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Murat Birdal, *The Political Economy of Ottoman Public Debt: Insolvency and European Financial Control in the Late Nineteenth Century*, I.B. Tauris: London, 2010; 256 pp.; 9781848852983, £56.00 (hbk)

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In the second half of the nineteenth century, the Ottoman Empire along with Egypt and Iran emerged as debtor states. This was the direct result of the extensive social,

political and economic transformations that were taking place in the region. Extensive reforms under the rubric of defensive modernization aimed at saving these countries from political decline. Economic reforms aimed at preventing the encroachment of European powers within the political economy of these countries. However, drastic changes in the capitalist world economy led to mounting pressure over these economies and transformed them from economically self-sufficient countries to peripheral debtor states. By concentrating on the Ottoman Empire, Murat Birdal's excellent book on *The Political Economy of Ottoman Public Debt* provides us with a rare glimpse of a debtor state by analysing the major European institution that aimed at securing the payment of the Ottoman debt: the Ottoman Public Debt Administration (OPDA) founded in 1881.

In the past, the literature on the subject has been represented by two diverging views. On the one hand the OPDA was seen as an 'outpost of the European Imperialism' (126) and was considered as 'a severe blow to Turkish pride' (7). On the other hand scholars viewed the OPDA as a good example of the best features of European financial management that led to the regulation of the Ottoman finances, construction of railways, boosting of the external trade, and as an institution, became a role model for the Republic of Turkey. Despite the fact that Birdal has more inclinations towards the latter, he argues nevertheless that his book 'emphasizes the dialectics between imperialism and economic modernization'(1). In his analysis of the OPDA's role in the peripheralization of the Ottoman Empire, Birdal draws on the concepts of core/periphery developed in 'world system' theory and combines them with an institutional analysis.

Relying on the annual reports of the OPDA, the Council of Foreign Bondholders (CFB), and the Annual Reports of the Régie Company, Birdal divides his book into six chapters. Birdal discusses the period prior to the formation of the OPDA by concentrating on the Trade Agreement of 1838, which removed all monopolies and restrictions on foreign trade, allowing foreign subjects to export and import all sorts of goods. With the increase of the Ottoman foreign debt coupled with the inability of the Porte to meet its financial commitments, European powers recommended the establishment of an international committee 'that would supervise the resources of the Empire assigned to debt service' (53). By the Decree of *Muharrem* on 20 December 1881, the OPDA was established by the representatives of the major European powers. Under the terms of the decree,

the revenue from the salt and tobacco monopolies, the stamp and spirits taxes, the fish tax, and the silk tithe in certain districts as well as the Bulgaria tribute, the revenue from Eastern Rumelia and the surplus of the Cyprus revenue were irrevocably ceded to the OPDA, until the debt was liquidated. (54)

By doing so the Ottoman Empire ceded more than one-third of state revenues to the OPDA.

Chapter 3 of the book examines the establishment and the functions of the OPDA. Here Birdal argues that a significant portion of the loans in the OPDA

period were allocated to rebuilding the infrastructure of the Empire by concentrating on the railways and hence contributed to the process of integrating the Ottoman provinces into the world economy. Chapter 4 concentrates on the organizational structure of the OPDA and the administration of the five indirect revenues: salt, silk, stamp, spirits and fish (108–24). Chapter 5 for the first time provides an in-depth analysis of the structure, mechanism, and the functioning of the Régie Company which was established in 1883 and held the tobacco monopoly in the Empire for 42 years (132). Birdal's last chapter is one of the most important of the book. Here, he discusses the role of the OPDA in the transformation of the Ottoman economy and argues that the Turkish Republic 'inherited most of the institutions created during the OPDA era' (165).

Overall, Birdal has made an important contribution to the economic history of a debtor state in the Middle East. His book should be read by every student and scholar interested in the political economy of the Ottoman Empire. The book does, however, have some minor shortcomings. First, it would have been much better if Birdal had concentrated in the introduction of his book on the comparative aspects of debtor states in the region. Second, the book does not reflect about public opinion in the Empire or amongst exiles towards the OPDA. Third, Birdal tends to view the peripheralization triggered by the OPDA in positive terms since it 'brought about not only a weaker state apparatus but also a more efficient one in terms of facilitating the operations of the world economy' (9). However, he does not discuss the fact that the only beneficiaries of this peripheralization were the non-Muslim elements of the Empire. Finally, it would have been more productive if Birdal had devoted a chapter to the ways in which the early Republican economic institutions benefited from the institutional reforms initiated by the OPDA.