OTTOMAN TEACHING OF MODERN ECONOMICS
FROM THE MÜLKİYE SCHOOL TO THE FACULTY OF ECONOMICS 1878-1936

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B.S. in Comp.E., Boğaziçi University

Submitted to the Institute of Graduate Studies in Social Sciences in partial fulfillment of the requirements for the degree of

Master of Arts in Economy

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Yükseköğretim Kurulu Dokümantasyon Merkezi

BOĞAZİÇİ UNIVERSITY
1991
OTTOMAN TEACHING OF MODERN ECONOMICS
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ABSTRACT

This thesis is a research on the first period of the modern Economics teaching in the Ottoman Empire and in the first years of Turkish Republic. It covers the period between the beginning of the modern Economics courses in the Mülkiye School and the establishment of Istanbul University Economics Faculty (1878-1936). In this period, modern Economics courses were given in some faculties of Darül藩un and in some high schools. The theories that were taught in these courses are important to explain the social thought of this period. They reflect the social and economic conditions of their period. This thesis aims to explain: the methodological approaches of the academics of the given period, and their opinions on the issues pertaining to the need for modernization, and their studies on practical economic policies. These three points are interrelated with each other in essence, and are important to understand the science of Economics, taught in Ottoman Empire, on the given period. This wide scope of the thesis made it necessary to develop introductory chapters. Three introductory chapter are written: first one discusses the traditional meaning of economics in Ottoman Empire; second one discusses the development of modern thought in Europe; and the third one discusses the social and economic thought in Ottoman Empire, on the given period. At those years Ottoman intellectuals were searching for new avenues in the field of social and economic thought. And this search was important in the development of new social phenomena in the Ottoman Empire and Turkish Republic. This thesis tries to highlight, the place of teaching of modern Economics in this search.
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EDUCATION OF MODERN ECONOMICS FROM MÜLKIYE SCHOOL TO THE FACULTY OF ECONOMICS

The Development of Modern Education in the Ottoman Empire
Courses Reflecting the Logic of Modern Economics
The Mülkiye School and Ohannes Paşa
Protectionism and Musa Akyiğitçade
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Development of Nationalism
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CONCLUSION

BIBLIOGRAPHY
The spread of modern thought during the Ottoman Empire and the transition from the classical social structure to a modern one has received attention not only from historians, but from researchers in numerous disciplines. This thesis is written with the objective to analyze the developments during the period it covers in the perspective of the “History of Economic Thought” by evaluating the courses in modern economics between 1876-1936, offered by the educational institutions, which constitute an important domain of the intellectual activity. 1878 is the year that the organized courses on modern economics began at Mülkiye School and 1936 is the year of establishment of Istanbul University Economics faculty.

This type of work encounters many problems. The main difficulty is the necessity to confine the thesis within the limits of “Economic Thought”. The subject, in many points, transcends the boundaries of economics and overruns to the domain of other social sciences. Naturally, the scope of this thesis does not allow references to all those areas. Such an attempt would deflect the thesis from its objective. Consequently, the writer has made as few allusions as possible to the subjects overrunning the boundaries of the discipline of economics to maintain a certain balance. The main objective of this thesis is to survey the introduction and the establishment of the modern economic thought in the form of Classical, Neoclassical, Marxist, etc., doctrines to the Ottoman educational system. At this point we are faced with a second problem, which has to do with the fact that a certain logic of economics already existed in the Ottoman society prior to the introduction of the modern economic thought and education. It has not been possible to develop this work without analyzing the previous
logic of economics. The writer has refrained from entering into detailed discussions on this subject, believing it to be more to the purpose to add an explanatory chapter to the introduction to the thesis.

Economic thought has traditionally generated policies on concrete issues of employing some analytical tools. Beginners of this trend, Classical economists, sought amoral, asocial, ahistorical methods of analysis. They tried to render the methods they developed more applicable to concrete issues. It can be argued that this has been the basic trend within the modern economics for the past two centuries. What were the ideas of the Ottoman academics on this issue? Were they able to conceive new ideas to make any contributions in this area? Did they make any contribution to the science of economics? This study attempts to find answers to such questions. At this point the necessity to briefly summarize the main trends of Modern Economic Thought. However, this summarizing has been confined to the effects of economics on the Ottoman education since the writer has thought that this would make it easier to study the modern science of economics and its development process within the Ottoman educational system.

P.Dumont's terminology, used in his book "From Mandeville to Marx", expressing the ideas on social change have been used throughout the thesis. Dumont defines ideology as the totality of ideas and values commonly adopted by a society or a group of people in general and distinguishes modern ideology from traditional ideology. Dumont argues that there is a close relationship between the development of modern ideology and the change in the concept of the "individual". According to him the individual in the modern society is an independent, autonomous, and therefore, nonsocial moral being. By adopting this definition, we
recognize that the concept of modernization must inevitably lead to a new social structure and a new type of individual. In Dumont's work, the concept of "holism" versus the concept of "individualism" has a central place. He argues that the holist society is a society in which the primary value is "order", while individualism is more dominant trait in a modern society. References will be made throughout this work, whenever necessary, to the above mentioned dichotomies between modern / traditional societies and individualism / holism. During the classical period of the Ottoman Empire can be described as a holist society with "collectivism" as the dominant value. Land, the basic production factor of the time, was almost entirely controlled by the State, with limited land ownership and inheritance rights. This thesis will particularly refer to the attitudes of the economic teachers of the period under study concerning this state of affairs. The study of these developments becomes particularly interesting given the legal developments in the area of private property and inheritance rights on the one hand, and the trends towards the dissolution of traditional collectivist structure on the other, in this period.

Another issue highlighted in this thesis is the nature of the interest, if any, the academics of the said period had in the methodology of economics. Did the Ottoman academics of the time try to answer such questions as, "What does man want?" "How does man fulfill his wishes?" and did they develop any methodological approaches to such answers? Or did they limit themselves to a practical approach without ever asking those questions? The thesis refers to the ideas of those academics of the period who expounded their methodological approaches in their works. The study of this point is countered around
the duality between methodological monism and methodological dualism. It should be remembered that this period corresponds to a time when European economists were engaged in intensive debates on methodology. In those years, the developments in natural sciences and in the philosophy of science led to the discussions on the scientific character of social sciences.

The marginal utility theory has a particular relevance in relation to these discussions. This theory has brought a new dimension to these debates on the scientific nature of economics and to the studies on the methodology of economics. The thesis addresses itself to the question of whether or not the marginal utility theory was introduced in the Ottoman economics education; for the writer believes that this is a key factor to comprehend the logic of the economics education of that period.

It has to be pointed out in this connection that, in Ottoman Empire, the issue which received the deepest interest of the academics, the professors of economics at the time, was the debates on free market-interventionism duality. The main problem of the studies on economics on those years was to find the way for the quickest and safest way for economic development. In fact, we must admit that at that time the question of how to realize economic development most urgently overwhelmed, in most cases, all scientific concerns. But the proponents of neither the free market nor interventionism, lagged in defending the approaches on which their ideas were founded. The advocates of the free market, in defending an automatically functioning economic order, primarily relied upon the theory of general equilibrium, arguing that interventionist policies would upset the balance, which in
turn, would carry the economy to a point which was unscientific and arbitrary. The proponents of interventionism on the other hand, asserted that the validity of general equilibrium could not be fully proved and the arguments of this theory was not exactly valid. Arguments in favour of interventionism dwelled upon the existence of political and ethical dimensions of economics and laid stress on the error of ignoring these political and ethical aspects. One of the themes appearing in this controversy was the dichotomy between methodological individualism versus methodological holism. While the former theory defends that economic analysis must take as its basis the individual persons and their behavior, the latter advocates that the starting point must be the institutions and values which form the society.

It must be remembered that the period covered by this thesis corresponds to the years between 1878 and 1936, a period full of crises when the Ottoman Empire collapsed and the Turkish Republic was founded. One can argue that political thought has a natural precedence over scientific thought during periods of hard circumstances. The issues that occupied the minds of the intellectuals in this period were, first, how to prevent the collapse of the Ottoman Empire; and, second, what kind of a development effort must be undertaken by the young Turkish Republic. Academics, too, were naturally occupied by these problems. They, too, sought answers primarily to these questions. However, it is also natural that, they had a more intense concern for being scientific, compared with the other intellectuals.

The period covered by this thesis is a period during which the traditional structure of the Ottoman society was under pressure and search for the replacement of the traditional structure by new forms
was intensified. The economic weakness of the Ottoman state was a significant factor in these developments. The state was incapacitated to repay its foreign debts and its revenues were warehoused to the creditors. The State was unable to pay, even the salaries of government officials. As many researchers have pointed out, the Ottoman domain was brought to the status of an "open market". Because of these circumstances economic issues had an important place in political debates.

Another point of discussion is how influential the education of economics was on the economic thought of the period, or whether it was influential at all. Economics was taught then at the School of Political Sciences, Law Schools, Teachers Training Schools, Lycées, and similar educational institutions training civil servants and public administrators. Many high officials of the State administration studied in these institutions. This can lead us to the conclusion that the education of economics during the period under study had a practical significance which was equal to or greater than its theoretical significance.

This study is undertaken with the purpose to look into the economics education during the 1878-1936 period in the light of the above mentioned issues. The objective of the thesis is to shed light on the education of economics during the period in question and to contribute to any prospective general evaluation, rather than to reach various conclusions about that period.

This thesis consists in four parts. The first part discusses the nature of economic thought in a "traditional" society. We find in this part, a discussion of the ways in which Aristotle's classification
of sciences was adopted by Islamic philosophers, through quotations from the works of the Ottoman scholars of the classical period, such as Kınalızade Ali, Taşköprülüzade Ahmet and Katip Çelebi, on the science of economics at that time. Distinguishing between the contents of traditional economics from the contents of economics of the modern ages would be helpful in explaining the modernization of the Ottoman economic thought, and in relation to that, the development of the modern education of economics. This first part also refers to political, economic, and financial concepts during the classical period of the Ottoman Empire. Ideas put forth in Finley's work, "The Ancient Economy," are frequently referred to in this part.

Part two deals with the development of modern economic thought. In explaining the development of modern economics, special emphasis is placed on the ideological trends which influenced Ottoman economic thought and education of economics. Attention has been called particularly to the works of such economists as J.B. Say, F. List and Ch. Gide. French economic thought has received special attention because of its direct influence on the Ottoman education of economics.

Part three deals with the Ottoman economic thought from the Tanzimat (1839 Reformation) to the early years of the Republic. Priority is given in this part to the significance of the Tanzimat Decree for the development of economic thought. During the Tanzimat period liberal ideas thought gained weight in the Ottoman economic thought and economics education. We analyze the reasons for this and look into the interaction between liberalism and pan-Ottoman trends. We also discuss the advocacy of industry versus advocacy of agriculture which was the focus of economic controversy during this period. The 1910s
witnessed the emergence of new inquires for the Ottoman economic thought. The actual collapse of the Empire and the rise of nationalism occurred concomitantly during these years. A new era began with the Republic.

Part four covers education of economics during the period from the Mülkiye School to the institution of the Faculty of Economics within the Istanbul University. This is the essential part of the thesis. The previous three parts are of a nature to support this last part. The comments in this part are based on the ideas developed in the previous parts. In this part, Ottoman economic education is surveyed in two periods. The first period covers the liberal economic education from 1876 to the 1910s. It has been observed that there was adherence to the French tradition of liberalism, coming from J.B. Say, during this period. This liberal education gave way in the 1910s to the tradition of eclectic economics of Ch. Gide and the traditions of national economics of F. List and P. Cauwes. This continued until the institution of the Istanbul University Faculty of Economics in 1936. The writer has referred for his researches in this part, especially to the textbooks of the professors of Economics, studying the works of the academics in reference to their (a) approaches to the science of economics from a methodological point of view (b) opinions on the issues pertaining to the traditional structure and the need for modernization in their country (c) studies on practical economic policies.

I would like to call attention to the three basic points stated in the preceding paragraph. Each of these basic questions interacted with the other two to form the Ottoman economic thought of this period and the professors of economics tried to strike a certain balance by
their answers to those questions. They spent efforts, on the one hand to find solutions to the economic problems of their country and to set an economic balance between the traditional structure and the need for modernization, on the other hand to develop a scientific foundation for their work. It must be immediately pointed out that these people were faced with numerous difficulties they had to surmount. First of all, in those years, the discipline they followed, modern economic ideas, neither had been embodied in the institutions of the Ottoman State, nor had they been recognized, or internalized by the Ottoman individual. There existed in the Ottoman Empire neither the development of industry, urbanization or utilization of machinery in production, to form the physical foundations of modern economics, nor the transformation of ideas or philosophy corresponding to the Philosophy of Enlightenment in Europe as the ideological infrastructure of modern economics. Moreover, the schools which offered education in this field were only recently established, lacking a certain tradition and institutionalization. These schools, unlike their counterparts in Europe, did not have a long past, emerging as the continuation of the traditional educational system, but were established as separate institutions in addition to the old educational institutions. Another point which needs be underlined here is that, the traditional educational institutions (medrese) continued to co-exist with the modern schools during the period under study. The medrese maintained a curriculum in line with the traditional economic thought.

The author of this thesis does not claim to unravel this entirely complex structure. The thesis aims to study the modern Ottoman economic education and the ideas of the economists teaching
this subject in the context of the above mentioned three basic questions. The parts leading last section (which discusses the main theme of the paper) have been kept as brief as possible, with care to maintain the coherence of the discussions. Some of the historical information, such as the identity of the economics professors and the characteristics of the schools, given in the thesis is not directly related principal arguments pursued. We nevertheless believe that such information is useful in itself and its presence in the text might enrich the potential contribution of the study.
PART I

THE TRADITIONAL MEANING AND EDUCATION OF ECONOMICS
IN THE OTTOMAN EMPIRE
The objective of this first unit is to discuss the traditional meaning of the economics and its place in the classical educational system. It is necessary to refer to a certain traditional set of values in order to understand the concept of "modernism." This understanding can serve as a fulcrum, to examine the development of education of modern economics. This section will first dwell upon Aristotle's classification of the sciences, which was adopted by the Islamic philosophers. It will then discuss how the Ottoman scholars of the classical period evaluated the science of economics. The last part of the unit will be on the tradition of finance and political economic in the Ottoman State. The writer would like to call attention to the fact that the trends in the philosophy of science and economic thought to be discussed below were still current in the Ottoman State during the period under study and they characterized the teaching at the "medrese." Although the Ottoman intellectuals and statesmen were exploring new avenues (the modern education of economics is an outcome of these attempts), it would not be wrong to state that the traditional concept of economics was more widely accepted by the ordinary Ottoman individual during the period we have covered. Looking from this point of vantage, this section has been written not only with the purpose to explain the development of the science of economics, but also to assess the traditional concept of economics, the existence of which could be keenly perceived in the Ottoman State during the period under study. It is also to be remembered that the teachers of modern economics during the 1878-1935 period, had been trained by these traditional set of values and were dedicated, in many ways, to these values and traditions.
ARISTOTLE'S CLASSIFICATION OF SCIENCES

Aristotle's classification of sciences kept its validity for long centuries both in the Christian and Islamic worlds. Aristotle's divides sciences into two parts as practical sciences and theoretical sciences. The sciences in these two basic groups and their subject matter are classified as follows:

A) Theoretical Sciences:
1) Mathematics: This science comprises arithmetic and geometry.
2) Physics: Comprising the natural sciences of the age.
3) Metaphysics: This science deals with the secrets of life that cannot be discovered by the other two above theoretical sciences.

B) Practical Sciences:
1) Politics: This is the science of government administration. The fundamental theme of this science is the state. It explains how the relations between the people and the State must be.
2) Ethics: This science teaches how people must act in order to live a happy life.
3) Economics: According to Aristotle's definition the present dictionary meaning of this discipline is the science of home economics. However, it deals not only with home economics, but with the management of property and business as well. It is also involved with the relations between the proprietor and the workers.

The first book on the science of economics was written by Xenophon (IV century B.C.). Xenophon writes in his book about ethics, training of slaves, how to treat servants, agriculture, house care, etc. (1) He describes a good economist as a person who well manages his property and his household. The activities of a good economist, he writes, are beneficial for his property and home, as well as for others.
According to Xenophon, a good economist can also earn money by professionally managing the property of other people. (2)

**SCIENCE OF ECONOMY IN THE ISLAMIC CIVILIZATION AND THE OTTOMAN STATE**

The Islamic philosophers kept Aristotle's classification of the sciences and Xenophon's definition of the science of economics, bringing at the same time a religious dimension to the former.

Three different concepts of science were adhered to concomitantly in the Islamic civilization of the classical period: (3)

1) Religious sciences
2) Rational sciences
3) Occult sciences

Religious sciences study the principles of religious ordinances and religious functions. On the other hand, logic, mathematics, physics, etc., are classified as rational sciences. Occult sciences deal with such subjects as sargory and magic. The most prominent Islamic philosophers school in the philosophy of science are Farabi (d: 950), Havarezmi (d: 997), ıbn-i Sınâ (Avicenna, d: 1036), Gazali (d: 1111).

Farabi adhered to Aristotle's classification of sciences. He included Mathematics (Riyaziyyun), Physics (Tabiyyun) and Metaphysics (İlahiyyun) among the theoretical sciences, but only Ethics (Ahlak) and Politics (Siyaset) in the practical sciences. He differed from Aristotle in that he did not include Economics in his classification.
Havarezmi, coming after Farabi, was to include Economics in his classification and bring the classification of the sciences in the Islamic civilization to maturity. Under this classification, modern economics of the present concept is not listed as an independent science. The subject of the modern science of Economics is absorbed in the three practical sciences: Politics (İlm-i Siyaset), Ethics (İlm-i Ahlak) and Economics (İlm-i Tedbir-i Menzil).

The Ottoman scholars until the Tanzimat period followed this concept of the sciences. Three famous Ottoman scholars who wrote books during the Classical period are Taşköprüzade Ahmet Efendi (1495-1561), Kınalıoğlu Ali Efendi (1510-1572) and Katip Çelebi (1609-1658).

