

# The Problem of Financial Resource in Turkish Local Administration from a Historical Point of View

Hüseyin Gündoğdu<sup>1</sup>

## **Abstract**

*This study claims that the financial problems existing in Turkish local administration which have been under reform by force of EU process have slight chance to be overcome. This is because like the reform efforts once tried in the 19th century Ottoman Empire, if the system would be reformed by transplanting the European system of city administration, the result could cause disappointment as it did in the Ottoman municipal 'revolution'. Rather, like European reformers did by 'inventing their traditions', Turkey could reform the local governments by reviving some of the institutions of classical cities which were evidently prosperous before industrialization.*

**Keywords:** EU Reforms, Ottoman Local Administration, Financial Problem

---

<sup>1</sup> Fatih University, hgundogu@fatih.edu.tr

## Introduction

After the initiation of the European Union accession process, one of the changes Turkey has to deal with has become reforming the public administration system. As a necessity of this process new laws regarding local government were promulgated. The principle of democratic governance which has recently come into fashion requires reconstructing the existing system of local governments. These reform efforts have in theory improved the efficiency and widened the responsibility of local governments. However, whether the local governments throughout the country will achieve to develop the cities or regions with their current economic facilities is a question hard to be answered.

The local governance system seems to remain unfulfilled unless it is supported with sufficient financial resources. The new process increases the tasks of local governments by partially separating them from the central government. Since the financial resources of local governments should be proportional to the tasks stipulated by the laws, it is clear that the duties transferred by central government to local governments should be supported by sufficient financial resources in local level.

The financial resources of local government units in Turkey, in general, are provided by local revenues and grants from central government. They are given the authority to collect some local taxes in accordance with the law which is only pertained to TGNA in Turkey. However, they do not have power to enact new taxes or to increase the rates of them. Actually, even if they were given such a power it would not be easy to collect these taxes, or such a local taxation might not be adequate to meet the needs of the cities or regions under their responsibilities.

These problems bring into mind the question how the financial deficits of local governments could be reduced and the regional development be improved. Could we see any model of system in the past which both develops the cities and reduces the financial aid from the central government? This article will scrutinize the answer of this question in the Ottoman public administration system in which the tasks or responsibilities of today's local governments were divided between different local units with functional solidarity and also the democratic contribution of local people. Such a system seems clearly in accordance with the concept of local governance.

To suggest such a model requires firstly having a general look at the Ottoman understanding of government in cities. This article will handle this through the prism of three units; *loncas*, *waqfs* and *mahalles*. This system created many buildings, structures and works of art which are still standing together with a harmony between

the city people and administration units. Moreover, the historical artifacts of the time even today make a great contribution to the texture of the cities. To understand how such beautiful cities were built and how they were administered by overcoming the problem of finance necessary to do that can make new ideas in the reform process mentioned above.

The financial problem of today's Turkish local government stems more or less from the fact that the first reforms in the local government which were held from the first half of the 19th century on were not built on the past administrative system longstanding for centuries but by transplanting the European institutions as they were. As a matter of fact, to be like Europeans should have required reforming the system as they did it. Nonetheless, what Europeans did was not to transplant or copy the systems of other cultures but to construct a new system on the base of the past experiences. What the Ottoman reformers of the 19th century would do could be to eliminate the deficiencies of the past system and to adapt the necessary aspects of contemporary European system to the system which had lasted for centuries and was adopted by the people. However, they preferred the former because of mostly political problems.

To systematize such a mixed model as the European reformers did for today's reform efforts, as one might expect, is out of possibility in the content of an article. So this article only tries to shed light on the problem by reminding the past Turkish experiences regarding the administration of old Ottoman cities.

To see why it was difficult to reform the system in the 19th century by transplanting the corresponding European institutions of the time, firstly the differences between European and Islamic or Turkish cities in the medieval and classical age will be enumerated. Before that the finance problem of local government in Turkey today will be touched with the main lines. Next, to be able to show the mistakes regarding local governments in the reform period of the 19th century, how the Ottomans managed to administrate the cities and how they financed the meets of these cities will be tried to be put forward.

