

The Institutional Transformation of Ottoman Palace Craftsmen (1779–1850)

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This paper analyzes the institutional and organizational transformation of artisan groups involved in supplying goods and services to the Ottoman palace between the late eighteenth and mid-nineteenth centuries. Drawing on the framework of New Institutional Economics, the study examines how changes in transaction costs, contracting arrangements, and enforcement mechanisms reshaped the governance of palace procurement during a period of profound political and economic uncertainty.

The analysis focuses on the transition from the Ehl-i Hiref (a centrally organized, palace-based production unit) to decentralized guild production and, eventually, to earning dominated by independent merchants. The paper argues that this organizational substitution reflected attempts by the palace to economize on transaction and monitoring costs under weakening central control, while simultaneously altering the incentives and constraints faced by producers. In particular, the growing reliance on guilds and non-Muslim merchants generated more market-oriented exchange relations but weakened long-term investment incentives and organizational scaling.

The study further examines whether these institutional arrangements enabled capital accumulation among palace suppliers and evaluates their implications for broader processes of economic development. By linking purchasing institutions to patterns of reinvestment, the paper contributes to debates on why market integration in the Ottoman Empire did not translate into capitalist industrialization.

These data allow for a systematic examination of organizational change, supplier composition, and payment structures over time. The findings illustrate how institutional change can lead to increased market reliance without generating the complementary organizational conditions necessary for sustained capital accumulation.