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The Shift of Islamic Shari'a in Economy: Banks, Foreign Investment and the Ottoman Collapse

Desmadi Saharuddin,[1] Meirison,[2*] Masri Mansoer,[3] Surwati,[4] Qasem Muhammadi[5]
Universitas Islam Negeri Syarif Hidayatullah, Indonesia[1,3,]
Universitas Islam Negeri Imam Bonjol Padang, Indonesia[2,4]
University of Qom, Iran[5]
Email: meirison@uinib.ac.id*

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Abstract: *At the height of the Ottoman Empire's glory, there was no need for a usury system, as it was prohibited by Islamic law. This Empire stands on an independent economy in line with Islamic law. Military agitation was everywhere; debt after debt appeared and even forced to borrow by donor countries and persuaded by Germany when World War I was about to erupt. This study aims to examine the shift in the role of Islamic law in the economy during the shaky Ottoman government in 1855-1923. This research is library-based with a qualitative approach; the information gathered comes from reviewing literature or written sources, such as books and previous studies, which are then processed and interpreted descriptively. We found that Banking in the Ottoman Empire was unnecessary because it was also not profitable for the Ottomans at a critical time. On the other hand, donor countries will benefit. Turkey is conditioned to continue to be in debt in various ways, such as rebellions in the Balkans, the Crimean War, and the last is world war I. The Debt Collection Agency (OPDA) has functioned as a collector of surplus natural resources and medium-sized industries in Turkey without the approval of the Government. They consist of foreign bankers with printed money that is no longer controllable and causes inflation, not to mention the circulation of foreign currency. Turkey's stability ended after preventing the establishment of a Jewish state, the owner of the most considerable capital in Europe. Usury is contrary to Islamic law and sharia politics, which aims for the world's benefit and the hereafter. This article discusses the potential dangers of foreign banks operating in a country, including risks to the local economy, financial stability, and national sovereignty.*

Introduction

The collapse of the Ottoman Empire was not caused by simple factors, such as the progress of Western countries or their lag in the field of science. Many analysts state that the economic aspect caused the collapse (Eldem, 2005a). In historical records, among the causes of the failure of the Ottoman, which are not widely discussed and highlighted by historians, are the contributions of the banking world and the involvement of bankers in the country's foreign debt. *The Ottoman Economy and its Institutions*, written by Sevket Pamuk, does not extensively address the role of foreign banks that contributed to undermining the Ottoman Empire. Instead, Pamuk's work focuses primarily on the role of currency printing during the empire's reign.

The political and economic supremacy of the Ottoman Empire ended in October 1923 A.D., marking the climax of its decline (Meirison, 2020). These disputes occurred because they were caused by political and economic factors that led them into the arena of endless War. Finally, the Ottomans were caught in foreign debt to finance the needs of the War. The trapping of the Ottoman during the First World War at the end of 1914 A.D. significantly impacted the Empire's collapse; they were caught in a war that should not be followed. The Ottoman state joined Germany and Austria against the power of Russia; Germany supplied all military logistics needs. The Ottomans participated in this War only because they wanted to save their lost assets and reclaim their lost territories, but their defeat further plunged them into a sea of debt and economic crisis. European technological advancements, particularly in the economic and military sectors, became a sophisticated war machine that contributed to the destruction of the Ottoman Empire (Bryce et al., 2000). To distribute these industrial products, they needed a market that could absorb them well. These stages did not come suddenly; well-planned and well-managed by certain parties, they made economic gains that disrupted the financial and political system (Karatzoglou, 2003a). Technological advances in Europe made The Ottoman a country that was no longer economically sovereign. The creation of banknotes, bonds, securities, and other financial instruments contributed to the collapse of the Ottoman economic system, ultimately leading to the loss of state control over the currency.

Before Europe's economic reforms, Muslims held control over the trading system and major trade routes in the region, including routes to Russia, the Persian Gulf, and the archipelago, encompassing areas like Sumatra, Java, and Ambon. The control of the economic and Banking system by the Bankers, who were mostly Jews, with the motto of creating Modern Turkey, succeeded in bringing the country to the brink of collapse. The political situation became more uncertain when the Government of Sultan Mahmud II implemented a reform policy in the military body oriented to the British military system (Al-Muhami, 2009). So far, the Ottoman Jihad Military Forces have been paid by Timar (The Ottoman financial system for collecting agricultural products). They fought to defend their country armed with the spirit of monotheism. However, they were later reorganized into regular soldiers receiving fixed salaries funded by foreign loans, which operated within a usury-based system (Eldem, 2005a).