### **The Problem of Finance in the Reform Process of Local Government**

The problem of finance might be both the cause and the outcome of new regulations in the public administration in general and local government in particular. When the system could not meet the needs of the time because of the economic problems, that system needed to be reformed. Also, to reform such a

---

---

system required money to do that. The history of Turkish reform efforts can simply be summarized like that.

The citizens who finance the public services with their taxes always have the right to expect these services as more as possible. However, Turkish local governments have no right of local taxation and they are dependant economically on the central government. Approximately 60 percent of the revenues of municipalities in Turkey come from the grants, transfers or indirect permissions from the central government (Kaya, 2003: 94). This means that the Turkish local governments are not possible to function without the support of the central government.

This problem actually stems from the “tutorial supervision” (Kaya, 2003: 90) by the central government on the local ones and this supervision can be brought back to the 19th century when the Turkish reformers overdid in reforming the state system imitating the central authority of European modern states. Neither the special provincial administrations nor the municipalities could perform independently even in the local services under their responsibility. They are always exposed to the interference by the central government and authority (Kaya, 2003: 91).

Turkish local governments could not achieve a financial development in parallel to the needs which change in quality and quantity together with the increasing population. The reasons of this problem, however, need to be scrutinized in the transformation process from the traditional administration of cities to the modern conduct of municipalities in the Turkish history.

### **European Cities and Islamic Cities in the Medieval Age**

To comprehend the deficiencies of the transformation touched above needs revealing the differences between European and Muslim or Turkish cities in history. This part will deal with some arguments on the issue regarding the structure of those cities. Weber's views on the difference between European and Islamic cities and the arguments against this view by Yerasimos will be cited.

Although Weber claimed that Islamic cities were not prone to change and dynamic like European cities (Weber, 2000: 114), further researches on the issue disproved this allegation. Weber makes it clear that the European city in general sense had fortifications, markets, a court of a partly autonomous law, and some urban forms of association. Therefore, the European city was partly an autonomous one and this autonomy was contributed by the existence of its own laws and institutions

that were governed by administrators who were elected by local people in a way. He sees this autonomous character as the major driving force in the transformation of the European city with their wide streets and squares which reflect the welfare of the people (Weber, 2000: 114). That means Weber claims that the modern transformation of the European cities stem from nothing other than their autonomous character and the free wills of the public living in these cities. However, the transformation of European cities could not be taken independent from the entire transformation in Europe during the 18<sup>th</sup> and 19<sup>th</sup> centuries and these transformations were widely accepted as a result of the centralizing policies of mainly France and England and more significantly of the economic development of capitalism.

As Yerasimos puts it, one of the most successful examples of these urban transformations was that of Paris in the 1850s, when Paris was rebuilt by replacing the vast and straight boulevards intersecting at squares instead of old interweaving streets. During this work, many buildings of the city were expropriated and erased completely and no doubt this came at a high price. More interestingly the real purpose of this inversion was not to supply the welfare of the city people who allegedly had free wills but to make it easy for the state to maintain its order and enforce its authoritarian rule in this new city with large streets possible to be penetrated with the troops (Yerasimos, 1999: 4). Of course this new city must have had a considerable beauty and a healthier environment but it is hard to allege that this change was a result of its autonomous character or independent laws rather than the despotic character of its rulers.

Also, Weber asserts that the pervasiveness of Islamic law in Islamic cities prevented their dynamism and change (Weber, 2000: 114). However, Yerasimos opposes also to this claim by some evidences. Firstly, he sets forth that the Islamic law emphasized the differences between the subjects of the state and this encouraged the emergence of neighborhoods that were characterized by the religion of their inhabitants and therefore contributed to the spatial segregation of Islamic cities. This segregation facilitated the protection for the inhabitants of the neighborhoods from outside threats, especially in times of chaos when the central authority failed to maintain order. Also, he demonstrates that Islamic laws stressed the importance of individual rights over property. The existence of narrow and twisting streets were a direct result of Islamic property rights and the importance attributed to privacy in Muslim societies. In contrast to the concept of "boundary" in Roman law, Islamic cities had the notion of *finâ* which denoted a common space open to use by the residents of a dead end street. This space was the property of the residents of the

---

street and if they reached an agreement for the reasons of privacy and protection, the residents could even close the entrance to the street with a door. These practices, as a matter of course, obstructed passing through streets and this served the interests of the inhabitants not the benefits of the state. Whenever the state tried to introduce new rules that threatened the interests of the community, it had to face resistance from the protective shield of Islamic law; hence, as Yerasimos puts it, Islamic cities were marked by a constant struggle between the community and state authority (Yerasimos, 1999: 11).

