx of American treasure; the peninsula could not survive with the withdrawal associated with the drastically reduced imports of precious metals in 1620s and 1630s" (Flynn, 1982: 139). As Lewis did for the Ottoman case, Vilar incorporated the decline of Spain in the context of the seventeenth century crisis (Darling, 1996: 11). He argues "the general economic crisis of the seventeenth century converged in the case of Spain political impotence, incapacity for production and social disintegration" (Vives, 1970: 122). There are several versions of these

[25] Ranke (1975) also mentions conflict between the pacific Eboli party and warlike communeros.

external explanations of Spanish decline. The most famous external factor is the influx of precious metals "either because it allowed Spain to pursue disproportionate imperial adventures, because of inflation it created, or because it fueled widespread speculation in public debt" (Drelichman, 2002: 2). Drelichman argues that as a result of bullion inflow real exchange rate appreciation, defined as the rise in the price of non-traded goods relative to traded goods triggered a process of decentralization. Another theory that derives from Hamilton's thesis on the price revolution brings the mining profits to the forefront. Focusing on the fiscal aspects of American silver, Flynn argued, "when the profits dwindled, as was inevitable, international superiority was begrudgingly surrendered to the emerging powers of the north" (Flynn, 1982: 139). Whether the focus is on fiscal or monetary aspect of bullion flow, Castile followed an imperialistic policy that was not realistic in consideration of its (or anyone's) resources" (Flynn, 1982: 143).

However, "Hamilton's pioneering example has encouraged an excessive concentration on the external influences on the Spanish economy, such as American silver, to the neglect of internal economic conditions" (Elliot, 1961: 171). Elliot is not the only one who criticized this identification of decline with economic deterioration. Stradling (1994: 5) also criticizes the purely economic explanation of decline and points to "the dogged resilience and capacity of the monarch in resisting disintegration and despair, evoking admiration at the continuity of policy and commitment despite economic failure and financial breakdown" which was illustrated by Ortiz. The anomaly of economic explanation appears as the fact that "Spain's external decline does not seem to synchronize with that of her internal decay" (Stradling, 1994: 8). Stradling emphasizes the resilience of the Spanish

system just as Darling emphasized that of the Ottoman and Stradling (1994: 9-12) argues that Spain could survive in spite of its economic failure.

Different from the views recounted above, Vives (1970) presents a combination of internal and external factors as responsible for the Spanish decline. He argues that the external affects such as the increasing superiority of the Low Countries and the deviation of Spanish prices from European ones as a consequence of the influx of American silver combine with an incapitalistic Spanish mentality and form the basis of industrial decline of Spain (Vives, 1970: 140). Vives, like Cezar (1986), focuses on the policy responses of the Spanish state to the economic problems. The primary policy tools in Spain in the sixteenth and seventeenth centuries were the reorganization of tax system and inflationary monetary policy. "As the monarchy was plagued by constantly rising financial requirements, fiscal policy kept squeezing more and more taxes from the coffers of tax-payers" (Vives, 1970: 153). According to Vives, Spain followed an "inherently destructive economic regime" (Vives, 1970: 163). "The reign ended with an endless spiral of government debt, as more and more of its income sources became pledged to the payment of annuities" (Kamen, 1983: 168). Policy makers turned towards "the traditional system, which at least would provide [them] with abundant and immediate supplies of silver" (Vives, 1970: 165). As a result of this commitment to traditional measures, the state stuck in a 'vicious circle', which made any solution impossible (Vives, 1970, 166).

In order to decide whether Spanish policy-makers were successful by delaying military failure, that is to say surviving in spite of unfavorable economic

conditions as Stradling argued, or if they were unsuccessful since they stuck to traditional policies and further undermined the productive base of the society as Vives argued; we should focus on the rationale behind their economic policies and investigate the specific aims of these policies within the bounds of state-society relations.

2.3 Concluding Question

Up to now, we have outlined the debates over the transformation in Ottoman and Spanish historiographies. The literature survey revealed that parallel interpretations have been attributed to the period under consideration. The notion of 'decline', which is common to both literatures, has been challenged on similar grounds. Now, we will try to figure out the appropriate way to analyze this period by comparing these different perspectives.

Scholars that attribute a negative meaning to the period under transformation, whether attributing it to external or internal factors, shared the belief that something had gone seriously wrong for these empires. Internal explanations, which came from the genre of advice literature, emphasized the role of factors such as corruption and moral decay in explaining so-called decline. This point of view, "looking at causes and effects in a theological manner", tried to find out who was responsible for what had happened[26]. On the other hand, even though external explanations of decline attributed a negative meaning to the period; they avoided having value judgments

[26] Hicks (1979: 5) names this system of thought as "Old Causality" in which "every event (or at least important event) must either be the act of some person, who was thus responsible for it, or it must be an 'Act of God'."

regarding the responsibility of the historical actors[27]. However, from this point of view, Ottoman and Spanish transformation appears as an inevitable process driven by external forces[28]. This perception of decline places the Ottoman and Spanish experiences as opposed to that of the capitalistic West in a deterministic way. Another strand tries to overcome this controversy between determinism and voluntarism by way of inserting specific experiences into general theories of transformation. These scholars attempt to replace the notion of 'decline' with 'consolidation' or 'adaptation', which emphasize the similar processes of state formation throughout Europe[29]. However, these theories do not provide us with the factors that would account for the specific trajectories of transformation. In other words, *ex post* questions that ask *why* the paths of transformation were different, remains unaddressed. As such, we turn back to the conventional explanations of transformation and try to reformulate the question by separating the field of voluntary action from entire process of transformation: *Why* did the Ottoman and Spanish policy-makers react to the problems they encountered in the way they did?

[27] In Hicksian terms, this refers to the "New Causality" which rejects the 'old' association between causality and responsibility: "Causality is a matter of explanation; but when we explain, we do not necessarily praise or condemn." (Hicks, 1979: 7).

[28]See Barkan (1975) and Kamen (1978) as the representatives of this kind of explanation. Natural law replaces the actions of a human or supernatural agent in this context of causality which is the dominant paradigm in modern historiography (Hicks, 1979: 7).

