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The Money of Monarchs

The Importance of Non-Tax Revenue for Autocratic Rule in Early Modern Sweden

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The Money of Monarchs

The Importance of Non-Tax Revenue for Autocratic Rule in
Early Modern Sweden

Klas Nilsson



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Cover illustration: Woodcut from Olaus Magnus' *History of the Nordic Peoples* (published in 1555), illustrating the collection of taxes by an armed bailiff and his men.

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The king was the state. He was its ruler, spiritual, temporal and financial. Between royal private pocket and public purse there was but small distinction. “The Treasury is the root of kings,” speaks an ancient maxim of Hindu political theory. Another maxim hammers home that “the Treasury, and not the physical body of the king is . . . the real king.” Financial administration and government, therefore, are inseparable.

— Carolyn Webber & Aaron Wildavsky (1986, p. 38)

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The American artist Cy Twombly once said that “When I work, I work very fast, but preparing to work can take any length of time.” I feel that the process of putting together this thesis has proceeded in a similar manner; an awful lot of preparation capped by a much shorter period of very intense work. I can only imagine that this way of doing things has taken its toll on my two supervisors, who have rarely seen a piece of writing before its due date, and most often only after that date has come and gone. I feel much gratitude toward Martin Hall and Jan Teorell for all the support and encouragement they have nonetheless managed to give me over the years. I have benefited immensely from having two supervisors who are equally keen readers yet tend to see very different things. Martin has always impressed me with his ability to dissect a text, disregard the chaff, and address its analytical core, while Jan has a breadth of expertise that overturns E. E. Schattschneider’s claim that an expert is someone who “chooses to be ignorant about many things so that he may know all about one.” What I appreciate the most, however, is the fact that I have always left our meetings feeling somewhat more lighthearted and hopeful about my work. That, I think, is the hallmark of good supervision.

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Talking about relief: there are many people in my life—friends from back home in Småland, friends from my current home in Malmö, and friends from everywhere in between—who have given me tremendous

relief by caring little for my dissertation but caring a lot for me. This takes the edge off one of the predicaments of being a doctoral candidate, namely that even though few of us nurture any illusions about what kind of impact our work will actually have on the world, most of us nonetheless need to be repeatedly reminded and reassured that we are not our research. My three siblings have offered similar reassurance whenever I have needed it.

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1

Introduction

THE FORMATION OF political regimes in historical Europe is commonly summarized as a power struggle between monarchs and parliaments. In cases where the monarch gained the upper hand we speak of autocracy or absolutism, whereas parliamentary dominance is linked to representative government or constitutionalism. Figuring out why and how different countries developed in different directions arguably constitutes the main concern of the comparative study of regime formation (Koenigsberger, 1978; Mann, 1988; Ertman, 1997).

The case of early modern Sweden rarely figures in these studies, which is perhaps not that surprising when you consider the language barrier and the fact that the country was a poor, peripheral third-rate power throughout most of its history. But comparative scholars who do include the case soon realize that it is a quite hard nut to crack; indeed, opinions differ on the basic issue of whether early modern Sweden is best characterized as an autocratic state or a constitutionalist one. Charles Tilly, for instance, suggests that political rule in early modern Sweden was primarily “organized around coercion,” and twice he mentions Sweden in the same breath as autocratic Russia (Tilly, 1992, pp. 64, 136, 143). Thomas Ertman, on the other hand, emphasizes the strong constitutional heritage of the country, and finds that political rule in Sweden was “the closest equivalent in Europe to the bureaucratic constitutionalism of Britain” (Ertman, 1997, p. 314).

Surely, these interpretations cannot both be correct—after all, in terms of political government in historical Europe it is difficult to find two cases more disparate than Russia and Britain. But here is how one Swedish economic historian frames the issue: “As to the question

of parliamentary survival versus absolutism, Sweden is a borderline case—undoubtedly one of the absolutist states and undoubtedly possessing a surviving parliament as well” (Emilsson, 1996, p. 51). And indeed, there need not be any paradox involved here: first, it is a historical fact that Swedish political rule in the early modern period¹ repeatedly swung back and forth like a pendulum between autocracy and constitutionalism. In the year of 1700, for example, the king ruled supreme; add a few decades and you would instead find what was arguably the most parliamentary regime in Europe; add another fifty years and there is yet another powerful monarch in charge. Sweden is far from unique in this aspect, but an argument can be made that political power oscillated more often, more dramatically, and perhaps more effortlessly here than it did elsewhere (Anderson, 1974). Second—and more curiously, I think—several Swedish rulers were in fact able to strengthen their political authority, not by suppressing or abolishing the representative assembly, the *Riksdag*, but by acquiring popular approval, essentially setting up what Perry Anderson (*ibid.*, p. 181) has dubbed “a parliamentary absolutism.”

In this book I will suggest that it is possible to make sense of Sweden’s constitutional twists and turns, as well its peculiar form of parliamentary absolutism, if we analyze the money of its monarchs. To put the argument in its simplest form, I propose that rulers who gained access to substantial amounts of *non-tax revenue* were on the whole better positioned to set up autocratic regimes and concentrate political power in their own hands, than were those who had to rely on taxation. Examples of such non-tax revenue include the income from landownership, large restitutions of property and wealth, profits generated by monopolies and state-owned enterprise, subsidies from foreign powers, and lucrative rents drawn from the mining of precious metals. The feature that defines this motley collection of revenue, I will argue, is that they all had a *proprietary* character: the state, or even the ruler personally, had a right of ownership to such income. The collection of taxes, on the other hand, typically required parliamentary grants, and this revenue was often earmarked for certain purposes and delimited in time. In short, non-tax revenue was less contentious to collect and more easily used, something that gave ambitious monarchs an edge in domestic political struggles.

¹Throughout this study I take the early modern period to comprise the three centuries between 1500 and 1800.

SITUATING THE THESIS

I expect that the fiscal-political argument I develop and test in this book has a relevance that not only reaches outside the borders of the Swedish realm, but also beyond the confines of the early modern period. Let me therefore situate my argument in the broader literature by tracing its two main sources of inspiration:

To begin with, there is a venerable argument about the historical origins of political representation and accountability in European states that points to the significance of tax collection. In late medieval and early modern times, we are told, most rulers experienced an acute and near-continuous fiscal pressure brought on by more frequent and more expensive wars. Traditional sources of revenue—crown domains, scutage, fees, feudal prerogatives and regalia—proved inadequate to meet rising demands, and the only viable solution was to increase taxation (Schumpeter, 1918/1991; Tilly, 1975a; Webber and Wildavsky, 1986; Levi, 1988). Would-be taxpayers were loath to part with their meagre resources, however, and they did not trust their ruler to use tax receipts in a responsible fashion. The basic function of the early parliaments and diets of Europe was therefore to provide an arena where negotiations could be held and where revenue grants could be traded for political concessions and assurances. Tilly (1992, p. 64) claims that early modern rulers did not *want* to share power with the people but their fiscal needs compelled them to do so. Representative institutions, accountability, political rights and liberties were essentially “the price and outcome” of securing the means for war, he asserts. This narrative has several names: Moore (2004) speaks of “the fiscal (social) contract proposition” and Boucoyannis (2015) refers to “the bargaining model of representation.” It is probably best known, however, through the pithy slogan of the American Revolution: *no taxation without representation*.

Now consider the rentier state theory, developed for a wholly different time and place. First put forward by Middle Eastern economists in the 1970s and 1980s, this theory seeks to explain the peculiar political development of oil-producing states since the end of World War II. The budgets of these states are dominated by oil rents—that is, a non-tax revenue—rather than by tax receipts, and many scholars believe that this radically reduces the likelihood of democratization or liberalization. Here is how Samuel Huntington puts the issue:

Oil revenues accrue to the state: they therefore increase the power of the state bureaucracy and, because they reduce or

eliminate the need for taxation, they also reduce the need for the government to solicit the acquiescence of the public to taxation. *The lower the level of taxation, the less reason for publics to demand representation.* (Huntington, 1991, p. 65, emphasis added)

Now, if this sounds like the European story in reverse, that is because it is. Many rentier state scholars refer explicitly to the European historical experience in order to explain why democracy is *not* emerging in oil states.² The American slogan is here turned on its head, and now reads *no representation without taxation*.

What I have found, then, is that fiscally oriented research has much to say about taxation and representation in historical Europe, and it has also formed distinct expectations about non-taxation and non-representation in the modern world, outside Europe. Recently, the historical argument has been picked up by development studies and applied to contemporary states,³ but to the best of my knowledge, there has been no corresponding projection of insights from rentier state theory back in time, to Europe. I find this noteworthy, especially since two of the founders of the theory emphasized the generality of their argument:

it is important to underline that rentier states are not found only in the twentieth century and in the Middle East, but are a common feature of world history . . . The state of the Roman Church, the Spanish Empire in the seventeenth and eighteenth centuries, the Principality of Monaco, Peru at the time of the guano boom, countries substantially dependent on foreign aid—be they least developed countries or the state of Israel—are all examples of rentier states from different times and/or regions. Rent was not born with oil, even less with expensive oil. (Beblawi and Luciani, 1987a, pp. 19–20)

This book is not about tracking down historical rentier states, nor is it about testing the rentier state theory against history. Rather, I will make use of insights drawn from this literature to guide my expectations and direct my analysis of non-tax revenue and regime formation in early

²See Beblawi (1987), Anderson (1997), Ross (2001), Ross (2004), and Herb (2003)

³See for instance Herb (2003), Ross (2004), Møller (2006), Bräutigam et al. (2008), and Broms (2016).

modern Sweden. Where others have only been interested in pointing out *contrasts* between historical Europe and contemporary oil states, I instead look for *commonalities*.

1.1

Main Contributions

In the discussions that follow I seek to make a number of contributions that should be of relevance to intellectual debates about regime and state formation in Europe and beyond, as well as to the growing fields of fiscal history and fiscal sociology. These contributions are of both theoretical and empirical nature.

A key theoretical contribution of this book is that it demonstrates why fiscal studies of historical regime and state formation need to look beyond taxation. The purpose here is not to dispute those who argue that the study of taxation can give us powerful insight into the formation of political government. It is instead to show that these arguments risk being incomplete or mistaken if non-tax revenue is wholly ignored or overlooked. Both anecdotal insights from historical studies and the more systematic findings of rentier state theory strongly suggests that non-tax revenue matters politically since access to such money can make the ruler less dependent on the citizenry for his or her wherewithal.

The thesis also presents a conceptual discussion of non-tax revenue that is more comprehensive and meticulous than any that has been done before. Scholars of many different stripes have taken note of the possible importance of non-tax revenue, and while they seem to be speaking about the same basic type of state finance they use a plethora of different names and definitions to do so. As mentioned above, I will argue that these kinds of income can be appropriately termed *proprietary revenue* as they are essentially collected by a right of ownership belonging to the ruler or the state. The conceptual approach I develop in this study specifically seeks to capture the politically significant distinction between taxes and non-taxes by homing in on the authority by which a revenue item is collected and on the kind of state-society relations it embodies.

A third theoretical contribution involves the attention to causal mechanisms. While we have reasonably well-established ideas about the general covariation between different kinds of revenue and differ-

ent political regimes, the actual causation between state revenue and state rule—both in historical and contemporary cases of regime formation—remain quite opaque and speculative (see for instance Waterbury, 1997a; Waterbury, 1997b; Gerring, 2010; Boucoyannis, 2015). Building on a seminal analysis by Michael Ross (2001) I elaborate on three different mechanisms—which I call *tax relief*, *spending* and *repression*—that individually or in combination may explain why access to proprietary revenue should facilitate autocratic rule.

On a more empirical note, this book also contributes to our understanding of regime formation in early modern Sweden. While there are a number of impressive historical studies of Swedish state finances, few historians have focussed directly and exclusively on the connections between the fiscal budget and political rule. I can certainly not claim to have uncovered the ‘key variable’ that explains the fluctuating authority of Swedish monarchs—it would be futile to nurture any ambition to do so, I am sure. My findings do suggest, however, that access to proprietary revenue was not a trifling matter and I would argue that rulers such as Gustav I in the sixteenth century and Karl XI in the seventeenth would have been hard-pressed to concentrate political power in their own hands, had they not been able to collect great fortunes from proprietary sources. The Swedish case points to fiscal-political insights that could be relevant to a number of states in Europe and beyond, but any lesson drawn from the qualitative investigation of a single historical case can only be suggestive and highly provisional, of course. In the concluding chapter I will nonetheless discuss some wider implications worthy of note, both for historically oriented research on European state and regime formation and to the contemporary study of non-tax revenue and rentierism.

1.2

A Note on History Writing and Method

“History writing,” the game theorist William Riker once proclaimed, is “able to produce only wisdom and neither science nor knowledge. And while wisdom is certainly useful in the affairs of men, such a result is a failure to live up to the promise in the name political science” (quoted in McDonald, 1996, p. 3). Few would agree with that statement today, I think. In fact, historical perspectives—which held a quite prominent position in the field of political studies before being sidelined

in the mid-1900s—have now arguably re-established themselves as prominent modes of analysis within the social sciences (see McDonald, 1996; Mahoney and Rueschemeyer, 2003; Mahoney and Thelen, 2015; Capoccia and Ziblatt, 2010). A great number of political phenomena can be adequately explained only by taking history into account, and this is particularly true in the case of state and regime formation (Tilly, 2006).

The empirical investigations of this study are more specifically based on *process-tracing*, a methodical device that has recently experienced a great surge in popularity.⁴ In simple terms, process-tracing⁵ involves a systematic and detailed examination of events that unfold over time within a single case, and it is specifically used to establish whether and how a hypothesized cause is in fact connected to a particular outcome. Bennett (2010, p. 208) draws an intuitive analogy with the work of a detective who attempts to “solve a crime by looking at clues and suspects and piecing together a convincing explanation, based on fine-grained evidence that bears on potential suspects’ means, motives, and opportunity to have committed the crime in question.” Although the process-tracing scholar is committed to stay close to the empirical record and cannot shy away from the unique, contingent features that shape history, most analysts agree that process-tracing differs from what is generally understood as a historical explanation. The difference lies in the attention to theory, in the mechanism-centered understanding of causality, and in the ambition to generalize beyond the case at hand (see Hedström and Swedberg, 1998b; Hall, 2003, p. 395; George and Bennett, 2005, pp. 208–09; Gerring, 2010). To paraphrase a line by E. H. Carr (1961/2001, p. 57), the process-tracing scholar is not interested in the unique, but in what is general in the unique. The present study more specifically conforms to what Beach and Pedersen (2013) has referred to as “theory-testing process-tracing,” meaning that it first deduces some theoretical expectations from existing literature and then tests these expectations against the empirical records of a given case. Note that the immediate aim here is to make within-case inferences about the validity of a specific causal argument, not to test the generality of that argument in a wider perspective.

⁴See in particular Beach and Pedersen (2013) and Bennett and Checkel (2015), as well as recent special issues of *Security Studies* (vol. 24, no. 2) and *New Political Economy* (vol. 21, no. 5).

⁵Process-tracing is the most commonly used term, but quite similar methodological approaches have been termed “pattern matching” (Campbell, 1975), “causal narrative” (Sewell, 2005), “systematic process analysis” (Hall, 2003), and “causal-process observations” (Collier et al., 2010).

In my historical investigations I rely almost exclusively on secondary sources, with the costs and benefits that involves. The historical breadth and theoretical ambition of this study have made dedicated archival research unfeasible, leaving me little choice but to defer to the historical expertise of others. Fortunately, fiscal issues have been relatively well-researched by Swedish historians, whose painstaking attention to detail and careful source criticism command great respect. What I can offer in this thesis is, therefore, *new analysis* rather than *new data*; I bring in a novel conceptual and theoretical framework that brings out features of Swedish political history that have heretofore been overlooked, or at least under-explored, and I tease out similarities between developments in Sweden and developments elsewhere. I am well aware that I, as a political scientist, will use and interpret historical research in ways that the authors of that research themselves would perhaps not appreciate. But at the same time, I can only assume that they publish their findings for the very reason that they want to inspire and influence the historical insight and scholarly work of others.⁶ Completing the historical chapters of this book has amounted to a balancing exercise: immerse myself in historical detail until I have formed a ‘good enough’ understanding of a historical episode, but stop before I lose sight of the theoretical target (or run out of writing time). To speak with Tilly (1992, p. 16), I want to pursue a history “that oscillates between the somewhat particular and the extremely general,” and I will try to “present enough concrete evidence to make the principles comprehensible and credible, but not so much as to bury them in detail.”

PLAN OF THE BOOK

The chapters that follow are structured into three parts. Part I establishes the basic intellectual and historical context of the book. Chapters 2 and 3 provide an introduction to the study of state revenue and political rule and explore three distinct narratives about taxation in historical Europe. Chapters 4 and 5 then look more closely at the prevalence and longevity of non-tax revenue in European states, and argue that scholars interested in regime formation ignore this type of income at their own peril. Drawing support from rentier state theory, I set up the main theoretical expectation of the study, namely that an

⁶This is how Marshall Sahlins (2004, p. 2) justifies his “reckless trespass” on the disciplinary territory of classicists and his irreverent comparison between the civilized Athenians and barbaric Fijians.

access to non-tax revenue should make it easier for rulers to set up and strengthen autocratic regimes.

Part II delves more deeply into conceptual and theoretical issues. The structure here mimics the main theoretical argument of the thesis, so that chapter 6 conceptualizes and defines the fiscal cause (*proprietary revenue*), chapter 7 looks at the political outcome (*autocracy*), and chapter 8 discusses the three causal mechanisms that I expect to drive the relationship between the two (*tax relief, spending, repression*).

In part III of the book I turn to the historical investigation of early modern Sweden. In chapter 9 I present the somewhat curious case of Swedish regime formation and discuss the disparate and contradictory conclusions drawn by comparative scholars. This chapter concludes that the enduring constitutional foundation of political rule in the Swedish realm implies that autocracy should have been less feasible than constitutionalism, and it is therefore primarily these episodes that call for explanation. In the subsequent three chapters I go into more detailed investigations of three specific reigns which represent the most prominent expansions of monarchical powers, and it just so happens that these three reigns neatly represent the beginning, middle, and end of the early modern era: Gustav I (also known as Gustav Vasa) gradually extended his authority throughout the first half of the sixteenth century, the Carolingian Autocracy of Karl XI was more swiftly established after having been sanctioned by the Estates in the 1680s, and Gustav III seized political power through successive coups d'état in 1772 and 1789. These chapters share the same basic structure: I analyze constitutional developments, fiscal issues, and causal mechanisms, in that order.

The concluding chapter recapitulates the main argument of the book and sums up the empirical findings. In the final pages I turn to some wider contributions of this study, and point to a few areas in need of further research.

I

OF RULE AND REVENUE

The revenue of the state is the state. . . . [the body politic] will display just as much of its collective virtue, and as much of that virtue which may characterize those who move it, and are, as it were, its life and guiding principle, as it is possessed of a just revenue.

—Edmund Burke (1790/2001, para. 377)

2

A Momus' Window

IN GREEK MYTHOLOGY, when Zeus created the first man in a competition of craftsmanship, Momus, the god of complaint and criticism who was to serve as judge, berated him for not making a little door, or window, in the breast of the creature. Because without such a window, Momus reasoned, how was one to discern the true thoughts, emotions and schemes hidden in its soul?¹ Could we perhaps think of the government budget as akin to ‘a Momus’ window’, providing a peephole that may reveal the true character and inner workings of the state? Fellow Austrians Rudolph Goldscheid and Joseph Schumpeter certainly thought so, as they debated the revenue crisis crippling their country in the aftermath of World War I. Goldscheid saw fit to characterize the fiscal budget as “the skeleton of the state, stripped of all misleading ideologies,”² and while Schumpeter did not share his countryman’s economic convictions, he lauded him for bringing attention to the significance of fiscal matters: “The spirit of a people,” he excitedly wrote, “its cultural level, its social structure, the deeds its policy may prepare—all this and more is written in its fiscal history, stripped of all phrases. He who knows how to listen to its message here discerns the thunder of world history more clearly than anywhere else” (Schumpeter, 1918/1991, p. 100). Of course, a fair amount of hyperbole infuses this statement, but I find it intriguing hyperbole that points us

¹The myth of “Momus and the Gods” is found in Aesop’s Fables (Gibbs, 2002, fable no. 518).

²Quoted in Schumpeter (1918/1991, p. 100). An English abridgment of Goldscheid’s work is found in Musgrave and Peacock (1958).

toward important, and surprisingly neglected, aspects of the historical formation of states and regimes.

This present study belongs to the broad research field envisioned by Goldscheid and Schumpeter, which they called *fiscal sociology*. That statement is not very informative perhaps, since the field is not so much a consolidated body of scholarship as an intellectual approach, or simply “a way of looking at things” (Moore, 2004, p. 298).³ But Richard Swedberg’s (2003, p. 174) characterization definitely resonates with the general concerns of the present work; he suggests that the basic purpose of fiscal sociological scholarship is to analyze “how the generation of income and its expenditure by the state and other political authorities affect the political authorities themselves, the economy, and the rest of society.”

In this first part of the book my main purpose is to provide the historical and intellectual context of the study, and explain why students of European regime formation should want to pay attention to non-tax revenue. These are the main arguments I will make in this and the following three chapters: First, I will contend that the catchphrase “War made the state, and the state made war” glosses over the crucial role of revenue collection. War may indeed have been the underlying motive force behind the formation of states and regimes in early modern Europe—as many prominent scholars have asserted—but it was really the complicated and contentious process of funding those wars that determined and conditioned the political outcome.

Second, while most scholars have assumed that the only viable way to fund these wars was to increase taxation, and that taxation in turn led to the rise of representative government, I would argue that this interpretation reflects a very selective reading of history. In chapter 3 I point out that the political effects of taxation are certainly not as straightforward as the standard narrative implies: in many cases the collection of taxes was made with the aid of repression rather than representation, and when citizens did secure political rights, they did so by via contestation and not through of parliamentary bargaining. However, even more sophisticated models of taxation and regime formation tend to ignore or overlook the fact that many early modern rulers were able to collect significant amounts of non-tax revenue. In chapter 4 I challenge the received wisdom that such revenue suddenly and ubiquitously ‘lost out’ to taxes, after which they promptly disappeared from state budgets. Entrepreneurial rulers could

³For introductions to the field of fiscal sociology, see Campbell (1993), Backhaus (2002), Moore (2004), and Martin et al. (2009a).

modernize and expand their access to non-tax revenue, and in some parts of Europe such income retained fiscal importance even into the twentieth century.

Finally, in chapter 5 I contend that students of historical regime formation ignore the phenomenon of non-tax revenue at their own peril. Both anecdotal evidence from historical Europe, and more systematic findings of rentier state theory, support the notion that access to non-tax revenue facilitate the consolidation of autocratic rule.

2.1

Studying the State from its Fiscal Side

By emphasizing fiscal issues, this study inevitably shuts its eyes to other important perspectives. This should be read not as a dismissal, however, but only as a necessary delimitation. The historical formation of states and regimes is the complex and contingent outcome of a multitude of events, processes, and relationships, and every study needs to strike a bargain between analytic breadth and depth. To be sure, many of the most seminal contributions to the field highlight one or a few aspects more than others: Norbert Elias (1939/2000), for instance, stresses the evolution of self-restraint and etiquette in his cultural analysis of European history, while Barrington Moore's (1969) model of regime formation focuses on rural commercialization, labor relations and the character of political revolutions. There is the Marxist tradition, of course—represented by, among others, Perry Anderson (1974) and Immanuel Wallerstein (1974; 1980; 1989)—which shifts attention to class dynamics and capitalism. Still others emphasize more ideational foundations of authority (Bendix, 1978); the role of a disciplinary revolution unleashed by the Protestant Reformation (Gorski, 2003); or the importance of familial bonds supporting early modern power structures (Adams, 2005). Little can be gained, I think, by debating which of these analyses happens to be the 'best'—in the end, the study of state and regime formation is a collective enterprise best served by advancements on many fronts.

That being said, there is one specific perspective, or paradigm, that has achieved a dominance of sorts over the last fifty years or so. This paradigm suggests that the most significant factor determining the form and fate of European states has been war and preparation for war.

In an early contribution, Otto Hintze (1975, p. 181)⁴ declared that “All state organization was originally military organization, organization for war.” He continues: “It is one-sided, exaggerated and therefore false to consider class conflict as the only driving force in history. Conflict between nations has been far more important; and throughout the ages pressure from without has been a determining influence on internal structure” (ibid., p. 183). This basic argument has since been reiterated in numerous accounts, by both historians and social scientists, and it is today most closely associated with the works of Charles Tilly (1975b; 1985; 1992), in particular so with his maxim that “War made the state, and the state made war” (1975b, p. 42). The impact of war as such does not constitute the focus of this study but I have reason to stay on the topic for a moment. First I want to make an observation that I believe is quite straightforward, before moving over to an argument that is, perhaps, a little more contentious.

THE PRICE OF WAR

My observation relates to the obvious compatibility between the military and fiscal perspectives. These two areas of state activity are inherently entwined, in the sense that early modern budgets were utterly dominated by military outlays.⁵ When the military contractor Trivulzio informed Louis XII (in 1500) that he needed three things to invade Milan, namely “money, more money, and still more money,”⁶ he expressed what must be seen as a perennial truth: in addition to all the death and destruction, wars tend to be extremely expensive. The fiscal pressure of war and preparation for war seems to have been extraordinarily acute in early modern Europe, however. The sixteenth and seventeenth centuries were extremely belligerent and bloody by historical comparison (Parker, 1988, p. 1). The proportion of years of war, the frequency of war, their duration, extent, magnitude—on all these measures early modern Europe stands out (Levy, 1983; Pinker, 2011, ch. 5). On average, a major war involving great powers broke out once every three years, and many states endured two, three, even four years of military conflict for each single year of peace. At this time Europe also went through what has been referred to as a revolution in military affairs, characterized by the ascendancy of infantry, firearms,

⁴The text is based on a lecture from 1906.

⁵See in particular Schumpeter (1918/1991), Parker (1974), Tilly (1975b), Giddens (1985), Webber and Wildavsky (1986), Mann (1988), and Brewer (1989).

⁶Quoted in Ardant (1975, p. 164).

and artillery (see Roberts, 1967, ch. 7; Parker, 1988; Black, 1991; Downing, 1992; Rogers, 1995). The small feudal host—partially self-funded through the military service of noblemen and disbanded as soon as the fighting was over—was gradually replaced by significantly larger armies, funded by the central government. An extreme example of army expansion is given in the chart below, which tracks the progressive build-up of the French armed forces from the Battle of Hastings in 1066 to Napoleon’s Russian campaign in 1812.

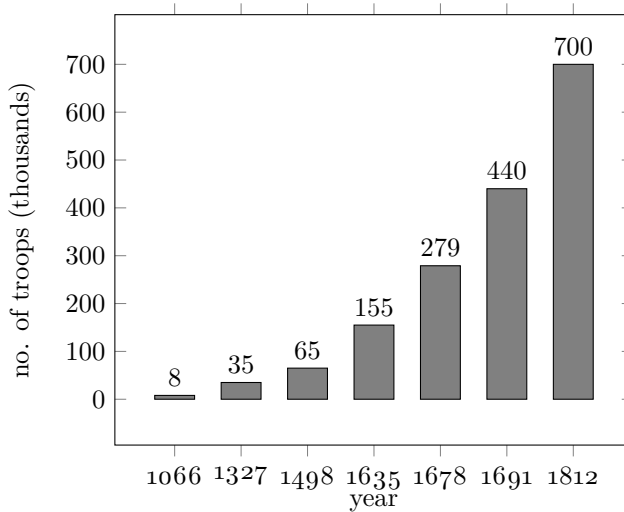


Figure 1: The size of French armies, 1066–1812. Data source: Finer (1975, p. 101). Finer’s estimate for the Norman army at Hastings in 1066 is 6–8,000 and I here use the larger figure.

Using firearms demanded no particular skill and no armor, and this opened up the rank and file of the military to the lower classes. Using firearms efficiently, on the other hand, *did* demand training and discipline. Where individual skill and valor were thought of as the defining traits of feudal warfare, the efficacy of early modern armies rested on unity, subordination and synchronicity: “The army was no longer to be a brute mass, in the Swiss style, nor a collection of bellicose individuals, in the feudal style; it was to be an articulated organism of which each part responded to impulses from above” (Roberts, 1967, p. 198). Elaborate drills were developed to hammer in exact movements, to speed up the rate of fire, and to coordinate fusillades. Practice in

peacetime became more essential than before, and as a result armies tended to become permanent and professional.

In sum then, the greater incidence of war between much larger, and more permanent armies gave rise to the intractable dilemma faced by early modern rulers: as Weiss and Hobson (1995, p. 26) put it, the rate of increase in military costs almost always exceeded the rate of increase in fiscal extraction (see also North and Thomas, 1973, p. 96). To make ends meet, rulers were constantly forced to innovate and create new sources of revenue; they had to enforce taxpayer compliance, increase fiscal efficiency, take up credit, and scramble for temporary expedients that would all too often prove ruinous in the long run. Goldscheid thus asserts that war was the “moving motor of the whole development of public finance.”⁷

Michael Mann’s (1988, ch. 3) detailed analysis of English state finances clearly illustrates the emergence of what scholars have come to call the *fiscal-military state*. The concept refers to a state overwhelmingly defined by the activities of the barrack-square and the exchequer, and it underlines the compatibility of the military and fiscal perspectives on European state and regime formation.⁸ Mann concludes that the early modern English state was a machine built almost exclusively for war. Over more than seven centuries, he finds, “somewhere between 75 per cent and 90 per cent of its financial resources were almost continuously deployed on the acquisition and use of military force” (ibid., p. 110). Participation in war led to ballooning military budgets while more peaceful intervals were increasingly devoted to service the debts incurred to support those military budgets.

CONTENTIONS OF THE PURSE

Let us now move over to the argument that may be a little more contentious. At times, proponents of the military paradigm suggest that the effect running from warfare to state formation was more or less automatic, and that political and social outcomes can be directly traced back to what Michael Roberts (1967, p. 195) calls “purely military developments, of a strictly technical kind.” Military organization thus begets political organization. Here is, for instance, how the German historian Hans Delbrück tells the story:

⁷Quoted in Giddens (1985, p. 159).

⁸On the fiscal-military state, see Brewer (1989), Braddick (1996), Glete (2002), and Storrs (2009).

The entire socio-political situation of Europe was transformed with the new military organization. The standing army was the point of contention in the struggle between princes and their Estates of the Realm, the factor that raised kings to absolute rulers on the whole continent and in England brought first the minister Strafford and then King Charles I himself to the scaffold. (Delbrück, 1929/1990, pp. 223–24)

He then portrays fiscal extraction as a “prerequisite, or perhaps we should say a side effect, of the great change in the army.” I argue that fiscal extraction is much more than a mere ‘side effect.’ While early modern state making is routinely accredited to war making (and vice versa), I would suggest that we need to put the contentious practice of money making front and center.

First, without money, making war is hardly possible. The historical experience strongly suggests that a lack of military capacity more or less assured the political demise of a polity.⁹ That is why Henry Dundas, a British eighteenth century statesman, claimed that wars are, in the end, “but contentions of the purse.”¹⁰

Second, I would argue that the mobilization of resources—in cash, kind, and manpower—actually constituted the crucial mechanism by which geopolitical pressure was translated into political outcomes. War may be the motive force, but paying for war produces, and conditions, the political effects.¹¹ And indeed, successive interpretations and revisions have challenged the notion of a straightforward, almost inevitable, relationship between military development and political change. It is quite evident that polities experiencing comparable geopolitical pressure could and did embark on distinct trajectories of state and regime formation (Zolberg, 1980, p. 695; Potter, 2003; Parrott, 2012, p. 13). In a book titled *The Military Revolution and Political Change*,

⁹Mann (1988, p. 109) asserts that “A state that wished to survive had to increase its extractive capacity to pay for professional armies and/or navies. Those that did not would be crushed on the battlefield and absorbed into others. . . . It is impossible to escape the conclusion that a peaceful state would have ceased to exist even more speedily than the militarily inefficient actually did.”

¹⁰Quoted in O’Brien (2006).

¹¹This is not to say, however, that ‘purely military developments’ cannot have effects of their own. For example, innovations like the stirrup, gunpowder, or the atom bomb have all had great ramifications in and of themselves—see Dupuy (1990, pp. 290–98) for an exhaustive list of eighteen revolutionary innovations from 500 BC to modern times. However, a causal effect running from military innovation directly to political outcomes needs to be detailed and validated, not assumed.

Brian Downing (1992, p. 14) thus claims that he can find “no direct causal relationship between international danger and the rise of military-bureaucratic absolutism.” The key to understanding the impact of war on political regimes, he asserts, is not “modernization and warfare themselves, but the mobilization of resources to fund them.”

We have here arrived at the key claim of the chapter: *how a state chooses to finance its wars matters greatly since that choice will define its relationship to society and influence its form of government.* In subsequent chapters I dig further into this notion, first by looking at various narratives about the relationship between taxation and regime formation, and then by expanding the analytical scope to include non-tax sources of government finance. From here on out I will relegate war to the back seat and direct my focus exclusively toward the fiscal side of the equation. To Dundas' maxim that ‘wars are but contentions of the purse’ I would add that the political effects of waging wars are but effects of the contentious process of filling the purse.

3

Taxation and Political Rule in Historical Europe

Unenjoyable and equally unavoidable, taxation is at the very heart of politics: we find it at the macro-level concerns of political sociology and state-making, at the micro-level of individual compliance or resistance, and everywhere in between.

— Julia C. Strauss (2008, p. 212)

MANY HISTORICAL THINKERS have perceived of a connection between taxation and regime types, among them Montesquieu. In *The Spirit of the Laws* from 1748 he discusses what he takes to be a general rule, namely that taxation can only move in tandem with political liberties, so that more of the former necessitates more of the latter: “In moderate states,” he asserts, “there is a compensation for heavy taxes; it is liberty. In despotic states, there is an equivalent for liberty; it is modest taxes” (Montesquieu, 1748/1989, p. 220). This notion has been reiterated in various forms over the years and it infuses the American revolutionary slogan ‘no taxation without representation.’ I should add that Montesquieu also anticipated a more subtle argument, namely that different types of taxes are associated with different types of government. Specifically, he suggested that indirect taxes drawn from production, trade and consumption are less harmful to liberty as they require no direct intrusion by the state into individual privacy. Direct taxation on property and income, on the other hand, implies almost by definition a more despotic exercise of power as it violates

that privacy (Montesquieu, 1748/1989, pp. 218, 222).¹ Now, Montesquieu's argument was perhaps based more on normative concerns than empirical insight, but it nonetheless captures one of the main messages of this chapter, namely that the connection between taxation and political development is not straightforward, but ambiguous.

In what follows I will review three distinct arguments, or narratives, regarding the effect of taxation on the formation of political regimes in early modern Europe. All of them share a common point of departure, namely that the early modern state in Europe experienced a near-continuous fiscal crisis occasioned by war and preparation for war (as detailed earlier). The received wisdom tells us that the traditional sources of revenue inherited from the feudal era—the domains, prerogatives, fees, and regalia—were wholly inadequate to satisfy these new, rising demands (Schumpeter, 1918/1991; Prestwich, 1972, p. 18). Moreover, early modern warfare forced rulers to substitute revenue in kind with revenue in cash; a significant share of most armies was made up by mercenaries and without cash payments they would rapidly disband or, even worse, defect. Rulers initially responded by falling back on financial expedients. They pawned or sold off their land and in some cases their crown jewels; they gave public offices to the highest bidder; they debased their currencies;² they plundered the church; they raised crippling debt. But political survival, most experts agree, ultimately hinged on the ability to tap into the income and wealth of the domestic population. In other words, *political survival was tied to becoming a tax state*. Henneman (1971, p. vii) thus asserts that taxation became “virtually synonymous with war financing” while Tilly (1985, p. 172) on his part describes the shift into taxation as “inevitable” (see also North and Thomas, 1973, ch. 8; Finer, 1997b, ch. 8). Taxation was an exceptionally contentious issue, however—more contentious than it is today—and the contributions rulers asked for most often went beyond what the people considered to be bearable, let alone legitimate. As soon as a ruler requested additional grants, people began to resist (Zolberg, 1980, p. 707; Levi, 1988, p. 101). It is at this point that the three narratives diverge.

¹This notion, that direct taxes—especially income tax—violates a basic tenet of human liberty recurs through the ages (see Burg, 2004, pp. xiv-xv).

²That is, they reduced the quantity of silver or gold in coins in order to create more money out of a given supply of precious metal. The modern equivalent is to increase the supply by printing more money.

THE CONTRACTUAL NARRATIVE

As I briefly discussed in the introductory chapter, there is a venerable historical argument that traces the origins of representative government to rulers' need to solicit for tax revenue. The weak, decentralized administration and fractured sovereignty of the feudal monarch made it difficult or impossible to simply go out and seize necessary resources directly from the population. And importantly, the monarch possessed as of yet no legal or customary right to do so (Webber and Wildavsky, 1986, ch. 4; Levi, 1988, pp. 106–08). The old French maxim *n'impose qui ne veut* represents the entrenched view that taxation was only admissible with prior consent from those who would be taxed; anything else could be seen as an act of tyranny (Finer, 1997b, p. 1028). As their financial difficulties became insurmountable, princely rulers were thus forced to turn “begging to the estates,” as Schumpeter (1918/1991, p. 106) puts it, and they had to justify their appeals for more revenue by referring to common exigencies rather than private affairs. From the thirteenth century onwards, the parliaments, *cortes*, and *états généraux* of Europe arose suddenly and ubiquitously as the result of such ‘begging,’ providing a forum for the negotiations between ruler and subjects over tax rates, collection and expenditure.

The fiscal origin of popular representation and political participation is, according to Gabriel Ardant (1975, p. 231), “obvious,” and Bates and Lien (1985, p. 24) finds that even “a casual reading of the literature on the origins of parliaments, reveals that these institutions arose as arenas in which monarchs bargained with citizens over taxes.” In his *History of Government*, Samuel Finer writes that the complex, seemingly contingent and unique history of each representative assembly

must not distract us from the one perennial, common factor; the kings and princes wanted to make war, the customary feudal dues to which they were entitled did not suffice, and—in brief—they *needed money*. . . . if the king or prince wanted money beyond what was his customary due, he had to *ask* for it. (Finer, 1997b, p. 1026)

The one who pays the piper also calls the tune; so also in matters of government. Access to tax revenue did not come without political costs. In the case of England—often seen as the ideal illustration of these developments—William Stubbs (1896, p. 599) has emphasized the trade-off between revenue and political rights: “The admission of the right of parliament to legislate, to enquire into abuses, and to share in

the guidance of national policy, was practically purchased by the money granted to Edward I and Edward III.” Moore (2004, p. 299) refers to this historical argument as “the fiscal (social) contract proposition” and stresses the comparative advantages of solving the early modern fiscal crisis by consensual means (see also Hoffman and Norberg, 1994). Reciprocal bargaining could offer a number of fortuitous gains, to both rulers and ruled (North, 1981); if you consent to a tax and feel that you get something in return, you should be more willing to pay up when the tax officer shows up, instead of chasing him off with your pitchfork or scythe. With less evasion and lower costs of collection, tax yields could grow even in the absence of new imposts or higher rates (Levi, 1988, ch. 5; Dincecco, 2009).

THE COERCIVE NARRATIVE

While taxation is often routinely linked to representation in historical Europe, both the logic and the generality of this argument can be challenged. It should be obvious that human history has witnessed much more taxation than representation, for instance (Herb, 2003, p. 4). Waterbury (1997a, p. 396) points out that “Many cultures and civilizations have exhibited high levels of extraction and high levels of autocracy for centuries, if not millennia. The most common response of the taxed has been to find some form of exit from the system.” This statement rings true also for parts of early modern Europe: the uplifting taxation-representation narrative may dominate contemporary imagination, but the more somber combination of taxation and repression was probably more prevalent. Coercive, or predatory, taxation is characterized by arbitrary assessment, heavy-handed enforcement, and few or no political concessions. Instead of leading to the affirmation of representative assemblies, the transition into taxation is here linked to the abolition of such bodies and the consolidation of autocratic rule (see Ardant, 1975, pp. 194–95; Moore, 2008, pp. 40–44). While England provides the exemplar of consensual taxation, most states on the European continent seem to have followed this coercive path.

Coercion was, for instance, the “typical political solution of the French monarchy,” writes Ardant (1975, p. 194). The French tax system offered few opportunities for bargaining or avenues for appeal, and it was characterized by glaring exemptions granted to privileged groups. The contentiousness of the system is visible in the fact that France experienced at least 119 distinct tax-riots in the seventeenth century alone (Burg, 2004, p. xv). It is noteworthy, Ardant adds, that

the French *intendant*—the official responsible for tax collection—also acted as chief of police and had a prominent judiciary role. The need to collect tax revenue in France did not reinforce the status or bargaining power of the French assembly; it led to its disbandment. In order to prevent taxpayers from collectively formulating demands or building coalitions against the state, the *États-Généraux* was held dormant for more than 170 years (Rosenthal, 1998). Coercive enforcement and erosion of representative institutions also defined taxation in other states, including Spain, Prussia, and in Russia where Peter the Great formed certain troop regiments whose primary task was not to wage war but to collect taxes (Gatrell, 2012, p. 200). This symbiosis between taxation and repression is also emphasized by Norbert Elias (1939/2000, p. 268), who argues that the monopolizations of armed forces and revenue collection moved in tandem: “The financial means thus flowing into this central authority maintain its monopoly of military force, while this in turn maintains the monopoly of taxation.” This circular reinforcement of military and financial control formed an essential prerequisite for autocratic rule over a region, he notes (*ibid.*, p. 192). Where contractual taxation is associated with a virtuous circle of mutual gains, coercive taxation seems to establish a vicious one. Where estates were unwilling or unable to grant the funds rulers demanded, violations of constitutional and representative principles may have been seen as a necessary solution (Downing, 1992). Such violations then reinforced fears of monarchical despotism and stiffened tax resistance, evasion, and parliamentary recalcitrance, which in turn intensified the need for repressive and coercive measures (Dincecco, 2009).

The argument mapped out here, that the fiscal demands experienced by early modern states were more likely to generate monarchical autocracy than representative government, is run-of-the-mill among scholars studying the Military Revolution (such as Roberts, 1967) or European absolutism (such as Anderson, 1974). Military demands dictated fiscal requirements and wherever representative government failed to generate sufficient revenue, “kings used the army against the estates and other components of constitutionalism, and transformed the small constitutional state into a large absolutist one, organized to maintain and expand the army” (Downing, 1992, p. 14).

THE CONFLICTUAL NARRATIVE

At first sight, the two narratives presented so far seem to reach diametrically opposite conclusions from identical starting points. In fact, they

are quite compatible, however, as they share the same underlying logic: where rulers were weak they had to bargain with tax payers and make concessions (the contractual narrative); where they were strong they could take what they needed by force (the coercive narrative).³ It is also quite obvious that different cases fit different narratives. A third argument about taxation and regime formation in Europe essentially combines insights from both the contractual and the coercive stories, but it proposes a more dynamic and drawn-out historical argument; taxation rarely led to representation immediately or automatically, it suggests, but by causing popular grievances it provoked resistance to monarchical sovereignty that *over time* could result in parliamentary self-assertion.

Deborah Boucoyannis (2015) recently challenged a core assumption of the contractual narrative—or what she calls “the bargaining model of representation.” She claims that where social groups were strong enough to withhold taxes from their ruler, they tended to do so; in fact, they often refused even to show up for the negotiations. Boucoyannis’ through-provoking conclusion is that there was *neither taxation nor representation* in states where the government lacked the initial capacity to compel social actors: “Social actors develop incentives to demand government accountability *after* they have been compelled to contribute to public revenue” (ibid., p. 319). Let us take a closer look at the events leading up to the American Revolution: in attempts to raise revenue for the empire, Britain had imposed a number of taxes on the American colonies—such as the Sugar Act, the Stamp Act and the Townshend Acts—but they had done so without asking for their consent or allowing them a voice in political matters (Ross, 2004, p. 231). This stirred up widespread discontent and incited numerous boycotts and riots which eventually escalated into a full-scale war of independence. Now, we could perhaps claim that taxation led to representation, but it did so only via a long and bloody struggle; clearly, this is not a story of contractual taxation, where the Americans traded revenue for rights, but rather a conflictual story of extraction, resistance, and self-assertion.

The American case is far from unique. Taxation, as Finer proclaims,

has certainly been one of the most prolific stimuli to revolt, rebellion, and revolution—in western history, at any rate. In England—Magna Carta and the Barons’ War and the Civil

³Levi’s (1988) predatory model of taxation and state formation is more sophisticated but it basically conforms to this logic.

War in 1642; in France—the nobiliar revolts of the sixteenth century, the Fronde, and finally the great Revolution of 1789; in Spain—the revolts of the Netherlands, Catalans, and Portuguese: all serve as examples. (Finer, 1997c, p. 1490)

Without that stimulus, people would have had fewer incentives to take violent action and demand political assurances (Goldstone, 1991). This sequential fiscal narrative corresponds very well to what Tilly (2006, p. 423) calls “the extraction-resistance-settlement cycle.” First the state extracts resources from its population (money, manpower, or materials) in order to finance its activities (typically war); people often resist since such extraction diverts resources from their intended use and may even impact on their ability to put food on the table; a struggle ensues, which eventually ends in a settlement between the parties. Of course, the term ‘settlement’ need not imply a reciprocal compromise between equal parties. It may just as well involve a decisive state victory, a successful overthrow of government, or—as in the American case—outright secession. Tilly further explains that the new settlement adds stability to the fiscal-political relations between state and society, but only until the next crisis, when the cycle starts all over again.⁴

3.1

Explaining the Variation

So, these are the three narratives about taxation and European regime formation. The contractual narrative is something of a pet theory among modern scholars; Moore (2004, p. 302) claims that “intellectuals with a sense of history are, if not hard-wired to accept the notion of a causal linkage between taxation and representation, at least likely to be prejudiced in that direction.” But as we have seen, that particular outcome is certainly not given (see also Barzel and Kiser, 2002); the historical experience provides us with numerous examples of taxation leading to repression rather than representation, and often political rights are acquired only after protracted struggles between rulers and taxpayers. I think that we set up a false dilemma if we ask which of these three narratives defines the European experience. To be sure,

⁴A similar model is put forward in Scheve and Stasavage (2010) who link up expensive war efforts, establishment of universal suffrage, and demands for tax progressivity in the early twentieth century.

different polities followed different fiscal-political paths, and the fact that the English/British path eventually proved to be superior in terms of economic and political dominance should not be seen as justification for dismissing other fiscal trajectories as abortive or marginal. Also, an argument can be made for the validity of each of the three narratives being historically bound, with the late middle ages being a period of weak rulers, bargaining and representation; the early modern era being coercive, militarist, and absolutist; and the eighteenth and nineteenth centuries witnessing the rise of popular revolts and the return of more representative forms of government. This kind of periodization can be found in Poggi (1978) and Webber and Wildavsky (1986), among others, but of course, it provides no explanation for the variations found within these historical stages.⁵

Other scholars have sought to explain the variable experience of taxation by looking at the interaction between socio-economic conditions and distinct forms of taxation. I will briefly review their argument as it has bearing on my own approach. Echoing the argument of Montesquieu, these scholars associate representation and negotiation with the indirect taxation of commerce, and coercive rule with direct taxation of agriculture. Bates and Lien (1985) thus emphasize the crucial difference of trying to tax *fixed* vis-à-vis *movable* economic assets. Owners of fixed assets—think peasants—are tethered to a specific territorial location and cannot easily evade the tax collector. This allows for a more exploitative and repressive mode of tax collection, often with the assistance of landed elites. Owners of assets that are movable, on the other hand—think merchants—are more difficult to catch and they can credibly threaten to ‘defect the market’ with their wealth (see also Hall, 1986, p. 139).⁶ This endows them with political clout and induces rulers to strike bargains based on mutual benefits. Bates and

⁵ An important insight that we may draw from this, however, is that the kind of representation in medieval times—in what Poggi (1978) calls the *Ständestaat*—was quite different from the representation that emerged in the ‘Age of Revolution’, in the late eighteenth century (Palmer, 1959–1964; Hobsbawm, 1962). These revolutions reinforced ideas that “government would be public, a joint venture between the crown and its citizens as represented in legislatures” Webber and Wildavsky (1986, p. 228). In other words; arguments about taxation and representation should make a clear distinction between the *principle* of representation—present in medieval times—and representative *government*—which arose in the eighteenth and nineteenth centuries (Finer, 1997b, p. 1050).

⁶ The modern equivalent of this is found in large corporations that seek to secure benefits and privileges by threatening to outsource production or move their headquarters to lower tax domiciles.

