

NATIONALISM AND ECONOMICS IN THE YOUNG TURK ERA
(1908 - 1918)

Zafer Toprak

Department of History
Boğaziçi University
istanbul, Turkey

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The rise of Turkish nationalism has frequently been ascribed to the literary and linguistic concerns of Ottoman intellectuals in the late 19th and early 20th centuries.(1) Hence, most students of late Ottoman history have interpreted the "national literature" and "language reform" of the period as indicators of a "cultural nationalism" devoid of any social and economic content. In recent years, however, this view has been challenged by scholars doing research on the Unionist era (1908-1918). (2)

Ottomanism or Ottoman nationalism was the main motto of the 1908 Revolution. Liberty, equality, fraternity and justice were the basic principles borrowed from the French Revolution. 19th-century economic liberalism was still on the agenda of the Young Turk governments. Guilds were officially banned in 1910. Chambers of commerce flourished all over the country. Agricultural and industrial pursuits were encouraged through parliamentary acts. Industrial disputes were settled thanks to the intervention of the CUP.(3) In short, the 1908 political revolution heralded in the libertarian atmosphere of the belated liberal age.

The CUP liberalism was in a sense the product of the commercial milieu in Salonika. Salonika had always remained on the outskirts of Ottoman domain and had cherished European

mercantile culture.(4) Therefore, as long as the Central Committee (Merkez-i Umumi) of the CUP stayed in Salonika and guided Ottoman economy from this commercial center economic liberalism was pursued and the political apparatus in Istanbul stayed in harmony with the men of commerce of the Empire. But the lost of Salonica in 1912 and the shift of the political center to Istanbul marked a watershed in the economic perspectives of the Unionists. In the capital, the old-style corporations or trade guilds of Muslim artisans, as well as the obsolete transport sector had always been in conflict with non-Muslim mercantile interests. The chamber of commerce heavily dominated by non-Muslims, complained incessantly of the restrictions and regulations imposed by the well-organized trade guilds.

The CUP Central Committee tried first to reconcile the two sides. The renowned Minister of Finance Cavit Bey tried hard to make peace between the two parties, but in vain. Economic liberalism, with low customs duties regulated through capitulations, had always jeopardized the interests of the Muslim guilds. Devoid of any protective measures and accumulated capital, Muslim merchants, too, complained of the unequal competition by foreign and non-Muslim commercial houses.

Balkan Wars initiated a new era in the policy of the CUP. The Unionists became aware of the necessity to rely upon strata who had limited ties with foreign powers. Ottoman Greeks and Armenians were identified as part of the liberal logic, and

therefore "agents" of Western economic expansionism.(5) As long as the market ruled and capitulations existed, they constituted the privileged strata of the Empire. Artisans and merchants of Muslim-Turkish origin fit the description and became the backbone of the new nationalist ideology. In this endeavor, the Jewish community, too, satisfied to some extent, the prerequisites of an "independent" economic power and Jewish business milieu became part of the rising Turkish nationalism.

The Balkan Wars and the Muslim boycott of 1913 was the crucial starting point in search for a national economic policy.(6) Supported by the Turkish Hearths, the intellectual clubs of the emerging Turkish nationalist movement, Muslims were advised to emulate their non-Muslim compatriots in the trades. Muslims were invited to embark upon commercial pursuits. A by-law for the encouragement of industry was enacted. Clubs of the CUP in the countryside provided the milieu for the establishment of joint-stock companies, cooperatives, and banking institutions. Indigeneous credit mechanisms were fostered through state funds.

In a few months, around 600 shops were opened in different districts of Istanbul, and Muslims were advised to purchase from their coreligious shopkeepers. Pamphlets were distributed in support of the campaign. A "patriotic" literature guided by Unionists appealed to the national feelings of the Ottoman Muslim people. (7)

But the main turn came with World War I. Radical steps had to be taken in the early days of the war. Capitulations were abolished unilaterally. Payments of debts were postponed. New customs tariffs brought about protective measures for the infant industries and local products. The employment of Muslims in economic and financial sectors was promoted through a "language reform". Turkish became the imperative language in all business correspondence and official accounting.

The most spectacular development of the time was the commercial control of the CUP in basic necessities. An allocation mechanism under the guidance of local CUP clubs was aimed at suppressing war speculation. In securing commercial supremacy, the CUP was greatly aided by its hold on various trade guilds of Istanbul. The practical effect of the new commercial movement was to create something like a Muslim monopoly of trade which resulted in huge profits. (8)

After the abolition of trade guilds in the early years of the revolution, artisans did not lose time in reorganizing their corporative structure under various societies (cemiyet). The 1909 Law of Societies provided them a solidaristic base for their activities. In 1915 the new "trade" societies gathered and formed a central body under the name of Esnaflar Cemiyeti (The Society of Tradesmen). The new corporative structure under the official patronage of Ismet Bey, then the Prefect of Istanbul, was in

harmony with the sociology of the era, namely, solidarism which was borrowed from the Third French Republic.