[629] See Darling (1996) and Stradling (1981, 1994). Hicks (1979: 8) justifies this attempt of generalization by asserting that "[C]ausation can only be asserted, in terms of the New Causality, if we have some theory, or generalization, into which observed events can be fitted".

CHAPTER 3

UNDERSTANDING ECONOMIC MENTALITIES

In the previous chapter we outlined the problems faced by the Spanish and Ottoman Empires in their so-called 'decline' period and focused on the policy responses of these states to the decline. The first chapter concluded with the question of why the Ottoman and Spanish policy makers responded to these problems in the way they did? In other words, why did they resort to policy tools, which do not seem reasonable from today's point of view; like sticking to inflationary and debt-accumulating fiscal policies and pursuing warlike policies notwithstanding that the limits to expansion had already been reached? In this chapter, we will try to figure out the rationale behind these economic policies. In order to understand their patterns of behavior we will try to explore their patterns of thought. The main questions addressed in this chapter are the following:

1) What were the intentions and aspirations of the policy makers in their decisions regarding economic activities? What were their priorities?

2) What were the constraints of and the pressures on their decision-making processes? Which actors were involved and which groups were affective in the decision-making processes?

In this chapter, we will address these questions with a view to revealing the rationale of the economic policies of these empires and the mentality behind this

rationale. In order to figure out how this mentality was shaped, we will focus on the nature of the state and the state-society relations and pressures imposed upon the state through these relations.

3.1 The Ottoman Economic Mind

The underlying motive behind economic policies may be political, military and/or economic considerations, while the political and military decisions may be concerned with economic activities. The intent of this study, as economic analysis requires, is to trace the underlying basis of economic decisions of the body politic[30]. Although such a limited focus could create a bias towards understanding the economic facts from the viewpoint of state and ignoring marginal actors in the economic arena, we will try to overcome this bias by emphasizing promptly the role of particular actors in the economy.

What were the principles governing the economic policies of the Ottoman State? In the Ottoman Empire, economic policy was based mostly on the political and military considerations. Following a specific state tradition, namely Persian, "the economy was considered exclusively as a means of strengthening the state's finances and thereby the ruler's power" (İnalcık, 1994: 44). "This endeavor to maximize public revenues at all times for other than economic purposes" (Van Klaveren quoted in İnalcık, 1994: 44) called fiscalism, was one of the key principles for the Ottoman Empire. This principle was a direct reflection of the "conquest notion of state" and a must for "the empire-building process" (İnalcık, 1994: 44) since territorial expansion is always a costly investment and requires high revenues for the state. However, this

[30] As Schumpeter (1968: 4-5) put it, "when we succeed in finding a definite causal relation between two phenomena, our problem is solved if the one which plays the "causal" role is non-economic."

military concern for expansion, which formed the basis for the priority attributed to fiscal revenues, cannot be separated from the economic concerns, at least for the Ottoman Empire. In the classical age of the Ottoman Empire, conquest was the basic source of wealth. As was mentioned earlier, as the primary source of land, population and booty, wars were the backbone of the economy[31]. It was a "virtuous circle" in which territorial expansion contributed to the increasing revenues of the state and these revenues in turn supported the territorial expansion (Özveren, 2002: 130). In other words, in the classical age of the Empire, military success went hand in hand with economic prosperity. In this sense, 'fiscalism' was a principle serving not only to the military expansion but also to the economic welfare of the country. However, this principle worked in this way as long as the limits of expansion were not reached. When the limits were reached, "fighting wars contributed more to the expenditure than to the revenue of the state" (Özveren, 2002: 130). However, even after the wars turned into an unfavorable investment for the state, fiscal concerns continued to be a priority for the Ottoman policy-makers. Then one needs to ask –why "a novel formulation was not put forward once the limits to territorial expansion, a must for extensive accumulation, were reached" (Özveren, 2002: 131). Other priorities of the state and the constraints on innovating new formulations, that will be laid out in the following pages, may provide an answer to this question.

The state's concern for increasing fiscal revenues was based not only on an impulse for military expansion but also on the state's concern for sustaining the

[31] Conquests contributed to the economy by also taking control of certain trade routes. According to İnalcık (1970), Ottomans' conquests "were motivated by the desire to take control of certain trade routes" and "the state's main concern was to extend the sources of revenue for the treasury" in regenerating commerce and economy". Here again another factor explains the link between conquest and fiscal revenues.

political power of the government. In the classical age of the Empire, it was believed "that political power depended on the extent to which the monarch was able to accumulate gold and silver in a central imperial treasury, so tax paying subjects should be protected in order to become prosperous and feed that treasury" (İnalcık, 1994: 49). Here fiscal revenues appear as a necessity to make the 'circle of justice' to operate in full, which is highly related with the legitimacy concern of the state.

Whether for sustaining the military expansion and political power in the external arena or preserving the legitimacy and domestic political power; increasing as much fiscal revenues as possible was one of the main principles of the Ottoman state. However there were several ways to increase fiscal revenues. What was the type of 'fiscalism' in the Ottoman Empire? According to Genç (2000: 83), the level of monetarization of the economy and the extent of market relations determines the type of fiscalism in an economy. In the Ottoman Empire the limited scope of the market and the lack of social groups pressing upon the state for the modification of the fiscal policies resulted in a crude and rigid form of fiscalism (Genç, 2000: 83). It was a kind of "fiscocentricism" which rates all economic activities in terms of fiscal revenues (Genç, 2000: 83).

Another concern for the Ottoman policy makers was providing for the needs of the internal market. "(T)o prevent the shortages in basic needs and to secure an economy of plenty was a central concern of the sultan" (İnalcık, 1994: 46). Mehmed Genç (1994: 1-2) names this principle as "provisionism" and defines it as "the maintenance of a steady supply so that all goods and services in the country were cheap, plentiful and of good quality". The Ottoman state was unique with respect to

the widespread and continuous application of provisionism in the regulation of economic relations among contemporary states (Genç, 2002: 9). So it is particularly important to reveal the motives underlying such an extensive policy in order to grasp the economic mentality of the State.