Taşköprüzade Ahmet Efendi, in his book "Mevzuat-ul Ulum" (The Subjects of Sciences), defines the Science of Economics (İlm-i Tedbir-i Menzil) as follows:

"İlm-i Tedbir-i Menzil: This is that kind of a science which finds solutions to the problems of persons with their wives and children. Owing to this science, the unsolvable problems are solved and one earns the blessing of Allah. Its subject pertains to the relations of owners with their families and the persons they employ. However, other people in the community, like visitors and neighbours also benefit by this science." (5)

Kınalıoğlu Ali Efendi also defines the science of Economics in his book titled "Ahlak-ı Alai" (High Ethics):

"This is that kind of science which teaches people how to establish order within a household, how to treat and what wages to pay to the employees. As man is created different from other creatures, he requires a social life. Man can be happy only through abiding by the principles of this science. The principles of this science can be perceived by
thinking. These are theoretical rules in general. Scholars come to understand these rules by observing the events in their community." (6)

Kınalıoğlu, in later chapters of his book, divides the Science of Economics (İlm-i Tedbir-i Menzil) into seven parts and explains the rules in each part, as well as their rationale.

Katip Çelebi in his book entitled "Keşf-ul Zünun" (The Discovery of Beliefs) writes on this subject the following:

"This science is one of the three practical sciences. This science lays down the rules for good relations among man and wife, children, servants and employees and for living a harmonious life. Again, through this science problems upsetting balance and harmony can be solved. Order can be established among the household and the employees. The benefits of this science are very clear, because the harmony within the household and among the employees will be conducive to happiness in life. This science is also concerned with the harmony among the people living on an estate. An estate does not consist of only material possessions, but it also embraces the landowners, the workers and other people. Humans need this science since they live in groups. There is harmony between the principles of this science and those of the science of Ethics." (7)

According to all these explanations the traditional science of Economics (İlm-i Tedbir-i Menzil) means, by a contemporary interpretation, the science of management of property and principles of Ethics applied to those parts of modern Economics that are relevant to human behaviour. And it was the Islamic Ethics which this science was based on.
THE POLITICAL ECONOMY OF FINANCE IN THE OTTOMAN EMPIRE

It is shown in the preceding chapter that the traditional science of economics has quite a different meaning and content from modern economics. The science, designated as "Political Economy" in the modern sense, was at that time rather the subject matter of the science of politics.

Two important points need to be underlined while analyzing the Political Economy and Finance in the Ottoman Empire. The first is that the Ottoman Empire was rather a centralized state, and secondly, the Ottoman Empire was an Islamic state. The Ottoman rulers during the classical period restricted private ownership with the exception of some special cases. Land, which was the single big production factor at that period, was entirely controlled by the State and was considered the property of the State (the Sultan). Persons had only the right of usufruct on the land. The Ottoman State is different in this aspect from many other Islamic states of that period, too. The Ottoman State did not permit a class of nobility within its structures. The State affairs were administered by officials who were conscripted in childhood from their families and given special training.

The economic policy of the Ottoman Empire during the classical period can be defined as "fiscalism." The objective of the economic policy was to maximize taxes which came largely from the agricultural sector. Land was the principal means of production. The concept of "economic development" did not form a part of the Ottoman economic thought at this period. It can be said that Finley's definition, given below, for ancient states is also valid for the Ottoman Empire:

"Taxes were not used as economic levers; they were not even reexamined when they were obvious brakes
on the economy, lest consider the implications of an
universal harbour-tax, levied at the same rate on all
imports and exports. There was no idea of protecting
home production and encouraging essential imports or
looking after the balance of trade.” (9)

When we investigate the social life in the classical period of
the Ottoman Empire, we again face up with the realities which oppose
the principles of modern-individualist societies. The Ottoman society
was a society of status. (10) The income of persons was usually
determined in relation with their social status. Serif Mardin explains
this in the following paragraph:

“What emerges with regard to the position of the
Ottoman State in relation to the economy is not so
much that the State had a position of control as the
more subtle fact that dealing with power was more
central in the Ottoman society than transactions of
the market. Power was a “commodity” that was more
precious than wealth. There existed a military and
civilian staff and the symbols of political office as
robes, rich garments and jewels. Money thus was as
much a political as an economic medium.” (11)

This rigidly organized hierarchy of political organization
limited the “opportunity space” in the Ottoman Empire. Mardin points out
that even a local notable who acquired power and established a dynasty
was legally unprotected except in very special cases and by the edicts
of the Sultan which the latter’s successors could disregard. The
amount of wealth possessed by high level officials was appropriated
after their death. Their children had only limited inheritance rights.
Children could only inherit the amount allowed by the Sultan (State).

* * * * *

As discussed above, the Ottoman concept of economics was
formed on two foundations:
1) The centralized-fiscalist approach in practical implementation which was built on the absolute authority of the State, or the Sultan.

2) A normative economic logic stressing the philosophical religious aspect.

We must also underscore that at that time there existed in the Ottoman Empire little advancement in natural sciences, as it occurred in Europe, which could give impetus to the development of modern philosophy of science.

The Ottoman concept of economics discussed above started to change with the Tanzimat. To be more specific, the Ottoman intellectuals and statesmen observing the rapid development in Europe, felt the need to keep abreast of this development.
PART II

BIRTH AND DEVELOPMENT OF MODERN SCIENCE OF ECONOMICS
P. Dumont, in his book titled, "From Mandeville to Marx" defines the transition from the traditional social structure to a modern one as a "revolution in values." This transition started initially in the West European society and the success achieved by the modern structure paved the way eventually to the dissolution of the traditional structure. Dumont states that the development of a new kind of individualism is in the core of this social transformation. The modern individual is an independent, autonomous, and thus non-social, moral being. However, in the traditional society the individual appears an empirical subject of speech, thought and will. The 17th and 18th centuries witnessed important developments in natural sciences in Europe, many topics that were enshrouded in mystery until then were illuminated, the unknown parts of the world were discovered. Of course, the economic thought was also to receive its share of all these developments in Europe. Events such as the introduction of machinery into production, the development of international and intercontinental trade, the rapid increase of the urban population prepared the medium in which a new economic thought was to flourish and grow.

The development of the modern science of economics will be discussed in this part of the thesis. Primarily, the Philosophy of Enlightenment in the 18th Century Europe will be brought to focus and Classical Economics will be discussed. Particular emphasis will be put on J.B. Say, among the classical economics, because of his great influence on the Ottoman economic thought. Then the National Economic theory developed by F. List will be referred to. A brief analysis of the Marxist
thought will be included. The development of the Positivist philosophy, another important development of the same period and J.S. Mill's contribution to this philosophy will be mentioned. Following this period, to which we refer as the period of "Political Economy" a new era began in economics, with the advent of the "Marginal Utility" theory. In this section we try to evaluate the scientific and methodological approaches of these schools of economics and their views on economic policies. Our main concern will nevertheless remain as the impact of the latter on the Ottoman economic thought and the education of modern economics in the Ottoman Empire.

THE PHILOSOPHY OF ENLIGHTENMENT

The traditional philosophy of science, described in the previous part, of the Ottoman Empire kept its currency in a similar manner in Europe too, until the 18th century. At that time a significant transformation occurred in the European thought. The European philosopher started to question the traditional way of thinking in a progressively more intensive way. Paul Hazard describes this period in his work titled, "La Crise de la Conscience Européenne" as follows:

"God was left in Heavens; on an unknown and unreachable place of the Heavens. The human, only the human was the measure of everything. The reason of the existence of man was again himself. For a long time power belonged to bishops. They promised brotherhood, love and happiness. But they could not carry out these ideals. They lost the race, in which reality and happiness were rewards. They had to leave the ground, otherwise they would be taken out. The old building, which had been a
good shelter for the human race for centuries, had to be
pulled down. Construction was following it; the
foundations of the new shelter had to be laid. But another
very important work was to set up a new philosophy,
based on realities and which would be able to throw
away the metaphysical dreams which have misled human
beings for centuries. A political system without divine
punishment, a religion without mysteries, a morality
without dogmas was necessary. Science had to be
something more than a diversion for the mind. It had to
have power, which would put Nature in the service of
humans. The key to happiness was science. Once ruling
the material world, humans would then make use of it
for their own, as well as for the future generations
wealth and happiness." (12)

CLASSICAL ECONOMICS

The initial period of the development of modern economic
thought goes back two centuries before. A Smith published "The Wealth of
Nations" in 1776. The Mercantilist and Cameralist economic literature and
Physiocracy developed in France in the 1750s, laid down the foundations
of the classical economics starting with A. Smith. We enter the era of
schools and systems of modern economic thought with Physiocrates. The
central point in Physiocratic system was the search for "surplus", which
they thought to be only a result of agricultural production. They divided
labour into two categories, which is productive and unproductive.
Productive labour was the one that could produce surplus. And according to
the period they live, 1750's, they said that only productive labour was
the labour in agriculture and all other types of labour was unproductive.
This surplus, which they call "net production" was the source of creating
and accumulating wealth. One of them, Quesnay, also developed an
"Economic Table", in which he made an analysis of the circulation of "net
production", between the different classes of society. These were
important contributions to the science of economics. These trends, in contrast to the traditional concept of science, were concerned not whether the economic system was legal or ethical, or whether it was equitable or inequitable, but with how the system worked. This “mechanistic” approach was to be made into a science by A. Smith.

The development of the natural sciences also had an important effect on A. Smith. The “invisible hand” principle, explaining economic events, similar to Newton’s “force of gravity,” explaining the principle of matter’s movement, was put forth by Smith. All the developments in natural sciences, as well as the economic literature and the Enlightenment Philosophy of a later period, paved the way for the advent of the modern science of economics. A. Smith had a belief in the existence of an inherent natural order which is superior to any other artificially created by mankind. He was a strong opponent of all forms of state interference with the ordinary industry and trade.

“The Wealth of Nations” is a turning point for the history of economic thought. This book won recognition as soon as it was published and translated into many language. This work made deep impressive on the economic thought of the time. The name of Adam Smith became the password for economic liberalism. (13) Smith was famous for his optimism and his belief in economic progress. He thought that, if not restricted, the industrialists had enormous possibilities of expansion of production and trade.

According to A. Smith, labor is the basic source of wealth of a nation. The total labor employed within a year accumulates a fund. The total expenditures of the following year for the necessities and pleasure are discussed out of this fund. Smith’s placing such importance on labor
and defining labor as the sole source of wealth resulted in the system he set up to be designated as the "labor system." (14) According to A. Smith, productivity is one of the first prerequisites for the increase of a nation's wealth. Moreover, division of labor is essential to increase productivity. Unless the division of labor, necessary for production, can be provided, labor would be wasted.

A. Smith maintains that the natural price and the market price of goods are not the same. Yet, the definitive price for both is the natural price. The market price is a result of the natural price. A. Smith also says that labor determines the natural price. Then, labor is not only the source of wealth for a nation; it is also the leading factor in determining the price of goods. (15)

Ricardo (1772-1823) and Malthus (1766-1836) are the leading classical British economists of the period after A. Smith and made substantial contributions to the science of economics. Ricardo's "Theory of Rent" was an important step in the development of the "Marginal Utility" theory. Ricardo is known particularly by his writings on the theory of international finance and money. His method based on abstractions and assumptions was criticized later. However, he had a deep influence on the economists of the later period. Malthus was famous for his theory of population. The theories of both economists (especially Ricardo's Theory of Rent and Malthus' Theory of Population) arrived at pessimistic conclusions. This resulted in the designation of the science of economics as the "dismal science" at that time.

Smith's optimism and his faith in development was taken over by the French economist J.B. Say (1767-1832). J.B. Say was a contemporary of Ricardo and Malthus. Initially a journalist, later he was a factory
manager and became involved in politics for a period. He published his book "A Treatise on Political Economy" in 1603. Later he was appointed professor of political economy in the Paris University. In his way of thinking he was closer to A. Smith than to Ricardo and Malthus. He was regarded as Smith's representative in Continental Europe.

J.B. Say made important contributions to the science of economics. In his opinion, all economic activities providing utility had a value. The only factor to determine what type of activity had greater value was the utility it provided to man, its productivity. He did not differentiate between agriculture or industry, labor or capital. On this basis, Say developed his most important contribution to the science of economics. He analyzed all economic activities in four main groups:

1) Production of wealth,
2) Circulation of wealth,
3) Distribution of wealth,
4) Consumption of wealth.

Say built his famous "Law of Markets" theory on this schematic approach. According to this theory, there is a constant circulation among these four basic activities in economic life. Say maintained that it was wrong to see production as a result of consumption or vice versa. It was a question of mutual equilibrium among these four basic activities. He said that there would be no question of overproduction when the market mechanisms operated fully, because supply would create its own demand. Say accepted partial surplus, but maintained that if economic activity were realized in full freedom it would be self-adjusting. This theory is a further developed exposition of Smith's "Invisible Hand" principle.
Say's points of view concerning political economy can be summarized under the following three points:

1) Surplus production will eventually create its own demand.

2) All types of production providing utility are equally valuable. There cannot be any differentiation among agriculture, industry or other types of activities in this respect.

3) Economic activity must be pursued by individuals in conformity to liberal principles. Maximum wealth can be attained only through this way.

THE SYSTEM OF NATIONAL ECONOMICS

Reviewing the economic conditions of countries in those years, it is not surprising that liberal thought and the principle of free trade was widespread especially in England and France. England, particularly, was the foremost leader of the industrial revolution flourishing during that period. She had important advantages vis-a-vis her less industrialized rivals. This fact was accepted also by liberal English economists. The most lucrative fields of the international cooperation to be realized according to the liberal economic principle were controlled by these two industrialized countries. With the finest industries of that period, with her mighty navy and merchant marine corps and her colonial empire, England was in an excellent position to gain from free trade. (16) France followed right behind England. The free trade principle at this time meant, for European merchants, to capture the world market. Concomitant with all these developments, there were important studies in Europe and America in the road to industrialization. Such countries wished to catch up with more
industrialized countries like England and France through their consolidated efforts. This paved the way to the birth and growth of the protectionist economic thought. Protectionist economic practices were adopted initially at the industrialized parts of the United States of America. Germany was also to implement protectionist policies during the same period.

Frederic List (1789-1846) was the economist to systemize these protectionist ideas. List was the appointed professor of Administration and Politics at Tubingen University at an early age. He joined an association which supported liberal reforms in politics. He was exiled from Germany because of his ideas and lived in exile for long years. Later he travelled to the United States and lived in the German colonies there. In the United States he was active in various industries such as railway construction and mining this book titled, "Outlines of American Political Economy" was published in America in 1827. At a later period List returned to Germany for a visit. It was a time when controversies on the customs policy had reached a peak in Germany. List's important book, "National System of Political Economy" was published in 1841. This book became the Bible of protectionism.

List, the founder of the system of national economics, did not have a romantic concept of nationalism, but a rational one. According to List, the English and French economists were not for free trade with no reason. What they wanted to achieve was the protection of the interests of their motherland. List asserted that it was not at all easy for industry to develop in a country without implementing protectionist policies. These principles did not entirely alienate List from liberal ideals. The principle, "Both Motherland and Humanity" belongs to him. According to List, the
implementation of a national economic system supported the development of humanity, and a better way of cooperation was possible with it.

Whereas classical economists described the economic life as a system governed by the timeless laws of Nature, List explained the economic life on the basis of historic changes and differences between countries. List was not for protectionism to be applied to all aspects of the economic life. Protectionism had to be implemented only for industry. List reviews the economic history of humanity in five categories:

1) Hunting
2) Animal husbandry
3) Agriculture
4) Small manufacturing plus agriculture
5) Modern industrialism.

List maintains that the fifth and the last position is the latest and most developed stage arrived at by humanity. The aim of all human societies was to attain this level of development. However mobilization of material forces is not sufficient, to reach the stage of modern industry. List proposes the concept of "productive forces" which consists in the sum of material forces and human forces. He says that economic development can be achieved only when material forces and human forces are brought together. (17)

DEVELOPMENT OF SOCIALIST THOUGHT

Capitalist development in Europe gave rise to a social environment in which workers lived under difficult conditions. This led to the advent of the socialist thought. According to socialists, the capitalist
system oppresses wide masses of people and some deliberate measures are necessary to correct this injustice. The criticism of socialists is focused particularly on private ownership. They are for a collective, rather than individual, control of production. Socialist authors think that the liberal system is devoid of harmony. The economic developments in the early years of the 19th century were of a nature to verify socialist ideas. There was not an uninterrupted economic development and the European countries staggered in the throes of continual economic depression. (16) Years of depression followed years of abundance. This further aggravated the difficult conditions of the increasing masses of workers.

The most well known champion of the flourishing socialist thought was Karl Marx. Marx (1818-1883) tried to demonstrate by his "surplus value" theory that under the capitalist system the deserved earnings of the workers were seized by the capitalists. Therefore the liberal-capitalist system was not fair, he maintained, and oppressed the workers. This was not because of the ill-will of the owners of capital, but due to the logic of the capitalist system itself. Therefore, the entire system must be changed. Under the new system, private ownership must be entirely abolished and the collective ownership of the means of production must be set up.

An important work of Marx for the science of economics is his theory of business cycles. Liberal economists explained economic crises, generally in the context of Say's "The Law of Market," as temporary stagnation which occurred occasionally in the course of constant growth. However, Marx maintained that the crises in the liberal system were not temporary events occurring from time to time, but periodic events of a
progressive nature and resulting from the structure of the capitalist system.

**DISCUSSIONS ON METHODOLOGY**

The period from the publication of "The Wealth of Nations" in 1779 to 1871 when the marginal utility theory was developed can be designated as the "Political Economy" period for the science of economics. Discussions during this period were carried on within the triangle of Liberalism-Protectionism-Socialism, and an economic thought interlaced with political thought was maintained. The economists of the early years of the science of economics did not show much interest in methodological questions. They mostly felt free to make the explanations expedient to the subject at that time. But the analysis based on abstractions especially used by Ricardo, led to the discussions on methodology immediately after him. For, the solutions proposed on the basis of Ricardo's abstractions caused many forecasts to be made about the future, most of which did not come true in practice. As a result, the "reliability" of political economy became questionable.

