Kickbacks, Bribery, and Extortion in 17th-Century Ottoman Tax Farming

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Tax farming has proven an attractive subject for historians of the Ottoman economy. Through its diligent recordkeeping, the empire has supplied us with vast quantities of hard economic data, but the question of how to interpret this data is highly vexed. The standard model interprets tax farming as a competitive system in which entrepreneurial tax farmers bid against one another to raise the lease price (iltizam) that they contracted to pay to the state treasury in return for the right to administer a tax farm (mukata‘a). The lease price is assumed to reflect either the economic profitability of the associated tax farm, or else the state's willingness (or non-willingness) to risk the appointment of more daring entrepreneurs. Yet this model errs by considering only two actors: the tax farmer(s) and the abstract state. Missing are the individual bureaucrats, powerbrokers, and policymakers whose behind-the-scenes influence also played a role in the awarding of tax farming contracts. Ottoman tax farmers did not negotiate with an abstract state, but with individuals—at times self-interested—who might use their positions of authority to demand kickbacks from tax farmers whose lease prices were undervalued. Instead of bidding to raise the lease price, these tax farmers could use bribery (often couched in the form of "presents" and "fees") to prevail over their competitors. Provincial governors could also use their military authority to extort wealth from the tax farmers operating in their regions of jurisdiction. The present study uses archival sources to reconstruct these shadowy financial exchanges, arguing that tax farming—as well as the vast numerical data recording tax farms' lease prices—cannot be understood without further investigation of the mechanisms by which tax farmers won their contracts and the conditions under which they worked.