In European cities it is known that from the 13<sup>th</sup> century on, the regulation and organization of cities were provided with the taxes collected from the city people (Cezar, 1996: 277). These were local taxes used only for the city from whose people they were collected. However, this setting of “autonomy” is not certain to be derived from the allowance by the central government. When the conditions of the time in the Medieval Europe are taken into consideration, it is more liable that the “autonomy” of the cities were resulted from the inadequacy or indifference of imperial centers. In the same period, however, the Islamic or Turko-Islamic states were powerful enough to be interested in the cities, but in favor of the residents of them.

Also, the urban culture was already developed in Europe long before than the 13<sup>th</sup> century but by Muslims in Andalusia. The most sumptuous one of these cities in 10<sup>th</sup> century, Cordoba, was the “diamond of the world” (Akyüz, 1996: 218) with its stone paving streets of kilometers long, the courtesy lamps in two sides of these streets and luxurious bathes. Also, the city of Granada has still today a worldwide reputation with magnificent Al-Hamra Palace, the city landscape and breathtaking bathes. This urbanization was a result of disbursement of treasury incomes to improve the cities. For example, Abdurrahman the Third (919-929) of Umayyads spent one third of the treasury on rendering the prosperity of the cities within the country (Akyüz, 1996: 220). Local needs were met by the central government instead of a local one, since it was needed. It is no doubt that Europeans were inspired by this urban culture while they are constructing their own cities, but because of the conditions of the time it was difficult for European cities to find a central government to supply the financial resource they needed. Hence, there would be no other way to build new cities without collecting local taxes from city people. That was probably not a choice but a necessity.

It is clear in above discussions that although Islamic cities were not autonomous like the European ones, the residents were protected with the Islamic law from the penetration or interference by the central government except the ones beneficial

for the people. Also it was the protected private property which made possible the emergence of *waqfs* which served again the interests of people in the first hand. In order for a city to develop, the autonomy must not be a condition. This city character also shaped the Ottoman cities with some little changes.

### **Ottoman Solutions to the Administration of Cities in the Classical Period**

The administration of the Ottoman cities in the classical period was more or less a continuation of Islamic tradition since the Turks came across the settled life mostly after the Islam. Hence, like traditional Islamic cities, the provision of municipal services was shared among trade guilds (*loncas*), *waqfs* and the inhabitants of quarters (*mahalles*). The state agents like *kadi* and *muhtesib* on the other hand, were in a supervisory role in this setting (Şentop, 1996: 284-286).

The Ottoman city was shaped mainly by economic considerations. Hence, firstly public buildings were erected by the will of the sultans who were well aware of the fact that their survival depended on the welfare of their subjects (Darling, 2008: 19). Then the other buildings of religious, cultural, economic or social qualities were constructed by the individuals (Cezar, 1996: 278). This makes it clear that the development of cities were not dependent solely on the benevolence of sultans. It was the result of a collaborative work among the residents of the cities via the institutions they founded independent from the state.

The most important units in the formation and administration of the cities were *loncas* or guilds. They were commercial organizations divided as to specific professions of their members. The majority of the cities were members of these organizations, so the active participation of them in the municipal services both in their shops and *mahalles* they resided meant the supply of services like water, cleaning, illumination and repair of market places and streets surrounding them (Tabakoğlu, 1986: 407).

