



# The importance of direct taxation to the Fiscal-military state in Early Modern Britain



Stephen John Pierpoint\*

Homerton College, University of Cambridge, Hills Road, Cambridge, CB2 8PH, United Kingdom

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## ABSTRACT

Two taxes, introduced in 1643, became cornerstones of early modern English supply. Whereas that bureaucratic indirect tax, the excise, seems a natural part of a centralised and institutional Fiscal-military state, the Assessment appears mired in ancient practice. Yet this new tax was far heavier and more successful than any predecessor. This study attempts to explain that success, which continued as the eighteenth-century Land Tax, and proposes it was founded on well-designed administrative process and routine, engineered to tap rent-flows from an increasingly commercialised real estate sector. It was facilitated by effective and well-established local governors who had appropriate authority, capabilities and experience to operate that process, not always perfectly or fairly, but remarkably effectively for the state's purposes. Members of Parliament bore a significant administrative burden as centre came to locality in a most direct way to ensure national coordination and shared ownership of fiscal success between London and locality.

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## 1. Introduction<sup>1</sup>

Throughout the middle and later seventeenth, and the early part of the eighteenth centuries, directly assessed taxes substantially on English real estate, regularly raised greater sums than any others in years when they were levied.<sup>2</sup> Why were the Assessment introduced in 1643, and in its later guise the Land Tax, so consistently successful when predecessors, including the Subsidy and the 'Fifteenth and Tenth', were characterised by small or declining returns? During the Interregnum (1649–1660) the Assessment ensured delivery of unprecedented tax revenues<sup>3</sup> and Chandaman<sup>4</sup> argues it delivered with great 'efficiency and productivity' over 95%

of anticipated Restoration yields. Ward acknowledges that many contemporaries 'recognised that the land tax came in more cheaply and with less political danger than any other revenue'.<sup>5</sup> State debt secured on these taxes was highly prized. The contemporary Treasury view was that Land Tax-backed state loans were 'absolutely first class securities'<sup>6</sup> and statutory interest rates on such debts fell from 7 to 8% in the 1690s to 3% by the early 1720s.<sup>7</sup>

It is somewhat surprising then that whilst the Assessment's contemporary indirect tax cousin the excise is treated kindly in the historiography, as an early modern tax with an increasingly professional bureaucracy for forging and forming the English state, direct levies seem an ancient relic.<sup>8</sup> Brewer, downplays them believing they 'scarcely had an administration at all', and were operated by a

\* Corresponding author at: 8 Queens Road, London, E11 1BB, United Kingdom.

E-mail address: [sjp208@cam.ac.uk](mailto:sjp208@cam.ac.uk)

<sup>1</sup> Abbreviations: **TNA** The National Archives; **KHLC** Kent History and Library Centre; **A&O** Acts and Ordinances of the Interregnum, 1642–1660, ed. C H Firth and R S Rait (London, 1911), British History Online <http://www.british-history.ac.uk/no-series/acts-ordinances-interregnum>; **SoR** Statutes of the Realm: Volume 5–7, 1628–1701, ed. John Raithby (s.l, 1819), British History Online <http://www.british-history.ac.uk/statutes-realm/vol5-7>.

<sup>2</sup> The major substantial gap was 1681–1688.

<sup>3</sup> *European State Finance Database*: Data prepared on English revenues, 1485–1815, by Professor P. K. O'Brien and Mr P. A. Hunt. <http://www.esfdb.org/Database.aspx>

<sup>4</sup> C.D. Chandaman, *English Public Revenue 1660–1688* (Oxford 1975), ch.5 and p.175.

<sup>5</sup> W.R. Ward, *English Land Tax in the Eighteenth Century* (London 1953), p.131.

<sup>6</sup> *Calendar of Treasury Books*, (hereafter CTB), xxv, 1711, although the context is of disappointing take-up.

<sup>7</sup> In the 1723 Land Tax Act (10 Geo. 1 c.1.) interest rates fell to 3% and this became the norm.