Lien refer to this expressive quote by the French physiocrats Quesnay and Mirabeau to back up their argument:

The wealthy merchant, trader, banker, etc., will always be a member of a republic. In whatever place he may live, he will always enjoy the immunity which is inherent in the scattered and unknown character of his property. . . . It would be useless for the authorities to try to force him to fulfill the duties of a subject: they are obliged, in order to induce him to fit in with their plans, to treat him as master, and to make it worth his while to contribute voluntarily to the public revenue. (Bates and Lien, 1985, p. 60)

Tilly (1992) makes a very similar argument—as do North and Thomas (1973, ch. 8)—although it is less formalistic and more historically grounded than Bates and Lien’s. For Tilly, European states can be placed on a continuum from capital-intensive to coercion-intensive. States located in rural regions, where the level of commercialization was relatively low, tended to embark on the coercion-intensive path of state formation, as they relied heavily on repressive measures to extract meagre resources from recalcitrant subjects. Russia and Prussia provide cases in point. In more commercialized parts of Europe, where economic life was defined by manufacturing, trade in goods and financial assets, governments nurtured a very different, more symbiotic relationship to society. The capital-intensive path—found in the Italian city-states, in the Dutch Republic and by the Hanseatic League—was based on regular taxation on trade and commerce with the more or less voluntary consent of taxpayers. The important takeaway from Tilly, and Bates and Lien is their discussion of revenue mobilization as a *variable*; they show that different kinds of taxes can impact on political institutions and practices in different ways. In a sense, I seek to complement their perspective by broadening our understanding of that variable.

3.2

On the Need to Broaden Our Fiscal Scope

I am convinced that an analysis of taxation can clue us in to fundamental aspects of political rule: “When a government deals unjustly by the people with respect to taxation,” the British nineteenth century statesman Richard Cobden once claimed, “that constitutes

the whole matter of account between them” (quoted in Daunton, 2001, p. 1). More recently, scholars have argued that tax policy gives us crucial insights into the formation of civic identities and obligations, that it defines citizenship, and that it establishes the practical and normative boundaries of government action; taxation, they claim, *is* the social contract (Bräutigam, 2008; Martin et al., 2009b). Nonetheless, I find the arguments presented in this chapter to be deficient in one crucial aspect: they are *incomplete* because they say next to nothing about the various sources of state revenue that cannot be defined as taxes. Some few exceptions apart, I have encountered what I perceive to be a tax bias in the wider field of fiscal research. The field of fiscal sociology—as inherited from Goldscheid and Schumpeter—has been defined narrowly as “a sociological study of taxation” (Campbell, 1993) and the most important recent contribution, entitled *The New Fiscal Sociology* (Martin et al., 2009a), has the subtitle “Taxation in Comparative and Historical Perspective.” Meanwhile, publications in the field called the new fiscal history are almost exclusively focused on the emergence and triumph of first the ‘tax state,’ and later the ‘fiscal state’ (which is essentially a tax state with access to credit; see Hoffman and Norberg, 1994; Bonney, 1999b; Ormrod et al., 1999). Like Kevin Morrison (2015, p. 29), I have found that “for many scholars, taxation is where an examination of the relationship between government revenue and political stability would stop. . . . Indeed, when anyone thinks of ‘revenue,’ he or she very likely thinks first about taxation.”

I can think of no convincing reason why one should confine a *fiscal* approach to regime formation to deal only with *taxation*. The terms are, after all, not reducible to each other, and a revenue-centered explanation is surely incomplete and potentially misleading if it by default ignores all non-tax sources of governmental income (Morrison, 2009, p. 134). I am strengthened in this belief when I read Rudolph Braun’s contribution to the influential *The Formation of National States in Western Europe*, where he points out that modern notions of the centrality and public character of taxes are often unhelpful and may forestall relevant questions. We need to “broaden our scope,” he notes, and take into account

not only taxes in the modern sense, the permanent, compulsory and public character of which is not questioned, but also feudal dues and sources of income accruing to the Crown or the ruling dynasty: revenues in money, kinds of

services provided by the royal or seigneurial domains, rights and prerogatives (*regalia*). (Braun, 1975, p. 244)

The present study takes this admonition to heart, and in the next chapters I will expand on the reasons why we should indeed want to broaden our fiscal scope.

4

Non-Tax Revenue in Historical Europe

IT TAKES ONLY a cursory look at European fiscal history to realize that tax receipts have always stood for a smaller share of state budgets than they do today. Until quite recently, in fact, taxation was seen as an extraordinary fiscal measure—a ‘necessary abuse’ at best (Mann, 1943). Three maxims contributed in setting the moral standards for the fiscal behavior of medieval and early modern rulers: I have already mentioned the principle of *n’impose qui ne veut*, expressing the need to acquire taxpayer consent. The second maxim, *cessante causa, cessat effectus*, dictated that taxes also had to be linked to exigencies (such as war) or special occasions (such as coronations, royal weddings, or funerals), and that the right to tax ‘ceased with the cause’ (Levi, 1988, p. 107; Burg, 2004, pp. xv-xvi). To put this in simpler terms, taxes were to be earmarked and temporary. In between such exigencies the third maxim took effect: *le roi doit vivre du sien*, ‘the king should live of his own’ and abstain from burdening his subjects with unwarranted, frivolous imposts. And it is these other kinds of revenue—the *non-tax revenue* expected to support the monarchical state in ordinary times—that constitute the main focus of this chapter, as well as of this entire study.

I will here discuss two fairly straightforward issues: which kinds of non-tax revenue did early modern rulers collect, and what financial significance did they have? My ambition is not to provide an encyclopedic overview but rather to substantiate the argument that non-tax revenue

did indeed constitute a ubiquitous and enduring source of state finance in early modern Europe. The approach here is empirical, and I defer the more explorative issues of definition and classification to chapter 6. Toward the end of this chapter I will return to the ‘tax bias,’ which I believe explains why so few contemporary scholars have investigated this type of state finance.

4.1

On the Variety and Longevity of Non-Tax Revenue

The most prominent source of non-tax revenue in historical Europe was arguably the income derived from the royal domains—that is, the lands, manors, forests, and streams owned by the crown. The rents collected from tenants and the profits made by trading the surplus production of these domains were long thought of as the backbone of the princely economy (and by extension, of state finance). In medieval times, the ruler and his or her immediate retinue were in fact sometimes expected literally to live off these domains, by eating the foodstuffs produced on site, and consuming their way from one royal estate to another. This was the *Reisekönigtum*; the itinerant kingship (see for instance Bernhardt, 1993; McKitterick, 2011). A great number of other kinds of non-tax income supplemented this domain revenue. From Schumpeter (1918/1991, p. 104) we learn that the early modern ruler could also expect income from a plethora of seigneurial privileges and prerogatives, including the minting of coins, hunting and mining, protection of Jewry,¹ and tolls levied on trade.² There were furthermore fees collected from being a dispenser of justice, numerous fines, gifts and tributes handed over by vassals and allies, and miscellaneous contributions from the clergy. To Schumpeter’s tally we can also add profits derived from state-run manufacturing and trade—at times ‘augmented’ by monopoly edicts—plunder of foreign lands during war or colonial expansion, as

¹At one point, the English king even set up an Exchequer of the Jews to administer this income. In the blunt words of Stephen Dowell (1884/1965, p. 31), the Jews “were allowed by the king thus to enrich themselves for the same reason that a sponge is used to collect water which may be squeezed out of it. They formed a pump to suck up the golden stream from below and render it to the king above.”

²Today we would want to classify tolls as a form of indirect taxation, but in the past, such fees were often appropriated by rulers as a royal right, derived from their territorial authority (see Bonney, 1995b, p. 455; Braddick, 1996, pp. 13–14).

well as revenue from practices we would today interpret as plain abuses of power: venality of office, arbitrary fines, confiscations, et cetera.

These revenue sources may not have been well liked—and some were most likely contentious—but it is important to note that many historical thinkers found it both fiscally prudent and morally preferable that the state refrained from regular taxation. In the sixteenth century, Jean Bodin (1576/1955, pp. 185–88) characterized the royal domain as “the most defensible and the most reliable of all sources of income,” but expressed a distinct dislike for taxation: the ruler “should never have recourse to it till all other measures have failed, and only then because urgent necessity compels one to make some provision for the commonwealth.”

CROWN DOMAINS

A representative standpoint among fiscal historians is that while the domains were able to fund the small feudal state, they fell hopelessly short of the task when warfare evolved and escalated in the early modern period. What is more, the failure of the *domain state* is often seen as a decisive factor in the rise of the more modern *tax state*. (I will look more closely at this understanding below.) However, the crown domains did not decline as abruptly or uniformly throughout Europe as the conventional narrative would have it. In fact, in some areas, the domains supplied around half of annual income even into the eighteenth century (Bonney, 1995b, p. 449; Wareham, 2012; Krüger, 1987). Fiscal historian Richard Bonney (1995b, p. 449) generally finds that the capacity and longevity of the domain state could be boosted by the effective management of competent, entrepreneurial rulers, and he emphasizes that “the administration of the domain was a paradigm of the administration of the fiscal system in general; the problems encountered in running crown lands were in many respects similar to those which would be encountered under the so-called modern ‘tax state.’”

Among the better run states we find Denmark, where revenue from the domains grew threefold or more in the mid-sixteenth century. About a fifth of that revenue originated from former monastic estates, confiscated after the Reformation. By 1630, the crown lands supplied close to 40 percent of total income (*ibid.*, pp. 451–52). Similarly, the lands of Friedrich Wilhelm of Prussia (also known as the Great Elector) consistently generated 50–60 percent of the total revenue collected by the Hohenzollern Duke in the seventeenth century. A century later,

at the end of the reign of Friedrich II (the Great), that share had contracted to 40 percent, but not because the domains were faltering; in fact, the income from the domains had more than doubled over this period, but tax receipts had expanded at a slightly higher rate (Bonney, 1995b, pp. 460–63; Braun, 1975). By 1756, fiscal discipline and successful military campaigning had even allowed Friedrich to set aside a huge reserve of 20 million *Reichsthaler*, something that should temper assumptions about the inferiority and obsolescence of domain state finance (Bonney, 1995b, p. 334).³

VENALITY

A state did not need to own large tracts of land or productive manors to enjoy access to non-tax revenue. Rulers who needed to get their hands on liquid funds quickly and had little interest in appealing to representative assemblies for additional tax grants could resort to venality—that is, the sale of public offices and titles (Doyle, 1996). Such a policy was perhaps financially expedient to the ruler, at least in the short-term, but entailed great costs to society at large. Officeholders expected to get good return on their investment, and they often did so by exacting arbitrary fees and claiming various perquisites, and as rulers created new positions simply to raise money, public offices proliferated without any commensurable improvement in administrative performance. Venality was from time to time a mainstay of state finance in France, at times generating 30 or 40 percent of total income in the late sixteenth and early seventeenth centuries (Webber and Wildavsky, 1986, p. 267). Around 5,000 venal offices in 1500 had grown to 70,000 by the eighteenth century (Doyle, 1996). Mann (1993, p. 172) reports an even more extreme estimate of more than 200,000 venal offices in early modern France.

TOLLS

Great fortunes could also flow from strategic control of international trade routes. No important passage in Europe was free from tolls, and the major waterways were particularly clogged. Postan (1987, pp. 183–84) cites estimates of 60 toll stations on the Rhine, 80 on the upper Danube, and a full 130 on the Loire. These numbers are probably

³As we shall see in a later chapter, Friedrich had a precursor in the Swedish king Karl XI, who also expanded his domains and subsequently managed to set aside a similar, albeit much smaller, silver reserve.

inflated, but reduce them by half and they are still remarkable. No single ruler was better placed than the Danish monarch, who could control all Baltic trade passing through the narrow strait between Helsingør and Helsingborg. The Sound Dues were, in the words of Adam Smith (1776/1981, p. 894), “the most important transit-duty in the world.” Collected by royal prerogative over more than four centuries—between 1429 and 1857—the size and importance of this income fluctuated, but from time to time the Dues alone could supply as much as a third, or even half, of total income (Krüger, 1988; Hvidegaard, 2005; Degn, 2010).

ROYAL TRADE AND COLONIAL PLUNDER

Other European rulers became immensely wealthy by running lucrative trade routes themselves. Portugal was one of the first ‘merchant empires’ (Phillips, 1990), dominating several sea routes to Africa, Asia, and Brazil before losing out to bigger and more powerful contenders. The Portuguese crown was able to capture a significant share of the profits of the trade by claiming monopoly over a number of valuable commodities, such as gold, spices, slaves, and tobacco (Mata, 2012). In the early 1500s, gold and spices alone supplied more than half of total revenue, and the income from import and export duties multiplied seventeen-fold between 1496 and 1593 (Bonney, 1995b, p. 458; Mata, 2012, p. 219). Bonney (1995b, p. 458) notes that the Portuguese crown operated its empire “as a form of entrepreneurial domain state,” and Yun Casalilla (2012, p. 4) even characterizes Portugal as an early modern rentier state, similar in kind to the oil states of today.

As the Portuguese case intimates, colonial trading overlapped with colonial plunder, and Spain, with its access to American silver and gold, was without question the foremost plunderer of the early modern era. In the sixteenth century, the financial might of Castile—the region that received the treasure from the ‘New World’—stood equal to that of France (even though it had about a quarter of the population), and totally dwarfed that of England (Comín Comín and Yun Casalilla, 2012, p. 236). Castile was just one of several independent units of the Spanish kingdom, which in turn formed a constituent part of the conglomerate Habsburg Empire. According to recent estimates by Comín Comín and Yun Casalilla (*ibid.*, pp. 236–37), Castile nonetheless supplied the empire with up to two thirds of its “theoretical regular income.” Between 1503 and 1660, the treasure wrested from the American colonies amounted to some 185 tons of gold and no less than 16,000

tons of silver (Elliott, 1963)! The mines were seen as belonging to the royal patrimony, but production was often contracted out to private individuals in exchange for 20 percent of the output—the so-called *Quinto Real*, or the ‘royal fifth.’ All in all, Elliott (ibid.) estimates that around 40 percent of the silver and gold reached the royal treasury, if you combine both the royal fifth and colonial taxation.⁴

The proportion of colonial revenue in Spanish budgets was much smaller than one would expect, however: between 1526 and 1675 it averaged no more than 14 percent of total income, surpassing 20 percent only for shorter periods (Comín Comín and Yun Casalilla, 2012, p. 242). Consider, however, that if the estimates by Comín Comín and Yun-Casalilla are correct, the *colonial* income of Filipe II (r. 1556–1598) was still larger than the *total* income of his contemporary, Elizabeth I of England (r. 1558–1603). On the whole, the significance of American income to Castile is obvious, and the tightening of that flow toward the end of the early modern era coincided with Spain’s imperial decline. Like Portugal, Spain has been characterized as an early modern rentier state (see Karl, 1997, pp. 32–43; Gaidar, 2007, pp. 40–43).

STATE PROPERTY IN THE NINETEENTH AND TWENTIETH CENTURIES

Indeed, there is some empirical support for an even greater longevity and influence of non-tax revenue in European state budgets. Michael Mann has compiled data detailing the shares of “state property” in a sample of state budgets in the nineteenth century. He notes that such revenue was traditionally drawn from the crown lands but explains that “*regalian rights* could be modernized and extended” (Mann, 1993, p. 387). As industrialization progressed, some states profited immensely from postal monopolies, mining ventures, tolls on roads and canals, and state-owned railroad companies: “Most of these new or expanded state functions were useful services,” he clarifies, “noncontroversial, even popular” (ibid., p. 387). All states in his sample drew income from state property, and while they did so in different degrees, Mann’s general conclusion is perhaps surprising: over the nineteenth century, tax receipts did in fact *decline* as a proportion of overall revenue, while the share of state property increased. Again Prussia stands out, with almost 70 percent of total revenue drawn from state property in 1910. For Austria and France the share was around 40 percent while Britain

⁴Without going into detail at this point, I would contend that such tax revenue from the American colonies effectively amounted to a non-tax income for Castile.

and the US hovered between 15–20 percent (ibid., see table 11.6 on p. 382).

Finally, I want to draw attention to Daniel Tarschys' (1988) brief analysis of “the four Ts” of government finance: tributes, tariffs, taxes and trade (where trade revenue basically corresponds to what others refer to as non-tax revenue, domain revenue, or state property). As late as in the 1980s, he suggests, even the budgets of many wealthy Western states contained substantial shares of such trade revenue, which in several cases reached 15–20 percent of gross income. Arguing against any teleological or functionalist interpretation of fiscal history he notes that

there is no simple and linear relationship between the growth of GNP per capita or industrialization on the one hand and the transition to taxation on the other. While the archetypical ‘tax state’ is a modern industrialized nation, governments in such nations need not necessarily rely on taxation as their main source of finance. (ibid., p. 18)

So to paraphrase Mark Twain, the reports of the swift and decisive demise of non-tax revenue in European fiscal history seem to have been greatly exaggerated. It is indisputable, of course, that the tax state eventually rose to dominance in Europe, but this evolution was more gradual, historically contingent, and diversified than most accounts suggest. To argue as Schultze (1995, p. 278) does, that taxation was established as “the only mechanism for running the state” already by the end of the sixteenth century, therefore reflects a false, or at least very selective, reading of history. The continued relevance of non-tax revenue for some states even into the twentieth century argues against categorically dismissing this kind of state finance.

4.2

The Tax Bias

Why has non-tax revenue been largely ignored, dismissed, or overlooked? The lack of attention is at least partly born out of a tax bias, I believe: the overshadowing interest in taxation is partly based on what we know eventually *did* happen in European states, namely that tax receipts eventually became the indispensable wellspring of government finance. It is all too easy to look back on this trajectory of fiscal history as

not only rational, but also inevitable (Webber and Wildavsky, 1986, p. 297). Historian David Hackett Fischer calls such presentism the fallacy of *nunc pro tunc* (now for then) and he colorfully describes it as “the mistaken idea that the proper way to do history is to prune away the dead branches of the past, and to preserve the green buds and twigs which have grown into the dark forest of our contemporary world” (Fischer, 1970, p. 135). When I read the opening passage in Edwin R. A. Seligman’s classic, *Essays in Taxation*, it seems as if this tax bias has been long in the making:

To the citizen of the modern state, taxation, however disagreeable it may be, seems natural. It is difficult to realize that it is essentially a recent growth and that it marks a comparatively late stage in the development of public revenue; it is more difficult to realize that each age has its own system of public revenue, and that the taxes of to-day are different from those of former times; it is still more difficult to perceive that our ideals of justice in taxation change with the alterations of social conditions. (Seligman, 1895, p. 1)

What I have found is that most fiscal scholars share a tendency to tie the rise of taxation to the birth of the modern state. Gabriel Ardant sees in tax history “the slow construction of actual states” and the efforts of rulers to disengage themselves “from the mechanisms and bondage of the feudal regime” (quoted in Levi, 1988, p. 95). Margaret Levi (*ibid.*, p. 95) traces the development of taxation in England and France from the Middle Ages in order to take note of “the processes that underlay the evolution of the modern state.” This penchant stems from Schumpeter’s stadial theory of state formation, which asserts that it was through tax collection that early modern rulers gradually brought into being the ‘public sphere’ of the state as distinct from the ‘private sphere’ of households, societal organizations and individual life. For Schumpeter, it is in the very friction between public and private that the state becomes distinguishable as a representative of the collective purpose contra individual self-centeredness, and taxation is no mere surface phenomenon in this process, but its core expression:

Tax bill in hand, the state penetrated the private economies and won increasing dominion over them. The tax brings money and a calculating spirit into corners in which they do not dwell as yet, and thus becomes a formative factor in the very organism which has developed it. - - - This is why fiscal

demands are the first signs of the modern state. This is why ‘tax’ has so much to do with ‘state’ that the expression ‘tax state’ might almost be considered a pleonasm. (Schumpeter, 1918/1991, pp. 109–10)

The great turning point in the European state history, Schumpeter suggests, was when the feudal *domain state*—where rulers relied on the revenue derived from landownership and archaic prerogatives—collapsed under the escalating pressure of military costs, and the modern *tax state* emerged in its stead. Some scholars have picked up this stadial model of fiscal-political change (see Petersen, 1975; Krüger, 1987; Schultze, 1995; Bonney and Ormrod, 1999) and while they have added substance and increased the analytical precision of the original model, they have not really challenged its basic premise.⁵ The use of stadial models has both costs and benefits (Tilly, 2006, p. 422), and it would be a mistake, of course, to treat the transition from domain state to tax state as anything more than an approximation of what actually happened (see Yun Casalilla, 2012, pp. 17–18; Cardoso and Lains, 2010, p. 21). The model rather serves as a heuristic device, allowing us to grasp the general trend over a long stretch of time—it captures and emphasizes some key aspects of complex, contingent, and at times utterly confusing processes. However, by foregrounding the modern tax state as the outcome that ultimately needs to be explained, attention is diverted from important continuities, diversities, and aspects that do not fit the general picture of progress. The domain state then becomes an inherently pre-modern, feudal phenomenon that can be dismissed as a dead-end on the evolutionary path of fiscal history. This is, I believe, why non-tax revenue has been neglected and overlooked: in the modern state it becomes an anomaly. If it was taxation that fueled the transition from feudality to modernity—as Schumpeter and others suggest—non-tax revenue needs to be firmly put on the feudal side.

While I noted earlier that a political philosopher like Bodin emphasized the superiority of domain revenue over taxes, most classical economists held the opposite view, and their writings have of course shaped modern ideas to a greater degree. Just take Adam Smith, who asserted in *The Wealth of Nations* that no “civilized state” in Europe

⁵More recently, historians have added a third stage, called the *fiscal state*, in order to capture the nineteenth century shift into more advanced financial administration and greater reliance on credit markets. The concept of the fiscal state and its importance for processes of state formation currently occupies a central position within the field known as *New Fiscal History* (see for instance Bonney, 1999b; Daunton, 2001; Yun Casalilla and O’Brien, 2012).

derived “the greater part of its publick revenue from the rent of lands which are the property of the state.” Such revenue, he added,

though it appears to cost nothing to individuals, in reality costs more to the society than perhaps any other equal revenue which the crown enjoys. It would, in all cases, be for the interest of the society to replace this revenue to the crown by some other equal revenue, and to divide the lands among the people, which could not well be done better, perhaps, than by exposing them to publick sale. (Smith, 1776/1981, pp. 823–24)

4.3

Why Non-Tax Revenue Matters

I should reiterate that I have little interest in arguing against the narratives about taxation. The basic notion that state-society relations are fundamentally altered when the government reaches into the citizens’ pockets and take a share of their wealth or income is both intuitive and empirically persuasive. My point is simply that there seems to be good reason to direct attention also to sources of non-tax income. I thus propose to *complement* existing perspectives rather than to *substitute* them.

The fact is that the taxation narratives provide support also for the argument proposed here, although it is largely implicit: if taxes are important, then, by logical extension, so are non-taxes. A ruler who collects large amounts of non-tax revenue has less need to bother the people with taxes, and that would undercut the explanatory capacity of the tax arguments. As we shall see, the possibility that non-tax revenue can enable tax relief is in fact one of the mechanisms by which it is thought to generate political effects. But a more substantive argument can be made: if taxation has certain political effects, other forms of state revenue could very well have wholly different effects. Domestic taxation, as we have seen, tends to create opposition within the population and requires the government to employ either incentives or threats (or both) to ensure compliance. With little or no taxation such societal interaction may be unnecessary, but other issues could arise. For instance, if state revenue was collected in the form of a subsidy from a foreign government—foreign aid would be a contemporary example—it would impact on the relationship, not to the domestic population, but

to that foreign benefactor, and this could of course have far-reaching political repercussions. In subsequent chapters I will further theorize which political costs can plausibly be tied to what kind of income, but at this point it suffices to note that different sources of revenue may very well have very different political effects.

5

Of Rule and Non-Tax Revenue

A FEW DECADES ago, taxation was characterized as “the most significant political phenomenon that political scientists have left relatively unexplored” (Curtis, 1989, p. 1424), and more recently, Tilly (2009, p. xiii) remarked that “it is surprising, even shameful, that social scientists and historians have paid so little attention to taxation.” It seems to me, however, that we know a whole lot more about the political effects of taxes than we do about the effects of non-tax revenue. As I have sifted through the literature on historical regime formation, I have—with few exceptions—found only isolated and more or less anecdotal comments about the possible impact of non-tax revenue on political rule. These isolated comments do, however, point to some important propositions.

Tilly himself is a case in point: the lack of representative institutions in early modern Portugal, he posits, can be explained by the rulers’ “strong reliance on overseas trade for royal income.” Similarly, the treasure of silver and gold shipped from American colonies to Spain “created an alternative to domestic taxation” and in doing so it allowed Spanish monarchs to rule with fewer constraints than did their Europe counterparts (Tilly, 1992, pp. 62, 94, 124–25). The comments hint at a more general relationship, but Tilly makes no effort to pursue it further and he gives non-tax revenue no role to play in his fiscal-military model of European state formation. Mann (1988, p. 116) has made comparable remarks: early modern absolutism, he lets us know, was founded on the ruler’s capacity to acquire a degree of financial autonomy from societal groups: “Prussian and Russian absolutism certainly had its origins in the extensive private estates of its rulers.

Elizabeth could have dispensed with Parliament if it were not for the Irish adventures. . . . Spanish absolutism was founded upon the gold and silver of the New World; French absolutism on the delaying, divisive strategy of the sale of offices.” He seems to suggest that rulers made deliberate efforts to replace taxes with these kinds of income in order to avoid popular demands (Mann, 1993, pp. 381–89). Bendix (1978, p. 221) also associates royal authority to the access to “the king’s own resources,” and adds that, given the opportunity, a monarchical ruler will try to augment the revenue from his or her domains.

I know of three historical studies that discuss non-tax revenue in a more systematic manner, although I still find these discussions quite rudimentary in conceptual and theoretical aspects. According to Edgar Kiser, wealth and power go hand in hand, and rich rulers were, on the whole, able to govern in a more autonomous fashion. However, it was not only the *quantity*, but also the *source* of their wealth that mattered, “since not all economic resources are equally easy used.” He clarifies that “The important resources of the Crown are those that provide fiscal independence from the nobility, which will include all types of revenue except direct taxation” (Kiser, 1987a, pp. 84, 369). The political anthropologists Richard Blanton and Lane Fargher do not cite Kiser, but their approach is almost identical. In a sprawling study of thirty historical polities all around the world they systematically record the origin of state revenue in order to say something about state rule. Their argument neatly summarizes much of what has been said so far:

Taxpayers are endowed with resources placing them in a position to make demands on rulers to the degree that rulers depend on them to achieve their revenue goals (we call these ‘internal resources’ below). However, to the degree that rulers are less dependent on taxpayers to fulfill their revenue goals (i.e., if they can make use of what we’ll call ‘external resources’), they are less likely to engage in bargaining. (Blanton and Fargher, 2008, p. 14)

Interestingly, the third study with an explicit focus on non-tax revenue that I know of, draws the exact opposite conclusion. In his study of the origins of democracy and autocracy in early modern Europe, Brian Downing (1992) suggests that access to ‘foreign resources’ can in fact be linked to the survival of constitutional and representative institutions. The main threat to consensual and liberal political arrangements in Europe, he contends, was mobilization for war, because such mobilization

mandated an extensive extraction of domestic resources, which in turn necessitated coercive practices and an expansion of monarchical powers. But rulers who were able to finance their wars by raising revenue from outside the borders of their realms had less need for domestic taxes, and they could therefore afford to act within constitutional boundaries. Downing's reasoning makes sense if we look exclusively at the predictions of military historians, but he never acknowledges the more influential theory about taxation and representation. To be blunt, I believe he is mistaken when he assumes that a fiscally independent ruler would be magnanimous and submit to constitutional and representative constraints.

In sum, the scholars referred to here clearly perceive the basic relevance of non-tax revenue to the study of political rule; they *hint* at a theory, but do not provide it. But as I noted in the introduction, there is in fact already a well-established political theory of non-tax revenue, although it has never been applied to historical Europe. I will now turn to the *rentier state theory*, and see what insights the study of modern oil states can bring to our efforts to understand regime formation in early modern Europe.

5.1

The Rentier State Theory

The rentier state theory should be familiar to any student of the political economy of the Middle East, and also to readers with interest in the links between natural resources and development, a field commonly referred to as the 'resource curse' (a term coined by Auty, 1993). Originally developed to explicate the peculiar development trajectory of oil-producing states since the end of World War II, this theory has been identified as "one of the major contributions" of Middle Eastern studies to political science (Anderson, 1987, p. 9). The fact that the extraction and sale of valuable natural resources seem to generate a number of economic afflictions (see Sachs and Warner, 2001; Humphreys et al., 2007; Frenkel, 2012), or trigger, intensify, and prolong civil wars (see Le Billon, 2001; Ross, 2004; Collier and Hoeffler, 2005) need not concern us here; the focus of the discussion is solely on the political side of the issue, and in particular on the notion that democracy simply

does not seem to be “a problem” for rentier states (Luciani, 1987, p. 74).¹

As originally formulated by Hussein Mahdavy, rentier states are defined “as those countries that on a regular basis receive substantial mounts [sic] of external rent . . . paid by foreign individuals, concerns or governments” (Mahdavy, 1970, p. 428). The term rent itself is a little harder to define, but as it is used here it basically denotes a reward for landownership, or a monopoly profit.² Oil is arguably the rentier commodity *par excellence*, because this resource is almost always owned by the state and its sales price (usually) far exceeds the costs of production.

Mahdavy’s basic definition of the rentier state was eventually expanded by Hazem Beblawi (1987). In a rentier state, Beblawi suggested, the economy is (i) predominated by “rent situations”; (ii) the origin of the rents is external; (iii) the rent-generating activity engages only a fraction of the domestic work force; and (iv) the government stands as the main recipient of the rents. In the quintessential rentier state, then, economic and political power blend together; the government is externally funded and therefore financially autonomous from the domestic population, and that autonomy can be turned into political imperviousness. With less need to collect taxes from the population these states can preempt political demands from society. Flush with rents—sometimes characterized as “free resources” (Smith, 2008)—they can more easily direct their expenditure to reducing popular opposition even further, either by buying off would-be competitors or by distributing perquisites to supporters—state-society relations become, as Giacomo Luciani (1987, p. 70) has argued, all about “allocation” and not production (see also Delacroix, 1980; Vandewalle, 1998). And should societal resistance nevertheless arise, it can be put down again with the help of a repressive apparatus that is not financially dependent on contributions from society.

Before I go into further detail I should highlight a few caveats that pertain to my discussion. First, I focus exclusively on the political side of rentierism, sidelining more economic aspects of the rentier economy. This arguably violates some assumptions made by the founders of the

¹For informative overviews of the broader field, see Rosser (2006) or Ross (2015).

²A more exact definition of economic rent is that it is an excess payment for a commodity that exceeds the total costs of production—including capital investment, production, transportation, taxes, and a ‘normal’ profit. Rent can be generated by any factor that inflates the sales price of a commodity or disrupts open competition, such as scarcity, patent rights, or monopoly control.

theory, who adopted a more integrated approach. For them, it was the combination of substantial rents in government and a stagnant and non-participatory economy that together created rentier states. Importantly, my own focus is more narrow: I aim to explore the relationship between rentier income (or non-tax revenue) and political rule, *not* to designate and investigate a specific type of state. I will therefore draw inspiration from rentier state theory, but I will not try to apply that theory wholesale to the historical record.

Secondly, I will pitch my discussion in terms of rents and rentierism even though the bulk of the studies I cite write more specifically about the peculiarities of oil and other ‘cursed’ natural resources. My justification here is that these natural resources are not bad in and of themselves; they do not hurt states like kryptonite hurts Superman. The problem is rather that they give rise to a certain form of state revenue that, in turn, impacts on political institutions. Differently put, oil should only have an effect on government insofar as the rents are actually collected by the government. Thus Morrison (2015, pp. 39–40, 109) emphasizes that “political aspects of the ‘resource curse’ have less to do with natural resources than with revenues,” while Ross (2008, p. 3) clarifies that “extracting oil is harmful because of the revenues it generates.” I also want to point out that early rentier scholars made it quite clear that rentier state theory was not about oil as such, but about rents. Other sources of similar rent include foreign aid, transit fees for passage through canals, worker’s remittances, even tourism (see Mahdavy, 1970, pp. 429–31; Beblawi, 1987, p. 61; Luciani, 1987, p. 70). Focusing on rents rather than on oil (or gas, diamonds, copper, etcetera) therefore seems warranted, but it may be the case that I paint with a broader brush than the authors I cite would appreciate.

Finally, my basic assumption here is that there is in fact a similarity between the resource rents in modern states and the non-tax revenue of historical Europe. This is not obviously true, but I attempt to demonstrate the validity of this assumption in the following chapter, where I lay out my conceptual argument in greater detail.

THE RENTIER EFFECT ON REGIME TYPE

The notion that a fiscal reliance on resource rent can entrench authoritarian regimes and impede democratization has become commonplace and influential in both academic and popular circles. A few years ago it made columnist Thomas Friedman (2006) declare that he had discovered “the axiom to explain our age,” which he called *The First Law of*

Petropolitics: “The price of oil and the pace of freedom always move in opposite directions in oil-rich petrolist states.” And indeed, when one thinks of prominent oil or mineral states it is quite hard to come up with democratic ones. Norway, with its North Sea oil stands out, of course, and the US has always been one of the world’s top petroleum producers without seeing its democracy deteriorate. More impressive, perhaps, is the fact that Botswana has instituted and retained democratic rule despite rich deposits of diamonds. But for every success case there seem to be a number of foundering ones. Let us take a closer look at Equatorial Guinea, arguably one of the more extreme examples. With a lot of oil and a small population, GDP per capita has occasionally surpassed \$20,000, turning Equatorial Guinea into the first high income country in Africa (and more or less on par with European states like Portugal or Slovenia). The vast resource wealth has certainly not benefited the common people, however: life expectancy at birth remains below 60 years, half the population have no access to clean water, and three-quarters fall under the poverty line.³ Ever since a 1979 coup, the government is controlled by Teodoro Obiang Nguema Mbasogo, who is by now the longest-serving president in the world.⁴ According to the rentier state theory, the concentration of political power in Obiang’s hands follows as the predictable result of the concentration of resource wealth in the waters outside the Equatoguinean coast.

As noted already, rentier state theory originated in Middle Eastern studies, and most early research also took the form of case studies of Middle Eastern and North African petrostates.⁵ Since then, the geographical scope of the theory has gradually been extended, first into sub-Saharan Africa,⁶ then Latin America,⁷ post-Soviet states,⁸ and Asia.⁹ In an article entitled “Lessons From Strange Cases,” Goldberg et al. (2008, p. 506) even look at the political impact of resource extraction in various US states, and they conclude that “oil production

³These indicators are sourced from AEO (2015), HRW (2015), and UNDP (2015).

⁴Obiang’s presidency tops that of his Angolan counterpart, José Eduardo dos Santos, by less than two months. Angola, of course, has its own share of natural resources. See Omgba (2009) for an analysis of oil rents and the longevity of African leaders.

⁵See Vandewalle (1987), Vandewalle (1998), Crystal (1990), Bellin (1994), Gause (1994), Shambayati (1994), Chaudhry (1997), and Herb (1999).

⁶See Yates (1996), Clark (1997), and McSherry (2006).

⁷See Karl (1997) and Dunning (2008).

⁸See Esanov et al. (2001), Møller (2006), Goorha (2006), and Franke et al. (2009).

⁹See Paler (2013) and Asher and Novosad (2014).

does appear to be undemocratic, if by that one means the opposition is less likely to come to power.”

Practically all these studies find that rentierism tends to make governments more autocratic and increases the longevity of political leaders, but some researchers have challenged these results, arguing that the political effects of rentierism are more ambivalent. Herb (2005) contends that rents probably have both positive and negative effects on democratic development, and notes that we should try to estimate the net effect of these two countervailing forces. His own results are inconclusive, however; rentierism does not give countries more democracy, but neither is it a political curse. Dunning (2008) similarly claims that rents have both a “direct, authoritarian effect” and an “indirect, democratic effect,” and suggests that the overall impact hinges on the level of economic equality. In a rare argument about the positive effect of rents, Clark (1997, p. 75) predicted that “On the whole, oil wealth slightly increases [Congo-Brazzaville’s] chances of becoming democratic, but only if that wealth is wisely used.” With the benefit of hindsight we know that it was not ‘wisely used’: the very same year Clarke published his article, a former autocrat, Denis Sassou Nguesso, overthrew the democratically elected government and has held on to power ever since. Access to oil rents has in all likelihood prolonged his regime (see Jensen and Wantchekon, 2004, p. 820; Ross, 2012, p. 148).

Over the last fifteen years or so, a great number of statistical studies have attempted to clarify the empirical reach of the rentier argument. In an early, seminal article from 2001, Michael Ross concludes that oil rents do indeed hinder democracy and that this effect is found not only in the Middle East but all over the world. What is more, the anti-democratic effect of oil is noticeable even when exports are relatively small, it tends to be stronger in otherwise poor countries, and the export of hard minerals seems to yield a similar political outcome (Ross, 2001). Since Ross presented his original findings, the debate on this issue has exploded: his argument has received support from some,¹⁰ been refuted by others¹¹ and then defended against those refutations.¹² A group of scholars have argued that rentierism is in fact neither anti-democratic nor pro-authoritarian, but simply stabilizes the regime that happens

¹⁰See Wantchekon (2002), Jensen and Wantchekon (2004), Ulfelder (2007), and Wright et al. (2015).

¹¹See Alexeev and Conrad (2009), Haber and Menaldo (2011), and Oskarsson and Ottosen (2010).

¹²See Andersen and Ross (2014) and Wright et al. (2015).

to be in power, essentially recasting the rentier argument into a regime survival hypothesis.¹³ Others have promptly found evidence against this amendment.¹⁴

As a recent literature review by Ross (2015) makes abundantly clear, the field has become quite particularized, specialized, and very technical. Although considerable disagreement still exists over the scope and strength of the theory, it seems as if the rentierism-hinders-democracy argument remains the more robust one. Ahmadov (2014) recently reviewed twenty-nine cross-national studies of oil and autocracy, and he finds that 86 percent of all significant relationships support that argument (representing about two thirds of all empirical estimates investigated). After examining these relationships further he concludes that there is “a small, in meta-analytic terms, but nontrivial negative association between oil and democracy across the globe,” but notable variations exist across geographical regions and institutional contexts (*ibid.*, p. 1259).

In sum, while most studies are broadly consistent with the claim that higher levels of rentierism reinforce autocratic regimes and thus make democratic transition less likely, Ahmadov’s conclusions serve to remind us that the relationship is certainly not a law-bound regularity. They speak against the kind of near-deterministic statements that have sometimes been made by rentier state scholars (see Rosser, 2006, pp. 22–24), exemplified by Luciani’s (1987, p. 75) assertion that “The fact is that there is ‘no representation without taxation’ and there are no exceptions to this version of the rule.”

EXTENDING THE RENTIER STATE THEORY

Over the last decade the scope of the rentier state theory has been significantly expanded. As just noted, the theory has been applied to a wide range of states outside the Middle Eastern region where it was first conceived, but in addition to this geographical expansion there has also been a sectoral one, whereby the theory has been broadened from a narrow focus on oil to other hydrocarbons, to hard minerals, gemstones, and other valuable resources. In an interesting turn the rentier argument has been further broadened to include worker’s remittances (Brand, 1992; Abdih et al., 2012; Ahmed, 2012) and, in particular, foreign aid.

¹³See Smith (2004), Morrison (2009), Morrison (2015), Omgba (2009), and Bueno de Mesquita and Smith (2015).

¹⁴See Ulfelder (2007), Caselli and Tesei (2011), Andersen and Aslaksen (2013), and Wiens et al. (2014).

The notion that foreign aid could be fiscally equivalent to oil rent was noted already by Mahdavy (1970, pp. 229–31) who stressed that “one can consider the oil revenues almost as a free gift of nature or as a grant from foreign sources. In fact, it may be worth taking note of the similarities that exists between external rents and foreign grants. In their economic effects, they are almost identical.”

Empirical research has failed to generate any clear consensus on the impact of aid on political regimes, however. Some have found that aid generally has no effect whatsoever on democratic performance (Knack, 2004), others that it diminishes chances for democratization under some circumstances (Moore, 1998; Dunning, 2004; Kalyvitis and Vlachaki, 2012), or most circumstances (Morrison 2007; 2010). Perhaps most radically, Djankov et al. (2008) suggest that aid disrupts democracy even more than oil does. In contrast to these findings there are also more positive views on the relationship between foreign aid and democratization (Goldsmith, 2001a; Goldsmith, 2001b; Collier and Mazzuca, 2006).

Morrison (2009, p. 109) has recently taken the rentier argument to what I consider to be its logical conclusion; if it is revenue that is doing the work, he asks, why should we study oil rents and foreign aid separately? And what about other kinds of non-tax revenue? He boldly asserts that “the particular source of non-tax revenue—state-owned enterprises, aid, or other sources—does not make a difference: they all act similarly with regard to regime stability,” and concludes that we need a more complete theory of state revenue and political regimes.

Not even Morrison turns his attention to history, however, and as far as I can tell, no one has really tried to project insights from the rentier state theory back in time.¹⁵ Partially, this reflects a disciplinary divide, I presume; few scholars are familiar with both European early modern history and the contemporary development of states in other parts of the world. But most rentier state theorists also seem to assume that the fiscal phenomenon they investigate is of inherently modern origins, created by a near-insatiable global demand for scarce, and locally concentrated, natural resources. Terry Lynn Karl suggests that with the exception of the Spanish expropriation of American treasure in the sixteenth century, no historical case comes close to the windfalls experienced by oil-exporters in the late twentieth century:

¹⁵As noted, both early modern Spain and Portugal have been referred to as rentier states, but only fleetingly, as a pithy characterization.

most states in the periphery [sic] are distinguished from their European counterparts in one fundamental respect: as a result of their late insertion into the international economy, they generally rely on external rather than internal sources of revenue. Indeed, their tax base¹⁶ is quite distinctive in this respect. In contrast to the European experience of state building, they have grown dependent on revenues from the sale of their primary commodities and, to a lesser extent, on external indebtedness, taxes on imported goods, or foreign aid. (Karl, 1997, p. 13)

The theoretical constructs appropriate for contemporary developing nations, she adds, are therefore different from those we would typically use to make sense of European history. Bräutigam (2008, p. 14) similarly asserts that while many developing countries today are highly dependent on one or a few natural resources, this was never the case for industrialized nations, “even in their early histories.”

I would argue that assertions such as these should be treated as assumptions or hypotheses, not facts. To give just one counter-argument, think of salt. Today it costs practically nothing, but salt has been an immensely valuable commodity for millennia, at times worth its weight in gold (and mankind can live without gold, but not without salt, as the Roman statesman Cassiodorus once said). The production and distribution of salt was often monopolized by the state, such as in China where the salt monopoly was in place for two and a half millennia. My point is that salt seems to be tightly coupled to the fate of historical polities and to the exercise of political authority (see for instance Adshead, 1992; Ritz, 1996; Bloch, 2003). In the introduction I also cited Beblawi and Luciani (1987a, pp. 19–20), who emphasized the historical generality of their theory and referred to the Roman Church, the Spanish Empire, the Principality of Monaco, and Peru as possible rentier states. I am not so sure that rentier states (as traditionally defined) are “a common feature of history,” but I do think that rentierism (loosely understood as a significant access to non-tax revenue) is.

¹⁶She uses the term ‘tax base’ broadly here, equivalent to ‘revenue base.’

5.2

Historical Roots

Rentier state theory has never been applied to history, but that does not mean that it has no historical roots. In fact, it has strong ties both to European economic thought, and to European economic history. Just take the term ‘rentier,’ which simply refers to an individual who collects rent from tenants leasing his or her property—more commonly referred to as a ‘landlord.’ The concept was crucial to the classical economists, who expressed almost universal hostility toward the rentiers¹⁷ and saw them as an indolent, unproductive category of citizens who profited on the industry of others simply by controlling their access to production opportunities; Adam Smith (1776/1976, p. 67) framed them as people who “love to reap where they never sowed.” As best I can tell, the idea of a *rentier state* does not come from classical economics, however, but from Marxist quarters. In his writings on imperialism, Lenin used it to characterize financially powerful states, which in their pursuit of new markets and profits exploited the production in overseas countries and colonies—exactly as landlords domestically exploited the working poor. The rentier state, in Lenin’s (1917/1999, p. 102) opinion, “is a state of parasitic, decaying capitalism, and this circumstance cannot fail to influence all the socio-political conditions of the countries concerned in general.”

This is the intellectual soil in which rentier state theory is rooted, and at least Beblawi (1987, pp. 50, 52, 62) does not conceal his source of inspiration. In a rentier state, he suggests, revenue is not generated by honest labor or audacious risk taking, but by territorial control and fortuitous chance; the work-reward causation is broken and this impacts on the motivation and aim of public policy. Mahdavy (1970, p. 437) claims that social problems in rentier states therefore fail to induce the same level of concern and urgency as they would in countries less endowed with natural wealth. The result of rentierism is sociopolitical stagnation, inertia, and complacency.

If we turn from intellectual to fiscal history we also find that rentier state theory has much to do with Europe’s past. Most rentier state scholars seem to assume that taxation invariably led to representation in historical Europe, and that this is what is *not* happening in modern rentier states. Explicit references to European tax history permeate

¹⁷The partial exception would be Malthus (1836).

the literature: Ross (2004, p. 232) finds that Morrison (2015, p. 56) similarly single out the taxation-representation narrative as “perhaps the most influential framework for scholarship on the effect of natural resources on politics,” and adds that if we want to get a sense of how non-tax revenue could impact on regime formation “it is useful to turn to *rentier* literature.” In other words, the rentier state theory is the contractual tax narrative turned on its head—rentierism is seen not only as *different* from the European fiscal experience, but its exact *opposite*. Lisa Anderson (1987, p. 14) claims that “the historical linkage in Europe of state formation, taxation, participation, and legitimacy is absent in the Middle East,” and more recently, Schwartz (2008, p. 602) asserted that “Rentier states display a particular path to state-formation that by and large defies the European path.”¹⁸

All things considered, it should perhaps not be surprising that the rentier state theory has never been applied to European history; every time history is brought up, it is to prove the point that what we see in rentier states is different, new, and ‘non-European.’ The approach I choose here is therefore innovative in at least two ways: I draw inspiration from rentier state theory to European history, not vice versa, and my ambition is to bring out commonalities, not contrasts.

5.3

Concluding Thoughts

In her study of petro-politics in Venezuela, Terry Lynn Karl asserts that

It matters whether a state relies on taxes from extractive industries, agricultural production, foreign aid, remittances, or international borrowing because these different sources of revenues, whatever their relative economic merits or social import, have powerful (and quite different) impact on the state’s institutional development ... *Simply stated, the revenues a state collects, how it collects them, and the uses to which it puts them define its nature.* (Karl, 1997, p. 13, emphasis added)

¹⁸See also Beblawi (1987, p. 53), Brynen (1992, p. 75), Gause (1994, pp. 42–43), Vandewalle (1998, ch. 2), and Paler (2013).

This quote may serve as a concise summary of the broad fiscal-political argument I have made over the last four chapters. More specifically, in this chapter I draw the conclusion that the political significance of non-tax revenue that Tilly, Mann, and Kiser allude to, is substantiated by the findings of rentier state scholars: *access to non-tax revenue facilitates the strengthening of autocratic rule*. This basic hypothesis sets the fundamental empirical expectation of the present study, and it will guide my investigations of regime formation in early modern Sweden. Those who favor the regime survival argument would probably want to point out that access to non-tax revenue may facilitate the consolidation of *all kinds* of governments: democratic, autocratic, and hybrid. Without arguing against that standpoint, I have chosen to delimit the scope of my study to deal only with non-tax revenue and autocratic rule. It seems to me that the survival of autocracies and democracies involves quite different causal mechanisms,¹⁹ which would support such a delimitation.

In the next three chapters—together forming part II of the book—I will take this hypothesis apart and parse its three constituent components, namely *cause* (non-tax revenue), *outcome* (autocratic rule), and the *mechanisms* that explain how one leads to the other. I have said practically nothing about possible mechanisms in this chapter for a simple reason: we know much more about the basic association between rentierism and autocracy than we do about the causal process itself (see Ross, 2001; McSherry, 2006; Sandbakken, 2006).²⁰ In a recent article, John Gerring concludes that

Recent work on the ‘resource curse’ is virtually united in identifying oil and other mineral resources as a (probabilistic) cause of civil war, bad governance, autocracy, and stagnant long-term growth. Yet, the causal mechanisms at work in this causal story remain opaque. There is a great deal of theoretical speculation and some empirical testing—clearly, authors are taking the question of mechanisms seriously—but few strong conclusions have emerged. (Gerring, 2010, p. 1507)

I would suggest that the very habit of framing this effect as a ‘resource curse,’ and the fascination that framing has fostered, stands in the way of a better understanding of mechanisms. Take, for example, the lament

¹⁹This is in fact what both Morrison (2009) and Dunning (2008) suggest.