During the same years studies on philosophy of science gained momentum in Europe. Auguste Comte (1789-1857), with the Positivist philosophy he developed, became one of the controversial figures of those years. Comte expounded his system in his book titled, "Courses of Positive Philosophy", which he published over a period of twelve years (1830-1842.) Comte divided sciences into two groups as theoretical sciences and practical sciences. His work was intensified on theoretical sciences,
asserting that practical sciences would develop on the foundations of theoretical sciences. There were six basic disciplines in Comte's system, ranked as:

1) Mathematics
2) Astronomy
3) Physics
4) Chemistry
5) Biology
6) Sociology

In this classification, each discipline contains the previous one. Sociology, the last theoretical science, studies the society and is the most comprehensive of all the above disciplines. It derives from all other sub-sciences.

The positive system requires that all ideas that are proposed must be proven by experimentation. Despite this, however, Comte does not deny either, the creativity of the human intellect. The fact that mathematics is the most basic science is a proof of this. In his classification, Comte divided sociology, the most comprehensive science, into two parts: Static Sociology and Dynamic Sociology.

Static sociology studies the present state of the society, while the subject of dynamic sociology is the development the society has gone through. Historic events are the subject of dynamic sociology.

Auguste Comte rejects the idea that material needs are the basic stimulus influencing the human behaviour. According to him the most important institution in a society is religion. Ownership, family and language are the three other institutions around which the
society is founded. Auguste Comte states that these basic institutions must be studied in order to understand the society.

J.S. Mill (1806-1873), a contemporary of A. Comte, was influenced by his ideas. However he thought that there were some deficiencies in Comte's system, the most important being that Comte did not include the science of psychology in his classification of the basic sciences. (19) Comte could not accept this criticism. This divergence of opinion was related to the fact that, according to Comte, institutions were above individuals. This point clearly underlines the difference of opinion between those two thinkers. As opposed to Comte's "methodologically holist" concept of science, Mill's was "methodologically individualist."

J.S. Mill distinguished between production and distribution in economic activity. Following the classical economists, he argued that there were natural laws in the field of production which must be free of intervention, but that the distribution activities could be interfered with in line with social objectives. In this way he accepted that the set of values ensuring a more equitable distribution could be encompassed in economics, which distinguished him from the classical-liberal economists. This attitude of J.S. Mill was to bring forth at a later period, the differentiation between economics as a science (science of political economy), economics as an art (art of political economy). J.N. Keynes later became the most important representative of this trend. According to him it was possible to distinguish between a positive science and a normative art of political economy. According to him economic events could be isolated, at least to some extent, from other social phenomena.
Comte's ideas were translated into practice thirty years after his death by Durkheim. Durkheim (1858–1917) advanced the science of psychology along the lines of Comte's "Positive Philosophy. Durkheim explained the methodology of psychology by the following three basic principles:

1) Sociology is independent from all philosophical systems.
2) The methodology of the science of sociology is completely objective. Social events are studied as an object.
3) Social phenomena cannot be reduced to biological or psychological events. (20)

MARGINALIST REVOLUTION AND THEREAFTER: ORTHODOXY
AND HISTORICIST-INSTITUTIONALIST SCHOOLS

The inception of the marginal utility theory in the 1870s was a very important development for the science of economics. Until then, the science of economics was dominated by political thought and could not break the bounds of the liberalism-protectionism-socialism triangle. The marginal utility theory provided a chance for the economists to explain how economic events came to pass. However, this theory was not sufficient to explain the entire situation. It could not possibly explain human behaviour as a whole. Following this period, the science of economy developed around two main schools of thought:

1) Marginalists
2) Historicist and Institutionalist schools

The Historical school, flourishing mainly in Germany and the Institutional School developing in America were followers of A. Comte by their methodologically holist approach and their attitude which did not
regard warmly the science-art dualism. They had close similarities to the science of Sociology developed by Durkheim. They rather stressed the relationship of such social institutions as religion, education, politics, law and traditions with economic life. Historicists were the persons who recognized economic history (or just history) as an important source of economic thought. According to them historical technic was the main scientific equipment that an economist needed.

The development of Orthodox school, at those years, within this atmosphere was an important event in the science of economics. Marshall is the most important representative of the orthodox economy school. Marshall (1842-1924), differently from the political economy period, was in the effort to make the science of economics into a more professional science. He was ready to use both the methods of marginalists and historicists. Marshall proposed a "box of tools" for the science of economics. The graphical representation of supply and demand, the elasticity coefficients of supply and demand, the distinction between prime and supplementary costs, the concept of external and internal economies, the difference between short-run and long-run analysis are all examples from their box of tools. Marshall avoided being involved in the liberalism-protectionism-socialism controversies of the political economy period. He argued that the science of professional economy would reach, per se, conclusions about these issues. Marshall proposed three basic principles in the way of professionalism:

1) An economist must be trained in a specialized body of theory which is inaccessible to laymen.

2) An economist must have a specialized voice in the art of policy making.
3) There must be a scientific authority of the science of economics, which can be successful by keeping it clear of political partisanship.

**FRENCH ECONOMIC THOUGHT FROM SAY TO 1936**

The French economists made significant contributions to the development of modern economic thought. There were numerous representatives of the mercantilist literature in France. Such as Physiocracy developed in France. But various authors argue that the French did not contribute substantially to the economic thought during the modern period. (21) We can explain this by the fact that this was politically a very turbulent period for France. During the period from the French Revolution (1789) to the 1870s, France was gripped in constant political strife. Economic thought in this period was heavily influenced by political thought. This epoch of strife in France can be studied in two eras:

1) The Monarchist-Liberal struggle: 1789-1849

2) The Liberal-Socialist struggle: 1849-1871

The two important representatives of the French economic thought during this period were Say and Cournot. Reference has been made to J.B. Say's economic thought in the preceding parts. Cournot was a mathematician. He got involved in economic thought at a later time. He published his important work, *Mathematical Principles of Theory of Richness* in 1838. Cournot, in this book, analyzed a sample market in which two firms were engaged in production. Showing graphically the demand curve in the market and the cost functions of the firms, Cournot developed the method of finding mathematically the point of equilibrium in
this market. Walras, was a French who lived in Switzerland, unified the systems of Say and Cournot to propose the method of general equilibrium analysis. During this period there were also several French thinkers developing socialist ideas.

The political strife of the first period continued in France during the second period, too (1846-1871). The Monarchists had lost the battle during the first period and the liberals came out as the winners. But this was a time when socialism advanced rapidly in Europe. The Socialists argued that the liberal system oppressed the people and the workers and they defended ideas rejecting private ownership. Socialist authors like Marx, Engels, Proudhon and Blanqui gained influence in France. But liberals constituted a weighty group at this period in France. They controlled the education in College de France and other institutions as well as most of the publicity.

In the 1870s the turbulent atmosphere of the French political life began to calm down. The French people as well as the administrators had lost interest in the struggle. Then, the work to set up a balance between the liberal and socialist systems accelerated. The most important trend emerging from these guests was the solidarist thought. The Solidarists thought that what was needed for the welfare and happiness of the society was not the strife among individuals, but the cooperation. They regarded cooperation among individuals as the key to economic development.

Economy courses were introduced in 1876 in all the law schools in France. These courses were given from an eclectic perspective, information was provided on all schools of economic thought. (22) Charles Gide (1847-1932) was the most important economist of this period. Gide
had an eclectic approach to the science of economics. He offered in his
works general evaluations on economic thought. Gide was an economist
who had the deepest influence on the Ottoman economic thought after the
1910s. "History of Economic Doctrines," which he co-authored
with Charles Rist in 1909, was translated into Turkish too, among many
other languages. Gide's most important work, "Courses of Political
Economy," written as a textbook for the Political Economy courses for the
Paris Law School was translated into Turkish in 1914-15 and thereafter
became the basic textbook on economics for Ottoman economics education.
(23) Another book he wrote later, "Cooperativism" was also translated into
Turkish. (24) Schumpeter wrote the following about Gide, who had deep
effects on the Ottoman economic thought and teaching of economics at the
time:

"Charles Gide cannot occupy any great place in the history
of economic analysis, but he played a most useful and a
most creditable role all the same. He was an all-round
leader, free from prejudice, in sympathy with all that
was going on, and made by Nature for imparting this
sympathy to others." (25)

P.L. Cauwes was another French economist who wrote books at
the same period. He was a supporter of the National Economy trend
developed by List. He was influential on the Ottoman and Turkish
economists. His book, entitled "Political Economy," written in 1893 became
a major reference book for the Ottoman and Turkish economists of the
period. Schumpeter's assessment of Cauwes is as follows:

"P.L. Cauwes, more a jurist than an economist and
influenced by German Sozialpolitik and German
historicism, was a man of sense and force, even if not of
a scientific economist." (26)
C. Colson (1853-1939) was another economist of this period. He was an engineer in origin and was a person who worked for public service for years. He was successful in practical questions, Schumpeter says that, Colson had originality in developing statistical models or curves of supply and demand or models on rational choice or sources of raw materials, etc.

* * * *

At the conclusion of this chapter, given to the study of the development of the science of economics, the writer would like to call attention to the fact that the developments in this science proceeded neck-to-neck with the developments in the economic life of the European society. The state of affairs which paved the way for the mechanistic approach of the liberal-classical economists was the development and extension of the market mechanism. Protectionism, on the other hand, was born out of the needs of the nations lagging back in industrialization. Socialism was in the nature of a reaction to the inverse effects of classical-liberalism on the society. The initial period of the science of economics developed around the ideas proposed within this triangle.

Economists came up with different ideas during the next period. Economics was recognized as a science and many deductions were made
During this second period, the economists were increasingly involved in discussions about methodology. The emergence of the Marginal utility theory, new ideas put forth in the philosophy of science, developments in mathematics, advances in the science of statistics directed economists to new quests, deriving from these sciences.
PART III

OTTOMAN ECONOMIC THOUGHT DURING THE PERIOD FROM THE TANZIMAT TO THE EARLY YEARS OF THE REPUBLIC
A new era started in the Ottoman Empire with the proclamation of the Tanzimat Edict. There had not been, until then, any significant trends of thought or movement in the Empire, directed to the logic of modern economics developing in Europe. (27) As I have tried to explain in Part I, formerly there was the normative approach oriented to solving concrete economic problems. And, of course, there existed a field of thought forming the basis of this logic and supporting the economic structure. This, I had summarized as:

i) in practice, a centralized-fiscalist approach depending on the absolute authority of the state, the Sultan,

ii) in theory, a normative way of thinking with the emphasis on the religious-philosophical aspect.

It would be helpful to analyze the influences of the time on the Ottoman state and society in two groups as internal dynamics and external dynamics. As I have already pointed out, a logic of economics, coherent in itself, and resulting from the internal dynamics, existed in the Ottoman society. The Ottoman Empire was going through a difficult period at that time. Successive wars with other countries ended in defeat. The sovereignty of the Empire on the lands it ruled was weakened. There was a serious financial crisis. This unfavorable course of events was not new, it was going on far about two centuries. The Ottoman statesmen in this period, in their efforts to regain the former power of the Empire, tried various methods, but they failed to reestablish the financial and political
power of the 15th and 16th centuries. The Ottoman statesmen, while dealing with these problems arising from the internal dynamics, were also aware of the rapid development in Europe. The travelogues written by the Ottoman ambassadors delegated to European capitals during this period are interesting to show that Ottoman statesmen were well aware that the European countries had left the Ottomans far behind in the field of science and technology, that those countries were increasingly gaining in wealth and power. All these developments arising from internal and external dynamics encouraged the Ottoman statesmen and intellectuals to turn towards the modern ideology, the modern economic thought rising in Europe.

This part analyzes the developments in economic thought during the period studied in three areas:

1) From the Tanzimat to the 2nd Constitutional Period
2) From the 2nd Constitutional Period to the declaration of the Republic
3) From the declaration of the Republic until 1936

The first was the era when the modern economic thought newly began to penetrate the Ottoman Empire. Primarily, certain principles of the modern economic concept were under debate. Such concepts as productivity, stress on labor and division of labor in the society, which are the basic themes of modern economics, were expounded in some books and newspaper articles. The late years of the 19th century, towards the end of this period, witnessed a certain progress in the writings on such themes. The basic controversy among the Ottoman thinkers of that time was the controversy of agriculture versus industry. The Ottoman advocates of
liberal thought argued that economic development should start with the agricultural sector. The liberal thought of the period had a bigger number of supporters in the Ottoman Empire. There were important ties between the spread of the liberal thought and the ideology of Ottomanism emerging during the same period. The Ottoman economic thought will be explained and the reasons why liberalism was to extensively accepted will be analyzed in this part.

The most significant event affecting the Ottoman economic thought during the second era was the spreading of nationalism among the Ottoman intellectuals. Especially the fact that the Ottoman Empire lost substantial amounts of land in the 1920s and the realization of the difficulty to sustain a multinational empire were instrumental in the extension of nationalism, relatedly, in the extensive use of the concept of national economy among the Ottoman intellectuals. There were numerous publications in this era on the theme of economic thought in newspapers, periodicals and books. There were debates in the context of liberalism-national economy systems. These debates will be outlined in this part.

The third part will deal with the economic thought of the post-Republican era. The debates during this period were again in the context of liberalism-national economy. Also, there were various proposals for the solution of the financial and economic problems encountered by the newborn Republic. The economic thought of the post-Republican period will also be analyzed in this part.
FROM TANZIMAT TO THE SECOND CONSTITUTIONAL PERIOD

At the time the Tanzimat Edict was proclaimed, the Ottoman Empire was quite weakened politically, to such an extent that the armies of the Empire were repeatedly defeated by the armies of Mehmet Ali Paşa, an Ottoman governor and a peace treaty was signed only through the intervention of foreign powers. The integrity of the Ottoman Empire was under threat and the State was obliged to make fresh efforts in order to stand on its feet. The Tanzimat Edict was proclaimed under those circumstances on November 3, 1839.

One of the most important changes in the Ottoman economic thought following the Tanzimat Edict was the definition of private ownership and inheritance rights more clearly, compared to the classical period. The Tanzimat Edict brought to the Ottoman Empire a new attitude in favor of the right to private ownership. This was a very significant change for the Ottoman economic thought. Şerif Mardin writes the following on this issue:

"The attitude of the Ottoman statesmen in favor of the right to private ownership was certainly a turning point for Ottoman economic thought." (28)

It can be maintained that the Tanzimat Edict was also a milestone in terms of the religious-philosophical norms which were another factor shaping up Ottoman economic thought. The various statutes and imperial edicts passed at this time appear to be increasingly less influenced by religious-philosophical norms.

In practice, the Tanzimat Edict introduced significant innovations in relation to the economy. First of all, the Ottoman State
adopted the central treasury system developed in the modern European states. All revenues were to be accumulated in the treasury and all expenditures were to be made out of it. The new economic policies adopted by the Tanzimat Edict can be summarized as follows:

1) Sultan's revenues were reduced and the royal treasury was placed under the central treasury.

2) Government officials were to be paid salaries; the former system of allocating the annual income of certain sources of revenue to the government officials was abolished.

3) All owners of land and property bringing revenues were to be taxed, without exception.

4) The government assumed the function of realizing various investments such as roads, bridges, factories, etc.

It must be pointed out that this critical period was a time of search for new avenues as far as the economic thought was concerned. Ottoman intellectuals were trying to grasp the idea underlying the economic success of the European countries. Sadık Rifat Paşa was a prominent statesman of this period who wrote numerous articles on economic thought. Sadık Rifat Paşa, the Ambassador of the Ottoman Empire to Austria, was influenced by the cameralism he observed in Austria. He wrote in his articles about the necessity of building the economic life on the basis of the "productivity" concept. He also argued that the individual did not exist for the state, but the state existed for its citizens (individuals). (29) These were quite innovative ideas for the Ottoman way of thinking at the time.
We can review the memories of Sir Henry Layard, an official of the British Embassy in Istanbul, who had formed a friendship with Ahmet Vefik Paşa (Prime Minister of a later period) in order to illustrate the guest of the Ottoman statesmen at that period. Sir Henry wrote:

"We used to peruse together the leading English classics. Those were the works of Gibbon, Robertson and Hume. We studied political economy from A. Smith’s and Ricardo’s books. I was for free trade, while my comrade Longworth championed protectionism. We used to have hours-long discussions on such issues. Ahmet Vefik Efendi used to join these discussions with great interest and enthusiasm." (30)

Such inquiries were not confined only to the field of thought, but showed their effects in practice too. The Ottoman statesmen were mostly in favor of liberal policies. On the other hand, some of the statesmen were for a rapid industrialization. There were some factories and manufacturing plants opened by the government in this period. (31) But the result was an absolute failure.

One of the underlying factors explaining the preference for liberalism, as opposed to protectionism, in the Ottoman Empire during this period was naturally the lack of the scientific and technical infrastructure. If the above mentioned attempt at industrialization were successful, certainly the protectionist policies would have enjoyed a bigger body of supporters. But this was not the only factor for opting for liberalism. The "Ideology of Ottomanism," flourishing during the post-Tanzimat period and aiming to sustain the Empire by recognizing equal rights to the nations constituting the Empire, was compatible with the cosmopolitan nature of the liberal thought. A nationalist movement to
follow the idea of protectionism would not be tolerable by the statesmen endeavoring to sustain the Empire on its feet. As a third consideration, it must also be pointed out that there was close similarity between the economic policies proposed by the liberal system and "fiscalist" approach of the classical Ottoman economics. As a consequence of all these factors, an economic policy based on liberal, free trade was implemented during the Tanzimat - 2nd Constitutional Period era, and courses were offered, in line with this policy, as we shall see in further parts of this paper in the public schools.