What were the motives underlying provisionist principle of the state? İnalcık (1994: 45) points to the role of Islam in forming "an overwhelming concern for the well-being of the community for an economy of plenty" and identifies the Ottoman state as a "welfare state"[32]. Likewise Genç explains the provisionist policies in the context of religious orders which assign to the state the duty of providing welfare and justice: "Under the Islamic *hisba* rules the community was to be protected from unjustice practices in the market" (Genç, 2002: 80). However, "one may argue that political concern is to be involved since popular uprisings for bread are quite familiar in Islamic cities" (İnalcık, 1994: 46). When we consider the need for legitimacy, which was "a major issue in Islamic societies" (Shoshan, 1980: 58-59) to sustain socio-political stability, it is easier to understand the concern of the Ottoman state to ensure provisioning[33]. Although there is not enough evidence of grain riots in the Ottoman Empire, it is reasonable to claim that there were potential threats to the socio-political order of the Ottoman Empire:

> Especially in a city like İstanbul where a shortage or abnormally high prices of basic goods might rouse the military and common people against the government, all this was of vital importance with far-reaching political implications (İnalcık, 1970).

[32] İnalcık (1994: 46) points to "the important place of charity in Islamic law" and states "institutions derived from charity played a significant part in redistributing wealth in society."
[33] Shoshan (1980: 59) states that "(t)he acquisition of sufficient food to fill one's stomach was a major concern for most people in pre-modern times, and when hungry, they were ready to rise against powerful rulers."

Besides the general concern for legitimacy, the state's concern to meet the different demands in the society affected the decision making process. However, one should consider that these demands were not necessarily equally weighted by the state. The state had priorities and apart from being a "balancer of interests" as Rhoads Murphey (1988: 217) suggested, the state was interested in the continuity of its existence and the balance of interests was important in this context.

For example, it was not possible for the state to ignore the demands of craftsmen. Craftsmen supplied the janissaries, the arsenal and the Ottoman palace as well as other institutional demands such as city hospices. Also they had an important place in the Ottoman taxation system because of the close connection between the guild membership and tax paying (Gerber, 1977: 61). As a group in the society, they demanded the support of the government and they generally obtained it along with the supervision of the state. Another actor in the provisioning policies of the state was merchants. The attitude of the state towards merchants varied from one sector to another. Particularly, in order to ensure the demands of the capital, the palace and the army, the state gave privileges to the merchants such as granting regional trade monopolies (Pamuk, 1990: 65). The Ottoman state was aware of the importance of trade as a source of revenue and a link in the provisioning policies. But merchants were also active in contraband trade and smuggling, which were disturbing activities with regard to the provisionist aims. Because of the anxieties about these illegal activities, merchants were exposed to high supervision. It is seen that craftsmen generally achieved the support of the government and the indulgence for merchants was limited (Pamuk, 1990: 66). As İnalcık (1970) stated, "the attitude of the Ottoman government towards the guilds and domestic commerce is of particular interest in

understanding the Ottoman economic mind". The discriminating attitude of the state towards different social groups –pursuing more favorable policies towards craftsmen than towards merchants in the classical period- arose from the priority attributed to provisionism and also reflects the degree of fiscal concerns of the state.

Whether because of the political concern for legitimacy or the religious matters, 'provisionism' was one of the principles effective in shaping the economic policies of the Empire. Fiscalism and provisionism, "the benefits of the state treasury and the needs of the internal market seem to be the only concern of the Ottoman government" (İnalcık, 1970). Those were the priorities of the Ottoman state which lay behind the economic policies that were seen as very different from those of contemporary European states. Ottoman provisionism was the exact opposite of European mercantilism. As İnalcık pointed out; "Mercantilism was in complete contrast to Ottoman notions of economic relations" (İnalcık, 1994: 48). With the aim of providing the needs of the internal market, the Ottomans pursued a foreign trade policy that was liberal towards imports while there was strict control over exports (Genç, 2002: 69):

> Also, state interventions in the Ottoman Empire, namely regulations for customs and guild manufacture, fixing maxima in prices, market inspection on the quality and measures of goods, monopolies on the manufacture and sale of certain necessities, were different in essence and in intention from the regulation of a mercantilist state (İnalcık, 1994: 51).

Moreover,

> …the Ottomans considered the capitulations or trade privileges beneficial for the Empire, such privileges were gladly granted to the European mercantilist nations as serving the Empire's interests (and) Western economies took maximum advantage of Ottoman concepts on

> economy to promote their own mercantilist policies and their capitalistic pursuits (İnalcık, 1994: 48, 50-51)[34].

Up to now, we have tried to figure out the priorities of the Ottoman state in order to understand the logic of Ottoman foreign trade policy –capitulation regime, trade privileges, and customs policy- that may appear as illogical from today's point of view. As opposed to conventional belief, these capitulations and trade privileges were not imposed upon the Ottoman state by other states (Genç, 2002: 54-55). To the contrary, Ottomans pursued intentionally such an economically 'destructive' trade regime. It appeared that these priorities were shaped by the political concerns of the state and the state's relations with social groups. But what was the rationale behind these priorities or to state it in another way, why did the Ottoman state have different priorities from those of European states?

Ahmet Güner Sayar points to the moral structure that prefers booty to the profits from trade in explaining the Ottoman economic mentality (Sayar, 2000: 20). In fact, according to him, it was the military ideology that prevailed in economic mentality in the Ottoman state (Sayar, 2000: 20). According to Sayar, the mental world of the Ottoman Empire was unfavorable to the creation of the knowledge of economics and transition to a rational economic life (Sayar, 2000, 20). Sayar contends that this mental attitude that was averse to economic activity, and it was shaped by education and the economic mentality of Islamic mysticism (*Tasavvuf*) and Asian-Byzantium feudal *agha* consciousness (Sayar, 2000: 157). These

[34] İnalcık (1994: 50) argues that there was no concern "for the protection of home industries against foreign products." On the other hand, Genç (2002: 57-58) provides us with the evidence that the Ottomans were aware of the protective concerns and did not hesitate to take measures in some sectors. Also, they implemented precautionary policies to promote the domestic industry in various ways, however import restriction and taxation were generally not among these policies.

supported the "cumbersome and clumsy mentality based on land" which was peculiar to agricultural-based economic activity (Ülgener, 1951: 132). Genç also points to the role of Islamic values such as equity, solidarity, moderation and tolerance in forming the economic mentality and behavior (Genç, 2002: 73). However, what makes his argument different is that even though he shares the view that Islamic mysticism was unfavorable to capitalistic development, he suggests that the same mysticism provided the Empire with the resilience to delay the decline.