²⁰And contrary to Moore (1998, p. 98) I do not think the causal mechanisms involved are “largely self-evident.”

of OPEC's founder, Juan Pablo Pérez Alfonzo, that "We are drowning in the devil's excrement," (referring to oil of course) or the excuse by Zambia's former president Kenneth Kaunda, that even though the government was partly to blame, "We are paying the price for having been born with a copper spoon in our mouths."²¹ Such statements are rhetorical, of course, but they nonetheless shift our attention away from agency and political choice, and they invite some sort of determinism. Gwenn Okruhulik (1999, p. 309) criticizes such notions by pointing out the obvious: money does not spend itself. "The receipt of oil revenues per se does not explain development or opposition or relations between ruler and ruled," she writes; "The manner in which the rent is deployed, however, tells us much." I will return to the rentier state theory in chapter 8, where I pick up the discussion of causal mechanisms.

²¹Quoted in Karl (1999, p. 32) and Kaufman (1978), respectively.

II

CONCEPTS AND THEORY

Imagine how an enlightened and benevolent absolute ruler ... would organize the expenditures and taxes of his country. He would find himself in possession of certain traditional revenues from demesnes, monopolies, imposts and taxes. - - - But since taxes so levied from above are almost bound to seem burdensome to the taxpayer, our ruler would try to avoid the appearance of burdensomeness as best he may. For example, he would give preference to indirect taxes, such as regalia, duties, 'state enterprises,' etc., over direct taxation; he would use fees and dues rather than tax revenues to cover the costs of those state services which are directly demanded by individuals. If the ruler thereby succeed in increasing public revenue and expenditure 'on the quiet,' that is if the imposts, dues and fees were not considered as taxes by the people, he would probably congratulate himself on having combined such prosperous finances with so slight a (visible) tax pressure.

—Knut Wicksell (1896/1958, p. 83)

6

The Cause: Proprietary Revenue

MORE THAN A century ago, Edwin Seligman (1895, p. 265) remarked that “Among the unsettled questions of the science of finance few are more troublesome than that of classifying the different kinds of public income.” His words have not lost their relevance, I believe, and certainly not in the case of non-tax revenue, which has been singled out as “a neglected topic” in the general public finance literature (Das-Gupta, 2011).¹ My own use of the term so far has been born out of convenience; the choice reflects an effort to be understandable but it arguably sacrifices conceptual accuracy. Here is why I dislike the term ‘non-tax revenue’: to begin with, it is what logicians refer to as a negative term, meaning it says what it is by saying what it is not (Sanford, 1967). The absence of independent meaning and precision explains why non-tax revenue tends to be used as a catch-all category of state finance, encompassing any and all revenue items that fall outside the definition of taxation.² More troublesome from my point of view is the fact that taxation and non-taxation first and foremost are economic designations that do not necessarily capture the political distinctions a

¹As a case in point, take the popular textbook by Musgrave and Musgrave, *Public Finance in Theory and Practice* (1989): under the heading ‘Categories of Revenue’ the authors split government income into taxes, charges and borrowing, and then they proceed to focus exclusively on taxation. Tellingly, the title of the chapter is ‘Introduction to taxation’ and no apparent distinction between tax and non-tax sources of state finance is made anywhere in their six hundred-page treatise.

²It is emblematic, I think, that the IMF Government Statistics Manual wants to avoid the term non-tax revenue, and instead to include a category called “other revenue.” Look inside this category and you also find a subcategory called “transfers not elsewhere classified” (IMF, 2014, ch. 5).

political scientist would want to explore (Moore, 1998, p. 90). Michael Braddick (1996, pp. 13–14) emphasizes this possible drawback when he notes that not all ‘taxes’ in early modern England were in fact regarded as such by contemporaries: “They may have been, in economic terms, taxes but they were raised instead as rights to revenue associated with the monarch personally. . . . they were income associated with the demesne, broadly conceived, rather than taxation.” This is the reason I maintain (see f.n. 2 on p. 34) that some early modern tolls, such as the Danish Sound Toll, should in fact be seen as a form of non-tax revenue (Braun, 1975, p. 260; Bonney, 1995b, p. 455). Braddick goes on to point out that while such distinctions may seem artificial and arcane to an economist, they “were and are politically significant.” Note that this ‘problem’ is not exclusive to historical studies: state-owned enterprises often pay corporate taxes, for instance, but they may also issue dividends to their owner, the state. From a political scientific standpoint we would probably want to characterize both these incomes as non-taxes, but accounting practices vary between countries and organizations, as well as over time. Prichard et al. (2014, pp. 10–11) make a similar point in the context of state revenue derived from natural resource extraction.

The task I take on in this chapter is to define and classify state income in a way that is helpful to the political study of rule and revenue. I agree with Moore (1998, p. 94) in that “Regular public finance jargon” is of little help, and that we need to look for “concepts that refer to the broad political and institutional dimension of state income and state-society relations.” I will proceed in a quite inductive fashion, by first providing an overview of existing terms and definitions, drawn from both the historical literature and from modern studies of rentierism. The classic justification for careful and rigorous concept formation is provided by Giovanni Sartori (1984, p. 60), who observed that “As we are . . . prisoners of the words we pick, we had better pick them well.” The following exercise goes beyond just picking a good word, however; the more vital concern is to uncover the specific attribute that makes non-tax revenue a discrete category of state finance. The chapter also includes a discussion of taxation and borrowing, and concludes with a summary of the main benefits of my conceptual approach.

6.1

Mapping Non-Tax Revenue

Many scholars wish to establish distinctions between, on the one hand, state revenue that originates from a population of taxpayers and, on the other, revenue that does not, but there is little agreement to be found when it comes to terminology or definitions. Some fiscal historians have found common ground around the notion of domain revenue, just as rentier state scholars speak of external rents, but a number of other labels have been proposed and I have generally found conceptual discussions to be either cursory or missing. From an academic point of view, terminological confusion and vagueness are unwelcome, of course, but I believe this also underlines a need and opportunity for clarification and development. To the best of my knowledge, no one has undertaken as comprehensive a review and discussion of the phenomenon of non-tax revenue as the one I present here. I should note that my interest here lies in research that *explicitly* deals with non-tax revenue—or whatever term the author prefers—and attends at least partly to the *political* aspects of such revenue. This means that strictly historical or economic studies fall outside the scope. I certainly cannot claim that my overview is entirely exhaustive, but I do believe that I have captured a fair breadth of existing scholarship.

As the tabular overview demonstrates (see table 1 below), the relevant literature on non-tax revenue presents a veritable plethora of different terms and definitions. It also surprises me that some scholars manage to discuss this income without actually providing any explicit name. In the case of Aristide Zolberg, neither name nor definition are given, but that does not hinder him from claiming that “the wealth extracted from the world outside Europe” gave Spanish monarchs autonomy; that French subsidies allowed Gustav II Adolf of Sweden to set up a strong state; and that the lack of “any direct resources of its own” made the English monarchy “highly dependent on the taxes allowed to it” (Zolberg, 1980, pp. 702–08). In spite of the variety of names, the overview also demonstrates that significant correspondence can be found between these different scholars. Kevin Morrison (2009; 2015) does not cite Blanton and Fargher (2008), and they study different polities in different time periods, but their definitions are nonetheless practically identical.

Source	Term	Scope	Definition	Examples
Blanton and Fargher (2008)	<i>external revenue</i>	From antiquity to 1900; the World	Revenue derived from sources other than a broad population of taxpayers.	Taxes on foreign trade; monopoly profits; surplus from forced labor production.
Schumpeter (1918/1991); see also New Fiscal History, e.g. Bonney (1995a) and Bonney (1999b)	<i>domain (demesne) revenue</i>	From medieval times to WW I; Europe	(n/a)	Revenue from domains; profits from the mint, the customs, mining and protection-of-jewry; legal fees; gifts and tributes.
Braun (1975)	<i>patrimonial revenue</i>	Early modern times; Europe	(n/a)	Revenue from domains; income derived from seigneurial rights and feudal prerogatives.
Zolberg (1980)	(n/a)	Early modern times; Europe	(n/a)	Revenue extracted from foreign sources; profits from mining; sale of crown property.
Kiser (1987b)	(n/a)	Early modern times; Europe	Revenue derived without support from the dominant class (typically the nobility).	Revenue from domains; confiscations; monopoly profits; tributes; plunder.
Braddick (1996)	<i>non-parliamentary revenue</i>	Early modern times; England	Revenue collected without parliamentary grant	Revenue from domains; feudal dues and prerogatives.
Downing (1992)	<i>foreign resources</i>	Early modern times; Europe	Revenue wrested from foreign lands.	Tributes; plunder; taxes on foreign trade.
Rosenthal (1998)	<i>Crown's prerogative revenue</i>	Early modern times; Europe	Revenue derived from the Crown's control of certain property rights.	(n/a)

Mann (1993)	<i>state property</i>	Nineteenth century; Europe	Revenue derived from royal or nationalized property, or from selling privileges or monopolies.	Revenue from domains; legal fees; profits from postal services, ports, mining, railways.
Tarschys (1988)	<i>trade revenue; non-tax revenue</i>	From medieval to contemporary times	Revenue attained from direct engagement in market transactions.	Profits from state-owned industries, monopolies, marketing boards, state trade, the mint; oil revenue.
Mahdavy (1970); see also Rentier State Theory, e.g. Beblawi and Luciani (1987b), Anderson (1987), and Yates (1996)	<i>(external) rents</i>	Post-WW II; the Middle East	Revenue derived from foreign actors through activities isolated from the general domestic economy.	Oil and gas revenue; fees from ‘location-specific infrastructure’ (canals, pipelines, military bases); foreign aid.
Delacroix (1980)	(n/a)	Post-WW II; developing countries	Revenue not extracted from the state’s own population. (Surplus not derived from work.)	Natural resource revenue; foreign aid.
Moore (1998; 2004; 2008); see also Smith (2008)	<i>unearned income; free resources</i>	Post-WW II; developing countries	Revenue attained without organizational or political effort and with little reciprocity in terms of public services.	Foreign aid; profits from fixed, over-valued exchange rates; natural resource revenue.
Morrison (2009; 2015)	<i>nontax revenue</i>	Post-WW II	Revenue not derived from taxation but ‘externally obtained.’	Foreign aid; natural resource revenue; borrowing; “all other revenue besides taxation”

Table 1: Conceptualizations of non-tax revenue

Most similarities are to be found in the more empirical column under ‘Examples,’ however: references to profits from natural resource extraction (sometimes included under monopoly profits) abound, the foreign subsidies of old are comparable to the foreign aid of today, and early modern tolls correspond to the ‘location rent’ some modern states earn from providing access to canals, pipelines, or air bases (see Beblawi, 1987, p. 61). All these accounts therefore seem to be referring to the same, broad category of state revenue.

THE DEFINING ATTRIBUTE

But why would we want to put this motley collection of revenue into the same category? In other words, what is the defining attribute of all these sources of income? By examining the overview I think we find at least four possible answers to that question, the simplest and most straightforward being that they are *non-taxes* (Morrison, 2009; 2015). I have already presented some drawbacks involved in using this concept and need not repeat myself. It is interesting to note, however, how some scholars hedge their bets somewhat by defining non-tax revenue as income derived without support from domestic taxpayers (Blanton and Fargher, 2008), or more narrowly, from the dominant social class (Kiser, 1987b). Does that imply that taxes derived from other sources could perhaps be included in the non-tax category? These formulations underline that it is not really the economic distinction between taxes and non-taxes that is of interest, but the state-society relations they embody.

A second theme can be gleaned from the scholarship of Mick Moore (1998; 2004; 2008). Moore is influenced by the rentier state paradigm but he emphasizes *administrative effort* as the discriminating aspect of state revenue.³ Revenue that is easy to collect and thus requires little organizational skill or investment is seen by Moore as being ‘unearned,’ and Smith (2008) further characterizes such unearned revenue as ‘free resources.’ To earn its revenue, Moore proposes, a state has to work for it, which it supposedly has to do when it collects taxes. I have serious reservations about the suitability and usefulness of this approach. The terms strike me as overly normative, and it is not obvious why administrative effort should have anything to do with degree of ‘earnedness.’ Moore has sourced his term from the classical economists, who used it to characterize the income of the landowner. (In a sense it

³He also includes provision of governmental services as a key attribute, but I fail to see why expenditure objectives should influence the definition of state income.

is therefore synonymous with the concept of rent.) Landowners benefit from the surplus generated by labor and capital, but since they do not add anything to the factors of production, their share of the surplus is seen as unearned. Whether this notion can, or should, be scaled up to the state level is not entirely clear. Would not taxation be the exemplar of an unearned revenue, drawn by the idle state from activities it takes no active part in? Also, does Moore's emphasis on administrative effort imply that easily collected taxes are less earned than cumbersome ones? Levi (1988, p. 116) claims that tax administration in sixteenth century England was accomplished with one royal officer per four thousand inhabitants, whereas contemporary France needed one officer per every four hundred inhabitants. Did the greater efficiency in England make English revenue less earned than the French? As should be clear at this point, I am not particularly fond of Moore's conceptual approach.

I find the third possible answer to my question much more promising, however. The proposed terms 'external revenue' (Blanton and Fargher, 2008), 'foreign resources' (Downing, 1992), and 'external rent' (Mahdavy, 1970; Beblawi and Luciani, 1987b) all suggest that *externality* is a defining feature. Downing sees externality in the strictly territorial sense, emphasizing subsidies, tributes, outright plunder, and taxation of trade that take place outside national borders. Such money is inherently different from domestic revenue, he suggests. The rentier state theory also puts an emphasis on the externality criterion, explicitly focusing on income derived from foreign individuals, firms, governments, and organizations. Externality has an intuitive logic to it, I think. The politically significant distinction between foreign and domestic money would seem to be that the former allows the ruler to detach him- or herself from societal interests. But the logical extension of that insight suggests that the interpretation of externality in the territorial sense is too strict: internal income from domains or state-owned enterprise should also be able to result in such detachment. The discussion in Kiser (1987b, pp. 261–62) is illustrative here; he also brackets revenue into external and internal categories, but admits that some 'direct internal revenue'—"primarily from crown lands and indirect taxes"—could also increase monarchs' independence from social groups. The externality-criterion of rentier state theory can be challenged in a similar manner. Why would it matter on which side of the border the sale of state-owned natural resources takes place? Early rentier state scholars asserted that it did, and they explicitly formulated their definition so that it would capture the lack of meaningful connections between the rent-generating sector and the rest of the economy—what

an economist would refer to as forward and backward linkages (see in particular Mahdavy, 1970; Beblawi and Luciani, 1987b). Luciani (1987, p. 69) asserts that a state where a lot of oil is produced but not exported “does not appear to be essentially different from any other state whose income depends on domestic sources.” But the academic consensus has arguably shifted on this issue. For example, Ross (2008, p. 3)—one of the foremost experts on oil and political rule—recently reconsidered his earlier position, pointing out that it is hard to see why revenue from domestic sales should be factored out: “extracting oil is harmful because of the revenues it generates . . . but revenues can come from both domestic and foreign sales.”⁴ So, a more accommodating approach to the externality attribute—although it involves conceptual stretching—is to interpret it in a societal sense rather than territorial. Revenue could then perhaps be characterized as external if it does not depend on parliamentary grants (Braddick, 1996) or dominant class support (Kiser, 1987b), or if it is generated without exploiting the general population (Delacroix, 1980).

Finally, the overview points to a fourth defining attribute—one which I find superior to the other three. Many terms and examples in the overview emphasize *ownership*. Most obviously, Mann (1993, p. 387) considers ‘state property’ as a category of income, distinct from direct and indirect taxes; Braddick (1996, pp. 12–13) refers to a special class of revenue, “arising from a personal right belonging to the monarch” and collected through “the personal authority of the prince”; Yun Casalilla (2012, p. 33) argues that it is important to “ascertain whether princes’ revenues were personal or emerged by way of collective cooperation,” and Bonney (1999a, p. 15) speak of the domain state as relying not only on land ownership but on all revenue collected through “the exercise of regalian rights.” Numerous examples of revenue convey the ownership attribute, most obviously domains, prerogatives, monopolies, and state-owned enterprise.

The ownership-dimension is perhaps most prominent in historical work but note that it is also embedded in the modern study of rentierism. The term ‘rent’ specifically pertains to ownership: Thomas Robert Malthus (1836, p. 136) classically defined economic rent as “that

⁴More specifically, serious criticism has been directed against the operationalization of rentierism as the ratio of petroleum or hard mineral exports to GDP, because that measure may be endogenous to the outcome it seeks to explain. In other words, it may confound the effect of collecting certain revenue with the effect of simply being poor (Herb, 2005; Oskarsson and Ottosen, 2010; Haber and Menaldo, 2011). Alternative measures—such as rent per capita—usually drops the distinction between foreign and domestic sales of commodities.

portion of the value of the whole produce which remains to the owner of the land.” The state, of course, can be seen as the supreme ‘owner of the land’ and usually claims a share of resource wealth on basis of that ownership. Beblawi (1987, p. 49) therefore portrays rent as the “reward for ownership of all natural resources,” and Karl (1997, p. 34) draws this parallel between oil rents and the colonial revenue of early modern Spain: “Just as oil became the property of the state through custom, tradition, or law, all treasure discovered in the colonies legally belonged to the Crown.”

6.2

Proprietary Revenue

I would argue that the attribute of ownership best captures the politically significant dimension of state income—especially (but not exclusively) when we want to study historical periods. I therefore propose that the non-tax sources of income explored in this study can be more appropriately termed *proprietary revenue*, and specifically defined as *income over which the state, or even the ruler personally, can successfully claim ownership*. In cases where such claims are never put forward, where they fail, or where they are revoked the revenue can instead be termed *public*, meaning it belongs more to the people than to the state or the ruler. As far as I am aware, the term proprietary revenue is novel,⁵ but the distinction itself is certainly not new or unique. In fact, we need look no further than to Adam Smith (1776/1981, p. 817) who claimed that the state can draw revenue from two principal sources: it can either tap into “some fund which peculiarly belongs to the sovereign or commonwealth” or collect “the revenue of the people.” The German economist Adolph Wagner (1883/1958, p. 1) similarly distinguished between the ‘public’ and the ‘commercial’ income of the state: the former is generated by taxes and the latter by the state’s own production or services.⁶

⁵One caveat: the term is in fact used in business economics to denote a revenue stream that is unique to a specific business model, and profits based on patent rights can also be characterized as proprietary. This need not concern us here, however.

⁶I should also acknowledge that I am influenced by the Swedish political scientist Fredrik Lagerroth (1928), who classified state revenue according to its legal designation, as subject to private or public law (in Swedish, *privaträttslig* and *offentligrättslig*).

Before I discuss the concept of proprietary revenue further, I should make three clarifications: first, I want to stress that I see the proprietary and public types as constituting two ends on a continuum, and the characterization of specific revenue items should be thought of as a question of degrees, not absolutes. (I will refrain from using the awkward terms ‘proprietaryness’ and ‘publicness,’ however.) Second, my conceptualization is motivated by an interest in studying state-society relations. If I instead wanted to focus on relations between states, or military capacity, or economic efficiency, the distinction between proprietary and public revenue would perhaps make less sense. Finally, a focus on ownership does not necessarily invalidate the externality attribute, but I think that the question whether a revenue is external can be subsumed under ownership: the more external a revenue is, the easier it should be for the state or the ruler to claim ownership over it, whereas internal revenue often has a more public character.

REVENUE AS PROPERTY OF THE STATE

My conceptual approach to state revenue can be described as being property rights-based and it largely subordinates the analysis of the revenue source itself, to an analysis of the claims laid on that revenue and the reaction of others to such claims. Broadly speaking, the idea of property, and of having a right to own property, has played a critical role in the unfolding of political and social history, yet the topic has often been ceded to students of economics and law (Carruthers and Ariovich, 2004). As a result, the economic functions and effectiveness of property rights, as well as their legal origins and codifications have been well explored, while the social and political processes that underpin these rights have attracted less scholarly attention. It seems to me, however, that notions of ownership ultimately rest on a social contractual foundation—they evolve from tradition and customs, entrenched expectations of behavior, and socio-economic practices that may over time become unquestioned and largely unconscious. In short, ownership is rooted in non-legal developments (Rapaczynski, 1996, p. 88).

It follows from this that property rights should not be seen as based on a dyadic relationship between owner and property, but on a triadic relationship where a third party, a collective, plays a critical role in recognizing or rejecting claims of ownership. John Locke’s labor theory of property comes to mind as a classic example of the dyadic approach: ownership is here acquired by applying labor to nature. For Locke,

these rights are pre-societal, and the need for protection of property is a main reason for ‘men’ to enter society in the first place (Locke, 1690/1988, chs. 5 and 19, sec. 222). The triadic approach adds a social dimension to this picture. de Soto (2000, p. 177) argues that “it is not your own mind that gives you certain exclusive rights over a specific asset, but other minds thinking about your rights in the same way you do.” A famous passage from Rousseau’s *Second Discourse* conveys a similar point:

The first man, who after enclosing a piece of ground, took it into his head to say, *this is mine*, and found people simple enough to believe him, was the real founder of civil society. How many crimes, how many wars, how many murders, how many misfortunes and horrors, would that man have saved the human species, who pulling up the stakes or filling up the ditches should have cried to his fellows: Beware of listening to this impostor; you are lost, if you forget that the fruits of the earth belong equally to us all, and the earth itself to nobody! (Rousseau, 1755/2002, p. 113)

These arguments suggest that property rights are performative, and the endorsement—or at least acquiescence—of others is of key importance. It is for that reason I include the qualification of success in my definition of proprietary revenue: a powerful, autocratic king could perhaps go out and take the money and property he is in need of—to be sure, he can even claim that he is within his lawful rights to do so. But if he cannot obtain others’ recognition of such claims he merely *possesses* this wealth, he does not *own* it, and herein lies an important distinction (Carruthers and Ariovich, 2004, p. 24). My specific point here is that *proprietary revenue is not established by brute force but by collective recognition*.

The perspective I develop here is therefore quite different from how North (1981, ch. 3), for instance, discusses the nexus of property rights and state revenue. In his neoclassical model, the basic preference of rulers is to design and enforce a property rights structure that maximizes their income, while others—“the constituents”—seek to minimize their loss, using voice or exit. The outcome is essentially determined by the distribution of power in society (see also Levi, 1988; Rosenthal, 1998). My approach differs in two significant aspects: as I see it, ownership of a certain revenue is not established by arm-twisting—although arm-twisting may have a role to play—but by the power of argument, by referring to time-honored arrangements and customary rights, and by

exploiting swings in ideology or opinion. In other words, I think we need to play up the role of soft power.⁷ Secondly, a key argument here is that a successful claim of ownership should in fact act as a substitution for coercion; it stands to reason that collection of revenue that is seen as legitimate property of the state should excite less resistance and evasion than revenue collection that is considered to be unjustified or unconstitutional.

Another important implication of my approach is that the categorization of specific revenue items becomes unstable and provisional. Customs, behavioral patterns, and moral convictions all change over time and so do ideas about what one can claim ownership of. The idea that a person can own another human being supported the institution of slavery for centuries, but today such a notion seems repugnant. On the other hand there is now much discussion about intellectual property rights, which perhaps would have made little sense to jurists of older times. Similarly, what is regarded as a proprietary source of revenue at one point in time or in one place can very well be public at another, and vice versa. This does not mean, however, that everything is random or in a state of constant flux. As an example, consider mineral rights: in England, the Case of Mines from 1568 ruled “that by the law all mines of gold and silver within the realm, whether they be in the lands of the Queen, or of subjects, belong to the Queen by prerogative.”⁸ The prerogative did not extend to baser metals, however, such as copper (Chitty, 1820, p. 145). In early modern Sweden, on the other hand, copper was one of the most significant sources of proprietary revenue, and the mining of this metal was intermittently controlled through crown monopolies or trading companies (Odén, 1960; Wittrock, 1919). And in the US, by contrast, the surface landowner typically carries the legal right to all subsoil resources; such resources only belong to the government if they are found on federal land. My point is that we cannot automatically assume that the mining of a certain mineral would generate proprietary revenue. But at the same time, it is not difficult to explain why mining often do yield proprietary revenue: many metals hold significant value (especially if they constitute your monetary stan-

⁷The revenue gains some rulers made from the Protestant Reformation provide a good illustration of this point. Rulers had to be powerful, of course, to confiscate ecclesiastical property, but there can be no doubt that they were aided by the ‘soft power’ of the arguments by Luther and others, as well as by the more fundamental shift in religious opinion those arguments gave voice to. In chapter 10 I will look closer at how Gustav I of Sweden was able to exploit the Reformation process in order to make a massive fiscal gain for the state.

⁸Quoted from *World Heritage Encyclopedia* (WHE, 2016), s.v. “Case of Mines.”

dard) and therefore attract the fiscal interest of the state; they tend to be concentrated in one location and are relatively easy to control; and their extraction often requires a significant and prolonged input of capital. All these aspects should favor state involvement. I stated earlier that my conceptualization “largely subordinates the analysis of the revenue source itself to an analysis of the claims laid on that revenue” but that does not mean that the character of the revenue source is unimportant.

6.3

Taxes as Public Revenue

I have so far argued that proprietary revenue is a more appropriate and accurate term for non-tax revenue. What about the other category of state finance, public revenue that does not belong to the state or the ruler, but to the people? The principal focus of this study is on proprietary revenue, but I would still want to know whether the concept of public revenue makes sense or not. Some readers might immediately complain that my terminology is ill-advised as ‘public revenue’ falls very near the term ‘public finance,’ which is our name for the general study of government revenue and expenditure. But perhaps the fault lies with the second term. I agree with James O’Connor, who writes that

The conventional phrase ‘public finance’ reveals the ideological content of orthodox economic thought by prejudging the question of the real purposes of the budget. The phrase ‘state finance’ is preferable to ‘public finance’ . . . precisely because it remains to be investigated how ‘public’ are the real and financial transactions [sic] that take place in the state sector. (O’Connor, 1973, p. 10)⁹

In what follows I will consider the specific character of taxes and I will in fact use the formal economic definition of the term as my point of departure.¹⁰ This definition may at first glance seem not only too formalistic but in fact altogether counter-intuitive. Yet, I think that closer inspection can bring out aspects that are specific to taxes—and by extension to what I call public revenue.

⁹See also Braun (1975, p. 244).

¹⁰A similar approach is found in Martin et al. (2009b, p. 3).

As commonly defined by international financial organizations, taxes are “compulsory, unrequited payments, in cash or in kind, made by institutional units to government units.”¹¹ The term ‘institutional units’ is perhaps unfamiliar but basically refers to everyone who is liable to pay taxes, such as individuals, households, corporations and organizations. What warrants a closer look here are rather the first two words. Firstly, a tax is defined as *compulsory*, meaning that whether or not you actually *want* to pay does not matter, at least not in the legal sense; if you are liable for a tax you simply have to pay or face penalties. This is not to say that people never want to pay, of course; it is certainly preferable—especially in the eyes of ‘government units’—if you willingly pay your taxes without being actively coerced to do so. But importantly, a tax is not an optional contribution or market transaction—it is about one entity forcing payments from another.

The compulsory nature of taxes should be familiar, but the second component is probably more counter-intuitive: taxes are defined as *unrequited* transfers, meaning that they are payments without any direct return. This is manifestly wrong, of course. Just about everyone who pays a tax expects some kind of *quid pro quo*. As the historical narrative tells us, taxes were originally granted in exchange for political rights and liberties, and in modern times we have also come to expect to be provided with a range of public goods, services, and welfare in return for our contributions. As has been said, taxes are what we pay for a civilized society. So why are taxes characterized as unrequited? The OECD definition used here clarifies that taxes “are described as unrequited because the government provides nothing in return to the individual unit making the payment, although governments *may* use the funds raised in taxes to provide goods or services to other units, either individually or collectively, or to the community as a whole” (OECD, 2007, pp. 774–75, emphasis added). The point here is that the return is not *assured*, and it is not necessarily *direct* or *commensurate* with how much you pay.

So where do I want to go here? Does any of this really matter in practice? It is, after all, probably safe to assume that most taxpayers want some *quid* for their *quo* regardless of how financial specialists choose to define their contributions. Yet, I believe that the unrequited component in the definition of taxes underscores an important aspect: I think that it is our obvious expectations of a return on our taxes *in combination with* this detachment between payment and payback that

¹¹ This definition is sourced from OECD (2007, pp. 774–75).

make taxation distinct. Our expectations are, in a sense, suspended midair because it is difficult to attach them to a specific outcome.

Some examples may clarify the argument: a tax is, to begin with, distinguished from a donation by the fact that we are forced pay it and we also nurture expectations of a concrete return. And it is not a trade or barter, once again because of its compulsory nature, but also because we do not get an assured, immediate and commensurate return like the one we would get if, for instance, we went to IKEA and bought a couch. Neither is it similar to a fee or a fine: both have their immediate return in that a fee is directly traded for a governmental service—such as a permit or a train ticket—while a fine commutes a specific overstep or misdemeanor. When it comes to these four examples—donation, trade, fee, fine—payees should (in theory) either expect no return on their payment, or they immediately receive a particular return. A caveat should perhaps be added when it comes to fees, but I think it may elucidate the argument further. The notion that we trade fees for governmental services suggests that the fee should be more or less proportionate to the administrative costs incurred by providing the service. There is certainly room for maneuver here, but if fees are patently exploited as a profitable source of extra revenue it is conceivable that payees would raise objections and/or attach expectations to the use of the surplus.¹²

In sum then, I believe the specificity of tax revenue lies in the ‘suspended expectations’ generated by the combination of compulsion and lack of direct return. In contrast to the kinds of revenue the state successfully claims as its own, the expectations attached to tax receipts suggest that taxpayers maintain a sense of entitlement to tax receipts even after such money has been collected by state officials. Therefore it makes sense to identify most taxes as public revenue.

6.4

What About State Debt?

A very important source of finance, which I have left out of the picture so far, is credit. To live off borrowed money has been an indispensable fiscal expedient for historical and contemporary states alike. It is an effective

¹²I believe the same goes for fines, but here it is much harder to establish whether a specific sum is proportionate to the misdemeanor or not. A fine should, after all, act not only as restitution, but also as punishment and deterrent.

strategy—sometimes the only strategy available—to mobilize money rapidly in times of need, or to kick-start expensive policy programs. Credit provides the state with an opportunity to live beyond its means, at least for some time. The question here is whether borrowed money is a proprietary or public revenue. Empirically speaking this is a knotty issue, I fear, but there is a theoretical solution (or perhaps it is more of an escape hatch). In short, the answer is that it depends. To acquire a loan you need to offer something as collateral and to show that you will be able to defray the debt somehow, at some point in the future. Therefore, when a state is borrowing on the back of future tax receipts, the borrowed money should arguably be seen as a public revenue. When loans are repaid with proprietary income, on the other hand—or when they are never paid back—borrowed money instead has a proprietary character.¹³ This reasoning is essentially modeled on what economists call the *Ricardian equivalence*. This theory suggests that debt finance has no effects whatsoever on the economy (or on politics) because rational actors are aware of the fact that a debt incurred today needs to be resolved by additional revenue collection tomorrow, and this means that the debt is in fact equivalent to that revenue of tomorrow (Seater, 1993; 2008). It is certainly open to debate whether people have this awareness, or if they even know about their government's borrowing in the first place. Throughout history, budgeting has been one of the most concealed areas of state activity—an *arcana imperii*—and even when the budget is open for scrutiny, few possess sufficient financial knowledge to decipher it.¹⁴

All things considered, I think that debt finance can probably be seen as a proprietary source of revenue, at least in the short-term. Borrowed money accrues to the government without need for taxation right now and can often be acquired without summoning a representative assembly. It thus allows rulers to raise revenue 'on the quiet.'¹⁵ That being said, a continuously rising state debt, resulting in a growing fiscal stress, is not sustainable and ultimately reflects financial weakness.

¹³The practice of tax farming works in the same fashion. A state can farm out—that is, contract out—a future revenue stream to a private agent in exchange for a fixed fee to be delivered immediately. Farming basically functions as a short-term loan, whereby a specific source of income is temporarily relinquished, and the fiscal character of that source determines the fiscal character of the fee paid by the contractor.

¹⁴Seater (2008) nonetheless claims that even though no consensus has emerged, "the evidence favors approximate Ricardian equivalence."

¹⁵See Morrison (2015, pp. 45, 58–59) for a similar argument.

6.5

Conceptual Benefits

People care about how much money the state ultimately takes from them, and to some extent the connections between rule and revenue takes the shape of ‘an arithmetical problem,’ to paraphrase Georg Simmel (1903/2002, p. 13): a costly government, one could assume, is bound to be a contentious government. What I have tried to argue here, however, is that there is more to the issue: state revenue is not only an issue of ‘how much?’ or ‘what for?’ In *The Social Meaning of Money*, Viviana Zelizer explains that

people constantly deploy a social lexicon of monies, creating phrases, sentences, paragraphs, whole books as they manipulate their currencies, earmarking certain monies for particular uses, distinguishing others by how they were earned, designating special users for particular exchanges, inventing new names for distinct uses of official currencies, or converting non monetary objects into media of exchange. Of course, quantity makes a difference; people care about how much money is involved in their transactions. But what kind of money it is and whose money also matter greatly. . . . Social differentiation of money is pervasive; not only in the dark exotic corners of the economy but everywhere we look, *different kinds of social relations and values reshape monies*. (Zelizer, 1997, p. 200, emphasis added)

Attention to perceptions and notions of fairness are arguably on the rise in fiscal research (see for example Scheve and Stasavage, 2016). Thorndike (2013) has pointed out that the American colonists who dumped tea in Boston Harbor were not enraged by high taxes, but by unfair ones. Similarly, grievances over relatively low and declining tax levels in France led to revolution, whereas the relatively high and rising taxes in England did not; the French *perceived* their burden as more onerous and illegitimate than did the English (Mann, 1993; Weiss and Hobson, 1995, pp. 170–75). In the opening quote used earlier, the Swedish economist Knut Wiksell similarly emphasizes that it is the “appearance of burdensomeness” and “visibility of pressure” that has to be avoided, not burdensomeness or pressure itself. This chapter has attempted to provide some conceptual foundations for this kind of fiscal understanding; using Zelizer’s words, I point to the different kinds of

social relations and values that reshape state monies, and emphasize their political importance.

The typology I have proposed in this chapter seeks to reduce the complexity of state finances by dividing revenue into just two, simple categories. It is, to be sure, a “lumping argument” (Zerubavel, 1996) that lets a particular similarity between a number of revenue sources outweigh many obvious differences. To some readers—who may prefer “splitting arguments”—my approach amounts to an oversimplification that fails to do justice to the real world, and/or obfuscates more intricate analytical distinctions. My counterargument is that the test of my conceptualization lies in its usefulness in helping us understand the connections between mobilization of revenue and the formation of political regimes—a usefulness that is yet to be proven of course.

I contend, however, that the conceptualization presented here has at least five distinct advantages over existing ones:

- (i) I think that the terms *proprietary* and *public revenue* are quite straightforward and intuitive. I would also argue that they are in some ways superior to some of the alternatives: in particular Moore’s ‘unearned revenue’ strikes me as ill-considered (and Tarschys’ term ‘trade revenue’ seems to be chosen out of a consideration of alliteration rather than conceptual precision). The tax/non-tax categorization is intuitive but not optimal for a political study.
- (ii) I contend that my terms are appropriate also in the sense that they capture a politically important feature of revenue, namely the notion of ownership. Some other terms hint at this feature, such as domain revenue and rents, but it has not been brought out to a sufficient degree, nor properly defined.
- (iii) My conceptualization allows for flexibility in the sense that a certain revenue item can travel between the different categories. Some readers may very well find this point controversial, so I want to reiterate my justification. I think it is of little value for a political analysis to establish a formal economic designation of revenue, or focus too much on the actual revenue source. What matters more is how people actually perceive the income, and such perceptions can change over time and place. The ‘Ship Money’ collected in seventeenth century England provides an example: In 1609, James I collected such money without parliamentary grant, yet without significant resistance or opposition. When

Charles I issued new writs 25 years later, however, they incited widespread popular discontent. There are explanations for why this happened, but my point here is specifically that the Ship Money changed character between 1609 and 1634; its proprietary nature was revoked (see Braddick, 2004, pp. 241–44). It has similarly been argued that a “big oil change” (Andersen and Ross, 2014) took place between 1960 and 1980, when almost all petroleum extraction was nationalized (Kobrin, 1984). Suddenly, oil rents accrued to states, not to private firms, and proprietary revenue was created on a scale not seen before. The petroleum itself did not change character and the reserves stayed where they were of course, but “There is good reason to suspect that the relationship between oil and regime types has indeed changed over time” (Andersen and Ross, 2014, p. 998).

- (iv) A fourth advantage of my terms is that they are less bound in space and time than some of the alternatives. Domain revenue, for instance, is very much associated with feudal Europe, whereas rentier income is typically reserved for modern states outside Europe that are dependent on oil or gas rents. Yet, I find distinct similarities between the two types. Much can be gained by employing concepts that are more generally applicable, I believe, and the proprietary-public distinction may conceivably be found in all historical epochs and in all states, which should make comparisons possible.
- (v) A final benefit of the approach developed here is that the terms are analytically promising. Bringing out ownership as the underlying attribute of this revenue clues us in to the possible political effects of such income. This claim points to the theoretical discussion that will be developed in chapter 8. Admittedly, the connection can be turned around: have I let my theoretical assumptions—my *preconceptions*—compromise my conceptualization? Perhaps. But as Carl Gustav Hempel (1952, pp. 1–2) once remarked, “concept formation and theory formation in science are so closely interrelated as to constitute virtually two different aspects of the same procedure.” As we move into arguments about theory it is good to keep this in mind; conceptualization and theorization are not, strictly speaking, a simple two-step process. That being said, I *bring out* ownership as a key underlying feature, but I do not *make it up*: it is there for other observers to find.

The Outcome: Autocratic Rule

WHO GOVERNS? This basic question captures the perhaps most fundamental concern of the study of politics. The concern is as old as human civilization;¹ it received systematic treatment in Aristotle's *Politics*; it literally guided the inquiry of one of the leading political scientists of the twentieth century (Dahl, 1961); and it is found in the various indices that on a yearly basis tell us how democracy fares in the world. Undeniably, figuring out who governs, and why, constitutes a crucial field of research for political scientists. The analytical target of this study is a little narrower in that it focuses on a specific type of political government, namely *autocracy* or one-person rule.

I define autocracy as a system of government in which political authority is concentrated in the person of the ruler and in those to whom he or she delegates it. Under such a regime, the opportunities for public oversight and control are highly restricted, and institutional checks and balances are absent or defanged. A representative assembly may very well exist, as can a constitution and a high court, but their powers are either nominal, ineffectual, or wielded in support of the ruler. By the same token, there is no contradiction involved in an autocrat's negotiating with others or seeking their counsel, as long as he or she is not compelled to do so or beholden to their will or consent.

Importantly, I take autocracy to imply the *authority* to decide, but not necessarily the *ability* to implement. These two aspects of political government—typically referred to as autonomy and capacity—are often conflated into a loose notion of 'state power' or 'strength,' but there is

¹See Mann's (1986) sweeping history of power that begins, as it were, from "the beginning."

good reason to keep them analytically separate (Soifer and vom Hau, 2008). As pointed out by Lindvall and Teorell (2016, pp. 9–10), autonomy and capacity are similar in that they both concern the ability to control others, but they are different in terms of the direction of the power relationship: autonomy refers the level of control society has over the ruler, while capacity refers to the level of control the ruler has over society. When we label political regimes and distinguish them from one another we are primarily interested in figuring out *who* it is that governs and under *what constraints*; political regimes, in other words, concern autonomy rather than capacity. So to be clear, I consider autocracy strictly as a type of political regime and largely avoid discussing the ability of such regimes to implement their preferred policies.²

In what follows I seek to establish the conceptual contours of autocracy, and I will do so by tracing two separate lines of argument: I first differentiate autocracy from absolutism, basically arguing that the latter term has become conceptually too broad, but historically too narrow. As a result, it has arguably lost much of its analytical value. I then move on to problematize the ‘standard approach’ to European political development, which frames historical regime formation as a two-way struggle between monarchs and parliaments. Much can be gained, I believe, by instead adopting a triangular approach that pays attention to the conflicts and alliances between three different factions: *ruler*, *elite*, and *people*. This may seem like a minor adjustment, but as I will demonstrate it expands our analytical scope significantly and it also clarifies the relationship between autocracy and alternative regime types.

My principal motivation here is to conceptualize autocracy and regime formation in a way that is both analytically useful and empirically accommodating. In later chapters I will put this conceptualization to the test as I investigate the character of monarchical rule in early modern Sweden. I also aspire to some generality, however, and I believe that my framework could have validity and usefulness outside the particular spatial and temporal boundaries of the present study.

²I am immediately forced to add one caveat, however: I do explore the ability of individual rulers to establish autocratic regimes, so in that sense I am indeed studying capacity. More specifically I am interested in whether and how that capacity is affected by access to certain financial resources, but this, however, is not what the concept of ‘state capacity’ usually refers to.

7.1

Absolutism Versus Autocracy

A study of regime formation in historical Europe can hardly ignore the concept of absolutism. The term denotes the gradual ascendancy of monarch over society that took place in Europe in the early modern era (see Anderson, 1974; Poggi, 1978, ch. 4; Wilson, 2000). In this period, the Catholic church was deprived of much of its temporal authority and many cities lost their autonomy; the nobility were increasingly co-opted into costly court life, bureaucratic employment, or military service; and the mobilization of societal resources for governmental purposes reached unprecedented levels. Absolutist rule was—or at least it aspired to be—more centralized, continuous, calculable, and territorially defined than its antecedents.

There are a number of issues tied to the concept of absolutism, however, that motivate me to speak rather of autocracy. Many historians have come to dislike the term, for instance, and point out that our notion of early modern absolutism is little more than the ahistorical fabrication of political and historical debates of the modern era (Henshall, 1992). And indeed, while medieval and early modern thinkers did speak of *absolute* power, the term *absolutism*—like most isms—dates no further back than the French Revolution (Bonney, 1987, p. 94). Wilson (2000, p. 2) points out that even as historians therefore “are queuing up to wave ‘goodbye to absolutism’, social and political scientists still use the term with confidence, raising the question that either they are lagging behind or that the recent historical discussion is simply a case of revisionism pushed too far” (see also Goldie, 2011). Henshall (1992, p. 2) is more categorical: “The edifice of ‘absolutism’ is cracking and the old cliché is repeated without conviction. . . . The building still stands, but no one seems to have noticed that it is hanging in mid-air.”

To begin with, the concept of absolutism has arguably become too broad, conflating a number of components of political rule that should be held apart. A common assumption has been that there is a tight interdependence between absolutism as a regime type and the creation of a bulky, militarist bureaucracy (see discussion in Ertman, 1997). Absolutism has also—partly because of its liberal detractors—come to be closely associated with a despotic, heavy-handed exercise of power, even though early modern contemporaries saw absolute power and legitimacy as two separate issues. In other words, three separate argu-

ments—about political regime, state infrastructure, and character of rule—have been compounded into one broad concept. It is furthermore problematic that absolutism is sometimes used to define an entire stage of European state history (Poggi, 1978; Giddens, 1985). From this viewpoint, ‘the era of absolutism’ comprises the centuries between the fall of the feudal order and the rise of the modern world, basically corresponding to the early modern period, 1500–1800. This approach, of course, obscures the variance and divergence that were seen among European states during this period, and its usefulness is limited when we want to explain the development of absolutism in specific cases.

Yet another cause for concern with absolutism is the apparent mismatch between rhetoric and practice. Clearly, no early modern ruler was as powerful or sovereign as the doctrine would have it. In fact, a key purpose of the doctrine was to conceal and gloss over this very mismatch: it reflects the ambition to become more absolute by claiming that you already are absolute. Just take the most evocative statement of absolute rule, ascribed to Louis XIV: *l'état c'est moi*, or ‘I am the state.’ Poggi (1978, p. 161) wryly points out that “Louis probably never said it; if he did say it, he did not mean it that way; if he did mean it that way, then he did not know what he was talking about.” Both legal and practical limitations ensured that the exercise of monarchical rule could never catch up with the ideology of absolutism. To be ‘absolute’ literally meant to be unfettered by law—*ab legibus solutus*—but it would be wrong to conclude that absolute rulers acted under no legal constraints. Rather, they were more or less ‘unsupervised’ and subjugated to no earthly oversight (Wallerstein, 1974, p. 144). Positive law could be wielded as a flexible instrument of rule, but kings and queens were (in theory) just as subject to divine and natural law as any farmer on the field. Attempts to move beyond these higher-order constraints justified rebellion as they stripped the monarchy of its legitimate claims to political sovereignty (Mann, 1988, p. 113). Generally speaking, rulers could be absolute in wielding certain prerogatives and conducting some governmental businesses, but were quite constrained when dealing with their subjects’ life, liberty, and property (Henshall, 1992, ch. 8).

It is also a fact that the political realities of the time severely constrained even the most absolutist regimes of the era, such as that of Louis XIV or Frederick the Great. Royal ambitions were thwarted not only by rebellious peasants, progressive burghers, or conniving noblemen, but also by inefficient, incompetent, and corrupt bureaucracies, by geographical expanses and barriers, by insolvencies and protracted financial shortages, and by the cultural and legal heterogeneity of

their ‘composite realms’ (Elliott, 1992). As we pay attention to these very real obstacles, “the once omnipotent inhabitants of the palace are exposed as frauds who disguised their lack of real power with a lot of showy display,” as Wilson (2000, p. 1) proclaims: “Robbed of their grand coverings, they appear little different from rulers elsewhere in Europe’s history, bound by customary and practical constraints to consult traditional institutions and important social groups.” Such realizations have motivated some analysts to reinterpret all European regimes simply as variations of a ‘consultative monarchy,’ reliant on the consent and support of their subjects (Bonney, 1987, p. 114; Henshall, 1992).

I do not think we have to go quite that far: it is a fact, after all, that some European rulers wielded considerably more power and were more impervious than others, and it is pertinent to study and explain that variance even if we think that the concept of absolutism has lost its analytic value. But it is perfectly possible to abandon the concept of absolutism while retaining the concept of autocracy. As I see it, autocracy captures the aspect of absolutism that relates specifically to regime type, but avoids the more sweeping assumptions about historical stages and ideological foundations of political authority. Autocracy can certainly become both bureaucratic and despotic, but we need not see this specific combination as predetermined or natural. And we do not need to make assumptions about how autocratic the ostensibly absolute European regimes actually were, just as we need not make assumptions about how constrained they were: the relative power of monarchs vis-à-vis other societal groups is an empirical issue. I would finally argue that autocracy has the advantage over absolutism in that it travels more easily over time and space. Absolutism is, as noted, tied to a specific period in European history. Autocracy on the other hand is found whenever and wherever we encounter a ruler who is able to govern with a significant degree of autonomy from other societal interests.

7.2

Autocracy and its Alternatives

What I would call the ‘standard approach’ to the study of political development in European history involves the juxtaposition of two

distinct regime types. Here is how Thomas Ertman describes the task at hand in *Birth of the Leviathan*:

Explaining variations in political regime at the end of the early modern period means accounting for the strength or weakness of particular representative institutions, since it was the powers still held by such institutions which determined whether a given government was headed by a ruler who was relatively constrained (constitutionalism) or unconstrained (absolutism) in his behavior. In effect, this requires explaining why a given national representative assembly was strong enough to resist the endemic attempts by monarchs to monopolize legislative and other powers. (Ertman, 1997, p. 19)

As described here, regime formation takes the shape of a struggle between two factions—monarch and parliament—each motivated to establish their preferred form of government—autocracy and constitutionalism. Of course, the outcome of that struggle were rarely decisive or durable, and that means that we should, on the one hand, understand regime formation as inherently unstable and always ‘in the making,’ and on the other, think about the resulting regimes as located on a continuum between absolutism and constitutionalism rather than fully belonging to one or the other. This standard approach is not only common in contemporary studies (see for instance Koenigsberger, 1978; Downing, 1992; Rosenthal, 1998) but also found in early modern texts, such as in John Fortescue’s *The Governance of England*. Fortescue asserts in his opening paragraph that there be two kinds of kingdoms, denoted in Latin as *dominium regale* and *dominium politicum et regale*: in the former, the king has absolute powers and “mey rule his peple bi suche lawes as he makyth hymself,” whereas in the latter he is restricted and “may not rule his peple bi other lawes than such as thai assenten unto” (Fortescue, 1471/1885, p. 109).