The most prominent economist influencing the Ottoman economic thought during this period was J.B. Say. The apostle of the modern-liberal economics for the Ottoman intellectuals was not A. Smith, but J.B. Say. This was mainly because of the closer ties of the Ottoman intellectuals of that time with France. J.B. Say had a permanent effect on the Ottoman economic thought. Due to Say's influence on the French economists too, his influence continued indirectly during later periods.

The first book in the Ottoman Empire on the modern economic thought was published in 1859. This was an adaptation of J.B. Say's book, "Political Economy," written by an Ottoman intellectual, Sehak Efendi. The writer explains his aim in writing this book as:

"Economics is not a special science only for the cognizance of government officials or philosophers. This is a science applicable by all. But, of course it is not possible for everybody to comprehend it in detail. Consequently, false ideas are spread among people and wrong deeds are performed. I have written this book to provide information to the public about the rules that govern the production and consumption of goods." (32)
This book was followed by some translations of, and adaptations from, the European authors. Another important thinker who wrote works on the economic thought towards the end of this period was Ahmet Mithat. He had non-liberal tendencies. He wrote on the theme that action and vitality was needed in the society for economic development. Ahmet Mithat wrote two books on economy. "Seydaci Say ve Amel" (Love of Labor and Work) was a small-volume book. The second book, "Ekonomi Politik veya Hali-ül Ukad" (Political Economy or Solution of Problems) was more voluminous. Ahmet Mithat acknowledged that in writing this second book, he had extensively drawn upon the works of a Belgian economist, M. Brusker, and also had studied the works of other economists such as Rossi, Sismondi, Draz and Say. A. Mithat, in his work, approximates List's ideas. According to A. Mithat a nation, in order to prosper, must pay attention to production and commerce. Nations ignoring these activities cannot become wealthy. He also called attention to the importance of hard work and endeavor. He maintained that there was a stagnation in the Ottoman society, which must be overcome, and a period of economic revitalization must be resumed. He wrote:

"The society we believe is needed - does it merely consist of one million population crowding to Istanbul, some making shoes and some baking bread for the shoemakers only? Shall we always believe that this is the only possible type of society in the world at any time?"
FROM THE SECOND CONSTITUTIONAL PERIOD TO THE REPUBLIC

The period of the 2nd Constitutional Monarchy was a time when social and political debates were reviewed. Many newspapers and periodicals started publication and there were many important intellectual debates in the climate of newly gained freedom. Articles written on political economy comprised a substantial part of these debates. The most significant intellectual trend of this period was the strengthening of the Turkish nationalism, particularly during the 1910s. The Turkish nationalism, a favored ideal among the intellectuals, spread rapidly during this period. This was also the period of the disintegration of the Ottoman Empire. The lands under the rule of the Empire were lost as the result of successive wars. This, of course, encouraged the flourishing of the Turkish nationalism. The controversies on political economy during this period were between the liberals and the protectionists. While the liberals maintained that development should start with the emphasis on agriculture, the proponents of national economy argued that it was time to take up industrialization without further delay. (35)

The Journal of Economic and Social Sciences (Ulum-ı iktisadiye ve İctimaiye Mecmuası) was the most important publication to support liberal thought at this time. It was published by Mehmet Cavid, Riza Tevfik and Ahmet Şuayb. These writers did not regard the liberal system only in the perspective of economics. They thought that the liberal thought must be applied to the entire life. From this vantage point they assessed the structure of the Ottoman State as a “closed” structure and stressed the need to transform it to a more open, more free social structure. For this, they believed liberal thought to be essential. Mehmet Cavid, in
his articles published in the aforementioned journal, wrote against economic protectionism. He argued that development must start with the agricultural sector, and if this succeeded industry would follow it. An industrialization movement initiated before completing the required infrastructure to support it, would result in the waste of resources. Mehmet Cavid also pointed out that protectionist practices would cause the domestic prices to rise and consequently lower the purchasing power of the people. There should be no discrimination between national and foreign capital, he wrote, and whoever the investor was, it must be supported to set up the infrastructure in the country.

Opposed to these liberal points of view, protectionist policies were praised in some periodicals, such as Türk Yurdu and İktisadiyat. Various articles were published in Türk Yurdu by Parvus, a Russian socialist. Parvus (1867-1924) wrote that after the Tanzimat Edict the Ottoman State became dependent on Europe through public borrowings. A rapid industrialization was needed to break this dependence. But according to Parvus, industrialization was not the sole issue. The profits to be earned from industrialization must be retained at home. Measures should be taken to prevent the profits from passing into the hands of the European bankers. (36)

The two prominent representatives of Turkish nationalism flourishing during this period were Ziya Gökalp and Yusuf Akçura. Gökalp was rather influenced by French solidarism. He believed that moderation must be practiced in transforming to a modern society based on the principle of nationalism. He had some doubts about the capitalist system in Europe. He thought that certain traditional social values must be preserved during the process of transition towards the
European nationalist-capitalist system. Yusuf Akçura advocated a much more rapid transformation. He had more sympathy for capitalism than Gökalp. He regarded it as the main prerequisite of development and thought that whatever was required must be done to realize a rapid development. Akçura, defending the necessity of the rapid development of the bourgeoisie, stresses the need to proceed forth to a social structure divided into social classes as in Europe. Both of these two intellectuals supported the implementations of the national economy system in the field of economics.

The practical implementation of both liberal economists and the proponents of the national economy in this period were directed towards creating a national bourgeoisie. There was a marked increase in the number of national companies engaged in commerce and industry in this period.

THE EARLY YEARS OF THE REPUBLIC

The collapse of the Ottoman Empire and the rise of the Turkish Republic over its ruins led to the beginning of a new era for economic thinking. The Ottoman Empire in its last years had become bankrupt financially. It can be said that the economic life of the Ottomans was controlled by the European financial circles. One of the first acts of the Turkish Republic was to alleviate the financial control of those circles and repay the debts. Efforts were spent to create a self-sufficient, financially independent state.
During this period, continuing until the 1930s, while it was
deavored to establish the definite financial authority of the state on the
one hand, economic policies to support a national capitalism were
implemented on the other hand. Mehmet Cavid, well known for his work to
abolish the capitulations in his capacity of Finance Minister during the
last years of the Empire, presided the İzmir Economy Congress in 1923. It
can be observed for this initial period of the Republic that, the concepts of
liberalism and national economy were quite close. There was consensus
among the economists advocating either point of view that a financially
independent state and national industrialists must be supported. However
the liberals were against any intervention on the part of the State in the
production activity. The liberal economists of this period called attention
to the infrastructure investments and stressed the need to support
agriculture. Ahmet Ağa'oğlu, a liberal author of that time, asserted that
investments should not be made by the government. According to him, such
a development could not be carried out by the bureaucrats because those
people would act not like entrepreneurs, but as government officials, and
therefore render the enterprise unproductive. (39) The proponents of a
national economy, although sharing this point of view in principle,
defended that the economic program to be implemented had to have a
national character. Measures had to be taken to avoid falling for the second
time, into the pitfall the Ottoman Empire fell into, the national industry
had to be supported at the stages of both investment and production.
According to this opinion, individuals must prefer domestic products in
order to support the national industry, regardless of their higher price and
inferior quality.
The 1930s was the time of the great economic world crisis. Distrust for the liberal system had become widespread in the world. The totalitarian state was becoming popular. Soviet Russia, especially, was thought of having achieved great success in economic development. Under the influence of all these external circumstances, the Turkish Republic also was to convert her economic policy to the policy of state control (etatism). The leading group of defenders of this policy was the writers of Kadro Journal, published during 1930-1933. Most of the writers of this periodical were ex-Marxists, who later adopted nationalism. They had a collectivist economic outlook. They emphasized that state intervention was indispensable for rapid development. Şevket Süreyya Aydemir was one of the most prominent writers of this periodical.
The inquiries, following the Tanzimat Edict, for comprehending the logic of modern economics gave rise to an extensive arena for controversy, especially after the declaration of the 2nd Constitutional Monarchy. These controversies were in the context of the "economic development" issue. Economic development was the joint aspiration of all Ottoman and Turkish statesmen and intellectuals. These people sought solutions for this issue in line with their philosophy of life. The controversy on political economy was rather around the liberalism-national economy ideals. During the early years of the Republic an economic order based on the policy of state control developed as an important trend and was effective on economic implementations.
PART IV

TEACHING OF MODERN ECONOMICS
FROM MÜLKIYE SCHOOL TO THE FACULTY OF ECONOMICS
This part will deal with the main theme of the thesis, which is the economic courses taught in the Ottoman Empire and during the early years of the Turkish Republic until the institution of the Istanbul University Faculty of Economics in 1936. As mentioned in the previous parts, modern thought increasingly penetrated the way of thinking of the Ottoman intellectuals beginning by the Tanzimat. The Ottoman intellectuals observed, with admiration, the developments in Europe and believed that the key to ease the difficulties of the Ottoman State was in the adoption of modern thought. The modern economic thought was a part of modern thinking. We had mentioned that the intellectuals of this early period had particularly emphasized such concepts as "productivity" and "industriousness (hard working)". A large number of students were sent in those years to Europe, especially to France. Clearly those people played an important role on the orientation to the logic of modern economics. Despite the inclination of the intellectuals to the modern economic thought, the classical-traditional concept of economy continued to exist in the Ottoman society. I had already mentioned in the preceding parts that in practice this traditional concept had a collectivist and bureaucratic approach based on the authority of the Sultan (State), and in theory, on an economic logic with the emphasis on the religious-philosophical aspect. The intellectuals of this period were faced with a certain dualism. While adopting the liberal though inspired by Europe and affecting amendments in such fields as the privatization of ownership and inheritance rights on the one hand, they had to take measures to reinforce the centralized-bureaucratic structure of the state on the other hand. The policies in the
Ottoman Empire directed to the creation of a capitalist group as in Europe were to be implemented only after the 2nd Constitutional Monarchy. The ideology of the Tanzimat period was to be criticized from this standpoint. However, what I would like to underline is that the Ottoman Empire in this period was devoid of any intellectual and scientific climate directed to capitalism and inducing development. The Ottoman Empire lagged far behind Europe in the field of science and technology. The medreses, in their science courses, taught the classical words of the Middle Ages. There was no scientific environment to make new contributions to these works. It was not possible, under the circumstances, for the Ottoman intellectuals to develop such concepts as industrialization and introduction of machinery to production, which were the basic requisites of modern economic thought. It needs be pointed out that a guide was required to lead the Ottoman intellectuals to modern thought, both scientific and intellectual, and that institution was education.

Education was the key for the efforts of the Ottoman Empire to catch up with the developments in Europe. Through a rapid educational process it could be possible to reach the level of Europe in science and technology, thus modern thought could be comprehended. It could be said that in those years education had undertaken the function of compelling the stagnant structure of the society, to lead the society as a motive power. Education and educational institutions of the Ottoman Empire during the period under study had transcended their traditional role. The modern schools were established as new institutions. The medreses offering classical-traditional education also continued their existence. Eventually, the schools of modern education multiplied and the medreses lost their importance. Under the Republic the medreses ceased to exist.
This has led the author of this thesis to analyze the development of modern education on the Ottoman Empire. In this part initially the modern educational institutions will be mentioned. Modern education, started first at military schools, was later introduced to medical education through the practice of modern educational methods. Mülkiye School was the first educational institution in the field to social sciences to adopt modern education. The concluding paragraphs of this part will include quotations from an article by Salih Zeki, who had undertaken an important part in the institution of the Darülfünun during the early 1900s and written numerous works on the philosophy of science.

Following these introductory paragraphs, there will be reference to the courses related to the logic of modern economics - agricultural economy courses, economic geography courses and home economics courses. It is my opinion that these courses were very significant in terms of the modernization of the Ottoman economic thought. Of three above mentioned courses, those in agricultural economy carried particular importance. I had pointed above that special emphasis was laid on the agricultural sector as the result of the liberal attitude of the Tanzimat period. The same emphasis was now laid on agriculture and agricultural schools were taught in these schools and other schools of higher education. The curriculum particularly stressed such subjects as productivity and utilization of machinery. Also, courses on economic geography were offered in various academies, home economics was included in the curricula of girls' schools. I will try to illustrate the contributions of these courses to the development of the logic of modern economics by referring to the textbooks used during this period.
The first courses of political economy in the Ottoman Empire were given at the Mülkiye School by Oğhannes Paşa. The curriculum was along the lines of the French liberalism propounded by J.B. Say. I will stress, in this part, Oğhannes Paşa's activities in this field, after trying to define the role of the Mülkiye School in the modern economy education. Oğhannes Paşa has a special importance for the theme of this paper in that he was the instigator of the earliest systemized courses in modern economics and that he taught for long years. I will refer to in this part to Oğhannes Paşa's book titled, "Mehadi-i İlm-i Servet-i Müllef" (Principles of the Science of Wealth of Nations), used as a textbook.

Later, there will be reference to Musa Akyiğitzade, teacher of economics at the Military Academy and a supporter of the system of National Economy, and to his book, "İktisad yahut İlm-i Servet" (Economics or Science of Wealth).

A second center of education came into existence with the founding of the Darülifnun in the early 1900s and the initiation of economics courses at the Law School. The prominent economist of these years was Mehmet Cavid who taught both at the Darülifnun and the Mülkiye School. Mehmet Cavid, like Musa Akyiğitzade, was a graduate of Mülkiye School but unlike Akyiğitzade he was not in favor of National Economics; just the opposite, he was a follower of the liberal thought of his period. His "İlm-i İktisad" (The Science of Economics), in four volumes, was the most important book of the period.

It was mentioned in the preceding parts that after the initial years of the 2nd Constitutional Monarchy, during the 1910s, important changes had occurred in the Ottoman thought and while the ideology of
Ottomanism had rapidly declined, its place had been taken by nationalism. This transformation was reflected in the education of economics too, and the tradition of Ohannes Paşa and Mehmet Cavid was replaced by the eclectic thought of Charles Gide. Gide's book "Political Economy" was translated into Turkish and used as a textbook during this period. The staff of the economics professors in the Darülfünonun and Mükkiye School was expanded and some textbooks were written by these professors. It was pointed out above that the most important intellectual transformation during this period was the extension of nationalism. Reference was also made to the ideas of the two most prominent nationalist authors of the period, Ziya Gökalp and Yusuf Akçura. Of the two, Ziya Gökalp taught sociology at the Darülfünonun and Yusuf Akçura taught political history at the Ankara Law School. The opinions of these two authors on the education of economics will be explained in this part, also references will be made to their work.

In the meantime the Ottoman Empire was to collapse and the Turkish Republic was to be founded. After the declaration of the Republic, Ankara became a second center of education, after Istanbul. Economics courses were given at the Ankara Law School too. The leading teacher of economics in this school was Yusuf Kemal Tengirşen. Courses were given along the lines of the system of National Economics of List and Cauwes.

Courses in line with the eclectic approach, influenced by Gide, continued until the Darülfünonun was closed and replaced by the Istanbul University. The leading economics teacher of the last period of the Darülfünonun was İbrahim Fazıl Pelin. He was a weighty teacher with various books and articles on economics.
The Istanbul University Faculty of Economics, instituted in 1936, was a new beginning for the education of economics in Turkey. Professors of world reputation coming from Europe, and especially from Germany, taught classes in this new period. However, it must be admitted as a fact that, the Ottoman-Turkish economics education had a certain accumulation by then.

During the course of writing this part, attention has been paid to the chronology of events and the books of the teachers of the periods under study, especially those used as textbooks have been mentioned. As I have already pointed out, the ideas of those academics have been taken up in reference to their approach to: a) the theoretical and methodological themes of the science of economics, b) practical economic matters, and c) the dualism of the traditional structure-modernism existing in the Ottoman Empire and Turkey. Courses in finance have not been included in the study.

**DEVELOPMENT OF MODERN EDUCATION IN THE OTTOMAN EMPIRE**

Modern educational activities in the Ottoman Empire go back to the period before the Tanzimat Edict. This type of education was initially started to satisfy the military needs. The first school offering modern education was Hendesehane (School of Geometry), opened in 1733. Its founder was a French general, Comte de Bonneval, who assumed the name of Humbaraci Ahmet Paşa after joining the Ottoman army. Later two other military engineering schools were to be opened as the
continuation of the former. These were Mühendishane-i Bahri-i Hümayun (Engineering School of the Royal Navy) in 1773 and Mühendishane-i Berri-i Hümayun (Engineering School of the Royal Army) in 1795.

Modernization efforts in the field of education increased during the reign of Mahmut II. Education in the engineering schools was expanded and developed at that time. Ishak Efendi (1774-1836), who administered these schools, was a much reputed scholar in the engineering sciences of his time. His most well-known book was "Kitab-i Mecmu'a-i Ulum-u Riyaziye" (A Collection of Mathematical Sciences). This book was largely inspired by E. Bezout's work, "Course de Mathematiques". The work, which was in the nature of an encyclopedia, contained information on subjects such as mathematics, material sciences, chemistry and astronomy. This book was used for long years as a reference book for mathematics and material science in the educational life of the Ottoman Empire. (41) Ishak Efendi also wrote works on gun manufacturing, military engineering and ground geometry. J. de Key, a Frenchman who traveled to the Ottoman Empire in those years, described Ishak Efendi and the education at the engineering school:

"The system of teaching was interesting. There were 50-60 students in the classroom, all sitting on the floor. Some were young men of 20-25 years, some others were much younger, around 15. They listened to the teacher's lecture and took notes." (42)

"İshak Efendi sat on settee, reading passages from a book in a soft voice. He intermittently smoked tobacco. The subject of the lecture was classification and organization of soldiers. He then showed us his work in four volumes. I later recognized that this was a sort of Turkish encyclopedia cleverly adapted from French and used as a textbook." (43)
In addition to the development of the engineering schools during the reign of Mahmut 2nd, modern schools were instituted in two other important fields. These two schools were the School of Medicine and the Military School. The Military School was opened in 1825 and education was inaugurate by a ceremony with the presence of Mahmut II. (44) The School of Medicine started teaching in 1838. Classes were initially taught in French and converted into Turkish in later years. Mahmut II participated in the inauguration ceremony of the Medical School too and delivered an address important for the history of Ottoman education. In his address, the Sultan stated that the old medical books in Arabic and Turkish were far from being adequate for the needs of the day and therefore new books of medicine written in Europe must be studied. (45) Mac Farlane, a Britisher who had visited this school in 1847, wrote in his memories that he was surprised when he visited the library of the school, and he had not seen for a long time a collection of materialist philosophy of this vast scope. (46) Mac Farlane wrote:

"I was invited to a room at the school used by the physicians and assistant physicians. A book was lying on the table. When I looked at it I saw that it was "Systeme de la Nature," by Baron d' Holbach. I thought that this book was very popular at the school, because it looked quite used with marks in many places. The most marked parts were the passages proving the impossibility of God's existence through a mathematical approach." (47)

Numerous educational institutions providing modern education were opened during the post-Tanzimat period. Rüşdiye schools, İdadi schools, Sultanı schools (high schools), Darülmuallimin (Teachers school), Hukuk Mektebi (Law School), Müülkiye Mektebi (Civil Service School), Ziraat
Mektebi (School of Agriculture) were some of the schools opened during this period. (46)

While the modern educational institutions were multiplying in those years, the traditional schools also continued to exist. Ahmet Cevdet Paşa was the last important representative of the traditional Ottoman educational system. Ahmet Cevdet Paşa (1822–1895) had received medrese education, then gone into civil service. (49) He had vast schooling on the traditional Ottoman-Islam knowledge. He was a prolific writer. Ahmet Cevdet Paşa continued the traditional Ottoman classification and definition of sciences. In his work, "Beyan-ı Ünvan" (Presentation of Titles) he gave a scientific classification in the traditional sense and described the science of Economics as a normative science under the name of "İlim-i Tedbir-i Menzil."