Sayar defines the main actor of this mental world, the Ottoman man; such a kind of 'homo ottomanicus'[35] who was characteristically obedient to the state, religion and customs and who had poor consumption patterns (Sayar, 2000: 62). According to him, mercantilist policies were too worldly (a vague behavioral explanation) for such an Ottoman man. From this point of view, anti-mercantile policies, capitulations, trade privileges and the dominance of foreign merchants in the economy appear as irrational policies which were the direct results of Ottomans' ascetic nature. These policies were irrational in the sense that they were not based on the economic interests of the Ottoman state and such an irrational behavior derives from the Ottomans' ignorant attitude towards economic activities:

> It is obvious that behind these protective measures which were given to all national and ethnic groups, whether inside or outside the area of sovereignty, whether attached to the land or not, there did not lie the economic interest of the Ottomans. Behind this attitude, there may be the fact that Ottomans were belittling the economic activities outside the established normative economic situation. Also there was a non-economic material viewpoint, which went hand in hand with the belief that the order of the world (*nizam-ı alem*) could be sustained by freedom and justice. (Sayar, 2000: 115, my translation)

[35] This word was borrowed from Özveren (2002: 139) referring to a characterization "that deviated sharply from *homo economicus*".

However, Sayar could be criticized on the grounds that his perspective interprets Ottoman policies from today's point of view --with modern economic notions-- or with respect to Europe's own development so that he places the Ottoman experience in a ahistorical or Eurocentric framework. As Özveren convincingly argues, "while the Ottoman policy preference may have appeared as irrational to a mercantilist or a free-tradist, it was rational from within the Ottoman viewpoint" (Özveren, 2002: 132). In order to understand the nature of Ottoman economic policies from within their own viewpoint, we will try to replace the conventional irrationality interpretation with a more proper analytic framework. In this respect, we will suggest focusing on two points that are revealing about the Ottoman political economy:

1) The logic of Ottoman economic decisions may be understood with reference to the context in which the relations between political, economic and social realms are formed. In the Ottoman Empire, the economic was embedded in the political[36]. As Özveren (2002: 129) mentioned, "during the classical period of the Ottoman Empire, economic life was conceived as the inextricable part of a greater whole that also encompassed the political and military realms". In other words, in the Ottoman Empire economic decisions can be perceived as by-products of political decisions (Genç, 2002: 44). One evidence of this attitude can be found in the fact that economic decisions in the Empire were taken by organs that were totally non-

[36] Polanyi (1944), based on historical and anthropological research, argues that the economic system was run on noneconomic motives.

economic, such as *kazasker*, *kadı*, *darphane nazırı*, *gümrük emini*, *divan beylikçisi* (Genç, 2002: 43-44)[37].

Political concerns that prevailed over economic concerns were of two kinds: Firstly, there was the need for legitimacy in the domestic arena that was a must for political stability of the system. Secondly, political power against the external world and military success as the guarantee of this power were of primary importance. As we have mentioned earlier, one of the underlying motives behind fiscalist and provisionist policies of the Empire was to sustain military expansion and to support the legitimate basis of the government. Control over trade was also a tool for this aim. For example, the Ottoman government "often used trade privileges which it granted as a political asset" (İnalcık, 1970). Also "the capitulations were often granted on political considerations rather than economic" as a tool of "supporting the friendly nations against the hostile ones by giving them trade privileges" (İnalcık, 1970). İnalcık (1970) interprets this as:

> (T)he financial and political interests of the state were always prevalent and the Ottoman administrators could never have realized within the political and social system in which they lived the principles of a capitalistic economy of the Modern Age; while Europe equipped with the knowledge and organization of such a system; came to challenge the Middle Eastern empire of the Ottomans (İnalcık, 1970).

Such an interpretation supposes that the motives of economic activities in the Ottoman society were different from those in Europe. However, coexistence of 'the political' and 'the economic' was not unique to the Ottoman Empire (Genç, 2002: 44). In all pre-modern societies, the economic was embedded in the social (Polanyi,

[37] This fact conforms with Polanyiesqui argument as "the absence of any separate and distict institution based on economic motives" implies the embeddedness of economic motives (1944: 47).

1944) and the dissociation of economic relations from the social whole and appearance as a distinct sphere is a recent phenomenon:

> This situation is not peculiar to Ottoman society. The process in which the economic relation and phenomena separated from the complex web of social relations and acquired an independent character is very recent (Genç, 2002: 44).

Then, the peculiarity of Ottoman economic decisions should be searched somewhere else. Also, when trying to appraise the success of economic policies of the Empire, one should consider the aims and intentions of these policies, which were encompassing not only economic realm but also political and military realms. Then a more balanced view regarding the non-capitalist path of Ottoman transformation could be reached.

2) The factor that could help us in understanding the peculiar logic of Ottoman economic policy decisions is the "source of wealth" in the Empire. As İnalcık put it,

> …for the Ottomans, wealth was expected to derive from new tax resources in the lands annexed by conquest; not by intensive methods such as maximizing the income from agriculture, industries and commerce through new technologies (İnalcık, 1994: 51)

According to İnalcık,

> What made Western mercantilist power different from the Ottoman state was that the European state gave much weight to industries and manufacture in the wealth-power-wealth equation so that mercantilism and mercantile classes assumed a leading place in society. In other words, while the West moved toward an economy of national wealth acquired through ever-expanding industries and markets under a capitalistic system, the Ottomans stuck to an imperial policy with emphasis on territorial expansion along with traditional monopolies in manufactures and a conservative policy in land holding and agriculture" (İnalcık, 1994: 45).