The dualist notion of a two-way opposition between monarch and parliament—or between absolutist and constitutional regimes—is thus well-established, and since it is also essentially replicated in the modern practice of juxtaposing democracy and autocracy it is certainly intuitive. Unfortunately, it places significant restrictions on our thinking. Consider the following reflections: First, why does Ertman associate the strength of representative institutions to constitutionalism and not to parliamentarism, or are these two ‘isms’ interchangeable? It seems to me that constitutionalism should primarily point to legal constraints

whereas parliamentarism should point to popular constraints. And if there is indeed a difference here, can the proposed dualism accommodate both? Second, according to the standard approach, autocracy is by definition anti-parliamentarian and vice versa. But what about historical cases where we find an autocrat who enjoyed significant popular support? And third, was European regime formation always a struggle between just two factions? I realize that the standard approach is an analytical simplification of what actually happened, but at what point does it become an *oversimplification*, and thereby misleading?

These questions stem from more than idle speculation or hair-splitting, as I hope to demonstrate, and I have come to believe that the dualistic model of regime formation risks becoming an analytical straitjacket. It confines the scope of our understanding to a narrow set of assumptions, and it sets up a dichotomy between monarch and parliament that in some cases seems inaccurate.

TOWARD A TRIANGULAR UNDERSTANDING OF REGIME FORMATION

Consider the following scenario, penned by Alexis de Tocqueville in 1828:³

Suppose that two men have been engaged in a long and determined fight although one of them is a little weaker than the other. A third man comes up, weaker than either of the two but who, whichever side he took, would be sure to tilt the balance that way. But who will think of asking him for help, who will urge his claim for help most strongly? It is sure to be he who feels himself weakest. When the two weak ones join together, the strongest enemy will be defeated. - - - There, my dear friend, is the whole [political] history of France and of England in the story of those three men. (Tocqueville, 1988, pp. 27–28).

The first two men in the analogy represent the ruler and the nobility; the third represents the commonalty, or third estate, which first entered the European political arena in the twelfth century, according to Tocqueville. What sets France and England apart, he goes on to explain, is that in France it was the king who felt weak and therefore formed an alliance with the *tiers état* against *la noblesse*, whereas in England it was the barons who approached the commonalty and thereby solidified popular opposition against the monarch.

³I am thankful to Björn Östbring for alerting me to this passage.

Tocqueville's simple analogy opens up a promising line of thought. Much analytical leverage can be gained, I believe, by expanding the two-way model of regime formation into a triangular one, where political regime is the outcome of a struggle between three factions; *ruler*, *elite*, and *people*. Note that these terms are intentionally general. In the early modern context we could more specifically speak of monarch, aristocracy, and commonalty, whereas today, the ruler is typically a prime minister or a president, the elite can be identified in political or economic terms (depending on your perspective) while the people take the shape of voters. Also, the boundaries between these categories are permeable and shifting: members of the people can morph into elites, especially if they come into money, and a member of the elite can become ruler. Over time, an entire societal group—such as the clergy, or merchants—can move up or down in the hierarchy. The triangular approach still constitutes a simplification, of course, but it nonetheless broadens the analytical scope substantially. I postulate that there is an affinity between each of the three factions and a regime type: the ruler is partial to *autocracy* (rule by the one), the elite prefers *oligarchy* (rule by the few), while the people want *democracy* (rule by the many). These main regime types should be familiar: with some minor terminological revisions they match the typology presented by Aristotle more than two millennia ago.⁴

I have already said a lot about autocracy and it remains only to add here that this specific regime type pervades history. Basically all the ancient kingdoms and empires—from ancient Egypt and onward—would qualify. Russia arguably provides the most extreme example of autocracy in early modern Europe. Both realm and people were seen as belonging to the royal domain of the tsar and not even the aristocracy could claim much authority or independence of their own: all social strata, it has been said, were “equal in their lack of rights” (Platonov, quoted in Bendix, 1978, p. 241). Autocracies have been as ubiquitous as democracies have been rare. In a democracy, of course, the government is accountable to the people and derives its authority and legitimacy from their mandate. The classical exemplar of democracy is the Greek city-state—the *poleis*—but democratic components are also found in re-

⁴I use the term ‘autocracy’ instead of ‘monarchy,’ and ‘oligarchy’ instead of ‘aristocracy’ because their meaning is less ambiguous. Monarchy and aristocracy now denote actors and institutions more often than they refer to certain forms of government.

publican Rome and in some medieval European city-states. Apart from that, democracy is a nineteenth and twentieth century phenomenon.

Oligarchies are ruled by the members of a dominant social stratum, who are pursuing their own parochial interests. The elite in question may be distinguished by their estate, wealth, education, or military command. I would also consider clerical rule to fall under the label of oligarchy. Although there is almost always a ruler to be found at the very top, he or she is at best a first among equals, at worst a puppet; power ultimately rests in the elite collective, not in the ruler personally. Early modern Poland offers the historical exemplar of nobiliary rule (Finer, 1997b, pp. 1045–49; Bendix, 1978, p. 227). The large and prosperous Polish nobility, the *szlachta*, succeeded in subjugating the towns, enserfing the peasantry, and reducing the monarchy to a mere figurehead. The crown could not dismiss noble officials, nor enlarge the army above 3,000 men, and in the assembly, every single nobleman had veto rights. Russia, both in the Soviet and post-Soviet era, is probably the most talked-about case of a modern oligarchy (Graham, 1997; Hoffman, 2011), but certainly not the only one (Winters, 2011).

Tocqueville's analogy encourages us to go one step further, however, by directing our attention to the possibility of alliances.⁵ I suggest that an alliance of two factions against the third could lead to the establishment of a hybrid regime that combines features of the main types introduced above. This expanded model of main and hybrid types—seven types in total—is best depicted in a triangular shape (see Figure 2 below).⁶ This is a heuristic device, of course, meant to aid our understanding and analysis of a reality that is much more complex.

HYBRID REGIME TYPES

Let us run through the possible hybrid regimes:

Populist Autocracy. Ruler and people can unite against the elite, which is what Tocqueville suggests happened in France. This type of regime is headed by a dominant leader but it is rooted in common soil and sustains itself with popular support. Speaking with Downing (1992, p. 12) we could identify this kind of government as *caesarism*, described

⁵I only speak of alliances in this chapter, but note that conflicts are equally important. Also, the two are often interdependent: a protracted dispute between two factions, for instance, motivates them to ally with others.

⁶See Finer (1997a, pp. 37–38) for a somewhat similar conceptual approach to regime types.

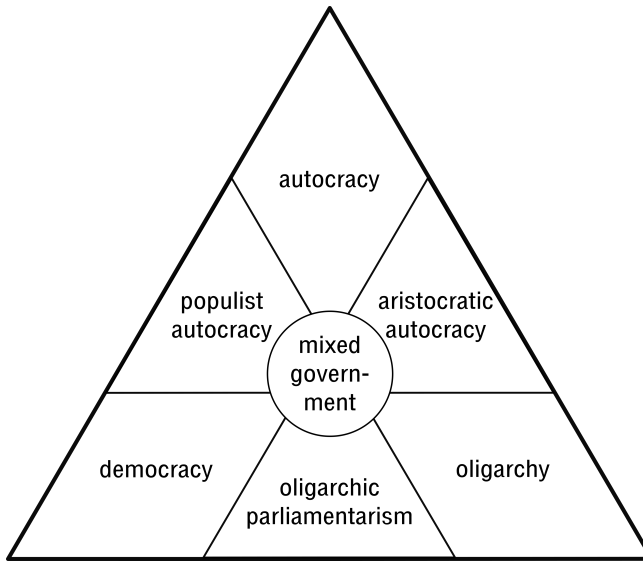


Figure 2: Triangular model of regime types

as an autocratic regime that panders to the masses and agitates their antagonism toward the privileged. As the term implies, such a regime embraces the old Roman creed of ‘bread and circuses for the people.’ I prefer the more straightforward label *populist autocracy* over caesarism, however. This particular term is also used by Finer (1997c, pp. 1559–66) to characterize the reign of Napoleon Bonaparte. Without mincing his words, the assertive emperor claimed that his “appeal to the people has the double advantage of legalizing the prolongation of my power and of purifying its origins. - - - I did in no way usurp the crown; I picked it up from the gutter. The people set it upon my head” (quoted in *ibid.*, p. 1560). Downing (1992) also points to the rule of the Dutch stadtholders in the seventeenth century, and to the case of Sweden during the Carolingian Autocracy, as instances of populist autocracy.

Aristocratic Autocracy. It is arguably more natural for the ruler to team up with the elite, dispersing privileges and exemptions in exchange for their help in controlling the general population. This is the more intuitive alliance since the ruler most often has strong ties to the societal elite and shares some of their basic interests. Also, for reasons of efficiency the ruler may prefer to unite with a small, powerful

elite rather than with an individually weak multitude. I suggest we call this hybrid regime *aristocratic autocracy*. The label resonates with Anderson's (1974, p. 195) broad summary of Eastern Absolutism as "a device for the consolidation of serfdom, in a landscape scoured of autonomous urban life or resistance." Take Prussia as a more specific example: In the mid-seventeenth century a pact was sealed by the Great Elector Friedrich Wilhelm (who we encountered in chapter 4) and the landed nobility, the Junkers. The Elector gained additional tax revenue and the permission to set up a standing army in exchange for exempting the Junkers from paying those very taxes and for instituting serfdom, binding the peasant population to the land. "It was a pact which both increased the political power of the dynasty over the nobility, and that of the nobility over the peasantry," Anderson (1974, p. 203) notes. The burghers were also subjugated, and shortly thereafter, the *Landtage* (the assembly) was wholly deprived of its powers. The feudal-like alliance of royalty and nobility defined the Prussian state; the two factions collaborated in order to preserve their political, social, and economic dominance and "no serious split between the monarchy and the aristocracy, even of a transient character, ever developed in Prussia during this epoch" (Anderson, 1974, p. 230; see also Bendix, 1978, pp. 160, 239).⁷

Oligarchic Parliamentarism. The third type of hybrid regime is based on a pact between elite and commoners against the ruler. In this case the franchise is not extended as far as in a democracy, but neither is it monopolized by a small circle of individuals, as in an oligarchy. The number of people with political clout may still be small in relation to the population, but quite large in absolute numbers and, importantly, they do not belong to the same stratum of society and they may have quite divergent interests. Lacking a better name, I call this regime type *oligarchic parliamentarism*. For Tocqueville, the history of England, where the House of Lords and the House of Commons collaborated to bring the monarchy to heel, exemplifies this type of regime. Several English monarchs made moves toward autocracy, but parliamentary forces prevailed and the Glorious Revolution of 1688 cemented the political dominance of the parliament over the monarchy. Christopher Hill (1961/2002) gives us "a bird's-eye view" of the political shift that

⁷Analysts inspired by Marxist perspectives, such as Anderson, or Giddens (1985), are particularly keen on uncovering the tight interdependencies between ruler and elite. However, if they disqualify the notion of ruler's autonomy altogether we end up, not with aristocratic autocracy, but with an unalloyed oligarchy.

took place in England by comparing the reign of James I (1603–1625) with that of George I (1714–1727):

- James took the throne by hereditary right; George became king through an Act of Parliament.
- James managed his own finances and summoned the Parliament when he needed to; by 1714, Parliament was in almost permanent session and had complete control of finance.
- Foreign policy was a royal preserve in 1603; a century later it was a parliamentary affair.

In sum, the locus of political power had shifted from monarch to parliament (Bendix, 1978, p. 237). In the sense that representative regimes in early modern Europe never came close to full democracy they all constitute variants of oligarchic parliamentarism (as long as the ruler was held in check, of course).

Mixed Government. The center circle in the figure represents two possible situations: either all three factions have joined in a great concord, or they find themselves in a state of equilibrium, where no one can gain the upper hand. In either case, the resulting regime combines aspects from all three of the main types. This is the easiest hybrid regime to name because it was highly celebrated among both classical and early modern philosophers. Often called *mixed government*, this regime is defined by a separation of powers; it includes checks and balances devised to militate against all kinds of concentration of political authority. Here is how the Greek historian Polybius describes the Roman Republic:

As for the Roman constitution, it had three elements, each of them possessing sovereign powers: and their respective share of power in the whole state had been regulated with such a scrupulous regard to equality and equilibrium, that no one could say for certain, not even a native, whether the constitution as a whole were an aristocracy or democracy or despotism. (Polybius, 1889/2002, pp. 356–57)

We find another prominent example of mixed government in the US constitution of 1787, of course. In their preference for mixed government the ‘Founding Fathers’ were “educationally and spiritually the children of the antiquity” (Padover, 1960, p. 30).

7.3

Analytical Benefits

I would argue that the triangular framework presented here has a number of analytical advantages over the standard approach. Most obviously, it broadens our scope: instead of framing European regime formation as a choice between two opposing regime types, this expanded model includes a total of seven types. Presenting regime formation as the outcome of a struggle between three factions is still a gross simplification,⁸ but I believe it allows for a more perceptive and accurate understanding of actual events and developments.

The fact that it emphasizes the role of political alliances is important for at least two reasons: first, alliances were and are prevalent—probably more prevalent than the ascension to power by one of the three factions single-handedly. Autocrats rarely manage to reach or stay in power without assistance from a small, powerful coterie, or from the popular masses. Similarly, many states with democratic constitutions gravitate toward authoritarianism, or they are governed more or less from behind the scenes, by an oligarchy. In other words, it is probably fair to say that actual governments often approximate to one of the hybrid types rather than one of the main types.

Second, by paying attention to alliances we realize that an autocratic regime with oligarchic support would probably differ in important aspects from an autocratic regime based on popular support. After all, these two rulers will have to behave very differently in order to stay in power. Most importantly, I think, the ruler with elite support can afford to be more repressive than the latter. This point is also made by Downing (1992, p. 12), who succinctly asserts that “The caesarist leader cannot burn his Reichstag.” These insights are both reasonable and straightforward, I believe, but they are obscured in the standard approach which assumes that the relationship between ruler and parliament is antagonistic by default.

This points to an insight that I want to parse a bit further. Note that the triangular model does not really say anything about the existence of parliament or constitution. It is instead focused on agents and on the regime types these agents would favor. I prefer to look at parliaments

⁸For example, it does not account properly for the role of the church, and it assumes that the three factions can be seen as cohesive aggregates. Also, it sidelines the role of external interventions that can tilt the playing field in one direction or another.

and constitutions as *devices of government*—by themselves they ‘do’ nothing, they must be wielded by someone. That is why the mere existence of a parliament or constitution tells us little about the actual government of a state. It is safe to assume that rule by the people does require a popular assembly of some sort—a parliament, a diet, or a congress—but that assembly is certainly not sufficient to bring about democracy. As I have already indicated, parliaments need not be anti-autocratic to begin with, and while some autocrats elect to disband representative institutions altogether, others seek to co-opt and use them in order to consolidate their political position. What we need to find out is whether or not parliaments and constitutions actually constrain the authority of the ruler.

DEVICES OF GOVERNMENT

Let me make a brief detour here, to draw what I believe to be a revealing parallel with the role of seemingly democratic practices in modern day autocracies. Democratization experts have become increasingly aware of the fact that authoritarian states can hold, and often do hold, elections without necessarily becoming more democratic (Schedler, 2006; Schedler, 2013; Levitsky and Way, 2010; Morse, 2012). Such regimes seek to harness the legitimacy of winning at the ballot box while simultaneously doing their utmost to minimize the risk of actually losing to the competition. In some cases, these authoritarian elections can probably be interpreted as a sign of regime weakness, reflecting the ruler’s inability to repel domestic and foreign pressures to democratize. But other cases arguably point to the opposite: holding elections can actually reflect autocratic strength and durability since powerful rulers are more confident in their ability to control the electoral outcome; why disallow an election if you are sure to win? Schedler explains that

Electoral authoritarian regimes play the game of multiparty elections by holding regular elections for the chief executive and a national legislative assembly. Yet they violate the liberal-democratic principles of freedom and fairness so profoundly and systematically as to render elections instruments of authoritarian rule rather than ‘instruments of democracy.’ (Schedler, 2006, p. 3)

Gandhi and Przeworski (2007, p. 1280) have added to this argument by looking at how modern autocrats “frequently rely on nominally democratic institutions” to prolong their rule: challenged by opposi-

tional elements, they can of course use force to ensure compliance, but coercion is costly and not necessarily effective. Gandhi and Przeworski suggest that autocrats therefore turn to legislatures and political parties, using these as “instruments of co-optation.” With these instruments they broaden and consolidate their base of support, building coalitions that ultimately help them stay in power. The conclusion here is that the pro-democratic effects of these ostensibly democratic institutions and practices, need to be investigated, not assumed.

Scholars looking back to the very origins of political representation in historical Europe have put forward a kindred argument. Challenging the common assumption that representative practices resulted from political self-empowerment from below, and served as bulwarks against royal pretensions, these scholars note that political participation was an *obligation* before it became a political *right* (Bendix, 1978, p. 235; Boucoyannis, 2015). In *The Concept of Representation*, Hannah Pitkin points out that consultation was often imposed from above, as a matter of royal convenience and desire: “Far from being a privilege or right, attendance at Parliament was a chore and a duty, reluctantly performed. Only with the passage of time did parliamentary representation begin to be used as a device furthering local interests, as a control over the power of the king” (Pitkin, 1967, p. 3).

Boucoyannis (2015) goes so far as to argue that early modern autocracy did not emerge in those instances where parliaments and estates were weak or divided, but where they were *initially* too strong. Where communities were strong enough to resist the ruler, they protected their autonomy, and as a result, popular assemblies did not become central organs of government. Further down the line, however, this lack of institutionalization translates into a greater vulnerability to autocratic takeover. Perhaps overstating her case, she concludes that “the inevitable outcome” in these cases was a “lapse into absolutism” (ibid., p. 319).

In conclusion, it seems to me that arguments such as these disrupt the neat understanding of rulers and parliaments as constituting two opposing forces, engaged in a zero-sum game of political hegemony. What we glimpse here is instead a more complex, interdependent relationship, prone to dynamic, even counter-intuitive change over time. The revision should not be taken too far, however; it does not justify a wholesale reversal of standard assumptions. Popular assemblies or constitutions are perhaps not anti-autocratic by default, but neither are they pro-autocratic. The key conclusion to be drawn here is instead

that we need to substitute assumptions with analysis. I suggest that we view these institutions as devices of government that can serve different purposes. A claw hammer can be used to drive nails into a plank, but it can also be used to pull them out; parliaments can be used by rulers to consolidate their authority, but they can also be used by the people's representatives to curtail that authority.

8

The Mechanisms: Tax Relief, Spending, Repression

THE MAIN HYPOTHESIS of this study suggests that an access to proprietary revenue should facilitate the strengthening of autocratic rule. In the two preceding chapters I first defined proprietary revenue as income owned by the state or the ruler, and then I described autocracy as a political regime in which the ruler enjoys considerable autonomy from societal elites as well as from the general public. Expressed in the barest form possible, then, my theoretical expectation is that *fiscal independence begets political independence*. I assume that political leaders generally want to stay in power, and that they also want more power in their own hands if possible. This does not mean that I subscribe wholesale to a rationalistic logic of maximizing behaviour—Levi’s (1988) theory of predatory rule comes to mind—but all things considered, I think that rulers are more likely to act in ways that are self-serving than benevolent or public-spirited. Out of the innumerable autocrats dwelling in the annals of history, few gained their power out of accident, servility, or altruism, I presume.

My theoretical expectation is straightforward and plausible, I think, and as I have argued earlier in this study, two distinct fiscal literatures lend it preliminary support: against the backdrop of taxation and representation in historical Europe, and non-taxation and non-representation in modern rentier states, my hypothesis seems to be a reasonable extension. ‘Reasonable’ and ‘straightforward’ do not translate into ‘easy to verify’ however, at least not in this case when the events and pro-

cesses to be investigated happened several centuries ago. It is the great tragedy of science, T. H. Huxley (1896, p. 229) once wrote, when a beautiful hypothesis is slain by an ugly fact. It was a statement in support of ugly facts, of course, as they distinguish science from mere speculation and guesswork. Needless to say, history is replete with facts—both ugly and beautiful—and as one textbook puts it, the past “cries out for theoretical ordering, yet obstinately resists anything of the kind” (Stanford, 1994, p. 61). If you allow me to generalize somewhat I would say that historians tend to side with facts over theory; they are “wedded to the mastery of the particular rather than an interest in the general” (Kavanagh, 1991, p. 479). The historian William Sewell—who, it should be noted, has done more than most to blur the dividing line between history and social science—also juxtaposes the descriptive (or ideographic) research of historians with the explanatory (or nomothetic) research of social scientists: “Social science fields might be said to be defined by their theories and formal methodologies; history is more informally (but no less effectively) defined by its careful use of archival or ‘primary’ sources, its insistence on meticulously accurate chronology, and its mastery of narrative” (Sewell, 2005, p. 3; see also Tilly and Goodin, 2006; Franzosi, 2006). The method I turn to in this study—process-tracing—is defined by its attempt to strike a bargain between the particular and the general, however, to balance theory against facts. Using a term from Skocpol (2003), it can be characterized as a “doubly engaged” enterprise.

What I want to say here is simply that even a straightforward and intuitive hypothesis can be quite difficult to confirm against an inherently non-repeating historical record (Collier and Mazzuca, 2006). Whereas the preceding chapters have focused on *cause* and *outcome*, this chapter looks closer at *mechanisms*, described by Elster (1989) as “the cogs and wheels of causality.” I first set out the methodological framework for a mechanism- and process-based explanation of causality, where I eventually conceptualize mechanisms as consisting of *entities* engaging in *activities*. I then return to the rentier state literature to review, briefly, the mechanisms that have been proposed there, before adapting these arguments to fit a historical investigation of proprietary revenue and regime formation in early modern Sweden.

8.1

The Cogs and Wheels of Causality

Methodological scholars often warn that actually demonstrating the existence of a causal relationship between a hypothesized cause and an outcome is an exceedingly laborious and time-consuming task, one that risks falling into an infinite regress of increasingly fine detail (Bennett, 2010; Mahoney, 2015). Hay (2016) skeptically characterizes process-tracing as a “high-tariff methodology” that should only be used sparingly. He has a point, but on the other hand, the causal relationships that social scientists are confronted with are typically annoyingly complex, and an argument can be made for using methodologies that are able to accommodate such complexity. Hall (2003), for instance, has framed it as a dilemma that our current understanding of causal structures has outrun (and outdated) the assumptions integrated in our standard methods. He therefore claims that “parsimony is no longer seen as a key feature of explanation in political science, and views about what constitutes an acceptable mode of [causal] explanation have shifted toward the historical” (ibid., p. 387).

The process-tracing scholar is, above all, interested in verifying or falsifying causality. Whereas statistical analyses conjecture causal effects on the basis of correlation, and comparative studies seek leverage in the comparative logic of juxtaposing similar or dissimilar cases, the basic aim of process-tracing is to demonstrate what is actually going on between cause and outcome (Mahoney, 2001; Mayntz, 2004; Beach and Pedersen, 2013).¹ Such demonstration directs the analyst to define and investigate *causal mechanisms* (Kiser and Hechter, 1991, p. 5; Checkel, 2005, p. 3; Mahoney, 2012, p. 586). A causal process can then be defined as frequently occurring combinations or sequences of mechanisms (Tilly, 2001, p. 26).

¹It is true that statistical analyses have developed a number of techniques to increase the robustness of their causal assessments, but the actual details of that causality are still black-boxed (Mayntz, 2004). As for comparative scholars, they can without doubt provide very credible insights into causal relationships, but such insights often stem from narration and tracing of processes rather than from the comparative logic as such. Sewell (2005, p. 100) thus finds that what persuades the reader of Theda Skocpol’s *States and Social Revolutions* “is not the formal logic of a tabular array. It is the fact that all three revolutions can be narrated convincingly . . . The ‘proof’ is less in the formal logic than in the successful narrative ordering of circumstantial detail.”

CAUSAL MECHANISMS

Significant confusion surrounds the precise definition of causal mechanisms, however. Mahoney (2001) has assembled a ‘glossary’ containing twenty-four definitions by twenty-one authors, and more recently Gering (2010, pp. 1500–01) unpacked ten distinct understandings of the concept. Some sociologists prefer to speak of ‘social mechanisms’, but the terms seem to be interchangeable (see Hedström and Swedberg, 1998a). Perhaps the most intuitive way to think about mechanisms is (as the term itself implies) to use the analogy of a simple machine (Beach and Pedersen, 2013, ch. 3), where an assembly of interlocking parts—cogs, wheels, chains, and driveshafts—transmits a causal force from an initial trigger or power source to an eventual outcome. All the various parts contribute to a final effect that is not really inherent to any of them, but if a single component breaks down, the entire process grinds to a halt. This is to say that a mechanism represents a causal story where each claim is necessary but not sufficient to the final outcome. Sticking to the analogy we could also say that whereas a statistician would explain the movement of a car by studying a thousand cars, and a comparativist would carefully select and juxtapose a small number of similar or different vehicles, the process-tracing scholar lifts the hood of one single car and takes the engine apart. George and Bennett (2005, pp. 206–07) present an equally intuitive analogy about a line of fifty standing dominoes, where dominoes two through forty-nine are concealed behind a blind. If we later find domino number one and number fifty lying flat, we might want to attribute this to a causal force running from one to the other, but we cannot be sure unless we lift the blind and look at the state of the pieces in between.

Obviously, analogies to machines or lines of dominos do not adequately describe the kind of mechanisms and processes that confront social scientists. For example, they require very little supporting theory; we take for granted that interlocking cogs or falling dominoes transmit a causal force, and that the movement of each part is derived from the movement of the preceding part.² This is certainly not the case with social scientific processes, where each link in the causal chain needs to be backed up by both theory and evidence. A better way to conceptualize social scientific mechanisms as they actually function is therefore to describe them as composed of *entities* and *activities* that

²There is a lot of theory behind classical mechanics, of course, but my point is that you rarely need to bring up Newton’s laws of motion to convince a skeptic that one falling domino can indeed knock over another.

together produce changes with some degree of regularity: “Activities are the producers of change. Entities are the things that engage in activities” (Machamer et al., 2000, p. 3; Machamer, 2004). The entities that matter to a social scientist are, in the end, most often people or collectives of people, such as social classes, voters, organizations etcetera. When we speak of a state, or government, or political party ‘doing’ something, we really refer to the people that make these organizations move.

Instead of digging deeper into the abstract, let me instead reconnect to the rentier state theory, and to Gwenn Okruhulik’s (1999, p. 308) critique that the theory “has come to imply so much that it has lost its content” (see also Sandbakken, 2006, p. 148). What she finds to be most problematic with the rentier framework is that it relegates political choices to the back seat, hidden behind a notion of economic determinism. The oil itself is not really the issue, and neither is the revenue generated by oil, she claims: “In the end, historical and social contexts must be integrated into analyses of contemporary rentier states. Life did not begin, as many imply, in 1973 with the quadrupling of oil prices” (Okruhulik, 1999, p. 309). What we need to investigate is instead how this money is spent. When Okruhulik suggests that the utility of the rentier state theory can be retained “if we construct more explicit linkages between state strategies of expenditure and the political consequences for particular social groups” (ibid., p. 295), she essentially calls for an investigation of mechanisms, centered on entities engaging in activities.

8.2

The Rentier Mechanisms

As I concluded in chapter 5, we currently have quite detailed knowledge about the basic covariation between rentierism and autocratic rule, but we know less about the actual lines of causality between the two. Yet, I believe that a study of proprietary revenue and regime formation in early modern Europe can nonetheless draw some inspiration from the research that does exist.³ Ross’ article “Does Oil Hinder Democracy?”

³The caveats detailed in chapter 5 apply also here: most of the literature cited here speaks specifically of oil, and sometimes only of the Middle East, but I approach these arguments as dealing more broadly with rentierism.

from 2001 still stands as perhaps the most clear-cut exposition of possible mechanisms, and I primarily use that study as my point of departure. Ross envisions three separate effects of oil rents that could plausibly explain a lower likelihood of democratization. The ‘rentier effect’ suggests that government can use low tax rates and redistributive policies to keep societal demands of representation and accountability to a minimum; the ‘repression effect’ suggests that the state can, if necessary, subdue any political opposition by force; and the ‘modernization effect’ suggests that an economy based on external rents fails to bring about the social and cultural changes which many scholars claim lead to democratic transition. In the following discussion I make two modifications to this set up: I divide the the rentier effect into two separate mechanisms, which I call *tax relief* and *spending*. To me, the two seem to be distinct strategies to ensure support and acquiescence and they involve different causal processes. Also, I will not attempt to trace modernization processes in my empirical investigation. The modernization effect—which really should be called the non-modernization effect—is essentially about the political implications of wide-spread, sustained economic growth, and such growth has not really been seen before the modern, industrialized era. Therefore, this mechanism does not seem to apply to the early modern period, at least not in a very significant way.⁴

Tax Relief. One of the foundational hypotheses of the rentier state theory stipulates that when governments collect external rent, they offset the increased revenue by reducing domestic tax collection—in other words, they make a fiscal trade-off, using one source of income to replace another. The tax reduction is, in turn, generally believed to alleviate or forestall popular demands for democracy and government accountability. This argument was classically formulated by Samuel Huntington (1991, p. 65), who asserted that since oil revenues “reduce or eliminate the need for taxation, they also reduce the need for the government to solicit the acquiescence of the public to taxation. The lower the level of taxation, the less reason for publics to demand representation.” Versions of this argument are found throughout the literature (see for instance Luciani, 1987; Anderson, 1987, p. 10; Crystal, 1990, pp. 6–7; Ross, 2001). Tax administration is cumbersome, contentious, and costly—in both economic and political terms—and

⁴Also, Ross’ (2001, pp. 353–56) own findings are weak and the mechanism has received little support in subsequent analyses (Ahmadov, 2014, p. 1259).

the basic assumption here is that a government with fiscal room for maneuver would want to reduce its dependence on such income. Taxes necessitate compromises or coercion (often both), and a ruler freed from the need to tax is thus more autonomous and can pursue his or her own preferred policies (Kiser, 1987a). Taking a more societal view, Karl (2007, p. 265) suggests that this fiscal trade-off also results in a participation deficit and “a lack of connection between subjects and the state, which breaks any sense of ownership of public resources.” A significant reduction in tax collection could therefore undermine the fiscal underpinnings of the social contract (Bräutigam, 2008; Martin et al., 2009b). The tax relief mechanism can thus function in two interrelated ways: a shift from tax revenue to rent makes the population less prone to make claims on the state, but it also makes the state less dependent upon—and therefore less interested in—the productive power of society; state and society become dissociated and the latter is increasingly irrelevant to the former (Vandewalle, 1987, p. 160; Anderson, 1987, p. 10). To anticipate the next mechanism, such a state can do without an economic policy, it only needs a spending policy: fiscal strategies in rentier states do not center on extraction of taxes but rather on allocation of rents (Delacroix, 1980; Luciani, 1987; Vandewalle, 1998). The logic of the tax relief mechanism is of course grounded in the historical thesis that political representation in Europe can trace its origin to the rulers’ need to raise tax revenue (see discussions in chapter 3 and 5). Beblawi stresses this point when he writes that

The conventional role of the state as provider of public goods through coercion—mainly taxation—is now blurred in the Arab oil states by its role as a provider of private favours through the ruler’s benevolence. . . . With virtually no taxes, citizens are far less demanding in terms of political participation. The history of democracy owes its beginnings, it is well known, to some fiscal association (no taxation without representation). (Beblawi, 1987, p. 53)

Spending. According to Morrison (2015), a government that wants to avoid or reduce popular contention and citizen recalcitrance can resort to two basic tactics: it can decrease taxation or increase redistribution. The dilemma, of course, is that it is difficult to do both—in fact, using one tactic typically forces you to abuse the other: less taxation typically leads to less redistribution and vice versa. Not so in a rentier state,

where it may be possible to lower taxes *and* expand public welfare at the same time (Mahdavy, 1970, p. 432). That is why the rentier state has also been called “the distributive state” (by Delacroix, 1980) and “the allocation state” (by Luciani, 1987).

Expenditure in a rentier state takes different shapes depending on culture, demographics, ideology, and policy objectives. Rent can be directed into general welfare programs seeking broad societal appeasement; it can be invested in large-scale economic programs; or it can be frittered away on grandiose, nationalistic monuments and projects meant to cultivate patriotic loyalty and support for the state and its leader. The distribution of rents also takes the shape of more selective patronage, whereby job positions, lucrative contracts, or other perquisites are doled out to favored clients in exchange for their assistance, or at least their acquiescence. More antagonistically, the aim can be actively to prevent or impede the formation of social movements and interest groups, or as part of a strategy of divide and rule, sowing contention between different societal groupings or fracturing an oppositional constituency. Chaudhry (1994, p. 19) claims that the distributive policies of oil rich states in the Middle East have been “Explicitly designed to depoliticize the population. . . . In all cases, governments deliberately destroyed independent civil institutions while generating others designed to facilitate the political aims of the state.” Lavish handouts thus help rentier rulers to preserve political status quo. Simply put, rents can be used to buy regime survival (Wright et al., 2015).

Any kind of government—authoritarian and democratic—can make use of public spending and patronage as safety valves, of course, reducing the pressure of popular demands through what Ross (2001, p. 334) calls “fiscal pacification.” The argument here is that the large and comparatively unrestrained budgets of rentier states make such tactics more feasible and effective (Anderson, 1995; Wantchekon, 2002). “The key mechanism linking authoritarian rule and resource dependence,” Jensen and Wantchekon (2004, p.821) suggest “is an incumbent’s discretion over the distribution of natural resource rents.”

Repression. Investments in military capacity, law enforcement, and secret police constitute another kind of spending that can ensure societal compliance, albeit in a more violent and authoritarian manner. If the spending mechanism suggests that rents can be used as *carrots*, the repression mechanism suggests that they can also be used as *sticks*. This mechanism is pretty straightforward as it entails no assumptions about

what motivates democratic demands, or whether political stability can be purchased. It simply proposes that whenever democratic aspiration is sparked, the state can promptly use coercive force to snuff it out. Again, this is a proven tactic of many authoritarian regimes, both historical and contemporary, but the argument is that rentier states are less restrained in their use of financial resources than states that are fiscally dependent on their own populations: they can, quite literally, afford to deal harshly with society. Moore writes:

How can you expect a state to be responsive to the needs of citizens, and to consult or be accountable to them when those who control the state apparatus obtain their money basically by virtue of that control over the state, and can continue in power provided that they keep the oil flowing...? (Moore, 1998, pp. 97–98)

In a recent study, Wright et al. (2015) propose that military spending is the principal mechanism between oil wealth and autocratic regime survival. It serves not only as a tool of societal control and repression, but can also co-opt military officers and act as a general disincentive to coups d'état by other would-be-autocrats.⁵ And indeed, a brief glance at the data on military expenditure in the world today clearly indicates that access to rents permits extraordinary levels of military build-up. Between 2011 and 2015, each of the ten countries that spent most money on the military in relation to their gross domestic product also collected significant amounts of resource rents and/or military aid. The top military spender in the time period was Oman, followed by Saudi Arabia, South Sudan, Libya, United Arab Emirates, Algeria, Israel, Angola, Republic of the Congo, and Azerbaijan (data sourced from WDI, 2015).

8.3

The Mechanisms Applied to Historical Politics

Tax relief. At first glance, the tax relief mechanism seems both straightforward and plausible: to the extent that a ruler can live off proprietary revenue, he or she can lower taxes and thereby alleviate or

⁵See Dunning (2008) for a more conditional discussion of the relationship between rentier income and state coups.

forestall public demands for representation, accountability, and conscientious expenditure. There is no obvious reason why this mechanism should not have been viable in historical times—in fact, I can immediately think of at least three reasons why it could have had a more significant impact in early modern Europe than it has today: first, taxation—especially direct taxation on person, property, or income—was a much more contentious and legally unsettled practice. Second, tax-induced rioting and rebellion constituted greater threats to the early modern state, as its capacity to withstand them was much lower than that of a modern state. And third, the rulers of the time also met with much greater logistical and administrative difficulties in their attempts to estimate, track-down, and collect the taxes that were due. In short, the political costs of taxation were higher, and this placed potential tax-payers in a quite strong bargaining position. The political effect of substituting a public with a proprietary income could therefore very well have been more potent in early modern Europe than it is today.

That being said, I think the tax relief mechanism functions in ways that are more intricate and convoluted than commonly acknowledged. Let me first point out the obvious: as the label ‘tax relief’ implies, this is less an argument about proprietary revenue than it is an argument about public revenue—or the reduction thereof. It is based on two assumptions:

- (i) more proprietary revenue will lead to lower taxes, and
- (ii) lower taxes will lead to fewer political demands.

Both these assumptions invite discussion. Why would we necessarily think that (i) is correct? If fiscal history has anything to teach us it is that rulers rarely surrender any source of income they have already acquired. And while the introduction of new taxes or higher rates is often controversial, maintaining already agreed-upon grants is comparatively painless. This would suggest that the tax relief mechanism mainly concerns future developments; proprietary revenue thus diminishes the need to ask for *additional* taxes. Whether (ii) is corroborated by evidence is another issue altogether. I find the argument plausible but difficult to confirm (see Waterbury, 1997a, p. 393; Waterbury, 1997b, pp. 151–53). Essentially it rests on a counterfactual logic (Herb, 2005). Let us accept as a historical fact that taxation has often provoked people to use voice or exit against the central government, thereby forcing rulers to respond by either lightening the burden, enforcing compliance, or sweetening the fiscal deal. The counterfactual argument would then suggest that *if* taxation could be avoided, such popular

discontent would not materialize in the first place. Or in a more precise formulation: the tax relief mechanism suggests that we should find a causal connection between (a) the ruler's access to proprietary revenue and (b) the absence of taxes *that would otherwise have had to be levied*, which in turn explains (c) an absence of political demands on ruler and government. As I said, plausible but difficult to confirm.

To reiterate, what I am primarily looking for in the investigations of Swedish history is some evidence of a fiscal trade-off between proprietary and public revenue. This need not involve an actual reduction in tax collection, but rather a relief compared with what would otherwise have been the case. Such tax relief can be found at a general level, covering all tax payers, but it can also be used as a more targeted policy of exemptions, reductions, or privileges. For example, a common prerequisite of being ennobled involved the exemption from ordinary taxation, which would qualify as a targeted relief. The figure below summarizes the tax relief mechanism in terms of entities engaging in activities.

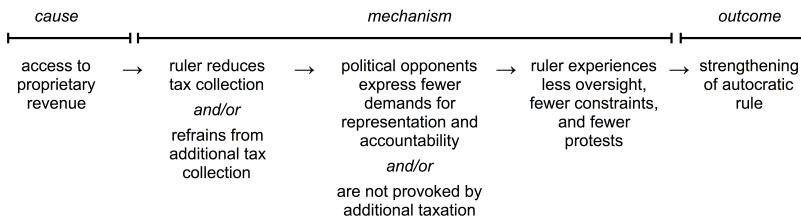


Figure 3: The tax relief mechanism

Spending. Is there any reason to think that the spending mechanism would function differently in historical polities? The provision of general incentives, in the form of public goods, welfare, and social insurance, was certainly not widespread before the twentieth century, but the more selective dispensation of employment, favors, material rewards, et cetera, in return for political support is most definitely not an exclusively modern phenomenon. “Whether termed ‘patronage,’ ‘machine politics,’ or ‘political clientelism,’” the authors of one article claim, “this type of relationship must indeed be regarded as a generic trait of political systems regardless of their stages of development” (Lemarchand and Legg, 1972, p. 149). If we interpret this mechanism more specifically as

patronage it can again be argued that it ought to have been even more viable and useful in the historic context than is the case today. Today, patronage is largely seen as a political abuse; it disrupts democratic functions and violates principles of merit and bureaucratic impartiality. Five centuries ago, on the other hand, the distinctions between the public and private spheres were much more vague and ill-defined. It has been argued that early modern statesmen had to deal with a plurality of values, involving both formal, bureaucratic procedures of the modern kind, and the more informal, personalized relationships of a “face-to-face society” (Kerkhoff et al., 2013). And if we look even further back, to the feudal era, we find that the socio-political structure in its entirety was defined by the clientelistic relationship between lord and vassal. Lemarchand and Legg writes:

To cite Coulborn⁶ once again: ‘A society moving in a feudal direction is one in which the personal relations of loyalty between leader and follower, or lord and vassal, come to serve as a political system and to take the place of the political system operating through officials serving the state.’ Seen in this light, clientelism may be said to serve as a functional alternative to the state. (Lemarchand and Legg, 1972, p. 149)

Clientelistic spending is often defined by family ties, religious or corporate membership, or stratification based on birth rights—relationships that defined the early modern era. A significant function of these relationships was that they could substitute for the lack of infrastructural capacity of the early modern state (Kettering, 1986). Early modern contemporaries certainly had their ideas of what amounted to unacceptable uses of public authority and what violated moral and legal codes—but patronage arguably constituted a more prevalent, overt, and ingrained instrument of political rule in those times. Bendix (1978, p. 219) contends that “The bestowal of royal favors has always been a preferred method of luring subjects into obedience. Those favors could range from massive grants of land and rights to a mere token of regard, sometimes no more than a fleeting access to the royal presence.”

My concrete approach to the spending mechanism combines breadth with narrowness: it is broad in the sense that the incentive in question could be just about any type of favor or benefit that is desirable to an individual or a group of individuals, and that is within the ruler’s

⁶Rushton Coulborn, *Feudalism in History* (1956, p. 189).

discretion to offer. It could involve employment, material rewards, contracts, licenses, privilege, honors, policies, et cetera. However, a narrower requirement here is that the favor or benefit must be causally related backwards to proprietary income, and it must also result in a strengthening of autocratic rule. The underlying assumption is that since proprietary revenue is collected by a right of ownership, not as a grant, it can be used more readily and more discretely. Public revenue, on the other hand, is more often earmarked and scrutinized. In economic terms, the proprietary budget can be characterized as more 'softly constrained' than the public one, thereby providing greater opportunities for politically motivated expenditure (Anderson, 1995). Note that whereas the tax relief mechanism is based on the argument that the mere collection of taxes provokes popular demands, the spending mechanism adds the corollary assumption that the misuse of tax funds would incite more concern and protest than would the misuse of proprietary funds.

The spending mechanism can strengthen autocracy by building support and obedience, and the distribution of favors bind both loyal supporters and would-be contenders to the sitting regime. Clients become dependent on their patron-ruler as their entitlements are tied to his or her longevity and autonomy. Targeted patronage can also prevent the formation of threatening coalitions, and thereby minimize the risk of concerted opposition. Empirical manifestations of the spending mechanism are quite straightforward, and include appointments, ennoblement, the granting of fiefs, sale or donations of land, favorable contracts or partnerships, and distribution of money.

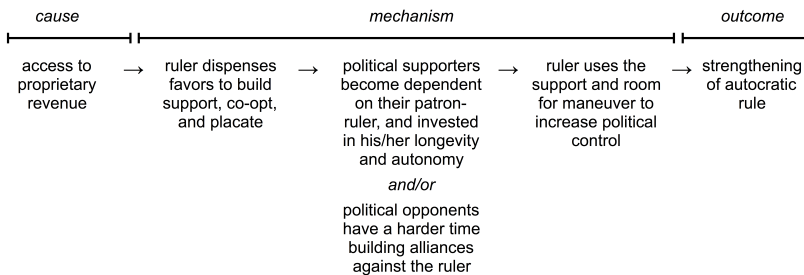


Figure 4: The spending mechanism

Repression. As an instrument of political rule, coercive force is common throughout the course of history. In fact, the monopolization of

violence is often seen as the very definition of the state as a political institution; according to the Weberian approach “the state represents a relationship in which people *rule over* other people. This relationship is based on the legitimate use of force (that is to say, force that is perceived as legitimate)” (Weber, 1919/2004, p. 34). But whereas Weber emphasized that the state’s use of force had to be perceived as legitimate, repression rather represents an *illegitimate* exercise of power. According to one definition, political repression refers to the subjugation of what can be called “First Amendment-Type rights,” that is the freedoms of speech, assembly, travel, association, belief, et cetera (Goldstein, 1978). In contrast, it could be argued that the state’s ‘legitimate use of force’ should serve partly to safeguard such rights.

It is, however, probably easy to exaggerate the viability of coercion as an instrument of government. Not even Weber looked at violence as the normal means of state rule (although it was the defining means of state rule), and for early modern Europe more specifically, Bendix (1978, p. 219) asserts that “force, while always needed, is not sufficient, for there is never enough of it to make the king’s will prevail in the long run.” The state can be likened to a bank in this sense, he suggests (*ibid.*, p. 17): just as the monetary reserves of a bank can cope with a normal rate of withdrawal by depositors, but are swiftly depleted in the case of a bank run, state repression can be used to overpower isolated uprisings but cannot bear up for long against wide-spread, endemic opposition. A somewhat paradoxical insight here is that political repression is a viable instrument of ensuring obedience only as long as most citizens acquiesce and accept the authority of the ruler.

The bank-analogy can be extended to illustrate the basic function of the repression mechanism: just as a bailout can boost the bank’s capacity to withstand a run, access to proprietary revenue can extend the state’s capacity to withstand insurrections. This revenue provides the ruler with a convenient fund that can be directly used to subdue real or imagined opposition, or it can be invested over time to build-up repressive capabilities that make the regime increasingly protected against any challenge that may come along. It is also plausible that capacity for repression functions as a deterrent, discouraging would-be challengers from taking action against the state. This version of the mechanism is difficult to confirm, of course, as it refers to state-society conflicts that do not break out.

Once again, I see no reason to specify exactly what kind of repression the mechanism is based on, other than that it should involve force or the threat of force. That said, there are numerous types of political

repression that have no obvious link to the expenditure of proprietary revenue, such as harassment, bans, arrests, interrogations, or arbitrary prosecutions. Perhaps it might be argued that access to proprietary revenue could make these measures more viable: a ruler who does not need to rely on tax revenue can afford to deal more harshly with potential taxpayers. Admittedly, this link is very tenuous, and I will therefore focus on more concrete and substantial manifestations of the repression mechanism.

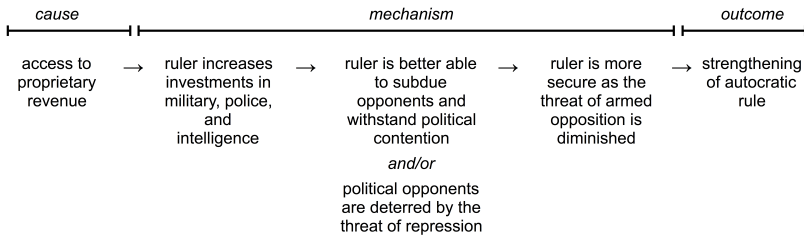


Figure 5: The repression mechanism

8.4

Concluding Thoughts

This chapter has discussed three causal mechanisms that can plausibly explain how access to proprietary revenue can result in more autocratic rule. The focus on political actors and their behavior—here understood in terms of entities and activities—stems from the contention that proprietary revenue does not ‘do’ anything by itself; rather, it enables rulers to implement certain strategies that can in turn fortify their hold on political power. As I have repeatedly pointed out, spending and repression can be used by any political leader who wants more authority, but the specific fiscal character of proprietary revenue could make these strategies more feasible. The tax relief mechanism, on the other hand, would seem rather to be unique to rulers with access to proprietary revenue. I prefer to look at these mechanisms as three separate strategies; all three, or any combination of them, may be simultaneously valid and their effects should be complementary. For instance, repression can be used to subjugate, by force, certain groups in society while patronage is simultaneously employed to buy the support

of others. There may also be some degree of overlap between them: tax relief can function as a form of spending or patronage.

Finally, I want to emphasize that, as presented here, the mechanisms are described as simplified chains of actions and reactions, but reality is typically more messy, of course. “Any particular event that we might wish to explain stands at the end of a long and complicated causal history,” the philosopher David Lewis (1986, p. 214) tells us: “We might imagine a world where causal histories are short and simple; but in the world as we know it, the only question is whether they are infinite or merely enormous.” The historical investigations I will turn to in the next part of this book are not infinite, and I hope they do not feel enormous, but they are certainly more complicated and less clearcut than the mechanisms described here imply.

III

HISTORICAL INVESTIGATIONS

Writing history is constructing a coherent story of some facet of the human condition through time. Such a construction exists only in the human mind. We do not recreate the past; we construct stories about the past. But to be good history, the story must give a consistent, logical account and be constrained by the available evidence and the available theory.

