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Araştırma Makalesi

ECONOMIC COMPETITION AND CUSTOMS TARIFFS IN THE FIRST HALF OF THE 19th CENTURY: TRADE RELATIONS OF ENGLAND WITH THE OTTOMAN EMPIRE, AUSTRIA AND FRANCE

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Abstract[1]

In today's global economy, trade wars have become a significant factor in the competition between countries. To gain insight into the policies that influence a nation's economic prosperity, it is crucial to examine the historical underpinnings of trade wars and the protectionist policies that have shaped them. Although theoretical studies have been conducted in this direction, content analysis of trade agreements in the mercantilist period, is limited. The main purpose of this study is to investigate the origins of economic policy differences in the foreign trade agreements of the United Kingdom, which became rich as a result of industrialization and mercantilist policies, with three different states (France, Austria and the Ottoman Empire). Data were obtained by analyzing foreign trade agreements from the British archives. In this context, a comparative analysis was made by standardizing the customs duties applied to the United Kingdom's trade of 22 products with three different states in terms of the current currency. In addition, to compare tariffs, an Average Protectionism Index (API) was developed based on the tariffs of 22 products. The analysis revealed that Britain applied mercantilist policies to three different states with different degrees of mercantilist policies, and that the Ottoman Empire, which applied the capitulation policy, suffered more economic damage than the other two states.

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19. YÜZYIL'IN İLK YARISINDA EKONOMİK REKABET VE GÜMRÜK TARİFELERİ: İNGİLTERE'NİN OSMANLI İMPARATORLUĞU, AVUSTURYA VE FRANSA İLE TİCARİ İLİŞKİLERİ

Öz

Günümüzün küresel ekonomisinde ticaret savaşları ülkeler arasındaki rekabette önemli bir faktör haline gelmiştir. Bir ülkenin ekonomik refahını etkileyen politikalar hakkında fikir sahibi olabilmek için ticaret savaşlarının tarihsel temellerini ve bu savaşları şekillendiren korumacı politikaları incelemek büyük önem taşımaktadır. Bu yönde teorik çalışmalar yapılmış olsa da merkantilist dönem olarak adlandırılan bu dönemdeki ticaret anlaşmalarının içerik analizi sınırlıdır. Bu çalışmanın temel amacı, sanayileşme ve merkantilist politikalar sonucunda zenginleşen İngiltere'nin üç farklı devletle (Fransa, Avusturya ve Osmanlı İmparatorluğu) yaptığı dış ticaret anlaşmalarındaki ekonomi politikası farklılıklarının kökenlerini araştırmaktır. Veriler, İngiliz arşivlerinden dış ticaret anlaşmaları analiz edilerek elde edilmiştir. Bu kapsamda İngiltere'nin üç farklı devletle 22 üründe yaptığı ticarete uygulanan gümrük vergileri cari para birimi cinsinden standartlaştırılarak karşılaştırmalı bir analiz yapılmıştır. Ayrıca tarifelerin birbirleriyle karşılaştırılabilmesi için 22 ürünün tarifeleri baz alınarak bir Ortalama Korumacılık Endeksi (OKE) geliştirilmiştir. Analiz, İngiltere'nin merkantilist politikaları farklı derecelerde üç farklı devlete uyguladığını ve kapitülasyon politikası uygulayan Osmanlı İmparatorluğu'nun diğer iki devlete göre ekonomik açıdan daha fazla zarar gördüğünü ortaya koymaktadır.

Anahtar Kelimeler: *Dış Ticaret, Merkantilizm, Kapitülasyon, Gümrük Vergileri, Baltalimanı Ticaret Anlaşması, Korumacılık.*

INTRODUCTION

The 19th century was a period of expanding global trade, dynamic development of financial and commercial instruments, and the institutionalization of economic and diplomatic relations. From the 18th century onwards, the UK's mode of production, which maximized utility on a unit scale, also shaped international trade. The mass production that accompanied the Industrial Revolution enabled British products to reach global markets. This study is based on the customs tariff tables of the trade agreements made by Britain with the Ottoman Empire, France, and Austria in the 19th century. Despite its declining influence during this period, France remained a significant competitor of Britain's in the European market. Meanwhile, Austria leveraged the economic development and financial revival in the Balkans to its advantage, achieving significant breakthroughs industrialization and finance. In contrast, the Ottoman Empire experienced a decline in its ability to compete politically, militarily, economically, and diplomatically. From this perspective, Britain wielded significant influence over international trade within the Ottoman Empire.

These states were included in the study because they are the UK's leading partners in international trade and all three states are at a different economic level, in addition, when selecting the sample set, it was considered that these three trading partners of the UK use similar trade routes and are trading partners. Given that this was a period when industrialization and financial modernization were contributing to international trade, it was considered appropriate to use trade agreements concluded in the first half of the 19th century. Furthermore, the ongoing discourse surrounding the interpretation of The Treaty of Balta Liman as a trade agreement that may have had adverse consequences for the Ottoman Empire has been a subject of discussion for some time. The study will also provide an opportunity to comment on the competitiveness of the Ottoman Empire in international trade within the framework of customs duties. For this reason, trade agreements and customs tariff schedules close to The Treaty of Balta Liman were preferred. This study aims to measure the level of protectionism between countries in the 19th century, highlighting the growing importance of statistical methods in contemporary historical research. The article also aims to bridge economic thought and economic policies quantitatively by developing an index.

