Public Choice (2020) 182:417–442
https://doi.org/10.1007/s11127-019-00700-9

State predation in historical perspective: the case of Ottoman müsadere practice during 1695–1839

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Received: 29 January 2019 / Accepted: 26 July 2019 / Published online: 2 August 2019

Abstract

This paper studies the practice of *Müsadere* in the Ottoman Empire. *Müsadere* refers to the expropriation of elites—often tax farmers or administrators—by the Sultan. This practice is interesting from both political economy and economic history perspectives as the Ottoman Empire continued to increase its reliance on it during the eighteenth century, a period when European states were investing in fiscal capacity and building bureaucratic tax systems. The main argument is that Sultans faced a "political Laffer curve:" if revenue is too low, the state collapses; if fiscal extraction is too high there is a rebellion and the Sultan risks losing power. While expropriations (*müsadere*) allow the Sultan to keep taxes low, they are vulnerable to provoking elites to invest in fugitive rather than (more productive) captive assets. We also show that the Sultan is more prone to target politically strong elites when his fiscal capacity is low.

Keywords Captive and fugitive assets · Confiscations · Fiscal System · Müsadere · Ottoman Empire · Political Laffer curve · Predation

JEL Classification D74 · H22 · N45

1 Introduction

Recent studies on fiscal regimes and the political economy of premodern states have shown major differences between the origins of the state in the Western Europe and other parts of the world (Monson and Schidel 2015a, b). From Schumpeter (1918/1991) to the pioneering

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works of Mathias and O'Brien (1976), O'Brien (1988), Tilly (1985, 1990) to Ormrod et al. (1999), the Western scheme of fiscal regimes has been described in four phases: (1) tribute state, (2) domain state, (3) tax state and (4) fiscal state. The first phase is marked by the extraction of tribute from conquered territories by military leaders.[1] In the Middle Ages, these leaders replaced tributes by the income from their own domain. With some exceptions like late medieval England that precociously introduced taxes, it was only during the period 1500–1800 that most European states started to turn to taxes exacted from their own subjects instead of relying on their own personal property or 'domain' (Ormrod et al. 1999; Hoffman 2017, pp. 1558–1561). This typology, however, is Eurocentric. It does not explain the fiscal regimes in other countries such as the Inka Empire, the Aztec Empire, and the ancient Near East and Egypt (Monson and Schidel 2015a, b, pp. 3–27). Similarly, although fiscal states characterized by bureaucratic and centralized tax regimes emerged in Europe in the nineteenth century, new research on comparative fiscal history has shown that there was not a single path to modern state (Yun-Casalilla et al. 2012).

In line with renewed scholarly interest in the rise of modern fiscal states, the evolution of fiscal institutions in the Ottoman Empire has been revisited. In particular, fiscal decentralization in the eighteenth century of which the most notable feature was the introduction of life-term tax farming is now regarded as a viable alternative to modern centralism rather than a symptom of decline (Salzmann 1993). Balla and Johnson (2009) have compared fiscal and political institutions of the Ottoman Empire to France during the early modern period, roughly 16th to 18th century. According to them, while both countries made extensive use of tax farming, the organization of tax farming evolved differently in each country. In France, tax-farming was unified in a single, quasi-private organization known as the Company of General Farms that became one of the prominent stakeholders in the French fiscal system since its establishment in 1681. The French tax-farmers were capable of collective action and could constrain the monarchy. In a sense, the French revolution was caused because of the King's lack of flexibility due to the constraints imposed by the Company. Johnson and Koyama (2014) define the Company-controlled fiscal regime as cabal tax farming, which they consider as an intermediary institution that facilitated the transition from competitive tax farming to centralized tax collection, though much later than in England. By contrast, tax-farming under the Ottoman Empire moved towards greater decentralization during the eighteenth century. "The great paradox of French and Ottoman institutional history is that Ottoman fiscal institutions were *more* flexible than their Western counterparts and yet, in the long run, Western institutions proved more conducive to growth" (Balla and Johnson 2009, p. 840). The decentralized fiscal system of the Ottoman Empire was more efficacious *politically* in maintaining the Sultan's power and shun a revolution but it was less efficacious *economically* since local elites retained a large part of the revenues (Pamuk 2014)

Another aspect of this political flexibility might be sought in specific features of the tax system of the Ottoman Empire during its expansion between the fourteenth and sixteenth centuries. Coşgel (2015) particularly explains the discriminatory nature of the Ottoman fiscal system on the basis of transaction costs related to the cost of measuring the tax base. Verifying whether the Laffer curve can be applied to the pre-modern Ottoman Empire, Coşgel (2015, p. 415) explores tax registers and finds that "the sources of revenue

[1] In the early modernity, the maximization of tribute or "absolute protection rent" was also one of the major reasons of empire-building through the use of brutal force and diplomacy among the European merchant and territorial empires. (see Pietri et al. 2017).

allocated to local government officials included a higher proportion of variable taxes than those allocated to the provincial and central treasury, indicating that the variance of the tax base affected the allocation." The explanatory power of purely economic factors notwithstanding, the study demonstrates that political economy constraints particularly the legitimacy of the ruler and the likelihood of a successful revolt against his regime are the key elements in analyzing the tax allocation. To put it differently, a politically revisited Laffer curve is required to grasp the rationale of tax allocation under the Ottoman Empire (Coşgel 2015, pp. 415–426). In this paper, we coin that as a "political Laffer curve". Unlike Coşgel et al. (2009) that explore the role of religious officials as a source of legitimacy, we focus on the dynamic relationship between the Sultan and fiscal elites during the long-eighteenth century.

Our focus on the long-eighteenth century (1695–1839) requires taking an additional institution into account.[2] In addition to decentralized tax-farming and variable types and rates of taxes according to different regions, the Ottoman fiscal system was also characterized by the routine confiscation (*müsadere*) from elites including office-holders and tax-farmers. This confiscatory system was used either as a punishment or more generally as *post mortem* seizure of the property of, mainly but not exclusively, fiscal elites. Such confiscations existed from the fifteenth century but, as we discuss below, became much more prevalent in the eighteenth century. This specificity of the Ottoman Empire was tangentially studied until recently (for a detailed study, see Arslantaş 2018). By fusing closely related issues of tax collection and confiscation from fiscal elites, this paper addresses the following questions.[3] How was *müsadere* connected with the fiscal system under the Ottoman Empire? To what extent this predatory system could secure the power of the Sultan with regard to local elites? Was it politically efficacious in maintaining the empire under the Sultan's rule? If so, was this *politically* efficacious predation also *economically* efficacious?

Our contribution is twofold. First, to the best of our knowledge, our study is among the first that examines the Ottoman confiscatory system using an analytic narrative method. The phrase analytic narrative captures our conviction that "theory linked to data is more powerful than either data or theory alone." (Bates et al. 1998, p. 3). By theory, we refer to game theory particularly in its extensive form that readily accommodates the narrative form. By data, we do not mean raw and descriptive figures but stylized historical facts based on empirical observations of regularities, representing durable practices or tendencies. Analytic narrative is about "problem driven" rather than "theory driven" research (Green and Shapiro 1994). The stylized facts provide an understanding of the controversial issues that need to be modelled. They can be explained as historical context before describing the model. But models generate specific propositions that need to be revisited in light of facts. Thus historical explanation can precede as well as follow the model. Analytic narrative does not impose any sequence. "The construction of analytic narratives is an iterative process… we move back and forth between interpretation and case materials, modifying the explanation in light of the data, which itself is viewed in new ways, given

[2] This is mainly where our paper differs from Karaman (2009). He explains the logic of provincial taxation in the Ottoman Empire by employing the aforementioned relationship within the context of fifteenth and sixteenth centuries. He argues that the central administration was concerned not only about the size of taxation but also with its bargaining power vis-à-vis the delegates. In the eighteenth century, however, this relationship was more sensitive due to the increasing costs of wars on the center and increasing threat of confiscation on the elites.

[3] Our paper is also related to Ma and Rubin (2019). We compare our paper with theirs in the conclusion section.

our evolving understanding." (Bates et al. 1998, p. 16). In this paper, we start by giving our historical narrative based on stylized facts such as the process of expropriation (müsadere) and its different historical phases. Although our model does not capture the richness of the reality, it generates specific propositions that are supported by extensive first-hand historical evidence. Thus, we *start* by case materials or descriptive historical narrative, then we build our model that provides an explanation, and we *end* up by facts going through theory. Indeed, one of our contributions is to show that müsadere or confiscatory institutions under the Ottoman Empire were rational though possibly not intentional. This result stems from the confrontation of our model and historical evidence. Second, this paper offers the first application of the distinction between 'fugitive' and 'captive' assets[4] originally coined by Vahabi (2016a, b) to explain the behavior of a predatory state.

The article is organized as follows. Section 2 provides historical context of müsadere in the Ottoman Empire. After elucidating the process of *müsadere*, we identify three phases of its practice, namely formation, maturity and aggressive phases. To understand this process, we construct an original simple model introduced in Sect. 3. We first assume homogenous elites and find that using *müsadere* provides higher fiscal revenues when returns on captive assets are sufficiently high, but always impoverishes the Empire. This proposition is supported by historical narratives. The assumption of the elites' homogeneity is relaxed in Sect. 5 to focus on the Sultan's targeting process. We classify elites in two categories according to the strength of their links with the Sultan ('high' or 'low') and find a negative link between the level of fiscal capacity[5] of the Sultan and the expropriation of 'high-type' elites, which is consistent with our period of interest. A short conclusion follows.