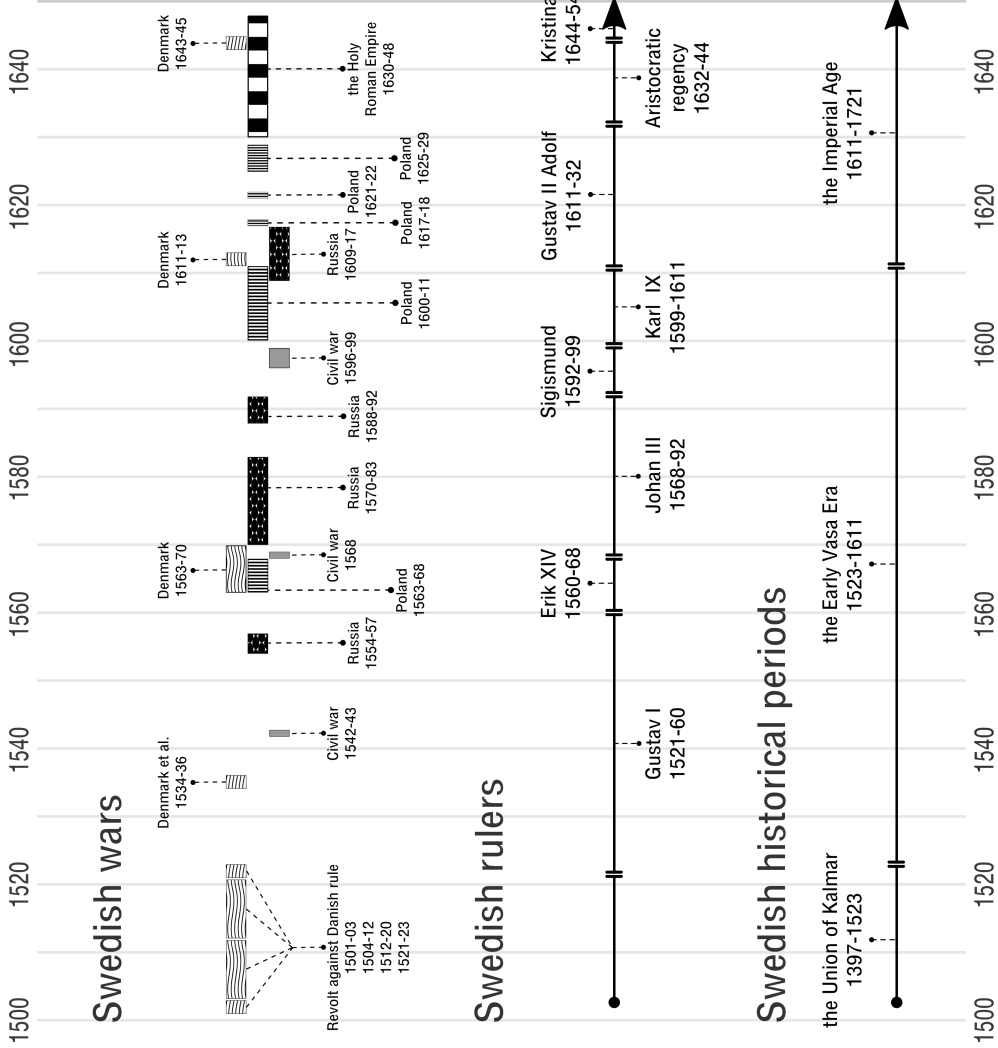
—Douglass C. North (1990, p. 131)

9

The Curious Case of Swedish Regime Formation

THE RISE OF Swedish autocracy is often dated specifically to 1680 and its fall to only thirty-eight years later, when Karl XII died, leaving no heir to the throne. After the king's death, the government was swiftly and radically put under the control of the popular assembly—the *Riksdag of the Estates*—marking the beginning of what has been called the Age of Liberty. The thirty-eight years of monarchical dominance has been dubbed the Carolingian Autocracy (*karolinska enväldet*), as it included the reigns of two Kings named Karl. However, it is not obvious that we must abide by this narrow chronology. While royal power expanded significantly and was formally sanctioned by the Estates¹ in 1680, it is evident that tendencies toward autocratic rule can be traced further back in time (Magnusson, 1985, pp. 26–28), and it is also a fact that autocracy made a comeback a century later, in the Gustavian Age. In this study I therefore opt for a more encompassing approach and take into account political developments throughout the early modern period. This extended time frame—stretching from Sweden's violent exit from the Union of Kalmar in 1521 until the unceremonious deposition of Gustav IV Adolf in 1809—contains numerous regime transitions. In the chapters that follow I investigate three separate episodes of autocratic advancement, namely the reigns of Gustav I,

¹I use the term 'Estate' in this study only to refer to the four corporate orders that represented Swedish society in early modern times, that is the nobility, clergy, burghers and peasants. To avoid confusion I stay away from the term when writing about land holdings (except in direct quotes).



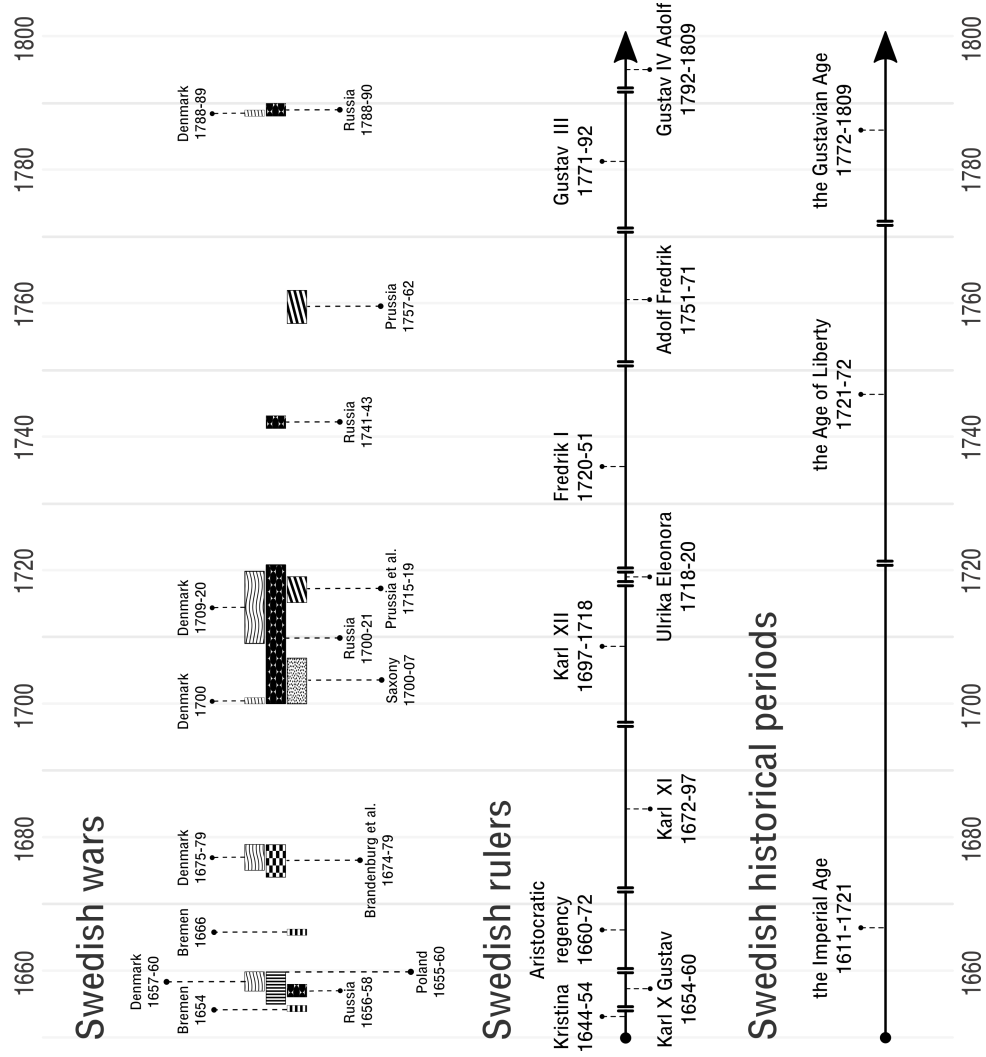


Figure 6: Timeline of Swedish early modern history, 1500-1800



Figure 7: The Swedish Empire at its height, in 1660. Years signify the date of acquisition (and date of loss).

Karl XI, and Gustav III. In between these episodes we find intervals during which the Estates and the aristocratic Council—not necessarily in league with one another—gained ground and strengthened their power position vis-à-vis the monarch.

Before expanding on my reasons for selecting these specific episodes I will review some efforts by comparative scholars to explain regime formation in early modern Sweden and highlight the difficulties they

have encountered in their attempts to do so. As we shall see, the Swedish case is quite elusive. Jespersen (2000, p. 178) has made a similar remark as regards the Nordic region as a whole: “European theories about absolutism and other general models have been applied to Nordic conditions, but it does not seem possible to fit Scandinavia into them without encountering problems.”

9.1

Two Conflicting Approaches

As I noted in the introduction to this book, it should come as no surprise that Sweden rarely makes it into the pages of comparative works on European political development. Its rulers may have governed over a huge territory, but it was a poor, sparsely populated² expanse of land, located far away in the northern periphery. Apart from a brief imperial enlargement in the seventeenth century—including a string of consequential victories in the Thirty Years’ War—Sweden seldom intrudes on scholars seeking to track the ‘general’ history of Europe. But studies of state and regime formation that nonetheless try to incorporate the Swedish case into their explanatory models typically run into difficulties (see Scherp, 2013, pp. 323–26). Political rule in Sweden seems to have evolved along, if not unique lines, at least erratic ones (Anderson, 1974). I find some irony in the fact that even though the pendular movements of political power—favoring the monarch at one point, the Estates or the aristocratic Council at another—make Sweden a difficult case to explain, they also allow different scholars to make use of the Swedish case to illustrate quite different, even irreconcilable, arguments. There are at least two conflicting perspectives on regime formation in early modern Sweden.

The first perspective suggests that Sweden was ultimately defined by autocratic forms of government—that is, the state had an underlying autocratic character throughout its early modern period. If you adopt this interpretation you are forced to explain away the persistent constitutional constraints, the fact that the freehold peasantry held considerable political power, and the repeated ‘reverses’ into periods of conciliar or parliamentary dominance. Take Charles Tilly (1992, pp.

²The population residing within the current borders of Sweden can be roughly estimated to around 0.6 million in 1500, 1 million in 1600, and 1.5 million in 1700 (Myrdal, 1999, p. 221).

134–37) as a representative of this approach. He argues that since the Nordic region was one of the poorest and most profoundly rural in Europe, all the Nordic countries cluster along the *coercion-intensive* path to state formation. Trade was limited and dominated by foreign interests—early on by the Hanse, later by Dutch merchants. With most of the population engaged in near-subsistence agriculture there was little manufacturing going on. Accordingly, the accumulation of capital was very limited and the state could not survive on the yield of indirect taxes on trade, such as excises and tariffs.³ The economic historian Eli Heckscher once estimated that the level of economic development of sixteenth century Sweden was roughly equivalent to that of Carolingian France, which existed five centuries earlier (cited in Roberts, 1967, p. 3). As one would expect, Nordic cities ranged from small to very small—in 1500, Stockholm had some six or seven thousand inhabitants, which made it less than half the size of secondary English towns like Norwich or Bristol (Roberts, 1968, p. 28). A century later, Gustav II Adolf would lament that Swedish towns were generally “lacking trade, rotten, and falling apart . . . broken down and impoverished” (quoted in Rystad, 1987, p. 92). In more commercialized parts of Europe, strong cities and wealthy merchant guilds formed a potent counterbalance to power-hungry rulers—not so in Scandinavia.

Under conditions such as these, Tilly theorizes, rulers were forced to impose burdensome levies on the meager surplus of the rural population, the collection of which tended to be contentious and often required arm-twisting, hence the coercion-intensive path. Can Tilly explain why Sweden was among the most constitutional states in the eighteenth century, or why the peasantry were not subjugated? He merely concedes that the Nordic countries produced “their own variant of coercive state formation” (Tilly, 1992, p. 134) but does not clarify what that variant actually entailed. In Sweden’s case he simply throws in a reference to its “exceptional rural class structure” (*ibid.*, p. 27).⁴

The second perspective turns this picture upside down. Some would suggest that the early modern Swedish state was *not* defined by coercion and autocracy; on the contrary, it inherited and retained quite solid constitutional moorings throughout its early modern period (and

³Denmark deviates somewhat from this description as it was more commercialized than the rest of Scandinavia, and geographically well-positioned to tax the Baltic trade passing through the Sound.

⁴I should add that Tilly treats the Swedish case with considerable ambiguity, and he seems to change his mind between *Coercion, Capital, and European States* (1992) and *European Revolutions* (1993). See Emilsson (1996, pp. 92–94) for a more detailed discussion of Sweden’s place in Tilly’s model.

beyond). What begs explanation from this point of view is how and why autocracy could in fact emerge as it did. Two representatives of this approach are found in Brian Downing (1992, ch. 8) and Thomas Ertman (1997, pp. 305–13). Downing emphasizes the survival of medieval constitutional arrangements in Sweden and contrasts this with the experience of most other states in Europe, where similar constraints on royal power were eliminated in the process of preparing for war. He argues that Sweden's access to abundant sources of 'foreign revenue,' primarily war booty, relieved the need for coercion-intensive taxation at home which allowed rulers to leave constitutional arrangements intact.⁵ Downing portrays the autocracy that was formally instituted in 1680 as a transient regime, propped up by a precarious mix of militarism, personalism, and populism, which he terms *caesarism*. It was but a temporary side-track, and quite soon the Estates reasserted themselves and steered Sweden back onto its constitutionalist trajectory: "Parliament, the rule of law, local centers of power, and personal rights are encroached upon by caesarism," Downing (1992, p. 12) explains, "but are not destroyed as under military-bureaucratic absolutism—that would undermine the popular basis of support. . . . Caesarism's personalism and lack of institutionalization are the keys to its not being a long-term threat to a democratic political outcome." The main problem with Downing's theory is that it hinges on the mistaken idea that "domestic resource mobilization was not heavy" in seventeenth century Sweden (*ibid.*, p. 195). The consensus among Swedish historians is on the contrary that the imperial era was "a time of furious exertion, of attempts at the total enrollment of the population into fiscal and military efforts, and of a next to total depletion of resources" (Nilsson, 1990, p. 173).⁶

Ertman, on his part, openly admits that the development of the Swedish state confounds his expectations. Like Downing, he portrays constitutionalism as the "dominant political regime," and periods of more autocratic rule are portrayed as "ultimately unsuccessful interruptions" and "quasi-absolutist interludes" of this main political orientation (Ertman, 1997, pp. 306, 313, 316). His own model predicts that political rule in Sweden should have been defined by what he calls a patrimonial

⁵Downing's approach is in fact essentially compatible with Tilly's, but he adds a specific fiscal variable to explain why Sweden could avoid the coercion-intensive path.

⁶The expensive activities of the Swedish military state are well documented; see for instance Lundkvist (1966), Landberg et al. (1971), Cavallie (1975), Fredriksson (1976), Lundkvist (1979), Lindegren (1992), and Glete (2002).

constitutionalism but instead it developed a bureaucratic character. He suggests that “powerful contingent events,” such as the idiosyncratic conditions surrounding Gustav I’s enthronement in 1523, made Sweden deviate. This is, to be sure, a credible explanation—contingencies and accidents steer history in ways that our theoretical frameworks cannot always account for—but it is not very satisfying.⁷ In any case, Ertman finds that this ‘incidental’ bureaucratic apparatus of Gustav’s became an important instrument enabling successive monarchs to rule without consulting the Riksdag. The fact remains, however, that no monarch was able to do away with popular and constitutional constraints altogether, and royal power fell short of what would have been needed for “true absolutism” (*ibid.*, pp. 314, 316).

The contrast between these two perspectives is accentuated even further if we consider the other states in Europe that Sweden is compared to. Tilly (1992, pp. 64, 143) seems to relate the Swedish experience to that of tsarist Russia, and Michael Mann (1988, p. 115) brackets Sweden with the other absolutist monarchies: Austria, France, Prussia, and again Russia. It seems almost as if Downing and Ertman have studied a different country altogether; the former points out important similarities between Sweden and the Dutch Republic (Downing, 1992, pp. 16–17), and the latter finds that the Swedish state became “the closest equivalent in Europe to the bureaucratic constitutionalism of Britain” (Ertman, 1997, p. 314).

AN AUTOCRACY WITHOUT MOTIVATION?

The Swedish case is also discussed at some length in Perry Anderson’s (1974, ch. 7) seminal study of the lineages of European absolutism, and he immediately points out that Swedish absolutism departed in important ways from the main types found in continental Europe: in fact, he says, it really had no equivalent. Anderson models two distinct types of absolutism in Europe: Western Absolutism, he suggests, is characterized by the need to exercise internal control over a non-servile peasantry and ascendant towns, while the Eastern variety was characterized by serfdom and subjugated towns. Absolutism in Sweden stands out in the sense that rulers had to contend with a free peasantry and wholly insignificant towns, a constellation that runs counter to the “master-division” of the continent (*ibid.*, pp. 179–80). This is one

⁷A Swedish historian has similarly suggested that the remarkable accomplishments of Gustav I forces us to “reflect on the role of personality in the course of history” (Janken Myrdal, quoted in Larsson, 2003, p. 7).

reason why it is difficult to interpret Swedish regime formation: the free peasantry puts Sweden among the Western states, while the petty towns and economic backwardness put it among the Eastern ones.

Anderson himself seems to stand with one foot in each of the 'camps' presented above. He belongs to the 'autocratic camp' in the sense that he continuously and effortlessly refers to the absolutist character of Swedish rule throughout the period under consideration here. But at the same time he contributes to the 'constitutionalist camp' by stressing that the preconditions of autocracy were quite weak and that the main reason for its existence is found in aggressive imperial expansion:⁸

But the external success of Swedish Absolutism never wholly cancelled its internal limitations. It suffered from a fundamental *under-determination*, because of the comparatively dormant class configuration within Sweden itself. Thus it always remained a 'facultative' form of rule for the noble class itself. In socially atonic conditions, Absolutism tended to lack the pressure of vital class necessity. Hence the curious pendular trajectory of Swedish Absolutism, unlike that of any other in Europe. (ibid., p. 184)

What Anderson suggests, somewhat curiously, is that neither monarch nor aristocracy really cared much about whether Sweden was ruled in an autocratic or a constitutional fashion; they could effortlessly adapt to either form. In short, it was an 'absolutism without motivation.'⁹

PICKING SIDES

So where do I stand in all this? Let me begin by pointing out that the question of whether early modern Sweden was one of the autocratic states or one of the constitutional ones poses a false dilemma. Empirically speaking it was both (Emilsson, 1996, p. 51). More critically, however, I believe the political history of Sweden aptly demonstrates why the dualistic notion of 'monarch versus parliament' constitutes an

⁸Note that while Downing argues that the imperial expansion served to protect constitutional arrangements, by supplying the Treasury with foreign revenue, Anderson instead claims that imperialism was the very impetus for Swedish absolutism to begin with.

⁹This last expression is Emilsson's (1996, pp. 66–72) who also offers a number of valid criticisms against Anderson's argument. Emilsson also provides a much broader and more detailed discussion of Sweden's place in general models than the one I can give here. Apart from Tilly and Anderson, he also reviews the arguments of Barrington Moore, Douglass North, Immanuel Wallerstein, and Robert Brenner.

inadequate analytical framework. In this case, at least, there seems to be no immediate contradiction in having both autocratic rule *and* an active parliament at the same time. The successive expansions of royal power was never implemented against the solid resistance of all four Estates. In fact, most autocratic advances received some degree of popular approval and legitimacy, through key decisions taken by the Riksdag at successive stages. That is why Jespersen (2000, p. 51) paradoxically suggests that autocracy and parliamentarism reinforced one another: “consolidation of the power of the monarchy and the riksdag went ahead *pari passu*” (see also Schück, 1987, p. 5). And that is why Metcalf (1987c, p. 1) speaks of “a constitutionally-bound absolutism,” and why Anderson (1974, p. 181) labels the Swedish form of government as “a parliamentary absolutism.”¹⁰ I would argue that the political struggles of early modern Sweden included at least three main factions: monarch, nobility, and the lower Estates (clergy, burghers, peasants), and that is why the triangular model of regime types presented in chapter 7 should be useful here.

Some historians might take issue with these broad categories, so let me emphasize that the boundaries between these factions were fluid, and they certainly did not constitute coherent wholes. The nobility was in some periods formally divided into three tiers, and there were substantial differences in wealth, authority, and interests between the untitled gentry (*lågadeln*) and the aristocracy (*herreklassen*). One distinction between these two groups that would prove to be consequential was that the latter collected substantial income from landownership and investments in industry, while the livelihood of the former was more often tied to salaried state employment. I should also acknowledge that the position of the clergy is not clear-cut. Before the Reformation, powerful bishops had seats in the governing Council and they were certainly part of the societal elite, not the commonalty. The political interests of the clergy often lay close to those of the nobility, since both Estates enjoyed exemptions and privileges. With these caveats, I would nonetheless argue that the way in which political struggles actually played out in the early modern era largely confirms the broad categorization proposed here. As a heuristic device, at least, the triangular model is quite helpful, and I will return to it in each historical chapter. Until the eighteenth century, political power tended

¹⁰This term has at times been used to describe a situation where the parliament itself gains near-absolute powers (see for instance Braddick, 2004, p. 274). In the Swedish case, however, it refers to a situation where the Estates have formally sanctioned monarchical autocracy.

to gravitate toward either monarch or nobility, but at any point in time, the character of rule in Sweden was defined by the specific constellation of alliances and conflicts among these three factions (see Holm, 2003, for a quite similar approach).

Having said all this, I find that the constitutionalist argument has more that speaks in its favor than does the autocratic one. In other words, I believe that political and social conditions in Sweden favored a diffusion of power rather than a concentration of power in the hands of a single ruler. Let me back up this standpoint by reviewing the constitutional heritage of Sweden.

9.2

Sweden's Constitutional Heritage

The constitutional heritage of Sweden must be considered quite strong. In medieval times, kingship had been an elected office, and political authority was conceded (*concessio*) to the monarch rather than transferred (*translatio*). At a ruler's demise, the government returned temporarily to the ecclesiastical-noble Council of the Realm, and even after royal succession became hereditary (in 1544), this constitutional backbone of the state acted as a check against any enduring claims to royal supremacy. In the King's Law (*konungabalken*)—which formed a part of the Land Law of Magnus Eriksson first assembled in the middle of the fourteenth century—Sweden had its own Magna Carta-like proto-constitution. The Law upheld basic principles of personal freedom and justice, and mandated that legislation, as well as decisions about war and peace, required the consent of the people of the realm. In a later amendment, it was stipulated that the monarch was expected to rule 'with the counsel of the Council' (*med råds råde*). The Law also set out unambiguous fiscal constraints:

the king shall live on the income from his royal domains of Uppsala [*Uppsala öd*], the crown lands and lawful annual levies from his kingdom and not impose on his people any new aid or tax, unless in these circumstances: first, if a foreign horde, Christian or heathen, should devastate his land, or if someone within the kingdom should rise in opposition to the crown and the king cannot otherwise defend himself, or if the king be crowned or tour his realm

[*Erikskata*] or marry his child, son or daughter, and also if the king need repair his castles or estates. In these cases the bishop and sheriff [*lagman*] in each province, with six noblemen and six commoners, shall consider what aid the people can or may give the king. (Donner, 2000, p. 3)

Note how well these formulations correspond to the fiscal maxims discussed in chapter 4. It must be acknowledged that the constitutional constraints of the King's Law were archaic, incomplete, and quite malleable; they could not really impede the emergence of autocratic government. Yet, the fact remains that no Swedish ruler could ignore the Law completely, and it remained an important document for at least four centuries (Jespersen, 2000).

The political significance of having a very large group of freeholding peasants, who represented themselves in the assembly, must also be emphasized. Sweden is quite unique in this aspect; among the European states only Switzerland has a comparable tradition of peasant representation (Metcalf, 1987c; Rystad, 1987, p. 65; Blickle, 1989). The particularity was not lost on contemporaries: in 1652, it prompted one exasperated nobleman to lament that "it is strange that people whom God has created for service, should be regarded as free" (quoted in Upton, 1998, p. 3). The peasants might have been disciplined, chastised, and bullied, and they were generally excluded from the Secret Committee (*sekreta utskottet*), where sensitive matters of foreign policy were deliberated. But they were never dispossessed and there was certainly no 'second serfdom' in Sweden, which clearly distinguishes the kingdom from Prussia or Russia. It certainly ranks among Sweden's most peculiar traits that an extraordinary degree of personal freedom could coexist with an equally extraordinary degree of state control and mobilization of societal resources. A number of peasant rebellions erupted in the first half of the sixteenth century—a period of pronounced expansion and centralization of political control—but Swedish rulers encountered remarkably little outright resistance from their subjects thereafter.

When discussing the relationship between ruler and ruled in early modern Sweden it is important to note that historians tend to lean toward one of two research traditions; the top-down/centralized/fiscal-military/conflictual tradition of Sven A. Nilsson (1964; 1989; 1990), or the bottom-up/local community-based/social contractual/consensual tradition of Eva Österberg (1989; 1995). My focus on state finances and autocracy puts me much closer to the top-down tradition, but it would

be remiss of me not to emphasize that the culture of consensus and negotiation runs deep in Swedish history (Larsson, 2003, pp. 278–81). The very ability of the Swedish military state to function and turn meagre resources into imperial expansion was arguably dependent on a certain degree of attentiveness and responsiveness toward the grievances of the population. Commenting directly on Tilly's general model, Hallenberg (2001, p. 89) agrees that "Sweden can be characterized as 'coercion-intensive' in the sense that the state had to collect resources directly from the agrarian population," but he adds that "the extraction of resources was determined through negotiations between the representatives of state and commonalty and not via the intermediation of a privileged class of landowners." Supplications (*suppliker*), letters of grievances (*besvärsskrivelser*), and tax reductions (*avkortningar*) often served as critical safety-valves (see Villstrand, 2000; Holm, 2007).

If a political culture of negotiation runs deep in Swedish history, so do the roots of the four-Estate Riksdag.¹¹ Its origins are found in the royal election meetings and meetings of lords (*herremöten*) of medieval times, but its institutionalization as a national assembly with the mandate to make binding decisions evolved quite slowly and erratically (Schück, 1987). As Schück (*ibid.*, pp. 41, 58) points out, the term 'Riksdag' itself can only be traced back to the 1560s, although we could retrospectively argue that the meeting in Västerås in 1527 constitutes the first proper Riksdag in form, if not name. Parliamentary procedures were established and formalized in 1617 by the energetic chancellor Axel Oxenstierna, who found that the Estates had heretofore "run together like a bunch of cattle or drunken peasants" (quoted in Rystad, 1987, p. 69). Meetings with lords or commonalty had always been used to approve taxes, but the Riksdag's powers of taxation were in fact established quite late. The last decade of the sixteenth century was an important period in this regard, when the war of succession between Sigismund (r. 1592–99) and Karl IX (r. 1604–11) forced the latter to constantly appeal to the Estates for additional revenue. "The escalating taxes triggered the Estates' political self-esteem and importance," Odén (1967, p. 13) writes: "The Riksdag's powers of taxation grew out of the need for cash contributions."

¹¹In the early modern era, the Swedish Riksdag was not so much an institution as a forum for meetings of the Estates, and political authority was vested in these Estates as corporate representatives of the Swedish society. When I at times refer to the Riksdag itself as having political power I essentially use the term as a metonym for the Estates.

As I have alluded to above, the Riksdag could be used by Swedish monarchs as “a tool of government” against the people (Roberts, 1968, p. 43). By summoning the four Estates—nobility, clergy, burghers, and peasants—to a national assembly, the ruler could acquire sweeping support for his or her policies without having to negotiate with each and every province or county separately.¹² Such centralized negotiations were not only cost-effective, but also provided good opportunities for oratory, demagoguery, pressurization, and strategies of divide and rule. The well-travelled Italian philosopher Lorenzo Magalotti, who visited Sweden in 1674, sardonically remarked that the peasants who proudly attended the Riksdag apparently “do not notice, that they participate in a farce” (quoted in Österberg, 1995, p. 182). Exactly three centuries later, Perry Anderson (1974, pp. 176, 181) would echo that sentiment by characterizing the assembly as “a docile and manipulable instrument of Swedish Absolutism.”

Nevertheless, the role of the Riksdag reflected, and over time continuously strengthened, a time-honored belief that the people’s opinion mattered, and that their consent was indispensable in some situations. From the Riksdag of 1527 onward, no major constitutional alteration would be made without some degree of endorsement or acquiescence from the Estates. And every time the monarchy experienced some kind of crisis, the political importance of the Riksdag tended to grow. Dynastic strife in the second half of the sixteenth century, which saw two depositions and a civil war, created a recurring need for legitimacy, several rulers were absent from the realm to personally lead wars around the Baltic littoral, and premature deaths led to a couple of long aristocratic regencies. Situations such as these repeatedly emphasized the role of the aristocratic Council and the Estates as “the bearers of the continuity and guarantors of the unity of the realm” (Jespersen, 2000, p. 53). After the collapse of the Swedish Empire (in 1721), the Riksdag had evolved and was ready to become a ‘tool of government’ wielded by the Estates against autocratic forms of government. All in all, this underscores that political power in early modern Sweden depended on how the Riksdag was used as a political instrument (Rian, 2000, p. 319).

One final point: while the Swedes did at times experience autocratic rule and almost always felt the overbearing presence of the state, I have encountered no Swedish historian who draws serious parallels between

¹²In fact, this is probably a significant reason why local assemblies were hesitant about vesting the national assembly with powers of taxation. They suspected that this would shift the balance of power toward the monarch.

Sweden and tsarist Russia. On the other hand, there are several who liken the constitutional traditions of the country to those of England (Schück, 1987, p. 60; see also various contributions in Stjernquist, 1989; especially Upton, 1989). Here is, for instance, how Michael Roberts frames the similarities:

the most important of these common factors is the long tradition of personal and political freedom, and a profound respect for the rule of law. The feeling for law and liberty, the consciousness of having managed to preserve them when most other countries failed to do so, the pride in their unbroken transmission, more or less intact, from a remote past—this is something which, even if at times it verges on mythology rather than history, is nevertheless part of the national ethos of each country. (Roberts, 1967, p. 6)

I have certainly not presented any exhaustive description (let alone explanation) of the constitutional moorings of the early modern Swedish state, but it has not been my ambition to do so. The purpose has rather been to provide some historical substance to the constitutionalist assumptions of Downing and Ertman. The discussion also points forward, to the historical investigations: if we accept that Sweden had this strong constitutional base, what begs explanation is how some rulers could nonetheless attach an autocratic superstructure to it. My answer, which I will try to substantiate empirically in the next few chapters, is that access to proprietary revenue seems to have played a significant role.

9.3

Selecting Historical Episodes

The empirical part of this book consists of three historical investigations where I explore the relationship between proprietary revenue and autocratic rule. I should perhaps clarify that I here identify my *case* as regime formation in early modern Sweden, and within this case I look more closely at three different *episodes*. Tilly (2001, p. 26) describes historical episodes as “bounded streams of social life,” and for my purposes it makes sense to equate this with royal reigns, which are ‘streams of social life’ bound by the longevity of rulers. Between 1500 and 1800, Sweden had a total of fifteen monarchs (if you exclude

the brief reigns by two Danish kings in the early 1500s). Out of these fifteen, I would single out three kings, the reigns of which I take to represent the most important episodes of autocratic rule. To be clear, these were not the only autocrats to sit on the throne, but their success in setting up and reinforcing royal authority arguably stands out. By and large, I believe that the *creation* of a certain political regime begs for explanation more than does the *preservation* of that regime; for politics in general, it seems to me that preservation represents the path of least resistance, whereas fundamental change most often requires motivations, resources, or events that are out of the ordinary.

By coincidence, these three episodes of autocratic rule neatly represent the start, middle, and end of the early modern era:

- (i) Gustav I faced enormous financial and political difficulties when he was elected king in 1523, but he was nonetheless successful in extricating Sweden from the dominion of Danish kings and Hanseatic merchants; he essentially eliminated the political influence of the church; and he persevered in spite of recurrent provincial insurrections. Governing the kingdom for almost four decades, he managed to implement hereditary succession and established a degree of political centralization virtually unmatched in contemporary Europe.
- (ii) Exactly one century after the death of Gustav I, Karl XI inherited the throne with practically no *de facto* authority, because he was but four years of age. Mismanagement by the aristocratic regency that ruled in his stead for more than a decade and wide-spread antagonism against the high nobility allowed him to set up an austere military-bureaucratic autocracy in 1680 with parliamentary support. By the early 1690s, almost all the powers traditionally held by Council and Riksdag were vested in the king himself and in his cadre of loyal counselors.
- (iii) Gustav III grew up in the Age of Liberty, a period when the political parties known as the 'Hats' and the 'Caps' ruled the roost and the monarch was reduced to little more than a figurehead. The fact that Gustav wore coronation robes modeled on those of Karl XI's might, however, have hinted at what was to come: in 1772 he engineered a radical constitutional realignment, banning the political parties and reducing the role of the Riksdag in governing the realm. Political tensions similar to those that sparked popular revolutions in Europe and America were harnessed by the king

to serve his own ambitions (until he ultimately met his end by an assassin's bullet).

Some readers might object to this selection of episodes on the basis that I select on the dependent variable—meaning I select episodes where the outcome I want to explain is present. This is part of a classical critique from King et al. (1994, p. 129), who declared that “*selection should allow for the possibility of at least some variation on the dependent variable*.” This point seems so obvious that we would think it hardly needs to be mentioned.” I do not think I need to take a stand against the arguments of King and colleagues—many others have seen to that—but it is well worth pointing out that process-tracing is all about investigating events that *did in fact occur*. That is why Beach and Pedersen (2016, p. 1) claim that “only typical cases where both X, Y, and the requisite contextual conditions are present should be selected.” When it comes to process-tracing, the purpose of case selection is not to control for alternative causes or outcomes, but to unpack causal mechanisms, and “Tracing a nonexistent mechanism in a case where we a priori knew it was not present tells us nothing about how the mechanism works in cases where it is present” (ibid., p. 4).

9.4

Difficult Data

David Collier (2011, p. 824) points out that while process-tracing is ultimately about causal relationships unfolding over time, it “begins not with observing change or sequence, but rather with taking good snapshots at a series of specific moments.” This understanding captures the structure of my empirical investigations, which follow a step-wise procedure (see also Mahoney, 2012): for each historical episode I will first attempt to verify that the ruler had access to significant amounts of proprietary revenue and that he was able to strengthen his autocratic hold on power, before I investigate whether the former did in fact provide means for accomplishing the latter. The notion that the first steps involve “taking good snapshots” is utterly misleading, however, especially when you consider that the episodes I wish to explain took place three to five hundred years ago. Commenting on the historical study of fiscal budgets, Witt (1987, p. 14) notes that “it is a laborious enterprise merely to obtain a vague notion of its total size . . . Trying to

learn something about individual sources of revenue or expenditure is an almost hopeless endeavor.” I could not agree more, and I feel that I must emphasize the difficulties involved here. The earliest revenue accounts for the Swedish state—the so-called ‘instructions about the rent of the realm’—date back to the 1530s (see Hammarström, 1956, pp. 297–304), but the available fiscal data are incomplete and discontinuous, not to mention unreliable, at least up until the eighteenth century. One must also realize that the early modern budgets were not the kind of straightforward balance sheets we normally associate with the term. They are better characterized as rough estimates of dependable incomes and anticipated outlays, and their main purpose was to serve as standardized accounts, recycled each year and used as ideals to strive for (Nilsson-Stjernquist, 1946, part I).

Birgitta Odén’s (1955) meticulous study of the ‘Books of the Realm’ of 1573 and 1582 provides a striking illustration of the complications involved here. After four hundred pages of painstaking analysis, her main conclusion is that these accounts *cannot* be seen as general budgets: they give only a partial, and to some extent hypothetical, account of state finances. For instance, they deal only with the ordinary revenue and record the *expected*, not the *actual* amounts collected. Extraordinary sources of revenue—such as temporary taxes—are summarily ignored because of their irregularity and the Books also ignore profits from silver production and the mint, incomes from the sale or mortgage of state property, and revenue collected from the Baltic province of Estonia. In fact, the king’s own financial administration is omitted in its entirety, because of “notions that some income belonged to the royal prerogative and should not be merged with the finances of the realm” (Odén, 1955, p. 317). In other words, not only do the financial records tend to be unreliable, fragmentary, and arcane—they are also inclined to systematically ignore precisely the type of revenue I am most interested in!

In the chapters that follow I will, with a few exceptions, use English translations of Swedish words, sometimes providing the Swedish original within parentheses. Direct quotes from Swedish sources have been translated by myself. When English-language texts refer to Swedish monarchs they typically mix latinized, anglicized, and Swedish names. I will only use the Swedish names in this book, writing Gustav instead of Gustavus and Karl instead of Charles.

Any study of fiscal history is bound to run into a bewildering warren of peculiar coinage, shifting monetary standards, and volatile conversion

rates, and the Swedish case constitutes no exception. Fortunately, some firm ground is provided by coins with a constant (or at least nearly constant) weight in fine silver. The *daler*, first minted in 1534, imitated the German *Joachimsthaler* and soon stabilized at 25.6 grams of silver.¹³ From 1604 and onward, the daler with a constant silver value is called *riksdaler* (or *slagen daler*) and it must from this point be held separate from all other kinds of daler in circulation (*Swedish daler*, *silver daler*, *copper daler*, *daler courant*, *daler carolin*) which depreciated in value over time. To facilitate comparison I convert and express all monetary values in riksdaler, or 'rdr' for short, and 39 rdr represent almost exactly 1 kilogram of fine silver. One should bear in mind, of course, that both the economic and political value of silver changed over time due to changing levels of trade, monetization, and the supply of precious metal. I have primarily relied on exchange rates provided by Edvinsson (2010) and Lagerqvist (2011).

¹³The *thaler*, derived from the German word for valley, is also the etymological origin of the dollar.

10

Gustav I (r. 1523–1560) The Paternal King

As his land toward the midnight sun and the Lapps knows no boundary, so there is no end to his revenue.

— Sebastian Münster, 1544¹

WHEN GUSTAV I—commonly referred to as Gustav Vasa—was elected king in 1523, after spearheading a country-wide rebellion against Danish overlordship, he faced formidable challenges. The Swedish state apparatus was extremely weak and poor; the Danes still represented a potent external threat to the sovereignty of the realm; and discontent brewed in the strategically important mining region of Dalarna. Political independence had been won on the back of a massive loan acquired from the Hanseatic League in Lübeck in exchange for trade privileges that gave them extensive control over shipments to and from Swedish harbors. This debt was many times larger than the revenue Gustav could ordinarily collect in a given year, and the creditors were already clamoring for steep repayments. The king also faced the difficulty involved in trying to collect taxes from parts of the realm that had not seen a royal bailiff (*fogde*) in years. On top of all this, the mines were failing and there were a number of bad harvests (Roberts, 1968, p. 53).

Now speed forward four decades: as the aging king lay on his deathbed he had not only persevered and kept all enemies at bay. He

¹Quoted in Larsson (2003, p. 322).



Figure 8: Daler from the reign of Gustav I, struck at the Svartsjö mint in 1542. Photographer: Gabriel Hildebrand. © The Royal Coin Cabinet, Stockholm.

left behind him a realm that was politically consolidated and governed through a surprisingly effective and centralized administration, staffed by officers loyal to the king. According to Tilly (1992, p. 25), centralized rule was thus instituted in Sweden centuries before any other European state even made a serious attempt to do so. While Gustav had been elected to lead the realm, he was now able to pass the crown to his eldest son by hereditary right, establishing a dynasty of Vasa kings. What is more, Lübeck's control over Swedish trade was decisively broken; Danish ambitions had been thwarted and tempered; and the king had even amassed a great silver fortune in the vaults of Stockholm Castle. Gustav might have been a medieval king in both outlook and agenda, but he assiduously pushed through rigorous reforms that "set Sweden on the road to a state structure that we historians, with the benefit of hindsight, have chosen to call modern" (Maarbjerg, 2004, pp. 388–89; see also Glete, 2002, p. 189; Roberts, 1968, p. 3).

How was he able to accomplish all this? The prospects for creating an autocratic, hereditary monarchy must be considered to have been quite poor, due to the constitutional tradition of the country and the various crises that crippled the state in the 1520s. The argument I will make here is that a significant part of the explanation is to be found in the development of two lucrative sources of proprietary revenue, namely the confiscations of church property made possible by the Lutheran Reformation, and a brief but plentiful bonanza of silver mining at Sala.

Roberts (1967, p. 20) finds that the king “may at times have behaved like a greedy and ruthless tyrant; but at least he conformed to the Land Law’s requirement that the king should live of his own.”

10.1

Constitutional Developments

The transformation of political rule between 1523 and 1560 is not unidirectional or unambiguous. At least three phases stand out: the 1520s provided no real prospects for monarchical domination, due to the calamities and difficulties just outlined. The king repeatedly resorted to meeting of lords and sessions of the Riksdag to drum up support for his policies, and promote obedience among both elite and commonalty (Schück, 1987, p. 43). Between 1530 and 1543, on the other hand, the reign took on an increasingly autocratic, personalist, and heavy-handed character. In this period the king convened no Riksdag, because, as one historian puts it, “he felt powerful enough to overcome even critical emergencies without it” (Berg, 1935, p. 148). Instead he managed by deliberating with the Council or with the Estates one by one. The years after 1538 are sometimes referred to as the ‘German period’ since the king employed a cadre of experts from German-speaking lands who brought influences of a European-styled autocracy that diverged distinctly from the Swedish political tradition. With these recruitments, Gustav also blatantly defied the King’s Law, which mandated that only natives were to be appointed to the higher offices of the state. The pretensions to absolute authority in this period are captured in a letter the king penned to the peasants of Uppland, in 1539: “We as a Christian king will set commands and regulations for you and all other Our subjects, and will that you, if you wish to escape Our severe punishment and wrath shall be attentive and obedient to Our royal commands in both secular and religious affairs” (quoted in Upton, 1998, p. 5). At this point, Sweden stood “on the verge of Continental despotism” (Schück, 1987, p. 44). This drive toward total royal dominance was partly arrested in the third phase of Gustav’s reign. The limits of his abilities to compel the citizenry to obedience were laid bare when the peasantry of Småland rebelled in 1542, in what has become known as the Dacke Feud. The Feud had flared up partly because of the king’s imperious pretensions, and it cost a fortune to extinguish. All this forced the king to reevaluate his

style of government (Larsson, 2003, p. 279). From this point onward, one can notice more perceptiveness and flexibility in the interactions with subjects: overzealous royal bailiffs were investigated and publicly chastised (even when their overzealousness stemmed from royal orders) and the dialogue with the people was enhanced. Larsson (*ibid.*, p. 280) even regards this later phase of Gustav's reign as providing a foundation for a later 'Swedish Model' of consensual negotiation: "some significant rootlets [of the Swedish Model] are found in the 1540s reciprocal and pragmatic need for orderly dialogue between royal authority and local community, instead of further unproductive confrontation between ruler and ruled."

While the regime was less despotic after 1543, it was not necessarily any less autocratic: political power was still firmly concentrated in the hands of the king, and there were few constraints to speak of. The Riksdag of 1544 was not convened out of desperation but rather to press home the king's triumph over the rebels. It was also at this session that Gustav secured the Estates' agreement to a hereditary kingship by passing the Succession Pact (*arvföreningen*). By allowing the crown to pass from father to son by birth-right, instead of picking a new monarch by election as the King's Law clearly stipulated,² the Estates rescinded what was arguably their most important instrument of royal control. Upton (1998, p. 5) characterizes this decision as being "the turning point in the history of Swedish monarchy." From this point on, the king also steadily increases his direct political control of the realm by scaling down the number of fiefs lent to noblemen and replacing them with a centralized system of low-born bailiffs—vetted, appointed, and audited by himself (Hallenberg, 2001). Bendix' (1978, p. 220) argument that "A king's rule is probably most secure where the officials appointed by him come from lower and educated social strata" seems to apply here (see also Maarbjerg, 2004). Gustav enmeshed himself personally in practically all aspects of government; he saw the realm as his own vast patrimony, constantly reasserting his prerogatives and running the country "with the assurance and authority of an improving landlord" (Roberts, 1967, p. 20). After the session in Strängnäs, in 1547, parliamentary life was again suspended, as no proper Riksdag was called until just before the king's death, in 1560. At that point, the aristocratic constitutionalism that had defined bygone eras seemed quite defunct (*ibid.*, ch. 2).

²There is little ambivalence in the paragraph specifying that "Now shall the succession to the crown of the kingdom of Sweden be not by heredity at the death of the king but by election" (Donner, 2000, p. 2).

THE REGIME OF GUSTAV I

If we look back to the model of regime types presented in chapter 7, I would argue that the early reign of Gustav I was first and foremost built on a compact between ruler and noble elite, thus setting up what I call an aristocratic autocracy. The king himself descended from two noble families of the highest order, and while he initially depended on a peasant militia to overthrow the Danish king, he disbanded these troops as soon as support from Lübeck allowed him to. Larsson (2003, p. 358) finds that the king “consistently derived his political support from the nobility, especially from the aristocratic circle to which he traced his roots, and in some part from the city burghers,” and Schück (1987, p. 43) similarly points out that the new monarchy “relied for its primary support upon the nobility, which had cooperated with the Crown against the power of the Church and against peasant unrest” (see also Larsson, 1985a, p. 41). The ‘German period’ in the late 1530s then saw the king detach himself more and more from the noble constituency, a trend that continued in the 1540s with the reduction of fiefs and the erosion of aristocratic constitutionalism. In Figure 9 below, I trace this movement from aristocratic autocracy toward a more pure type of autocracy. Note that this figure is only intended to perform a heuristic function, depicting the general character of regime formation.

10.2

Ecclesiastical Wealth

The relationship between the new Swedish king and the church was fraught with tension from even before he was formally enthroned. One of Gustav’s first acts as ruler, for example, was to banish the archbishop, who had made no secret of his preference for Danish rule. That said, the Protestant Reformation was seen by Gustav—as by many German princes and by Henry VIII of England—as first and foremost a *fiscal* opportunity, and the transformation of religious beliefs and practices would evolve only in its wake (Olsson, 1947, pp. 255, 292; Krüger, 1988, p. 140; Larsson, 2003, p. 137). Bringing the clergy under secular control, and relieving them of their property and income, represented a comparatively painless way to augment the state’s income, and the protracted fiscal distress made such expropriations all the more enticing. Perhaps no European ruler managed to implement the Reformation as forcefully, comprehensively, and successfully as did Gustav, however.

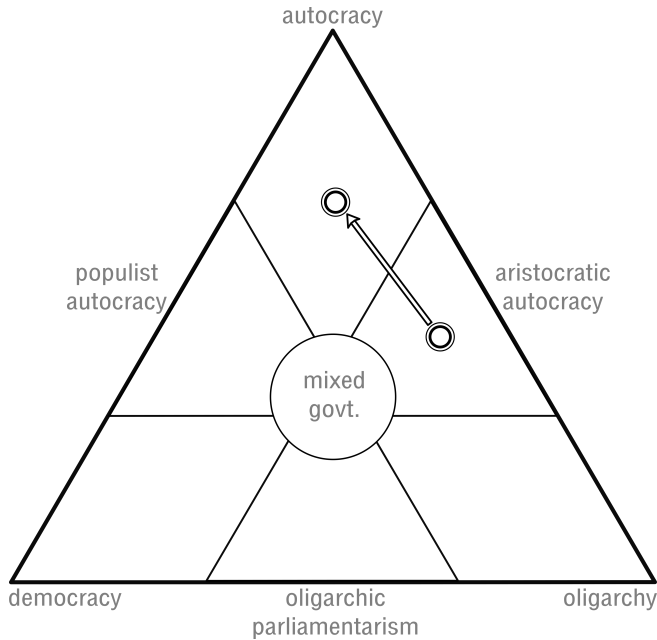


Figure 9: Regime change during the reign of Gustav I

Gustav had his eye set on the ecclesiastical wealth from the moment he was elected king, but he made his moves on the church gradually, in stages (Olsson, 1947)[pp. 125–32]Larsson2003. Early in his reign he repeatedly requested ‘silver assistances’ from the church, asking for “monstrances, chalices or whatever may be found, and as many round coins as there might be” (quoted in Carlsson and Rosén, 1978, p. 311). Framed as temporary loans, these were clearly confiscations. In the king’s view the plate of the clergy was superfluous and dispensable, whereas the common people could hardly shoulder any further burdens (Roberts, 1968, p. 66). A few years later he expropriated the church’s main source of income, its tithes, to defray the costs of the army’s upkeep. The tithes had been a prerogative of the church for close to half a millennium, but citing bad finances and crippling debt, the king justified his actions (Larsson, 2003, pp. 128–29). In an answer to a bishop who protested against these transgressions Gustav simply replied that “Necessity overrides the law, and not the law of man only,

but sometimes the law of God” (quoted in Olsson, 1947, p. 265). These appropriations were later legitimized by the Estates.

