

How to build a state

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It's easy to imagine that governments were always as bureaucratic as they are today. Certain policies, like the widespread granting of monopolies in the seventeenth century, or the presence of a powerful landed aristocracy, seem like archaic products of a past that was simply more corrupt. The fact that governments rarely got involved with healthcare or education before the mid-nineteenth century seems the product of a lack of imagination, or perhaps yet another product of our ancestors' venality – simply what happens when you put the war-hungry knights and nobles in charge.

But the bureaucratic state of today, with its officials involving themselves with every aspect of modern life, is a relatively recent invention. In a world without bureaucracy, when state capacity was relatively lacking, it's difficult to see what other options monarchs would have had. Suppose yourself transported to the throne of England in 1500, and crowned monarch. Once you bored of the novelty and luxuries of being head of state, you might become concerned about the lot of the common man and woman. Yet even if you wanted to create a healthcare system, or make education free and universal to all children, or even create a police force (London didn't get one until 1829, and the rest of the country not til much later), there is absolutely no way you could succeed.

For a start, you would struggle to maintain your hold on power. Fund schools you say? Somebody will have to pay. The nobles? Well, try to tax them — in many European states they were exempt from taxation — and you might quickly lose both your throne and your head. And supposing you do manage to tax them, after miraculously stamping out an insurrection without their support, how would you even begin to go about collecting it? There was simply no central government agency capable of raising it. Working out how much people should pay, chasing up non-payers, and even the physical act of collection, not to mention protecting that treasure once collected, all takes substantial manpower. Not to mention the fact that the collecting agents will likely siphon most of it off to line their own pockets.

As a monarch in 1500, you would be forced to rely heavily on delegation. As the economic historian Jared Rubin emphasizes, every ruler requires agents to propagate their rule. These can take the form of big burly blokes with heavy weapons — your enforcers — and they can take the form of people spreading the ideology of your right to rule, lending your orders legitimacy and more generally spreading social norms of obedience — the local officials, jurists, and clerics. Crucially, these propagating agents needed to be kept on-side at all costs. Hence the tax exemptions for nobles, many of whom were rich enough to support their own private armies, and whose ancestors might have been granted such a privilege by one of your predecessors.

Joan of Arc's village, for example, was exempted from taxation *forever*, because of her role in restoring the French king's military fortunes. And hence the control often exerted over policy by religious figures, who could give one's rule divine sanction in the eyes of the people. It is no surprise that the emperors of China carefully cultivated themselves at the head of as many religions as possible (one of the reasons that Christianity, with its rather awkward stress on Jesus being the king of kings, was occasionally banned from the empire). As economic historians Mark Koyama and Noel Johnson argue, this focus on appeasing religious legitimisers was one of the reasons rulers so often sought to stamp out heretics and heathens.

Even beyond satisfying the propagating agents, however, core state activities like tax collection were heavily reliant on delegation of authority. Absent an expensive bureaucracy to do it on your behalf, it was much easier to farm out the activity to others. When taxing a predominantly agrarian society — in 1500, only 3.6% of England's population lived in cities — it made most sense to appoint a local noble to be tax farmer for an area. As a local, they would know the area well, and the products of the land are relatively straightforward to tax. It's not exactly easy to hide. And as for the tax farmer, they could be remunerated by taking a cut of what they collected. Corrupt, yes. But inevitable and even seen as legitimate, given the lack of alternatives.

Your capacity as a ruler was thus entirely governed by the *quid pro quo*, and heavily restricted by the deals made by your predecessors. Cities were granted charters, giving them various rights of self-governance, in return for collecting taxes from among their own members (commerce and industry being much harder to tax than land, and thus requiring more consent). And, of course, there were occasionally times when the defence of the realm might require extra taxes — for such instances, rulers convened parliaments. Taxes raised by parliaments were referred

to, somewhat confusingly, as “subsidies”. But that is exactly what they were: special subsidies granted to the monarch, by the collected representatives of the nobles and the various other propagating agents, for a one-off extraordinary purpose – albeit giving those collected agents some say over policy.

It was not until 1689, when there was a coup, that an incoming ruler allowed the English parliament to sit whenever it pleased. Before that, it was convened only at the whim of the ruler, and dispersed even at the slightest provocation. In 1621, for example, when James I was planning to marry his heir to a Spanish princess, Parliament sent him a petition asserting their right to debate the matter. Upon hearing of it, he called for the official record of parliamentary proceedings, personally ripped out the page with the offending vote, and promptly dissolved the Parliament. The downside, of course, was that James could not then acquire any parliamentary subsidies.

Ruling was thus an intensely personal affair, of making deals and finding ways to circumvent deals you had inherited. Increasing your capabilities as a ruler – state capacity – was thus no easy task, as the typical ruler was stuck in an essentially medieval equilibrium. Imposing a policy costs money, but raising money involves imposing policy. Breaking out of this chicken-and-egg problem took centuries of canny leadership. The rulers who achieved it most would today seem hopelessly corrupt.

To gain extra cash without interference from Parliament, successive monarchs first asserted and then abused their ancient prerogative rights to grant monopolies over trades and industries. They eventually granted them to whomever was willing to pay, establishing monopolies over industries like gambling cards or alehouses under the guise of regulating unsavoury activities. They also sold off knighthoods and titles, and in 1670 Charles II even made a secret deal with the French that he would convert to Catholicism and attack the Protestant Dutch, all in exchange for cash. Anything to not have to call a potentially pesky Parliament. At times, the most effective rulers even resembled mob bosses. Take Elizabeth I’s anger when a cloth-laden merchant fleet bound for an Antwerp fair in 1559 was allowed to depart. Her order to stop them had not arrived in time, thus preventing her from extracting “loans” from the merchants while she still had their goods within her power.

Yet, ironically, it was when monarchs lost control that they did most to boost the capabilities of the centralised state. It was under Parliament, first in the 1650s when it briefly overthrew the monarchy, and then from the late 1680s following its deal with the usurping William III, that British state capacity began to most rapidly and inexorably grow. Likewise, in France, it was following the French Revolution that the steady rise of state capacity was boosted — it was then, over three centuries after the fact, that the perpetual tax exemptions for Joan of Arc's village were finally rescinded.

Parliaments, as bodies of legitimising agents, despite their lack of representation in any modern democratic sense, had the unquestioned legitimacy with which to raise taxes, change policy, and undo the deals of previous monarchs. In the process, they often trampled on the ancient liberties of citizens and subjects. But, unlike monarchs, they found it much easier to force the changes through. When motivated by the needs of war — often the one thing members could agree on — parliaments in the eighteenth century were able to raise cash that would have been unfathomable to the monarchs of even a few decades before. And it was parliaments, also, that were eventually susceptible in the nineteenth century to the lobbying of those who wished the state to involve itself in areas like education, health, and policing.

The route to state capacity thus took centuries of blood, dirty dealing, corruption and campaigning to make the states we have to today. But it is difficult to see how it could have been done in any other way.

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