THEORETICAL FRAMEWORK

Foreign Trade Policies: Mercantilism and Capitulation Policy

The spread of trade played a crucial role in the dissolution of medieval feudalism. Increased agricultural productivity in Europe led to a surplus of food and craft products, which could be traded in local and international markets. By the 11th century, long-distance trade began covering much of Europe, and by the late 14th century, large trade fairs were established. These fairs exchanged goods like grain, fish, woolen cloth, and timber for spices, silver cloth, wine, and gold (Hunt, 2009).

As trade grew, so did the demand for money, prompting countries to accumulate precious metals like gold and silver. This need spurred the mining industry and colonial expansion, fueling competition, particularly between Spain, England, the Netherlands, and France (Küçükkalay, 2008). England emerged victorious, with its mercantilist policies dominating the 17th century (Savaş, 2000). Mercantilism aimed to attract the flow of gold and silver while restricting exports, seeking a favorable balance of trade (Hunt, 2009).

Thomas Mun's "*England's Treasure by Foreign Trade*" (1664) was a foundational work of mercantilism, advocating that a country's wealth could be increased by exporting more than it imports (Mun, 1664). Mun also argued that nations should sell their goods at competitive prices to dominate foreign markets, citing British success in selling cheaper fabrics to the Ottoman Empire (Mun, 1664).

In contrast, the Ottoman Empire's economic policy focused on fiscalism and the principles of iaşe, fiscalism, and traditionalism, which aimed to ensure abundant supply and maximize treasury revenues rather than protecting domestic industries (İnalcık, 2000; Berkes, 2013). The Ottoman approach did not prioritize restricting imports or protecting domestic industries as European states did. Additionally, the Ottoman policy of capitulations, which granted trade privileges to foreign merchants, reflected a strategic effort to form alliances and acquire luxury goods (İnalcık, 2000).

Ottoman, France, England, and Austria, due to the different political, social, and economic conditions they experienced during the Middle Ages and the Early Modern Period, developed differing economic thought, institutions, and policies. By the 19th century, disparities in the approach of these countries toward capitalist production and consumption concepts became evident. The development and quantitative measurement of "protectionist policies" in 19th-century foreign trade serve as the fundamental starting point for this study.

Foreign Trade Agreements

United Kingdom-Ottoman Empire: The Treaty of Balta Limanı (1838)

In the early 19th century, Britain had completed the Industrial Revolution and had become the unrivaled leader in the global economy. This was largely due to the defeat of France in the Napoleonic Wars. However, the implementation of protectionist measures by other European countries hindered Britain's ability to export to those regions. Consequently, Britain sought to identify alternative markets. Between 1820 and 1840, Britain signed free trade agreements with numerous countries. One such agreement was The Treaty of Balta Liman, which was signed with the Ottoman Empire. The treaty marked the peak of long-standing British commercial pressure on the Ottoman Empire (Kütükoğlu, 2022).

A component of The Treaty of Balta Liman pertained to the monopoly regime, specific restrictions, and supplementary taxes imposed by the Ottoman Empire on foreign trade. The other component pertained to customs duties. This agreement resulted in a reduction of the taxes imposed by the Ottoman Empire on foreign trade. Before 1838, the Ottoman Empire had imposed a 3% customs tax on imports and exports. Merchants were also obligated to pay an internal customs tax of 8% when transporting goods within the empire. The provisions of The Treaty of Balta Liman stipulated an escalation in export duties to 12%, while import duties were established at 5%. Moreover, foreign merchants were granted exemption from domestic customs duties. This privilege was a significant benefit, allowing foreign merchants to conduct trade without the burden of additional taxes (Pamuk, 2014). Issawi (1980) stated that with this agreement, the Ottoman trade regime became one of the most liberal trade regimes in the world. In a way, The Treaty of Balta Liman paved the way for the realization of commercial and financial transactions in the Ottoman Empire within the framework of a liberal economy in the following period (Gücüm, 2015).

United Kingdom-France Trade Agreement (1830)

In the 17th and 18th centuries, trade relations between Britain and France were shaped economic, political and military factors. From 1688 onward, the relationship between the two countries was marked by a certain degree of economic competition, which included trade prohibitions and high tariffs. These policies were intended to protect strategic economic sectors and weaken the rival. However, it should be noted that smuggling also became a significant challenge during this period. To address this issue, both countries introduced a range of regulations to prevent the illegal cross-border movement of goods. However, it is important to note that these prohibitions were often disregarded. Following the major wars, there were intermittent endeavors to establish free trade. The trade treaty concluded in 1713 as part of the Peace of Utrecht aimed to remove these trade barriers, but the British Parliament did not ratify the treaty. Similar initiatives were proposed in 1748 and 1786, but mutual mistrust prevented the two countries from establishing a permanent free trade arrangement. The economic understanding of the period saw trade as a zero-sum game; one side's gain meant the other's loss. Industrialists, especially in the UK, were worried about increased competition with France and advocated continuing protectionist policies (Shovlin, 2021).

Whig supporters in Britain viewed France as a formidable industrial competitor and expressed opposition to the entry of French goods into the British market. French officials viewed free trade as a tool to expand exports and improve competitiveness. However, persistent tensions prevented the implementation of the 1713 Treaty, though it remained a reference in later talks. With Britain's industrial edge growing by the late 18th century, France's trade policies were increasingly shaped by this imbalance.