Here, we reviewed several books and journals that contributed to the development of this article. One such book is Sevket Pamuk's Economic History of the Ottoman Empire, which traces the growth and development of the Ottoman economy from the spoils of War in Europe through the trade routes it controlled to the occurrence of currency and inflation. The Ottoman Empire and European Capitalism, 1820-1913: commerce, investment, and Production is another book that discusses the demise of the previous economic structure, which was predicated on agriculture, waqf, and Iltizam. As Western investment permeated every industry, indigenous businesses started to lose out. Evolution of Economic Thought in the Ottoman Empire and Early Republican Turkey is an article compiled by Vedit Inal that is also used as a reference. The mercantilist system that required colonial lands for raw materials and product marketing is described in this article as the Ottoman response to the global economy's development being delayed (İnal, 2021).

There are several articles in the journals that we have reviewed entitled Was the Interest Burden of the Ottoman Public Debt Sustainable? A cliometric analysis by M. Kabir Hasan only discusses the continuity of the Ottoman debt and does not address its impact. This article was written in the Emerald Insight journal (Hassan et al., 2024). Another journal, titled *Relational Finance: Ottoman Debt, Financialization, and the Problem of the Semi-Civilized*, was authored by Julia Elyachar. She wrote about the Egyptian relationship that burdened the Ottomans in the financial field but did not discuss the burden of Egyptian debt to the Ottomans. Another journal, entitled Relational Finance: Ottoman Debt, financialization, and the Problem of the Semi-Civilized, was written by Julia Elyachar. She wrote about the Egyptian relationship that burdened the Ottomans financially (Elyachar, 2023) but did not discuss the burden of Egyptian debt to the Ottomans.

In the journal National Library Medicine, an article was written by Stolz entitled 'Impossible to provide an accurate estimate': the interested calculation of the Ottoman public debt, 1875-1881, which discusses the Ottoman default in 1875 on its public debt to England (Stolz, 2022) but does not explicitly explain the consequences of the default. Another article that has been reviewed is a book review by Murat Birdal, entitled The Political Economy of Ottoman Public Debt: Insolvency and European Financial Control in the Late Nineteenth Century, in the journal Sagepub.com. Describes the influence of political and military conflicts in swelling the Ottoman debt. An article written by Donald C. Blaisdell entitled European Financial Control in the Ottoman Empire. This article discusses imperialism, which operates through burdensome debt policies that often lead to war and conflict within a country's society (Blaisdell, 1929).

The Ottoman Empire faced significant challenges due to the emergence of the global economic system, which began to take shape in the late fifteenth century. (Eldem, 1999, p. 75). This research focuses on how foreign banks controlled the politics and economy of the Ottoman Empire during its decline. This article aims to provide an overview of the collapse of the Ottoman Empire caused by the Banking sector and high state and private debt. Then, the role of foreign investors is to carry out economic activities regularly and continuously on a large scale, which, in the end, can control the Government. The advice of scholars advocating for adherence to *muamalah shariah* was increasingly disregarded; the process of secularization had reached its peak and was progressing rapidly as planned (Atçıl, 2017).

Method

This research was conducted as library research, involving the examination of historical literature, relevant articles, and manuscripts sourced from internet sites. The research methodology used is descriptive and qualitative, and the explanation results from the analysis of processed data originating from books and journals. Literature research is the author's effort to discuss and examine some of the data in various references, primarily through literature or writings debating the causes of debt and the impact on public and community policies. Drawing from various literary sources, existing manuscripts, and historical relics, the author analyzes the correlation between foreign debt and the proliferation of banks across the Ottoman Empire.

Results and Discussion

England and other European countries invested in the Ottoman Bank, which they had established. They designed a grand plan to control the economy of the Ottoman Empire absolutely through banking. At first, the Ottomans did not need the Bank called the Ottoman Bank, but after the agitation that caused a long war, the Ottomans were forced to fund the War with loans from this Bank, which caused absolute dependence on the West. The Ottoman Bank, which Western capital owners controlled, had the right to print the Ottoman currency. Not only that, they controlled trade, which was based on agriculture from upstream to downstream. The Ottomans were weighed down by debt and high interest rates, while foreign capital holders profited significantly across various sectors. The Ottomans declared bankruptcy, eliminating half of the country's debt with multiple consequences, including losing several territories. Millions of debts had pushed the Ottomans into the arena of World War I, which led to destruction. The policy of the rulers before Sultan Abdul Hamid II was not in line with the maqashid sharia by eliminating the economic instruments of an independent country without usury, which is prohibited by Islamic law. Usury and fruitless wars were major factors contributing to the collapse of the Ottoman Empire, although numerous other factors also played a role.

