

THE MAKING OF MODERN FREEDOM

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FISCAL CRISES,  
LIBERTY, AND  
REPRESENTATIVE  
GOVERNMENT,  
1450-1789



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STANFORD UNIVERSITY PRESS  
STANFORD, CALIFORNIA

resentation. This was no small achievement: without the fiscal crisis and the political pressure which it allowed French subjects (be they magistrates or commoners) to exert on the Crown there would have been no Revolution. But it was still unclear how liberty, the sanctity of private property, and compulsory taxation would be combined in the "new order" ushered in by the Revolution.

The turmoil of the years between 1788 and 1799 meant that no new theoretical approaches would emerge. As for the years after 1799, the Napoleonic dictatorship brought all discussion of "liberty" to an end. And to find a fresh approach to taxes we must look not forward but backward to the eighteenth-century thinker who in so many ways foreshadowed future developments, Rousseau. Rousseau did not write a great deal about taxation. He addressed the subject only in the *Essay on Poland* and, at greater length in the "Discourse on Political Economy" that appeared in the *Encyclopédie*. He begins "The Discourse on Political Economy" with the following maxim: "It is true that all imposts must be legitimately established by the consent of the people or by its representatives . . ." <sup>179</sup> He then asserts that a just government will "leave to each individual a part of the public administration so that the individual feels he is at home and believes that the laws serve only to guarantee the community's liberty." <sup>180</sup> Thus far Rousseau has not departed from the standard, Anglo-Saxon views on taxation. But he is about to add a new element—equality. "One of the most important tasks of government is to prevent extreme inequalities of fortune . . .," he asserts, and adds that the "most necessary and perhaps difficult feat for a government is to act equitably and to protect the poor from the rich." <sup>181</sup> Inequity diminishes freedom and eventually destroys liberty. Taxation, Rousseau insists, could be used "to prevent the accumulation of wealth, to prevent inequality."

This is a very modern notion of taxation; it argues that revenue collection is not just a sophisticated form of tribute but a means of social engineering. Taxation could discourage "luxury" and mitigate the "inequity" that threatened social harmony and with it political freedom. Here we encounter a notion of freedom that pushes the social contract described by the commoners of Bar-le-Duc, with whom this chapter began, one step further. Fiscal demands here are not just a part of the bargain between ruler and ruled; they are an instrument of social equity, an important part of modern liberty.

## Conclusion

PHILIP T. HOFFMAN AND KATHRYN NORBERG

THE CHAPTERS in this volume suggest certain revisions in what one might call the Whig view of the relationship among liberty, representative institutions, and government finance. (By Whig view we mean a generalization of the English experience—and especially the experience of 1688–89.) Presuming that the English path was the only road to freedom, historians have assumed that representative institutions, such as the English Parliament, were the people's sole defense against a ravenous, absolutist fisc. They have portrayed the monarchs of continental Europe robbing their downtrodden subjects and riding roughshod over property and liberty. Such a view plunges its roots deep into English history: its origins reach back at least as far as John Fortescue in the fifteenth century and it resonates in the political rhetoric of the late seventeenth century, which depicts the subjects of absolute monarchies as slaves.<sup>1</sup> In condemning the continental monarchies, it implicitly supposes that the lighter the tax burden the greater the liberty, the weaker the state the more freedom the citizens enjoyed. So ingrained is this distinctly English view of early modern state building that much of it passes for common sense.

The story told in this volume suggests a different view of the political and fiscal history of early modern Europe. The notion that those who are freest are taxed least does not hold up in the light of comparative history. If we compare the rates of taxation in Spain, France, England, and the Netherlands, we find that in the absolutist states, Spain and France, taxation was relatively light. It is rather in the states with strong representative institutions, the Netherlands and eighteenth-century England, that taxation was extraordinarily heavy.