The contemporary writer Josiah Tucker's 1753 work "*A Brief Essay on the Advantages and Disadvantages Which Respectively Attend France and Great Britain, with Regard to Trade*" was based on both the historical rivalry and the need to maintain trade relations between the two countries. As indicated by the data presented in Table 1, the theoretical structure of foreign trade during the 18th and 19th centuries is of significant importance.

Table 1: Trade Advantages and Disadvantages of United Kingdom and France

	Great Britain (United Kingdom)	**France**
Advantages	Industrial and Production Capacity: Advanced industrial and production capacity.	Large Domestic Market: High domestic consumption due to large population.

	Maritime Trade and Navy: Strong navy and merchant fleet.	Agriculture Power: Fertile soils and developed agricultural sector.
	Freedom of Trade and the Legal System: The system that supports economic activity.	Handicrafts and Luxury Goods: Specialization in textiles, wine and luxury goods.
	Colonies and Resources: Advantage of raw materials from America and India.	Connections with Europe: Geographical advantage in land trade.
	Advanced Financial System: London's dominance in banking and capital markets.	Cultural and Artistic Production: Cultural activities bring economic and diplomatic power.
Disadvantages	Small domestic market: Small population compared to France, low domestic demand.	Backwardness in Industrialization: Behind Britain in heavy industry.
	Backwardness of Agriculture: Foreign dependence in food production.	Weak Sea Power: It does not have as strong a merchant fleet as Britain.
	Labor Costs: Increased worker wages due to industrialization.	Centralized government and bureaucracy: A form of government that restricts economic freedom.
	External Competition and Wars: Competition with France and other European countries.	Fiscal Crises and Debt: Fiscal crises due to high government spending.
	Dependence on Colonies: The economy relies heavily on resources from the colonies.	Internal Disturbances and Social Structure: Economic inequalities between the aristocracy and the commoners.

Source: Josiah Tucker, A Brief Essay on the Advantages and Disadvantages Which Respectively Attend France and Great Britain, with Regard to Trade, Printed for T.Tyre, 1753, Londra.

By the 19th century, Britain had built its global power status on four key elements: military might, economic and financial superiority, imperial resources, and diplomacy. Britain's naval power played a critical role in protecting its global interests and maintaining the balance of power in Europe (Otte, 2019) In the 20th century, nuclear deterrence became part of this strategy. Britain's industrial revolution and trade network underpinned its global power. Throughout the 19th century, Britain expanded its free trade policies, paving the way for a more liberal system of world trade, notably with the abolition of the Grain Laws in 1846. While imperial resources consolidated Britain's military and economic power, diplomacy was shaped by information gathering, analysis and strategic decision-making. In this process, the Foreign Office was structured as an information-based organization. However, from the mid-20th century onwards, increased economic competition and the financial burden of wars reduced Britain's global influence. At the same time, new industrial powers such as Germany and America began to emerge, threatening Britain's economic leadership.

On the other hand, post-Napoleonic France tended to expand its sphere of influence through commercial and cultural means rather than territorial conquests. Benjamin Constant criticized aggressive expansionism, arguing that influence through economic dependence could be more effective. Talleyrand and Abbé de Pradt argued for continued commercial and cultural dependence despite colonies gaining formal independence. Pradt supported independence movements in Latin America but linked this support to commercial gain. During this period, France tried to develop relations with major markets such as the Ottoman Empire and China, but with limited success due to Britain's commercial supremacy (Andriot, 2023). From the mid-19th century until World War I, classical liberalism tried to gain strength in France. However, the crises of industrialization and agriculture increased criticism of economic liberalism. The adoption of protectionist policies in 1891 was a major defeat for liberalism. French liberals tried to maintain their influence through non-governmental organizations and economic platforms instead of direct politics. However, their influence weakened in the face of rising ideologies such as socialism. In the late 19th century, France and Germany began to take measures to protect their industries against Britain's free trade policies. In the early 19th century, Britain was more advanced than France in industrial production and technology. Napoleon's two major defeats consolidated the dominance of British industry on the continent. In France, the market-oriented industrial policies initiated by Jean-Antoine Chaptal evolved into a more state-controlled model with Napoleon's rule. However, Napoleon's economic objectives contributed to a period of instability in the industrialization process.

Napoleon's Continental System aimed to cripple Britain's economy by banning trade between Britain and France’s allies, but it failed to achieve its goals. Although industrial production in France grew and new technologies were introduced, this progress lagged behind Britain’s rapid industrialization. Trade blockades and war-related costs further hindered French industrial development. After 1815, France attempted to catch up, but ongoing conflicts and flawed policies left it behind. While France’s trade balance improved temporarily due to falling imports, the sharp decline in customs revenues weakened state finances (Horn, 2006; Alimento & Stapelbroek, 2017).

Classical liberalism in France, inspired by British free trade movements, gained momentum with the founding of the Paris Society of Political Economy in 1841. Thinkers like Bastiat and Chevalier promoted free trade and private enterprise but struggled to build broad political alliances. By the late 19th century, growing criticism during industrialization led to the adoption of protectionist policies in 1891, marking a major setback for liberalism.