However, different perceptions of wealth do not stem from different levels of economic knowledge or do not reflect an inferior quality inherent to Ottoman economic mentality. The difference in the ways of extraction of wealth derives from different land regimes and military-administrative organizations based on these land regimes. Ottoman centralist regime could achieve to organize ownership of land as the most appropriate one for an ever-expanding imperial economy. As we mentioned earlier, the military system based on the widespread land organization, namely *tımar*, was more advantageous to such an expansionary state. This land system, in which ownership of land belonged to the state, could be built up as a result of the struggle between landed Turkish aristocracy in the periphery and bureaucracy made up of *devshirmes* in the center; resulting with the victory of the center (Pamuk, 1999: 134). The interventionist form of the state with its strict control over landed property limited the scope of private groups. *Tımar*, in this respect, could be understood as a system by which the power of the center was secured against the peripheral/private forces. On the other hand, in Europe such a centralized regime could not be built up and the producers and merchants could increase their political power and direct the state's policies towards a mercantilist policy (Pamuk, 1999: 135). Different types of state formation led to different bureaucratic organizations in the sense that the most important component of the Ottoman bureaucracy was the devshirme group who could not exist without the state and whose interests were identical to that of the state (Pamuk, 1997: 33).

Here, we can describe a two-way relationship between the 'source of wealth' and the Ottoman centralist regime with the aim of expansion. Firstly, the centralized

regime limited opportunities for capital accumulation in the Ottoman Empire. Ottoman centralist regime required the direct control of the factors of production to guarantee its power over centrifugal forces. As Genç puts it, the Ottoman state was insistent on the direct control of land, labor and capital (Genç, 2002: 67). Likewise, trade, although in the hands of private agents, was perceived as a public service (Genç, 2002: 75) and it was under the direct control of the state. In such a system, the opportunities to raise capital were extremely limited, if not impossible (Genç, 20002: 75). As Genç argues, "ways of accumulation were only open to high military cadres who had high incomes. However, their legitimate heir was the state and so private capital accumulation was very limited" (Genç, 2002: 75).

Secondly, for this centralist state there was the opportunity for obtaining wealth from military expansion. The land regime and military-administrative organization formed in accordance with the centralist state were forming the suitable basis for "extensive accumulation" supported by the "expansionary momentum of the state" (Özveren, 2002: 129). To sum up, the Ottoman centralist regime was more appropriate for a wealth extraction that went hand in hand with redistribution. In Ottoman society, the state's control over the factors of production and its centralized power represented an essential mechanism for redistribution. State regulations aimed at redistribution limited the motion of economic forces of market since "the Ottoman economy was bound under the strict control of a strong centralist state to follow a typical medieval economy with a fixed market and production levels" (İnalcık, 1994: 53). According to İnalcık, and I also agree, this also explains "the dichotomy between stagnant Ottoman industries and commerce and the dynamic European

market economy which first appeared in Italy and the Low Countries and then in other Western countries" (İnalcık, 1994: 53).

Thus far, we tried to describe and discuss the conditions underlying the principles governing the Ottoman economic policy-making. From the analysis above, we come up with two major findings:

1) In the Ottoman state, *as in all pre-modern states*, economic decisions were formed by political and social considerations as well as economic concerns.

2) The source of wealth for the Ottoman state was "extensive accumulation" which was made possible by the centralized redistributive regime and economic policies were formed according to this understanding of wealth.

Then one should ask what was irrational about Ottoman economic policies and mentality of the Ottoman state? Can achievement of forming a centralized regime instead of a decentralized one that would give way to capitalistic development be named as 'irrationality'? Absolutely, no historical actor could be considered as irrational because of its own success. And the Ottoman state, which succeeded in forming a centralized regime and coherent institutions under this regime, could be hardly considered as an irrational body politic. On the contrary, it seems to me that the Ottoman state became the very victim of its success[38]. However, one can still ask why the Ottoman policy-makers did not find new formulations when they reached the limits of expansion and when they were faced with problems, which could not be solved within the bounds of the classical system. Did they not realize that their classical system crashed into some limits? In other

[38] Here one can recall Schumpeter's argument that the destruction of capitalism is the consequence of its success. Maybe it is possible to generalize this analysis to all systems such that success creates inherent mechanisms that would undermine system's own institutions that led to success. (Schumpeter, 1950)

words, why did they not try to find a novel formulation and adapt to the new situation? Even though some scholars have argued that the Ottomans' transformation was a successful adaptation, i.e. Darling (1996), Ottomans changed when they wanted *not* to change. Then, one needs to reveal out the logic behind their attachment to the old system.

First of all, why should these old known ways be given up for the unknown? The Ottoman state became successful with those old institutions, then why leave them behind? Beside this rational element in continuing with old policies, there were some "irrational elements" as Cipolla called them (Cipolla, 1970: 10). Adaptation is always hard for a once successful polity since "success breeds conceit". As we all know, "self-complacency and readiness to change are mutually exclusive attitudes" (Cipolla, 1970: 10). But perhaps more important than this psychological affect of the success, there was an institutional setup which resisted change:

> the tendency to resist change is strengthened by existing institutions. There is no doubt that institutions in general have a life expectancy much longer than they deserve, and this is why revolutions take place. Once an institution is in existence, it is very hard to change it or get rid of it. Owing to its past growth and development, an empire is inevitably characterized by a large number of sclerotic institutions. They hinder change for their very existence. Moreover, they give inevitable support to that part of population which opposes change for one reason or another. Institutional rigidities reflect cultural rigidities. Conservative people and vested interests cluster around obsolete institutions, and each element supports the other powerfully. Innovating minorities are bound to see their efforts frustrated by this combination (Cipolla, 1970: 11).

In the Ottoman Empire, this resistance to change appeared as a "traditionalist" ideology which appraised the 'old' and considered deviations from the old as bad and wrong (Genç, 2002. 69). Genç (2002: 48) defined 'traditionalism'

as the third principle governing the economic policy of the Ottoman state: "a dominant will that tries to preserve the equilibrium in social and economic relations and prevent the tendencies to change" and he quoted from various Ottoman writers that reveal the importance attributed to the preservation of the old.