2 Historical context

The Ottoman Empire lasted for six centuries until World War I, ruling at the zenith of its power in the 16th century on a huge territory from the central Europe in the West to the Arab Peninsula in the East. Founded as a small principality in Western Anatolia at the turn of the fourteenth century, the Ottoman Empire heavily relied on military achievements in the fifteenth and sixteenth centuries, while building a feudalism-like system of tax collection in the sense that those who provided military and administrative services were supported by the rent produced by the peasantry (Volckart 2000). One major difference from feudalism, however, was that the holders of *tımar* (fiscal-administrative unit) neither owned land as private property nor held hereditary rights to it. Instead, their rights on land were restricted to revenue collection from their assigned land for a given period (Imber 2002, p. 196). This is often presented as one of the reasons why an aristocratic class never emerged in the Ottoman Empire.

It is widely accepted that the other reason was the practice of confiscation (known as *müsadere* in Ottoman political terminology) that can be defined as the transfer of property from the hands of a select group of people who were typically but not necessarily office-holders and tax farmers to the treasury, mostly after normal death but occasionally as sole method of punishment. Thus post-mortem confiscations were the most common, meaning that it was the deceased's family (not the deceased himself) that played the game

4 This distinction will be elaborated in Sect. 3.

5 For a historical analysis of state capacity literature, see Johnson and Koyama (2017), and for a critical survey of the literature in light of public choice theory, see Piano (2019).

of confiscation with the central government. The presence of such a practice leads us to another issue, which is whether the Ottoman Empire was absolutist. It has sometimes been depicted as so especially in the European historiography (Jones 1981; Finer 1997). Yet the power of the Sultans was far from being unconstrained. We believe that these constraints, which were rather informal than in the form of formal checks and balances, can be best studied in the context of the *müsadere* practice that remained in effect from 1453 to 1839.

The *müsadere* practice passed through several phases. The first is the *formation phase*, i.e. 1453–1520, in which confiscations were met with reaction. It is known that Mehmed II's (r. 1444–1446 and 1451–1481) confiscations of the fortunes of high officials and religious foundations particularly during the 1470s led to discontent among the affected groups (Özel 1999). This explains why his son Bayezid II (r. 1481–1512) pledged to return these properties during his struggle for the throne. Like many institutions of the Empire, however, *müsadere* was institutionalized during the sixteenth century. The period 1520–1695 should be considered as the *maturity phase*. In this period, the *müsadere* practice primarily targeted the deceased office-holders, resting on the principle that any wealth made through state grants should return to the treasury after wealth-holder's death. From 1695 to 1839 *müsadere* took a more arbitrary form. The main change during this final phase, which we call *aggressive phase*, was not only frequency of confiscations but its targeted group and methods of enforcement. Local elites, who rose to power mostly due to privatization of fiscal resources through introduction of life-term tax farming in 1695, became the prime targets of *müsadere*. Under the influence of the spread of liberal ideas among Ottoman statesmen and intellectuals, *müsadere* was abolished in 1839 as part of Gülhane edict that started the period of modernization known as Tanzimat era (1839–1876).

The prime targets of confiscation were thus fiscal and political elites which included tax farmers, local administrators or military officials. What made them the target was the sovereign's desire to redistribute wealth from one to another to shun the emergence of aristocratic structures. Particularly in the eighteenth century, *müsadere* was employed as a political tool against local elites who were organized in the form of patrimonial families that had the capacity to act independently from the central government. It is important, however, to emphasize that the Sultan discriminately confiscated. That is, not all people who could easily fall into the category of potential targets were confiscated. The determinants of this selectivity are examined by Arslantaş (2018). His findings reveal that the targets were chosen based on their bargaining power vis-à-vis the central government as well as the location and the qualities of their wealth.[6]

While our theoretical model below does some inevitable simplifications, it is essential to understand how a typical case of confiscation was conducted by the Sultan and his agents. After being informed by a local official, the Sultan decided whether to initiate and

[6] This finding is based on an econometric analysis of what determined the sultan's decision to confiscate. Using a novel dataset including 1017 cases of confiscation attempts during the period 1750–1839, Arslantaş (2018) employs a two-step approach to answer the above question mainly because there were two types of decisions observed in the process of confiscation. The first step started when one of the local administrators informed the center about a potential case of confiscation, while the second step ensued once the confiscator went to the location, prepare an inventory and send it to Istanbul for a final decision. Due to the lack of inventory, the information regarding the qualities of wealth was not available to the central government in the first step. Using multinomial logistic model, he shows that the likelihood of sending a confiscator to implement the confiscation process was negatively correlated with expected transport costs (proxied by a variable interacting distance from Istanbul and distance from major ports). The decision to fully confiscate in the second step was a function of net value and liquidity of wealth and bargaining power of the family.

implement the confiscation. Other possible alternatives were not to confiscate or ask the family of the deceased or the punished to pay a type of inheritance tax estimated according to the expected amount of wealth. The latter was mostly open to negotiation with the family. If the decision was to initiate the process of confiscation, the next step was to send an agent (confiscator) to the premises to prepare an inventory. An inventory was simply a list of assets to be confiscated. Alongside the inventory, the confiscator kept informing the center about difficulties facing the confiscation task. After the final inventory was sent to the center and studied there, the Sultan (usually those at the office of confiscation on his behalf) had to decide between no confiscation, inheritance tax and full confiscation. In case the final decision was full confiscation, the confiscator was ordered either to transport all assets to Istanbul, or sell them locally (or a combination of these methods). This is a simplified narrative of the confiscation process. One should bear in mind that it could take more complex forms in case of a resisting family or disagreement on the ownership of assets to be confiscated.[7]

The paper focuses on the aggressive phase of the practice of *müsadere*, namely the long eighteenth century, 1695–1839, because of the richness of archival records concerning this period, and also since it allows us to study fiscal pressure and confiscation concomitantly. It is repeatedly claimed in Ottoman historiography that this was a period of decentralization (see, for example: İnalcık 1977).[8] Considering fiscal pressures associated with military advancements that occurred in Europe during the sixteenth and seventeenth centuries, the Ottoman Empire delegated some power to local elites who were organized as patrimonial families. Despite their wealth and power, these families turned into the main targets of the *müsadere* practice. While at first sight it is curious why their power did not translate into collective action, a proper examination of their relationships with the center reveals that those families were dependent on the resources granted by the Sultan. Expectant of future grants and offices, they mostly chose not to resist. The ability of the Sultan to confiscate was also constrained for other reasons. He needed the support of local elites, who possessed military resources, for wars waged abroad, domestic rebellions and banditry activities. This explains a good deal of the multiplicity of outcomes of the confiscation process. Inheritance tax, for example, was a type of partial confiscation in which case the family's power was only partially curbed. Selective and self-constrained confiscation, which was a method of wealth redistribution, enabled the central government to control the elite power. This led to controlled decentralization as a way of surviving through fiscal and political crisis facing the Empire.

Recent historiography of the Ottoman Empire has been emphasizing the pragmatic and flexible nature of the Ottoman governance (Pamuk 2004a, b; Fleet 2003; Coşgel 2015). These interpretations can be translated into a statement made by Frederick Lane (1958) that maximizing rule was more important than maximizing revenue. The broader literature exploring state predation that manifested itself in history in various forms such as outright confiscations, expropriations and debt repudiations has also drawn attention to factors other than pure greed while emphasizing the role of other constraints in their capacity to confiscate than constitutional constraints (see, for example, Koyama 2010). Econometric analysis of müsadere during the period 1750–1839 also lends credence to this argument

7 For a detailed analysis of these procedures, see Arslantaş (2018, chapter 4).

8 It must be stressed that the Ottoman state was never centralized in the modern sense. Centralization-decentralization dichotomy, however, is still useful when considered in relative terms, that is, the eighteenth century was more decentralized than previous two centuries.

by examining strategic constraints on the sovereign's power to confiscate (Arslantaş 2018). Given these considerations, the practice of *müsadere* offers a fruitful ground for a theoretical analysis of historical predation under constraints.

3 The model

We consider an empire inhabited by a unitary population of identical elites[9] ruled by a Sultan. At the beginning of the game, elite i receives one unit of resource and invests a share $c_i \in [0, 1]$ in captive assets, and $1 - c_i$ in fugitive ones.[10] Fugitive assets possess two properties: "(1) Mobility: capable of escaping from a given state space, because they can be easily hidden or displaced geographically; this also refers to the possibility of altering political allegiance without any geographical displacement. (2) Non-confiscable: hardly subject to confiscation because (1) any attempt to transfer property rights through coercion destroys the asset or reduces its value to almost nil, and (2) the costs of confiscation are greater than the benefits of confiscation." By contrast, "captive assets are: (1) unmovable in the sense that they are not invisible or capable of escaping from a given state space and (2) readily subject to confiscation." (Vahabi 2016b, pp. 158–159). This distinction captures the strategy implemented by elites to avoid confiscation through *müsadere* from the Sultan.[11] Returns associated with assets differ: fugitive assets are safer but offer poorer returns than

[9] By elites, we mean those elites in the fiscal business. In the 18th century, people under the risk of confiscation were tax farmers who bought the rights of tax collection of tax units for lifetime. They were supposedly making a lump sum payment which followed by annuities. In this respect, they were the agents of the Sultan (Çizakça 1996). Although it was not uncommon that they were engaged with other economic activities such as international trade and commercial agriculture, they were generally collecting taxes from peasants, miners and artisans (Yaycıoğlu 2016).