The comparison, of course, is fraught with difficulty, for reasons



that the previous chapters describe in abundant detail: the available evidence is fragmentary and inaccurate, and for Spain and the Netherlands we have to make do with numbers from Castile and Holland alone. Furthermore, even when tax figures do exist they are likely to omit money that was collected and spent locally. And the difficulty of converting the available tax receipts into a common measure—days of labor or hectoliters of grain—makes it impossible to compare all four countries for the same single year or to find a period when they all face the same fiscal and economic conditions. Yet despite all the uncertainty the message the meager figures give seems clear (Table 1). The tax burden was light in early seventeenth-century England, particularly if we restrict ourselves to the customs and parliamentary taxation and note that the evidence derives from a period of warfare and thus of higher than usual taxation. But the burden was not really any heavier across the English Channel in absolutist France. In Castile, it is true, the fisc did bear down with somewhat greater weight, although I. A. A. Thompson would maintain that fiscal absolutism did not exist there. All these differences, though, pale to insignificance beside the enormous taxes levied in eighteenth-century England and even more so in Holland—precisely the examples of states with powerful representative institutions. And a more detailed comparison of eighteenth-century England and France suggests much the same.<sup>2</sup>

Of course, the Netherlands and England both enjoyed robust economies, which may account for much of their ability to bear heavy taxes. In a more general sense, all of the chapters in this volume point to economic strength as a necessary precondition for a strong fisc and therefore a strong state. When economies stagnated or fell behind, countries risked decline or retreat from the international arena, like Spain in the seventeenth century or the Netherlands in the eighteenth. Obviously, a state could not tax effectively when the economy produced little of value. Yet it would be wrong to reduce all the variation in tax burdens to economic strength alone: that at least is what a careful comparison of the tax rates in eighteenth-century France and Great Britain suggests. By the eve of the French Revolution, the British tax burden was not only higher in absolute terms, it also took up a far higher share of the per-capita incomes—nearly twice as much as in France. And it was this difference in the share

TABLE 1  
*Comparative Per Capita Annual Tax Burdens, Selected Periods*

Country	Period	Annual Tax Burden in Terms of		
		Wheat (Hectoliters per Person)	Unskilled Labor (Man Days per Person)	Skilled Labor (Man Days per Person)
England	1594–1603	0.1 <sup>a</sup>	2.0 <sup>a</sup>	1.3 <sup>a</sup>
		0.2 <sup>b</sup>	3.5–3.8 <sup>b</sup>	2.3–2.5 <sup>b</sup>
Great-Britain	1720	1.8	—	—
Holland	1650	1.8	16.9	12.6
	1721	4.5	27.8	20.1
Castile	1557	0.3	—	2.8
	1664	1.0	—	6.8
France	1560–69	0.2	2.1	1.1
	1590–99	0.1	2.5	1.3
	1600–09	0.2	3.0	1.5
	1650–59	0.6	8.8	4.4
	1720–29	0.7	9.5	4.8

SOURCE: Chapters 1, 3, 4, and 6, and Peter Mathias and Patrick O'Brien, "Taxation in Britain and France, 1715–1810: A Comparison of the Social and Economic Incidence of Taxes Collected for the Central Government," *JEECH* 5 (1976): 601–50.

NOTE: The figures here will differ slightly from those given in the sources because they have all been rounded or (in the case of Holland) carried out to the same number of decimal places. David Sacks gives taxes in terms of skilled labor; to find the equivalent in terms of man days of unskilled labor, we followed E. A. Wrigley and R. S. Schofield, *The Population History of England 1541–1871*, 2d edition (Cambridge, 1989), 638, and assumed that a skilled craftsman's wage was 1.5 times an unskilled laborer's wage. Augustus Veenendaal's calculations concern unskilled labor but equivalents in terms of man days of skilled labor were derived from his wage source: Jan de Vries, "The Population and Economy of the Preindustrial Netherlands," *Journal of Interdisciplinary History* 15 (1985): 672. Finally, the French burdens in terms of man days of unskilled labor were converted to man days of skilled labor at the rate of 2.0 days of unskilled labor per day of skilled labor. This was the long term ratio of skilled to unskilled wages in the Paris building trades: Micheline Baulant, "Les salaires des ouvriers du bâtiment à Paris de 1400 à 1726," *Annales* 26 (1971): 463–83. Admittedly, the simplistic conversion of unskilled to skilled wages (or the reverse) introduces some uncertainty, as does the rounding. However, given the limited accuracy of all of these figures the resulting error is hardly a cause for worry.

<sup>a</sup> Customs and parliamentary subsidies only.