<sup>8</sup> P.K. O'Brien, 'The nature and historical evolution of an exceptional fiscal state and its possible significance for the precocious commercialization and industrialization of the British economy from Cromwell to Nelson', *Economic History Review*, lxiv (2011), pp.408–46, p.428, dubs them 'traditional forms'. D.A. Ginter, *A Measure of Wealth, The English Land Tax in Historical Analysis* (London 1992), p.151, has them 'deeply embedded in the most ancient governmental traditions . . .'.

'hodge-podge of amateur and local officials'.<sup>9</sup> Even Chandaman,<sup>10</sup> whilst recognising their fiscal success as a 'strong' tax, does not explain it in terms of improved administration or form other than pointing to the introduction of fixed legislative quotas so that 'any county or area which failed to produce its quota should be reassessed until it did so'. Braddick insists the Assessment was 'far from a radical departure' from earlier levies, and was bedevilled by post-Restoration 'inertia'.<sup>11</sup> This led to Conrad Russell's criticism that Braddick's work 'gives very little indication of why or how it was possible to raise such immense sums with so little disturbance' and the conclusion that 'there is still more to do' particularly regarding changes in administration and mentalité.<sup>12</sup> This study sets out to respond to Russell's criticism by considering the form, administration and economic background to these highly successful taxes. The work is based around a case study for the South-Eastern English county of Kent.

## 2. Case study and methodology

Assessment administration was almost entirely local and its documentation generally survives poorly. Kent has some of the best extant tax records produced and used by local officialdom and the county paid 4–5% of the national direct tax supply. This source material is the main subject of study here. Contemporary financial accounts and receipts provide evidence of collection success and cash-flows. Other documents show how the tax was administered and by whom. Seventeenth-century Kent, with its relatively commercialised agricultural sector and high-tenancy rates, was potentially fertile territory for successful land taxes. Analysis here is of the period 1643–1733, from the first Assessment of 24 February 1643 to the threatened demise of the Land Tax in 1733. However these effective levies could not be done away with so easily.

## 3. Historiography and theoretical background

This author follows many who recognise considerable fiscal continuities between the post-1643 Assessments and the eighteenth-century Land Taxes which Beckett<sup>13</sup> describes as 'little more than an extension of earlier levies' levied primarily on real estate. The term 'land tax' did not originate in the 1690s, but had 1650s currency and was widely used by the time of sharp Commons exchanges of 1670–71, during which it was claimed that, though flawed and inconsistent, such taxes were highly effective.<sup>14</sup> The political debates of the 1690s resulted in the establishment of the Land Tax levied every year until 1963.

Historians of state formation have often relied on taxation studies to support competing models founded on Joseph Schumpeter's work.<sup>15</sup> Research has focussed on how tax and debt resourced states emerged in early modern Europe when Medieval kingdoms were often substantially supplied by income from the monarch's

own capital assets and rights – their domains. There is some consensus that the change from 'domain state' to 'fiscal state' resulted from the financial crisis caused by growing expenses of warfare. More contested is the nature and timing of the transition which fostered substantially higher tax burdens. John Brewer, in his seminal 1988 work, *The Sinews of Power*, developed the concept of a post-1688 British *Fiscal-Military State*,<sup>16</sup> capable of raising and deploying enormous resources for war through debt and taxes, but where 'bookkeeping not battles' was to the fore and the establishment of administrative routine more significant than the clash of weapons.<sup>17</sup> Such a post-Revolutionary institutionalised state underpins North and Weingast's powerful model of 'credible commitment' to 'upholding property rights' which facilitated economic growth and the development of markets.<sup>18</sup>

The extensive historiography generated has created a primary focus in taxation studies on the bureaucratic and institutionalised excise, even though for long periods direct levies with their 'amateur administration' fiscally outperformed 'professional' bureaucrats and Land Tax was the primary supply for the Nine Years War (1688–97) and the War of the Spanish Succession (1701–14). The historiography's amateur/professional dichotomy is somewhat misleading both because some direct tax officials were rewarded and because such differentiation was not a contemporary perspective.<sup>19</sup>