[10] A way to understand the difference between captive and fugitive assets is to assume that tracking and monitoring costs borne by the Sultan to capture a fugitive asset are infinite. Consequently, the Sultan cannot capture fugitive assets. By contrast, direct costs associated with the confiscation of captive assets are negligible.

[11] The archival records of the correspondence between the central government and the confiscator clearly show that the ability of the Sultan to confiscate was not equal for every kind of property. The center is understood to have ordered confiscators to make further and more detailed searches especially in cases it was not satisfied with the total value. These searches have mostly remained inconclusive. To use an example, when the wealth of Çapanoğlu Ahmed Paşa, the head of a prominent tax-farmer family based in central Anatolia, was confiscated, the center reached the conclusion that the family members could have escaped some property from the confiscator. The governors of the neighboring cities where Ahmed Paşa possessed property were ordered to be further searched. These orders, however, were inconclusive. (C.DH 152/7576 (17 August 1765 (20 Safer 1179)). In addition, it was not uncommon to see a potential victim of confiscation fleeing his hometown, presumably together with a lot of property that was light in weight but heavy in value. Documents that mention such people use the term *"fugitive"*. In many such cases, a local military administrator was asked to track and capture the fugitives. While the outcome of tracking process could be affirmative, many people seem to have managed to vanish without a trace. An illustration of such a case is İsmail Ağa of Antakya. Many local elites in the fiscal business were rivals. It is thus not surprising that İsmail Ağa killed Amanzade Mustafa Ağa following a conflict between the two families. The evidence from this case demonstrate that İsmail Ağa fled to Hedjaz after the homicide because he was scared of punishment that would include confiscation (AE.SABH.I 65/475-3 (6 September 1785 (2 Zilkade 1199)), AE. SABH.I 65/475-6. AESABH.I 66/4604-3 (25 March 1785 (14 Cemaziyülevvel 1199). Although we don't know what he had taken with him, another instance from the history of the Çapanoğlu family shows that Mustafa, the son of above-mentioned Ahmed Paşa, fled to Crimea with some 45,000 piasters (around 5,625 lb) (AE.III.Mustafa 25565, C.ML 22924 (1766)). It is interesting that Caniklizade Ali, the head of Caniklizade family that was the "enemy" of the Çapanoğlu family, also fled to Crimea after his family lost the battle against their rivals (Karagöz 2003). His wealth was being confiscated while he was in Crimea.

captive assets. Indeed, captive assets are at risk in the sense that they can be affected by two kinds of fiscal measures: their returns are taxed at a rate $\tau \in [0, 1]$, and the Sultan captures an total amount $M > 0$ of captive assets initially detained by $n \in [0, 1]$ elites. If $n = 1$ (resp. $n = 0$), then all (resp. no) elites are affected by *müsadere*. The practice of *müsadere* does not consist of a pure confiscation, since there was a partial redistribution of captured assets that typically took the form of public auctions. After one's wealth was decided to be confiscated, there were three modes of transfer: (1) transportation of all assets to Istanbul in kind, (2) auctioning all assets on premise and transferring revenues in cash and (3) a mix of these modes. In the matter of which mode to choose, the central government followed the principle of cost-minimization, which is evident from the observation that auctions were more often held in more distant regions (transportation costs increased with distance).

Based on a sample of five auctions, Fig. 1 shows that many bidders present at auctions were again office-holders. It displays how much each occupation and title group paid to buy the auctioned assets. Ultimately the administrative officials paid some 44% of the total payment. The categories of 'no occupation' and 'no title' reflect those not specifying title or occupation. However, the fact that most of the bidders included in the category of 'no occupation' are titled as either *efendi* or *ağa*[12] means that they likely fall in the occupation categories of either government officials or local elites too. It is striking to see that two purchasers of the assets of Ali Esad Paşa and one of those of Salih Paşa were the officials of the Bureau of Confiscation (located in Istanbul) themselves. The former two purchased some textiles.[13] Taken together, these lists of purchasers demonstrate that when auctioned, confiscated properties were mostly bought by other elites. This reflects their satisfaction in paying for confiscated assets without much care for the fact that their families were also on the possible path of being denied the inheritance of their wealth when the time came. These kinds of public auctions and all forms of redistribution of captive assets is measured by $(1 - \delta)$, where $\delta \in [0, 1]$ is the share of the captive assets captured using *müsadere* that is directly appropriated by the Sultan.

Definition 1 (*Fiscality*)

1. We call taxation, τ, a puncture of the return on assets. All returns, on fugitive and captive assets, are appropriable.
2. We call müsadere, M, the confiscation of assets of n elites. Only captive assets may be confiscated.

Elites' payoffs depend on the probability to be affected by *müsadere*, $\mathbb{P}_i \in [0, 1]$. Let r_c and r_{-c} be respectively the return on captive and fugitive assets, elite i receives $U_i^1 = \left(1 - c_i\right) + (1 - \tau)\left[r_{-c}\left(1 - c_i\right) + r_c c_i\right]$, if he is affected by *müsadere*. On the other hand, his payoffs equal $U_i^0 = 1 + (1 - \tau)\left[r_{-c}\left(1 - c_i\right) + r_c c_i\right] + (1 - \delta)M/(1 - n)$ when he avoids confiscation. Payoffs of representative elite i are given by:

$$U_i = \mathbb{P}_i U_i^1 + \left(1 - \mathbb{P}_i\right) U_i^0 \tag{1}$$

The Sultan chooses the level of taxation and *müsadere* which together defines the fiscal policy in the Empire. It should be noted that the amount of *müsadere, M,* is such as:

12 These are honorific titles used by people of high rank or social status, indicating membership in the elite.

13 D.BŞM.MHF 13454, D.BŞM.MHF 13465.

$$M = c_i n \tag{2}$$

Indeed, since elites are identical, they invest the same level of resources in captive assets, c_i. Fiscal rent is defined as follows:

$$T = \tau\left[r_c c_i + r_{-c}\left(1 - c_i\right)\right] + \delta M - sn^2 \tag{3}$$

Expression 3 describes the composition of the fiscal rent. The first term corresponds to the revenues of the sultan collected through tax. The last two parts are related to the use of *müsadere*: $\delta M = \delta n c_i$ is the benefits obtained by the Sultan and sn^2 are convex costs associated with the expropriation of the n elites with $s \geq 1$. Indeed, enforcing *müsadere* requires the employment of agents and transportation of assets both incurring high costs. In addition to the afore-mentioned agency costs, there were also transportation costs associated with *müsadere*. If the assets were not auctioned on the spot, they were typically transported to Istanbul, or occasionally to the warzone. The more wealth seized, the more sophisticated the transportation means had to be supporting convex costs assumption.

The fiscal policy is described by the couple $\{\tau, n\}$ that pursued two hierarchically ranked objectives: (1) maximizing the Sultan's probability to stay in power, $p \in [0, 1]$ and (2) extracting the highest fiscal rent $T \geq 0$ from the elites subject to survival objective.

We also build the following indicator of fiscal pressure:

$$f = 1 - \frac{U}{W} \tag{4}$$

where $U = \int_{i=0}^{1} U_i di = U_i$ because elites are identical, and $W = \left(1 + r_{-c}\right)\left(1 - c_i\right) + r_c c_i + (1 - n)c_i + (1 - \delta)M$ corresponds to the maximal payoffs of the population with all assets available in the economy. By definition, if both levels of taxation and confiscation are high, then fiscal pressure depicted in expression (4) is also high. By contrast, if $U = W$ (i.e. $\tau = n = 0$) then $f = 0$.

We propose a sequential game with complete information in which representative elite i plays first and chooses the share of the resource devoted to captive assets, c_i, that maximizes U_i (stage 1). The Sultan observes the outcome of the first stage and decides the fiscal policy $\{\tau, n\}$ that maximizes its probability, p, to stay in power and, his fiscal rent, T (stage 2). The timeline of the game is summarized in Fig. 2.[14]

4 Resolution

Since we have a two-stage game with complete information, solutions for the model are determined iteratively, by backward induction.

4.1 Stage 2: Fiscal rules enacted by the Sultan

For tractability purposes, we rely on two assumptions.

Assumption 1 Returns on fugitive assets are nil $\left(r_{-c} = 0\right)$.

[14] The game in its extensive-form is presented in Annex 1.