<sup>b</sup> Customs, subsidies, and other royal revenues.

of income going to the fisc, rather than any disparity in the income itself, that explains much of the heavier tax burden in Britain.<sup>3</sup>

To be sure, taxation itself acts on the economy and can stimulate or impede economic growth. In Castile, as Thompson points out, contemporaries bemoaned the burden placed on the economy by the confusing welter of local taxes; their effect, one could argue, was to throttle trade. In the Netherlands, as Augustus Veenendaal notes, the excise taxes were the targets of similar attacks, although it is far from clear that they actually damaged the economy. And all early modern



monarchs risked having their fiscal policies unleash what contemporary economists refer to as "rent seeking"—that is, economic activity which produces nothing except, in this case, tax evasion. How interesting would it be to calculate the amount of time, effort, and money expended by the French peasantry on avoiding the *taille*? How much more effort and money was expended by the French fisc in attempting to subvert privileges and undermine discrepancies? Here undoubtedly was a great economic loss, one that might be masked, as in France, by a relatively light tax burden.

The effective early modern monarch tried to tax his subjects efficiently: in other words, he tried to raise revenue at the least possible cost. Here again, as the selections in this book demonstrate, the nature of the economy was crucial. When it was possible both politically and administratively, early modern monarchs preferred to tax trade. When it could be stopped at easily controlled bottlenecks, such as major ports or a small number of city gates, then taxing commerce was cheaper than taxing scattered wealth such as land. In the prosperous years of the sixteenth century, for example, the Spanish virtually wrote off taxing land and non-commercialized arable farming in Castile. They focused instead on trade and on the commercial part of agriculture, such as the raising of livestock. The English also relied heavily on indirect taxes such as customs and the famous excise. They were incredibly lucky: a vibrant commercial sector made it easy to levy indirect taxes and explains (if only in part) their ability to support both an army and a navy in the eighteenth century.

The French took in much less from indirect taxes.<sup>4</sup> Because their country was less urbanized and more agricultural than England, it was understandable that they relied more heavily on a land tax; in addition, trade in France was too scattered to tax easily. But what is surprising is that the French did not abandon levies on land, like the Spanish in sixteenth-century Castile. The reason, perhaps, was that arable farming was a bit more commercialized in France and relatively more important than stock raising in Castile. But in any event imposing taxes on land was still quite difficult in France, and many of the peculiarities of the French fiscal system discussed by Philip Hoffman and Kathryn Norberg stem from this fact. The Bourbon monarchs desperately sought ways of "unlocking" the money buried

in land. Indeed, most of late eighteenth-century French fiscal history reflects this effort undertaken by a series of reforming ministers.

The early modern state made fiscal policy but fiscal policy also made the state. As James Jones points out in his chapter, some eighteenth-century Englishmen feared that the new financial interest would dominate Parliament. Their fears were hardly groundless. Indeed, most early modern states risked becoming hostages of the very groups they sought to tax or borrow from, and political life itself was shaped by seemingly inconsequential fiscal expedients. In Spain, for example, the king had to rely upon the cities for his income and quickly grew dependent upon them. In France, as Hoffman shows, the Crown came to rely upon the venal office holders for quick loans and subsidies. What was more typical of the Bourbon monarchy than the peculiar institution of venality and who was to prove more annoying that the venal office holders? The Bourbon kings could not live without them—nor with them as it turned out. In this case, the demands of the fisc came to shape the distribution of political power and with it the very texture of political life.

That the French and the Spanish kings were hamstrung by the very groups that provided funds points to another theme that runs through the chapters in this volume: the reevaluation of absolutism. For two decades now, historians (in particular those of seventeenth-century France) have deemphasized the absolute in absolutism. Where once they saw unlimited prerogatives, now they see a host of institutions and groups that opposed the king and curtailed his powers. Nowhere was this more evident than in the crucial realm of the fisc. Thompson, Hoffman, and Norberg all stress the enormous institutional barriers that frustrated the continental monarch's will. Both the French and the Spanish kings had to contend with a welter of local privileges and institutions that might obstruct their orders, from the Cortes and the city councils in Castile to the provincial estates and sovereign parlements in France. Often, these obstacles were the king's own creation. In Spain, as Thompson shows, the king's very council often acted as the most effective guarantor of constitutional privileges and liberties. In France, the venal office holders who staffed the sovereign courts and loaned the king money proved the most vigorous and effective champions of French constitutional liberties.