In the late 19th century, French liberals maintained their influence through journals, chambers, and intellectual circles rather than mass politics, which limited their popular appeal. The rise of state intervention, social reform demands, and labor movements challenged liberal ideals. Despite defending free trade and individual liberty, liberalism weakened against the growing influence of socialism. Nevertheless, classical liberalism retained some presence, especially in business and economic discourse, though debates over Britain's model of free trade sparked controversy. While liberal supporters viewed the UK as an example, protectionists saw it as a threat to national industry. By the end of the century, economic nationalism and protectionism had gained traction across Europe (Todd, 2015).

The 1830 trade agreement between Britain and France, selected for this study, reflects this context. Signed in a period of post-Napoleonic normalization, the treaty aimed to protect Britain's domestic industry while enabling further commercial expansion. France, meanwhile, sought to increase its global trade presence during a time of renewed diplomatic engagement with the UK.

United Kingdom-Austria Trade Agreement (1838)

The commercial and financial relations between the UK and Austria were shaped by the political and economic balances in Europe and developed over time with both competitive and cooperative dynamics. The origins of this relationship are directly linked to the reactions of the Habsburg Empire's economic policies to the global economic power of Britain, especially in the 18th century. During this period, Austria tried to play a more effective role in the economic balance in Europe by protecting its commercial interests. However, Britain's dominance over global trade was one of the main factors determining the direction of this process.

In the early 18th century, Austria sought to enter global trade by establishing the Ostende Trading Company in 1722, aiming to compete with Britain and the Netherlands in the Indian Ocean and Far East. Seen as a threat, this move prompted British diplomatic pressure, leading to the company's closure in 1731. Thereafter, Austria abandoned overseas ambitions and focused its economic strategy on continental Europe (Winder, 2013).

Throughout the 18th century, Britain and Austria developed economic ties shaped by political alliances and shared strategic interests. The 1703 and 1785 trade agreements aimed to counter French influence and foster mutual commerce, with Austria seeking to expand its position in continental trade. Britain, in turn, relied on Austrian raw materials during industrialization. Financial cooperation also deepened, especially in banking, laying the groundwork for closer ties. In the 19th century, the Napoleonic Wars further aligned the two powers. Britain supported Austria militarily and financially, most notably through Rothschild-backed loans, strengthening Austria's reliance on London's financial markets.

Post-war, Austria pursued industrialization and railway expansion with British collaboration, though it continued to trail behind Britain's global trade leadership. Despite some economic growth, Austria's economy remained largely agrarian. By 1913, Austria-Hungary matched France's share in Europe's GNP, yet World War I disrupted this progress and weakened trade relations with Britain. Overall, Anglo-Austrian economic relations were marked by cooperation and asymmetry. While Britain advanced global free trade, Austria often responded with protectionist policies and even intelligence measures to contain British influence (Berend, 2012; Good, 1984).

In conclusion, the trade agreement signed between Britain and Austria on July 3, 1838, which is the subject of this study, was in line with Britain's classical liberal approach after the Industrial Revolution. Although Austria was one of the major economic powers of continental Europe, it could not respond to Britain's rapid growth, but it was economically competitive with France. Compared to the Ottoman Empire, it was in a more advantageous position both economically and politically and militarily. In these three countries, which signed trade agreements with Britain at the same time, the economic structure of the period was characterized by a "complex" interweaving of protectionist policies and free trade. However, different factors were at the forefront of the economic agreement. The agreement between France and Britain was based on a post-Napoleonic normalization of relations but centuries-old trust issues. The treaty signed with Austria was shaped within the framework of the Habsburg monarchy's economic dependence on Britain, a process that began with cooperation against a common threat. Conversely The Treaty of Balta Liman between the Ottoman Empire and Britain emerged following a rapprochement between the two states, driven by a shared desire to halt France's territorial expansion following Napoleon's invasion of Egypt and Russia's growing awareness stemming from its Pan-Slavism policy. The political, economic and military instability of the Ottoman Empire forced Britain to support the Ottoman Empire against Russia and France. The expansion of the Khedive regime established by Mehmet Ali Pasha in Egypt brought France and Britain face to face again in the conflict of interests in the region. As a "quid pro quo" for Britain's support to Bab-ı Ali in this process, a free trade agreement similar to the one signed between Russia and the Ottoman Empire was signed between Britain and the Ottoman Empire. From this perspective, the trade agreements can be interpreted as a reflection of Britain's sanctioning power over these three countries. While the agreement between the UK and France was relatively more "equal and fair" than the others, the agreement with Austria had more elements in favor of the UK. However, this agreement has much better terms compared to The Treaty of Balta Liman. The customs tariff schedules established under trade agreements, which are analyzed in detail below, clearly demonstrate this situation.

METHODOLOGY

The data used in the study are obtained from the trade agreements signed by Britain with France, Austria and the Ottoman Empire between 1830 and 1840, when Britain's mercantilist economic policies were at their peak. The conditions under which these trade agreements were signed are described above. While creating the data set, we first used the customs tariff schedule prepared under Article 7 of the The

Treaty of Balta Liman signed between the UK and the Ottoman Empire in 1838[2]. The closest dated British-Austrian trade agreement to this tariff schedule was signed in 1840. Based on this agreement, the customs tariff schedule between the two countries in 1842 was used to construct the dataset from which the data for this study were derived[3]. The most recent trade agreement between Britain and France was signed in 1830. However, it was decided that customs duty rates would be updated by the authorized commissions of the two countries within the existing agreement. In 1834, the tariff schedule between the two countries was updated, so the copy of the agreement analyzed in this study dates from 1834[4].