*Mahalles* were basic units of settlements around a place of worship like mosque, church or synagogue, but not with rigid religious separation. Each of them had its own community that shared a collective responsibility for the maintenance of order and security of the *mahalle* they lived in. The dwellers were also responsible for repairs and cleaning within the borders of their *mahalles*. The expenses for such works were covered by money collected from the neighborhood residents under the conduct of religious leaders like *imam*, priest and *rabbi* (Ergenç, 1996: 409). They were collected on the basis of equal division as to number of buildings and owned and

deposited in the boxes called *avarız sandıkları* formed in each *mahalle* (Ortaylı, 1996: 396). Thus, through this system some municipal services were maintained without the intervention of the central government.

The third important element in the administration of Ottoman city was *waqfs*. Through the system of *waqf*, mostly a property was donated to a religious endowment called *waqf* for public use. It was at first sight a matter of piety, but when considering this donation with its effects on society and the system in general, it reveals that they had a significant part in the supply of municipal services and organization of space in the Ottoman cities via construction of public buildings. These buildings were generally in a complex called *külliye*. These complexes varied in size and generally contained mosque, hospital, bazaar, *madrassa*, soup kitchen and bath. Also some large scale urban utilities such as water system, store-houses for provisions and slaughter houses were among the ones carried out through the *waqf* system (İnalcık, 1990: 8). The *waqfs* made a great contribution to their surrounding areas since they also undertook the repair and cleaning of pavements and streets and the construction of water conduits and sewage systems. The financial source and funding necessary for these services and the maintenance of complexes were provided from the rental fees from shops under their property and donations of the wealthy persons. Hence, the *waqf* system was self sufficient as far as the economy of the state in general did not go very bad.

The three actors of Ottoman city administration mentioned above, i.e. *loncas*, *mahalles* and *waqfs*, represented a rather autonomous picture, but they were subject to constant state supervision by the most authorized civil servant, *kadi*, and his assistant *muhtesib*. *Kadi* who was actually the judicial authority of the place he was appointed was also responsible for monitoring the financial affairs of *waqfs* and the conduct of municipal services in *mahalles*. His main municipal duty was ensuring the proper functioning of markets. Therefore, his tasks in the administration of the city included supply of missing goods, regulating market prices as well as supervising guilds and markets. In his regular weekly visits to markets, he was accompanied by *muhtesib* and a few *janissaries*. *Kadi* was also responsible for the maintenance of the city by issuing rules pertaining to the streets and buildings. *Janissaries* were active in the cleaning of the main streets as well and *acemi oğlanları* cleaned the main streets while *çöplük subaşı* disposed of garbage by contracting with *arayıcısı* (İnalcık, 1990: 20).

The above description of various Ottoman institutions together with the state supervisors in cities, especially in Istanbul, ascertains that Ottoman cities had a quasi-



---

autonomous administration which was conducted through local governing bodies. Evidently, this administration did not fit into the description of a modern city administration or municipality, but it makes sense that this system meets many of the public services under the responsibility of today's municipalities without harming the state budget. Even they were not under the firm control of the central administration, since the main actors of the city administration like *loncas* and *waqfs* were autonomous civil society institutions (İnalçık, 1994: 19-20).

The political and especially economic conditions that Ottoman Empire got under from the 17<sup>th</sup> to the 18<sup>th</sup> centuries undermined the institutions of the classical period mentioned above and caused them to be incapacitated at many levels. According to Faroqhi, the *waqfs* tried to compensate their loss by increasing the rents of shops they owned, but it did not work, too. Therefore, during these centuries *loncas* and *waqfs* gradually lost their power and most of the time failed to provide the municipal services they had undertaken in the past (Faroqhi, 1997: 250).

In spite of these changes the classical administration system continued until the 19<sup>th</sup> century. The system was not problematic actually. The problem was again a finance problem, but the reason of the deterioration in the city administration was devoted by the ruling elite of the century who were educated in Europe to the claim that the Ottoman system was out of date and so had to be replaced by the new European system.