Why though did France hold off a real crisis much longer than Spain? Why did it prove the more robust of the two strong continental monarchies? Part of the answer lies with the lack of fiscal absolutism in Spain, the lack of a fiscal equivalent to the intendants, who could forcibly bring in taxation in a moment of military crisis, albeit at great long run cost both to the treasury and to the polity. The French had other advantages as well. Their economy was sounder, at least as the seventeenth century wore on, and the French Crown could borrow from a host of domestic lenders—municipalities, tax farmers, and office holders—and do so even during the crises years of the 1630s and 1640s. The Spanish Crown, by contrast, lost access to one of its main sources of credit, international capital, as bullion shipments from the Americas diminished. Forced by military necessity to abuse its other great creditors—the *juros* holders—it ultimately destroyed what had once been an extraordinary credit system.<sup>5</sup>

In a sense, the rulers of Spain and France faced greater obstacles than the kings of England. The will of the English Crown was not thwarted to the same degree by a host of local courts, representative institutions, and provincial bodies which deployed local privileges and local legal traditions to ward off the demands of the fisc. The English monarchs largely avoided such problems because they ruled over a smaller, more easily managed kingdom—one centralized, ironically, by conquest early in the Middle Ages. As David Sacks rightly observes, the Norman Conquest imposed on England a uniformity in law and custom that continental monarchs might well envy. While the king of England thus had only Parliament to deal with, the king of France found himself engaged in long and costly negotiations with local Estates and law courts; even Louis XIV in effect had to buy them all off. These local institutions guaranteed their constituency's "liberties" just as surely as did the Parliament of England.

The "liberties" guaranteed here were not rights but rather privileges, the privileges of a province or city, or the immunities of a powerful lord or corporation. Such privileges were not peculiar to France and Spain; they existed in all four of our countries, albeit with certain differences. Some dated back to the Middle Ages; many others—in France and Spain, in particular—were created by early modern monarchs in moments of fiscal desperation.<sup>6</sup> In the Netherlands, there were obstacles to creating privileges in this way: the

Union of Utrecht, which gave birth to the Dutch federation, made it difficult to create new privileges that might infringe upon the old or even to modify existing privileges. In France, privileges might be defended by local courts such as the provincial parlements. In Castile their defense might also come from the judicial system, but from its very summit, the royal councils, even when privileges had to be supported against the king himself.

Nearly all of these privileges were particularistic—peculiar to this or that province, city, or corporation. Only in England, so Sacks argues, does one begin to see broader liberties, liberties that belong to all free born Englishmen, not because of membership in a city or a corporation, but simply by virtue of their being English. According to Sacks, these general liberties first appeared at the beginning of the seventeenth century. Older and narrower privileges by no means vanished but one saw beside them broader liberties that distinguish England from France, Spain, and even the Netherlands.

In sum, all of the monarchs of early modern Europe had to confront powerful obstacles to their will; none raised revenue without negotiation, consultation, and sometimes bribery. Sometimes representative bodies played this role, as with the English Parliament. But sometimes other institutions championed liberties or privileges—the corporations of venal office holders in France or even the royal council in Castile. The chapters in this volume thus remind us that we cannot focus on representative institutions alone if we are to understand how liberty grew out of the contest between king and subject over revenue. They also suggest that the relationship between the fisc and representative bodies was not necessarily adversarial. A representative body could actually facilitate revenue extraction as the examples of the Netherlands and eighteenth-century England surely prove. The Dutch and the English paid more taxes than other nations and they did so because representative bodies helped sanction fiscal demands. The lesson of eighteenth-century England, where Parliament, albeit unwittingly, lent legitimacy to the fisc, was not lost on the kings of France. As Norberg argues, reforming ministers in France tried repeatedly to establish representative bodies on both the local and provincial level. They hoped that these bodies would legitimize royal demands and draw forth the new tax revenues which the French kings so desperately needed. The French Minis-



ter Calonne's Assembly of Notables was but the best known of these doomed efforts, and it underscored how hobbled the Bourbons were by the lack of something approaching the English Parliament.

In the end, representative institutions, not absolute monarchy, proved superior in revenue extraction. Where representative bodies held the ultimate authority, as in the Netherlands or eighteenth-century England, they facilitated taxing. Representation in the English Parliament created a willingness to pay; so did the older attitudes about contributing to the government which Sacks describes. Where forceful representative institutions were absent, though, fiscal paralysis was almost inevitably the result. In France, competing interests and the lack of a national representative body made it virtually impossible for the royal government to create desperately needed taxes. In Spain, the demise of the Cortes helped freeze taxation and usher in the end to Spain's status as a great power.