Salih Zeki was the most important representative of the concept of modern science in those years. Salih Zeki (1864-1921), after a brilliant primary education was sent to Europe for further education. He studied Electrical engineering in Paris and worked on the philosophy of science. (50) Later he returned home and taught mathematics and physics in various schools. He was appointed President of the Darülfünun in 1913. (51) Salih Zeki translated four books by Henry Poincare and Alexi Bertrand. He wrote two books himself on the same subject. These were Asar-ı Bakiye (Permanent Works) and Kamus-u Riyaziyyat (Dictionary of Mathematics.) These were the first books on the philosophy of modern science, written in the Ottoman Empire. (52)

Salih Zeki was the representative of a period which followed Auguste Comte’s and J.S. Mill’s era of inductive view of science and was given new quests in the field of philosophy of science. This is the period
corresponding to the late years of the 19th and early years of the 20th centuries. Salih Zeki, in his article titled, "Probability-Economics," published in the Aşıyan magazine in 1907 stated his points of view on the theory of probability and statistical calculations and explained the relationship between these theories and the science of economics and other social sciences. Salih Zeki regarded knowledge in three degrees: "idea," "decision" and "certainty," and maintained that it was impossible to attain the degree of "certainty" in social sciences and economics. Below are quotations from an article reflecting Salih Zeki's ideas of science. It is remarkable that this article transcends the level of Ottoman education of the time. This article did not evoke any response from the economics teachers referred here under, nor did it lead to any controversy.

"If it were possible to absolutely define all the existing knowledge as in mathematics, our responses to the controversies among thinkers could be sure and valid. But since a great part of the human knowledge is only partially relevant to truth or it is relevant by a probability, the existence of knowledge acceptable by all is only imaginary.

The first step of human knowledge is "supposition." This is named "idea." The second step is "resolution." This second type of knowledge is called "decision." And the third step is "certainty." The knowledge designated "science" is at this stage.

Even "supposition" and "resolution" are not definite in theoretical sciences. For, the knowledge at these steps is not acceptable for everybody at the same degree. In theoretical mathematics, no problem can be solved by preference, because the problem cannot be responded to according to preference in mathematics. However, in a practical science, not supposition, but resolution would
be enough for a solution. For instance, a doctor – although it is impossible to understand the real reason of illness – can identify and cure the illness.

In the degree of “certainty” something would exist or not. So, there is only one level in this degree of knowledge. However, in the degree of “resolution” different levels of knowledge would exist since this knowledge is partially related to reality. But still, a decision taken in a practical problem would come close to reality. This can be done by the use of “probability calculation.”

In probability problems, when an event occurs, it is accepted that another basic factor lies at the background giving rise to that event, because nothing can happen in the world without reason. When a coin is thrown to the air, it is not by chance that it comes down heads or tails, but due to the result of the interaction of many factors which we cannot dream of calculating ...

The calculation of statistics which can be used for any social and economic sciences is called the “economic arithmetic” or “social arithmetic.” This arithmetic will also differentiate between the right and wrong use of statistics.

However, even the use of this arithmetic does not elevate our knowledge in this field to the level of “certainty.” There are three types of ignorance for this knowledge. The first is that we may not identify all of the causative factors behind an event. In the second type, possibly we cannot identify the most basic, the most important of these factors. And the third is the co-existence of the first two.” (53)
COURSES REFLECTING THE LOGIC OF MODERN ECONOMICS

In my opinion, in regard to the modernization of the Ottoman economic thought, the courses reflecting the methodology of modern economics are as important as the courses of the theory of political economy. In these classes, education was given along the lines of "rationalization," and the religious-philosophical approach of the medrese was rejected. During the period of study, courses were given reflecting the logic of modern-rational economics basely in three fields: Agricultural Economics, Geographical Economics and Home Economics.

The courses in Agricultural Economics were important during the period. We had already seen that the idea to start development in the field of agriculture had become prevalent among the Ottoman statesmen in the course of the liberal implementations after Tanzimat. Later, a School of Agriculture was instituted in Halkali and courses on Agricultural Economics were given at that school. Agop Zakaryan, who taught at the School of Agriculture at that time, wrote a book titled "Çiftlik İdaresi," in 1892. We learn by the introduction to the book that Zakaryan taught Practice at the Halkali School of Agriculture, and he also managed the model farm within the school. (55) According to Zakaryan it was impossible to deny the advantages and profits of agricultural development. His ideas on this subject were explained as follows in the introduction to the book:

"Agriculture, or in other words, farm management, is the art of having maximum utility and trade from a restricted part of land, by the use of capital, plants and animals, with the help of the necessary measures and administration ...
Agriculture nowadays is something more than ploughing, wrapping or trash: it has gained more importance and scope. Many sciences as chemistry, biology, etc., have to be learned in order to have a successful performance in agriculture. (56)

Zakaryan's book was written in eight parts, with the following contents:

1) **Capital**: In this part the author highlights the importance of capital ownership. The functions and duties of the agricultural banks are described. A sample of a petition to obtain a loan from a bank is also included in this part.

2) **Land**: This part explains how the land must be cultivated.

3) **Livestock**: There is various information in this part about animal husbandry and animal diseases.

4) **Product of Land**: This part deals rather with the ways for better production, quantity - and quality wise and how to store the produce. The required machinery are mentioned.

5) **Buildings**: This is about the buildings that are required for a farm and how to build them.

6) **Workers**: This is on how to manage the workers in order to obtain maximum produce.

7) **Legislation on Agriculture**: This part is about the legislation of land ownership and the legislation governing agriculture in the Ottoman Empire.
8) **Account Books of Agriculture**: This part explains how five different account books for the different subjects shall be kept, with examples for each.

İbrahim Fazıl Petin taught classes on Agricultural Economics at the Halkali School of Agriculture. He published a book in 1923. In the introduction to his book, İbrahim Fazıl is introduced as the teacher of Economics and Agricultural Accounting of Halkali School of Agriculture. The author describes agricultural economy in the first part of his book titled, "The Subject, Benefits and Description of Agricultural Economics":

"The science of economics studies, in general, the production, distribution, circulation and consumption of wealth and natural laws which control those activities. It shows the results of human behaviour in connection with those subjects. Agricultural economics is the application of the general laws of economics to the field of agriculture ...

Agriculture induces the production of wealth. But obtaining the appropriate profits from agriculture is not possible only by producing wealth; the rules of agriculture must be known and implemented ...

We can divide the knowledge pertaining to agricultural industry into two groups. The first group comprises external factors. These are population, rules of competition, market prices and similar matters. The internal factor are questions like: which crops should be raised, at which quantities, capital should be invested in what areas and in which amount, etc."

Although Agricultural Economics courses of İbrahim Fazıl were on the line of modern economic thought, Economic Geography and Home Economics courses, that will be discussed below, were rather traditional
in essence. Courses of Economic Geography were given at the Mülkiye School. A textbook for this course was written in 1911 by Mahmut Burhanettin. This book was in three volumes. The first volume included general information on economic geography. The second volume explained the geographical structure of Moslem countries like the Ottoman Empire, Iran, Afghanistan, Morocco, etc., and the third volume was about the economic structure of other countries, especially European countries.

The first volume studied especially the influence of geography on the economic structure. It also highlighted the importance of international trade for the development of the economic structure. The second and third volumes dealt with countries individually and provided information about their economic structures. These were general information about their agricultural and industrial products, quantities and varieties of their imports and exports and some other matters.

Home Economics courses were given at the school for girls. These schools were Lycées for Girls and Arts Schools for Girls. A textbook for these courses was published in 1909. The general information in this book concerns the place of woman in household management, arranging and cleaning a house, drawing up the family budget, patient care, first aid, a medicine box for household use and what it must contain, etc.

This book explained in detail how the economy of the household should be managed. The author wrote on this subject:

"A housewife must check her daily income and expenditure every evening. Otherwise she can not be successful in managing her home. You must learn, at this young age, the art of keeping an account book. A housewife must know all the needs of her home and how to satisfy these needs. She must be trained to be
economical from her very childhood. A housewife needs to keep three different account books. The first is a small book for daily accounts. The second is the main book in which all incomes and expenditures are entered. And the third is a special book for the kitchen in which all the kitchen expenditures are written in detail. A housewife may need to keep other books too." (60)

**THE MÜLKİYE SCHOOL AND ÖHANNES PAŞA**

The Mülkiye School was instituted in 1859 with the purpose to train the officials and civil servants required by the Ottoman Empire. But the proper foundation for education at this school was established only through a reorganization in 1877. Abdulhamid II, who ascended the throne in 1876 was particularly interested in this school and its students. (61) The reorganization in 1877 was effected after the pattern of the School of Administration in France. (62) At that time Mülkiye School offered a 3-year lycée and 2-year higher education course. Higher education was expanded to four years in 1891. The School was closed in 1915, and reopened three years later, in 1918 as an independent and private school. (63) This school was transferred in 1934 from Istanbul to Ankara and its name was changed to the School of Political Sciences. (64)

The Mülkiye School had courses in economics before 1877, although they were not regular and continual. From 1877 onwards courses in economics were made regular and continual. This was the first school where economics was taught. In addition to economics, the school also offered finance and statistics courses. Agricultural Economics and Geographical Economics were also taught at the Mülkiye School, although not on a continual basis. (65) A.Çankaya, in his book, "Mülkiye Tarihi ve Mülkiyeciler".
included a list of the teachers teaching these courses. We see by this list that the teachers of economics also taught finance and statistics, and the work in these three fields were close. The teachers teaching economics during the years under study were:

<table>
<thead>
<tr>
<th>Teacher</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ohannes Paşa</td>
<td>1877-1897</td>
</tr>
<tr>
<td>Mahmut Esat</td>
<td>1897-1906</td>
</tr>
<tr>
<td>Mehmet Cevâd</td>
<td>1906-1910</td>
</tr>
<tr>
<td>H. Tahsin Ayni</td>
<td>1910-1934</td>
</tr>
<tr>
<td>Hasan Saka</td>
<td>1934-1936</td>
</tr>
</tbody>
</table>

These courses were given originally under the title of "İlm-i Servet" (Science of Wealth), then the name was changed to İlm-i İktisat (Science of Economics). The science of economics was first introduced to the Ottoman lands on a regular and systematical basis through these courses.

Sakızlı Ohannes Paşa (Ohannes Pasha of Chios, d. 1912) was the instigator of these courses and the founder of this system. He occupied a very special position in the Ottoman Empire in the institution and development of the education of economics. Moreover, he taught these subjects for twenty years (1877-1897). Ohannes Paşa was educated in France and learned economics there. He returned to İstanbul in 1852. Later he assumed important positions in the Ottoman government. He was a member of the Committee which drafted the first Constitution of the Ottoman Empire in 1876. He was a member of two very important bodies of the Ottoman Government at the time: "Encümen-i Danış (Academy of Science) and Şura-i Devlet (The Council of State). He was also Minister of Hazine-i Hassa (Royal Treasury) for a time.
Ohannes Paşa was excellently conversant with his subject matter and left very deep impressions on his students through his lectures. He influenced many students during his time to learn the rudiments of the modern concept of economics and develop themselves. Musa Akyiğitçede and Mehmet Çevik, who were going to write books, one on the subject of protectionism, and the other on liberalism, during the period immediately after Ohannes Paşa, were educated at Mülkiye School. Ali Kemal, a pupil of Ohannes Paşa during the same period, writes about his teacher:

"Ohannes Paşa lectured excellently. He was very extensively schooled in the science of economics, and he taught what he knew. I was privileged to take this course from very distinguished teachers in Europe during later years. However, I am not exaggerating when I declare that this valuable teacher of Mülkiye School was as brilliant a teacher as the Europeans were." (66)

Ohannes Paşa was a proponent of the French tradition of liberal economics. He made a very substantial contribution to systematically introduce this system of thought to the Ottoman Empire. He defended economic freedom and the right of private ownership. He thought that the advancements in natural sciences and capital accumulation were the two basic factors of economic development.

Ohannes Paşa's book titled "Mebadi-i Īlm-i Servet-i Mīlel" (Principles of the Science of the Wealth of Nations) was printed in 1861 and was used as the basic textbook at Mülkiye School. In his book Ohannes Paşa, following the French tradition coming from J.B. Say, divided and studied economic activity in four groups: production,
circulation, division and consumption of wealth. This tradition was continued in the succeeding years in all books on economics - whether liberal, or for national economy, or of eclectic approach - in the Ottoman Empire and Turkish Republic analyzed in this paper and the modern Ottoman education of economics was carried along this scheme. Therefore, it is my opinion that it would be a service to include the outline of Ohannes Paşa's book, "Mebadi-i Ilm-i Servet-i Miile," hereunder. Ohannes Paşa also wrote a fifth part on the popular economic issues of his time and appended this part to the end of his book.

The outline of the book:

BOOK 1: THE PRODUCTION OF WEALTH

1) Capital
2) The nature of arts
3) The division of arts
4) Labor and perseverance
5) The principle of free production
6) The obstacles of the principle of free production
7) The principle of division of labor
8) Capital and principle of saving
9) Same detailed explanations on capital
10) Machines
11) Means of transportation
12) Supply and examples of agriculture
13) Land management
14) The right of property ownership
15) General security and other factors of wealth

BOOK 2: THE CIRCULATION OF WEALTH
1) Exchange
2) Value
3) Prices
4) Coined money
5) Coined money gold and silver
6) The problem of constant parity between gold and silver
7) The means of exchange used in place of coined money
8) The circulation of coins and banknotes
9) Economic credit
10) Banks
11) Banks of England and France
12) Free exchange
13) The principle of commercial equilibrium
14) The protection of domestic industry

BOOK 3: THE DIVISION OF WEALTH

1) Wages
2) The interest and income of capital
3) The income of the land

BOOK 4: THE CONSUMPTION OF WEALTH

1) General and individual expenditures
2) General taxes
3) Comparison of the tax methods
4) Debts

BOOK 5: CONCLUSION

1) The problem of population increase
2) Socialism and communism
3) Functions of the government

Ohannes Paşa's introduction to his book constitutes quite an important document in that it sheds light on the main characteristics of the Ottoman education of economics at that period. Ohannes Paşa first states his opinions on the science of economics (Science of Wealth).
According to him, certain laws are in force in social life, as in natural science and the function of the Science of Wealth is to bring forth those laws which are involved in the generation of wealth. Dhanes Paşa writes that the aim of political social sciences is to conduct researches on the material and mental life of the human societies and to help improve this life and the Science of the Wealth of Nations is one of these sciences. It studies and proves the natural laws which bring happiness to man. It has special methods of its own. On the other hand the science of politics is involved in how to ensure security and justice in the society and Ethics is about the human rights and duties. According to him the Science of the Wealth of Nations explains the labor of humans and how they will attain happiness through this labor. He explains his ideas about natural laws is as follows:

The human society, similar to the material world, is subject to natural laws and it develops, or cannot develop, according to how the natural laws are obeyed. The foremost of these laws is that man must labor in order to satisfy his needs. Some questions like how this labor must be performed to obtain maximum utility, how wealth can reach its maximum level, what situations cause decrements in wealth, etc., are the problems that the science of wealth deals with.

In short, this science of wealth discovers and proves the laws that govern the material development of the human society, but it does not invent any rules. For instance, it proves the validity of the natural law that work and saving lead to the increment of wealth. It is a fact that no society in the world is inclined to laziness and fun. Also, as civilization advances, people aspire to a higher degree of prosperity. The Science of Wealth shows the inclination of humans in this direction and also proves the necessity of the principles of free production to successfully channel this inclination to development.
According to him as this science is involved with increasing the material utility in the society and as individuals are each a part of the society, the individuals cannot be thought as outside the scope of this science. Artisans, merchants and other members of the society must know how their wealth can be increased. Government officials also have to know these rules so that they can contribute to the increase of wealth.

Ohannes Paşa, after establishing these basic principles of the liberal concept of economics, goes on to explain how these principles are utilized in the international area. We can detect the relationship between the liberal principles and the ideology of Ottomanism based on the cooperation of the various nations effective in the Ottoman Empire at that time in Ohannes Paşa’s writings.