In order to understand the conceptual framework behind this restructuring, one has to look at the Unionist intellectual milieu dominated by Ziya Gökalp. Member of the central committee, Gökalp framed in broad outlines the "new life" (yeni hayat) of the Ottomans. In fact the Unionist economic policy was an amalgam of German "national economy" and French "solidarism", the latter being partly influenced by the German school. In this symbiosis, Gökalp played the French part. He was a disciple of Durkheim, and believed in the "division of labour" within the same ethnic entity. As for the German ingredient, a Jew from Salonika brought the basic principles. Moiz Cohen, alias Munis Tekinalp, or simply Tekinalp, is one of the lesser-known Ottoman intellectuals who have contributed substantially to the development of Turkish nationalism in the early 20th century.⁽⁹⁾ Jews in the Ottoman Empire seldom enjoyed foreign protection, and together with the Muslim elements, suffered heavily the consequences of European economic supremacy. Both communities shared common goals in gaining control of the economy.

The teaching of Tekinalp was in a way a challenge against liberalism. His main argument aimed at structuring the "nation-state" of the modern era.

Tekinalp, under the guidance of his mentor Ziya Gökalp, and in line with CUP's ideological framework, conceptualized the economic prerequisites of a nation-state. He was strongly influenced by German "national economy" and "social economy". He advocated economic development and industrialization under state supervision.

Gökalp's and Tekinalp's articles on solidarism and national economy heralded the statist and neo-mercantilist era in Ottoman-Turkish political, economic and social life.

As for the practice, the man who instigated the movement was Saçlı Kemal (alias Kara Kemal), inspector of the CUP for Istanbul and the late president of the important Porters' Guild. To his initiative is ascribed the foundation of the "national" joint-stock companies.

He convinced petty merchants and shopkeepers to buy the shares of the companies and induced all the towns guilds to co-operate in the working of the new commercial network. The National Weighers' Company, The National Bakers' Company, the National Produce Company and the National Cloth Company were among the most important institutions directed by Unionist nominees. As the CUP's commercial position grew stronger, its sphere widened and other trading companies followed suit. Under the aegis of the CUP, a "national bourgeoisie" flourished.

In the financial sphere, the CUP aimed at running its own banks. The National Credit Bank (itibar-ı Milli Bankası) was

foundedu in January 1917 with a capital of £T 4.000.000. The General Bank (Bank-ı Umumi) was also a CUP enterprise; in which merchants, especially in the provinces, were invited to take shares. And finally, The National Bank of Economy (Milli İktisat Bankası) was the last CUP banking enterprise in Istanbul, run in conjunction with the Weighers', Produce and Cloth Companies.

The war period witnessed capital accumulation by small merchants of Muslim and provincial origins. Until then, the lot of the Muslim petty mercantile stratum depended on credit facilities extended by the well-established foreign and Christian merchants settled in commercial centers of the Empire. The CUP interfered in this one-sided interest network and provided the Muslim merchants ways and means of accumulating their own capital. Local banking institutions were established under the aegis of the provincial CUP clubs.

Muslim provincial notables and moneyed men, in turn, had every reason to support Unionist policies. They moved out into the new economic model with self-confidence and in hopes of prospering. They responded to the call by establishing various economic organizations, such as the Entrepreneurs' Society, the Artisans' Society, the National Fabricants' Association, the Muslim Merchant Association, the Economics Society and Ottoman Farmers' Association.

The CUP and the Ottoman Parliament did not lose time in

promoting economic fortunes of Muslim entrepreneurs. Some were businessmen themselves; others had invested heavily in commerce and agriculture. Hence, their eagerness to encourage "national economic" policy, their readiness to support indigenous capital; their insistence on "economic independence".

The Muslim farmers and merchants who were integrated into the "national market" and who benefited from Turkish nationalism played a very significant role in the post-war national movement and in the making of Republican Turkey. "National economic policy", which became the motto of the Single Party Era (1923-1946), was the product of the practices instigated by Unionist "economic rationality".

Unionists discovered "economic rationality" thanks to their esteem for the German political union and development model. They repudiated 19th-century economic liberalism and attached their hopes to the protectionist policies of late-comers in industrialisation.

In others words, the Young Turks discovered "economics" in the early years of the Revolution and mainly during World War I. Before the war, economics was more or less taught in secondary and high schools, but most of the literature then published consisted of word-by-word translations of the classical doctrine preached in Adam Smith's, Leroy Beaulieu's, or Charles Gide's

textbooks. Economists of a non-classical trend, such as List, Wagner, Schmoller, Philippovich were unknown.

Tekinalp argues that the Ottomans had discovered these economists thanks to the war and had consequently embarked upon a program for building "national economy". Friedrich List, he pointed out, was the most important figure in the studies of national economy. He pioneered in protectionism in Europe. He was hailed as the "national economist". He discovered the principles of economic redress in Germany. The unity of Germany accomplished under Bismarck's guidance had followed the path designed by List. Thanks to him, Germany acquired supremacy in the economic field in the early 20th century. Hence, Germans considered him a national hero. He was praised as the Bismarck of the economic world.