But in order to break the power position and independence of the church once and for all he needed to rally broader popular support. In 1527 he was ready to make his move—or perhaps he felt impelled by an ongoing insurrection in Dalarna and the fact that Lübeck demanded repayment of the debt. While there was nothing in the call sent out to the Estates to gather in Västerås that suggested that this was to be a ‘Reformation Riksdag’, this is how historians have come to see it (Roberts, 1968, p. 58; Larsson, 2003, p. 137). In terms of scale and speed, the rearrangement of financial and political power that was to follow this riksdag has only one equivalent in Swedish history, the Great Restitution of 1680, to which I will return in the next chapter. The impact on state finances was massive and of immense importance to Gustav’s fledgling administration.

First, the king was granted discretionary rights over the church’s hereditary income. It was ordained that the bishops would provide the king with registers detailing their income of every kind—“rent, tithe, cash, butter, iron, etc.” (*Svenska riksdagsakter*, SRA, 1887, p. 83)—after which the king himself would dictate how much they could keep and how much they had to transfer to the Treasury. Second, the clergy lost some of their judicial functions, and with that they also lost the fees (*saköre*) tied to that service; these were also to accrue to the king. The church retained its right to dispense spiritual law but all temporal issues were to be adjudicated by the secular authorities. Third, the bishops were no longer allowed to equip as many men-at-arms as they saw fit, which practically eliminated the risk of any serious opposition from their side. Most importantly, however, over the following decades all land and property held by the church would be folded into the royal domains.

LANDOWNERSHIP

As the question of landownership is central to the proprietary revenue of early modern monarchs—and especially so in a profoundly agrarian country such as Sweden—I need to delve a little into the issue here. Ownership of land played a central role in the political power struggles of early modern Sweden, and land changed hands here more often and more decisively than anywhere else in Europe (Kiser, 1987a, p. 273). Three significant shifts in the distribution of landownership stand out: the Reformation (which is discussed here), the alienations that took

place in the seventeenth century, and the Great Restitution of 1680 (discussed in the next chapter). All farmland was traditionally divided into four distinct cameral categories (*jordnaturer*): peasants living on land held by crown, church, or nobility held no right of ownership to their plots but were leaseholders, or tenants. They are known, respectively, as ‘crown peasants’ (*kronobönder*), ‘church peasants’ (*kyrkobönder*) and ‘peasants of the nobility’ (*frälsebönder*). The fourth category was constituted by those who did hold proprietary rights to their farmsteads, which made them freeholders. Sweden is quite unique in that about half the farming population were freeholders, a share that is higher than in most other states. While leaseholders owed rent (*ränta* or *avrad*) to their respective landlord, the freeholders paid land tax to the state and therefore go by the name ‘tax peasants’ (*skattebönder*).

Using the concepts developed earlier, I would characterize the rent collected from tenants as a proprietary revenue and the tax paid by freeholders as a public revenue. It could possibly be argued, however, that the distinction between the two was not very significant. Wirsell (1968, pp. 46–47) notes that while the taxes on freeholders initially had a public character that set them apart from the rents owed by the crown’s tenants, this public character faded over time until both came to be seen practically as a prerogative of the crown. This gradual transformation from tax to rent was, he adds, a leitmotif of the fiscal policy of the crown, which was eager to erase any legal distinctions between the two income items, and from 1585 they are in fact no longer separated from one another in the cadastral registers (*jordeböckerna*). Lagerroth (1928, p. 32) writes that for Gustav, “who considered the whole realm as his patrimony, it was quite natural to interpret the annual tax collected from the tax peasants as rent, similar to the rent he collected from the crown peasants” (see also Heckscher, 1935, pp. 129–131). While it seems clear that the land tax discussed here might perhaps be seen as ‘more proprietary’ than some other taxes—especially extraordinary grants—I would err on the side of caution here, and hold the two types of revenue apart. If we discount the rhetoric, it is obvious that the two revenue flows had distinct legal origins: taxation emerged as communion for military service while rent was a payment for leasing land (Lönnroth, 1940). Note furthermore that this discussion only concerns the taxes/rents on land: to the extent that crown tenants paid other kinds of taxes they generated public, not proprietary, revenue. With that, let us return to the Reformation of 1527.

OUTCOME OF THE REFORMATION

At the beginning of Gustav's reign, the crown was extremely poor in terms of landownership. Crown domains covered no more than 5 or 6 percent of the farmland in Sweden proper,³ and even less if Finland is included.⁴ At the same time, the clergy and the nobility controlled about 25 percent each, while freeholders accounted for almost half of all farmland in Sweden (and almost two thirds if you include Finland). The farms on ecclesiastical and noble property were largely exempted from taxation, and this meant that almost 50 percent of the most important sector of the economy basically resided outside the fiscal reach of the state. The confiscations following the Riksdag of 1527 proceeded over several decades, but in the end Gustav had seized all the land of the church (with the exception of the parsonages), which from this point on was seen as property of the crown (Hallenberg, 2001, p. 88).⁵ By 1560, the church had essentially been eliminated as a landowner while the crown domains had expanded five times in size; now representing 30 percent of the total. Anderson (1974, p. 173) concludes that Gustav's Reformation "was undoubtedly the most successful economic operation of its kind accomplished by any dynasty in Europe. . . . virtually the entire windfall of ecclesiastical estates accrued en bloc to the Swedish monarchy." It is also noteworthy that almost one-fourth of the crown domains was registered as the king's private property (*arv och eget*), but everything suggests that he himself made little distinction between what was his and what belonged to the crown (Odén, 1955, pp. 267–68; Larsson, 1985b, p. 66). The massive rearrangement of landed wealth is detailed in Figure 10 below.

As regards the actual financial gain made from the Reformation we can only make very rudimentary guesses, due to the fragmentary and incomplete financial records of the time. It has, however, been tenta-

³When I discuss landownership in this study I refer neither to acreage nor to actual farms, but to *mantal*, which was the tax assessment unit used at the time. Mantal was developed to capture productive capacity and one mantal needed not be equivalent to one farm.

⁴Constitutionally and factually, Finland was an integral part of the Swedish realm. This ended in 1809, when it was ceded to Russia.

⁵The confiscations proceeded very slowly in the late 1520s and 1530s, then much more swiftly in the 1540s. Hammarström (1956, pp. 340–41) suggests that the slow initial pace can be explained partly by political tactics but that fiscal-administrative concerns seem to have been more important; maintaining the church's own administration enabled the king to profit without assuming direct management and at this point he valued cash higher than centralized control or revenue in kind.

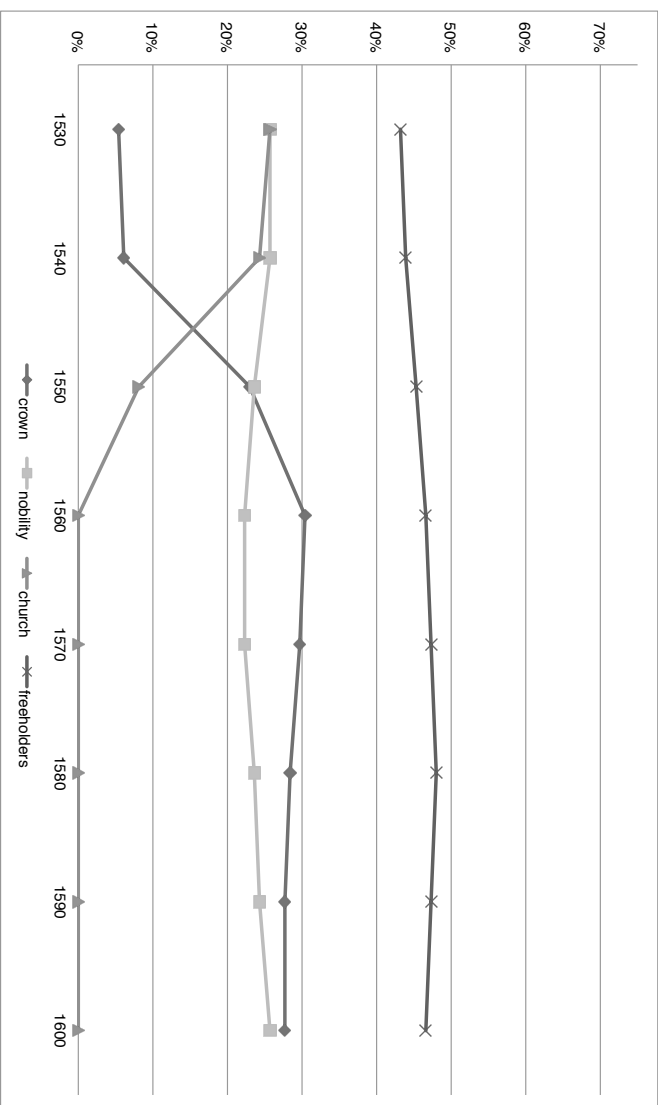


Figure 10: Distribution of landownership, 1530–1600. Data source: Myrdal (1996, p. 282).^a

^aMyrdal provides a continuous time series that I have not found elsewhere, and I can only assume that he has resorted to some interpolation. His estimates are, however, generally consistent with those of Heckscher (1935, appendix IV, p.14) or Larsson (1985b).

tively valued at 60–65,000 rdr annually (by Forssell, 1869, pp. 229–31). To this we might want to add the church tithes—or more correctly two-thirds of them—that now accrued to the king, contributing another 40,000 rdr per year (Larsson, 1966, but see discussion in). This revenue item should probably be interpreted as a public tax, however, not as a proprietary revenue. Overall, Forssell (1869, p. 233) has estimated that as much as 20 percent of the total revenue of the realm in 1560 (including revenue from Finland and extraordinary sources) were gains made from the Reformation. Of interest are also the massive confiscations of church plate that took place in the 1540s. They represent one-off gains, of course, but just one diocese, that of Skara, lost in excess of a ton of wrought silver, and all in all, the church lost 85 percent of their plate (Larsson, 2003, p. 277). To reiterate, all these estimates are highly uncertain, but there can be little doubt that the Reformation brought about a remarkable expansion of state revenue.

THE ARGUMENTS AND NEGOTIATION IN VÄSTERÅS

As I have defined proprietary revenue, such money is based on the general acceptance of an ownership claim. So how did the king argue his right to the church's property, wealth, and income? Why did the nobility and the commonalty acquiesce in, and even support this argument? And how did the clergymen themselves react? We can find some answers to these questions by looking at the original documentation from the Riksdag of 1527. The king's success at the Riksdag stands as testament to his rhetorical and strategical skills—one Swedish historian even frames his triumph as the result of "Machiavellian machinations" (Weibull, 1965, p. 224). In a dramatic address delivered at the start of the Riksdag, the king delineated the problems besetting the realm:⁶ the two principal predicaments were the ungrateful and rebellious nature of his subjects and the intractable financial shortfall. The king made sure to remind the assembled representatives of his role in the liberation of the kingdom from Danish occupation, and of all the sacrifices he had endured for the public good. He had never asked to be made king, he pointed out, but shouldered this duty only after sustained pleading, and he had since found ample reason to regret his decision. In spite of what he himself viewed as a completely conscientious exercise of authority, his only reward had been ingratitude, unfounded accusations, and illegitimate uprisings. He was even blamed for the high prices of

⁶See SRA (1887, p. 65–75). The address was read, and possibly authored, by the archdeacon Laurentius Andreæ (Larsson, 2003, p. 134).

salt, cloth and grain, he lamented, “as if he was God or as if everything was within his power to determine” (SRA, 1887, p. 70).

The main problem, however, was the lack of money to finance the government. The revenue of the crown simply did not suffice to keep as many men at arms as the times required. Lübeck demanded repayment of its loan; castles and strongholds had fallen into disrepair, and they needed to be restored in order to ensure protection against threats, foreign and domestic; and there were no funds for courtly expenditures, or for any royal wedding. In fact, the current deficit amounted to more than half of total expenditure, the king claimed. If the Estates could find no solution to this plight, he declared, he had no choice but to abdicate, ask for reimbursement for his considerable outlays, and promptly leave the country. Abdication was a threat the king had wielded before, and there is no reason to believe it was sincere (Larsson, 2003, p. 134).

Importantly, the king does not spell out how the finances could or should be improved but the address contains sharp barbs directed at the clergy. The fact that the priests, friars and bishops have taken into their possession such a large share of the wealth and property of the kingdom was problematic, he declared. What is more, they have acquired most of this under duress, through subterfuge, and by misrepresenting the word of god. Many a noblemen had been driven into exile due to the acquisitiveness of the clerical members. Later, the Council would even imply that ‘freed’ from their temporal wealth, the priests would find themselves in a better position to do God’s work (SRA, 1887, pp. 96–99).

Gustav also promoted the view enunciated by his Chancellor some years earlier that the church had a duty toward the whole community and since its property and wealth in fact originated from the public it could and should be used to alleviate the burdens of the people in times of need and safeguard the independence of the kingdom (see Cederholm, 2007, p. 433). This view found support in the Lutheran beliefs that underpinned the entire Reformation process and it justified a confiscation of property and income—or rather, a *restitution* of that wealth to its rightful owners, the people (but, of course, it would be administered by the king) (Olsson, 1947, p. 282).

To win support from the Estates it required more than merely bringing discredit upon the church. Therefore the king enticed the nobility with restitutions of property and lucrative fiefs. The burghers, on their part, were co-opted by an offer to enforce a ban on trading outside the cities (*landsköp*). This ban had nothing to do with the question of the

church or state revenue but merely provided city-based merchants with a chance to profit. No benefits were offered to the peasants, perhaps with the expectation that they would model their position on the higher Estates, which they did. The king also used the crippling debt to Lübeck to bring pressure to bear on the assembled representatives (Larsson, 2003, p. 125). Anyone who was unwilling to accept the raising of new revenue—either through restitution or new taxation—were welcome to assume responsibility for the debt and deal directly with the Hanse's envoy, who was in fact present in Västerås. The king thus used a well-balanced mix of the three classical instruments of persuasion—carrots, sticks, and sermons—to gain popular support for his preferred outcome.

What did the clergymen have to say about this? As noted by Weibull (1965, p. 221) it must have been in the king's great interest to give the expropriations a sheen of legality and to ensure some level of acquiescence among those who were most afflicted by it, namely the bishops. To get their endorsement would be ideal, of course. What he probably did not want was the kind of open protest that bishop Magnus Haraldsson would pen a couple of years later in which he declared the decisions of the Riksdag to be "a lawless and unchristian statute" which was in conflict with not only "the law of God, the Gospels, the church's and the emperor's law" but also with Swedish legal code (*Konung Gustav den förstes registratur*, GIR, 1875, p. 379). After the Riksdag, the king sent a letter to the bishops, essentially asking them to give their seal of approval to the resolutions of Västerås. Surprisingly that was what he got. Perhaps the bishops felt they had no choice in the matter—they may even have acted under implicit duress. It is also possible that they considered the whole issue inherently unlawful and therefore reversible, even with their signatures. In any case, the reply—which the king promptly made public—proclaimed that as everyone else was in agreement on the issue of the restitution of church property and income, the bishops neither could nor would oppose it. They assured him that they were "at peace with being however rich or poor his Grace wanted them to be" (SRA, 1887, p. 88). Whatever the conditions of their signature, or their intentions, this proclamation reinforced the king's claim and it probably facilitated the process of expropriation.

10.3

Riches Beneath the Ground

As I have noted, early modern Sweden was a very poor, backward, and sparsely populated country compared to many European counterparts. The dominant, almost all-encompassing sector was agriculture. At least ninety percent of all Swedes were farmers and they barely managed to produce a surplus sufficient to feed the 10 percent that were not.⁷ But there were rich seams of valuable metals to be found beneath the ground, fortunes that could be mined and refined by harnessing the energy bound in the vast forests. These resources would prove to be of critical importance to the state in the hundred-year-long imperial expansion that was initiated around 1560—all the more so due to the otherwise cash-strapped Swedish economy (Roberts, 1968, p. 31). The most celebrated resource during this era was copper, extracted from what was literally called the Great Copper Mountain in Falun. In the seventeenth century, Sweden had a virtual monopoly on the European market, and at least for some periods it could perhaps be argued that the royal income from minting or exporting copper made Sweden akin to a rentier state. It was Sweden's role as a major copper exporter that made Wallerstein (1980, p. 211) characterize the country as “the OPEC of its day,” (referring to the Organization of the Petroleum Exporting Countries).

At the time of Gustav I, however, the metal of the day was silver. The Sala silver mine, located about 120 km northwest of Stockholm, had a brief but bountiful boom period concentrated to a few decades in the mid-1500s. The mine was first discovered in 1510, but production there was soon halted due to a cave-in, and this natural wealth was therefore of no help to Gustav during his first, crisis-ridden years on the throne. It was not until the late 1520s that it began to deliver significant quantities of metal to the Treasury. Interestingly, the lion's share of this wealth was not minted by the king—who comes across as fiscally prudent to a fault—but simply hoarded. As Heckscher (1935, p. 166) puts it, the silver seems to have “served mainly his urge of gathering, not his financial needs.” Gustav certainly deserves a place in the pantheon of the great treasure hoarders of history and he never allowed his need for expenditure restrain his accumulation (Lagerroth,

⁷Lindegren (1995) observes that while it took nine farmers to support one non-farmer in Sweden, the equivalent ratio in neighboring Denmark, where the agricultural surplus was larger, was closer to 4:1.

1928, p. 31). In fact, he would later cite the falling silver production as justification for levying new taxes, even though he must have had a huge trove of silver stored away at that point. Before I look more closely at the financial gains from the mine I should present the case for why this was indeed a proprietary revenue.

THE MINING REGALE

What makes the Sala silver a proprietary revenue is the fact that the crown held certain ownership rights to precious metals hidden beneath the ground. No one, not even the owner of the land where ore was found, was allowed to exploit such riches without a royal grant. Each metal had its distinct regulation: the crown asserted its right to a fourth of all produced copper, but only a tenth of iron, for instance. In the case of the Sala mine, the king extracted a rent on the production and he held a right to purchase all silver in advance for a fixed and profitable price (Odén, 1960, p. 231). Hammarström (1956, p. 312) has estimated that in the 1530s, Gustav was able to buy silver for less than a fourth of its actual value.

Mining was one of several time-honored *regale* which bestowed on the monarch the prerogative to control the exploitation of certain resources. Other such rights include control over forestry, fishing, and hunting in certain areas, as well as the minting of coins. The origin of the mining regale (*bergsregalet*) can be traced to medieval times (Sommarin, 1910; Odén, 1960, p. 229). The ‘Helgeandsholm Decision’ of 1282 has been cited as the first formal acknowledgement of this right, and even if the authenticity of that specific document is disputable, there is ample evidence to suggest that the regale was in effect by the early fourteenth century. It did not emerge from Swedish legal custom, however, but was imported from the German lands, and the German princes, in turn, seem to have been inspired by Roman law (Sommarin, 1910). It is no coincidence that the mining regale was instituted at the same time as German-born entrepreneurs developed the Swedish mining sector. These settlers were familiar with the system from their homeland, but more importantly, perhaps, as foreigners they were not well-positioned to challenge the crown’s pretensions to ownership. Their entitlement to mine for minerals depended on the king’s blessing, and it probably did so more than it would have, had they been of Swedish birth. In other words, this claim of royal ownership was probably successful in part because it impacted mainly on foreigners, not natives.

The regale thus gave the monarch considerable control over mining and made possible a lucrative flow of proprietary revenue (Lagerroth, 1928, p. 26). Mining entrepreneurs first had to purchase letters of privilege in order to set up their businesses, then they had to pay steep rents (*avrad*), tithes, and tolls on their production and trade. The monarchs, along with family and associates, operated numerous mining works themselves, and during some periods all production was controlled through the establishment of monopolies or trading companies (Odén, 1960; Wittrock, 1919).

In sum, there is little doubt that by the time of Gustav I, the mining regale was regarded as an established royal right, and when the king in 1551 declared to some miners that “all ore deposits in the Swedish realm belong to the Swedish crown and not to some miners or peasants,” he was not arguing but citing a legal reality (GIR, 1904, p. 124). There is some evidence, however, that Gustav was the first king who was able to realize these prerogatives fully and he also extended them during his reign (Sommarin, 1910, pp. 166, 170).

SILVERY FORTUNES

The fiscal impact of the Sala mine was very short-lived, but in comparison with other sources of revenue available to the king it must have been of massive significance. It can be estimated that by the late 1530s the king had amassed a silver reserve equivalent to almost 450,000 rdr, a sum which totally dwarfed all other cash items in the state budget (Hammarström, 1956, pp. 308–10; Krüger, 1988, p. 146). All un-minted silver was held in what was literally called the ‘Silver Chamber’ (*sölfkammeren*), and kept apart from the ordinary exchequer (Odén, 1955, pp. 143–4). And this was only the beginning of the silver bonanza: 1538–48 were the record years of production in Sala, before the yield rapidly fell off, never to recover, and Heckscher (1935, p. 163) has estimated that the king received an annual average of 16,350 sterling mark (*lödig mark*), equivalent to about 135,000 rdr. More recently, Larsson (2003, p. 316) has suggested an even more lucrative yield of 196,000 rdr annually over a period of fifteen years, starting in 1536. In any case, it seems that only a third of this yield was actually spent, with the remainder stockpiled (Heckscher, 1935, p. 166). It is only by taking note of the minting done by Gustav’s son and successor, Erik XIV (r. 1560–68), that we can make an educated guess about how much silver was actually held in reserve at the time of the king’s death. That estimate suggests that the silver chamber held about 37 metric

tons of silver, equivalent to 1.5 million rdr (*ibid.*, p. 166)! This can be compared to a regular annual budget of perhaps half a million riksdaler at the time,⁸ but the reserve was arguably worth much more than three years' revenue. Much of the ordinary income was delivered in kind, and silver was more valuable, liquid, and useful than most other commodities. It is also revealing to look at how this treasure compares to the Lübian debt, the service of which had practically paralyzed the finances of the realm in the 1520s. By 1560, the king could have used his silver reserve to settle that debt seventeen or eighteen times over.⁹

On a side note, it is interesting to point out how all this silver was eventually spent. The answer is that it helped finance Erik XIV's reckless foreign policy.¹⁰ He used the silver cache to establish a Swedish presence in Livonia, as well as to finance the Nordic Seven Year's War (Heckscher, 1935, p. 166; Krüger, 1988, p. 147). While the war itself ended on unfavorable terms for the Swedes and revealed the limits of Swedish military capacity,¹¹ the conclusion here is that the first feeble movements toward a Swedish empire in the Baltic were underwritten by Sala's silver—a proprietary revenue over which neither the Estates nor the aristocratic Council had any authority (Odén, 1966, pp. 61–63). When Johan III (r. 1568–92) eventually deposed his brother—who suffered from mental illness—he could for his life not believe that all their father's silver was really gone. Convinced that his brother had simply hidden it somewhere, he ordered several excavations in and around Stockholm castle in the hope of finding it (Odén, 1967, p. 143).

⁸This figure is based on Forssell (1869, pp. 231–33).

⁹Hammarström finds that a partial payment in 1522 of 200 Swedish sterling mark was valued at 2,448 Lübian mark, which implies a silver weight of 17.2 grams per Lübian mark. The entire debt of 120,817 Lübian mark should therefore weigh in at 2,078 kg of silver, or 81,172 rdr (Hammarström, 1956, pp. 405, 407).

¹⁰This answer is in line with Rosenthal's (1998) prediction. Early modern rulers with access to discretionary funds, he suggests, tended to use such wealth to pursue their own foreign policy objectives. On the other hand, Gustav himself held on to this reserve for decades without embarking on any overly ambitious policy of conquest. In fact, my impression is that Gustav's fiscal and political successes seem to be wholly dependent on *not* getting embroiled in any ruinous military conflict.

¹¹Although what is perhaps more remarkable here is that the combined military might of Denmark-Norway, Lübeck and Poland-Lithuania failed to defeat the Swedish forces decisively, or even to dislodge the Swedes from their foothold on the western seaboard of the Baltic (Glete, 2002, p. 185).

10.4

Tracing the Mechanisms

I have so far put forward two general claims:

- (i) from the 1530s onward, Gustav's rule became increasingly autocratic, and while his exercise of power 'softened' after 1543 he retained autonomy and authority throughout his reign.
- (ii) in the Riksdag of 1527 he gained access to the wealth and property of the church, and at roughly the same time, silver started to pour in from the Sala mine. Both these sources, I claim, provided significant amounts of proprietary revenue.

The question I turn to now is whether or not (i) was the cause of (ii). To begin with, there are some who suggest this to be the case, although they do not provide much detail. Philip Gorski (2003, p. 14), for instance, argues that the gains from the Reformation unchained the monarchy and enabled its self-empowerment: "With this independent revenue base, Gustav was able to pay off his debtors in Lübeck, build up the country's defenses, and establish a small standing army, all without seeking additional contributions from the Riksdag. He was able, in other words, to set Sweden on the path towards absolutist monarchy." Along similar lines, Perry Anderson (1974, pp. 174–75) claims that by "Exploiting silver mines, promoting bar-iron exports, and minutely supervising the revenues and receipts in his realm, Gustavus accumulated a vast surplus by the time of his death, without any commensurate increase in taxes." He maintained cordial relations with the nobility by "imposing few burdens and injuring no privileges." If we explore the proposed causal mechanisms in more detail we will note that these remarks arguably overstate the issue, however.

Tax Relief. Looking at the fiscal policy of Gustav I, there is in fact little tax relief to be found. He certainly did seek additional contributions from the Riksdag (pace Gorski) and there was by all means a significant increase in tax burden (pace Anderson). Even with a silver fortune and a massive enlargement of his domains, he was relentless and ruthless in his pursuit of every receipt imaginable (Maarbjerg, 2004). Assessments were rigorously and meticulously revised and updated in a new set of cadastral registers (*jordeböcker*), and collection was stringently and broadly enforced with little leniency

to be expected for peasants struggling to make ends meet. In addition, the king requested extraordinary contributions (*bevillningar*) almost every year (Larsson, 2003, p. 218), often citing the debt to Lübeck or various real or imagined international threats to legitimize them. Larsson (*ibid.*, p. 358) estimates that all this led to a three-fold increase in the tax burden in some areas (compared to the preceding Union years). Elsewhere the increase may have been less drastic, but significant nonetheless. Dovring (1951, p. 422) also points out that the king was very keen on reforming and taking control over “the monstrous tax system” he had inherited from his predecessors. He made a couple of attempts to do so in the 1520s and 1530s, but they failed, due to popular opposition. By 1538, however, his political position was sufficiently secure that he could finally push through the reforms, which resulted in a significant augmentation of the annual yield of ordinary taxes (Dovring, 1951, pp. 422–25). Not only would this indicate that access to proprietary income did not lead to tax relief, but that it rather made the ruler powerful enough to step up and enforce his tax collection. The modern rentier state is sometimes characterized as being more or less detached from its population and economy; the early Vasa state, by contrast, forcefully and relentlessly sought to penetrate both society and economy, increasing its bureaucratic control and making its presence unmistakable.

But let us turn this perspective around. Tax relief was arguably not a feasible option in the 1520s, and probably not in the 1530s either (Hammarström, 1956, pp. 275–279); external and internal threats dictated a harsh fiscal policy. To the king it must have been painfully obvious, however, that taxation was a very problematic source of revenue. Every rebellion that sprouted cited higher taxes as a key complaint (among other complaints, such as religious reforms). The ‘Clock Rebellion’ (1531–33) in Dalarna, for instance, got its name from a special tax, amounting to one church bell from every parish. The Dacke Feud was also, first and foremost, a tax rebellion (Larsson, 2003, p. 256). It is against this background that we should interpret the king’s pursuit of ecclesiastical wealth, his interests in silver production, his attempts to expand regalian prerogatives, and his experiments with state-owned production and trade (see Hallenberg, 2001; Odén, 1966). From a certain perspective, the Reformation process itself can be seen as a form of tax relief: the king simply stated the fiscal needs—he did not proscribe a particular solution (although he did make obvious hints). By sacrificing the clergy, the other three Estates protected themselves from having to raise taxes. There was, in other words, a fiscal trade-off

at work here. It seems as if the Swedish realm could not—and the Estates would not—support both a wealthy church and a financially stable monarchy. In 1527 the issue was resolved in favor of the latter, and because of this substantial windfall, Gustav I could arguably rule more like a ‘landowner king’ and less like a ‘taxation king’ (Rian, 2000, p. 335).

Spending. A factor that favored Gustav in the early years was that there were few serious contenders to the throne. In fact, by executing a large number of prominent noblemen in what has become known as the Stockholm Bloodbath, King Christian II of Denmark inadvertently did his Swedish opponent a favor, both by killing off the competition and by making himself intensely disliked.¹² When Gustav seized control he could also confiscate the holdings of Danish backers and distribute these to reward his own side (Maarbjerg, 2004, p. 397). It was the Reformation, however, that made a tighter alliance between king and nobility financially feasible. Noble support for the Reformation was essentially purchased by promising the restitution of all land they had lost to the church since 1454 (Hammarström, 1956, p. 203).¹³ This increased the nobility’s dedication to both the Reformation as such, and to the king himself (see Larsson, 1985a, p. 28). As Roberts (1967, p. 8) puts it, the king “stopped the mouth of the nobility with the plunder of the church.”

Gustav continued to pander to the nobility after 1527, by increasing the number of fiefs (Larsson, 2003, p. 138). Such enfeoffments represented a trade of sorts: the monarch loses income and administrative control over a territory, but gains some service or support from the noble fief-holder. Sometimes the fief is simply given as a reward, or to ensure future loyalty. The expansion of fiefs after 1527 reflects the king’s desire to ensure support from the nobility, especially against the clergy and rebellious peasants (Hammarström, 1956, p. 466). In the decade following the Reformation, the king enfeoffed many counties (*härader*) and the net result was that whereas the crown had administered two thirds of the counties in 1527, that share had dropped to

¹²The Bloodbath decimated the conciliar nobility: out of the thirty-nine Council members in 1520, only nine remained alive by 1522 (Hammarström, 1956, p. 197).

¹³The data reported in Figure 10 above would suggest that little came out of this, however. The noble landownership actually contracted between 1530 and 1560, from around 25 percent to 22.

one half by 1537.¹⁴ According to Larsson (1992, p. 39), the tendency to give out and retract fiefs fluctuated with the need to marshal noble support and they also served as a tool to influence the inner power balance of the nobility.

Repression. In the case of the repression mechanism, we do in fact have good evidence that Gustav did specifically use his proprietary revenue to enforce obedience among his subjects. In the 1520s, after the successful war of liberation, he could not afford to keep German mercenaries—the *Landsknechte*—in his service anymore, and they were accordingly disbanded. The next decade saw a gradual re-recruitment, however, motivated by recurring insurrections, but also by military involvement in the conflict known as the Count's Feud (1534–36). This mobilization reflects the improved fiscal situation, but also the access to silver (Hammarström, 1956, p. 359). The main problem with maintaining a force of trained, foreign troops was (as might be expected) to reimburse them; mercenaries demanded payment in cash, and cash was hard to come by in sixteenth century Sweden. After all, most taxes were paid in kind, and there was little trade to exploit. The two main sources of precious metal available to the Gustav was the mine and the church's plate. Here is Ingrid Hammarström's analysis, quoted at some length:

As the military organization evolved in the 1530s, the main problem was to find liquid revenue for the troops' salaries. On this point, the situation was radically changed by the fact that the gains of silver extraction at the Sal mountain increased many times over by the middle of the decade.

And later:

Without a doubt, it is correct to identify Gustav Vasa's increased financial resources and his new mercenary army as the principal basis for the strengthened self-esteem, which appears not only in the negotiations with Denmark but above all in the king's relation to the own subjects. (ibid., pp. 360, 363)

The German troops were eventually used to put an end to the Dacke rebellion, and while the costs involved were significant—about five years'

¹⁴The estimate is based on data from Hammarström (ibid., p. 344). Some regions were not divided into counties, notably Dalarna and Norrland, and these were primarily administered by the crown.

worth of regular tax revenue, according to Larsson's estimate—they were manageable thanks to the silver extraction (see Larsson, 2003, pp. 256, 260, 315, 373).

What we have here is, in other words, a fairly clear-cut causal connection, running from increased access to proprietary silver, via the mobilization of coercive capacity, to the suppression of armed political opposition. The result was a strengthening of the king's powers, and the incident brought home that “Even the *ultima ratio* of rebellion availed nothing against a monarch with money to buy guns and mercenaries” (Roberts, 1967, p. 19). I also want to point out that the king made use of proprietary funds to end what was essentially a tax revolt, which in turn enabled him to resume taxation in areas that had been closed to his bailiffs. This highlights the intricate links between proprietary and public revenue.

CONCLUDING NOTE

In conclusion, there is some tentative evidence, at least, for each of the three mechanisms—weaker in the case of tax relief and stronger in the case of repression. To some extent, I also see signs of a sequencing of the mechanisms. First, the gains from the Reformation activated the spending mechanism in the form of an exchange of fiefs for noble support. This allowed the king to subjugate the powerful bishops and survive the smaller uprisings of the late 1520s and early 1530s. In that period he did not assume direct administrative control of the church lands but instead requested cash payments. Over time, silver from the church and the mine then made it possible to increase repression, by financing the recruitment of German mercenaries. The greater coercive capacity made it possible for Gustav to assert himself abroad (not covered in this chapter) and at home. By the 1540s, the king had gained considerable authority and was now quite secure from both foreign and domestic threats. During this breathing space he can retract the fiefs given to the nobility¹⁵ and assume administrative control over all the church's property, which are finally folded into the crown domains (Hammarström, 1956, pp. 369–72; Hallenberg, 2001, pp. 70, 83). He collects more and more revenue in kind, which may seem like a regression to a medieval financial system, but which allows him to profit from crown trade and support state-run mining works,

¹⁵By 1557 the share of the realm administered by noblemen had dropped to less than 25 percent, and the fief holders were for the most part friends of the king (Larsson, 1985a, p. 43).

smithies, and model farms (Odén, 1967). In this period, the state acts less as a public institution and more like a private entrepreneur (Hallenberg, 2001, pp. 237–59). Gustav is now able to rule in a less despotic fashion, dealing with his subjects in a way that is more lenient than he could afford ten or twenty years earlier. In the latter part of the reign, the king also stopped asking for extra taxes (Löwnertz, 1982–83), and this reflects a fiscal situation where “the treasury for several years had been filled up with silver from Sala” (Hammarström, 1956, p. 467). Perhaps this falls short of qualifying as a tax relief, but it seems as if the increased flexibility in the king’s interaction with tax payers may not have been unrelated to his greatly increased ownership of land and growing piles of excess silver.

11

Karl XI (r. 1672–1697) The Bureaucrat on the Throne

It may very well seem that I have chosen as the subject of this lecture a monarch whose lineaments are unmemorable, and whose achievement is obscure ... Hot-tempered, obstinate, narrow-minded, bigoted, he was almost equally deficient in imagination and in the capacity for abstract thought; and of his virtues too many were unendearing virtues of the barrack-square or the Inland Revenue ... Yet in spite of it all he was of critical importance to the history of his country: the hinge upon which the whole of modern Swedish history swings.

— Michael Roberts (1967, p. 226)

IN 1660, WHEN Karl X Gustav (r. 1654–60) succumbed to sickness and left the throne to his four-year old son, the Swedish empire stood at its peak, having step by step asserted its presence all around the Baltic Sea (see map on p. 118). Apart from Sweden and Finland, the empire now stretched from Karelia, down through Ingria, Estonia, Livonia, and also included parts of Pomerania and Bremen-Verden in Germany. Through precipitous but successful campaigns against Denmark in the Second Northern War (1655–60)¹ Karl Gustav had also seized the southern provinces of Skåne, Blekinge, Halland, and

¹Three ‘Northern Wars’ neatly encapsulate the Swedish imperial era: The Northern Seven Years’ War (1563–1570), also known as the First Northern War, marks the beginning; the Second Northern War (1655–1660) the peak; and the Great Northern War (1700–1721) the fall (see Frost, 2010)



Figure 11: Riksdaler from the reign of Karl XI, struck at the Stockholm mint in 1676. Photographer: Ola Myrin. © The Royal Coin Cabinet, Stockholm.

Bohuslän from Denmark, thereby establishing the ‘natural borders’ of the Swedish kingdom.

Imperial zenith coincided with fiscal nadir, however. A century of near-constant military involvements (see timeline on p. 117) had taken its financial toll and, as some historians have paradoxically noted, wars could be more costly to end than to start or wage. While military campaigns could be “started without money” (Landberg, 1971) and sustained by feeding off foreign lands, their end was fiscally burdensome in ways that were difficult to avoid. What Sven A. Nilsson (1990) has called “the problem of peace” emanated from soldiers demanding back pay, victorious officers expecting titles and property, lenders requesting debt repayment, and captured provinces needing reconstruction and defense. Under favorable conditions, peace treaties could provide some relief in the form of indemnities—the Peace of Westphalia (1648) brought Sweden 5 million rdr, for instance (*ibid.*, p. 194)—but they also put a halt to the looting of occupied territories. The successful conquests of the mid-1600s had thus tripled the state debt, which stood at over 7 million rdr in 1660. Merely to maintain the empire over the next two decades added another 10 million rdr, resulting in a debt six or seven times the amount of annual revenue (Lindegren, 2009, pp. 82–83).²

²Much of this debt seems to have been withheld salaries and reimbursements, however, and not actual loans (Lindegren, 2009, p. 87).

At this point we encounter a fiscal transformation of massive proportions: the Great Restitution of 1680 (*den stora reduktionen*). The Restitution involved what is arguably the biggest single transfer of wealth in Swedish history, surpassing the confiscations of the Reformation a hundred and fifty years earlier. A full third of the total farmland changed owner, and the nobility saw its landownership reduced by half. The political debate that led to this decision concerned whether the state should increase its revenue by a restitution of domains or by increased taxation—in Swedish rendered *reduktion eller kontribution*—and it captures the tension between proprietary and public revenue explored in this study. As it ends in a resurrection of the domain state, it arguably challenges the received wisdom that military pressure and fiscal crisis inevitably forced early modern rulers to set up tax states.

The Restitution was decided on at the Riksdag of 1680, and it was also at this session that the first moves toward a royal autocracy were made. The contemporaneity definitely points to an interdependence between fiscal development and regime formation, but it could also be interpreted as an argument against causality between the two, which requires *temporal sequence*. I will nonetheless argue in this chapter that fiscal strife set the conditions for autocratic transition (not the other way around), and that the autocratic regime was gradually strengthened throughout the 1680s and 1690s as the proceeds from the Restitution and other proprietary sources of revenue step by step sanitized the finances of the realm. Causality did not run *only* from the fiscal to the political—clearly the two impacted on each other and moved in tandem—but I think it would be a mistake to give causal primacy to autocratic authority. As we shall see, while Karl XI allowed no one to question his authority, he never became a despot, and throughout his reign he could tap into the legitimacy bestowed on him by broad, popular support. As in the last chapter I will first trace the constitutional developments of the late seventeenth century before looking more closely at fiscal matters. I will focus on two specific sources of proprietary revenue here, namely the gains made from prosecuting the regency that had ruled during Karl's minority, and the Restitution process.

11.1

The Rise of the Carolingian Autocracy

The autocratic transition initiated in 1680 was partly the result of contextual and historical developments—both within Sweden and in Europe at large—that are too broad and multifaceted to be examined here. This was, after all, the ‘Age of Absolutism’; a period that saw the reign of the Sun King of France, the consolidation of Brandenburg-Prussia under the Great Elector, and the momentous rise of Russia under Peter the Great. More immediately, however, the autocracy of Karl XI came about as a result of a severe fiscal-military crisis. A treaty with France—tied to monetary subsidies on which the Swedish treasury was dependent—had more or less forced Sweden to attack Brandenburg in 1674. This aggression soon met an ignominious end with a Swedish defeat at Fehrbellin in 1675, and while the losses in terms of soldiers were negligible, the political repercussions were considerable. The Netherlands declared war against Sweden and, a year later, Denmark would act on what it saw as a moment of weakness by landing two expeditionary forces in the south and routing the Swedish navy at sea. The Danish incursion was eventually repelled—partly thanks to bold actions by the young king, which boosted his popularity among the people (Scherp, 2013, p. 257)—but the conflict had laid bare the derelict state of the military forces and exacerbated the financial difficulties. Most of the blame was laid at the feet of the aristocratic regency that had governed during Karl’s minority and was seen as responsible for leading the realm to the brink of ruin despite an unusually long interval of peace. Roberts (1967, p. 229) claims that “The best that can be said for the Regents is that they did no more than make the worst of a situation which was admittedly beset with formidable difficulties.” The stage was therefore set for the young but already war-tested king to expand his political authority at the Riksdag of 1680.

The constitutional adjustments that set up Karl’s autocratic regime were made at a series of Riksdag sessions, in particular those in 1680, 1682, and 1693. In both 1680 and 1682, the triggering events seem to have been almost accidental. In 1680, the Riksdag was essentially over when the issue arose of whether the Council could collectively be held accountable for the regency’s mismanagement. In order to clarify the position and authority of the Council in governing the realm, the king posed a few direct questions for the assembled Estates to respond to. It is not clear whether he did so out of a genuine uncertainty or because he

smelled an opportunity to strengthen his powers. At all events, in their answers, the Estates declared that the king was responsible only to god for his actions. They specified that the king could take advice from the Council as he himself saw fit; that councilors should not proffer their advice unless asked to do so; and that the advice itself was not to be binding. By undermining the role of the Council to this degree, the Estates effectively eliminated a major constraint on royal power that had stood for centuries. The constitutional implication was not missed by one prominent nobleman who noted in his private papers that “The authority of the Council, which had been the other foundation on which the kingdom’s right and the Estates’ liberties had previously been secured, was overturned and broken” (Claes Rålamb, quoted in Upton, 1998, p. 40). The subordination of the Council was hammered home a couple of years later, when its name was changed from the Council of the Realm (*riksrådet*) to the Royal Council (*kungliga rådet*).

By 1682, Karl was ready to expand his powers further. At this Riksdag, the Estates first gave the king authority to set up a rigid apparatus of permanent recruitment and provision of soldiers in most provinces. Under this ‘Allotment System’ (*indelningsverket*), specific items of reliable income were to be allocated to specific items of military expenditure, without ever reaching the Treasury. The idea was to divert the most secure revenue—the land rents and taxes—to the most necessary outlays—the army and navy. The political ramification of this decision was that it replaced general conscription, which had been a recurring motive for summoning the Estates to a Riksdag, and it therefore took the issue of military recruitment and funding out of the hands of the Estates (Grauers, 1932, p. 84).

Another seemingly random opportunity to increase royal authority presented itself to the king in the shape of a stray comment by a nobleman (Anders Lilliehöök), who suggested that it was the Estates that were the fount of law in the realm. The king immediately demanded a clarification from the noble Estate as a whole, asking “whether anyone had the intention to tie the royal majesty’s hands, so that the royal majesty may not make laws and statutes, regulations and ordinances in his realm, and that these would be invalid without the Estates” (quoted in Scherph, 2013, p. 261)? Confronted with such an uncompromising question—and aware that the king would know the name of anyone who protested—all four Estates acknowledged that the king could indeed regulate and even make laws without their express participation.

In sum, the king had at this point undermined, evaded, or suspended three key constraints:

- (i) the supervision of the aristocratic Council,
- (ii) parliamentary control over military recruitment, and
- (iii) the Estates' prerogative to participate in legislation.

In 1689 and 1693 he would complete his autocratic takeover by also seizing far-reaching control over taxation. In 1689, the Estates were cajoled into declaring that the king could levy two extraordinary imposts in the event of a war without calling a Riksdag, and they also gave him a free hand to borrow any necessary extra funds (Grauers, 1932, pp. 112–14, 119; Rystad, 1987, p. 84). I should point out that they by now knew that their king was remarkably unwarlike,³ but they must have sensed that this could set a dangerous precedent. While expressing proper submission and confidence in their ruler, they also petitioned that “this grant of ours will not be any damage or detriment to us in our privileges now or in time to come” (quoted in Upton, 1998, p. 136). The king's discretionary power over war-time taxation was reaffirmed in 1693, and it is also here that we find the formal pronouncement of the Carolingian Autocracy. In a Declaration of Sovereignty, the Estates referred to their ruler as “an absolute and sovereign king, who is responsible for his actions to no one on earth, but has authority and power, according to his pleasure, and as a Christian ruler, to guide and govern his realm” (Grauers, 1932, p. 118). With the autocratic superstructure now complete, there were few functions left to the Estates, and there would be no reason for them to gather again during the reign of Karl XI.

THE REGIME OF KARL XI

Karl succeeded in establishing a regime with what was for Sweden an unprecedented degree of royal authority, but he did not do so by subjugating the Estates or by riding roughshod over the Land Law. On the contrary, his regime was formally sanctioned by the resolutions of several sessions of the Riksdag, and it was, as Metcalf (1987a, p. 1) has put it, “constitutionally-bound”—although those restraints were often ill-defined, flexible, and open to considerable interpretation (Roberts, 1967, ch. 8). The reign was exacting and harsh, and intimidation pervaded the meetings of the Estates: the Danish Ambassador noted in his correspondence that “in every Estate the debates and meetings are known to the king's secretaries and minuted; in the Riddarhus⁴ there

³To be clear, Karl XI was extremely military-minded but he actively sought to avoid actual wars.

⁴The meeting place of the noble Estate.

is also a guard from the Life Guards, so that no one can speak against" (quoted in Upton, 1998, p. 50). But the reign was not coercive. Instead of preying on the rural population, Karl instructed his Governors to "at all times be diligent and unremitting in hearing the grievances of the people and help them to secure justice, so that none may have reason to complain that he was not listened to or assisted in what is right and feasible" (quoted in *ibid.*, p. 3).

When Karl inherited the throne, Sweden was arguably governed by an oligarchic regime, considering that the aristocratic regency ruled in his stead for twelve years, and retained much power even after he came of age. The autocratic transition of 1680 was then implemented with considerable support from the lower Estates, which arguably resulted in a populist autocratic form of government. There were a number of disagreements between the commonalty and the king (see Scherp, 2013, ch. 10) but with their support for Tribunal and Restitution he could bring the council aristocracy to bend their knees. The peasant Estate were excluded from most political deliberations, but they were nonetheless aware of their key role as a base of royal support. When pressed by the Marshal of the Nobility (the Speaker of the Estate) in 1686 to grant additional taxes they could be surprisingly obdurate; threatened with being reported to the king they imperturbably replied that "we know very well that the king is gracious and protects us if we humbly petition" (quoted in Upton, 1998, p. 116). This was the Carolingian Autocracy in action; a refuge for the common people against pressure from those above them. From this base in a populist autocracy Karl XI continuously strengthened his hold on power, transferring authority from the Estates over to himself. This development is depicted in Figure 12.

11.2

The Regency Tribunal

The investigation into the maladministration of the regency government (generally referred to as *förmyndarräfst*) had been initiated by popular demand in 1675 and at the Riksdag of 1680 one of the first orders of business was to set up a Tribunal to bring this investigation to its conclusion. The initial investigation had concluded that the regency members, together with the Councillors advising them and the directors of the administrative colleges, had been "obstructive and neglectful"

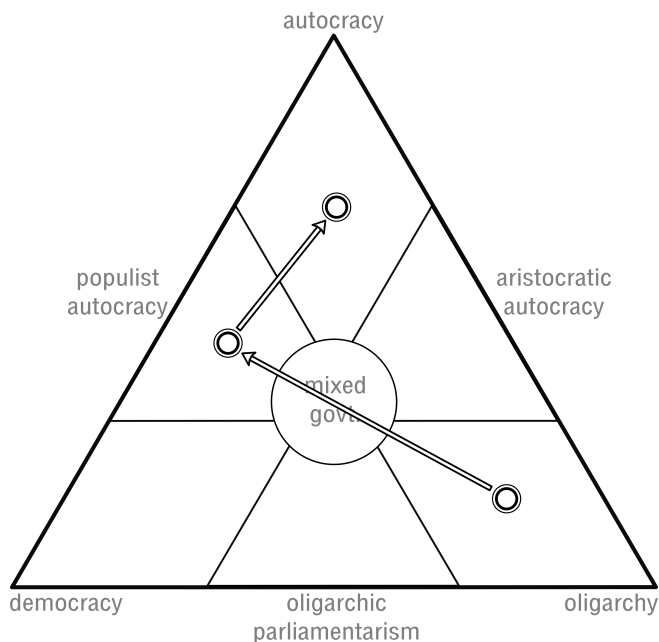


Figure 12: Regime change during the reign of Karl XI

and that they should therefore “begin to compensate and repay his Majesty and the crown all the damage and neglect which the public good had suffered thereby” (quoted in *ibid.*, p. 55). The Tribunal’s main objective was to bring charges against these individuals or—should they meanwhile have died—against their heirs. I will not go into detail about how this Tribunal came about or how it proceeded (see Blomdahl, 1963) but instead discuss its financial outcome and why I believe these gains can be characterized as proprietary.