To tax, the monarch needed representative bodies; he also needed them in order to borrow. As this survey of the fiscal history of the early modern state reminds us, taxation was but one part of the financial baggage of the European monarchies. Borrowing was also essential to the fiscal and military health of early modern states. Taxes, after all, were never enough for war. No matter how great, they could not keep pace with the enormous sums needed when troops were suddenly mobilized and campaigns waged. States simply had to borrow to meet the expenses of war: only then could the expenses be spread into the future and paid off with taxes. Exceptions to this rule are rare: Prussia under Frederick William I might qualify as one, but otherwise one looks in vain for a country that did not mortgage the future to pay for its military ventures.<sup>7</sup>

Credit was necessary for fiscal health, and all the states described here borrowed, though with varying success—that is, at different rates of interest. Eventually all early modern monarchs had recourse to complicated fiscal devices, and most resorted to default as well, or to something approaching it. Even the English, thereafter so careful to meet their obligations, had their Stop of the Exchequer in 1672. The Bourbons were much more creative in this regard. As Hoffman shows, the French monarchs frequently repudiated debts, suspending payments and threatening financiers. Monetary manipulations were often added to the fiscal stew, but such maneuvers came to a halt after

the financial debacle of the Law affair. Thereafter, the French king was much more circumspect about monetary manipulations, but the Crown could still not resist spectacular repudiations and write downs like Terray's famous "suspension" of debt payments in 1770.

After defaults of this sort, monarchs had to find ways to drum up new funds, and the French and Spanish kings were not without solutions. One device was to play lender off against lender. Early modern monarchies frequently resorted to such tactics in order to borrow anew after a default had frightened off creditors. In Spain, for example, at least until well into the seventeenth century, the Crown's numerous bankruptcies typically began with a suspension of interest due bankers on short term loans, pitting banker against banker in an effort to get additional funds. As Thompson points out, the most powerful bankers always emerged from these negotiations with a special deal in return for providing new credit. In France the monarchy also played lender against lender. There too politically powerful lenders were often repaid in moments of fiscal crises in order that future loans would be forthcoming and political disaster averted. As Hoffman shows, the kings of France also utilized a variety of expedients to reassure creditors and thereby borrow more—seeking loans from tax farmers, for example, or selling venal offices.

Such expedients worked but only temporarily and at considerable political cost. In France, they reinforced the privileges of the elite and made bitter negotiations with the privileged groups an unfortunate necessity. The negotiations could grow difficult and time consuming as the Crown scurried between one group and another hoping to find a solution. As the only unifying element in French political life, the king could be embroiled in quarrels among privileged groups and find himself wounded by the cross fire. Paralysis was the result—not a bad way to describe the French fiscal crisis of 1788.

The solution proposed by Calonne in the midst of this crisis—his Assembly of Notables—is revealing: it amounted to the creation of a national, somewhat representative institution. Calonne clearly thought that a representative body would allow him not only to raise new taxes but also to borrow money. Here, it seems, Calonne was correct, for representative institutions did facilitate borrowing, as the comparative rates of interest monarchs paid on their debt demonstrate. Again, any comparison is clouded by temporary fiscal crises;



it is further complicated by fragmentary records and by differences in loan terms and domestic inflation rates. But if one compares French and English rates on long term loans in the eighteenth century, it is clear that the king of France paid a risk premium of about 2 percent on his most creditworthy loans. This was a sizeable premium, and the French king paid even more for his riskier loans.<sup>8</sup>

Clearly the English enjoyed an advantage when it came to borrowing, an advantage due in large part to Parliament, which reassured creditors and thereby reduced the interest demanded for loans. Parliament did so in two important ways. First, it helped raise taxes, as we know, by conferring legitimacy on the fisc so that new impositions could be created with relative ease. New taxes could not be levied in late eighteenth century France, as Norberg shows, and the French fisc paid dearly, not just in terms of lost revenue but also in terms of high interest payments on its loans.

Parliament also facilitated borrowing directly. Because it could ultimately hold the Crown and the government accountable, it could guarantee that government loans would be repaid. Governments, after all, always need to convince potential lenders that they will pay their debts; like all borrowers, they have to make their commitments credible. For monarchies, this was no easy task in an era when kings did not hesitate to default. The king of France never entirely succeeded in reassuring his creditors—whence the risk premium on his loans. Ultimately, the king of Spain also failed his creditors, eventually defaulting even on the once secure *juros*. Only where strong representative bodies wielded fiscal power did monarchies manage in the long run to make credible promises to lenders. In England, the Parliament performed this task after the Glorious Revolution; the English therefore paid less for the money they borrowed. In the seventeenth century, the Dutch too, as Veenendaal shows, borrowed at phenomenally low rates, thanks in large part to their estates.