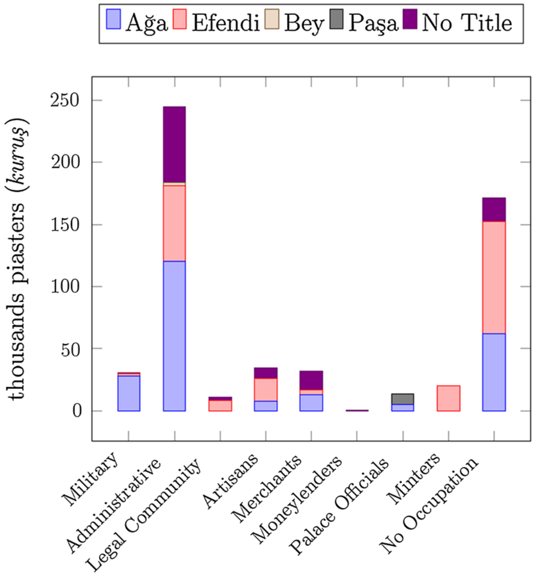


Fig. 1 Occupational and Title Distribution of Bidders of Confiscation Auctions in a Chosen Sample (in piasters (*kuruş*)) *Kuruş* was the Ottoman monetary unit that emerged in the eighteenth century replacing *akçe*. One British pound sterling was equal to 8 kuruş in 1800 (Yaycıoğlu 2016). *Source:* D.BŞM.MHF.d 13289, D.BŞM.MHF.d 13327, D.BŞM.MHF.d 13454, D.BŞM.MHF.d 13341, D.BŞM.MHF.d 13465. *Notes:* Those cases included in the data presented are Mustafa Mazhar Efendi (Head of Finance Department, 1818), Halil Efendi (Mufti, 1821), İsmail Paşa (Governor of Niğde, 1822), Ali Esad Paşa (Governor of Alanya, 1828), Salih Paşa (Governor of Damascus, 1828)

Assumption 2 There exists a ‘political Laffer curve’ depicting an inverted U relationship between the rate of fiscal pressure, f, and the Sultan’s probability of staying in power, p.

A1 enables better tractability by only considering returns on captive assets, $r_c > 0$.[15] The existence of a ‘political Laffer curve’[16] (hereafter PLC) assumed in A2 is based on the idea that neither a very low nor a very high level of fiscal pressure allows the Sultan to remain in power. In particular very low level fiscal revenue does not allow the creation of effective military protection forces.[17] Consequently, the regime would be vulnerable to invasions from competing neighbors. In stark contrast, by imposing too high fiscal pressure on his subjects, he would provoke internal protests (see Fig. 3).

In order to find an analytic solution, we model the probability to stay in power p as follows:

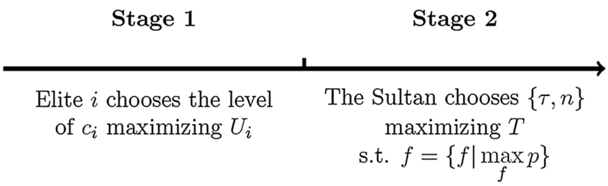
$$p = \beta f^{\lambda}(1 - f)^{1-\lambda} \quad (5)$$

[15] We report results when A1 does not hold ($r_{-c} \neq 0$) in Annex 2, it does not qualitatively change implications of our model.

[16] The importance of linking coercive behavior of the Sultan to the level of taxation by a ‘Laffer curve’ is present in the work of Grafe and Irigoin (2013, p. 203).

[17] There were mainly two military units in the Ottoman Empire. One of them was called *Janissaries*, most of which were based in the capital. They were paid salary as their (expectedly) only occupation was military service. The other unit of troops was *Sipahis* (cavalries). They were holders of a tax unit assigned by the sultan and was entitled to the income of it in return for military and administrative services. In addition to providing military protection for the territory under their protection, they were ordered to join the army at wartime with a requested number of soldiers. This military system called tımar was quite similar to those of the Muslim Empires of the Middle East. The main rationale behind the use of this system was the low levels of monetization. It was a viable solution under the constraint that the scarcity of precious metals that were extensively used in the Middle Ages was leading the states to pay centrally based military forces, and the peasants to pay taxes in cash (İnalcık 2001).

Fig. 2 Timeline of the game



where β is a positive parameter taking into account the legitimacy of the sultan: when β = 0, he will loose with probability one, regardless of the level of fiscal pressure. High values of β may be due to high legitimacy shunning the emergence of internal or external contestants. $\lambda \in (0, 1)$ is a weight reflecting Sultan's concerns regarding external threats relative to internal ones. In particular, a λ close to 0 means that external threats are negligible compared to internal threats. Consequently, he would focus on appeasing domestic contestations by choosing a low rate of fiscal pressure. On the contrary, when λ tends to 1, the need for military protection of frontiers against invaders is higher than the risk of internal rebellion that would be triggered by a high level of fiscal pressure.

The first objective of the Sultan being to stay in power, he chooses the level of fiscal pressure solving the following problem:

$$\max_{\{f\}} p = \beta f^{\lambda}(1-f)^{1-\lambda} \tag{6}$$

The solution of the maximization problem (6) is $f^* = \lambda$.[18] Therefore, the choice of the level of fiscal pressure fully depends on the relative importance of external threats compared to internal ones faced by the Sultan. Once the Sultan secured his power, he then maximizes his fiscal rent. Consequently, the Sultan's global maximization problem in the second stage of the game is:

$$\max_{\{\tau, n\}} T \; s.t. f = \lambda \tag{7}$$

The couple $\{\tau, n\}$ that solves the problem in (7) is:

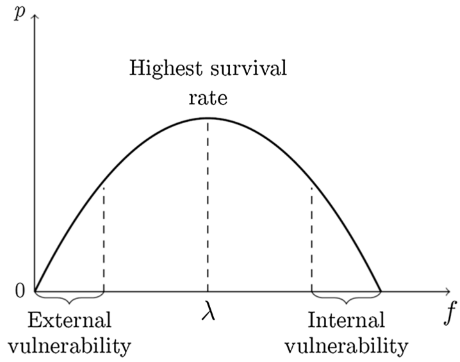
$$\left\{ \lambda + \frac{\lambda\left[2s - c_i^2\delta^2(1-\lambda)\right]}{2sr_c c_i}, \frac{c_i\delta(1-\lambda)}{2s} \right\} \tag{8}$$

We can deduct from (8) that a high level of confiscation or *müsadere, δ*, allows the Sultan to reduce fiscal taxes. As recently evidenced, the Ottoman Empire collected the least amount of taxes per capita in early modern Europe together with Poland (Karaman and Pamuk 2010). On the one hand, this was related to the vast size of the empire and the heterogeneity of its population, leading to administrative inefficiencies. On the other hand, the existence of *müsadere* could refund the treasury through confiscation from highly wealthy individuals.[19] In a way, *müsadere* provided the central government with immediate, though

[18] The second order condition (SOC) is verified: $\frac{\partial^2 p}{\partial f^2} = \frac{\lambda^{\lambda}\lambda(1-\lambda)^{1-\lambda}(\lambda-1)}{\lambda^2(\lambda-1)^2} \leq 0.$

[19] In some cases, the need for refunding the treasury or even affluence was used as a pretext by the government to confiscate. One of the interesting explanations for considering 'affluence' as a—justification for confiscation is as follows. When the confiscator was commissioned with the confiscation of the wealth of

Fig. 3 'Political' Laffer curve



irregular, revenue (Cezar 1986). This substitutability between tax and *müsadere* can be understood in light of the following narrative. As fiscal entrepreneurs, tax farmers signed a contract in either primary or secondary markets of tax farming, making them liable to make prefixed payments to be followed by annuities. The revenue they collected above that amount was their profit. The natural outcome of this process was that many entrepreneurs did their best to squeeze tax payers. From the central government's point of view, oppressing the subjects could permanently impair the tax base by lowering tax compliance through damaging the ruler's legitimacy. Consequently, in order to avoid over-taxation of the population, the Sultan chose to confiscate the tax farmer's wealth instead.[20]

4.2 Stage 1: Elites' choice of assets

We now address the elites' choice regarding their investments in captive or fugitive assets. Since elites are assumed to be identical, the Sultan randomly targets them i.e. $\mathbb{P}_i = n$. Then, by using (8) and (2), we can rewrite the payoffs of the representative elite as follows:

$$U_i = \frac{(1-\lambda)\left[2s\left(r_c c_i + 1\right) - c_i^2 \delta^2 (1-\lambda)\right]}{2s} \tag{1'}$$

Elite i solves the following problem:

$$\max_{\{c_i\}} U_i \tag{9}$$

Based on (1′), the level of captive assets that solves the problem in (9) is[21]

$$c_i^* = \frac{r_c s}{\delta^2 (1-\lambda)} \tag{10}$$

Footnote 19 (continued)

Karaosmanoğlu Hacı Mehmed, he was told that 'because he has been the ayan [tax farmer] for a long while now, it is expected that he possesses so much wealth.' C.DH 329/16413 (28 August 1792 (10 Muharrem 1207)). Quantifying the contribution of confiscation revenues to total state revenues is tricky because it is hard to find revenue data of good quality and to know the total number of confiscations in a given period. Arslantaş (2018) finds an approximate number, which is around 6.85 and 6.84%, for the years of 1784 and 1785 for which revenue data exist.

[20] See, for example: C.ML 460/18682 (12 January 1793 (29 Cemaziyülevvel 1207)).

[21] The SOC is verified: $\frac{\partial^2 U_i}{\partial c_i^2} = -\frac{(\lambda-1)^2 \delta^2}{s} \leq 0$.

It is noteworthy that the level of captive assets positively depends on their returns, r_c and on the cost of expropriation, s. Finally, (10) exhibits a negative links between the level of appropriation of *müsadere*, δ: elite i tends to prefer fugitive assets if there is a low redistribution of *müsadere*.