The pre-Revolutionary paternity of higher taxation is well known and summarised by Brewer's assertion that 'post-revolutionary finance was built on a pre-revolutionary model'.<sup>20</sup> However explanations of this development are more contentious. In Conrad Russell's view<sup>21</sup> as discussed, attempts to explain the Assessment's success in terms of the 'respectable paternity of the tax',<sup>22</sup> the brokerage of local officeholders, and the application of specific tax quotas were insufficient. How then could a 'weak' English seventeenth-century state achieve significantly increased supply? If there was indeed little change in the form of taxation perhaps there was either a rise in the 'level of consent beyond acquiescence'<sup>23</sup> on the part of taxpayers as Braddick suggests or alternatively a rise of 'sovereign authority with sufficient political coercive and administrative capacities'<sup>24</sup> as O'Brien proposes. Acemoglu<sup>25</sup> has somewhat squared this consent/coercion circle by arguing that a state that is 'politically weak' can impose high tax burdens if there is 'consensually strong state equilibrium', suggesting a balance between coercion and 'participation' is important.

Following the work of Wrightson and others it is widely understood that such participation in the state existed in sixteenth and seventeenth-century England where 'local communities were pen-

<sup>16</sup> J. Brewer, *The Sinews of Power: War, Money and the English State* (London 1988).

<sup>17</sup> *Ibid.*, p.xvi.

<sup>18</sup> D. North and B. Weingast 'Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth Century England', *Journal of Economic History*, 43 (1989), p.803–32.

<sup>19</sup> The unhelpful term 'amateur' is widespread in the historiography e.g. W.R Ward, *English Land Tax in the Eighteenth Century* (London 1953), p.41 and p.58; J.V. Beckett, *Local Taxation National Legislation and the problems of enforcement* (Dorchester 1980), p.1; M.E. Turner, J.V. Beckett, and B. Afton *Agricultural Rent in England, 1690–1914* (Cambridge 1997), p.61; J.V. Beckett, 'Land Tax Administration at the Local Level 1693–1798', in M.E. Turner and D.R. Mills eds. *Land and Property: The English Land Tax 1692–1832* (Gloucester 1986), pp.161–179, p.176; R.W. Unwin, *Search Guide to the English Land tax*, (Wakefield 1986), p.3, J. Brewer, *The Sinews of Power*, p.100.

<sup>20</sup> Brewer, *The Sinews of Power*, p.95.

<sup>21</sup> C.S.R. Russell. Review of Braddick, *Parliamentary Taxation*. *English Historical Review*, cx (1995), pp.1215–16.

<sup>22</sup> Braddick, *Parliamentary Taxation*.

<sup>23</sup> M.J. Braddick, *The Nerves of the State: Taxation and the financing of the English state 1558–1714* (Manchester 1996), p.185.

<sup>24</sup> O'Brien, 'The nature and historical evolution', p. 439.

<sup>25</sup> D. Acemoglu 'Politics and economics in weak and strong states', *Journal of Monetary Economics* 52, (2005) 1199–1226

<sup>9</sup> Although he acknowledges they were 'gifted amateurs... with a strong sense of public duty', p.250.

<sup>10</sup> Chandaman, *The English Public Revenue*, p.141.

<sup>11</sup> M.J. Braddick, *Parliamentary Taxation in Seventeenth-Century England: Local Administration and Response* (Bury St. Edmunds 1994), p.150, although he recognises some innovation.

<sup>12</sup> C.S.R. Russell. Review of Braddick, *Parliamentary Taxation*. *English Historical Review*, cx (1995), pp.1215–16.

<sup>13</sup> J.V. Beckett, 'Land Tax or Excise: The Levying of Taxation in Seventeenth- and Eighteenth-Century England', *The English Historical Review*, c (1985), Vol. 100, No. 395 (Apr., 1985), pp. 285–308, p.285.

<sup>14</sup> E.g., 'Land-tax' is referred to in a 1657 ordinance, Thomason/159:E.1065[28], Early English Books online <http://eebo.chadwyck.com>, and William Petty's, *A Treatise of Taxes and Contributions*, of 1662.

<sup>15</sup> J.A. Schumpeter, 'The Crisis of the Tax State' (1918), *International Economic Papers*, iv (1954) p. 5–38.

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