The fiscal gains generated by this process have been estimated with some degree of certainty. It was initially reckoned that charges could be considered against a total of 1,200 individuals and that the settlements would generate as much as 6 million rdr, a sum roughly equivalent to three times the annual revenue. These expectations would, however, later turn out to be much inflated. A majority of the cases were for various reasons impossible to pursue and eventually dropped. In the end, fewer than 300 individuals were convicted and they paid a total of 2.33 million rdr to the Treasury (Blomdahl, 1973, pp. 90–91, 97–98).

Although the receipts fell short of what was hoped for, this was certainly a considerable sum, providing the king with a year's worth of extra income.

Had Karl simply dispatched his troops to the manors of the magnates and seized their wealth for his own I would be hesitant to characterize the proceeds of the Tribunal as proprietary. As argued in the conceptual chapter, ownership is more than mere possession. It is of crucial importance, in this sense, that the decision to set up the Tribunal was not made or even initiated by royal decree but by the Estates (although the king was certainly active behind the scenes and through his cronies). Rystad (2001, p. 172) notes that it was an effective and clever move by the king to stay in the background. This strategy allowed him to deflect and neutralize much of the bitterness and enmity the prosecutions inevitably engendered, and the king would in fact often emphasize that this was not his Tribunal, but a creation of the Estates. On these grounds he also blankly refused to appoint a main prosecutor (Grauers, 1932, p. 60).

The revenue generated by these settlements was therefore not primarily based on despotic power but on parliamentary decision. This does not mean that the implementation was not arbitrary, legally dubious, and sometimes plainly made no sense—as when the former Chancellor Magnus Gabriel De la Gardie was accused, both for spending too much on the military *and* for neglecting the defense of the realm. The Tribunal certainly had political costs, and at least Upton (1998, p. 58) wonders whether the fiscal gains really outweighed the resentment it generated. But while the relations between the king and the aristocratic elite soured, it left the overwhelming majority of the population no worse off, and it was mainly on their support that the king had founded his authority. Roberts (1967, p. 247) argues that “In Sweden the nobility had never been the natural allies of the monarchy; and in thus basing national solvency upon the financial ruin of some of the richest of them Charles was taking fewer political risks than such a policy would have involved [elsewhere].” I would further add that he was probably also taking fewer political risks than the collection of a similar amount of tax revenue would have involved.

11.3

The Great Restitution

Like the Regency Tribunal, the Great Restitution was initiated at the Riksdag of 1680, but to understand how and why it came about we need to look back to the alienations of land that preceded it, and discuss the political strife those alienations gave rise to.

THE LAND THAT WAS LOST

In the last chapter I showed that Gustav I had managed to enlarge the share of crown land from no more than 5–6 percent to almost one third of the total. If we look at the proportions a century later, in 1660, however, we notice that the share belonging to the crown had now contracted significantly, standing at about 18 percent of the total. The nobility, in the meantime, had almost tripled its possessions, going from 22–23 percent of the total in 1560 to 65 percent in 1660 (see Figure 13 on p. 173). How did this come about?

The crown lost its property in two ways: by putting it up for sale as a fiscal expedient or by donating it as a gift, reward, or payment. It was in the 1620s, as Gustav II Adolf struggled to raise revenue for his campaigns in Livonia and Poland, that the sale of crown land first took on significant proportions. Brännman (1950, p. 19) writes that “Gustav Adolf hereby introduced a new principle in Swedish financial administration. In order to raise money for war he sold off the crown’s most reliable source of future revenue. He transformed the right to collect tax into capital, which the state then promptly consumed.” It was a fiscal expedient that perhaps made sense in the short-term but spelled disaster in the long-term (Larsson, 1985a, p. 77). Note that from my perspective, by selling crown domains Gustav Adolf essentially generated proprietary revenue; procuring liquid funds in this manner represented a low-cost alternative to increasing taxation.

While selling land could provide funds to start wars, donating land was increasingly used as a method to reward those who returned victorious. This system was sustained for the greater part of the seventeenth century. During Kristina’s (r. 1644–54) decade on the throne, the speed of alienations and other forms of patronage increased significantly and not only because of war-induced financial needs. Striving to Europeanize and add glamour to the Swedish court, she doubled the lower nobility (from 300 to 600 families) and multiplied by five the number

of counts and barons (from 13 to 68) (Carlsson and Rosén, 1978, p. 449). Court expenditure quadrupled as a share of the total revenue (Clason, 1895, p. 150). Even as the reconstruction of Kalmar fortress had to be suspended, as state servants were asked to make do with half their salary, and the royal court itself found it difficult to pay for basic commodities like firewood and foodstuffs, Kristina continued to enrich important noblemen in her entourage with lavish donations (Roberts, 1967, p. 115). She alienated almost three times as much land as her father had done, despite less need to do so (Magnusson, 1985, p. 19).

While we can trace the effects of this policy in terms of landownership with a reasonable degree of accuracy, it is more difficult to calculate the reduction in actual revenue collection. The state automatically lost its right to collect ordinary rents and taxes from the land it had alienated—that revenue now ended up in noble hands instead—but when it comes to other kinds of contributions (extra taxes, services, and conscription) the system was both more complex and less settled. Sometimes the farms on noble land were fully exempted, sometimes they had to pay half the amount that freeholders and crown tenants had to pay, and sometimes they were expected to pay the full amount. In general, the area closest to noble manors (within the *frimål* or *rå och rör*) was more exempted than outlying properties. It is also the case that the need to fund the central government forced the nobility, in conflict with their key privilege of tax exemption, to take on one personal contribution after another (for more details on this, see Nilsson, 1964, pp. 93–97).

It is nonetheless abundantly clear that the state had lost a considerable share of its income by 1660. According to one estimate, annual revenue to the value of more than 1 million rdr—some 46 percent of the ordinary land rents—had been lost through alienations, but the figure is uncertain (see *ibid.*, p. 87). Bonnesen (1924/1958, p. 32) reports an even more drastic drop of 40 percent in *total* revenue over just a decade, from 4.24 million rdr in 1644 to 2.53 million rdr in 1653. The fiscal policies of Gustav II Adolf, the ensuing regency, and then Kristina had—in conjunction with costly wars—led to financial ruin for the Swedish state. A significant proportion of the most reliable revenue had been lost and the result was, in Heckscher's words, “an emptied Treasury, a ruling feudal-minded nobility, and a peasant Estate which in fundamental respects had ceased to be freeholders” (Heckscher, 1943, p. 18).⁵

⁵A clarification should be given here. When crown domains were sold or donated, the new owner gained full rights to both property and revenue from these

RESTITUTION OR CONTRIBUTION?

The historian Archibald Lewis once suggested that when the early modern ruler “has given out all the free land and none remains, it is necessary for him to begin to tax—taking back in another form the wealth he earlier showered out upon his people” (quoted in Wallerstein, 1974, p. 135). There is an alternative, however, not acknowledged by Lewis: the ruler can reclaim the land that was lost. The contention over these two fiscal alternatives—the restitution of domains or additional contributions through taxation—runs as a common thread through the political discourse in Sweden from the death of Gustav II Adolf (1632) to the Riksdag of 1680. Members of the noble Estate—especially those of the uppermost echelon who had benefited most by the generous donations (Magnusson, 1985, pp. 19–20)—preferred an increase in contributions over giving up their land. The three lower Estates, on the other hand, collectively and consistently demanded a restitution of domains, as that would put the state back on more secure financial footing and forestall the need for onerous imposts. The debate between these alternatives has come to be known as the Strife of Estates (*ståndsstriden*).

The issue of a restitution of domains was brought up by the peasant Estate, or the lower Estates collectively, at each Riksdag after Gustav II Adolf’s death, but the most comprehensive and forceful statement is found in a ‘protestation,’ submitted at the Riksdag linked to Kristina’s coronation in 1650 (Nilsson, 1964, p. 91). The protestation drew constitutional support from the time-honored Land Law and argued that even among the most dull-witted, few could possibly fail to realize that it was perilous for both royal authority and individual liberty to rob the state of its most secure source of revenue. (I here paraphrase from the original text, which is reprinted in Loenbom, 1769, pp. 70–98.) When such revenue was transferred to noble pockets, the king found himself forced to beg where he should command. It is further stated that contributions, that is taxes, were never supposed to provide more than a temporary assistance in times of extraordinary need, yet now they

lands—crown peasants thus became peasants of the nobility. Where the alienations concerned land of freeholders, on the other hand, it was only the rights to collect revenue that was transferred, and the freeholders themselves did not lose their legal status or their ownership. The distinction is important (see Myrdal, 1996, pp. 281–93), and the term *skattefrälsebönder* is sometimes used to distinguish this group from regular tenants. (The term itself is quite paradoxical, literally meaning ‘tax paying-tax exempted peasants.’) In 1660, about a third of the noble property did in fact belong to this in-between category.

were about to become the single, permanent mainstay of government. “We are mortal,” the protestation emphasized, “but we should seek to make the government immortal and put it on secure footing for our descendants, just like our forebears praiseworthily entrusted it to us” (Lagerroth, 1928, pp. 62–4). It has been told that representatives of the commonalty questioned Kristina—somewhat sarcastically, it would seem—whether she wanted to be crowned queen over the Swedish ‘land and realm’ or over its ‘tolls and excise’ (Nilsson, 1964, p. 90).

The demands of the lower Estates were eventually ignored after some strategic vacillation by the queen, who used these demands to put pressure on the nobility. Five years later the commonalty would score a partial success, however, as the Riksdag voted to restitute one fourth of all land alienated since the death of Gustav II Adolf, along with certain tracts that were seen as ‘inherently unalienable’ due to their importance for the state and its military capacity, such as mining areas (Magnusson, 1985, p. 8). The implementation of this ‘Fourth-Part Restitution’ (*fjärdepartsräfssten*) proceeded slowly, however, and financial difficulties made it so that Karl X Gustav was forced to continue selling land even as it was being restituted, in order to fund the war effort in Poland. During the long aristocratic regency that followed Karl X’s death, the restitution process all but ground to a halt (Nilsson, 1964, p. 107).

THE DECISION OF 1680

By the time of the Riksdag of 1680, it was clear that the Strife of the Estates would have to be resolved, one way or the other (Carlsson and Rosén, 1978, p. 508). The king would once again play a passive role in the negotiations that followed, mostly acting through loyal proxies. As Gustav I had done in 1527, Karl XI simply emphasized the disastrous state of the finances and the crushing debt,⁶ but left it to the Estates to figure out a solution. He was even able to position himself as a mediator in the debates that were to follow (Carlsson and Rosén, 1978, p. 510). As in every recent Riksdag, the lower Estates immediately voiced their firm objection to new taxes, arguing that a significant restitution of land was the only sustainable remedy to the endemic frailty of state finances.

The most interesting discussions were arguably those that took place within the House of Nobility (*Riddarhuset*), however. The noble

⁶Lindegren (2009, p. 64) suggests that the king might have let those debts be artificially inflated in order to up the ante in the deliberations.

Estate did not speak with one voice in this matter because not every member had benefited equally from the donations. The basic interests of the lower nobility thus diverged from the wealthy aristocracy in that they had significantly less to lose from restitution than from further taxation: “Should we, for the sake of a few families who have half the realm in their possession, become *contributarii*?”, thundered one supporter of restitution: “It is unreasonable” (Kristoffer Gyllenstierna, quoted in Wrangel, 1903, pp. 92–93). In the end, the opinion of the royal supporters and lower tier of the Estate prevailed, and the nobility agreed to a restitution of considerable proportions. It involved all property in the foreign provinces, as well as all donations within the realm that yielded more than 300 rdr per year. This final stipulation ensured the support from members of the lower nobility, who typically held land of less value (Magnusson, 1985, p. 9). The nobility acquiesced, feeling confident that the king would now show respect for the privileges of their Estate and spare them any further burdens. One can only imagine what went through their minds the very next day when the king’s deputy brazenly asked them to deliberate on a new tax. The protocol informs us only that “a small silence” settled upon the hall; the matter of restitution *or* contribution had thus quickly morphed into a stinging reality of restitution *and* contribution (Nilsson, 1964, pp. 18–19).

THE FISCAL OUTCOME

The process of restituting domains to the crown progressed gradually over the following decades. If we again look at the distribution of landownership at the turn of the century (see Figure 13 below), we note that the crown domains were now almost twice the size they had been in 1660, having increased from 18 to 35 percent of the total. Over the same period, the nobility had seen its share of landownership collapse from 65 to 33 percent. The increase of the freeholding peasantry (from 18 to 32 percent) reflects the fact that much of the noble property was in fact made up of freeholds, where peasants retained their ownership rights but paid their land tax to a noble landlord rather than to the monarch (see footnote 5 on p. 170). As these farms were restituted they re-entered the cameral category of ‘tax peasants’ (*skattebönder*). In other words, as Sweden entered the eighteenth century the crown, nobility, and freeholding peasants held roughly equal shares of the land (as estimated in *mantal*, see footnote 3 on p. 143), but this reflects a situation where the crown had made massive gains.



Figure 13: Distribution of landownership, 1600–1700. Data source: Myrdal (1996, p. 282).

Once again, it is very difficult to trace the outcome in financial terms but it is clear that the order, stability, and liquidity of state finances were quickly restored. As early as the late 1680s, the system seems to have been able to generate a good surplus even as total expenditures climbed. For 1686, Upton (1998, p. 220) reports a surplus of 173,555 rdr, or circa 8 percent of total expenditure; eleven years later, expenditure had risen by thirty percent in real terms—totaling upwards of 2.8 million rdr—but the Treasury still generated a surplus of more than 8 percent. At this time, namely in 1697—which is also the year of Karl XI's death—a substantial financial reserve had been accumulated, including 822,000 rdr in the vault called the *Elephant* in the Royal Palace (Lagerroth, 1928, pp. 129–30; Åström, 1973, pp. 80–82). Total reserves amounted to almost six months' worth of income (Cavallie, 1975, pp. 40–41)). The king also managed to service the state's debt continuously, by the rate of about 300,000 rdr per year, reducing the debt-to-revenue ratio from 6 or 7:1 to 1:1 (Lindegren, 2009, p. 82). By 1697 the state drew almost 900,000 rdr annually from domains that had been restored, equivalent to about one-third of its total revenue (Carlsson and Rosén, 1978, p. 521).

11.4

Tracing the Mechanisms

Tax Relief. I would argue that the tax relief mechanism explains a great deal of the transition from oligarchy to populist autocracy, as well as of the strengthening of monarchical authority after 1680. It functioned in three distinct ways, however. First, in the period running up to the Riksdag of 1680 the *expectation* of a tax relief was arguably among the key incentives for supporting a powerful monarch. As I have explained, the choice between restitution and contribution defined the political debate of the mid-seventeenth century. Consistently and repeatedly the lower Estates demanded a restoration of crown domains with the expectation that this would forestall further taxation, and they had ample reason to suppose that this would only come about under a powerful monarch (Scherp, 2013, pp. 292–93). It is interesting to note here that the three lower Estates considered taxation to be not only a burdensome, unfair, and unreliable source of state finance, but also an inherently unconstitutional one. The King's Law, it should be remembered, clearly stated that the monarch should live of his own

and refrain from burdening his subjects with extraordinary imposts except in times of extraordinary need. It is also pertinent to note that an economic and ideological aversion to taxation was deeply ingrained in many members of the noble Estate. After all, their very name, *frälse*, asserted their right to be exempted from taxes. In the early 1670s, one nobleman by the name of Creutz had expressed what was probably a widely held sentiment: "The word tax doesn't tally with our Estate; if we cannot expect exemption from contribution, we are not nobility" (quoted in Nilsson, 1964, p. 112). Especially noblemen of the lower tier, who did not own large tracts of land or business ventures, attached much greater costs to new contributions than they did to a restitution, and this aligned their interests with those of the king rather than with those of their wealthier peers. It is therefore plausible, I think, that the tax relief mechanism was at work within the expectations of both the commonalty and parts of the nobility, little by little making a more autocratic government seem tolerable, perhaps even necessary.

As we know, the expectations of lower taxes were disappointed in 1680; as soon as he had ensured support for an extensive restitution, the king caught the Estates by surprise by asking for yet another contribution. In fact, he would repeat his requests for additional taxes several more times in the 1680s. Moreover, everything suggests that restituted farms experienced no perceptible fiscal relief; the king was as implacable and stringent in his collection of rents and taxes as any noble landlord, if not more so. An argument can nonetheless be made that people probably took note of a *counterfactual* form of tax relief in this period. What do I mean by this? Both the noble elite and commonalty realized and accepted that the pressures of the times necessitated massive investments in both military and civil administration, as well as servicing of the towering debt. They probably also realized that every riksdaler that was collected from restituted property or from the Regency Tribunal was a riksdaler that did not have to be collected through additional taxes. While it is safe to assume that the continuation of taxation in the 1680s was widely disliked it must nonetheless have been quite clear to contemporaries that both Restitution and Tribunal had an ameliorating effect: by providing the crown with proprietary income, taxes that would otherwise have had to be granted could be avoided. And better times were approaching.

By 1693, tax relief was no longer a matter of expectation or counterfactual insight, but a distinct reality. In the Riksdag of that year—convened because of the death of the queen, not because any urgent issues needed to be resolved—the king could inform the Es-

tates that no additional contribution would be needed. The king's propositions emphasized that the fiscal-military reconstruction had made considerable progress, and that "through good housekeeping, [the king] may be able to keep the work going with the ordinary revenue of the kingdom." He also expressed his reluctance "to burden his faithful subjects and Estates with any heavy burdens . . . so long as the situation and eventualities allow it" (quoted in Upton, 1998, p. 146). He furthermore waived his customary right to seek support for the funeral expenses. The remaining four years of his reign would then involve actual tax reduction as temporary levies expired without being succeeded by new ones.

Spending. While the autocracy of Karl XI rested on an alliance with the lower Estates, he made sure to cultivate his support among the nobility, even as he systematically and ruthlessly undermined the wealth and status of the old council aristocracy. Ennoblements and the bestowal of titles were one of the key strategies used to this effect. Karl would create no fewer than 600 new noble lines during his reign (compared to the mere 156 that had attended the Riksdag of 1660) and many were elevated from fairly humble origins up to the highest levels of the state administration. Here is Göran Rystad's comment on the king's patronage:

More than half of the noblemen who where present at the Riksdag of 1693 did thus belong to families that had either been ennobled or raised to the title of count or baron by Karl XI, and who thereby stood in an almost personal relationship to the monarch . . . He has skillfully and systematically exploited the opportunity offered by ennoblements as regarded the attainment of control over the House of Nobility and, by extension, the most powerful Estate of the Riksdag. (Rystad, 2001, p. 231)

Rystad adds that it was the aid from these clients that made Restitution and Tribunal possible, but I would instead suggest that the causality runs in the opposite direction. Giving out titles left and right would have created little support had not the king also been able to offer salaried employment to these new cohorts of noblemen, and it is hard to see how he could have done so without restituted property or settlements from the Tribunal. (Careers in the military certainly hinged on the functioning of the Allotment System, which in turn was fueled by restituted land rents.) Few public servants had received adequate or

regular pay before Karl took control in 1680. The political importance of bringing the nobility into the state bureaucracy, and making them financially dependent on the paychecks derived from such service, should not be underestimated. Karl's reign arguably transformed the nobility from a small elite of hereditary landowners to a more numerous 'service nobility' (*tjänstemannaadal*). As Asker (1983, p. 151) puts it, the nobility evolved from "landowners serving the state" to "landowning state servants." The livelihood of this new nobility depended on the solvency of the state and they were therefore much less likely to conspire against their ruler/employer.

One can also find some evidence of a more direct kind of monetary patronage. In 1694, for instance, a select group of favored officials overseeing the restitution of domains were awarded a one-time bonus—about equivalent to a yearly salary—out of recovered properties (see Kullberg, 1973, pp. 130–31).

The fact that the king exercised so much discretion over the Restitution and Tribunal processes opened the way to yet another aspect of the spending mechanism. Karl seems to have been altogether obsessed with pursuing everything he felt he was owed, down to the last copper, and many noblemen were pushed to the very brink of bankruptcy (although not very often over that brink). To resist, protest, or bargain was futile and only made the king more adamant in his claims. But where protest could backfire, submissive petition and careful lobbying could result in significant relief, and those who had proven their loyalty could sometimes expect a hefty reduction in their charges (see numerous examples in Upton, 1998, ch. 4)). Sometimes the king rewarded those who stoically endured their charges without complaint with remunerative fiefs or employment. My point here is that personal control of the processes gave the king an instrument that could be used to foster gratitude and indebtedness among select constituencies. Essentially, the 'favor' involved here was that he reduced the retributive charges brought on by Restitution and Tribunal, but I would nonetheless file this under the spending mechanism as it involved a reduction in the collection of proprietary income.

Repression. Repression—or at least the threat thereof—played an important role in the creation and maintenance of the autocratic regime of Karl, but his reign was never coercive. More to the point, I find nothing to suggest that proprietary revenue funded any outright subjugation of dissent. One could convincingly argue that the new standing army could not have been created without the restitution of

crown domains, but these soldiers were never wielded as an instrument of domestic control. This point is made by Roberts (1967, p. 246), who finds that Karl's regime rested primarily on the rule of law and that "His authority did not come to him by violence, nor were his subjects kept in order by a royal army divorced from the feelings of the nation: indeed, no force have been less suited to support a tyranny than the army which he created." Rather, "Swedish absolutism was absolutism by consent of the many, by conviction of the few, and by acquiescence of almost all."

CONCLUDING NOTE

I want to conclude this chapter by pointing to a somewhat puzzling aspect. It would seem—at least to a modern observer looking back in time—that 1680 provided the Estates with a constitutional opportunity that was allowed to slip. The fiscal-military crisis that had developed in the 1670s was similar to those that forced other European rulers to turn "begging to the Estates," as Schumpeter (1918/1991, p. 106) put it. As outlined in chapter 3, tax grants could be used by the people to purchase political concessions from their princely rulers. But in Sweden, the three lower Estates instead collaborated to ensure that the fiscal independence of the monarch was restored. Michael Roberts characterizes the Estates' attitude toward the Great Restitution as naively pragmatic:

Their indifference to constitutional issues appears most conspicuously in regard to the power of the purse. The alienations had put the monarchy quite at the mercy of parliament: the government was now dependent on parliamentary grants if it were to carry on at all. But the lower Estates had no notion of exploiting this situation: on the contrary. Their object was to make the crown independent of parliamentary supply—as Gustav Vasa had been, and as Charles XI was almost to be. (Roberts, 1962, p. 43)

This is more than an anachronistic reflection, I think. Early modern thinkers were not unaware of the possible links between taxation and representation. Lord Carteret, a British statesman, would somewhat later express the insight that "The Security of our Liberties are [sic] not in the Laws but by the Purse being in the Hands of the People"

(quoted in Brewer, 1989, p. v).⁷ So why did the Estates, of their own volition, undermine their political influence? I can think of at least three answers to that question.

The first one is quite obvious: they disliked taxes. As I have already emphasized, taxes were seen as unfair and unconstitutional; they disrupted the fiscal contract that had stood between rulers and ruled for hundreds of years. John Kenneth Galbraith (1977, p. 180) has pointed out that "The American colonies, all know, were greatly opposed to taxation without representation. They were also, a less celebrated quality, equally opposed to taxation with representation." Something similar seems to be at play in seventeenth century Sweden, only more extreme: the lower Estates were so opposed to taxation that they were willing to support a monarchical autocracy.

That brings us to a second answer: constitutional progress was secondary to social struggle. The Restitution represented the people's victory over the noble elite, after all, and it brought to an end the Strife of Estates that had gathered force over half a century. The peasantry in particular felt threatened by the massive reallocation of landed property from crown and freeholders to nobility. Pace Carteret, they were less worried about the purse being in the hands of a sovereign monarch than about all the land being in the hands of an aristocratic oligarchy. And to some extent, the clergy and the burghers saw their fate as being intertwined with that of the peasants. Back in 1650, the Archbishop Leneaus had remarked that

When the nobility have all the peasants subject to themselves, then the Estate of Peasants will no longer have a voice at the Diet; and when the Estate of Peasants goes under, Burghers and Clergy may easily go under too . . . ; and since the Estate of Nobles has all the land in the kingdom under its control, where was then the crown's power? For he who owns the land is the ruler of the land; and thereby a *servitus* [servitude] introduced into the country. (quoted in Roberts, 1962, p. 41)

Modern historians tend to dispute that the alienations involved any actual erosion of peasant freedom but it is nonetheless plausible that even if the lower Estates experienced no actual oppression, they were

⁷By historical happenstance, Carteret would in be appointed ambassador to Sweden in 1719 and he was instrumental in the negotiations that brought Sweden out of the throes of the Great Northern War (see the *Dictionary of National Biography*, DNB, 1887, , s.v. "Carteret, John").

politically motivated by the fear of oppression (see Larsson, 1985a, pp. 124, 155). The somewhat paradoxical conclusion here is that the lower Estates felt more confident in being able to retain their political voice and liberties under a royal autocracy than under an aristocratic oligarchy.

A third possible answer can also be mentioned: perhaps the Riksdag had not as of yet reached the maturity, strength, and degree of institutionalization necessary in order for it to become the sovereign branch of government, and the Estates were aware of this fact (Lagerroth, 1928). “The Swedish Riksdag was an arena of uncertain status, unclear rules, and where lower Estates could feel threatened,” Scherp (2013, p. 296) notes. Taking a stance against the king could have led either to the suspension of the assembly, or it could have provided the nobility with a tool of oligarchy.

12

Gustav III (r. 1771–1792) The Enlightened Autocrat

In reality, the actual role of royalty, especially the king's role to which Gustaf was raised, was a piece of theater. You were distinguished from all other members of your nation, you had ceremonies to perform, lines to say, whether you wanted to or not. . . . In eighteenth century Europe, royalty had to radiate magnificence; a powerless royal family lived in a form of humiliation.

— Erik Lönnroth (2008, p. 9)

THE SHOT THAT took down Karl XII at Fredrikshald in 1718¹ toppled the autocratic form of government his father had set up, and it also marked the end of Sweden's brief stint as an imperial power. At this point, Swedish constitutional history makes one of its most dramatic turnarounds: from the remains of the Carolingian Autocracy, the party-parliamentarism of the Age of Liberty rises. The political government of this period was highly praised by prominent members of the Enlightenment—such as Voltaire, who claimed that the Swedes enjoyed more liberty than any other European people, and Rousseau, who characterized the Swedish constitution as an example of perfection itself (Lagerroth, 1915, pp. 733–4; see also Mastellone, 1989). The constitutional turnaround was propelled by the suffering and fatigue brought on by almost two decades of constant military campaigning,

¹It has long been debated whether this shot came from enemy lines or if the king was in fact killed by one of his own soldiers. Most evidence now seems to support the former story (Ståhl, 2003; From, 2005).



Figure 14: Riksdaler from the reign of Gustav III, struck at the Stockholm mint in 1780. Photographer: Gabriel Hildebrand. © The Royal Coin Cabinet, Stockholm.

and by the disastrous end of that war. The finances of the realm were in utter ruin and the cost in terms of human life had been staggering. The fact that the king died without heir and that there were two contenders for the throne put the Estates in a strong bargaining position, and when the crown was eventually offered to Ulrika Eleonora (r. 1718–20) it was made conditional on her renouncing the autocratic regime of her late brother. In the election document presented to the Queen-to-be, the Estates declared their intention to “dismantle, suffocate, dismiss, and destroy” the Carolingian autocracy (quoted in Metcalf, 1987b, p. 113).

The Riksdag of the Estates was now to rise above the other branches of government, and it would dominate Swedish politics for half a century. The most striking emblem of this parliamentary dominance was arguably the stamp bearing the king’s signature, which the governing Council could use should it fail to obtain royal consent to its preferred policies (see *Nordisk familjebok*, NF, 1904–1926, s.v. “namnstämpeln”). The regime during the Age of Liberty fits quite well into what I have called oligarchic parliamentarism: the government was controlled by an alliance of people and elites, whereas the powers of the ruler were severely curtailed. The Age of Liberty came to an abrupt and inglorious end after about fifty years, in 1772, when the recently enthroned Gustav III engineered yet another dramatic constitutional rearrangement, bringing the monarchy much closer to the authoritative position it had

occupied during the late imperial era. Gustav would become Sweden's 'enlightened absolutist': a promoter of law and justice, supporter of religious freedom, and patron of the arts (Scott, 1990, pp. 30–32; Mansén, 2011, pp. 348–57; Tandefelt, 2007). It is probably not a coincidence that the code word for Gustav's 1772 coup d'état was "opera" (Mansén, 2011, p. 349), and there is some morbid irony in the fact that he would eventually die after being shot at the Royal Opera House in Stockholm.

I should immediately acknowledge that the reign of Gustav III does not conform to my theoretical expectations. He arranged a transition from a parliamentary to a monarchical regime and governed in a more or less autocratic fashion for almost two decades, yet his access to proprietary revenue was certainly not as extensive as that of Gustav I or Karl XI. Is this damning evidence against my overall argument? I would not say that it is, for I do not claim that collection of proprietary revenue constitutes a *necessary* cause for autocracy: autocratic rule can clearly emerge and be consolidated in a number of ways that have little or nothing to do with proprietary revenue.

But even though my hypothesized fiscal cause does not quite match the actual political outcome, I think a closer look at the reign of Gustav III is nonetheless warranted. This episode reveals at least three insights that pertain to the arguments made in this study: first, I can demonstrate that the king did in fact make focused efforts to create new sources of proprietary revenue, and that he did so in the belief that it would reinforce his political autonomy. These efforts largely failed, however. Second, I would argue that the inadequacy of proprietary revenue did in fact hamper the king in exercising autocratic rule, forcing him to raise unsustainable debt and repeatedly summon the Estates to sessions of the Riksdag in order to renew extraordinary tax grants. Finally, it seems that when he eventually fortified his hold on government, in 1789, he did so by sacrificing fiscal policies in order to gain political authority. This provides a curious reflection of the argument I make in this book. I will return to these insights in the concluding section of the chapter.

12.1

The Gustavian Autocracy

THE FIRST COUP

The Age of Liberty formally ended on 19 August 1772, as the recently enthroned Gustav III pulled off a dramatic, but entirely bloodless, coup d'état. The original plan of action was to initiate the revolt in two peripheral provinces, creating a movement that would then drive toward Stockholm. This was indeed what happened, but the sitting government was soon alerted to the threat, and this forced the king to take action earlier than planned; the decisive events would therefore unfold in the capital.² The coup was effectively a military putsch, won in the barrack square: in rapid order the king managed to secure the support of a hundred military officers of the Life Guards (*Livgardet*), support that subsequently spread to the Guard itself, the mounted city militia, the Stockholm artillery regiment, and finally to the navy—the military arm that was most hesitant to side with the king against the elected regime. The entire government and most of those who might have mounted any resistance were swiftly put under temporary arrest, and the coup was completed after no more than a few hours. Although Gustav's early reign would draw its main support from the noble elite, the coup itself received significant backing from officers of common birth, and the burghers of Stockholm seem to have been quite sympathetic to the king's cause (Sallnäs, 1954).

The political party that had recently come to power had announced impending cutbacks in the appropriations for the army and the navy which alienated the military establishment, and this partly explains how the king was able to obtain their support. More government-friendly troops had been dispatched from the nearby city of Uppsala but the takeover was concluded before they had time to reach the capital. But the success of this restoration of royal authority ultimately rested on two more fundamental points of contention. It should by now come as no surprise when I say that the Swedish state was essentially bankrupt, and that the fiscal crisis contributed to making the change of government attractive. Two miserable wars—against Russia in 1741–43 and Prussia in 1757–62—had resulted in financial distress and disarray, and they had also laid bare the decrepit state of the armed forces.

²Detailed accounts of these events are found in Malmström (1901) and Odhner (1885).

Budgetary deficits were endemic and a soaring inflation had doubled price levels over the decade 1755–65 (Metcalf, 1987b, p. 111). A series of bad harvests compounded the crisis even further. Neither of the two parties alternating in power proved able or willing to implement policies that could reverse the situation, and popular support for the increasingly corrupt, partisan, and ineffectual party-parliamentarism was ebbing away (Landberg, 1932, p. 9).

The second issue underpinning the transition concerned Estate-based privileges—or rather that the members of one Estate enjoyed privileges others lacked. In particular, it was the nobility's entitlement to higher public offices, combined with the fact that they had recently closed their ranks to new admissions, that solidified battle lines between them and the three lower Estates. A century earlier, the protracted Strife of Estates (*ståndsstriden*) between nobility and commonalty on the issue of 'restitution or contribution' had led to the autocratic regime of Karl XI; now, the Strife of Privileges (*privilegiestriden*) pushed political developments in a similar direction.³

The growing antagonism between the Estates motivated the king to assert himself and make an attempt to preserve political order, but, importantly, the antagonism also enabled him to play off one faction against the other in a manner that the party system had not. The main issue that had set the the parties apart was the direction of foreign policy, and even though the Hats were 'more noble' and the Caps were 'more common,' both parties drew members from all four Estates. The Strife of Privileges thus resurrected the fault line between the Estates and overshadowed that between the parties (Metcalf, 1987b, pp. 145–46). But where Karl XI had sided with the commonalty in 1680, Gustav would instead draw support from the nobility by portraying himself as a protector of noble rights against the encroachments of 'levelers.' To the noblemen, a strong monarch must have seemed like the lesser of two evils when compared with the unchecked rule of progressive commoners (Anderson, 1974, p. 191; Metcalf, 1987b, p. 144; Nordin, 2000, pp. 423–24).⁴

The coup of 1772 did not set up a full-fledged autocracy, but it is evident that it greatly elevated the political position of the monarch vis-

³On a comparative note, the issues that fueled the Strife were concurrent and somewhat similar to those that induced the American colonists to take up arms against King George (in 1775), and eventually brought down the *ancien régime* in France (in 1789).

⁴For a fuller discussion on the Strife of Privileges, see Odhner (1885), Malmström (1901), Nordin (2000, ch. 6), and Carlsson (1973).

à-vis the Estates and the Council. Fifty years of parliamentary rule had set limits on what Gustav could say and do; he consistently portrayed himself, not as an autocrat, but as a guardian of unity, security, and liberty. Alm (2003, p. 26) tells us that “The fundamental idea of this myth was that Gustaf III, by ending the rule of parliament and re-establishing royal authority, saved Sweden and its people from ruin.” He aspired to be no more than a ‘citizen king,’ presiding over a society of ‘citizen subjects.’

In any case, the political parties that had defined the Age of Liberty were now summarily banned, and few possibilities were left for a parliamentary culture to flourish. The new Instrument of Government—that the Estates had to vote on without deliberation and under the threat of loaded cannons—stipulated that the king—“he and no one else”—would govern the realm. The powers of the Council were pared down, and the councillors were to be appointed by the king himself. The king was also put in charge of foreign policy, although he was expected to consult the Estates before starting any wars of aggression. Future Riksdag sessions would be convened at his behest and last no more than three months.⁵ Importantly, the powers of taxation were to remain with the Estates, as did control over the central bank (*Riksbanken*) and the mint, although the king had far-reaching control over actual budgeting and expenditure.

TOWARD THE SECOND COUP

At the first Riksdag held under the new Instrument of Government, in 1778, the king was able to control both agenda and proceedings, pre-empting any attempts by the Estates to reclaim the ground that they had lost in 1772. As might be predicted, the royal success spawned its own opposition, and it threatened to engender a convergence of interests *among* the Estates *against* the monarch. A contemporary statesman presciently reflected that “The old party spirit is animated instead of having been extinguished. Nation has learned to plot against the monarchy, as the monarchy has started to plot against the nation” (Ulrik Scheffer, quoted in Landberg, 1932, p. 76). Such ‘plotting against the monarchy’ increased in the years that followed, and the subsequent Riksdag of 1786 would prove much more difficult for the

⁵The divisive Riksdag of 1765–66, by contrast, had lasted a record twenty-one months (Metcalf, 1987b, p. 142). A time limit on the session favored the king, because if the Estates could not reach a joint decision in time, he would be able to choose freely among existing propositions.

king to control. Now the four Estates took concerted actions against their ruler, rejecting a proposal for a new set of taxes, setting a four year expiration date for existing taxes (which would effectively force the king to convene a new Riksdag) and reasserting the independence of the central bank. These setbacks induced Gustav to initiate a remarkable political U-turn: he now started to turn away from the nobility—the constituency that had boosted him into power fifteen years earlier—and instead began to pander to the three lower Estates. He alleviated the key grievance of the peasantry by dismantling a crown monopoly on distilling; he placated the burghers by abandoning ideas of a monopoly on tobacco; and he gained support from the clergy by addressing the forms of ecclesiastical appointments and promotions.

At this point the king also decided to embark on a very risky gamble by initiating a war of aggression against tsarist Russia (1788–90). It was a gamble he very nearly lost, for the war did not go well and it almost turned into a complete disaster. Ironically, it was the rise of two additional threats to the realm that would turn things around for the king: first there was a mutiny by the group known as the 'Anjala League,' involving more than a hundred military officers who repudiated the king's right to start a war without parliamentary approval. Then Denmark declared war and attacked from the west. Public opinion—especially among the commonalty—now swung around, emphasizing patriotism and loyalty to the king. The traitorous actions of the noble officers of the Anjala League gave rise to widespread outrage, and these sentiments were extended to the nobility at large for opposing the war. At the Riksdag of 1789, the king would ride this surging wave of patriotism and anti-noble attitudes and carry out a second coup d'état, once again without any bloodshed. He now further appeased the peasantry by reintroducing a policy that allowed leaseholders to purchase full ownership of their farmsteads, he promised equal rights to most public appointments, and he revealed plans for a Supreme Court, partly staffed by non-nobles. Essentially, he now settled the Strife of Privileges in favor of the lower Estates. It is ironic that Gustav, who by many accounts was an aristocrat to the bone and reportedly refused even to eat at the same table as a commoner, in this way would make a mark on Swedish political history as a great leveler of social privileges (Sallnäs, 1954, p. 129; Carlsson and Rosén, 1980, pp. 165, 195).

The second coup was manifested in the passing of the Union and Security Act of 1789 (*förenings- och säkerhetsakten*) which placed even greater governing powers in the hands of the king. The Act gave him the authority to start wars on his own and enabled him to disband the

Council of the Realm—an institution that had at this point been a key branch of government for five centuries. The Estates lost their right to initiate legislation but they retained their powers over taxation⁶ and also assumed a direct control over the state debt. The Riksdag of 1789 preceded the French Revolution by no more than a few months and the two revolutions were similar in the sense that they obliterated many noble privileges. But whereas the reign of Louis XVI came to an abrupt end, Gustav III exited the fray with more power and authority than he had entered it. In a sense, however, Gustav became a victim of his own success shortly thereafter. On 16 March, 1792, at a masked ball at the Royal Opera, the king was shot by a disaffected nobleman, and he died of his wound a couple of weeks later. The Gustavian Autocracy would live on through his son, Gustav IV Adolf—whose reign became more despotic but less powerful than that of his father—until 1809 when the Riksdag of the Estates deposed the king and reclaimed its sovereign political powers.

THE REGIME OF GUSTAV III

The twists and turns of Gustav III's reign make an interesting trajectory when traced in the model of regime types. At the time of his enthronement, in 1771, the sitting regime can arguably be described as oligarchic parliamentarism. The Coup of 1772 restored monarchical powers and the king found his main support in noble quarters and I would therefore characterize it as an aristocratic autocracy (see Melkersson, 1997, p.49).⁷ Gustav gradually consolidated his hold on power in the 1770s, before the 1780s saw opposition rising in all four Estates, posing a serious threat to his rule. Then the volte-face of 1789 essentially substituted the aristocratic autocracy with a populist autocracy, and on this basis he was able to tighten his control of government.

The radical shifts in Gustav's rule between 1772 and 1792 illustrate the value of conceptualizing regime types as I have done in this study.

⁶ Åmark (1961, p. 257) suggests that the king entertained the idea of stripping the Estates entirely of their powers over taxation. One paragraph in the Act refers to the rights of "the Swedish people," not the Estates, to negotiate taxation, and a literal interpretation of this passage would allow the king to circumvent the Riksdag in such matters. Nothing came of this, however, and the Estates retained their fiscal authority.

⁷ It is true that the king repeatedly condemned what he called the 'aristocracy' for bringing the realm to the brink of ruin. But by this he sought only to deride and repudiate the corrupt party leaderships, not criticize the noble Estate as such (see Odhner, 1885, p. 145; Malmström, 1901, p. 392).

It is quite obvious, I think, that the stability of the regime rested on exploiting the antagonism between the Estates: autocratic powers could only be attained by forming an alliance with either noblemen or commonalty, and the opportunistic king repeatedly made good use of the classic strategy of divide and rule. After he had mollified the peasants in the 1780s, by dismantling the distilling monopoly, he wrote to a confidante that “The marriage between the commonalty and the highborn is broken, and that is a good thing in itself” (quoted in Carlsson and Rosén, 1980, p. 181).

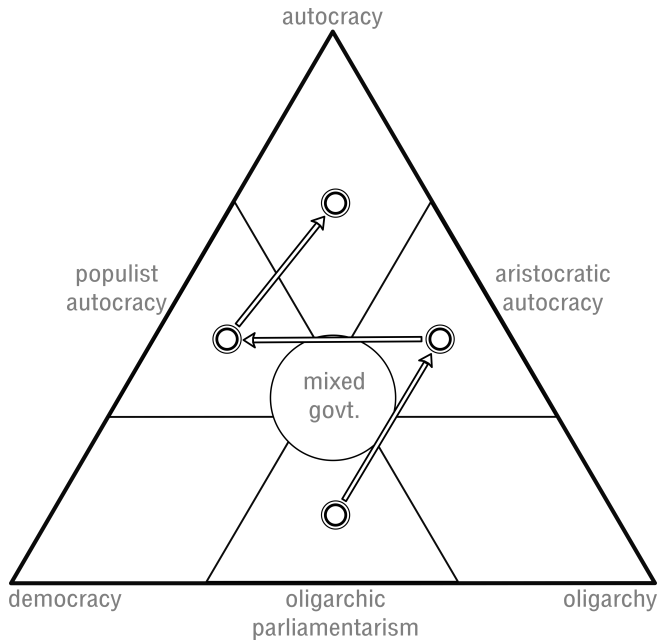


Figure 15: Regime change during the reign of Gustav III

12.2

The Proprietary Revenue of Gustav III

As I acknowledged in the opening section of this chapter, Gustav did not have the kind of access to proprietary revenue that his autocratic forbears had had. In short, some of the main sources of proprietary

revenue had languished, attempts to create new ones failed to meet expectations, and debts and deficits were (partly as a result) constantly on the rise.⁸

Domain revenue. Let us begin with the royal domains. The Great Restitution of Karl XI had pushed the crown's share of farmland up to an all-time high of 36 percent of the total. Throughout the eighteenth century that share slowly but steadily dropped, however—as did the share of farmland held by noble landlords. Many tenants acted on the opportunity to transform their leaseholds into freeholds through what was called the 'tax purchases' (*skatteköpen*), and the overall trend is noticeable in the overview of landownership (see Figure 16 below). When Gustav came to power, the share of crown domains had fallen by more than ten points, now standing at about one fourth of the total, and there were no viable prospects to enlarge that share through new restitutions or confiscations. It is noteworthy, I would argue, that one of Gustav's first acts as ruler was to abolish the 'tax purchases.' As Odhner (1885, p. 367) puts it, that act reflected "a systematic ambition to preserve for the crown its real property and rents," and it was also an act meant to safeguard noble interests and thereby maintain that base of support (see also Carlsson and Rosén, 1980, p. 166). In any case, the revenue the king collected from the crown domains was lower than it had been at the end of the seventeenth century. The 'tax purchases' were eventually reintroduced in 1789, and the domains would contract another couple of percentage points under his reign.⁹

Copper Rents. The crown's rents from copper production had also been decimated at this point. Sweden had lost its near-monopoly on the

⁸Studying fiscal issues in Gustav III's reign is much less demanding than similar analyses of earlier historical episodes, thanks to the availability and reliability of data. Karl Åmark's (1961) exhaustive account of the Swedish state finances between 1719–1809 provides an invaluable source of information and it enables a more reliable and exact analysis of various sources of income. My analysis is facilitated even further by the State Investigation (*statsutredningen*) that was initiated shortly after Gustav's death and delivered its report a few years later (also summarized by Åmark). Importantly, this investigation did not only look at the general financial administration (*statsverket*) but also at the royal financial administration (*kungl. finansförvaltningen*). It thus gives a comprehensive overview of revenue, expenditure, and debt for all the relevant years. As Åmark (*ibid.*, p. 267) puts it, the investigation provides "exceedingly informative instructions regarding state finances during the reign of Gustav III."

⁹The share of crown land would then continue to fall to 20 percent by 1800 and to 10 percent by 1850 (Myrdal, 1996, p. 282).

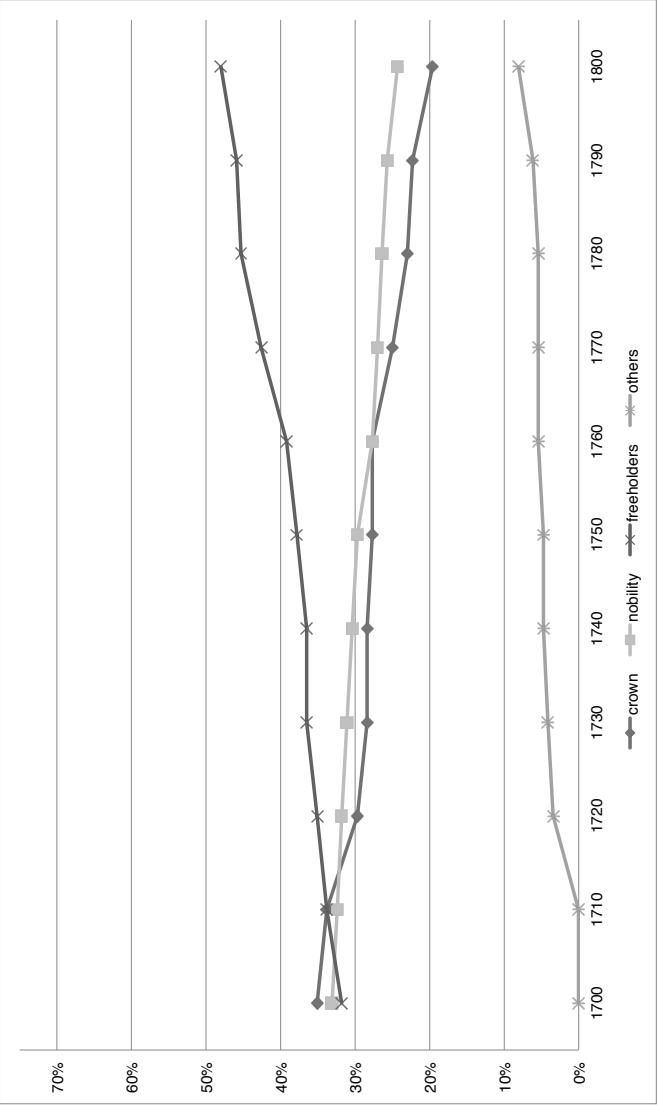


Figure 16: Distribution of landownership, 1700-1800. Data source: Myrdal (1996, p. 282).

European market; the rich veins of Falun were faltering; and the market price was falling (Heckscher, 1940, pp. 368–75). Yearly production had dropped to about half the seventeenth century average and, as profits fell, less money could end up in the royal treasury (Åström, 1973, p. 65). The crown used to claim one fourth of all production as its lawful due (*kopparränta* or *fjärdepartsavgift*), but in 1770—just before the start of Gustav's reign—this fourth was reduced to one eighth, and at the same time the copper toll (*koppartullen* or *slagskatten*) was cut from 8–9 rdr per *skeppund* to 2 rdr per *skeppund*. The *avrad*, a rent paid by the mining crews, had already been abolished in 1722. In sum, the income from copper production had at this point become quite insignificant. The metal that had constituted one of the pillars of the Swedish empire a century and a half earlier now seems to have contributed no more than a fraction of one percent of annual revenue (Åmark, 1961, pp. 451–55).