Table 2: Products Identified in the Customs Tariff Schedules under the Related Agreements and Included in the Data Set of the Study

Food	Textile	Mineral	Miscellaneous
Almond	Velvet Fabric-Pure	Potassium Bitartrate	Paper
Caper/Capari	Velvet Fabric-Wowen	Sulfur Stone	Glass Bottle (Empty)
Wine	Linen		
Vinegar	Martın Fur		
Oil	Human Hair-Wig		
	Hat-bonnet		
	Saten Fabric-Pure		
	Saten Fabric-Wawen		
	Goat Leather		
	Small Dyed Goat Leather		
	Crape Fabric-Pure		
	Crape Fabric-Wowen		
	Shoes		

Source: Created by the authors using these agreements.

[2] UK Parliamentary Papers, 19th Century House of Common Sessional Papers, Copy of the Tariff Agreed upon by the Commissioners Appointed under Seventh Article of the Convention of Commerce and Navigation between Turkey and England, 1839, XLVIII.311, vol 47.
[3] UK Parliamentary Papers, 19th century House of Common Sessional Papers, Commercial Tariffs and Regulations of the Several States of Europe and America, together with the Commercial Treaties between England and Foreign Countries, Part the first, Austria 1842.
[4] UK Parliamentary Papers, 19th Century House of Common Sessional Papers, First Report on the Commercial Relations between France and Great Britain, Addressed to the Right Honourable the Lords of the Committee of Privy Council for Trade and Plantations, by George Villiers and John Bowring, with a supplementary report, by John Bowring, 1834. Vol 19.

After determining the tariff schedules under the UK's trade partners and similar trade agreements with them, the identification of products began. Among all the commodities subject to Britain's foreign trade with the Ottoman, Austrian and French states, the products common to all three states were selected and the dataset was created. The common products (22) identified in the relevant customs tariff schedules of the aforementioned agreements in Britain's foreign trade with Austria, France and the Ottoman Empire in the first half of the 19th century are shown in Table 2.

Standardization of the units of measurement of taxes

Once the common commodities involved in foreign trade were identified, the biggest problem for the study was the lack of regulation in the units of measurement and currencies used by the states. England; *Yards, Gallon, Bushel*, Austria; *Centner, Gross Centner, Saum, Karch, Metzel, etc*., in the Ottoman Empire, local units of measurement such as okka and kantar were used. Moreover, the fact that each country uses its own currency was one of the main problems faced by the study. In order to conduct a sound study and analysis with the data set, the following methods were followed:

- In order to make comparisons between data, units of measurement were standardized. For a better understanding of the subject, international units of measurement such as meters, liters and kilograms, which are also used today, were preferred.
- Currencies have also been standardized. As the UK is a party to these three trade agreements, the common denominator in their currencies is the pound sterling. The conversion of the British pound sterling to the Turkish lira and the comparison in terms of the Turkish lira was made in order to investigate the The Treaty of Balta Liman effect on the Ottoman Empire. Based on the equations where 1 pound is 20 shillings and 1 shilling is 12 pence, it is calculated that 1 pound is 240 pence. It is also known that the equivalent of 1 pound is 1.1 Ottoman lira. Considering the equation that 1 kurus is 40 coins and 1 coin is 3 akçe, 1 kurus is 120 akçe. When the whole equation is simplified, it will be seen that 1 penny is approximately 50 akçe.

The conversion process was executed as outlined below:

- 1 Yards = 0.91 meters
- 1 Gallon = 4.54 liters
- 1 Bushel = 36.37 liters
- 1 Cwts = 50.80 kilograms
- 1 Centner = 50 kilograms
- 1 Gross Centner = 100 kilograms
- 1 Saum = 85 kilograms
- 1 Karch = 56 liters

- 1 Metzel = 57.60 liters
- 1 Okka = 1.28 kilograms
- 1 weighbridge = 55,30 kilograms

The above-mentioned methods have been used to standardize tax bases. In tax theory, the tax base is the technical, physical or economic quantity to which the tax subject is reduced in order to calculate the concrete amount of tax payable. In the first case, the tax is a **specific-based tax** calculated and levied on technical quantities such as weight, number, volume, area, length, etc. In the second case, an **ad volerem-based tax** is levied on an economic quantity, such as a price or price. In order to calculate the tax liability, a tax tariff is applied to the tax base. If the quantitative size of the object to be taxed is of a technical nature, such as weight, surface area, volume, etc., the tax liability is calculated based on a specific amount in material terms. An example of this is a tax of 2 TL per kilogram of sugar. On the other hand, if the tax base is ad volerem based, tax is levied according to rates usually determined in percentages and sometimes in thousands. An example is a 1% tax on the value of wealth (Turhan, 2020).

In the Ottoman Empire, some provinces imposed customs duties on a specific basis. For example, wine was taxed per barrel and paper or glass per bale. Imported wool was taxed by the ball (pastav) (İnalcık, 2000). In order to facilitate the comparison of customs tariffs across countries, this study uses products for which customs duties are calculated on a specific- based tax.