### **Transformation of Classical Cities to Modern Municipalities**

While the European states were increasing their central authority and reconstructing the old cities on the basis of their traditions, in the meantime, the Ottoman State was trying to modernize its system in general including the urban practices. The admiration of the ruling elite to France made Paris the best alternative in the way going to modern cities. Therefore, new codes and regulations aimed at transforming the urban structure were copied from Paris, just as it was in the case of Sixth Municipal District in Ottoman capital, Istanbul (Deringil, 1993: 4). The municipal system of the capitalist Europe was a result of the long lasting institutionalization process starting from the 16<sup>th</sup> century to 19<sup>th</sup> century. However, Ottoman ruling elite wanted to transplant this system to just one part of the Ottoman capital regardless of the reality that a system could be built in long years. Ottoman economy, first of all, was not based on colonialism and there was no such a class like bourgeoisie to support the municipal system as in Europe. Ottoman economy was still more or less dependent on agricultural production, urban crafts and guilds. There was a serious problem of

budget deficit stemming from the long lasting wars and the expenditures on reform efforts.

The beginning of radical efforts regarding city administration was *Tanzimat Fermanı* of 1839. The Ottoman reformers had started introducing rules concerning street widths, elimination of dead end streets like those of Paris. The state was trying to divide areas into plots, expropriate properties where necessary and implement new planning principles. Such innovations were going to serve several purposes according to Yerasimos. First of all, by introducing broad boulevards, squares and communal spaces to the city, the Ottoman state was seeking to accommodate the reforms directly into the lives of its subjects. Second, as seen in the example of Paris, replacement of narrow and complicated street structure riddled with dead ends with broad open roads and squares was going to help restore order by facilitating the movement of police and army forces as well as eliminating the chances of escape for rebels and criminals (Yerasimos, 1999: 6).

On the other hand, another reason for the break from the “Islamic city” of the past can be seen as the thought of secularization. The bureaucrats educated in Europe could only take the control of the state by eliminating the *ulama* class. The most effective way of reaching this target was to change the Islamic character of the state. Thus, the sacred laws were replaced by the secular ones and so the religious characters of the cities were tried to be replaced by modern secular ones. However, these efforts just like the ones regarding secularization of the state fell short because they were not possible to be adopted by the people who were accustomed to the traditional Islamic city structure.

In the classical Ottoman cities the people of the city were active in the formation and maintenance of the city they lived in. Their participation in the city administration was not by the way of electing the administrators but by being a part of the administering activity through the *loncas* and *waqfs* which they founded themselves. Instead of solving the finance problem and reviving the long-lasting system just as Europeans did *invent their traditions*, the Ottoman reformers of the century preferred assimilating to the ongoing European system. Although they believed that this preference would work, it is clear that the people could not get on well with their efforts. Those who were active in and accustomed to being a part of city administration turned out to be citizens who were just giving their taxes and waiting for services with continuous complaints. Since the taxes they paid went to the treasury of the central government by high amounts, it became very difficult for these taxes to come back to the people as roads, waters and electricity. The system was reformed since the finance

problem the Ottomans underwent due to global economic problems, but for about one and a half century, the Turkish local governments' main problem has been again a problem of finance. Now after the first years of 2000's, the system has been tried to be reformed, but again the problem is economic as reforming the system needs money.

### **Conclusion**

The modern social science of today tries to understand the local government as it does in almost every concept from the Eurocentric point of view. As if the existence of municipality or local government is only possible in autonomous cities, the emergence of autonomous cities in Europe in 13<sup>th</sup> century is accepted as the birth of local government and municipal organization. More interestingly is that the emergence of Turkish municipal organization or local government is alleged to start in the second half of the 19<sup>th</sup> century. This assumption implies that there had been nothing regarding local government or any kind of municipal organization in the Islamic and Turkish administrative history. How far is it true that a Muslim or Turkish city, though observed many municipal services in it like the ones in autonomous cities, is not assumed to have municipal organization since it did not follow the administrative evolution of European cities?

One of the main problems of today's and past local governments have become that of financial resource needed to meet the needs of the cities and to supply the services. In the traditional Islamic and Turkish cities this problem was solved within the city through the institutions of *loncas* and *waqfs* together with the active participation of the inhabitants of *mahalles* under the supervision of civil servants, *kadi* and *muhtesib*.