To sum up, Ottoman economic policies were based on three principles: fiscalism, provisionism and traditionalism. Behind these principles lay a specific type of state regime. Ottoman state regime reflected the priorities of a centralized redistributive political organization. As soon as this organization got into troubles and could no longer obtain revenues from expansion, which was its primary source of wealth, the primary concern of the policy-makers turned to preserve the *ancien regime*. Ottomans' attachment to the *ancien regime* was not a reflection of irrational elements in their thinking but rather there were some institutional and psychological elements in force. However, in spite of their efforts to preserve the old regime, they *had to* adapt, and in the course of adaptation their own policies determined the direction and rate of change. In order to move towards a comparative framework, we will now address the same questions for the Spanish case.

3.2 The Spanish Economic Mind

What were the priorities and constraints of Spanish economic decision-making? Similar to the Ottoman state, fiscal revenues were also of primary concern to the Spanish state. One of the indicators of this priority attributed to fiscal revenues appeared in the form of government policy towards guilds. For example, according to Vives, the State submitted guilds to unified rule and strict control "not out of an industrial policy but out of an obvious desire for tax revenue" (Vives, 1970: 141).

When the fiscal needs of the state increased in the seventeenth century, "the crown's interest in keeping the guilds under strict control accentuated" (Vives, 1970: 142). Another evidence of the weight of fiscal concerns in economic policy making can be found in monetary policy of the state. Regarding the copper revolution which resulted in monetary inflation, Vives (1970: 157) points to "the incapacity of the later Habsburg governments to control the inflationary spiral, their lack of courage to resist the temptations of a monetary policy tool easy not to be dangerous". The incautious use of this monetary instrument --forcing into circulation copper when the American mines were exhausted-- in fact represents the hunger for fiscal revenues. According to Vives (1970: 57), this policy choice "explain the disastrous downfall into which the Castilian economy plunged during the last decades of the seventeenth century." Why were fiscal revenues so important for the Spanish government?

War has always been a costly project and the priority attributed to increasing fiscal revenues mostly derived from the priority given to military success. In that era, "war –the immediate issue- was the natural condition and overwhelming priority of governments, and other considerations followed at a respectful distance" (Stradling, 1994: 19). As Stradling mentions, "even fiscal realities could often be submerged by the exigencies of defense" (Stradling, 1994: 19). Stradling provides us with a bunch of evidence from the exchange of letters of the Crown revealing that the war was the immediate issue. She points to the role of treasury officials in the formulation of economic policy:

> Such bodies as the Consejo de Hacienda and the various juntas of the reign, existed not (like their modern government counterparts) to provide an essential advisory and braking mechanism, but merely in order to find and administer the necessary funds (Stradling, 1994: 20).

This is another way of saying that the Spanish state sacrificed the economy for the treasury (Vives, 1970: 166). However, Vives' interpretation as opposed to that of Stradling's consists of a negative meaning. Vives, putting blame on the policy-makers, claims that "the country's interests were sacrificed to this need for money" (Vives, 1970: 165) while Stradling tries to figure out the rationale behind this need for money and with this aim presents us with Parker's argument that "government policy in early modern Europe was seldom governed by economic desiderata" (Parker quoted in Stradling, 1994: 20). This explains why it is that "where and how the money (or rather, credit) was raised was of secondary importance, the vital thing was that it was raised, and no excuses were tolerated" (Stradling, 1994: 20-21).

It is seen that, as in the Ottoman case, economic policy decisions of the Spanish state could be based on political concerns. But then, why were economic concerns secondary to political considerations? The answer Stradling gives is worth noting: "If economic (and even fiscal) matters did not occupy the forefront of the political stage; it was because they were not as important to the exercise of power as they were to become in later centuries" (Stradling, 1994: 23). To the policy-makers of the era power may be related more to "duty, glory and prestige" than to economic elements (Stradling, 1994: 21)

Elliot looks at the same phenomenon from a different angle. He argues that "the decision-making process in the seventeenth century Madrid provides a classical instance of the primacy of foreign policy over domestic affairs" (Elliot, 1989: 134) and he traces this imbalance between foreign and domestic consideration to the

psychological level (Elliot, 1989: 135). He points to the policy-makers' "excessive commitment to upholding 'reputation'" in forming their conduct of foreign policy (Elliot, 1989: 135). As Elliot put it:

> The key to the relationship between foreign policy and domestic affairs in seventeenth century Spain will ultimately be found to lie in the mentality of the imperial ruling class, and its perception of the world around it (Elliot, 1989: 135).

Whether stated as the primacy of political considerations over economic considerations, or the priority of foreign affairs over domestic affairs; war had been an important issue in the agenda of Spanish policy-makers. Psychological elements and identification of political power with military expansion were affective in shaping the policies of the Spanish state. But those alone are not sufficient to explain the bias towards war and the priority attributed to increasing fiscal revenues. As well as the mentality of the ruling class, its components and interests were decisive in shaping Spanish policy[39].

The specific form of Spanish commercial policy is also informative about the concerns of the state regarding economic activities. What were the aims and constraints of the commercial policy of Spain? Spanish mercantilism reflects the priorities of the state regarding trade policy and could be revealing in order to figure out these priorities. In Europe there was no such thing as a single unified mercantilism. Spanish mercantilism was a crude form of mercantilism which basically equated the wealth and power with the stock of gold and treasure (Tomaske, 2000). Based on this mercantilist doctrine, the Spanish state tried to impose some measures to increase and maintain the stock of wealth (Vives, 1970:

[39] See Kiernan (1980) for the examination of military decisions with respect to the interests of the classes in Spanish society.

154-156): ways to stimulate discovery and exploitation of American gold and silver mines; stockpiling of metal in Spain by means of a ban on its export to other countries; restrictions on export of raw materials through imposition of high customs duties.