Customs tariff schedules from the three trade agreements were converted into standard units of measurement (units, kg, meters, etc.) and currencies (akçe). A data set was created by identifying the commodities subject to foreign trade in these agreements. As a result of the analysis of the existing data set, it was aimed to find answers to questions such as how effective Britain's mercantilist policies were when importing from a country with which it had been in competition for years or when exporting to a country with which it was militarily and politically stronger. Comparing and contrasting the customs tariff schedules will also reveal both the practical reflection of Britain's economic policies and the sanctioning power of its military and political power over other countries. Moving this comparison to a quantitative level has been more difficult due to the inelastic nature of historical data.

Limitations of the data set and Average Protection Index

Between 1830 and 1840, the dataset of trade agreements signed by the United Kingdom with France, Austria and the Ottoman Empire was sterile and inelastic in some respects. The selection of "*common*" products explicitly mentioned in these agreements has narrowed the dataset. Moreover, the total export-import value of the product in question between the two countries, on which modern theories of protectionism and taxation are based, is not mentioned in each agreement or the period sources. The methods of calculating foreign trade between countries also differ from today's modern techniques. Again, since the distinction between intermediate goods and final goods used in today's economic calculations cannot be clearly traced in contemporary sources, expressing the historical data set with modern methods would lead us to anachronism. Therefore, the data set was analyzed using the "*Average Protectionism Index and Standard Deviation*".

The analysis is based on calculating the average and standard deviations of tariffs for each product to construct an Average Protectionism Index (API). The API shows differences in trade policies by determining the ratio of the import duty imposed by each country to the average import duty. The formula was applied as follows:

$$API = \frac{Import\ Tax\ Amount}{Average\ Import\ Tax\ Amount} \quad (1)$$

In Equation 1, the ***Import Tax Amount*** is the amount of tax paid by traders per product for each of the 22 selected products at the customs of the relevant country. The ***Average Import Tax Amount*** was calculated as the arithmetic average of the British, Austrian and Ottoman customs duties for the same product.

API for UK:

$$API_{UK} = \frac{Tax\ paid\ by\ French\ merchants\ at\ British\ customs}{Average\ import\ tax} \quad (2)$$

API for Austria:

$$API_{A} = \frac{Tax\ paid\ by\ British\ merchants\ at\ Austrian\ customs}{Average\ import\ tax} \quad (3)$$

API for Ottoman Empire:

$$API_{O} = \frac{Taxes\ paid\ by\ British\ merchants\ at\ Ottoman\ customs}{Average\ import\ tax} \quad (4)$$

In equation 2, the UK's Average Protectionism Index (API_{UK}), in equation 3 Austria's Average Protectionism Index (API_{A}), in equation 4 the Average the Ottoman Empire's Protectionism Index of (API_{O}) is shown how it is calculated. As can be seen in Table 3, this index is calculated separately for each country included in the study on the basis of 22 products

FINDINGS

Table 3: Amounts of Custom Taxes Paid for 22 Products and API (in Akçe)

Product	Unit	Import Tax_{UK*}	Import Tax_{A**}	Import Tax_{O***}	Average Import Tax	Standard Deviation	API_{UK}	API_{A}	API_{O}
Food									

Product	**Unit**	**Import Tax$_{UK*}$**	**Import Tax$_{A**}$**	**Import Tax$_{O***}$**	**Average Import Tax**	**Standard Deviation**	**API$_{UK}$**	**API$_{A}$**	**API$_{O}$**
Almond	kg	560	141	17	239,3	232,33	2,33	0,58	0,07
Caper/ Capari	kg	600	196	3	266,33	248,75	2,25	0,73	0,01
Wine	Bottle	440	330	45	271,66	166,45	1,61	1,21	0,16
Vinegar	1 lt	140	2,5	25	55,83	60,22	2,50	0,04	0,44
Oil	1 kg	4.800	87	14	1,633,66	2.239,13	2,93	0,05	0,008
Textile									
Velvet Fabric- Pure	1 kg	26.400	18.000	8.800	1.7733,33	7.187,64	1,48	1,01	0,49
Velvet Fabric- Wowen	1 kg	33.000	20.400	12.000	21.800	8.630,18	1,51	0,93	0,55
Linen	1 kg	70,5	76,3	6,5	51,1	31,63	1,37	1,49	0,12
Martın Fur	Piece	300	162,5	72	178,16	93,74	1,68	0,91	0,40
Hat-bonnet	Piece	3.400	1.200	150	1.583,33	1.354,21	2,14	0,75	0,09
Saten Fabric-Pure saf	1 kg	18.000	13.200	6.400	1.2533,33	4.759,08	1,43	1,05	0,51
Saten Fabric- Wawen	1 kg	20.400	18.000	7.000	1.5133,33	5834	1,34	1,18	0,46
Goat leather	Piece	170	50	36	85,33	60.14	1,99	0,58	0,42
Small dyed goat leather	Piece	200	50	7,5	85,83	82,57	2,33	0,58	0,08
Crape Fabric- Pure	1 kg	19.200	18.000	7.200	14.800	5.396,30	1,29	1,21	0,48
Crape Fabric- Wowen	1 kg	21.600	20.400	10.400	1.7466,66	5.020,85	1,23	1,16	0,59
Human hair–Wig	1 kg	1.200	9.600	845	3.881,66	4.046,07	0,30	2,47	0,21
Shoes	Pair	900	750	216	622,0	293,54	1,44	1,20	0,34
Mineral									
Potassium bitartrate	1 kg	55	18	109	60,66	37.37	0,90	0,29	1,79
Sulfur Stone	1 kg	5,8	15	1,6	7,46	5,60	0,77	2,008	0.21
Miscellaneous									
Glass bottle (empty)	Piece	100	125	26,5	83,83	41,81	1,19	1,49	0,31
Paper	Piece	600	900	3	501	372,83	1,19	1,79	0,005