Ottoman Before Banking System

Initially, this was done through "endowments of money," where the wealthy would donate funds to be lent to those in need. The person who managed this endowment would lend to the needy person according to the transaction system and on condition that he brings a guarantor. However, the number of these endowments was minimal, so they ended and disappeared entirely during periods of various crises. The rich established "Awārid endowments" so that the people could pay the taxes collected from them in a sudden manner (taxes that were not previously announced). These endowments were considered a type of money endowment. Their assistance was not limited to helping with tax payments alone. They also helped in many other matters, such as helping those who were afflicted with an illness that made them unable to work, covering the funeral expenses of people experiencing poverty, the marriage costs of girls from low-income families, helping poor young men to establish their own businesses, and helping those whose homes were destroyed or burned down. They also helped with the costs of rebuilding bridges, roads, and water channels in villages. In 1869, many of the Awārid endowments were attached to the municipalities. After the declaration of the republic, the state nationalized them entirely. Other sources of state income included *zakat* (charitable tax), land tax (*timar*), and *iltizam* (government asset management rights with upfront payment).

How can the Ottomans Accept Usury as a State Financial System?

The Ottoman economic system traditionally adhered to Islamic Shari'a norms, emphasizing *muamalah shariah* principles in most transactions. They do not use the usury system in all their activities. Their leaders are very obedient to the rules contained in the Qur'an and Sunnah before the peak of glory. However, the situation changed when the Ottomans were hit by authoritarian leadership and a monetary crisis in 1873 (Mather, 2014). The construction of the Giant Project, which was proclaimed to facilitate trade transportation, has turned into a hell that is ready to burn the entire territory of the Ottoman. At that time, their leader was seduced and trapped by the political trap that the Jews and the West acted. The monetary crisis has led to the proliferation of foreign Banks that apply usury rules in all their businesses. Drastic changes occurred as high-ranking government officials began using foreign banks with their usurious systems to conduct various transactions (McMurray, 2001).

At that time, usurious transactions were prohibited in the Ottoman Empire, which operated under Sharia law. However, Islamic law permitted usurious transactions in non-Muslim countries. Because the Bank was headquartered abroad, its activities were not seen as violating Sharia principles. Neglect occurs when the *Sad az-Zarî'ah* principle is not implemented, closing the possibility of usury even on a small scale. The practice of usury is carried out in non-Muslim majority areas by Jews, and the state limits interest not to exceed the maximum limit. This indicates that usury is permissible.

Limited Usury in the Ottoman Empire

When a bank issues a loan, the debtor effectively purchases something from the creditor (the bank) at a price higher than its actual value due to the inclusion of interest. Ottoman banks worked in this way. For example, if someone wanted to borrow 100 gold coins from the Bank, the bank teller (as an agent of the bank owner) would sell a pen, book, watch, or anything else to that person for nine gold coins. Payment would be on credit. Then the Bank would lend him the 100 gold coins he wanted, and in this way, that person would owe the Bank 109 gold coins. This type of sale, called "transaction sale," was a solution and a way out when money was scarce and there were no interest-free loans (Tarikh al-Bunuk fi Daulah al-Usmaniyah, n.d.). The state sets the maximum rate of increase (interest) according to market conditions. The maximum rate during the reign of Sultan Suleiman the Magnificent was 10%, while it was 15% during the reign of Sultan Abdulmecid. Some may see "transaction sale" as a trick or a ploy to obtain interest, but it is not originally that. Instead, it is a solution and a way out stipulated by the law. Borrowing and selling are two different contracts. Additionally, everyone has the right to sell what they own at their desired price (*Tarikh al-Bunuk fi Daulah al-Usmaniyah*, n.d.).

Ulama have protested against the practice of usury, but the authority to issue fatwas rests with government-appointed Ulama, who often choose to remain silent on this matter. However, in essence, the usury mechanism is controlled by foreign investors. For political reasons, the Ottoman Turkish government did not. Mistakes have also occurred since the beginning because the practice of usury in society and the Government has indirectly also happened with the limitation of loan interest rates due to the difficulty of traders in obtaining capital and foreign currency, especially as seen during the time of Sultan Sulaiman al-Qanuni.