According to him it was believed in the past that when an individual got rich, this would impoverish those about him and similarly, people thought that the enrichment of a nation would impoverish other nations. He says that the Science of Wealth has proven just the opposite, that the wealth of an individual will cause his neighbors to prosper and the wealth of a nation will contribute to the prosperity of other nations. The reason of this fallacy in the past was the thought that the only source of wealth was the precious metals like gold and silver. According to this opinion in order that a nation could prosper, she had to accumulate more gold and silver. The Science of Wealth has proven how wrong this old belief was. He gives the example of two neighboring cities to explain the validity of this proposition. He says that if one of the cities possesses a large amount of precious metals and the other one works hard and produces new products, it is a fact that ultimately the first city will have
to pay all the precious metals it owns to the second city, in time. But Dhanes Paşa accepts that at the present there is not sufficient cooperation among countries. However, he says, that the Science of Wealth is a recent science and the verity of the laws it has put forward will be understood in time.

Dhanes Paşa then writes about the development of the Science of Wealth. Giving information about the contents of the book, he also explains his aim in writing this book:

"There was no printed work about this science 120 years ago. A group of philosophers in France, designating themselves as the "physiocrats," laid the foundations of this science. At that time the Science of Wealth was a part of the science of Politics. In 1776 Adam Smith wrote his basic work of this science in England and put forth its main rules. After Smith, Jean Baptiste Say, a Frenchman, made some new contributions to this science.

The Science of Wealth spread to all the European countries after that and was included in the university curricula in those countries. Owing to the bounty of our Sultan, it has been included in the educational curriculum of the Mülkiye School too. This has been one of the important manifestations of the sagacious rule of the sovereign.

It was possible for me to merely translate a book on this science written by a foreigner. This would be much easier. However, foreign books are rather more concerned with their home affairs. Secondly, most of the foreign books are specialized on a specific issue. Some parts are too long, some too condensed. Because of all this I decided to write a book myself. There are quotations in the book from the works of the contemporary European economists but the main parts have been written by myself. Also, I have supplemented many parts with various examples with the purpose to help laymen..."
understand the book more easily. For richer examples, other books must be read.

I have used a simple language to facilitate the reading of the book. I beseech the readers to overlook any mistakes, for, this book is only a beginning for future works in this field in our country." (67)

It was pointed out in the preceding parts of this thesis that a rather centralized-holist concept of economics prevailed during the classical Ottoman era. Channes Paşa defends in this book a modernistic-individualist logic of economics, contrary to the traditional concept. He emphasized in his book the right of private ownership and the right of inheritance. He thought that those two rights were the two basic principles for the accumulation of wealth and the advancement of civilization. He explains his opinions on this issue in the part under the heading of "the Right to Acquire Property". He says that there are certain rules and principles on production that unless implemented, industry cannot develop. The foremost of these principles is the right to privately own property. According to him, this principle implies making use of a piece of property without outside intervention. This principle is a natural law implicit in human character. Its effects can be seen from the most primitive tribes to the most civilized societies. Putting this right under guarantee is a sign of development in a society. He says that European philosophers have put forward various systems on the exercise of the right of private ownership. These people have accepted, in general, the "principle of the first user" and this means that the person who has first used a piece of vacant land acquires its ownership. The economists of the present age have built the Science of Wealth upon the foundation of this
principle and according to them, the natural force (that is, the freedom to choose what one likes) of man is his most important characteristic. And it is his most natural right to freely own the things he has created and produced by this characteristic. Man can dispose his possessions as he likes - sell or consume them, or capitalize them for his future investments. (68)

The principle of free production complements the rights of private ownership and inheritance. Under this principle, individuals must be able to choose their work and freely set down the price of the products resulting from their labor. His profit or loss must be entirely determined by his decision. (69) Ohannes Paşa maintains that this type of system is the most suitable to human nature. Moreover, men achieves his greatest success when they work in the field in which they have the most aptitude. Ohannes Paşa continues to write:

"When the free production principle is forbidden or restricted, the individuals in the society will be prevented from taking up the work for which they have the greatest talent. Their natural force will be weakened. Consequently, the total wealth of the society will not increase. Monopolies and some other types of protection restricting this principle also repress this free production principle. When a protectionist policy is implemented in connection with the production of a product, the natural force of the unprotected producer is to be weakened. And those who are protected will not be ready to work at maximum capacity, being already ensured of profit." (70)

Ohannes Paşa was decisively against protectionist economic policies. He thought that protectionism would result in the lowering of the level of wealth in a country, because the domestic product which enjoys
protection would cost higher than foreign products - this is the gist of protectionism. Therefore the public will be obliged to pay higher prices for their purchases. This means a lower level of wealth for the public.

According to Ohannes Paşa, protectionist policies are most harmful for workers, peasants and other low-income groups. (71) He believes that the sole function of the state is to establish order and security in the society. In this way, the state must maintain order in the economic life, without however, interfering with it. Ohannes Paşa is against the system of state control, socialism and communism.

Ohannes Paşa was a follower of J.B. Say through his writings on the theory of value too. He differed from the labor theory of value of the classical British economists. He thought that all economic activities providing utility had a value. What measures the value is the market. Ohannes Paşa wrote:

"The exchange of goods is the basis of material life and production depends on the exchange of goods. Men can not produce only for consumption, they need to exchange what they produce with other products. Therefore, the theory of value is an important issue of the science of wealth. The value of goods can be expressed in many various ways. But the main thing is its value in exchange. This is the condition Adam Smith defined as "the value in exchange." The Science of Wealth is not in the guest of an ethical or philosophical definition of value." (72)

Monetary and fiscal issues have a substantial part in Ohannes Paşa's work. In answer to the question of whether it is more appropriate to use gold or silver as the medium of exchange, Ohannes Paşa states that both precious metals can be used, however the main issue is to whether to set a constant parity between these two metals or not and he explains the
advantages and disadvantages of having a constant parity or not. (73) Moreover, pointing out that circulating banknotes instead of money was becoming widespread in the world, he gives information about this system. (74)

This liberal system proposed by Ohannes Paşa was taught, for more than thirty years, at the Mülkiye School. This is quite important for analyzing the said period of Ottoman economic thought. Attention had been called in the preceding paragraphs to an important relationship between liberal thought and the ideology of Ottomanism. It can be mentioned, as a second point of significance, that the "fiscalist" concept of the traditional Ottoman economic thought supported the liberal concept put forward in Ohannes Paşa's book. If we accept the liberalism of this period as a continuation of the "fiscalist" economic logic of the classical period, we bring justification to the argument that the liberalism and the reforms of the Tanzimat were essentially no more than an effort to sustain the traditional-bureaucratic-equalitarian structure of the Ottoman Empire. On the other hand, Ohannes Paşa has not stressed, in his book especially the rights of private ownership and inheritance, in vain. It could be maintained that Ohannes Paşa was in an endeavor to avoid the discrepancy of defending the liberal system on the one hand, and arguing in favor of the necessity of state intervention for a rapid conversion to liberalism. However, there is still need to debate whether this economic policy proposed by Ohannes Paşa was sufficient or not for the materialization of the economic development needed by the Ottoman Empire in those years. It can be seen by Ohannes Paşa's book that the author did not have any concern about taking rapid action and effecting reforms to lead to quick solutions. It can be said that the liberal tendency at this period paid
attention in the first place, not to upset the "sensitive equilibrium," maintained by the multinational system of the Empire. The administration was for a soft and deliberate conversion to a modern economic structure without upsetting the equilibrium. And this required the preservation of the centralized bureaucratic power already traditionally possessed by the State.

Ohannes Paşa, in addition to being a leading representative of the Tanzimat liberalism, also occupied a prominent position in the Ottoman economic thought by virtue of being the founder of the education of modern economics in the Ottoman Empire. Modern economics began to take root in the Ottoman lands only with the start of this education at the Mülkiye School. This is proved by the fact that Musa Akyiğitzade and Mehmet Cavid, two economists who wrote books in the early 1900s, during the period immediately after Ohannes Paşa, were both graduate of the Mülkiye School.

_PROTECTIONISM AND MUSA AKYIĞİTZADE_

Musa Akyiğitzade (1865-1923) was a Turk born in Kazan, who later moved to Istanbul for his education. Akyiğitzade, a graduate of the Mülkiye School, was probably a pupil of Ohannes Paşa. After his graduation he took office as sub-governor in various towns. Later he was appointed French instructor to the Military School and Economics instructor to the War Academy. (75) His book, "İktisad Yahut İlm-i Servet" (Economics or Science of Wealth) was printed in 1899. Akyiğitzade, in addition to this work, also published a novel, "Hüseyin Molla", which was
the first novel among the Northern Turks, written with the European inspiration. (76)

Akyiğitzade's book is rather a booklet of sixty two pages. (77) The main theme of the book is the advantages and disadvantages of the free trade and protectionism. Akyiğitzade explains in his work the advantages and disadvantages of both systems in detail. As a conclusion he defends the opinion that the implementation of a protectionist-industrialist system would yield more beneficial results for the Ottoman Empire. The author, in the introduction to his book, explains his aims in writing this book and by which authors he was inspired in his writing. He writes that he has spent a big effort to study the European literature on the Science of Wealth. This science is taught as a course at the Civil Service and Law Schools of Europe and is known in French as Economics. He believes that the branch of the Science of Economics dealing with the issues of free trade and protectionism is very advantageous for Ottoman Empire. He says that the conclusions put forward by this branch of the Science of Economics are not in conflict with the points of view of the famed German economist List, nor Paul Cauwes who taught economics at the French schools. The importance and advantages of industry and commerce are not denied by the professors of the Ottoman, French, German, etc., universities; rather this importance is underlined in the works of those professors. (78)

Akyiğitzade states that, in order to better comprehend the free trade versus protectionism debates which was the main point of controversy in the science of economics in those years, the opinions put forward by both sides should be assessed in detail. He explains the points
of view of both sides in the first part of his book, covering twenty one pages. After this introductory part he goes on to state his own views.

According to him, the idea of the specialization of each nation in the area she is most competent, as proposed by the proponents of free trade, is really a very good principle. However, he says, we have to think in greater detail before we reach a decision on this matter. According to this point of view of free trade, all countries must refrain from specialization in other fields. While a certain country becomes specialized in mining, another must be oriented to agriculture, and a third to industry. However, he adds, this kind of thinking contradicts the realities of the history of economics. The history of economics shows that not one society has had a line of development in the economic life that exactly dovetails with the others. The history of production has passed through various stages. Societies were first engaged in hunting, then in animal husbandry and later in agriculture. They have come to the stage of industrialization only recently. He says that the industrialization stage does not implicate the rejection of the agricultural sector. The development of industry in a country will cause the development of agriculture too. According to Akyiğitzağ, in order to have genuine competition among countries, the industrial power of the countries must be exactly at the same level. However, the history of economics teaches that no two countries in the world have exactly the same economic power. If one country is advanced in industry and another one is backward, how is competition to be materialized between the two? The natural result of such a competition would be the economic collapse of the weaker one, he says. (79)

Musa Akyiğitzağ, after thus stating his preference in favor of protectionist policies, he points out that protectionist policies can also
have some harmful results and explains the points to which attention must be paid during implementation. Akyiğitzade especially underlines the Customs Tariffs. He writes, if Customs Tariffs are excessively high, they may lead to undesirable results in the long run. They may cause home industry to remain idle and to lose its economic vitality. Then, the protection exercised becomes completely useless. It must be remembered that this is a point most urgently stressed by the advocates of free trade. (80)

Akyiğitzade continues to defend protectionist policies in further chapters of the book, by putting forward the concept of "economic dependence". According to him it is true that extra capital expenditures will be made and the capitalists will realize enormous profits in a country where a protectionist economic policy is practiced. But the industry that has been set up will have the chance to produce high quality products during the second round. He says that the history of economics teaches that countries whose economies are based on agriculture become dependent on the countries whose economies are industry-based. According to him the situation between the United States and Britain is a very good example. America, before her efforts in industry, was dependent on Britain and got free of this dependence only through industrialization. (81)

Akyiğitzade then continues with the definition of an "organic" society, propounded by the advocates of a protectionist economy. He says that a society, like a human body, is composed of various organs. The economic forces in the society are like the organs of a body. Each skill in the society is a part of the general whole. All economic skills in the society—industry, agriculture, commerce, etc., must be strengthened separately through hard work. According to him this principle is true for
the human body too. Each organ has a specific function. However, their capacities must be developed to well perform their functions. For instance, the ears by hearing more, the eyes by seeing more, can augment their already existing abilities. If a man has not heard any sound during his life, the hearing capacity of his ear would be weakened. Similarly, he says, if there is no effort in a society in the direction of industrialization, the talent of the society in this area will be atrophied. Therefore, if an economically developed society is desired, it is necessary to work in all areas of economic activity. (82)

Akyiğitzade, in this context, does not approve that a country should concentrate only on industrialization. According to him putting excessive emphasis on industrialization to the detriment and neglect of the other sectors has also some harmful consequences. He says that the well-known German economist List has pointed out that industrialization provided the chance to direct other unindustrialized countries, but despite this, did not solve everything. He says that there are presently forty two million looms in England which satisfy the clothing needs of the world. In the event of a commercial or political crisis, what are the workers manning these forty two million looms to do? England must think on this, he says. He adds that this situation is the only shortcoming of an entirely industrialized society. (83)

Musa Akyiğitzade avoided, throughout the book, criticizing the economic policies practiced in the Ottoman Empire. But we can find several sentences towards the end of the book which express his dissatisfaction with the policies in practice. Akyiğitzade wrote:

"There is no country today even in the Western world, where the system propounded by the defenders of free
trade is practiced in full. The staunchest follower of this policy is England since she is the first country in world to instigate the industrialization movement. The average eight percent Customs Tariff in the Ottoman Empire cannot be regarded as a protectionist policy." (84)

Akyiğitzade was careful to use especially the words "free trade" and "protectionism" in his book. Although List and Cauwes were referred to several times, there is no mention of the expression "National Economics" in the book. It is clear that this was done with the purpose to avoid taking an attitude contrary to the official policy of that time. For, in The systems of List and Cauwes, the most appropriate model of society for industrialization, which is the most developed form of society, is a national state.

Those years, corresponding to the end of the 19th and beginning of the 20th centuries, are the years when the ideal of nationalism was spreading among the Turks in the Ottoman Empire. Naturally, Musa Akyiğitzade, a Northern Turk born in Kast, was to support this trend. His book was the first work defending comprehensively the protectionists points of view in the Ottoman Empire. Through this aspect, the book has an important place in the Ottoman economic thought. Another remarkable point is that Musa Akyiğitzade taught economics at the War Academy, rather than at another educational institution. Many officers who were later to play effective parts during the last years of the Ottoman Empire and the early years of the Republic were students at the War Academy in those years. The fact that Musa Akyiğitzade taught economics at the War Academy supports the opinion that the Turkish nationalism was first spread in the Ottoman Empire in the military circles.
MEHMET CAVID

Mehmet Cavid (1875-1926), like Musa Akgiğitzade, is a graduate of the Mülkiye School. He manifested a special interest in the science of economics on his undergraduate years and worked on this subject after graduation. He started teaching economics at the Sultanahmet Lycée. His work in four volumes, entitled "İrm-i İktisad", was printed during 1899-1900. His later book, "İhsaiyet" (Statistics) was printed in 1909, and an abridged version of his "İrm-i İktisad" intended as a lycée textbook, in 1910. Mehmet Cavid taught economics at the Darülfünun Law School and at the Mülkiye School after the declaration of the Second Constitutional Period in 1906. But he quitted his teaching positions after a few years and went into politics within the ranks the İttihat and Terakki (Union and Progress) Party. In later years Mehmet Cavid assumed the office of Minister of State in the governments of Union and Progress Party. During his office as Minister of Finance he gained fame by his efforts at abolishing the capitulations. He also acted as the Chairman of the Izmir Economic Congress, convened in 1923, which played an effective party in forming the economic policies of the early years of the Republic.

Although he was the most important representative of liberal thought in this era, Mehmet Cavid was not a direct follower of "classical liberalism" of Ohannes Paşa. Mehmet Cavid deviated from this tradition and was drawn to the new current of liberalism, developing in Europe at that time under the influence of J.S. Mill and J.N. Keynes. Mehmet Cavid, stating in the preface of his book that there must be a differentiation between the Art and the Science of Economics, apportioned an important
part of his book to methodology. This book was also under the French influence and analyzed economic activities in four main parts, as J.B. Say had done. The relation of economics and the methodology of economics to other sciences was explained in the preface.

The first point reflecting Mehmet Cavid's variation from the Ghanıes Paşa tradition is what he wrote about the title of this science. He argued that the title "İlm-i Servet" (The Science of Wealth) used in the Ottoman Empire until then must be abandoned and that "İlm-i İktisat" (The Science of Economics) would be a more appropriate name. He wrote the following on this subject:

"The title, "the Science of Wealth" was taken from Adam Smith's well-known book. But even the famous European authors have now abandoned this name. They have also abandoned the title of "Political Economy" they have been using for this science as it relates to the science of politics. Instead, they are using now the term, "Science of Economics." The term "İlm-i İktisat" I have been using is the exact counterpart of this new title used in Europe." (66)

Mehmet Cavid underlined the differentiation of the Science of Economics and the Art of Economics and explained why such a differentiation was necessary in the further pages of the introduction to his book. Mehmet Cavid wrote:

"Both the Science of Economics and the Art of Economics are necessary to review economic events. Differentiation between these two are both helpful and essential. The objective of the Science of Economics is to discover the laws governing economic events. For this purpose, it is necessary to search into the relations lying economic events to each other. The function of the Science of Economics remains exclusively in this context."
The Art of Economics, on the other hand, pursues the objective to look for the best means to be used for attaining some specific aims. It does not analyse general realities, but concentrates on the issues of the day. It is not its function to prove cases ..."