From (8) and (10) we obtain the following equilibrium analytical values for tax rate and *müsadere*:

$$\left\{ \frac{\left[r_c^2 s + 2\delta^2(1-\lambda)\right]\lambda}{2r_c^2 s}, \frac{r_c}{2\delta} \right\} \tag{11}$$

One can easily deduct from (2) and (11) that the total amount of captive assets captured through *müsadere* is $M^* = \frac{r_c^2}{2\delta^3(1-\lambda)}$. This relation emphasizes a positive relation between M^* and λ. In particular, it means that if external threats increase, the Sultan would extract more resources from *müsadere*. This is consistent with empirical evidence: greater number of wars fought abroad required a heftier treasury, and *müsadere* was a quick way of extracting that revenue (Cezar 1986). Moreover, high values of the r_c, encourages the Sultan to confiscate captive assets. It is linked with an abundance effect: if the representative elite i invests intensively in captive assets, it would trigger higher level of *müsadere*.

The following Lemma deals with the case in which the Sultan cannot use *müsadere*. For the sake of clarity, we use the subscript r to denote this situation.

Lemma 1 (Without *müsadere*). *If the Sultan cannot use müsadere, i.e.* $n = M = 0$, *he taxes elite i at a rate* $\tau^{*^r} = \lambda\left(1 + \frac{1}{r_c}\right) \geq \tau^*$ *and elite i plays* $c_i^{*^r} = 1$.

Proof In the second stage of the game, it can easily be shown that $\tau^r = \lambda\left(1 + \frac{1}{c_i r_c}\right)$. In the first stage, elite i maximizes (1′), where $\frac{\partial U_i}{\partial c_i} = r_c(1-\lambda) > 0$. Consequently, elite i is always incentivized to devote all his resources to captive assets such that $c_i^{*^r} = 1$. One can easily deduct:

$$\tau^{*^r} = \lambda\left(1 + \frac{1}{r_c}\right) \tag{12}$$

Moreover, $\lambda\left(1 + \frac{1}{r_c}\right) - \frac{\left[r_c^2 s+\delta^2(1-\lambda)\right]\lambda}{2r_c^2 s} = \frac{\lambda\delta^2(1-\lambda)}{r_c s} \geq 0$. Using (10) and (11) it involves: $\tau^{*^r} \geq \tau^*$.

Considering the present article's goal to provide an analytic narrative of the Ottoman müsadere practice during 1695–1839, we only focus on plausible cases, i.e. interior solutions.

Definition 2 (*Interior solution*) An interior solution is characterized by $n^* < 1$, $c_i^* < 1, \tau^* < 1$ and $\tau^{*^r} < 1$, simultaneously.

Focusing on cases depicted in Definition 2[22] offers two advantages. First, it allows to exclude extreme cases such as a confiscation affecting more than the whole population

[22] Based on (10), (11) and (12) one can easily notice that Definition 2 assumes that values of the parameters r_c, λ, s, and δ simultaneously verify: $r_c \in \left(\frac{\lambda}{1-\lambda}, 2\delta\right)$ and $s \in \left(\frac{2\lambda\delta^2(1-\lambda)}{r_c^2(2-\lambda)}, \frac{\delta^2(1-\lambda)}{r_c}\right)$.

of elites ($n > 1$), or an elite i's investment in captive assets superior to his initial wealth $\left(c_i > 1\right)$. Second, it ensures that the analytical resolution of the model is tractable by avoiding the existence of multiple subcases. By restraining the resolution to interior solutions, we are able to formulate the following proposition.

Proposition 1 (*Müsadere* effect) *Considering the definition of interior solution, using müsadere ensures to collect a higher fiscal rent* (T) *if and only if* r_c *is superior to a threshold* $\tilde{r}_c$. *However, müsadere always generates lower maximal payoffs of the elites with all assets available in the economy* (W).

Proof Proving Proposition 1 results in comparing two situations with and without *müsadere*. Let $\Delta W = W^* - W^{*^r}$ and $\Delta T = T^* - T^{*^r}$ be respectively the difference of maximal payoffs of the elites with all assets available in the economy, and the difference of fiscal rent between the two situations. First, we have:

$$\Delta W = r_c\left(c_i^* - c_i^{*^r}\right) - \delta n^* c_i^* \tag{13}$$

It can be easily noted that $\Delta W \leq 0$, because $c_i^* < 1 = c_i^{*^r}$.

Second, using (10), (11) and (12) we can express ΔT as follows:

$$\Delta T = \frac{r_c\left[r_c s(3\lambda + 1) - 4\lambda\delta^2(1-\lambda)\right]}{4\delta^2(1-\lambda)} \tag{14}$$

It can be shown that $\Delta T \geq 0$ if and only if $r_c \geq \tilde{r}_c = \frac{4\lambda\delta^2(1-\lambda)}{s(3\lambda+1)}$.

Proposition 1 compares a situation in which the Sultan uses *müsadere* with a situation in which he only has the ability to choose the tax rate, τ. The first implication of Proposition 1 is that the use of *müsadere* reduces maximal payoffs of the population with all assets available in the economy, implying an impoverishment of the empire on a long run perspective. First, when elites' productivity is low, we see that $\Delta T \leq 0$ meaning that the Sultan would extract higher fiscal rent if $n = 0$. Generally speaking, *müsadere* provides higher fiscal rent as soon as $r_c > \tilde{r}_c$, however it generates lower incentives for elites to invest in captive assets. Therefore, in a static framework, *müsadere* appears more appealing than a fiscal system only based on τ. However, in a more dynamic perspective, it impoverishes the Empire ($\Delta W < 0$), undermining seriously the survival of the Sultan in the long run.[23]

In Fig. 4, we propose a numerical example in which all possible cases (including corner solutions) are explored. Here, the Sultan is exposed to a high level of external threats ($\lambda = 0.8$) and redistributes 10% of assets seized through *müsadere* ($\delta = 0.9$). Few elements are noteworthy. First, we observe that using *müsadere* always tends to impoverish the empire ($\Delta W < 0$), which is in line with Proposition 1. Second, the Sultan obtains higher

[23] Many Sultans were dethroned during the history of the Empire. During the period 1603 and 1703 alone, dethronements put an end to the reign of six out of nine Sultans (Evrensel and Minx 2017). Selim III (r. 1789–1807) exemplifies the risk of pursuing policies against the interests of established groups. In order to finance his Western-style reforms particularly in the military, he followed a centrist policy including confiscation from elites. In the event known as the 1806 Edirne Incident, the New Order Troops (Selim's newly founded army) confronted a coalition of Balkan elites whose lands were under the threat of confiscation. The fact that the Edirne incident ended in favor of the Balkan elites greatly shook the authority of Selim III (Shaw 1971). He was eventually deposed by the Janissaries who acted with a fatwa (religious verdict) from the Grand Mufti.

fiscal rent for intermediate values of r_c. For extreme ones, a fiscal system only relying on a tax over the returns on assets provides higher fiscal rent. In particular, ΔT is first negative, then positive corroborating Proposition 1. However, Fig. 4 also shows that if r_c is high enough, *müsadere* provides lower fiscal rent. The intuition behind this result is as follows. In the model the Sultan is incentivized to use more *müsadere* (n) and less tax (τ) to maximize his probability of staying in power. But, for high returns on captive assets, this strategy is less fruitful than following an alternative strategy of only taxing returns at a higher rate $\left(\tau^{*^r} \geq \tau^*\right)$.[24]

5 Targeting elites

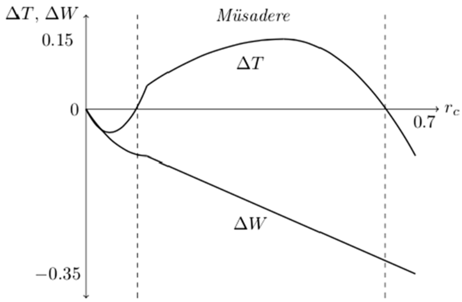
In the previous section, elites are assumed to be homogenous. Consequently, the Sultan randomly targets elites and the model cannot provide insights regarding the choice of expropriated elites. To circumvent this shortcoming, we consider a new setting only focusing on the decision of the Sultan regarding the *müsadere* practice. We assume that the Sultan wants to expropriate a given number of elites, $\bar{n} \in (0, 1)$ and that elites' population is formed of two groups: $h \in (0, 1)$ elites characterized by a high symbiotic relationship with the Sultan and $l = 1 - h$ elites with low one.[25] A high level of symbiotic relationship may be due to three elements: military strength of an elite i, the economic reliance of the Sultan with respect to the elite, and political closeness.[26] This symbiotic relationship involves two implications with regard to the practice of *müsadere*. First, expropriating a h-type elite is more costly ($s_h \geq s_l$). Second, only h-type elites are able to claim for a share of the fiscal

[24] It should be noted that this situation cannot happen in an interior solution as defined in Definition 2. That is why Proposition 1 does not predict it.

[25] An archival document dated to 1786 is quite telling in terms of symbiotic relationship between the Sultan and elites. Upon the allegations that Çapanoğlu Süleyman was oppressing the people under him, the Sultan asked the opinion of his Grand Vizier as how to proceed. While for many others, this could result in execution and confiscation, the first part of the response of the Vizier was as follows: "It cannot be said that what is being rumored about the Çapanoğlus is wrong. But at this time if there is a need of 5000 and 10,000 soldiers, we have only Çapanoğlus from the dynasties that can send. They were the ones who sent 1000 soldiers to Egypt and this time 2000 to the army of Ismail. If they are needed again, they would do the same." The words of the vizier refer to a type of reciprocity based on the military support in exchange for non-confiscation. The second part of the vizier's answer emphasizes the irreplaceability of the family's know-how by a centrally appointed official: "If a Paşa is appointed to replace him, his influence will not be like that of the Çapanoğlu because of inexperience. That is because he knows the temperament of people. For now, we shall try to warn him by sending a letter." The Sultan responded as follows: "My vizier, it is understood that his execution is not timely. There should be a more appropriate time for it." (Uzunçarşılı 1974) (HAT 25642).