Before the monetary crisis of 1864 AD, Britain established the Anglo-Egypt Bank in Egypt as a profit-sharing facility for the operations of the Suez Canal, which served as a free trade route between Africa and Europe. Previously, in 1856 AD, England had established the Ottoman Bank with the same goal, namely facilitating free trade transactions. However, when Britain lost control of the Ottoman Empire, the Bank was taken over by France by moving its head office to Istanbul, while other branches were spread across Europe (McMurray, 2001). The official United States document originating from the American Ministry of Commerce in 1926 A.D. stated that all foreign Banks in the territory of the Ottoman managed to get very, very large profits (Badem, 2015). These foreign Banks also supported foreign trade balance throughout the Ottoman region. The profits they earned were used to support the establishment of a Jewish state in Palestine under British protection (Meirison, 2019).

Local Capital: Security Fund

Following the establishment of the Ottoman Bank, several other banks were opened, all of which were owned by foreigners. The Bank of Istanbul and the Ottoman Bank provided loans more to foreign merchants because the capital in the banks was foreign. The local people resorted either to money changers, almost all of whom were non-Muslims, or to official departments that managed the money of widows and orphans. In overcoming the crisis, Ribawi's investment was not the best solution for the Ottoman, unlike Japan, because the region was far from the reach of the West. Foreign capital in Japan is very beneficial because the investor countries have difficulty carrying out political and economic conspiracies there. This differs from what they did to the Ottomans and their neighboring European regions. Foreign Banks operating throughout the Ottoman Empire did not benefit the Ottoman economy, but they supported the separatist movement launched by the West and the Jews. In carrying out their operations, they divided the territory of the Ottoman Turks; they also agreed on an operational goal, namely a form of economic colonization ending with physical occupation. Economic, historical, and political experts argue that direct investments made through financial institutions and foreign projects contributed significantly to the decline of Turkey (Pamuk, 2004).

Fuqaha Opinion About Banking in the Late Ottoman Period

Scholars of that time elaborated on the impact of debt within the *ribawi* system through various perspectives and statements. They said that one of the most emphatic prohibitions in Islamic law is unjustly consuming wealth. The prohibition of this has been repeatedly emphasized in the Holy Qur'an and the Sunnah of the Prophet in many places and in various forms to emphasize the principle of the inviolability of wealth. Islamic law has emphasized this principle with the most severe types of prohibition and criminalization. If a person's soul is tainted by consuming the financial or material rights of others, it reflects moral corruption and injustice. In that case, he will not be purified from that filth except by returning that right to its owner and clearing his conscience. Otherwise, he deserves blame and hatred from God Almighty and deserves punishment and harm from society, as he is responsible before God and before the group. The general argument derived from the hadith, as expressed by most scholars, is that any profit gained from borrowing and lending is classified as *riba* (usury).

Sultan Abdul Hamid's II Policies in the Review of Sharia Policy

Sultan Abdul Hamid II believed that foreign loans and the establishment of banks would bring disaster to the rulers, the nation, and the people. They will not reap benefits other than poverty, economic hardship, and shame. It was further emphasized that they would also lose their independence and Islamic territories under the Ottoman and prey to Western capitalism's colonialism. The pro-Western Secular and Nationalists have mortgaged the people's ability and sources of income to pay off these debts, and they even served the interests of the colonial Government. The Donors and the Jews consistently pressured the Ottoman Sultan through the members of Parliament they formed. Eventually, the Parliament was dissolved during the reign of Sultan Abdul Hamid II, although their salaries continued to be paid (Abdlhamid & Muhammad, 2020).

The giant railroad project was envisioned as a political, social, and economic bridge for the Ottoman Empire, linking Mecca, Medina, Palestine, and Syria with Istanbul and Vienna (Austria) (McMurray, 2001). This railway construction project is the Government's master project, and it is promoted as a bridge that unites the Islamic world and links with Western Europe. The London Banks took a very strategic role in implementing the construction of this railroad and the manufacture of the required locomotives. Other European countries participating in this project are France and Belgium. They handled the financing of this gigantic project through the issuance of debt bonds of the Ottoman Empire. This monumental lighthouse project and large-scale physical development also aimed to transcend national boundaries and unify nations through shares and bonds that had been distributed (Stolz, 2022).