Mehmet Cavid not only distinguished Science and Art, he stated that the practice and the theory must also be differentiated. He says that just as Science and Art of Economics are differentiated from each other, similarly the theory and the practice must also be differentiated. Both the Science and the Art of Economics have theoretical bases, while practice comprises only implementation and execution. (67)

Mehmet Cavid maintained in his book that the only method valid for the Science of Economics was the method of observation and that deduction could not be the method of this science. (68) Even if there was no opportunity to reproduce the same experiment many times as in technical sciences, similar events could be made use of in this science too, he stated. He says that, if in the science of chemistry, the same event is repeated hundreds or thousands of times, we get the identical result. But in the science of economics it is not possible to even reproduce the same event as exactly similar to the previous event. For this very reason, economists must make lots of observations and reach conclusions only after that. The findings of previous observations show that there are laws in this science, as in technical sciences. (69)

Mehmet Cavid’s opinions on this subject were rather close to J.S. Mill’s inductivist-positivist point of view, mentioned in the previous chapters. The author maintained in this same context that only the
"tendency laws" could be valid in the science of economics. Mehmet Cavid writes on this subject that, those who argue that there cannot be valid laws for the science of economics, maintain that similar events do not always reproduce similar results. He says, it is true that in economics the same events do not always reproduce the same results. But this does not mean that there are not any laws in economics. It must be remembered that this condition exists for the natural sciences too. He also answered the second way of thinking arguing that economic laws are merely political laws and they can be modified by political and social powers by saying that, it is also wrong. He says that, laws that are naturally inherent in the economic life will ultimately gain supremacy over political and social pressures:

However, it would be wrong to assert that all these economic laws which we believe to exist would yield identical results at all times and at all points in the world. But there are certain laws which are valid anywhere and any time. For instance, the law of supply and demand is one of those. In the event the quantity of a product supplied to the market exceeds the demand, then the price of that product will go down, and contrarily, in the event the supply falls short of the demand, the price will increase. This law is exactly valid in England, France, Russia, or among the Eskimos. Under another law, the value of the currency of even a very wealthy nation drops when there is an excess amount of money in circulation. The laws of interest, profit, salary, property ownership and competition are other examples of this type of universally valid laws of economics.  

Mehmet Cavid underlined, the importance of the concept of "competition" in his book. According to him, competition was one of the most important characteristics of humanity for the advancement of
civilization. This was a natural law, inherent in the nature of man. Mehmet Cavid wrote:

"Competition is such an important event in Economics that without its existence Economics loses its characteristic of being a science." (91)

Mehmet Cavid thought that a perfectly competitive economic system was essential for the economic development of societies. But this kind of development was confronted with many obstacles throughout history. Starting from this point, Mehmet Cavid criticized the logic of economics and the guild system of the classical Ottoman period. He says that the emergence of the basic conditions of free production in a society is no easy matter. According to him the Ottoman Empire was not an exception to this rule. Two types of production, in general, were effective in the traditional Ottoman system:

i) the cooperative system of artisans (the guild system)

ii) the production for self consumption.

Mehmet Cavid writes that, as the result of this system people of Ottoman Empire could not sufficiently benefit by what they produced and they lost wealth. (92)

Mehmet Cavid attached great importance to the rights of private ownership and inheritance. He believed that both of these were natural laws intrinsic to human nature. Mehmet Cavid, stressing that despite this characteristic, these rights were restricted in various degrees in many societies, severely criticized the restrictions:

"The right of inheritance, just like the right to acquire private property, is a natural right of humans. Man's right
of ownership on his home and land must not be restricted ...

Let's assume that an individual died and his property passed to the State. Well, what will the State do with this property, won't it be resold? In truth, no administrative rule can be so unfair ... In terms of the science of economics, the right of inheritance leads to accumulation of wealth and this, in turn, encourages people to work harder and to earn money." (93)

The book, after the French tradition, analyzes economic activity in four groups. The main themes of the book are as follows:


PART 3: Division of Wealth: Rent on Land, Management of Land, Interest, Factors Determining Salaries, Trade Unions.

PART 4: Circulation of Wealth: Barter, Value, Currency, Credits, Banknotes, Cooperation of Producers.

PART 5: Consumption of Wealth: Types of Consumption, Saving, Insurance Companies, Nonworkers, Poverty, Economic Crises, Taxes, Borrowing.

Mehmet Cavid added a part to the end of his book containing brief biographies and the works of famous economists. This part includes many economists as Smith, Ricardo, Marshall, List, Wagner, Say, Bastiat, Gide and others.
Another work of Mehmet Cavid used as a textbook, was "İhsaniyyet" published in 1910. He explained in this book the importance of statistics in social sciences and how statistical data would be compiled. Mathematical processes are not explained in the book. Population census is described in detail.

Mehmet Cavid emphasized the importance of statistics for the modern state and for business management in the introduction to his book, stating that not only practicers, but theoreticians as well, realized the importance of this science, and explained this as follows:

"There is no orderly functioning government in the recent ages, which does not utilize up-to-date statistics. This information is utilized at all functions of the modern government. If governments do not have financial statistics, how are they to determine their financial policies? How can a government, ignorant of the annual public revenues and expenditures, arrange taxation?" (94)

This book can be regarded as complementary to the system of M. Cavid who differentiates between the Science of Economics and the Art of Economics in his book "İhm-i İktisad" and defends an inductive method.

Mehmet Cavid deviated from the "fiscalist" approach, the classical liberalism represented by Ohannes Paşa and was closer to the ideas of the orthodox economists. He practiced himself the principle, "an economist must have a specialized voice in the art of policy making. "expressed by Marshall. During his office as Minister, he worked toward abolishing the capitulations and supporting national banks and companies. This transformation is quite significant for the analysis of the Ottoman economic thought. This body of theory had the characteristic of conferring
rights to the Ottoman liberals to liberalize the economic life of the society. It is dispensable how realistic was the idea that the Ottoman state and economic order, which already had a centralist-bureaucratic nature, would convert, of its own, gradually to liberalism. After this period, the representative of the Ottoman liberalism was no more Ohannes Paşa, but Mehmet Cavid.

It needs to stressed at this point that the social context of the liberalism put forward by Mehmet Cavid and of the national economy approach were quite appropriate. The modern-liberal state, advocated by Mehmet Cavid, was a national state. His efforts, during his Ministry, towards the nationalization of the economic structure, and his chairmanship of the İzmir Economic Congress were not ineffectual. During this period while the liberals argued that free trade would give impetus to economic development, the advocates of a national economy defended protectionism. However, the proponents of a national economy displayed a variance in terms of the social dimension of the policy they championed. Whereas Yusuf Akçura believed in the necessity of a rapid conversion to a full capitalist system, Ziya Gökalp had some reservations about such a conversion. He was for a rather solidarist direction. On the other hand, Ş.S. Aydemir put forward, in his articles published in the Kadro Journal, a national economic concept based on a bureaucratic state capitalism.

According to the liberal approach represented by Mehmet Cavid, the state must build an economic structure operating by free trade principles and on the other hand must support national companies and work towards creating a class of bourgeoisie. But at this point, a clash between these policies and the bureaucratic tradition rooted in the Ottoman government became inevitable. For, these policies necessitated that the
bureaucrats, holding all power for long centuries, should relinquish this power to people of "more inferior position," of their own volition.

EDUCATION OF ECONOMICS AT DARÜLFÜNUN; INITIAL YEARS

It was the desire of many Ottoman intellectuals during the second half of the 19th century to have a university founded to provide education in the Ottoman Empire along the lines of the tradition of modern science. (95) There were two experiments, both failures, in 1869 and 1879. At the third initiative, Darülfünun was founded. This time it was successful and Darülfünun carried out a systematic educational program until it gave way to the Istanbul University. Darülfünun has an important place in the history of Ottoman modern education, because, it was conceived, not as an institution to educate the required government officials as the formerly existing schools, but rather as an educational center integrating those institutions. Darülfünun was initially organized as three schools: School of Theology, School of Letters and Arts and School of Mathematics and Natural Sciences. Fikih (Canon Law), Kelâm (the Study of Quran), Hadis (traditions from the Prophet) and similar subjects were taught at the School of Theology. The School of Letters and Arts offered courses in Ottoman, Arab, Persian and French Literature, General History, Ottoman History, Educational Methods, etc. Some of the courses of the School of Mathematics and Sciences were Geometry, Algebra, Chemistry,
Biology, etc. (96) The books of the higher educational institutions of the period were used as textbooks and translations from foreign languages were rendered, when necessary. (97) The number of the students was very few in the initial years of Darülfünun and it lacked a building of its own. Classes were held in a part of Mülkiye School allocated to Darülfünun. The Principal of Mülkiye School was also Darülfünun’s Principal. (98)

There was a reform at Darülfünun after 1908. First of all Darülfünun was given a building of its own. Two high schools, the Medical School and the Law School were attached to Darülfünun, thereby increasing the number of the schools to five. (99) At the same period courses in economics were added to the Law School and School of Letters and Arts curricula. (100) But economics courses were deleted after a while from the curriculum of the School of Letters and Arts, which left economics courses in Darülfünun only at the Law School. (101) After the Second Constitutional Monarchy, in 1908, Mehmet Cavid was appointed to teach economics at Darülfünun until 1910. During the same period, the title of this course given at the Mülkiye School under the title of “İlm-i Servet” (Science of Wealth) was changed to “İlm-i İktisad” (Science of Economics.) This change shows that Mehmet Cavid’s orthodox approach replaced Dhanes Paşa’s classical-liberal concept after 1908.

But this situation did not continue for long. New quests in the education of economics started in the 1910s. Charles Gide’s work, “Courses of Political Economy,” translated into in four volumes, in 1915, 1916 and 1919, was the representative of this new era. This was a book written as a textbook for French universities. The book, reflecting the French eclectic thought of those years, was an encyclopedic work introducing almost all the trends of that time in the science of economics. Economic activities,
again in line with the French tradition, were analyzed under four main headings. There was almost no difference of syntax between this book and the books of Öhannes Paşa and Mehmet Cavid.

It is a matter for thought why, in the education of economics, the liberal tradition followed by Öhannes Paşa and Mehmet Cavid, was gradually abandoned and an inclination toward Ch. Gide in the 1915s prevailed. At the time the Ottoman Empire had relinquished much of the lands it governed and substantially lost its characteristics of an empire. Moreover, Turkish nationalism flourished rapidly after 1908. It was natural for the Darülfünun professors to turn towards an eclectic and impartial education in the midst of this intellectual controversy. Charles Gide's above mentioned book was translated into Turkish not by an individual, but by a committee of economics teachers. In addition, the economics teachers during this period also had their lecture notes printed in book form, to be distributed at Darülfünun. These works were also influenced by Gide.

It was observed that after 1910, the Law School of Darülfünun dominated Mülkiye School in the field of economics education. However, it is not possible to completely separate these two educational institutions. Frequently, in those years, the same teachers taught both at the Law School and at the Mülkiye School. Those teachers also happened to teach Finance and Statistics classes. The prominent teachers of the economics classes after Mehmet Cavid are listed below:

Mustafa Zühdû was one of the renowned economists of this period. In addition to economics courses, he also taught statistics at the Law School and at Mülkiye School. (102) His lecture notes on economics, prepared for the second year students of the Law School, were published.
(103) He was a member of the committee translating Ch. Gide’s book. (104) Another point that has to be said about M. Zühdü is that he was a close friend of Y. Akçura and was one of the founders of the first nationalist party of Turks in Ottoman Empire with him.

Hasan Tahsin Ayni taught both Economics and Finance. He taught for long years at Mülkiye School. (105) He was a member of the committee translating Ch. Gide’s book.

Abdülahmid Mithat taught both Law and Economics. His lecture notes were published within Darülfünnun. (106) He also taught Sociology courses together with Ziya Gökalp. (107)

İbrahim Fazıl taught economics during this period. His lecture notes were also published in book form. (108) It was mentioned above in this paper that he taught Agricultural Economics too, and his book on this subject was introduced. (109)

İbrahim Fazıl, who was also a teacher of Finance, became the leading Economics Professor of the Darülfünnun Law School after the Republic. His work during this period will be analyzed below as a separate section.

German and Austrian professors also lectured at Darülfünnun during the 1916-18 period, pursuant to protocols concluded with Germany and Austria. Two of these professors taught various economics classes. (110) It is very probable that the said individuals taught along the lines of the German Historical School. However, according to our findings, this period, which coincided with the hardest years of the First World War, did not leave lasting impressions on the Ottoman economics education.
THE DEVELOPMENT OF NATIONALISM

It was mentioned several times in the earlier chapters of this thesis that Turkish nationalism had developed very rapidly during the 1910s and left its mark on this decade, as well as on the subsequent years. It was also written that Ziya Gökalp and Yusuf Akçura were the two important representatives of this trend. Both these scholars taught at the universities. Ziya Gökalp was the founder of the Sociology Department of Darülüşünun and he taught at this Department. Yusuf Akçura taught Political History at the Ankara Law School after the Republic. Both had published textbooks. The author of this paper has taught it to be helpful to review the ideas of these two scholars on the Science of Economics by going through their textbooks.

Ziya Gökalp (1876-1924) established the Sociology courses at the Darülüşünun School of Letters and Arts. Born in Diyarbakır, Gökalp never traveled outside of Turkey. He received the classical Islamic culture from his family. Later he learned French and was introduced to Western culture.

Ziya Gökalp was inspired by the French solidarism and by Durkheim. We had seen in the previous chapters that he had certain reservations about the full capitalistic order of this trend and that he was not satisfied by this order. This trend of thought, which was rather "methodologically holist," was very closely attached to the use of a scientific approach. Its advocates pursued Auguste Comte's Positivist Philosophy. Ziya Gökalp was attempted to bring solutions to the problems of the Ottoman society through the ideas and the methodological approach he adopted from this trend. Gökalp, while proposing a gradual transition to
a modern society, at the same time was for making use of the experience
Europe had gone through to preserve the social institutions which depended
upon social cooperation such as religion, ethics and family. His approach
was holistic. In this thinking, the group was something different from the
sum of the individuals, it had an integrity of its own. (112)

The concept of economic development occupied an important
position in Gökalp’s system. For this purpose, he regarded industrialization
as essential and supported the National Economics theory. However, he did
not believe in the materialization of this development through an
individualist action. In order to comprehend the social order propounded by
Gökalp, concept of patriotism as he used it, must be examined. According
to this concept, the individual must sacrifice himself for the community
and must protect the interests of the community as keenly as his own
interests.

Gökalp taught that patriotism was multifaceted; it could be
religious, ethical, legal, etc. Economic patriotism was one of the most
important types of patriotism. A monograph written by Gökalp on this
theme explains his ideas concerning this issue as well as his points of
view on the Ottoman education of economics. Gökalp criticized in this
monograph the cosmopolitan structure of liberal economics. Ziya Gökalp
wrote:

"Economics was believed to be a cosmopolitan event until
recently. The "Manchester Economics", still taught in our
public schools," was based on this point of view. How can
we still speak of economic patriotism as long as such a
formal science which reflects the "Laissez faire, laissez
passer" concept is in existence?
However, we need no more concern ourselves with this. It
is realized now that the "Manchester Economics" is
nothing but the national economics of Britain. Initially, John Ray, an American and Frederich List, a German, developed the national economics system. The economists of other countries joined this trend. But just us! We remained as the deceived people.

Although our schools offer cosmopolitan education, it is not as if there have not been certain developments in the direction of economic patriotism. For example, Ahmet Vefik Paşa, who is famous for his translations from Moliere, used only domestic products and turned his back to foreign products with dislike. Especially recently, some national cooperatives have been set up supporting national production."

Further in the monograph, Gökalp praised the policies of the Union and Progress Party supporting national economics:

"The national firms that were set up were small and owned by individuals. The State was unable to get free of the influence of the Manchester Economics, and could not implement policies in line with National Economics. The abolition of the capitulations was an important step in this direction, because it was not possible to preserve national industry as long as the capitulations remained in effect. After this step, the Government proved its determination to support National Economics by establishing the National Credit Bank. After these decisions of the Government, individuals have got the chance to invest their savings in a national bank. This shows that the Government must put into implementation the national economics system for the development of economic patriotism at home." (113)

It must be remarked as an important point that, during these years when these economic measures extolled by Ziya Gökalp were taken, Mehmet Cavid held office as various Ministers of State and was the leading practitioner of these policies. He was the Minister of Finance and among
the founders of the National Credit Bank during the years, when the capitulations were abolished.

Ziya Gökalp's concept of National Economics with a solidarist tendency was adopted as an effective way of thinking at that time, as well as in the early years of the Republic, and even later.

The other prominent representative of the Turkish Nationalism, Yusuf Akçura (1876-1935) was a Turk from Kazan. He was born to a prosperous family. There were industrialists in his family. He moved to Istanbul due to various circumstances and was educated first in Istanbul, later in France. He taught Political History at the Ankara Law School after the foundation of the Republic.

Akçura argued that Turkish nationalism must have a racist foundation. He was known as the father of Panturkism. Akçura was dedicated to the capitalist order in Europe and believed in the necessity of converting to this order as soon as possible. According to Akçura, it was essential to create a national bourgeois in the Ottoman Empire. He believed in the absolute necessity of national economics policies based on a modern and national bourgeois class. He used the "methodologically individualist" approach in his work. He believed that the individual must be emphasized. At this point he diverged from Ziya Gökalp's solidarist National Economics concept and approached Mehmet Cavid.

The first significant reaction to the policies implemented during the Tanzimat period came from Akçura. He was of the opinion that the policies of the Tanzimat period pursued, in essence, no other objective than to sustain the traditional order. He asserted that there was no serious effort, under the Tanzimat reforms, to modernize as he understood
modernization. (115) Akçura, while criticizing Ohannes Paşa for this period, commended Musa Akyiğitzade as the first representative of a National Economics approach. He even protested that Ohannes Paşa and other non-Turkish Ottoman nationals of the time could have some ulterior motives in defending liberalism. He wrote:

"Have the Ottoman economists been justified to adopt the English and French economic thought while then domestic economic institutions dated back to the Middle Ages? It is a fact to be remembered that the non-muslim citizens of the Ottoman Empire had an important position in the economic relations of the State with Europe. Starting from this point, we can say that Ohannes Paşa and the other non-muslim advocates of free trade depended perhaps the interests of their own communities, rather than the perfection of this theory." (116)

Akçura's book entitled, "Zamanımız Avrupa Siyasi Tarihi" written as a textbook for the Ankara Law School, was important in setting forth his ideas. Akçura stated in this book that life consisted of nothing but the struggle and he emphasized the rise of capitalism in Europe. He also maintained that a philosophy based on realities had replaced the old romantic, metaphysical and mystical philosophy. (117) Akçura believed that the Turkish Republic must also develop in the same direction.