[26] In analyses of economic relations between the sovereign and constituents, new institutional research has usually focused on merchants as victims of state predation and thus taxation as a source of credible retaliation, meaning that the ruler avoids confiscation if a potential target can provide revenue through tax higher than the gains from one-off confiscation (Veitch 1986; Olson 1993; Greif 2008). This does not explain the Ottoman case in which the majority of the targets of confiscation were exempt from tax payment. Shirking in tax collection was not the issue either as taxes were mostly collected under the tax farming system, requiring fiscal contractors to make a lump sum payment. Potential victims of müsadere could have three sources of bargaining power. In other words, three things could have deterred the sovereign from confiscation. First, some elites who were organized as patrimonial families had their own troops in which they had invested for decades. They could and did sometimes use their military power against the central government. Certainly, the center's military power was always superior to theirs. But the fact that they possessed armed troops had a deterrence effect, especially when the opportunity cost of fighting a local trouble-maker was high. Second, many potential targets of confiscation had a symbiotic relationship with the imperial center, which required them to provision wars abroad by manning imperial armies or sending food and

Fig. 4 The rationale of *müsadere* (n*umerical example). Note*: $\lambda = 0.8$, $s = 1.2$ and $\delta = 0.9$. Computational details are provided in Annex 2



rent of the Sultan, T (i.e. they have a bargaining power on the sharing of the fiscal rent). Consequently, by reducing their number, the Sultan secures a larger share of T. In this last section we are interested in exploring the rationale of the Sultan to expropriate h-type elites (n_h) rather than l-type ones (n_l), with $\overline{n} = n_h + n_l$. In order to stay tractable, we rely on a few simplifications. Firstly, we normalize to one the l-type elites' expropriation costs such as $s_l = 1$ and $s_h \geq 1$. Secondly, we rewrite the fiscal rent as follows:

$$T = \Gamma - s_h\left(n_h\right)^2 - \left(n_l\right)^2 \tag{3'}$$

where $\Gamma = \tau Y + \delta M$ is supposed to be known by the Sultan and not affected by the choice of targeted elites. This last point means that, contrary to the model developed in Sect. 4, we disregard the choice of assets made by elites and we focus on the choice of the Sultan regarding the practice of *müsadere*.

Fiscal rent being contestable by h-type elites, the share left for the Sultan, T_s, is given by:

$$T_S = \alpha T \tag{15}$$

where $\alpha \in [0, 1]$ is the level of bargaining power detained by the Sultan over the h-type elites. When it takes the value 1 he captures the whole fiscal rent, and $\alpha = 0$ refers to a situation in which the h-type elites enjoy T. The Sultan maximizes his share of the fiscal rent T_S, solving the following problem:

$$\max_{\{n_h\}} T_S \ s.t. \ n_l = \overline{n} - n_h \tag{16}$$

Footnote 26 (continued)
munition to warzones. Third, credibility of these threats depended also on the nature of fiscal markets in which they operated. As for provincial elites, some enjoyed monopolies, while some had to compete with others. A family, which was particularly successful in capturing monopoly rents over its territorial zone of influence, was unlikely to be replaced when its wealth and power was confiscated. By contrast, the relative bargaining power of those families that operated in competitive fiscal markets was lower since they could be easily replaced by others. For example, consider two families, i.e. the Karaosmanoğlus of Manisa in western Anatolia and the Çapanoğlus of Yozgat in central Anatolia. These families enjoyed monopoly power in their spheres of influences from the mid-18th to early 19th century. The more they monopolized, the more they became irreplaceable. Out of 21 (13 and 8 respectively) confiscation attempts initiated against these families, only 4 ended with full confiscation. In 16 cases (11 and 5) they managed to eschew full confiscation. In other words, when an elite had a monopoly over a market, he was able to negotiate with the Sultan to secure better economic positions (Arslantaş 2018).

Proposition 2.a (Non-contestable fiscal rent). *When $\alpha = 1$ the Sultan*

- *equally targets elites if $s_l = s_h$;*
- *targets more intensively the l-type elites otherwise.*

Proof For $\alpha = 1$, $T_S \equiv T$ for all n_h. Consequently, the value of n_h that solves the problem in (16) is $\frac{\bar{n}}{s_h+1}$. Considering that $n_l = \bar{n} - n_h$, one can easily see that $n_l > n_h$ when $s_h > s_l$, and $n_l = n_h = \frac{\bar{n}}{2}$ when $s_h = s_l$.

In Proposition 2.a, the only source of elites' heterogeneity is related to the cost of expropriation borne by the Sultan using *müsadere*. As it is costlier to seize the wealth of h-type elites, it appears straightforward to observe that the Sultan targets more severely the l-type elites when the fiscal power is fully centralized. However, when the Sultan is not able to fully secure fiscal rent ($\alpha < 1$), targeting h-type elites becomes more attractive because it also reduces the number of claimers. In other words, we consider a situation in which $\partial\alpha/\partial n_h \geq 0$. More specifically we adopt the following affine formulation:

$$\alpha = n_h + \alpha_0 \tag{17}$$

where α_0 is the share of T secured by the Sultan when he does not use *müsadere* on h-type elites. As a consequence, α_0 may be seen as a proxy of the level of the Sultan's fiscal capacity. Indeed, high (*resp.* low) value of α_0 means that he is able to secure an important (*resp.* low) share of fiscal rent without expropriating h-type elites. Considering (17) and the problem in (16), we are now able to formulate our next proposition:

Proposition 2.b (Fiscal capacity and elites' targeting). *When $\alpha = n_h + \alpha_0 < 1$, The lower the fiscal capacity of the Sultan, the more h-type elites are targeted.*

Proof See Annex 2.

Figure 5 presents partial evidence to the propositions 2.a. and 2.b. Given that the size of wealth was positively correlated with high bargaining power, high average value of assets confiscated in a given 10-year period signifies the targeting of h-type elites. The period 1770–1780, marked by a sharp decline in the average value of confiscated assets per person, was characterized by the beginning of fiscal and political centralization that continued until the end of the period for which data are available. By the last quarter of the eighteenth century, local elites had become too powerful primarily because they exchanged their military power in return for more and more economic opportunities in the form of offices and grants from the government. As a result, they were retaining higher shares of tax revenues before reaching the central treasury. To inject more revenue into the center, Selim III (r. 1789–1807) and Mahmud II (r. 1808–1839), in particular, embarked on a centralization project, which required curbing the power of provincial elites and eventual elimination in the 1820s through confiscation and other methods. Figure 5 proves that during the period when the government started investing in state capacity, which resulted in greater fiscal capacity, confiscations were directed at less wealthy elites. In other words, centralization led to the targeting of l-type elites.

6 Conclusion

Describing the pristine states, Scott (2017, p. 14) defined a state as "a tax collector", and Usher (1992) explained that taxation is a form of predation. The ideology of state as provider of public goods and services disguises the relationship between taxation and predation. By contrast, confiscations stand as overt forms of predation. The advantage of the specific fiscal system of the Ottoman Empire is that it lends credence to the idea that there is not such a sharp contrast between taxation and confiscation. In fact, *müsadere* or the routine confiscation from elites including office-holders and tax-farmers was part of the Sultan's fiscal system. As previously emphasized, *müsadere* has not been studied sufficiently until recently. One of the originality of this paper is its focus on this specific system and exploring the relationship between fiscal system and confiscations.

We have already mentioned that according to Karaman and Pamuk (2010) the Ottoman Empire collected the second least amount of taxes per capita in early modern Europe. Bang (2015) generalized this finding, claiming that large empires such as Roman Empire, imperial China and the Ottoman Empire imposed low per capita taxes. Their centrally controlled administrations were tiny, and they relied on local elites to support them financially and militarily during critical moments notably in warfare. The main issue was to find methods to eschew siphoning of the revenue by local elites that could be mobilized for the central state. The political economy of fiscal regimes illustrates different trajectories pursued in different empires. These trajectories were principally determined by political factors.

Following analytic narratives methodology, our model demonstrates that *müsadere* was detrimental in terms of economic performance (W) compared with a purely fiscal system. Historically speaking, confiscations were positively related to external wars. It can be concluded that *müsadere* impoverished the Empire in long run. However, *müsadere* had a specific *political* function: it allowed a controlled decentralization by the sultan. In other words, its importance was not with respect to revenue-maximizing but rather maximizing predatory rules. Finally, the paper briefly tackled the question of the *müsadere* targeting process. Using a very simple framework, we found a negative relationship between the ability of the Sultan to secure his fiscal rent and the expropriation of h-type elites (those able to claim for the sharing of the fiscal rent). The results of our case study, which are consistent with qualitative and quantitative evidence from the Ottoman archives, explain the functional aspect of the *müsadere* practice that had thus far remained ambiguous in the Ottoman historiography.