* Tax paid by French merchants at British customs,

** Tax paid by British merchants at Austrian customs,

*** Tax paid by British merchants at Ottoman customs

Source: UK Parliamentary Papers, 19th Century House of Common Sessional Papers, Copy of the Tariff Agreed upon by the Commissioners Appointed under Seventh Article of the Convention of Commerce and Navigation between Turkey and England, 1839, XLVIII.311, vol 47. UK Parliamentary Papers, 19th century House of Common Sessional Papers, Commercial Tariffs and Regulations of the Several States of Europe and America, together with the Commercial Treaties between England and Foreign Countries, Part the first, Austria 1842. UK Parliamentary Papers, 19th Century House of Common Sessional Papers, First Report on the Commercial Relations between France and Great Britain, Addressed to the Right Honourable the Lords of the Committee of Privy Council for Trade and Plantations, by George Villiers and John Bowring, with a supplementary report, by John Bowring, 1834. Vol 19. Created by the authors using these agreements.

As seen in Table 3, the first column indicates the products under scrutiny and the second column indicates the units in which these products are measured. The third column of Table 3 shows the taxes paid by French merchants at British customs when importing from France. Column 4 of the table shows the amount of taxes paid by British merchants at Austrian customs, while column 5 shows the taxes paid by British merchants at Ottoman customs gates for the product and quantity in question. Column 6 of the table shows the arithmetic mean of the taxes levied at the three customs gates for the product and quantity in question, and column 7 shows the standard deviation of these tax amounts.

The column with standard deviations shows the deviations from the average duty, allowing us to comment on "*protectionist customs practices*". The standard deviation shows how far the values in a data set deviate from the mean. That is, it shows the extent of fluctuations between customs duties in this data set.

Standard deviation is the key to understanding the following issues:

- Inconsistency or stability of countries' customs duties,
- How a particular product is taxed in different countries and how much it differs,
- Whether protection policies are homogeneous or not.

If the standard deviation is high in the data set, the taxation of this product is highly variable across countries. Conversely, if the standard deviation is low, the taxation of this product is consistent (similar) across countries.

Columns 8, 9 and 10 of Table 3 consist of *the API*, which is calculated by dividing the customs tariff rates applied by countries by the average tax amount. In order to make a mathematical comparison, the hypothesis should be formulated as follows:

API ≥ 1*, protectionism is high,*

API < 1 *protectionism is low.*

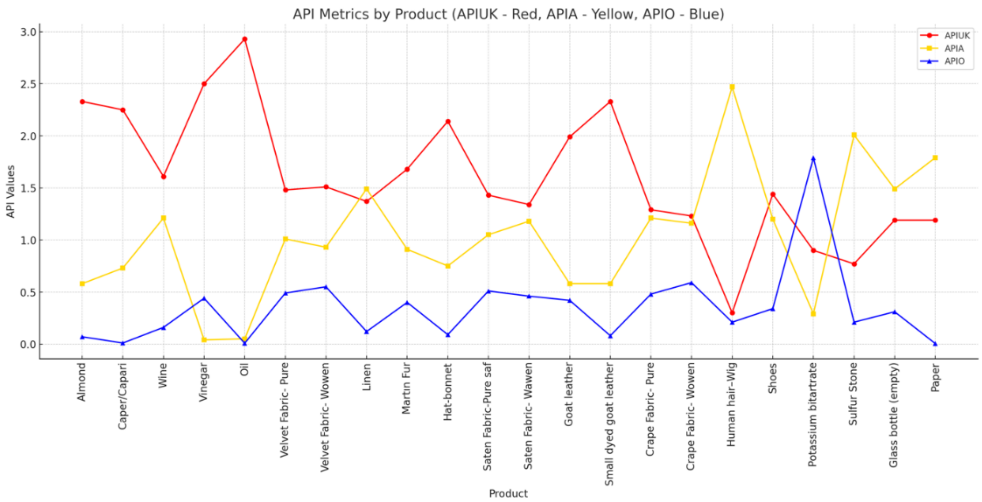
The initial category to be examined in Table 3 is the "Food" products category. This category reveals that the UK imposes substantial customs duties on all products. Austria adopted a more protectionist stance compared to the Ottoman Empire. The United Kingdom's high tariffs on agricultural products stem from the "Corn Law" policies aimed at safeguarding domestic producers, as previously outlined. However, under the trade agreements with the Ottoman Empire and Austria, the taxes paid on the export of these products were relatively low. This is particularly evident in the case of high-value-added agricultural products such as oil and wine, where both the standard deviation and the API exhibit significantly higher values.

As expected, the textile category was Britain's most protectionist area in the 19th century. Especially during the Industrial Revolution, when Manchester's weavings spread worldwide, its stance on foreign trade was very harsh and clear.

Britain advocated low tariffs on exports and very high tariff walls on imports. One of the concrete analyses of the study reflects of this theoretical policy in practice.