The last measure was intended to favor national industry and could prevent the deterioration of the trade balance. However, "these limitations were in the long run a financial maneuver rather than a protectionist measure properly speaking" (Vives, 1970: 155). As Vives quoted from Hamilton, "protective duties had little place either in theory or practice of Castilian mercantilism, and the same could be said of the Crown of Aragon" (Vives, 1970: 155). In other words, Spanish mercantilism was very far away from the mercantilist strategy of those Western European states which followed the way to capitalistic developments. Why did Spain follow such a commercial policy that was detrimental to its industrial base? Again, we could find the answer to this question in Spain's military aspirations. Like the Ottoman Empire, Spain used tariffs and commercial agreements as a political instrument. For instance, "Philip IV obtained Holland's neutrality in the war it had undertaken with France and shortly afterward with England" by setting a tariff schedule that was favorable to Holland. Spain could not pursue a vigorous export policy that would prevent the "decline of the Spanish merchant fleet and opening of the internal market to foreign goods" (Vives, 1970: 146). "In consequence, the tariff-free system set up by the Habsburgs turned out to be of very little advantage to country's interests" (Vives, 1970: 146). Besides the military considerations, the domestic social groups which benefited from an open trade policy affected the foreign trade policy of the state. As Kiernan put it, "the Cortes was more responsive

to the wants of the rentier or consuming classes, than of the productive; that could not desire to see industry protected by tariffs and embargoes" (Kiernan, 1980: 29). The rise of Madrid as the economic capital of the Spanish state reflects the power of these social groups in forming non-industrial foreign trade policy:

> This accumulation in the city of revenues from the great latifundist aristocracy, especially the Andalusian aristocracy, the management of public finance, and the interests of the American Empire, stimulated monetary circulation and commercial life. Hence important mercantile bodies arose which gained great strength from the proximity and needs of the administration. Such corporations demanded adoption of free-trade policy, based especially on the import of luxury goods (Vives, 1970: 150)[40].

According to Vives:

> …by the end of the sixteenth century the Spanish ruling class was in the position of being able to make improvements: the immense possibilities of the Empire of the Indies had been recognized and the quantity school of Salamanca had demonstrated its opposition to simple identification of money with wealth (Vives, 1970. 165).

However policy makers stuck to the traditional system. The Spanish state adopted a foreign policy that was detrimental to its internal economic base. At this point, Vives points to the "administrative inefficiency and immorality" in the governmental machinery as the primary cause of "this inherently destructive economic regimen" (Vives: 1970: 165-166). According to Vives, this governmental problem had an "unfortunate effect on the mental attitude of the working classes" and the attitude of the seventeenth century *hidalgo* appeared as "the expression of a theory of leisure" (Vives, 1970: 126-127). However, Vives does not provide us with

[40] Vives (1970: 151) writes that "firmly linked to *latifundist* economy and the free-trade tendencies of the five Guilds, it foreshadowed through its bureaucracy the country's industrial rebirth by means of a controlled system."

an explanation regarding the source of administrative inefficiency in the Spanish government. On the other hand, Elliot argues that:

> behind this inert government, which possessed neither the courage nor the will to look squarely in the face, lay a whole social system and a psychological attitude which themselves blocked the way to radical reform (Elliot, 1970: 185).

From this perspective "idleness" is not a consequence of moral decay but "the outcome of the inability of a predominantly agrarian society to offer its population regular employment or adequate remuneration for its labor" (Elliot: 1970: 172-173). But then, one should explain how Spain stuck into this backward situation while it was expanding overseas.

Conventional explanations of the economic backwardness of Spain suggest "that the social climate in Castile was unfavorable to entrepreneurial activity" As Elliot (1970: 186) describes:

> The Castilians, it is said, lacked that elusive quality known as the 'capitalist spirit'. This was a militant society, imbued with the crusading ideal, accustomed by the reconquista and the conquest of America to the quest for glory and booty, and dominated by a Church and an aristocracy which perpetuated those very ideals least propitious for the development of capitalism.

Elliot rejects this conventional argument and focuses on "the technical and neglected subject of investment opportunities" (Elliot, 1970: 187). He points to the unproductive investment opportunities such as *censos*, or personal loans, *juros*, or government bonds. Highly elaborate credit system which was developed probably as a result of the exigencies of the Crown's finances, provided *censos* and *juros* which offered better rates of interest than those to be gained from investment in agriculture, industry or trade (Elliot, 1970. 187): "*Censos* and *juros* might almost have been

deliberately devised to lure money away from risky enterprises into safer channels, of no benefit to Castile's economic development" (Elliot, 1970: 187). Here, it appears as it was not the idle characteristic of Spanish society but the constraints on and opportunities of investment that determined the type of accumulation in Spain.

In the Spanish state, opportunities for productive investment were limited because of the highly elaborate credit system. The credit system, as we mentioned earlier, was made possible by bullion flow from Americas. The American bullion provided Spain with the sources of domestic and foreign credit, and supported the impulse for military expansion.

> The effect of an apparently endless flow of American silver into Seville had been to create a false sense of wealth as consisting of gold and silver, whereas true wealth lay in productive investment and the development of trade, industry and agriculture (Elliot, 1989: 25).

As long as the sources of Americas continued to flow to Spain, the Spanish state could pursue its expansionary policy. But this policy was inherently unsustainable. When the American sources were exhausted, a vicious circle began to operate dragging the Spanish state into debt accumulation and numerous bankrupticies.

To sum it up, behind the economic decisions of Spanish Empire laid the political and military concerns of the state. Fiscal policies aiming at finding urgent resources to finance wars, and low tariff rates aiming at taking political support in the international arena can be understood in this context. However, what made such destructive policies viable in the view of Spanish policy-makers was the opportunities and limitations of wealth accumulation. In Spain, bullion flow from the

Americas provided the Spanish state with international borrowing opportunities – especially provided by Geneose bankers-, and this led to a highly elaborate credit system that absorbed the wealth in the society. In other words, artificial wealth opened the ways for speculative investment. This combined with the pressures of certain interest groups, resulted in a persistent attempt to extract wealth through extensive accumulation.