Further comparative studies between the Ottoman Empire and other types of empires will cast light on the impact of different types of state predation on economic performance. Let us draw some broader insights from our analysis by comparing it to a recent work on the case of China. Ma and Rubin (2019) also explored the relationship between taxation and confiscation though with the aim of explaining why absolutism in early modern China (and in other absolutist regimes) generated much less tax revenue than the leading Western European states at the time. The authors' findings can be summarized as follows. They mention two paradoxes of power. The first paradox is the difficulty of incentivizing a fiscal agent to collect taxes under the threat of arbitrary confiscation, which is a characteristic of absolutist rulers. The absolutist ruler can credibly commit to refrain from confiscation only when administrative capacity is low and thus monitoring costs are high. The authors then introduce the second paradox, which is that poor monitoring technology (low administrative capacity) would motivate tax agents to collect too much tax from the masses, which in turn may provoke subjects' revolts. The paper argues that as a solution Chinese rulers

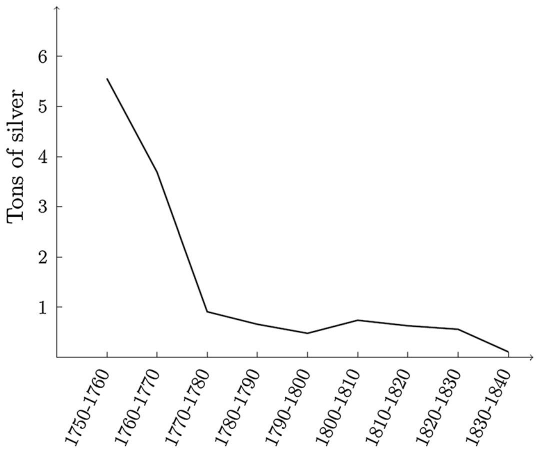


Fig. 5 Average value of confiscated assets per person (in tons of silver). *Source*: Extensive number of archival sources used behind this graph can be reached at (Arslantaş 2018)

opted for extracting less revenue for the center and offered low wages to agents while letting them to keep some extra-legal taxation for their own benefits. The authors claim that although they were motivated by the case of China, their findings could be extended to other absolutist regimes such as the Ottoman Empire. Our approach is admittedly different. We departed from the very existence of many confiscations undertaken against the wealth of tax-collecting families. One can easily see from our narrative that Ottoman rulers did not need to refrain from confiscations. During the period under question, agents were buying the right to collect taxes from a certain tax unit for lifetime. Any surplus they could make after making a lump sum payment belonged to them. Ottoman rulers also wanted to prevent overexploitation of the masses but unlike their Chinese counterparts they did so through the very threat of confiscation presumably because the instrument of low wages was unavailable given the fiscal structure at the time. The upshot was similar though. The Ottoman Empire indeed settled for low taxation but endeavored at its best to compensate this weakness via the tool of selective and flexible confiscation. The present paper's analysis of *müsadere* contributes to a better understanding of the specificities of the Ottoman Empire compared to the European as well as Chinese ones.

Acknowledgments We wholeheartedly thank our two anonymous referees, and the editor in chief, William Shughart II of the *Public Choice* journal, for their excellent and constructive comments. We also like to thank our discussant Riccardo Magnani for his insightful remarks as well as the participants of the international symposium on 'Predatory State' organized by CEPN at the University Paris 13 on May 20, 2019. We particularly benefited from the comments of Philippe Batifoulier, Nicolas Da Silva, Bertrand Crettez, Peter Leeson, Stergios Skaperdas, and Gert Tingaard Svendsen. Finally, we would also like to present our gratitude to Mandana Vahabi for her detailed remarks on earlier versions of this paper. All the remaining errors are ours.

Appendix

Annex 1: Game represented in extensive form

See Fig. 6.

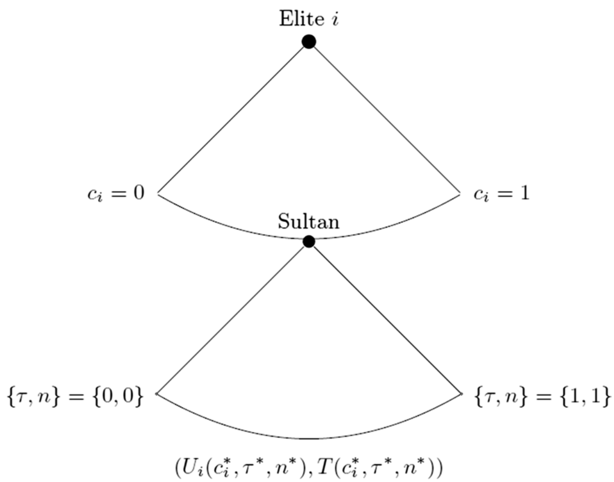


Fig. 6 Extensive form of the *müsadere* game

Annex 2: Computational details

Positive returns on fugitive assets $r_{-c} > 0$

We adopt the exact same methodology that we present in the paper. Our results are:

$$c_i^* = \frac{\left(r_c - r_{-c}\right)s}{\delta^2(1-\lambda)} \tag{18}$$

The analytical values for tax rate and *müsadere* that are solutions to the Sultan's program in (7)

$$\left\{ \frac{\left[s\left(r_c - r_{-c}\right)^2 + 2\delta^2(1-\lambda)\left(1+r_{-c}\right)\right]\lambda}{r_{-c}\delta^2(1-\lambda) + s\left(r_c - r_{-c}\right)^2}, \frac{\left(r_c - r_{-c}\right)}{2\delta} \right\} \tag{19}$$

On the numerical application

All numerical values are approximated at 10^{-2}. According to (10), (11) and (12), we have: $c_i^* = 7.41r_c$, $n^* = 0.56r_c$, $\tau^* = \frac{0.33\left(1.2r_c^2+0.32\right)}{r_c^2}$ and $\tau^{*^r} = 0.8 + 0.8r_c$. When values of parameters are superior or equal to 1, we systematically normalized them to 1 in order to avoid inconsistent situations *e.g.* the Sultan taxes more than 100% of the revenues of elite ($\tau > 1$). We can distinguish three cases for $r_c \in [0, 0.7]$.[27] First, when $r_c \in [0, 0.13)$, $\tau^* = \tau^{*^r} = 1, c_i^* < 1$ and $n^* < 1$. We have $\Delta W = 3.68r_c\left(r_c - 0.27\right)$ and $\Delta T = 10.77r_c\left(r_c - 0.09\right)$. Second, when $r_c \in [0.13, 0.42)$, $\tau^* = \tau^{*^r} = c_i^* = 1$ and $n^* < 1$.

[27] The upper bound has been arbitrary chosen to ease the graphic representation. Other subcases exists but would have assumed returns on captive assets superior to 178% $\left(r_c > 1.78\right)$. Consequently, Fig. 4 only covers $r_c \in [0, 0.7]$.

One can show that $\Delta W = -0.5r_c$ and $\Delta T = -0.38r_c\left(r_c - 1.34\right)$. Last, when $r_c \in [0.42, 0.7]$, $\tau^{*^r} = c_i^* = 1, \tau^* < 1$ and $n^* < 1$. Therefore, $\Delta W = -0.5r_c$ and $\Delta T = \frac{-0.38r_c\left(r_c-0.58\right)\left(rc^2+0.84r_c+0.49\right)}{r_c}$.

Proof of Proposition 2.b. FOC of the problem in (16) is given by:

$$\frac{\partial \mathrm{T_s}}{\partial n_h} = \Gamma - s_h\left(n_h\right)^2 - \left(\overline{n} - n_h\right)^2 + \left(n_h + \alpha_0\right)\left(2\overline{n} - 2n_h\left(1 + s_h\right)\right) = 0 \tag{20}$$

Let n_h^* be the value of n_h verifying (A3), we have[28]:

$$n_h^* = \frac{1}{3\left(s_h + 1\right)}\left[2\overline{n} - \alpha_0\left(1 + s_h\right) + \sqrt{\left(\alpha_0(1 + s_h) + \overline{n}\right)^2 + 3\left(\Gamma\left(s_h + 1\right) - s_h\overline{n}^2\right)}\right] \tag{21}$$

We need to ensure that $\left(\alpha_0(1 + s_h) + \overline{n}\right)^2 + 3\left(\Gamma\left(s_h + 1\right) - s_h\overline{n}^2\right) \geq 0$. It is always verified if $s_h\left(\Gamma - \overline{n}^2\right) \geq 0$ which holds by definition because we only consider the case $T \geq 0$.

Considering α_h as a proxy of the fiscal capacity of the Sultan, we prove the Proposition 2.b. by showing that $\partial n_h^*/\partial\alpha_0 \geq 0$. To ease tractability, let $\lambda = \left(\alpha_0(1 + s_h) + \overline{n}\right)^2 + 3\left(\Gamma\left(s_h + 1\right) - s_h\overline{n}^2\right) \geq 0$, then

$$\frac{\partial n_h^*}{\partial \alpha_0} = \frac{1}{3\sqrt{\lambda}}\left(\alpha_0 s_h + \alpha_0 + \overline{n} - \sqrt{\lambda}\right)$$

We have $\lambda - \left(\alpha_0 s_h + \alpha_0 + \overline{n}\right)^2 = 3\left(s_h\left(\Gamma - \overline{n}^2\right) + \Gamma\right) \geq 0$, therefore $\frac{\partial n_h^*}{\partial \alpha_0} \leq 0$. In other words, the lower the fiscal capacity (α_0) of the Sultan is, the more h-type elites are targeted.

Annex 3: Archival Sources

Note: All archival documents used in this paper were purchased from the Prime Ministry Ottoman Archives in Istanbul. The following abbreviations refer to the name of the catalogue they are located, while the number part shows the exact location of the document in a given catalogue.