As can be seen in Figure 1, the API coefficients of the UK are above 1. Austria's API values show that it followed protectionist policies. Austria and Germany, which started industrialization at that time, started to implement the "*baby industry*" policies, which would later become a form of economic thought, and tried to protect domestic producers by increasing taxes in these areas that started to industrialize. The domestic producers were unable to compete with their foreign counterparts, particularly those from the United Kingdom, who had a long-standing presence in this sector. Consequently, tariffs were maintained at elevated levels. A close examination of crepe, linen, and satin fabrics reveals that the Austrian Empire, like Britain, implemented protectionist policies regarding these goods.

Figure 1: Average Protectionism Index of UK, Austria and Ottoman Empire by Product



Source: Created by the authors.

In contrast, the economic structure and dynamics of the Ottoman Empire are different from those of these states. Although there were industrialization efforts and moves within the Ottoman Empire, since this production was far from the goal of "*self-sufficiency*", there was a need and permission for these weavings to enter the Ottoman markets in foreign trade. Moreover, it is almost impossible to pursue a policy of supporting the Ottoman industry by politically and militarily excluding British textiles. For this reason, the API coefficients applied by the Ottoman Empire in the field of textiles are below 1 and lower than other states. The only category that does not reflect the general situation of the Ottoman Empire is the "Mining" category. The only case where the API values of the Ottoman Empire exceeded 1 was in the Potassium Bitartrate trade. Also known as Cream Tartar, this substance is obtained during winemaking and is subject to high customs duties. This practice, which today is known as *sin taxes*[5], was applied by the Ottomans in those years for wine. In this category, neither England nor Austria practiced a protectionist policy. This was also in line with the principles of mercantilism in terms of raw materials and minerals.

The findings from the literature and the quantitative analysis align, showing that in the 19th century, England was the most protectionist country in foreign trade, followed by Austria. The Ottoman Empire, on the other hand, implemented the least protectionist policies. This reflects the strong relationship between industrialization and foreign trade; industrialized countries imposed high customs duties on other nations in order to sell their own products. The differences in protectionist policies can also be attributed to variations in military and economic power, as well as differing perspectives on economic life.

CONCLUSION

As a result, the trade agreement signed between Britain and Austria on July 3, 1838, which is the subject of this study, was in line with the classical liberal understanding that Britain followed after the Industrial Revolution. Although Austria was one of the major economic powers of continental Europe, it could not respond to the rapid growth of Britain, but it was economically competitive with France. Compared to the Ottoman Empire, Austria was in a more advantageous position both economically, politically and militarily.

In these three countries, which signed trade agreements at the same time as the UK, the economic structure of the period was based on a "complex" idea in which protectionist policies and free trade were intertwined. However, different factors were at the forefront of the economic agreement. The basis of the agreement between France and Britain was the normalization of relations after Napoleon but centuries-old trust issues. The treaty with Austria was shaped by the Habsburg monarchy's economic dependence on Britain, a process that began with cooperation against a common threat.

The Treaty of Balta Liman between the Ottoman Empire and Britain emerged as a result of the rapprochement of the two states that wanted to stop the expansion of France after Napoleon's invasion of Egypt and Russia's progressive approach stemming from its Pan-Slavism policy. The political, economic and

[5] A sin tax is a tax on goods that are harmful to the health of individuals and society, such as alcohol, tobacco and polluting fuels (Özbay, 2023).

military instability of the Ottoman Empire forced Britain to support the Ottoman Empire against Russia and France. The expansion of the Khedive regime established by Mehmet Ali Pasha in Egypt brought France and Britain face to face again in the conflict of interests in the region. As a "quid pro quo" for Britain's support to Bab-ı Ali in this process, a free trade agreement similar to the one signed between Russia and the Ottoman Empire was signed between Britain and the Ottoman Empire. In this respect, the trade agreements can be interpreted as a reflection of Britain's sanctioning power over these three countries. While the agreement between Britain and France was relatively more "*equal and fair*" than the others, the agreement with Austria had more elements in favor of Britain. However, this agreement had much better terms compared to The Treaty of Balta Liman. The customs tariff schedules and API coefficients established under the trade agreements and analyzed in detail above clarify this. The analysis of the data set obtained from these customs tariff schedules reveals that trade agreements concluded as a result of political and military events are shaped according to the economic thinking of the powerful state.

In the period under review (1830-1840), the United Kingdom was able to sign trade agreements in its favor in the first half of the 19th century due to its political, economic, military and diplomatic policies since the 18th century. The analysis of customs duties shows that the "*stronger*" side was able to fully protect its industry. At the same time, the stronger party paid lower customs duties on foreign trade. The relatively weaker party had a more disadvantaged position in foreign trade. The "*weaker*" side, which signed trade agreements under certain obligations, was unable to protect its customs as it wished. In this study, the API coefficients of the Ottoman Empire show that it was much easier for the Ottoman Empire to trade with England than for France to trade with England. Moreover, an analysis of Austria's situation shows that between 1830 and 1840, the Austrian Empire was stronger economically, militarily and politically than the Ottoman Empire. The fact that the API coefficients are also higher than those of the Ottoman Empire makes this situation more explanatory. Although the Austrian Empire's current power does not allow it to impose customs walls and protectionism as high as the UK, it is seen to have more competitive and enforcement power than the Ottoman Empire.

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