

Religious Discrimination Against Small Business Owners: Evidence from the 1875 Cadastral Survey of Istanbul

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Abstract : A large body of literature documents how the Ottoman Empire's economic decline in relation to Western Europe was exacerbated by the unequal legal treatment of its subjects based on creed. Motivated by this debate, we empirically explore whether property taxes collected from businesses in Istanbul discriminated against or favored non-Muslims after the cadastral survey of the capital in 1875. The survey was conducted to determine the property taxes. And the process was potentially susceptible to the biased views of the surveyors who calculated the taxes payable via their subjective appraisals of all real properties. According to our results, in contrast to widely held beliefs regarding 19th-century Istanbul, the number of Muslim shop owners is higher than that of non-Muslims. Moreover, we find evidence for taxes collected from non-Muslim shop and store owners to be higher compared to Muslims, even after controlling for all physical features (e.g., size, location, etc.). These results directly pertain to the fiscal capacity of the Ottoman state and its economic divergence from Europe in the 19th century. Surprisingly, the data also indicates no statistically different tax differentials between male and female property owners.

Keywords : economic history, taxation, small business, discrimination

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