Abbreviations:

AE.III.Mustafa: Ali Emiri 3. Mustafa

AE.SABH.I: Ali Emiri 1. Abdülhamid

C.DH: Cevdet Dahiliye

C.ML: Cevdet Maliye

D.BŞM.MHF.d: Başmuhasebe Muhallefat Defterleri

Sources of Quantitative Analysis:

Ali Emiri Sultan Abdulhamid I

[28] We keep only one solution due to the fact that $n_h^* \geq 0$ and $\left(\alpha_0(1 + s_h) + \overline{n}\right)^2 + 3\left(\Gamma\left(s_h + 1\right) - s_h\overline{n}^2\right) - \left(2\overline{n} - \alpha_0\left(1 + s_h\right)\right)^2 = -3\left(\overline{n}^2 - \Gamma - 2\alpha_0\overline{n}\right)\left(s_h + 1\right) \leq 0$.

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Ali Emiri Sultan Mustafa III

26/1797, 193/15240

Ali Emiri Sultan Selim III

5/244, 70/4188, 144/8720, 174/10429, 189/11380, 221/12949, 269/15545, 357/20462, 361/20660, 410/23604

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5618, 12442, 12456, 12571, 12585, 12586, 12587, 12590, 12591, 12592, 12593, 12594, 12597, 12603, 12606, 12609, 12612, 12617, 12618, 12619, 12620, 12629, 12634, 12635, 12636, 12637, 12639, 12640, 12652, 12653, 12654, 12656, 12657, 12659, 12660, 12662, 12663, 12664, 12666, 12668, 12669, 12670, 12671, 12673, 12674, 12675, 12676, 12677, 12678, 12679, 12680, 12681, 12682, 12683, 12684, 12685, 12686, 12690, 12691, 12694, 12695, 12696, 12697, 12698, 12699, 12701, 12702, 12703, 12704, 12705, 12706, 12708, 12710, 12711, 12712, 12713, 12714, 12717, 12719, 12720, 12721, 12722, 12723, 12725, 12726, 12727, 12728, 12730, 12731, 12732, 12733, 12734, 12735, 12736, 12739, 12746, 12748, 12749, 12750, 12752, 12754, 12756, 12757, 12758, 12759, 12761, 12763, 12766, 12769, 12771, 12772, 12774, 12775, 12777, 12778, 12779, 12781, 12782, 12784, 12785, 12786, 12788, 12789, 12790, 12793, 12794, 12796, 12797, 12799, 12800, 12801, 12802, 12803, 12805, 12806, 12807, 12808, 12809, 12810, 12812, 12813, 12814, 12815, 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13006, 13007, 13008, 13009, 13010, 13011, 13012, 13013, 13014, 13015, 13016, 13017, 13018, 13020, 13022, 13023, 13024, 13025, 13027, 13028, 13029, 13030, 13031, 13034, 13035, 13036, 13037, 13038, 13039, 13040, 13044, 13046, 13047, 13048, 13049, 13050, 13051, 13052, 13053, 13055, 13056, 13057, 13059, 13060, 13061, 13062, 13063, 13064, 13068, 13069, 13070, 13071, 13072, 13074, 13075, 13076, 13077, 13079, 13081, 13082, 13084, 13085, 13086, 13087, 13088, 13089, 13090, 13091, 13092, 13093, 13094, 13095, 13097, 13098, 13099, 13100, 13101, 13102, 13103, 13107, 13110, 13111, 13112, 13114, 13115, 13116, 13117, 13119, 13120, 13121, 13122, 13123, 13125, 13126, 13129, 13130, 13131, 13132, 13133, 13134, 13135, 13136, 13137, 13140, 13141, 13142, 13143, 13144, 13145, 13151, 13152, 13153, 13155, 13156, 13158, 13159, 13160, 13161, 13162, 13163, 13164, 13165, 13166, 13167, 13168, 13170, 13171, 13172, 13173, 13174, 13175, 13176, 13177, 13179, 13180, 13181, 13182, 13183, 13185, 13186, 13187, 13188, 13190, 13191, 13192, 13193, 13194, 13195, 13196, 13197, 13198, 13199, 13200, 13202, 13203, 13204, 13205, 13206, 13207, 13208, 13209, 13210, 13211, 13215, 13216, 13217, 13218, 13220, 13221, 13222, 13223, 13224, 13225, 13226, 13227, 13228,13229, 13231, 13232, 13234, 13235, 13236, 13237, 13238, 13239, 13240, 13241, 13244, 13246, 13247, 13248, 13251, 13252, 13253, 13254, 13255, 13256, 13257, 13258, 13259, 13260, 13261, 13262, 13263, 13264, 13265, 13267, 13268, 13269, 13271, 13273, 13275, 13277, 13278, 13279, 13281, 13282, 13283, 13284, 13285, 13286, 13289, 13290, 13291, 13292, 13293, 13294, 13295, 13296, 13297, 13298, 13299, 13300, 13301, 13302, 13303, 13304, 13305, 13306, 13307, 13308, 13309, 13310, 13311, 13312, 13313, 13314, 13317, 13318, 13319, 13320, 13321, 13323, 13324,13325, 13326, 13327, 13329, 13330, 13331, 13332, 13336, 13337, 13339, 13340, 13341, 13342, 13343, 13345, 13347, 13348, 13349, 13350, 13351, 13359, 13360, 13361, 13362, 13363, 13365, 13366, 13367, 13368, 13369, 13370, 13371, 13372, 13373, 13374, 13375, 13379, 13380,13381, 13382, 13383, 13384, 13385, 13386, 13387, 13389, 13390, 13392, 13393, 13395, 13398, 13399, 13403, 13405, 13412, 13423, 13429, 13432, 13436, 13437, 13440, 13443, 13444, 13445, 13446, 13448, 13451, 13452, 13454, 13455, 13463, 13464, 13465, 13466, 13467, 13469, 13470, 13472, 13473, 13474, 13476, 13477, 13490, 13492, 13493, 13496, 13497, 13500, 13511, 13512, 13515, 13518, 13525, 13526, 13527, 13528, 13529, 13530, 13532, 13533, 13536, 13537, 13538, 13540, 13541, 13543, 13544, 13545, 13546, 13547, 13548, 13552, 13553, 13555, 13557, 13561, 13562, 13563, 13564, 13565, 13566, 13569, 13572, 13575, 13576, 13577, 13579, 13580, 13582, 13583, 13586, 13587, 13594, 13599, 13601, 13604, 13605, 13607,13608,13610, 13611, 13612, 13613, 13614,13616,13617,13619,13620, 13621, 13622, 13623, 13626, 13627, 13628, 13629, 13631, 13633, 13634, 13635, 13636, 13637, 13639, 13664, 13665, 13666, 13667, 13668, 13669, 13670, 13671, 13672,13673, 13674, 13675, 13676, 13677, 13678, 13680, 13681,13682, 13683, 13684, 13685, 13686, 13687, 13688, 13689, 13690, 13692, 13694, 13695, 13696, 13697, 13701, 13702, 13703, 13704, 13708, 13710, 13711, 13712, 13713, 13714, 13715, 13716, 13717, 13718, 13719, 13720, 13721,13722,13723,13724, 13725,13726, 41354

Başmuhasebe Kalemi Zimmet Halifeliği

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Büyük Ruznamçe Kalemi Sergi Halifeliği

21300, 21303

Cevdet Adliye

9/566, 61/3687, 84/5073, 101/6095, 104/6253, 105/6277, 25/1512, 45/2751, 54/3288, 55/3327, 60/3628, 61/3673, 62/3729, 62/3730, 63/3754, 93/5603, 93/5604, 95/5687, 703/28713

Cevdet Askeriye

1041/45716

Cevdet Dahiliye

2/83, 142/7090, 156/7795, 159/7901, 175/8713, 177/8815, 182/9098, 188/9381, 217/10808

Cevdet Maliye

42/1942, 69/4129, 70/3229, 82/4979, 95/4268, 95/4269, 95/4270, 105/4660, 144/6093, 167/7001, 189/7845, 227/9489, 243/10117, 243/10130, 255/10503, 269/11038, 317/13048, 326/13431, 336/13768, 336/13774, 339/13926, 357/14626, 358/14690, 369/15158, 373/15355, 374/15389, 375/15406, 376/15449, 389/15918, 395/16165, 427/17283, 428/17301, 445/17993, 448/18138, 451/18257, 481/19623, 481/19624, 489/19929, 492/20005, 504/20468, 504/20496, 505/20550, 558/22906, 576/23646, 578/23731, 583/23998, 613/25271, 624/25689, 650/26610, 662/27099, 703/28713, 714/29165, 719/29421, 735/30007, 748/30460, 749/30520, 759/30930, 30930, 762/31051, 769/31398, 774/31578, 776/31697, 777/31744, 780/31846, 784/31951

Darphane-i Amire

692/1245, 9/427, 693, 1246

Hattı Humayunlar

105/4117C

Kamil Kepeci Defterleri

2397, 2448, 2450, 2451, 2452, 2455, 2456, 2459, 2460, 2462, 2463, 3294, 3295, 3296, 3297, 753

Sources of Qualitative Analysis:

AE.III.Mustafa 25565

AE.SABH.I 65/475-3

AE. SABH.I 65/475-6

AE.SABH.I 66/4604-3

C.DH 152/7576

C.DH 329/16413

C.ML 460/18682

C.ML 22924 (1766)

D.BŞM.MHF.d 13289

D.BŞM.MHF.d 13327

D.BŞM.MHF.d 13341

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