In 1873 AD, during the monetary crisis that struck the Ottoman Empire, the value of all distributed shares and bonds plummeted drastically. The Kingdom had difficulty paying off these debts, which in value had swelled enormously. The impact was that in 1875 AD, the Ottoman Empire was declared Bankrupt. Foreign agents and bankers were appointed to represent foreign shareholders, and the Government was forced to pay various taxes due to this condition (Karkar, 2019). The reforms continued by the Government of Sultan Abdul Majid with the implementation of the Tanzimat, which was proclaimed in 1839 AD (Özyasar, 2019). The administrative system and structure of the Caliphate were reformed to align with the French model of governance. This reform directly impacts the Bazaar's commercial system and services to the lower class. The service system carried out through waqf instruments known as imaret and millet no longer has its usual place. Previously, waqf became the backbone of state finances based on Islamic law, especially in the financial sector. This waqf system is effective in financing various activities, including education. Meanwhile, the education reform plan aimed to introduce two contrasting schools of thought: traditional and secular, despite their fundamentally opposing perspectives.

Abdul Hamid II gave priority to paying off foreign debts and improving the economic sector, and on December 20, 1881, he reached an agreement with representatives of European creditors (known as the Muharram Agreement), under which the "Ottoman Public Debt Administration" was established, to restructure the state's debts and pay them off through some of the state's revenues. Sultan Abdul Hamid II made great efforts to strengthen relations with the Islamic world and began building and extending railway lines and connecting the state's cities by these lines. The primary goal of the Ottoman Empire's foreign policy was to ensure its peaceful existence, with the Sultan capitalizing on the conflicting interests and ambitions of Western countries. For this reason, foreign policy has changed due to the changing circumstances in international relations. It did not enter into a permanent agreement with any government and carried out various diplomatic activities intended to divide the ranks of the major powers as much as possible (Meirison, 2019).

Through the policy of the Islamic Union, Sultan Abdul Hamid II sought to counter the efforts of British agents to promote Arab nationalist thought and their attempts to appoint the Khedive of Egypt as Caliph, arguing that the Caliphate was the rightful domain of the Arabs. Sultan Abdul Hamid sought to spread Islam to the ends of the earth, such as South Africa and Japan, by sending scholars and ordering the construction of the Hijaz railway extending from Damascus to Mecca. The Palestine issue is considered one of the crucial issues in which Sultan Abdul Hamid showed firmness and achieved partial success, as he rejected an offer from the Zionists to pay off foreign debts in exchange for establishing a state for the Jews in Palestine. Sultan Abdul Hamid also took a series of measures to prevent the immigration of Jews to Palestine from all over the world and their settlement there. We see the political steps taken by Sultan Abdul Hamid II in line with Maqashid Syariah. Because he had tried to avoid War to preserve the lives and property of Muslims, War at that time had not yet provided benefits but rather tended to be detrimental because of the weak condition of the army, insufficient funds, and an unfavorable political climate. War only increased debt, which ended in strengthening foreign economic control. This will lead to the destruction of Hifz ad-Din and the cancellation of the implementation of Islamic law, which was only applied in Ahwal Shakhsiyah (Badem, 2015). However, Sultan Abdul Hamid II was overthrown, and his successor lacked strong leadership, allowing Parliament and foreign powers to quickly dominate and control him.

Jewish and Foreign Bankers' Control of the Ottoman Economy

Modern banks and financial institutions began to flourish (Eldem, 2005b). They mushroomed throughout the Ottoman Empire, and historians record this event as a disguised occupation under the pretext of modernizing the Ottoman Empire. The follow-up to the reform of this financial institution is the abolition of the Islamic Law that covers the Ahlu Zhimmah (Atçıl, 2017). The Moderation Act, known as the Westernization of Tanzimat, focuses on centralization, a substitute for the Amiriah Autonomy system (Blaisdell, 1929).

The Tanzimat Westernization system gives the provinces the authority to manage Government and finance independently under the Central Government's control. The ministers who participated and were involved in the Tanzimat project were Rasyid, Ali, and Fuad Pasha. They maintained a strong relationship with a prominent Jewish banker, Camondo. They choose the place for every important meeting, especially those discussing Paris's Western-style modernization. Camondo played a significant role in reforming the structure of the Ottoman financial system when most Jews in Istanbul settled in Galata. In 1802 AD, Isaac Camondo founded a bank called Bank Camondo, and at the same time, he operated banks from other groups. In 1832 AD, the Camondo Bank was led by his brother Abraham Solomon Camondo, thanks to his substantial contribution to the Tanzimat reform project. It was awarded the credit of Nishan-I Iithar and Komander Majidiye in 1849 (Ermis, 2016).