But simply having estates or a Parliament was not enough to reassure state creditors, for a representative body itself could abuse state creditors. In England, as Jones points out, there were no legal limits to what the English Parliament could have done to creditors in the aftermath of the Glorious Revolution. It could have acted against the Bank of England or suspended interest payments due on loans without violating the constitution, and its actions would have left creditors no possibility of redress in the courts. What kept it

from exercising its growing powers and doing what certain modern assemblies have done—running up a deficit and then defaulting on its loans?

The answer, according to Jones, was in part ideological. Default was simply unthinkable, because it would have ruined the economy and destroyed a new but indispensable form of property—government loans and stock in the Bank of England. It would also have been difficult politically, for Parliament would have run afoul of the powerful financial interest, which had no trouble exercising its influence over MPs. And in the long run default would have violated the mutually beneficial trust and confidence that slowly grew up between investors and the state in the aftermath of the Glorious Revolution.

We can ask the same question of the Dutch Republic. Why did its estates avoid default? There too the answer is partly ideological: default would be an unthinkable violation of property in this republic of merchants. But there were political obstacles too. It would have been very hard for the estates not to back up government loans because their own members were prominent among the government's creditors.<sup>9</sup> They would be wounding themselves in case of default.

Although representative institutions were thus not enough to guarantee a good credit rating and high taxes, it was obvious that they helped immensely. Given their fiscal superiority, why then did they not triumph everywhere in early modern Europe? Why did they ultimately exercise such authority in only two of our four countries? How do we account for their demise in Old-Regime France and Spain? A partial answer here comes from political science. Certain political scientists maintain that representative institutions are more likely to develop where traders and merchants predominate. The argument has nothing to do with the bourgeoisie or Marxist classes; it is simply that merchants can influence a ruler because mercantile wealth is mobile. Even a grasping despot would be better off negotiating with merchants over taxes rather than imposing levies by force and then watching their assets slip away.<sup>10</sup> The same line of reasoning suggests that representative institutions will encounter difficulties in countries of peasants and landowners; their wealth is land, immobile and thus easy to seize. With them, a ruler obviously has less reason to strike a deal.

Although historians might shy away from such an abstract argument, it would seem to apply quite well to the four countries we have



studied. Trade was important in the Netherlands, and in England as well, at least by the end of the seventeenth century. It was much less important in France and Spain, which remained predominately agricultural. The fate of representative institutions divides along the same lines: ultimately they exercised authority in the Netherlands and England but withered away in France and Spain.

Yet to reduce everything to economics would be a gross distortion, for too many other factors entered into play. To take but one example, let us consider France, whose size and diversity ruled out a representative assembly for the entire kingdom. Without a national assembly, it was easier for the king of France to pit privileged group against privileged group and thereby circumvent the local assemblies that the country did possess. In England, by contrast, such a strategy of divide and rule was bound to fail. Parliament became a national forum for political negotiation at an early date, as Sacks has shown, and it therefore helped keep the Crown from using divide and rule to establish an absolutist regime. Similarly, the common law and the early unification of the country also served as barriers to divide and rule.

The different political outcomes in our four countries reflected contrasts in political thought as well. One thinks, for instance, of the limits which English political traditions placed on the state's claims, or of the Castilian belief, stressed by Thompson, which subordinated individual liberty to the common good. Sheer accident also had a role to play: for example the Union of Utrecht unintentionally became the constitution of the Dutch Republic. There was just no simple path to representative government, no simple reason why representative institutions triumphed in one country and suffered defeat in another.

We end with a potent irony. Absolutist regimes despite their pretensions were not able to borrow or tax at will. Only government with strong representative institutions could extract huge revenues and borrow large sums. Taxation and despotism were in the end incompatible. Liberty and the institutions which protected it proved much more able to monopolize resources and extract revenue. The fiscal crises which allowed the representative institutions to negotiate a greater measure of liberty also allowed states to grow, to gain fiscal strength. In the end, liberty was a necessary precondition for the emergence of a strong state, a state of wealth and power.

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## REFERENCE MATTER