Foreign Subsidies. One of the most significant sources of proprietary income for Gustav was the subsidies provided by foreign powers. Some limited funds were acquired from Turkey and Russia, but the stream of money from the monarchy's main patron, France, dwarfed all others. (That stream abruptly ran dry in 1789, because of the French Revolution.) Between 1772 and 1791, Sweden received more than 6 million rdr in subsidies, and almost 5 of those 6 million went into the royal treasury. This represented about 5 percent of the total income throughout that period.¹⁰ We have a general idea of what happened to those funds. As we can see in Table 2, more than half the money received from foreign powers was used to service the state debt, and another 12 percent was used to support the general budget. The money that remained must nonetheless have been of considerable value to the king.

We know, for instance, that French money was crucial to the success of the coup of 1772. As the king prepared to overthrow the elected government he received 5,000 gold ducats and over 2 million copper

¹⁰The state investigation (see footnote 8 on p. 190) reports that the total amount of revenue collected during Gustav's twenty years in power reached just over 100 million rdr, which gives us an average annual budget of about 5 million rdr. This is the figure I will use to compare different sources of income. Note that a full one-quarter of this money was generated by borrowing, however, and most of that borrowing was occasioned by the war against Russia. In other words, the 5 million figure is not necessarily representative of the average budget of peaceful years, which should have stood closer to 3.7 million rdr. Most of the fiscal data discussed here are found in Åmark (1961, pp. 269–75, Tables 9–11).

Sum (in rdr)	% of total	Use
605,520	12.5	Transferred to the public financial administration (<i>statsverket</i>)
2,495,051	51.4	Repayment of state debt
815,655	16.8	Placed “in His Royal Majesty’s own hands”
935,813	19.3	Miscellaneous uses
4,852,039	100	

Table 2: The subsidies of Gustav III. Data source: Åmark (1961, p. 276).

daler, from the French ambassador—a sum equivalent to about 110,000 rdr.¹¹ This money was used to buy the support of the troops in Stockholm, and we are told that each non-commissioned officer received three ducats while the soldiers got one each (Malmström, 1901, pp. 375–76, 382). This incident qualifies as evidence of the spending mechanism at work.¹² On that note I should also point out that the king bestowed many favors on those who had supported his rise to power. Many officers and non-commissioned officers in the loyal regiments were promoted and several were ennobled. Trusted noblemen were awarded high administrative positions. But the king could not afford to extend rewards far enough, perhaps. Odhner (1885, pp. 159–60) claims that available money did not suffice to satisfy all those who felt they deserved it, with the consequence that some of these individuals would turn into bitter enemies of the king.

12.3

Failed Expectations

Early in Gustav’s reign, two fiscal proposals were put into practice as part of an effort to create new flows of proprietary revenue. Their specific purpose was, in the words of Åmark (1961, p. 41), “to augment the state’s income without increasing the public tax burden.” Interestingly, Åmark also claims that these plans reflected a core principle of

¹¹The exchange rate of the ducat was 1:2 and the rate of the copper daler was 19:1 (Edvinsson, 2010, pp. 207, 218).

¹²See also Lagerroth’s (1915, p. 706) assertion that Gustav made use of French money to overthrow the Cap government.

Gustav's fiscal policy, namely to "free himself from the Estates' powers of taxation."

Crown Lottery. The first proposal was to generate profits through a state-run lottery (*nummerlotteriet*). The creation of such a lottery was not an arbitrary or high-handed move by the king. The whole idea had in fact received the Estates' blessing even before his coup. In 1770 they had given their formal approval, remarking that the advantage of the revenue acquired through a lottery was found in "that it would be more easily obtained than any other kind of state support, since each and everyone contribute by their free will and hence no one could say they were burdened therewith" (quoted in *ibid.*, p. 557). The brief remark conveys some key insights: once again we see that there is not necessarily any conflict of interest or obvious gullibility involved in the Estates striving to put the government and the ruler on more independent financial ground. From the perspective of taxpayers, new items of proprietary income represented a potential relief of the tax burden, or at least some sort of provision against future increases. Also, the remark serves to emphasize the contentiousness of compulsory imposts; a state that could generate income in a non-compulsory manner was seen as preferable. That being said, the Estates did in fact pivot a year later and citing both financial and moral reasons they shelved the entire project. Gustav, however, did not see himself as bound by the Riksdag in this matter and swiftly instituted the lottery in 1773. All said and done, the lottery never managed to generate significant revenue. Over Gustav's two decades in power, the Treasury received no more than an average of 50,000 rdr per year from the lottery, representing about 1 percent of total revenue.

Crown distilleries. The other strategy Gustav cooked up in order to augment proprietary income was to replace a liquor tax with a crown monopoly on distilling. In a memorial from 1774, Johan Liljencrantz, the king's financial expert, detailed all the expected benefits such a monopoly could generate (see Odhner, 1885, pp. 368–69):

- (i) It would increase the crown's revenue even as it provided tax relief. According to Liljencrantz' preliminary estimate, the monopoly

would generate up to three times as much income as the “unreasonable and burdensome liquor tax.”¹³

- (ii) Centralized, large-scale distillation promised greater efficiency, and production rates could be more easily adjusted to harvest yields.
- (iii) The monopoly would also function as a marketing board, providing grain farmers with a secure market and stable prices for their produce.

So, in May of 1775 the distilling of liquor was proclaimed a royal regale. The new crown distilleries—about fifty of them in the end, constructed at great cost to the state (Åmark, 1961, p. 238)—began to deliver revenue to the Treasury in 1777, but once again the results failed to meet inflated expectations (at least partly because bad harvests restricted the output). From 1777 to the end of Gustav’s reign, income from distilling generated 3 to 4 percent of total revenue. It is not an insignificant share, but it did not provide much relief to the king’s fiscal headaches. We must also take into account the fact that the monopoly replaced a liquor tax and it is not even certain that the profits surpassed the yield of that tax (Carlsson and Rosén, 1980, p. 169).

I would like to parse the issue a bit further. Even if the yields did not surpass the former tax, the king had successfully transferred the revenue-generating capacity of liquor consumption from the control of the Riksdag over to his own authority. Moreover, even though it should matter little to the people whether they had to pay a tax on liquor or pay a similar amount in the form of monopoly rents, the latter are perhaps more concealed from them, thus hiding the true costs of government. The evidence speaks against the latter part of the argument, however. The monopoly would in fact prove to be a major source of discontent, and it generated significant opposition. Indeed, many seem to have regarded the monopoly as no more than a consumption tax by another name, and they disputed the king’s right to levy it (Odhner, 1885, p. 371; Carlsson and Rosén, 1980, p. 169). Based on this, one could in fact argue that the profits of the monopoly should not be characterized as proprietary to begin with, since the king’s claim of ownership was never fully accepted. In the end, public

¹³Another councilor would later raise the very reasonable question of where these greater profits would come from, if not from the pockets of the commonalty (Odhner, 1885, p. 372).

opinion made the monopoly untenable (Åmark, 1961, p. 254). At the Riksdag of 1786, the peasant Estate demanded its abolition (Metcalf, 1987b, p. 155) and a couple of years later the crown would react to the criticism halfway, agreeing to abolish the monopoly itself even as it maintained that the revenue drawn from liquor consumption was to be seen as a regale, not as a tax granted by the people's representatives.

Colonial Ambitions. I also want to mention briefly that early modern Sweden nurtured recurring ambitions of becoming a colonial power. Back in 1638, the aristocratic regency founded New Sweden by the Delaware river (lost to the Dutch in 1655), and fourteen years later, Carolusborg was built on the Gold Coast, in today's Ghana (lost to the Danes in 1658). During a diplomatic visit to Paris in 1784, Gustav III acquired governorship over St. Barthélemy in the West Indies, and in doing so he resuscitated these old ambitions. We need not go into further detail, however, as the Caribbean colony would not generate any profit during the reign of Gustav (Carlsson and Rosén, 1980, p. 177).¹⁴

12.4

The State Debt

Both Gustav I and Karl XI managed to not only stabilize and bring order to the finances of the realm; they were even able to reduce their debts and amass substantial financial reserves for future needs. Gustav III did not accomplish any comparable fiscal feat.¹⁵ He came into power when the government was in a very poor financial state, and during his reign the needs continued to outpace the means. The only way to balance the fiscal budget was to borrow money, appeal for French subsidies, and implement risky financial schemes (Landberg, 1932, p. 56). In addition to these general difficulties, the armed forces were in a bad shape, and when Gustav found himself compelled to prepare the

¹⁴Following a referendum, the island was eventually returned to the French in 1878 (Schnakenbourg, 2013). For Scandinavian colonialism in general, see Naum and Nordin (2013).

¹⁵A partial exception is the king's reintroduction of the silver standard in the 1770s. This 'currency realization' (*myntrealisationen*)—which made paper money convertible into silver at half its value—stands as one of his most prominent achievements (Metcalf, 1987b, p. 111).

army and navy for war in the 1780s, he had to abandon all hopes of establishing financial solvency (Åmark, 1961, p. 245).

Accordingly, the state debt grew at an alarming rate, from 6 million rdr in 1772 to more than 32 million rdr in 1792—a more than five-fold increase. In fact, more than one-quarter of total expenditure during Gustav's reign was underwritten by new debt, and at the time of the king's death the debt represented close to nine years' worth of revenue (if we discount the option to defray old loans by raising new ones). It was two policy efforts in particular that demanded large injections of cash: the reintroduction of the silver standard in 1777 (see footnote 15 on p. 196) and the unavailing war waged against Russia between 1788–1790. An investigation in 1792 estimated that the war by itself had consumed a staggering 23.2 million rdr (*ibid.*, p. 263).

It is not entirely clear to me how this debt financing should be interpreted. On the one hand, it is quite obvious that the king never really managed to solve the financial problems he had inherited—if anything he exacerbated them—and the soaring debt levels can be seen as an indication of this failure. What is more, had the king been able to achieve financial solvency—as Gustav I and Karl XI had done—it is plausible, I think, that he could have gained an even more secure grip on political power. But a quite different argument also presents itself: the debt reflects an access to credit that preserved the political autonomy of the king, at least in the short-term. It gave him a flexible source of income that could be directed to fill various needs at his own discretion, more or less. It also represented a form of tax relief—or at least a tax postponement—as it averted the political costs involved in asking the Estates for additional grants. In this context it is also of interest to figure out whether the new debt was raised from foreign actors and institutions or domestic ones. The origin of the debt could be politically significant because external borrowing impacts little on state-society relations and it is also better concealed from the population (see Queralt, 2016). Between 1773 and 1791, it turns out, as much as 94 percent of the borrowing made by the royal financial administration was of foreign origin. While this made the king beholden to foreign creditors, it did not impair his authority vis-à-vis domestic constituents. (On the other hand, the debt raised by the other financial branches seems to have been predominantly of domestic origin; see Åmark, 1961).

In a sense then, Gustav bought himself time and political elbow room by borrowing money. It only worked in the short-term, however, and since other sources of income failed to materialize, it is probably

fair to say that the debt eventually turned into a liability. The situation became unmanageable in 1789 as the costs of the Russian war started to ramp up. As part of a deal to ensure funds for the ongoing military campaign, the state debt was at this point transferred over to a new National Debt Office placed under the direct control of the Estates (*riksens ständers riksgäldskontor*) and the king made assurances that he would from now on make do without further borrowing. The receipts from a heavy new tax, set to yield 1.17 million rdr annually, were also to be diverted into the new Debt Office (*ibid.*, pp. 258–59). At this point, the debt therefore took on a public character rather than a proprietary one.

12.5

The Eleventh Hour of Swedish Autocracy

In many ways the autocracy of Gustav III defies expectations. In the five decades prior to his first coup, the Riksdag of the Estates had represented the sovereign political power in Sweden. The political climate had gradually turned ‘subjects’ into ‘citizens,’ and increased political participation had moved in tandem with a growing use of public oratory and writings (Melkersson, 1997, pp. 213–14, 221). As one political scientist has put it, the societal and constitutional developments during the Age of Liberty provided insight into “the great, modern principle of the society of citizens: everyone’s equality under the law” (Fredrik Lagerroth, quoted in Nordin, 2000, p. 426). Gustav could infringe on some of the political liberties the Swedes had become used to—provided he did so in the name of unity and security—but he could certainly not extinguish them. My point here is that one would think that Sweden should have been quite resistant to an autocratic transition in 1772. What is more, Gustav came into power at the very cusp of what has been called the Age of Revolution, when autocratic regimes were toppled left and right in Europe and America (see Hobsbawm, 1962; Palmer, 1959–1964). The Gustavian Autocracy, it has been said, arose in “the eleventh hour of absolute monarchy” and both Gustav and his son were continuously forced to deal with persistent issues of legitimacy (Alm, 2003).¹⁶

¹⁶In this case, at least, I must admit that I find Perry Anderson’s theory about the elusive foundations of Swedish autocracy appealing: “the historical ‘under-

Apart from briefly discussing the financial distress and the socio-political antagonisms that paved the way for a monarchical reassertion, this chapter has done little to solve the puzzle. The main argument of this book—that access to proprietary revenue should facilitate the strengthening of autocratic rule—has limited explanatory power when it comes to the reign of Gustav III for the simple reason that he had only limited access to such income. Now, I could perhaps argue, as do Carlsson and Rosén (1980, pp. 195–96) who are both prominent Swedish historians, that Gustav's regime was in fact not very autocratic: "the Gustavian autocracy," they claim, "has never existed." This opinion does not seem to be shared by other historians, however, and whether we want to label the Gustavian regime as a full-fledged autocracy or not is somewhat beside the point: I do not think anyone can dispute that the coups of 1772 and 1789 resulted in significant shifts of the power balance in favor of the monarch.

I want to conclude by returning to the three insights mentioned at the beginning of the chapter. First, I think it is noteworthy that the king made explicit attempts to create new sources of proprietary income. Karl Åmark (1961, p. 41)p. 41)—who is arguably the foremost expert on Swedish state finances in the eighteenth century—claims that these efforts reflected "one of the cornerstones of [Gustav's] political system," namely "to free himself as much as possible from the Estates' powers of taxation." The king himself expressed that creating a distilling monopoly was "the only reliable way to bring about a significant increase in the state budget's meagre and altogether insufficient income without upsetting the constitutional framework, which is essential for the general financial regulation of the realm" (quoted in Odhner, 1885, p. 370). In other words, he obviously wanted to increase his revenue without paying the political costs of appealing for new taxes or seizing them by brute force.

This brings us to the second insight. During his twenty years on the throne, Gustav summoned five Riksdag sessions, and even though he was sometimes able to use these meetings to further his own agenda, it is quite clear that he would have preferred longer intervals between them (Metcalf, 1987b, p. 150). In 1791, he wrote to a friend that the very thought of yet another session made him shudder (see Landen, 2004, p. 287). Above all, it was financial difficulties that forced the king to summon the Estates, but he was loathe to beg for additional grants. Appealing for new taxes would have obliged him to divulge the

determination' of Swedish Absolutism" was never more visible than in the reign of Gustav III, he notes (Anderson, 1974, p. 191).

actual financial state of the realm—something he could ill afford—and “A tax increase was furthermore not compatible with the [political] position Gustav III wanted to attain at the next meeting of Estates” (Landberg, 1932, p. 56). The king thus attempted to scrape by with successive renewals of the existing taxes but had to resort to debt finance and dubious book-keeping to make fiscal ends appear to meet.

The third insight relates to the political developments of 1789, when Gustav threw the nobility to the wolves and instead formed an alliance with the lower Estates. The nobility differed from the three lower Estates in an important regard: their political concerns related primarily to constitutional issues whereas the grievances of the peasants, burghers, and clergy tended to be tied to more concrete policy issues. When Gustav made his political volte-face in 1789, he dismantled the monopoly on distilling, scrapped his plans for a monopoly on tobacco, reintroduced the opportunity for royal and noble tenants to purchase ownership of their farms, reformed the regulation of ecclesiastical appointments and promotions, and opened public offices to those of common birth. These concessions bought him the support of the commonalty. One interpretation of this suggests that whereas Gustav III had unsuccessfully tried to fortify his hold on government by attaining fiscal independence, he essentially gave up on this strategy in 1789, sacrificing fiscal policy for political power (Carlsson and Rosén, 1980, p. 173). As the proprietary path to autocracy failed him, Gustav opted for another strategy.

The Money of Monarchs

THE ESSENCE OF absolutism, Michael Mann (1988, p. 116) asserts in an already quoted passage, “is that the monarch acquires a measure of financial autonomy from his more powerful and organized subjects.” He then points to the extensive domains of Russian tsars and Prussian kings, American silver in the case of Spain, and income from venality in France. As long as these rulers eschewed costly wars and ‘lived of their own,’ he continues, they were well positioned to concentrate political powers in their own hands. The main ambition of this book has been to develop and refine this argument, pursue it in a more rigorous fashion, and assess its capacity to explain political developments in early modern Sweden. An investigation of the money of monarchs, I have claimed, can tell us much about the strengthening of autocratic rule.

This concluding chapter is divided into four sections: I will first ‘look back’ to the preceding chapters as I recapitulate the main arguments I have made and summarize the results from the historical investigations. I then ‘look up’ toward the wider implications of this study: assuming that the results of my analysis are not off-target or entirely trivial, how do they relate to other fiscal theories of regime formation in historical Europe, and what kind of insights can we bring back to the rentier state theory as it is being used to understand political development in the modern world? I will finally ‘look forward,’ by pointing to some issues worthy of further academic attention.

13.1

Recapitulation of the Argument

The following six statements summarizes the arguments, assumptions, and discussions laid out in the first two parts of the book—that is in chapters 2 through 8:

- (i) *An analysis of the revenue of the state can tell us much about the political government of the state.*

The collection of revenue constitutes an absolutely fundamental government activity—it is the activity that makes all other government activities possible. That is why Jean Bodin characterized money as “the nerves of the state”¹ and many scholars have followed similar lines of thought since then. What is more, the way in which a state makes its living matters, because certain patterns of revenue mobilization seem to correlate with certain structures of political rule. Several studies of European history have pointed to a general affinity between indirect taxes on trade and constitutional regimes, whereas direct taxes on land and property seem to go hand in hand with a more autocratic exercise of power.

- (ii) *While modern scholarship on regime and state formation in Europe has had a lot to say about taxation, non-tax revenue has largely been dismissed, ignored, or overlooked.*

With few exceptions, contributors to the study of fiscal history, fiscal sociology and the fiscal-military state have directed their attention toward the general rise of taxation (the *tax state*) and also to the increased use of credit markets (the *fiscal state*). As the conventional narrative would have it, the struggle to prepare for and fight early modern wars forced European rulers to abandon the obsolete financial practices of feudal times and instead siphon money off their subjects—be that by consent, coercion, or persuasion. But the visibility and contentious nature of early modern taxation seem to have obscured the fact that European rulers did in fact collect significant amounts of revenue from other,

¹In English translations (see Bodin, 1576/1606, p. 649), *les nerfs* has for some reason been translated as ‘sinews,’ which arguably alters the metaphor: by the time of Bodin, nerves were thought to be hollow tubes, conducting an invisible transmission fluid through the body (Johnson, 1966); sinews, on the other hand, give the impression of ropes, binding together and giving strength to a structure.

non-tax sources, and some of them continued to do so up until World War I. The royal domains and prerogatives that had supported the medieval state could be expanded, modernized, and supplemented with lucrative tolls, state-run enterprise, mining ventures, and colonial trade or plunder. This realization should temper the common assumption that political development on the subcontinent was entirely dictated by the need to tax.

- (iii) *There is reason to believe that access to non-tax revenue could facilitate the strengthening of autocratic rule.*

We do not know much about how access to non-tax revenue impacted on political arrangements in historical Europe, but anecdotal evidence suggests that it should have increased the relative authority of the ruler vis-à-vis other groups in society; the fiscal independence provided by such income could be turned into political autonomy. This basic hypothesis is further strengthened by insights drawn from the study of modern rentier states—that is, states which draw a substantial part of their income from the extraction and sale of natural resources, from foreign aid, or from the passage of ships through canals, etcetera. There is still considerable disagreement within this field of research, but most studies suggest that leaders who are able to collect such non-tax revenue (called rents) tend to be able to set up and maintain autocratic regimes. I would therefore argue that if we want to understand regime formation in historical Europe, it is pertinent to pay attention to the possible influence of non-tax revenue.

- (iv) *The non-tax revenue I explore in this study can more appropriately be conceptualized as proprietary revenue. Tax receipts, by contrast, tend to retain a more public character.*

There is much conceptual confusion in the relevant literatures as to whether and why non-tax revenue forms a discrete category of state finance. From the perspective of a political scientist, it seems to me that what matters most is how the mobilization of a certain revenue impacts on state-society relations, and that is why I center my conceptualization on the authority by which a revenue item is collected: *proprietary revenue* is specifically defined as income over which the state, or even the ruler personally, can successfully claim ownership. In administering this income, the state is almost like a private economic agent, acting side by side with the general population. *Public revenue*, on the other hand, belongs to the community, and in administering this

income, the ruler is more of a caretaker of the common good. Here, state and society do not act side by side, but rather face to face. The perhaps most simple way to distinguish these two types of revenue is that the former is a *due* while the latter is a *grant*. The conceptualization developed here brings out a feature of state revenue that is politically significant and provides analytical leverage.

- (v) *Autocracy refers to a form of government where political authority is vested in a single ruler.*

My approach to regime types is as simple as it should be familiar. Autocracy denotes a political system where the ruler and a small cadre of powerful ministers or secretaries govern with considerable autonomy from societal groups. It is contrasted with oligarchy (the rule of the few) and democracy (the rule of the many). Importantly, I take autocracy to imply the relatively unconstrained authority to decide, not necessarily the capacity to implement, and I also eschew common assumptions of an autocratic government being bureaucratic and despotic by nature. Importantly, I elaborate on this basic tripartite classification of regime types by taking into account the possibility of alliances between ruler, elite, and people—alliances that may engender four different hybrid forms of government (namely populist autocracy, aristocratic autocracy, oligarchic parliamentarism, and mixed government). It is politically pertinent, I argue, to figure out whether an autocratic ruler draws support from the societal elite or from the common people, as this should impact significantly on method of rule, policy choices, and financial strategy.

- (vi) *The causality between proprietary revenue and autocratic rule runs through three mechanisms: tax relief, spending, and/or repression.*

The modern study of oil states has pointed to at least four distinct mechanisms that can explain how non-tax revenue gives rise to autocratic rule, and at least three of those could be applicable to early modern Europe: the tax relief mechanism basically refers to a fiscal trade-off, whereby access to proprietary revenue enables an alleviation in tax burden. As taxation constitutes one of the foremost stimuli for political demands and discontent, tax relief should lead to a reduction in the societal pressure on the government to be representative, accountable, and constrained. Note that this mechanism has both an actual manifestation, in the abolishment of taxes or lowering of rates, and a counterfactual one,

when the tax burden is lower than it would have had to be, had not proprietary revenue supplemented annual income. The spending mechanism involves positive incentives: proprietary funds can be used to buy support, or at least to nurture acquiescence. By distributing bribes, employments, and privileges, the ruler can establish clientelistic ties to both friends and conceivable enemies, making them financially dependent on the prolongation of the sitting regime. The repression mechanism, on the other hand, involves negative incentives: where carrots fail, whips may accomplish the task. This mechanism involves the coercive subjugation of dissent through a military or security apparatus financed by proprietary money. The use of force may set a precedent, so that the very threat of repression and persecution acts as a deterrent against future opposition. Any would-be autocrat can make use of these strategies to shore up or increase his or her political power, but since proprietary revenue is collected by right, not by grant, it is subject to fewer constraints and less scrutiny than public revenue, and this should increase the feasibility of these strategies.

13.2

Conclusions from the Historical Investigations

In the empirical part of this book I investigated three separate episodes of autocratic rule in early modern Sweden in an attempt to figure out whether or not the available historical evidence lines up with my theoretical expectations. I think there are two different types of conclusions we may draw here, which point in opposite directions. On the one hand: what can the theoretical framework tell us about the three autocratic episodes under investigation? And on the other: what can the analysis of these episodes tell us about the framework itself? According to the conventional methodological understanding, it is fallacious to both use a theory to explain a case and then use that same case to test or develop the theory. But a viable counter-argument can be made here, I believe; in fact, the comparative advantage of the qualitative historical case study is found specifically in its capacity to engage in a reiterative dialog between (often unsupportive) empirical evidence and theoretical expectations, thereby gaining a better understanding of both. Dietrich Rueschemeyer (2003, p. 310), for instance, asserts

that analyses of “single cases can indeed do more than inspire new hypotheses and insights. They can serve the purpose of theory testing as well. And even the explanatory use of theory in the same case in which it was developed is not as unreasonable as it first seems.”

FROM THEORY TO EMPIRICS

Let us first attend to the explanatory insights generated by the theoretical framework. Neither Gustav I, Karl XI, nor Gustav III inherited autocratic powers from their predecessors—in fact, one could argue that all three of them started out from a point of political vulnerability. Yet they ended their reigns as three of the most autocratic monarchs of Swedish history. I have not sought to give a full account of how these regime transitions came to pass, and I would certainly not claim to have uncovered the ‘key explanation’ that trumps all others. My aim has rather been to ‘construct a coherent story of the past,’ as North (1990, p. 131) puts it, present credible evidence in support of that story, and try to verify that it is not entirely marginal to the outcome to be explained.

As concerns the first two episodes, at least, I believe the theoretical framework developed in earlier chapters allows me to do just that. Both Gustav I and Karl XI were able to access considerable amounts of revenue that I would identify as proprietary, and a plausible argument can be made that this revenue enabled them to become more autocratic. The historical evidence I present is not bulletproof, perhaps, but it gives some tentative support for the relevancy of the three proposed mechanisms. More specifically, in the case of Gustav I, I traced how land confiscated from the church was partially enfeoffed to noblemen in order to attain their assistance in the creation of a strong, centralized state. What is more, as a result of regalian rights to silver mining, the king was able to recruit foreign mercenaries, and these troops were subsequently used to stamp out the largest popular revolt in Swedish history. These two processes represent quite clearcut examples of the spending and repression mechanisms at work.

Karl XI, on his part, came to power in the midst of a bitter strife between those who argued that the financial stability and liquidity of the state should be ensured by a restitution of domains, and those who rather preferred a fiscal system based on taxation. In 1680, the king tacitly threw his weight behind the advocates of a restitution. This led to the confiscation of half the property of the nobility (practically obliterating the council aristocracy in the process), and Karl then

proceeded to set up one of the most autocratic regimes seen in Swedish history. With ruthless fiscal discipline and prudent housekeeping, he restored the ability of the Swedish monarchy to 'live of its own'—at least in times of peace—and it is not a coincidence, I suggest, that his absolute sovereignty was formally declared in 1693 at the time when he was also able to inform the gathered estates that the budget could from now on be balanced without any extraordinary grants. This process illustrates the tax relief mechanism at work.

The theory cannot adequately explain the rise or endurance of the Gustavian Autocracy in the late eighteenth century, however. Gustav III did have some access to foreign subsidies and foreign loans, and the crown domains still comprised about one-fourth of the farmland when he inherited the crown. There is some limited evidence of the spending mechanism in his first coup d'état, in 1772, when he used money procured by the French ambassador to 'incentivize' the officers and soldiers stationed in Stockholm to support his cause. A tentative argument can furthermore be made that external borrowing insulated the king by reducing the need to appeal for extra taxes, but this financial expedient would prove to be untenable in the long run. On the whole, however, Gustav III did not have as significant an access to proprietary revenue as did Gustav I and Karl XI, and his fiscal frustrations contrast starkly against their fiscal successes. Other theoretical perspectives may in the end give a better explanation of Swedish political developments at the close of the eighteenth century, but the fiscal approach developed here nevertheless provides interesting insight into some of the actions and ambitions of the Gustavian regime. In particular, it draws our attention to the fact that the king made repeated attempts to create new sources of proprietary revenue, with the expectation that this would have reduced his political dependency on the Riksdag of the Estates.

FROM EMPIRICS TO THEORY

The analysis of Swedish autocracy also gives us opportunity us to assess the theoretical framework itself. What have we learned? To begin with, I would suggest that the empirical investigation lends support to the basic categorization of state revenue as proprietary or public. For example, the medieval King's Law clearly stipulated that the king should 'live off his own,' and not impose unlawful aids or taxes on his people; also, the seventeenth century debate on the issue of 'restitution or contribution' provides an interesting empirical reflection of the tension

between proprietary and public fiscal systems. The fate of Gustav III's distilling monopoly is also worthy of note here, because it represents a claim of royal ownership that was arguably *not* successful: instead of effectuating a reduction of popular discontent—which was originally generated by the liquor tax—the monopoly instead engendered significant protest, in particular within the peasant estate. This reflects back on a key component of my conceptualization, namely that when it comes to politics and state-society relations, the formal classification of an income (in this case as a monopoly rent) matters less than what people actually think about it (in this case as an illegitimate restriction of an established right).

The political history of Sweden furthermore demonstrates the shortcomings of thinking about European regime formation as a simple struggle between monarchs and parliaments. In Sweden, there were at least three factions vying for political authority—ruler, noble elite, and commonalty—and if we are to make sense of the political government of the realm it is essential to take note of the alliances and conflicts between the three. My investigations also underscore the fluctuating role of the national assembly, which at one point could be used as a tool of royal government and at another as a tool of parliamentary rule.

The general validity of the main hypothesis of this book—that is, the expectation that access to proprietary revenue could facilitate the strengthening of autocratic rule—cannot be established by a qualitative single-case study of course. In fact, process-tracing is not amenable to generalizations to begin with: the method is geared toward making within-case inferences about the presence or absence of causal mechanisms, but “it is not compatible with generalizations beyond the individual case (cross-case inferences)” (Beach and Pedersen, 2013, p. 88). But I would suggest that the historical analysis supports a rejection of the null hypothesis, at least, and it definitely adds substance to the heretofore anecdotal evidence and assumptions found in the historical literature. More specifically, the investigations uncover some evidence for all three of the proposed mechanisms, adding to our confidence that the causal effect from revenue to rule may indeed run through tax relief, spending, and/or repression.

As far as the spending and repression effects are concerned, they seem to function in fairly straightforward ways, and the main analytical difficulty lies in uncovering their specific connection backward to proprietary income as well as their specific connection forward to autocratic rule. The tax relief effect appears to be more complex, however, and that complexity only grows as we parse the issue. For example, it can be

quite difficult to actually identify the fiscal trade-off of interest. Ideally, the analyst is able to establish that access to proprietary revenue did in fact precipitate a reduction of tax rates or an elimination of specific taxes. But as argued in chapter 8, it is plausible that the mechanism could also take a counterfactual form, where access to proprietary income forestalls tax collection that would *otherwise* have had to be carried out. It is of course complicated to verify an absence of taxation and trace the causes thereof, and even if we succeed in doing so, it still remains to be shown that the absence of taxation also causes an absence of popular demands on government.

Another complication relates to the possible interdependence of public and proprietary revenue. The assumption that rulers who gain access to proprietary revenue will immediately want to reduce taxes in order to avoid popular opposition is commonplace in the literature. Blanton and Fargher (2008, p. 14), for instance, assume that “to the degree that rulers are less dependent on taxpayers to fulfill their revenue goals . . . they are less likely to engage in bargaining.” Yet, we see in the historical investigations of this book that neither Gustav I nor Karl XI reduced their tax collection immediately, but did so only after an extended period of time. Both seem to have used their proprietary wealth to expand their capacity, *before* they used it to expand their autonomy. Rudolph Braun highlights this very possibility when he claims that

The control of wealth by the ruling dynasty was an essential prerequisite for its effective exercise of authority; therefore the amount of property belonging to the ruling dynasty and the efficient administration and utilization of this property were of crucial importance in the struggle for taxation rights and for power in general. (Braun, 1975, p. 244)

I will return, briefly, to this issue when I discuss opportunities for future enquiry.

13.3

Some Bigger Answers

In this book I have, on the whole, stayed quite close to the advice from Barbara Geddes (2003) in that I ask ‘big questions’ but give only ‘little answers.’ That is, I address a very broad and complex topic—the fiscal

foundations of political change in early modern Europe—but I have generally sought to substantiate my arguments by breaking down this topic into specific mechanisms that shape the interplay between specific actors within specific settings. Mechanism-based explanations tend to “aim at modest ends,” as Tilly (2001, p. 24) puts it, but Geddes (2003, p. 40) notes that modest ends need not be unimpressive: “A persuasive theory, backed by solid evidence, about one of the several processes that combine to lead to a transformational outcome strikes me as very grand indeed.”

Having said that, I would at this point want to tease out the contours of some ‘bigger answers.’ In what follows I will assume, for the sake of argument, that the conceptual, theoretical, and empirical propositions of this thesis are not entirely mistaken, and that access to proprietary revenue does indeed have the potential to foster autocratic strength. The questions that then present themselves is how can we relate this study to other fiscal-political arguments about European regime formation, and what insights can we bring back to the study of modern rentier states?

FOUR FISCAL TRAJECTORIES OF EUROPEAN REGIME FORMATION

In chapter 3 I presented three competing narratives about taxation and political rule and I argued that neither of them single-handedly defines the European experience. I also clarified at that point that my intention was not to dispute or supplant these narratives, but rather to broaden the fiscal scope and demonstrate that non-tax revenue matters as well. Now, if we add the findings of this thesis to the existing narratives, it is possible to envisage a schematic fiscal model of regime formation that comprises four different trajectories, or paths. I will readily admit that the value of this model is first and foremost heuristic. It should not be seen as a tool of prediction but one of categorization, that can “sensitize the investigator to certain problem areas which seem highly relevant to a study of particular political phenomena” (Stenelo, 1972, p. 16) The first three paths mirror the three tax narratives and go as follows:

- (1) The *contractual path* involves taxation by negotiation, consent, and reciprocity, and it leads to constitutional political outcomes. This trajectory reflects the well-established and widespread notion that taxation goes hand in hand with representation, as rulers were forced to trade political rights for revenue.

- (2) The *coercive path* involves taxation by force, or the unmistakable threat thereof, and it leads to autocratic political outcomes. This trajectory corresponds to the argument common among military historians, that geopolitical pressure forced rulers to seize vital resources from their subjects, create standing armies, and concentrate political powers in their own hands.
- (3) The *conflictual path* also involves taxation by force, but it suggests that such expropriations generated growing protest and resistance which in turn forced the ruler to make concessions. According to this argument, taxation leads first to autocratic rule, then to representation through popular self-assertion. Boucoyannis refers to this narrative as the Compellance Model of Representation and suggests that popular representation emerged only where rulers were *initially* strong enough to compel their subjects to pay taxes; “No taxation of the powerful, no representative institutions” (Boucoyannis, 2015, p. 320).

I should note that the discussion so far essentially rehashes the influential arguments made a few decades ago by Tilly (1992), who also speaks of states following distinct paths of political change. Although he is primarily interested in the evolution of state structure and capacity, his analysis is wide-ranging enough to be applied here. What he calls ‘capital-intensive’ and ‘coercion-intensive’ state building bear a close resemblance to the contractual and the coercive paths described above, and his more recent notion of an “extraction-resistance-settlement cycle” (Tilly, 2006, p. 423) corresponds neatly to the conflictual path. I would also like to draw attention to a short passage from Mann (1988, pp. 117–8) which nicely summarizes what has been said so far: constitutional and absolutist regimes “are distinguishable in forms of assistance offered to the crown,” he contends; “England and Holland relied on the taxation of the rich with their consent, the absolutist regimes on taxation of the poor, with the consent and repressive help of the rich.”

The main message of the present thesis is that we could possibly add a fourth fiscal path of regime formation to the first three:

- (4) What we could call the *autarkic path* involves a significant measure of fiscal independence and it is less defined by the tax-induced frictions that distinguish the three other trajectories. The term ‘autarky’ literally means ‘self-sufficiency’ and it is most often used to denote an economically self-supporting household, society, or

state. The term seems fitting to describe processes of regime formation in the context of a financial system which allows a ruler to live of his or her own. A ruler with access to proprietary funds is self-sufficient and therefore free to pursue his or her parochial interests and this should, I assume, favor the creation of more autocratic forms of government.

In a sense, this fourth path captures the implicit counterfactual of the first three, meaning it captures a situation where the ruler is to some extent able to avoid taxing his or her subjects. Interestingly, just after the passage quoted above, Mann admits that “a pacific monarch,” who is willing and able to avoid wars, would not need to delegate authority to representative assemblies, nor obtain repressive help from wealthy noblemen, simply because such a monarch could make do without additional tax revenue. I would add that there were other ways to avoid taxation besides being peaceful.

We can tease out a few additional insights from the schematic model drawn here. There is, for example, reason to believe that each fiscal path involves a different mix of policy instruments—with policy instruments defined by Vedung (1998, p. 21) as “the set of techniques by which governmental authorities wield their power in attempting to ensure support and effect or prevent social change.” The three taxation-based paths should be distinguished by their use of either *carrots* (path 1), or *sticks* (path 2), or both (path 3). Note that it is the dependence on public revenue—money that the state collects but do not own—that precipitates the use of these incentives. The autarkic path differs in this respect. While carrots and sticks certainly have a role to play, I would propose that this path is more defined by Vedung’s third policy instrument, *sermons*. After all, the definition of proprietary revenue as income based on “successful claims of ownership” suggests that such money has more to do with rhetoric, argument, and persuasion than with reciprocity or repression.

The focus on policy instruments also suggests that even though both the coercive and the autarkic path lead to autocracy, they probably lead to different types of autocracy. The former is built on on tax collection through repression and should therefore be totalitarian and despotic almost by default. The latter path, on the other hand, may very well be characterized by a ‘softer’ exercise of power: rulers with access to proprietary revenue can set up autocratic regimes even as they nurture somewhat benevolent relations to society, because they can afford to not take a share of their income and wealth.

THE HISTORICAL MIRROR

In this study I have used a theory about the political development of modern oil states to guide my analysis of regime formation in early modern Sweden. This approach involves a couple of rather unconventional choices: I use contemporary insights to explain past events, and I use insights from non-European states to explain developments within Europe. My main ambition has been to shed light on a neglected side of regime formation within the historical European context but I nonetheless believe that this book provides a number of insights of relevance to the applications of the rentier state theory on modern states. History can serve as a mirror in this regard.

For example, we have seen how intimately connected the rentier state theory is to the European experience, yet modern studies of non-tax revenue and authoritarianism seldom do that experience justice. More taxation *always* led to more representation, rentier state scholars seem to assume, and since contemporary oil states, aid states, and (perhaps) remittance states can make do with less taxation they experience less pressure to democratize. I have challenged this basic assumption in two ways: first, while taxation probably did lead to representation in some cases and all European states eventually became democratic tax states, this was not the inevitable development or outcome. As argued above—and at greater length in chapter 3—the political effects of taxation were more varied and no single fiscal-political trajectory defines the European experience. Second, a key message of this book is that European fiscal history was in fact not exclusively about taxation to begin with. Non-tax revenue was not only a prevalent source of state finance, but one that many people preferred and considered to be fair and just. In the Swedish case we have seen that even when presented with the opportunity to make the king dependent on parliamentary grants, in 1680, the Estates instead chose to make him almost self-sufficient. If we believe Michael Mann's (1993, see table 11.6 on p. 382) data we can conclude that 'state property' remained a viable source of finance into the twentieth century. My point here is that the modern rentier state is not necessarily the antithesis of the politics of early modern Europe and should accordingly pick their historical argument with greater care.

Another contribution concerns the subject matter of the rentier state theory and the resource curse literature. Ostensibly, these are theories about natural resource extraction but I would argue that they are more accurately seen as theories about a certain type of state

revenue.² This insight was emphasized by the founders of rentier state theory (Mahdavy, 1970; Beblawi and Luciani, 1987b) but has only recently re-emerged again (see Moore, 2004; Smith, 2008; Morrison, 2009; Morrison, 2015). That is the reason Andersen and Ross (2014, p. 993) clarifies that “oil wealth only became a hindrance to democratic transitions after the transformative events of the 1970s, which enabled developing country governments to capture the oil rents that were previously siphoned off by foreign-owned firms.” This ‘state capture’ is not entirely different, I would argue, from Gustav I’s confiscation of church property or from Karl XI restoration of crown domains. The key consideration should be whether a resource benefits the state or not, and not whether that resource exists or not.

The conceptual argument made in this book would in fact suggest that we need to take this insight one step further: the revenue itself matters less than the *perceptions* people have of that revenue, because it is ultimately those perceptions that influence political action. Remember, it is a key assumption of rentier state theory that taxation incentivizes people to hold their leaders accountable whereas rents do not. In other words, it is assumed that these two sources of revenue are perceived as being different from each other: tax payments are an out-of-pocket loss while rents are more akin to a foregone gain, and people generally find the former to be more painful (see Kahneman et al., 1991). Sandbu (2006, p. 1154) thus contends that “Human beings are prone to care much more strongly about money that has passed through their hands (such as income taxes) than money that they simply never see (such as wasted or diverted natural resource rents)” and he proposes that a conversion of rents into tax revenue would “bring stronger political pressures to bear also on the governments of resource-rich states.” This key assumption is rarely investigated, however, and only recently has it garnered the attention it merits. Ross (2012, p. 105), for instance, acknowledges that his theoretical model “suggests that *perceived* government revenues, not *actual* ones, are what matter,” but adds that perceptions are difficult to investigate. As far as I am aware there is only one study, by Laura Paler (2013), that empirically tests this argument. In an experimental study she assesses whether Indonesian citizens respond differently to government waste of tax receipts than they do to waste of resource rents and the study provides some tentative results in support of that notion.

²“Its the rents, stupid!”, as the title of a recent article proclaims (Kolstad and Wiig, 2009)

I have embedded perception in my conceptualization of proprietary and public revenue in order to emphasize this very consideration: when people think that their leaders collect revenue they are not entitled to they are motivated to take action. When state ownership has been established, on the other hand, collection and expenditure should provoke fewer demands. In the historical investigations of this book I have tried to test this argument as best as possible and instead of simply assuming or proclaiming that a certain source of revenue has a proprietary character I make an effort to show why it should be so.

13.4

Unanswered Questions

I suspect that this book may have raised more questions than it has answered and pointed to more problems than it has solved. This does not constitute a failure, I believe, but instead highlight issues and phenomena that merit further academic consideration. I will conclude this book by pointing to a few of those issues.

As far as the empirical part of this study is concerned, I have sought to assess the fiscal preconditions of Swedish autocracy but, as we all know, things eventually turned out differently and Sweden is today one of the most stable democracies in the world. Does this imply that the few episodes of monarchical dominance stand out as ‘interruptions’ or ‘abortive sidetracks’ of the general political trajectory of the country? This is, at least, what Anderson (1974), Downing (1992), and Ertman (1997) seem to suggest. I think not, however. Consider, for instance, that the medieval Meetings of Lords first evolved into a national assembly, the Riksdag, under Gustav I. What is more, both Gustav I and Karl XI made remarkable achievements in terms of building state capacity and bureaucratic control. Alongside the accomplishments of Gustav II Adolf and his Chancellor Axel Oxenstierna, these two reigns stand out in the evolution of the strong Swedish state as we know it today. Karl XI and Gustav III also made another, more surprising mark on Swedish political history: both monarchs implemented reforms that struck down privileges and shifted the balance of political power away from the noble elite and toward the common people. An argument can be made that they thereby paved the way for later movements toward democracy. Here is, for instance, Roberts verdict on the societal implications of Karl’s Tribunal and Restitution:

In 1680 Sweden was still a society in which great peaks of wealth and power towered high over the ordinary man. By 1697 a ruthless process of attrition had ground them down into a smoother and more glaciated landscape. It was the first step towards the egalitarian society of modern Sweden. (Roberts, 1967, p. 259)

And according to Sallnäs (1954, p. 129), “It ranks among our history’s more paradoxical facts . . . that the exceedingly noble-friendly Gustav III, due to the pressure of political events, had to implement far-reaching reforms to the benefit of the non-noble Estates.”

What I want to demonstrate here is that the three episodes studied in this thesis cannot be seen as interruptions of processes that would later result in Swedish democracy; on the contrary, they were in some respects instrumental in bringing about that outcome. The Swedish case thus provides some support for the notion that democratization is best understood as the result of “crooked lines,” and not as a uni-directional movement of political progress (see Capoccia and Ziblatt, 2010). One interesting area for future research, therefore, is to explore the interdependencies between autocratic and constitutional rule in Sweden and assess the specific role of proprietary revenue in these developments.

This points to an issue of more general scope and importance, namely the relationship between proprietary revenue and the building of state capacity. The rentier state and resource curse literatures generally assert that an access to lucrative rents weaken state institutions and incentivizes state leaders to halt their investments into governmental capacity.³ Rentier income is, in other words, thought to result in strong regimes but weak states (Schwartz, 2008). The findings from the Swedish case call this understanding into question. The fact that pivotal developments of state capacity took place during the reigns of Gustav I and Karl XI and that neither of these kings detached themselves from society (although they detached themselves from the constraints of others) suggests that not all is said about the relationship between proprietary revenue and the building of state institutions.

A related topic that I have already mentioned concerns the relationship between proprietary revenue and taxation. The rentier state theory simply assumes that more rents means less taxes, but there are numerous reasons to re-consider this assumption. The relationship

³See for instance Chaudhry (1997), Karl (1997), Moore (1998), Ross (1999), and Bräutigam et al. (2008).

could very well be more intricate and undetermined: perhaps proprietary revenue does not influence tax policy at all, or it could even be used to expand that capacity, as the earlier quote from Rudolph Braun claim. In the case of Gustav I we see how proprietary revenue is used to suppress a tax rebellion, with the result that the insurrectionist province was re-opened to royal tax collectors. What is implied here is that the relationship between proprietary and public revenue need not be one of *substitution* (which is what the tax relief mechanism assumes), but could involve a measure of *complementarity*, whereby access to proprietary revenues is used to augment, not reduce, access to tax receipts. What I have called the tax relief mechanism could thus clearly benefit from more research and more sophisticated specification. In fact, the causal mechanisms in general—both the ones discussed in this thesis and others—are in need of further development. Most modern studies focus on the statistical correlation (or lack thereof) between various measurements of rentierism and authoritarianism but more attention to the causal mechanisms would be rewarding, I believe. Such investigations would do well to follow the pithy advice of ‘Deep Throat’—the secretive source who supplied the *Washington Post* with crucial information about the Watergate Scandal: “follow the money.”⁴

Those who find the arguments presented in this book convincing might want to think about other possible cases of proprietary revenue and autocratic rule. Does the theory developed here have any general validity outside Sweden? Both fiscal cause and political outcome seem to be present in some other early modern European cases, as I intimated in chapter 5. These cases include Denmark, with its royal domains and lucrative Sound Dues, as well as Spain and Portugal, with their colonial income. We could also look beyond the early modern era, perhaps at nineteenth century Prussia with its extensive land holdings and state-run industry, or at King Leopold II of Belgium (r. 1865–1909) who personally ‘owned’ what was called the Congo Free State. With the personal wealth wrested from the colony, Leopold financed the construction of a great number of public buildings and monuments, earning him the nickname ‘Builder King’ (*Roi-Bâtisseur*). Did the abundant access to proprietary revenue significantly enhance the influence of the king, and if so how?

We also find numerous interesting cases outside the European sub-continent. Blanton and Fargher (2008) code what they call the ‘revenue

⁴The phrase is probably made up, but that does not matter here.

emphasis' for thirty different pre-modern polities and designate them as primarily relying on internal or external sources of revenue, or a mix thereof. Of the twenty-six non-European polities they investigate, thirteen rely mostly on external income, that is on revenue not derived their domestic taxpayers. In the table below I list a few of those polities and note their main source of income.

Polity:	Focal period:	Principal source(s) of revenue:
Bali	late 19 th century	<i>landownership</i>
Ache	late 19 th century	<i>foreign trade</i>
Japan	the 18 th century	<i>landownership, foreign trade</i>
Egypt	1479 to 1213 BCE	<i>landownership, mining, tributes, foreign trade</i>
Ottoman Empire	1300 to 1600 CE	<i>conquered land, foreign trade</i>

Table 3: Pre-modern polities relying on non-tax revenue. Data source: Blanton and Fargher (2008, ch. 6).

Who better to conclude this book with than Joseph A. Schumpeter, who placed such high expectations in the merits of investigating the “hard, naked facts” of the state budget:

The fiscal history of a people is above all an essential part of its general history. An enormous influence on the fate of nations emanates from the economic bleeding which the needs of the state necessitates, and from the use to which its results are put. In some historical periods the immediate formative influence of the fiscal needs and policy of the state . . . explains practically all the major features of events; in most periods it explains a great deal and there are but a few periods when it explains nothing. (Schumpeter, 1918/1991, p. 100)

Schumpeter overstates his case, of course, but in this book I have shown that an analysis of the revenue of the state, and more specifically an analysis of the *type* of that revenue, can yield insights of political importance. Whether the arguments and findings of this book can

travel to Europe and beyond, and help us understand processes of regime formation more generally, remains to be seen, of course, but there seems to be both compelling reasons and opportunities for further investigation.

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