In 1842 AD, Kaima banknotes were introduced as a substitute for the Dinar and Dirham, further strengthening and enabling Jewish bankers to dominate the Khilafah (Pamuk, 2004). The measurable performance design of the Jewish Bankers is to create an usurious financial system within the Ottoman territory that adheres to the application of Muamalah Shariah in all lines of financial transactions. They made the usury system through transactions in Bon, Credit, Shares, and the issuance of Banknotes, where the money had no intrinsic value. The Jewish bankers controlled this financial order and transferred it into Bon, Credit, Stock, and Banknotes instead of Gold and Silver (Hanedar, 2015), all of this they did under the pretext of monetary policy and capitulation, policies that significantly impacted the economic development of Muslims. Europe and the West welcomed using paper money and the proclaimed usury system; the proliferation saw conventional banks. MM Allen and Theodore Baltazzi founded the Bank of Constantinople in 1845 AD (Eldem, 2005). On paper, establishing this Bank was to assist the Ottoman Government (Kostes, 2018).

The Jewish community's influence within the Ottoman Empire grew significantly during the Crimean War, a conflict deemed unnecessary given the empire's already weakened state. Political and economic negotiations between Britain and France played a significant role in the settlement of this War. They are financially interested in the Cremia region as a trade route to Central Asia and China (Pamuk, 1987). This War cost much money, plus countries needed considerable funds to meet military logistics to face the War against Russia, France, and Britain. During this time of difficult government conditions, the Bankers of Jewish descent provided loans to the Ottoman Government in exchange for high interest rates. Then, in 1856 AD, the Government obtained a foreign loan of 500,000 (five hundred thousand) pounds sterling (Birdal, 2010). This loan was made to establish the Central Bank of the Ottoman Empire. In addition, there were many debts of private companies with the usury system that the state could not control; in the end, all these debts were charged to the Central Bank of the Ottoman. The country's condition became critical due to the accumulated debt burden, leading to monetary control being taken over by foreign bankers, many of whom were Jewish. The Rothschilds have played an enormous role in establishing the Federal Reserve Bank of the USA. They entered through a giant project on the Alphonse de Rothchilds port.

Then, at the start of operations, his father, James Rothschilds, opened the French Rothschilds Bank in Istanbul. This Bank was established to establish the Central Bank of the Ottoman Turks. In 1863 AD, the establishment of the Ottoman Central Bank could only be done gradually with the operation of La Bank Imperiale Ottomane. This success cannot be separated from the support of Emil and Isaac Pereire, a Jewish Banker who is very experienced and controls the Banking world of Europe and the United States (Boahen, 1987). Furthermore, La Bank Impériale Ottomane evolved into a SuperBank and later a Central Bank, eventually transforming into the World Bank and International Monetary Fund (IMF) in 1944 A.D.

The Central Bank's operations at the next stage include critical functions such as accepting deposits, collecting funds, distributing credit, establishing interbank regulations, providing loans, facilitating buying and selling, managing commodity purchases, and offering bailouts (Conlin, 2016). Then, the Bank was also involved in constructing port projects and railroads and had the authority to print new money. The Camondo Bank is just an ordinary Bank similar to the Ottoman Bank, whose operations are minimal and operate with domestic funds. At the same time, the Imperiale Ottomane Bank became the Central Bank, with funds originating from Western countries (as-Safuri, 1990). In its operations, this Bank infiltrated all lines of activity in the life of the Ottoman Turks, even entering the grocery stores in the people's market. Every movement and transaction within the community is deeply intertwined with the Central Bank's work system. Beyond buying, selling, saving, and borrowing transactions, the Bank plays a significant role in regulating and influencing all aspects of people's economic lives (Kostes, 2018).

In 1858 AD, Jewish bankers introduced new conditions for lending funds through banks, tying these requirements to social transformation guarantees imposed on the Ottoman Empire (Pamuk, 2004). This shows that the debt-based economic system is closely related to Social Engineering Techniques. Meanwhile, the law on applying Jizya as state revenue regulated in Islamic Sharia was abolished. The country's economic life worsens, and the Bankers are increasingly dominating. Policies related to state regulations are very dependent on donors and lenders. In the same year, a new Agrarian Law was issued, in which the law removed the Sultan's right as ruler over land in the territory of the Ottoman. Then, in 1867 AD, foreign citizens were permitted to buy land in the territory of the Ottoman Empire, with full ownership, without any intervention from the Government (İnalcık & Quataert, 1994).