This system went well until the economic problems in the Ottoman country in general causing from the capitalist and imperialist activities of European cities changed the global economic balance of the world on behalf of themselves. Like every institution or structure in the Ottoman Empire the city administration had financial resource problem, too. The municipal services which were supplied from long centuries on could not be implemented because of the shortage of cash.

However, the reformers of the 19<sup>th</sup> century supposed that this deterioration is the result of the old-fashioned structures and systems. Thus, they embarked on abolishing the old by transplanting the new from Europe where most of them were educated. While Europeans were inventing their traditions, Ottomans were

transplanting traditions of others. As a result, these reforms were not established in the public level and failed again, as an irony of fate, due to financial problems, since reform efforts required money more than reviving an established system.

Now in the last period of reforms in the process of EU accession, also the local governments need to be reformed, although this reforming process has continued for one and a half century and could not be finished yet. However these efforts could fall short, too, like the ones in the 19<sup>th</sup> century. To succeed in this process at least some of the classical institutions can be revived by adapting them to the needs of the modern world and life. It is still not late.

### References

Akyüz, Vecdi. 1996. "Endülüs ve Sicilya'da Şehir ve Yerel Yönetim Hizmetleri" in *İslam Geleneğinden Günümüze Şehir ve Yerel Yönetimler* eds. Vecdi Akyüz et. al., İlke Yayınları, İstanbul , Vol. 1.

Cezar, Mustafa. 1996. "Türkler ve Şehirleri" in *İslam Geleneğinden Günümüze Şehir ve Yerel Yönetimler* eds. Vecdi Akyüz et. al., İlke Yayınları, İstanbul , Vol. 1.

Darling, Linda T. 2008. "Islamic Empires, the Ottoman Empire and the Circle of Justice" in *Constitutional Politics in the Middle East*, ed. Saïd Amir Arjomand. Hart Publishing, Oxford

Deringil, Selim. 1993. "The Invention of Tradition as Public Image in the Late Ottoman Empire, 1808 to 1908", *Comparative Studies in Society and History*, Vol. 35, Issue 1.

Ergenç, Özer. 1996. "Osmanlı Şehirlerinde Esnaf Örgütlerinin Fizik Yapıya Etkileri" in *İslam Geleneğinden Günümüze Şehir ve Yerel Yönetimler* eds. Vecdi Akyüz et. al., İlke Yayınları, İstanbul Vol. 1.

Faroqhi, Suraiya.1997. *Osmanlı Kültürü ve Gündelik Yaşam: Ortaçağdan Yirminci Yüzyıla*, Tarih Vakfı Yurt Yayınları, İstanbul .

Inalcik, Halil. 1990. "İstanbul: An Islamic City", *Journal of Islamic Studies* ,vol 1, p. 8.

----- .1994."Sultanizm Üzerine Yorumlar: Max Weber'in Osmanlı Siyasal Sistemi Tiplemesi", *Toplum ve Ekonomi* , Issue 7.

Kaya, Erol. 2000. *Yerel Yönetimler Reformu ve Belediyelerde Yeniden Yapılanma*, İlke Yayınları, İstanbul .

Ortaylı, İlber. 2000. "Osmanlı Belediyeleri ve Kent Hizmetleri" in *İslam Geleneğinden Günümüze Şehir ve Yerel Yönetimler* eds. Vecdi Akyüz et. al., İlke Yayınları, İstanbul , Vol. 1.

Şentop, Mustafa. 1996. "Osmanlı Yerel Yönetiminde Kadılık" in *İslam Geleneğinden Günümüze Şehir ve Yerel Yönetimler* eds. Vecdi Akyüz et. al., İlke Yayınları, İstanbul , Vol. 1.

Tabakoğlu, Ahmet. 1986. *Türk İktisat Tarihi*, Dergah Yayınları, İstanbul

Weber, Max. 2000. *Şehir: Modern Kentin Oluşu*, tra. Musa Ceylan, Bakış Yayınları, İstanbul.

Yerasimos, Stefanos. 1999. "Tanzimat'ın Kent Reformları Üzerine" in *Modernleşme Sürecinde Osmanlı Kentleri*, eds. Paul Dumont & François Georgeon, Tarih Vakfı Yurt Yayınları, İstanbul.