EDUCATION OF ECONOMICS IN ANKARA

Economic thought took a new turn after the Republic. The traditional-multinational character of the Ottoman Empire which was one
of the biggest obstacles for the establishment of a modern economic structure was dissolved and replaced by a national state, the Turkish Republic. The Republican Administration, inheriting the economic structure of the Ottoman Empire started, as one of its initial acts, to put an end to the influence of the European governments and financial circles on the economic activities. Efforts were also made to repay the debts of the Ottoman Empire. While a strong and powerful economic structure was in the process of being set up on the one hand, mobilization, for economic development had started on the other hand. As pointed out previously, there were two important points of view during this period, one was the individualist approach, which meant realizing industrialization by individual enterprises, with some State support, and the other was the idea that the former approach was not realistic and a state initiated - bureaucratic industrialization was required.

Istanbul was the sole center of education during the Ottoman Empire. Ankara emerged as a second educational center after the Republic. Ankara Law School, founded in the early years of the Republic, was an important step in this direction. Various courses in economics were offered at this school, where Yusuf Akçura taught Political History, as mentioned above. Yusuf Kemal Tengirşenk was the leading professor of economics at this school. Teaching of economics at this school was along the lines of the National Economics concept.

Yusuf Kemal Tengirşenk (1876-1969) taught economics between 1925 and 1941 at the Ankara Law School. He was a graduate of the Paris Law School. As he wrote in his works, he was Cauves' pupil in those years and was influenced by his ideas. (118) Yusuf Kemal had various books
published on economics. He also published three textbooks composed by the notes of his lectures at the Ankara Law School.

We understand by Yusuf Kemal's book, "İktisal Ders Notları - I", published in 1934 for the first year students of the Ankara Law School, that the courses at this school were given in line with the French tradition which analyzed economic life in four parts. The first year's courses were on Production. Yusuf Kemal also underlined economic crises in his book, analyzing these crises in the context of "business cycle theory." According to him, modern economic life was liable to probable crises at any time. In the event of an inequilibrium between the four basic activities of the economic life - production, circulation, distribution and consumption of wealth - a crisis would take place. Yusuf Kemal likened production to rivers and consumption to the sea. He stated that the flow of the "river of production" to the "sea of consumption" was not always smooth, both overflow and underflow of the waters of the river would cause losses. He listed as follows the developments leading to instant changes in production:

1) Wars,
2) Abundance or scarcity of agricultural products,
3) Changes in the value or amount of currency,
4) Overspeculation in the market.

Yusuf Kemal stated that many other factors that upset the equilibrium between production and consumption could pave the way for economic crises and regarded technological developments among these factors. For instance, building a railroad where it did not exist before,
would upset the equilibrium. However, Yusuf Kemal did not have a pessimistic attitude in setting forth his opinions. He pointed out that such events would be inevitable in developing and dynamic societies, but a new equilibrium would be achieved ultimately. While analyzing these fluctuations in the economic life, Yusuf Kemal also paid attention to human behaviour. He stated that perfect information could never be possible and the ignorance of people would lead to a sharp decline and rise in the markets, which in turn, could eventually reach the point of panics and bankrupts in the markets. Yusuf Kemal gave detailed and comprehensive information in his book about this very important economic phenomenon of those years.

Yusuf Kemal put forward his points of view on the protectionism versus free trade controversy in the last part of his textbook. He believed that a balance should be struck between these two systems. Both economic policies had their advantages and disadvantages. However, Yusuf Kemal regarded protectionist practices as necessary when there were big disparities among countries in industrial production. Otherwise, the collapse of the economy with the backward industry would be inevitable. Yusuf Kemal said that the Ottoman Empire was the best example of this situation. Citing examples from the economic crises of those years, he defended the point of view that the practice of free trade carried certain risks even under optimum conditions. He put forward these opinions on this issue under the following five headings:
1) National wealth is not only a summation of produced goods to be consumed, but a combination of productive powers.
2) Every nation applies protectionist policies, more or less.
3) No nation must forget the possibility of war.
4) The principle of free exchange must be applied within the national economy, with some restrictions.

5) Financial markets of the world could easily fall into crisis and every nation must be ready to face a possible crisis. (119)

Yusuf Kemal Tengirşen also taught courses at the Ankara Law School in which he aimed to explain the economic policies of the Turkish Republic. His work, "Türk İnkılabı Dersleri- Ekonomik Değişmeler," prepared for these courses, was published in 1935. The author criticized in this book the traditional-bureaucratic economic order of the Ottoman Empire and pointed out that this order impeded the development of the modern economics logic. He added that the Turkish Republic abolished the constraint applied upon both the individual and the state under the Ottoman administrative system. The author, underlining that the principle of secularism adopted by the State, was a very important step in this direction, stated that the individual, in the new system, would form economic activities along the lines of the "productivity" principle. (120) Yusuf Kemal particularly emphasized that the National Economics concept did not impede the economic activity of the individual, but on the contrary, supported it.

The courses at this school were of a nature to support and teach the economic policies implemented by the Turkish Republic. The courses during this period did not reflect the world developments of the science of economics, but they were rather confined to the theory of "Political Economy". Those developments in the science of Economics were, more or less, followed by Darülfünun in İstanbul.
LAST YEARS OF DARÜLFÜNUN

During the period from the declaration of the Republic to the founding of the Istanbul University Faculty of Economics in 1936, education of economics of an eclectic nature, influenced by Ch. Gide, was provided at the Darülfünun Law Faculty and at the Mülkiye School. Teaching of economics at the aforementioned schools in Istanbul developed and gained versatility during those years. In addition to the "Science of Economics" courses of a general nature, there were also specialized courses such as "International Economics" and "Cooperatives", etc. Also, before the closing of Darülfünun, an Economics Institute was founded to provide courses for graduate students. This institute offered courses in Banking, Monetary Policies, etc. All these developments prepared the infrastructure of the Istanbul University Faculty of Economics to be founded in 1936.

The leading representative of the education of economics at Darülfünun and Mülkiye School during those early years of the Turkish Republic was İbrahim Fazıl Pelin. İbrahim Fazıl (1866-1945) was a graduate of the Mülkiye School. He was educated in France and graduated from the Finance and Economics Department of the Paris School of Political Sciences. Following his return to Istanbul in 1912, he taught Economics and Finance at the Law Faculty and the Mülkiye School.  

While studying in France, he was a pupil of Ch. Gide and was influenced by his ideas. İbrahim Fazıl was a scholar of the Science of Economics as well as the Science of Finance. "Bütçe," published in 1917 and "İlm-i
Maliye," published in 1942 were the fruits of his studies in these fields. (123)

İbrahim Fazıl's most important publication on economics was his book, "İktisad," in two volumes, of which the first was published in 1927 and the second in 1933. This work, written by an eclectic approach, bears the general characteristics of the orthodox economics concept of the pre-Keynes era.

İbrahim Fazıl rejected the opinion that economics was a branch of Sociology. İbrahim Fazıl, who did not deny the effects of social institutions such as law and ethics as well as historic events on economic affairs, still displayed, at the final accounting, a "methodologically individualist" approach. He wrote:

"Auguste Comte divided social events into various groups and unified them as a general science under the name of sociology. This kind of thinking is not acceptable today, for, it is not possible to place the entire social relations within a general frame." (125)

"The science of economics studies, on the basis of some general factors, how people act and what kind of conclusions they reach. As Marshall has stated, the discovery of social laws means finding how the majority of people will act under certain conditions." (126)

İbrahim Fazıl wrote about the methodology of the science of economics in the introduction of his book. His opinions on this subject also reflect the new concept emerging in Europe during the early years of the 20th century, which put more stress on deduction. The "inductive" approach we had observed in Mehmet Cavid, influenced by J.S.
Mill had changed with Ibrahim Fazıl. He suggested a three-step plan to solve any economic problem. These steps were:

1) Scrupulous examination of the problem through observation,
2) Setting up a hypothesis by the use of induction,
3) Checking the practicability of the hypothesis, again through observation. In the event the results of the hypothesis are not feasible for implementation, there must be no hesitancy to go back to the first step.

Ibrahim Fazıl gave vast space in this book to the marginal utility theory. He also emphasized the demand and supply functions and illustrated those functions graphically. Moreover, he explained how any variations of these functions led the way to price changes. However, I. Fazıl made a special point to state that these mathematical processes could not possibly explain the economic life in its totality, although they helped a better understanding of many problems.

Ibrahim Fazıl believed in the necessity of practice in order to be successful in the science of economics. He explained his opinions on this subject as follows:

"There is no question that in the science of economics, similar events occurring at different times and places, will yield different results. The objective of the science of economics is to examine how the laws it discovers will function under different circumstances. In order to comprehend the development of these laws at different countries, societies, times and places, it is essential to know the special circumstances prevailing in those conditions." (126)
This was a book which contained up-to-date information for its time. It was of a nature to introduce to the reader the main outlines of the orthodox economic concept which had worldwide currency in the 1920s. Ibrahim Fazıl put down quotations from various sources in the footnotes throughout the book. French economists were quoted in these parts almost exclusively. Gide and Colson were the most frequently quoted authors.

Financial issues were frequently debated during the early years of the Republic. The difficulties that the Ottoman Empire suffered as the result of the public debts induced the finance authorities of this period to scrupulously insist on a careful and debt-free financial policy. Ibrahim Fazıl, one of the leading finance experts of that period also acted along these lines. In a series of articles he wrote on Turkey's financial status and the debts inherited from the Ottoman Empire, he stated that those debts had to be definitely paid. According to him, it was not a solution to defer the debts. He wrote in one of his articles:

"There are two classes of societies in the world: debtors and creditors. It would be over-optimistic to think that the debtors have the same level of economic structure with the creditors. Indeed, if this were true, they would not need to borrow. The chief reason why the indebted countries are unable to repay their debts is their implementation of wrong economic policies. Naturally, imprudently incurred debts further intensify the mistakes arising from wrong financial policies. In such countries, including Turkey, it is no solution to defer the payment of debts. Instead, countries must adjust their expenditures by their revenues. Governments must encourage various industries and use the earnings from the exports of the industries to pay for imports." (127)

These ideas reflect the general economic approach of the early years of the Republic. The economic policies implemented during that
period were along the same lines. Moreover, it was already pointed out above that during those early years of the Republic, the policy was to materialize industrialization through the efforts of individual entrepreneurs and to provide State support to the industrialist. I had mentioned above that Ahmet Ağaçıklı was an important representative of the point of view that the State must make efforts for the transition to a liberal social structure. However, it was soon realized that this desired bourgeois system could not be materialized in the short run and consequently, this function was still left to the bureaucrats. There was an interesting controversy between Şevket Süreyya Aydemir and İbrahim Fazıl Pelin in those years, through the articles they wrote. The points both made in their articles were of a nature of facilitate the understanding of their ideas concerning economic policies.

Şevket Süreyya, reported in an article published in the February 1933 issue of the Kadro magazine that, a conference had been arranged by Ahmet Ağaçıklı, under the title, "Individual and State". According to Şevket Süreyya, Ağaçıklı defended his "well known" liberal ideas at this conference. But what really vexed Aydemir was that İbrahim Fazıl, Professor of Economics at Darülfünun, participated in this conference and made a presentation. Aydemir wrote that they expected from Darülfünun original analyses and studies about the Turkish economy, but they were disappointed in their expectation. Stating that this education would yield no other result than the liberalism of Mehmet Cevdet, Şevket Süreyya severely criticized the economics education given at Darülfünun. He wrote:

"If making translations from C. Gide and Colson were sufficient for scholarly studies, we could employ a team of translators instead of Darülfünun. Although it is a modern system, teaching the theories of Gide and Colson,
points of view. During this period, this economic policy was pursued in its main lines and while investments in heavy industry were undertaken by the State on the one hand, entrepreneurs were supported on the other hand. The education of economics at the schools in both Ankara and Istanbul taught, with emphasis, the necessity of supporting private enterprise.

With the coming of the German professors to the universities, İbrahim Fazıl left his economics classes to foreign professors. When the Istanbul University Faculty of Economics was founded, he was appointed professor of the Finance Department of the Faculty, and continued his studies in this field.

* * * * *

The teaching of Economics in the Ottoman Empire and the Turkish Republic during the period covered by this thesis (1878-1936) enjoyed a certain position and weight within the teaching of Social Sciences. Economics courses were given in line with the traditional French economics education. In fact, all the schools opened during those years were inspired by the French educational system. Ohannes Paşa had an important place in the history of modern economics education. Some of the economists of later years were educated at Mülkiye School where Ohannes Paşa taught, Musa Akyiğitzade, Mehmet Cavid and İbrahim Fazıl were the graduates of this school. After the Second Constitutional Period, the
weighted importance of Huvaisi: School in the education of economics receded in favor of the Darülünun Law School.

Many important political changes occurred in the Ottoman Empire during this period. The ideal to preserve the multinational structure of the Ottoman Empire gave way later, to the rapidly rising nationalism. The Ottoman Empire was dissolved and the Turkish Republic was founded in its stead. The education of economics during these years reflected all these developments. The education of economics, endeavoring to satisfy the needs of a multinational empire for survival on the one hand and for modernization on the other hand, later assumed a nature of becoming involved with the development efforts of a national State. There was a transformation from a classical-liberalism along the lines of the bureaucratic-fiscalist tradition under which the State although not playing an active role within the economic order, still maintained a very strict control mechanism; to a concept that approved direct State intervention in economic life for the purpose of rapid development. There existed a continuous increase in the welcoming of the state intervention from Ohannes Paşa to Mehmed Cavid, and Mehmed Cavid to İbrahim Fazıl. We must carefully underline a second point that, throughout this period great importance was attached to the "private enterprise" concept and students were taught that development in its real sense could be ensured only through the rise of the private enterprise spirit.

It cannot be said that the economics teachers of this period wrote great works or made substantial contributions to the ideas they adopted. Indeed, it would not be realistic to expect that kind of development in those years. The schools were only recently founded. Modern education did not have a well-rooted tradition. It was not possible
to graft these modern theories to the medreses which provided traditional education. There was almost no work in the fields of statistical publications, history of economics or sociology, which were of the nature of infrastructure to facilitate successful study on the science of economics. There was no medium of cooperative work either among the various educational institutions. Under all these circumstances the academics of those years could not be expected to produce original works. However, we can regard this period as a foundation for subsequent years.

The main objective of the education between 1878 and 1936 was to introduce the modern theory of economics to Ottoman and Turkish land, and this objective was attained. Modern economics was introduced to the students of Mülkiye School and Law Schools where high government officials and administrators were trained, as well as to the pupils of the Teachers Colleges, Lycées and Agricultural Schools. The modern economics education in those years had a "Introductory" character. The courses were not concerned with what "is", but with what "must be". The education of economics during the 1878-1936 period, through this aspect, was an important part of the modernization efforts of the Ottoman Empire and the Turkish Republic.
CONCLUSION

"Looking for an epoch-making type of economist in our country means not knowing ourselves."

Z.F. Fındıkoğlu
(from an article)
The modern educational institutions became more widespread and many new schools were opened during the later years of the 1878-1936 period, compared with the earlier years. As it was mentioned earlier, the start of modern education in the Ottoman Empire was due to political reasons. Governments hastened to open such schools with the purpose not to lag behind the developments in the modern world. The aim was to train physicians, lawyers, managers, economists, etc., nurtured with modern thought. We can say that to some extend this function has been fulfilled. However, during the same period, the ideas and political traditions represented by the medrese were also upheld, as a whole, in the society, although there were many reforms by the end of the period, such as the abolition of the Sultanate and Caliphate. These were actions that were materialized by the higher classes of the society, which did not deeply influence the general way of thinking in the society. Material developments such as countrywide extension of industrialization and increase of urban population, which would have formed the foundations of modern economics and provide for the expansion of an "individualist" concept in the society either did not occur, or even if they did, were not significant enough to affect the entire society.

Bureaucrats composed the only staff in the Ottoman Empire, to translate this modern economic thought into action. There was not a class of nobility in the European sense. It fell to the bureaucrats to support private tradesmen, artisans and the rural people of wealth in the
effort of industrialization, in line with the education of economics studied in this paper; and this was done. But this practice meant that the bureaucrats had to relinquish their élite status in favor of those people. As they did not have accumulated capital, they could not become industrialist themselves. It could be said that this was the basic contradiction of the Ottoman Empire and the Turkish Republic during the period under study. That is to say, the learning and the ambitions of the bureaucrats receiving the education of economics as analyzed in this paper, and what they desired to accomplish, clashed with the realities they confronted in the field of implementation.

What were the concrete results of the teaching of economics researched by this paper? It can be said that, a staff was built up, composed of persons schooled in the modern economics theory, imbued with the awareness that the concept of free enterprise lay at the foundation of the modern economic development, and desirous of setting up a similar system at home. It would be helpful to consider the problems this staff encounters in three parts:

1) As already mentioned above, most of the courses given were not concerned with the economic institutions, the students were going to encounter in their everyday work. Courses were about trade unions, modern banking, credit systems etc. Was it possible to comprehend such a system only through book learning?

2) These students were naturally dedicated, to some degree, to the traditional set of values, current in the society in those years. Even if they could comprehend the logic of modern economics based on individualism, could they fully accept it?
3) Or, if they could accept it themselves, could they have it accepted in their community?

As we have pointed out above, it is difficult to give a positive answer to those questions. However, we definitely can not answer it in the negative, either. During the period under study, laws were passed expanded private ownership and the right of inheritance; privately owned companies and industrial enterprises, which were almost nil during the early years of the period, reached a certain level toward the end of the period and in subsequent years. The modern economics teaching given during the 1876-1936 period definitely played a part in these developments. The question of what degree of positive or negative answers can be given to the above mentioned three questions exceeds the scope of these thesis and requires much more extensive research.
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