1. Foreign Banks and Agitation for War For Debt

   In 1856, the Ottoman Bank was established with English capital, headquartered in London. In 1863, French capital joined, and the bank was renamed the Ottoman Shahani Bank (Ottoman Sultan Bank). It began operating as a commercial and investment bank as well. In 1877, the Government was forced to borrow from the money changers of Galata and the Ottoman Bank due to the Ottoman-Russian War known as the War of 93. Before implementing this project, the Government had never collected taxes from its people except in an emergency, and even then, it was only collected from the rich. Amid these challenging conditions, the Balkan region, which was part of the Ottoman Empire, exploited the crisis by staging rebellions. All the areas that carried out the uprising were handed over to Austria. However, their status was still under the control of the Ottoman, and the majority of the population was Muslim. The monetary and political crisis that hit the Ottoman 1873 AD made the giant railroad construction project abandoned. The British used this crisis to seize half of the maritime trading areas of the Ottoman using military force, and this was done in return for the railroad project debt they provided in the form of shares. The Turkish Government's ambition to reduce travel time between Istanbul and Vienna via rail access from seven days to just forty hours (1.6 days) turned into a nightmare as the Ottoman economy collapsed into bankruptcy (Ochsenwald, 2010).

In 1896 A.D., a journalist named Theodore Herzl, representing the Zionists of Western Europe, attempted to meet the Sultan for political lobbying. However, the Sultan refused to meet him in person. During the visit, Theodore Hertzal offered assistance to the Sultan to pay off the royal debts, as well as support the Ottoman Turkish Empire in many ways, but the service and support were provided on the condition that the Sultan was willing to relinquish Palestinian territory. Sultan Abdul Hamid II rejected the offer and delivered a historic sentence addressed to the journalist of the Jewish Zionist envoy. "I advise Theodore Herzl to abandon any attempts to seize Palestinian land. I will never sell even an inch of it; the land does not belong to me but to my people." The Palestinians have played a role and worked together to dedicate themselves to this Ottoman Empire to sacrifice property and blood. Palestinian land has been owned since Caliph Umar ibn Khattab. Do you think Abdul Hamid II will give it up? We will defend it with our blood, not handing it over to anyone. To the Jewish Zionists, please save that much money if one day, when this Empire is destroyed, you can take Palestine for free without having to pay. If you want to take it now, then you must step over our corpses first, and I will not let that happen forever." (Abdlhamid & Muhammad, 2020).

Sultan Abdul Hamid II faced numerous challenges, including assassination attempts and coup efforts. Finally, the Sultan was kidnapped at night in his palace and exiled to Salonika in 1908 A.D. There, the Sultan was placed in a house belonging to a Jew who was a member of the Ottoman Turkish parliament, which he frozen. In the same year, the first Zionist office was opened in Palestine under the auspices of the Rothschilds Company. The coup against Sultan Abdul Hamid II marked the beginning of the Ottoman Empire's decline, although its official dissolution did not occur until 1924 (Rogan, 2016).

2. Foreign Debt and Foreign Institutions

A well-known saying in Ottoman Turkey, "Debt is a man's whip (motivation)," became a motto during the mid-19th century. Ottoman officials adopted this phrase to justify pursuing careers and securing foreign loans. In the 1980s, many young people in Ottoman Turkey became familiar with the motto; "foreign debt" and the name of the IMF (International Monetary Fund), which has become the dish of their conversation in any discussions on economics. Let's compare the economic conditions of the Ottomans in the 18th and 19th centuries. It is very much different from the previous times. In the heyday, the Ottomans were not preoccupied with foreign debt, printing paper, or foreign currency. They use Gold and silver in every transaction, and conditions began to change since the printing of the Kaima currency and the emergence of foreign Banks that implemented financial transactions on the principle of interest/usury (Ribawi); all of this is, of course, contrary to the principles of Mu'amalah Syariah, which used to bring Ottoman Turkey to become a superpower country and the pride of Muslims around the world. The focus on debt, which is the mainstay of the modern world, is in stark contrast to the Syariah rules formulated in the Maqasid Shariah (Meirison, 2020).

