

Industrialization Was Never an Accident: Colonialization, Monopolized Trade, and Industrialization

“If you would understand anything, observe its beginning and its development.”

—Aristotle

On 16 August 1838, a free trade agreement between the Ottoman Empire and Great Britain was signed in Istanbul. The treaty opened up the Ottoman domestic market to the attractive manufactured products of newly industrialized Great Britain. Soon after, the coverage of the agreement was extended to other industrialized nations, including France, the Netherlands, and Belgium.

The agreement also secured Ottoman exports of raw materials needed by Britain and other industrialized nations of Europe. As the Ottoman Empire was not as industrialized as much of Europe at the time, Ottomans could offer cotton, tobacco, grapes, copper, iron, and similar goods to rapidly growing European industries desperately in need of increasing amounts of raw materials. Previously, Ottoman economic policy was based on the notion of *provisionism*, which meant that the people would have abundant access to goods; in other words, Ottoman policies did not encourage exports.

At the time of the free trade agreement, industrial manufacturers in Great Britain and other industrialized nations had several important competitive advantages compared to their rivals (or rather artisans) in the Ottoman Empire, which had not yet gone through an industrial revolution.

Firstly, due to the higher scale of production, unit costs of production in Britain were lower than in the Ottoman Empire. Secondly, British end-products and their packing designs were now more appealing than Ottoman ones, which looked more traditional in both content and package. Thus, European products commanded adoration from consumers, as they do in many underdeveloped countries today. Consumers considered buying products with the European ‘nation brand’ to be a status symbol. Thirdly, European companies manufactured certain products that simply did not exist in the Ottoman Empire at the time.

Under the free trade agreement, Ottoman producers faced unprecedented competition from more advanced and prepared rivals. This led to the demise of the traditional production pattern and prevented private ventures from establishing modern industrial facilities. The main reason for this was that the traditional, low-scale, and mostly manual manufacturers of the unindustrialized Ottoman Empire were not ready for competition with the modern manufacturers of industrialized Great Britain. As expected, many Ottoman manufacturers (e.g. of textiles) went out of business after the Agreement came into force. Any hope of the transformation of the pre-industrial Ottoman production pattern into the modern one effectively vanished. The Agreement also made competition with international rivals more difficult, as, while it abolished import duties, taxes on the transport and sale of domestically produced goods remained intact. Moreover, the Ottoman budget lost import tax revenues.

* * *

The above is a synopsis of the Ottoman experience of being forced to open up to international trade with the major exporters of the time such as Great Britain. It was not much different from an ordinary man being forced into a boxing match with a well-trained professional heavyweight boxer. However, the Ottoman Empire, which soon dissolved, was not alone in this experience in the second half of the nineteenth century. It was a common experience for many poorer countries of the world at the time.

What Ottoman officials also did not know was that the text of the Agreement they signed came from a standardized contract. Great Britain and other nations forced more or less the same free trade agreement texts on many countries in Asia and Latin America. Many of these agreements were signed unwillingly, and under military pressure from these stronger nations under the so-called gunboat diplomacy of the nineteenth century.

That was why the Chinese and then the Japanese and Koreans called them the unfair treaties. In Africa, there was no need for free trade agreements, as the colonizers directly ruled the African territories.

How did the world end up there in the nineteenth century? How did the colonizers, especially Great Britain, expand their territories around the globe? Was industrialization an accident in these countries? What contribution did the possession of global territories made on Britain's industrialization and vice-versa? The first part of the book deals with these questions.