In Unionist view, The Ottoman Empire had to emulate Germany which had become an industrial giant in a quarter of a century. Turks had to study carefully German economic development for the last forty or fifty years and learn from German experience the building of a national economy. In short, national economic theory bore German brand. And nationalism was the main spurt in the making of a national economic model.

According to the CUP, the emerging Turkish nationalism required protectionism. The precepts of classical economic

thought sponsored by Ottoman liberals for almost half a century had resulted, in the view of the Unionists, in the dismemberment of the Empire. An economic model preaching comparative advantages dominated Ottoman economic literature until the Balkan War.

According to national economic doctrine preached by the Unionists, the liberal economics of the British "Manchesterians" was not universal. It suited England's industrialized economy and imperialistic policies. England had already established its large-scale industry, so it was bound to export its manufactures and import raw materials. Therefore, free trade was the most beneficial policy for England.

The "national economy" had different connotations in the minds of Unionists. Gökalp's choice was for a "guild economy". His corporatist economic model was based on small crafts. Cavit Bey never lost confidence in classical economic theory. He tried hard to reconcile "national interests" with the conceptual framework of the classics. Kemal Bey schemed his own "national economic" model on the rise of a Muslim commercial bourgeoisie. As for Tekinalp, he never shared the corporatist interpretation of nationalism. Rather, he emphasized the large-scale industry of the Industrial Revolution.

Gökalp's economic thought derived from Durkheimian sociology while that of Tekinalp originated from German "national economy".

According to Gökalp, national economy meant market economy with advanced division of labor and organic solidarity and functional interdependence. He rejected class conflict. He propounded a nationalistic economy with no class tensions or economic egoism which he thought, were detrimental to the public interest. (10)

By contrast, Tekinalp criticized the sociological viewpoint of "national economy" and rejected Gökalp's occupational solidarity. He underlined the inevitability of classes in a capitalist system. According to him, advance in civilization meant capitalist development. Nationalism as an ideology served to strengthen capitalism. Therefore, Ottoman society had to follow the same course. (11)

In his article entitled "Capitalist Era is Taking Off", written in 1917, he pointed out that the foundation of more than forty joint stock companies in a single year and the establishment of the National Credit Bank to replace the Ottoman Bank were concrete proofs of this transformation.

During the Second Constitutional Period, economics became one of the basic issues of intellectual life. Economic problems were discussed in the columns of the newspapers. Economic journals were published. The parliamentary agenda was full of economic concerns. Textbooks, booklets, pamphlets on economic issues flooded the market.

While welcoming the emergence of national capitalism in the Ottoman Empire, the Unionist intellectuals expressed great concern about its social consequences. Speculation got the upper hand during the war. Disparities in income widened. The bureaucracy and the army fell in destitute due to vagueries of the war. The lot of the lower strata worsened. Individual interests endangered public well-being.(12)

Hence, it was left up to the state had to protect the common interests of the nation. Since natural harmony that liberal thought assumed had lost its credibility, the state had to interfere on behalf of the have-nots. The new policy to be pursued was called "state economics" (devlet iktisadiyatı). This, in fact, was, in a way, the prototype of Republican statism.

Most of the Unionist intellectuals were devoted statist. But this did not mean the suppression of the private sector. State would act as an intermediary between public and private sectors. State economics would never endanger private entrepreneurs. On the contrary, the state would provide the appropriate milieu for the encouragement of private initiative so that maximum profit could be derived from both sectors.

But the making of a nation state required more than economics. Hence, Unionist intellectuals felt that social unity necessitated "sociology". In fact, as a discipline in higher

education and as a panacea for Ottoman social disintegration, sociology opened up new vistas to Ottoman intellectuals.

Gökalp and Tekinalp worked together to prescribe solidarism as a unifying principle. In fact, solidarism turned out to be the basic creed of the Turkish Republic in the following decades. In the solidarist discourse populism occupied the central point.

Populism (halkçılık) had been introduced into Turkish political literature by Gökalp. (13) He used the term as a synonym for democracy. In the article entitled "Halkçılık" he distinguished between political democracy (siyasi halkçılık) and social democracy (ictimai halkçılık). Populism based on solidarism would eradicate social Darwinism and install in its place what Tekinalp called "social politics". This would prevent imperialistic tendencies in the world, as capitalism would follow "the New Path" (Yeni istikamet - The neue Orientirung). Social revolution (ictimai inkılâb) based upon populist precepts would spread over the whole globe and wipe out imperialism.

In conclusion one can argue that the Young Turk Era (1908-1918) was the harbinger of Republican Turkey. The state economics of the Unionists anticipated the neo-mercantilist policies based on statism in the early decades of the Republic. As for populism, its brand was carried out by the Republican People's Party. Due to the emphasis given to the political and legal structure of the new republic, historians tend to underestimate the continuity

between these two epochs of modern Turkey. Without losing sight of the radical political steps undertaken in the early republican years, one has to search for the social and economic continuities in the process of change. (14)

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