The people witnessed a socioeconomic transformation under the military dictatorship, which was essential in implementing all IMF policies. As the Turkish people undergo a traumatic change, they seek to understand the connection between the IMF's austerity measures and the military coup that laid the groundwork for a "structural adjustment." The IMF was established on principles that outwardly aimed to stabilize the banking sector and strengthen national economies. However, covertly, it ensured that the Ottoman Empire became dependent, akin to an addiction to narcotics. In this event (the Bankruptcy of the Ottoman Empire), there were two significant organizations, namely OPDA (Ottoman Public Debt Administration) and IMF (International Monetary Funds), which were formed by European countries, in the success of Turkey's foreign loans with high interest (2010). The two organizations seemed to help the Ottomandisburse foreign debts in large volumes from year to year and find solutions to repay them. At first glance, these organizations appeared to support the Ottomans out of the economic difficulties they faced, but indirectly, the two organizations had brought the Ottoman Empire into a foreign trap by baiting foreign debt under the guise of a panacea. In addition, these two organizations also successfully played the role of foreign banks in establishing their branch offices throughout the Sultanate to control all aspects of the country's economy. The presence of foreign banks and their branch offices across Ottoman territory was closely tied to the role of the IMF, which collaborated with the OPDA. In its operations, the OPDA functioned as the right hand of the IMF (Abdelly, 2007).

At this stage, the reality is that when investment opportunities in peripheral regions become more attractive, they tend to encourage capital outflows from the core to the periphery. This capital flow could be from foreign government bonds or bank credit to the private sector in the boundary. However, the lack of the necessary institutions for disbursing funds causes the efficient allocation of financial resources not to function correctly, restraining economic growth in the periphery. Capital flows were disrupted by economic stagnation at the core, causing a severe decline in world trade. This constraint causes frequent defaults or foreign debt rescheduling in peripheral (non-principal) economic countries. Experts in world financial system theory argue that debt settlement serves to restore hegemony. The flow of capital from developed countries to underdeveloped nations or debtor states assists in restructuring the global economy to align with the economic needs of developing countries.

Conclusion

However, during the crisis, the Ottoman Empire was not yet in a state of emergency that necessitated taking on large debts to stabilize its economy. However, foreign countries have seen this weakness. The Ottoman Empire lost much territory, the economy shrank due to the loss of a substantial primary source, namely war booty, and corruption became rampant so that state income from various sectors was not smooth, which should have been led by people capable of acting. The Ottoman Empire Akce currency was stable because it was based on Gold and silver, as indicated in the Qur'an regarding the intrinsic value of Gold and silver. The disaster came after foreign banks were established and mushroomed after negotiations to determine the value of the British pound with the Ottoman Empire's currency. In return, they were free to establish banks everywhere that controlled many sectors of the economy. Donor countries, represented by the Rothschild family, managed the finances of the Ottoman Empire and were granted permission to print money, which at times contradicted the monetary policies of the Ottoman Empire.

The circulation of foreign currency was detrimental to the economy of the Ottoman Empire. Paper money is unsuitable for an economy that is easy to counterfeit and control without any gold backing. The Qur'an explains that what is intrinsically valuable is Gold and silver, which have been legally recognized since the time of the Prophet Muhammad SAW. The Prophet created his own market separate from the Jewish market to be free from the usury carried out by the Jews, but the Ottoman market during the crisis was open as broad as possible without tariff barriers. This contradicts Islamic jurisprudence and the *maqasid* of Sharia in *Hifz al-Mal* (protection of wealth), which aims to safeguard property from harm (e.g., theft) and foster its growth through ethical means.

Paper money was less trusted in trade and market activities. The inability of the Government to overcome the circulation of foreign currency in the territory of the Ottoman became the reason for the market to use the money in transactions, and finally, it was considered commonplace so that the value of the local currency continued to decline. In times of crisis, the Bank was an extension of the Western European Imperialists to facilitate their investment in the territory of the Ottomans. Foreign loans continue to be disbursed by the Bank only for foreign investors with low taxes without any tariff barriers, and they take advantage of the capitulation agreement. Foreign debt was not for advancing the Ottoman economy but for maintaining the stability of the European industrial market. The Crimean War and the First World War were foreign strategies designed to entangle Turkey in significant foreign debt, despite there being little political justification for the Ottomans' involvement. The first attempt to destroy the Ottoman economy was abolishing the Timar system, namely a levy on agricultural land cultivated by farmers and managers appointed to finance military administration in emergencies and times of War. Military financing was replaced by foreign debt. The collection of Jizyah, as prescribed in Islam, was abolished, causing the Ottomans to lose secondary income. The role of waqf diminished with the influx of foreign capital and the establishment of a parliament that prioritized supporting the war with Russia over the welfare of the state.

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