Concluding Remarks

Here, again the source of wealth, even when it is artifical, explains the rationale behind Spanish state's self-destructive policies. Like the Ottoman state, the opportunities for expansion provided by other sources than profits from production pulled the Spanish state into a vicious circle. In both cases, policy-makers pursued policies that were logical on the basis of certain assumptions. Spanish state, financing its military pojections through the credit system based on American sources, presumably assumed that the flow of American sources was everlasting. On the other hand, Ottoman state neglected the objective limits of geographical expansion. Furthermore both, presumably were affected by the increasing costs of administrating huge geographical areas and exposed to 'diseconomies of scale' (Salzmann, 1993).

CHAPTER 4

CONCLUSION

This study was an attempt to challenge the conventional decline-irrationality literature in the Ottoman historiography. Using an explicitly comparative approach, our main aim was to account for the specific trajectory of the Ottoman transformation without recourse to the conventional view. Juxtaposing the Ottoman and Western experience, the traditional explanation runs through the specific trajectory of Ottoman transformation in terms of its mental inferiority with respect to the so-called Western rationale. In contradistinction, we believe to have demonstrated that the Ottoman and Spanish experiences can be analyzed within the same comparative framework without an eye to such a factor as 'irrationality'.

In the first chapter, we discussed the origins and nature of change within the Ottoman and Spanish Empires. Prior to their respective period of change, both were trying to expand their size. However, depending on the differences in their land regimes, military organizations and administrative structures, their expansion mechanisms were also nuanced. In the Ottoman Empire, the land system based on *tımar* was organized around the agricultural and military units that were under the supervision of the state officials. In this system, acquisition of land and labor through wars constituted the primary source of revenue. Along with the reciprocal causes and effects between wars and economy, the land system as such confined the expansion

possibilities to the accumulation of own resources of the Empire. On the other hand, land was mostly in private hands in the Spanish Empire and state control on local powers was much more limited. Expansionary impetus of the Spanish Empire stemmed from the overseas bullion flow or foreign credit based on this bullion flow. In other words, depending on the different degrees of control over factors of production, the Spanish and Ottoman Empires had different ways of financing their imperial ventures. This difference may well account for the different perceptions on this period. This so-called "classical age" of the Ottoman Empire has been a subject of consensus, whereas the "golden age" of the Spanish Empire has remained disputable.

Although the projections for geographical expansion were designed differently, they eventually came to an end in both empires. Either the sources of expansion were exhausted or the limits for expansion were reached; what is common is that both Spanish and Ottoman empires lost their military dominance in the international arena. However, transformation was not explained solely on the basis of military decline. Economic and demographic factors were presented as the causes of the so-called decline of these empires. In the first chapter, after discussing such explanations, we focused our attention on the responses of these empires to these problems. Even after they encountered with the economic and military problems, these empires continued to implement their expansionary policies. Interestingly enough this attachment to the old policies further undermined the basis of their power. Then, the question one needs to ask is why did they follow such self-defeating policies? We addressed this question in the second chapter.

Why did the Ottoman and Spanish policy-makers behave in the way they did? This was the main question we addressed in the second chapter and it was raised in order to find some explanations that are beyond the scope of the conventional argument. In other words, was it simply the 'irrationality' of Ottoman and Spanish mentalities that brought about a bifurcation with respect to the capitalistic trajectory of Western Europe? Or, is it possible to detect other factors to account for their time- and space-specific trajectories? In this chapter, we investigated the priorities of the Ottoman and Spanish states and tried to figure out how these priorities were shaped. We arrived at two major conclusions that account for the rationale behind the political economy of these empires. First, we showed that the decision making processes put priority on political concerns rather than economic concerns. This principle was common to all pre-modern societies primarily because of the fact that 'power' was not defined in terms of economic prosperity. The priority of fiscal realm over the real sector of the economy along with trade privileges granted for political considerations can be understood in this context. Second, these empires could maintain extensive accumulation based on geographical expansion thanks to their centralist regimes. Besides, inner and outer sources were providing them with the capacity to expand on this basis. Ottoman classical system was neither suitable for capital accumulation in private hands --since Ottoman state had direct control over factors of production, and opportunities for private capital accumulation was limited-- nor was it in need of it --since the absolutist regime with its all institutions were providing the suitable basis for this kind of expansion. In the case of the Spanish Empire, however, the wealth accumulated in private hands was not directed towards productive activities because of the elaborate credit system provided by the bullion flow from the Americas. In both cases, the initial advantage of seemingly easy

wealth generation turned out to be a disadvantage in the long term. In fact, one could argue that the Ottoman and Spanish Empires became the victims of their successes insofar as they insisted on surviving as strongly centralized empires, the institutional framework of which was conducive to wealth-generation, yet without an eye to the alternate methods of productive investment. Then, one question remains to be answered: Why could not the policy-makers realize the 'modern' constraints they faced instead of subscribing to their old policies? This question may be answered in terms of psychological factors and the institutional setup, which created a resistance to change both in the society and in the policy-making cadres. One should also consider the very mentality that put priority on survival in the short-term rather than on success in the long-term, especially at a time when the nineteenth-century idea of long-term progress was lacking.

Conventional view presented a way of thinking that is unfavorable to the rational economic behavior as the explanatory factor for the so-called decline of Ottoman and Spanish Empires. The religious and cultural elements, which formed the underlying value-system, were blamed for the irrationality in question. In the Ottoman Empire, it was mostly the mystic Islam which scholars accounted for the behaviors that could not be understandable from the Western point of view. In the Spanish Empire, it was the leisure-biased 'hidalgo mentality' and catholic-messianic ideas that were blamed for the backwardness of Spain. In this study, our contention was to demonstrate that Ottoman *vis-a-vis* Spanish policies could be discerned without having recourse to such religious and cultural elements. In this framework, opportunities and constraints served as the determinants of the policies under consideration. The land regime, administrative structure and military organization

accounted for both the similarities and dissimilarities between Spanish and Ottoman ways of wealth extraction. Religious and cultural values, which were consequences rather than causes of the socio-political structure, were decisive for the survivals (the delay of the end) of institutions.

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