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Wars and State-Making

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War and the State in the Eighteenth Century

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Wars and State-Making Reconsidered

The Rise of the Developmental State*

Steve Pincus and James Robinson

The emergence of the modern developmental state was, we are told, a nineteenth- and twentieth-century phenomenon. While scholars disagree and disagree vociferously about the causes of that emergence, they are largely in agreement that theirs is a story that begins after the end of the Napoleonic Wars. All across Europe, in a variety of different ways, states sought for the first time to improve the condition of the vast majority of their populations. This developmentalism would have been unthinkable in earlier periods. Most accounts simply begin their stories in the late nineteenth century,[1] while scholars like David Roberts explain that "students of the eighteenth century can certainly discover little evidence in the Whiggish government of Sir Robert Walpole or the Tory government of William Pitt [the Younger] that the central government or even the justices of the peace did much for the lower classes besides dispense poor relief."[2]

Prior to the nineteenth century, the standard story goes, states were narrowly fiscal-military enterprises occupied with fighting wars and extracting resources to fight those wars. States themselves emerged sometime between the fifteenth

* The research on which this article is based was conducted with the aid of the Institute for New Economic Thinking. The authors would like to thank Catherine Arnold, Natalie Basinska, Margaret Coons, and Alex Fisher.

1. For two very different examples, see Bentley B. Gilbert, *The Evolution of National Insurance in Great Britain: The Origins of the Welfare State* (London: Michael Joseph, 1966), and Susan Pedersen, *Family, Dependence, and the Origins of the Welfare State: Britain and France, 1914–1945* (Cambridge: Cambridge University Press, 1993).
2. David Roberts, *Victorian Origins of the British Welfare State* (New Haven: Yale University Press, 1960), vii.

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and the eighteenth century, right across Europe. These premodern states were indifferent to the happiness and prosperity of their populations. In most accounts, states were first made necessary by interstate conflicts, and fighting wars became their sole purpose as they developed. "War made the state, and the state made war," Charles Tilly famously suggested.[3] "War wove the European network of national states," he elaborated, "and preparation for war created the internal structures of the states within it."[4] Interstate warfare explains the radical reduction of the number of states in early modern Europe as well as their structural strengthening: only those regimes that developed strong state capacity emerged from this intense period of incessant warfare. On this point economic and fiscal historians, sociologists, political scientists, and economists all agree.[5]

3. Charles Tilly, "Reflections on the History of European State Making," in *The Formation of National States in Western Europe*, ed. Charles Tilly (Princeton: Princeton University Press, 1975), 42. This view has been widely endorsed: John A. Hall and G. John Ikenberry, *The State* (Minneapolis: University of Minnesota Press, 1989), 40–41; Stephen Conway, *War, State, and Society in Mid-Eighteenth-Century Britain and Ireland* (Oxford: Oxford University Press, 2006), 275.
4. Charles Tilly, *Coercion, Capital, and European States, AD 900–1992* (Oxford: Blackwell, 1990), 76.
5. Richard Bonney and W. Mark Ormrod, "Crises, Revolutions and Self-Sustained Growth: Towards a Conceptual Model of Change in Fiscal History," in *Crises, Revolutions and Self-Sustained Growth: Essays in European Fiscal History, 1130–1830*, ed. W. Mark Ormrod, Margaret Bonney, and Richard Bonney (Stamford: Shaun Tyas, 1999), 1–21, here p. 2; Philip T. Hoffman and Jean-Laurent Rosenthal, "The Political Economy of Warfare and Taxation in Early Modern Europe: Historical Lessons for Economic Development," in *The Frontiers of the New Institutional Economics*, ed. John N. Drobak and John V. C. Nye (San Diego: Academic Press, 1997), 31–55, here p. 35; Jan Glete, *War and the State in Early Modern Europe: Spain, the Dutch Republic and Sweden as Fiscal-Military States, 1500–1660* (London: Routledge, 2002), 216; Anthony Giddens, *A Contemporary Critique of Historical Materialism*, vol. 2, *The Nation-State and Violence* (Berkeley: University of California Press, 1985), 112; Hendrik Spruyt, "War, Trade, and State Formation," in *The Oxford Handbook of Comparative Politics*, ed. Carles Boix and Susan C. Stokes (Oxford: Oxford University Press, 2007), 211–36, here pp. 214–15; Timothy Besley and Torsten Persson, "The Origins of State Capacity: Property Rights, Taxation, and Politics," *American Economic Review* 99, no. 4 (2009): 1218–44, here p. 1218; Nicola Gennaioli and Hans-Joachim Voth, "State Capacity and Military Conflict," *Review of Economic Studies* 82, no. 4 (2015): 1409–48. Historians of the Renaissance and the Middle Ages have demonstrated that this literature is wrong to assume that the transformation began in the early modern period, and that fiscal-military states began to emerge in the thirteenth century: Katia Béguin and Jean-Philippe Genet, "Fiscalité et genèse de l'État : remarques introductives," in *Ressources publiques et construction étatique en Europe, XIIIe–XVIIIe siècle*, ed. Katia Béguin (Paris: IGPDE/Comité pour l'histoire économique et financière de la France, 2015), 3–26; Jean-Philippe Genet, "Ambiguïtés d'un modèle, enjeux d'un programme," in *The Heritage of the Pre-Industrial European State: The Origins of The Modern State in Europe, 13th to 18th Century*, ed. Wim Blockmans, Jorge Borges de Macedo, and Jean-Philippe Genet (Lisbon: Arquivos Nacionais/Torre do Tombo, Divisaõ de Publicaçoẽs, 1996), 261–78; W. Mark Ormrod, "Parliament, Political Economy and State Formation in Later Medieval England," in *Power and Persuasion: Essays on the Art of State Building in Honour of W. P. Blockmans*,

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In this essay we will argue that the term fiscal-military state is a misnomer, particularly when it comes to one of the paradigmatic cases of early modern state formation, Britain. This is for several reasons. First, even looking narrowly at fiscal revenues and expenditures, there was significant variation in the extent to which state spending was devoted to the military. While this kind of expenditure exhausted nearly the entire budget of Russia or Spain, this was less true in France or the Netherlands and, ironically, the least true for Britain, which spent a significantly smaller proportion of government revenues on the military than any other European state. Second, existing empirical accounts are flawed in that they overlook other important non-military elements of expenditure. This is because they have both ignored expenditures such as bounties and drawbacks that went unrecorded in the summary accounts, and undervalued the significance of the British state's massive and unique expenditure on colonial development. Third, by narrowly focusing on revenues and expenditures, the existing literature ignores large swaths of state activity. In particular, analyzing the state at this level fails to take into account efforts to create significant economic institutions. These kinds of institutions were not unique to Britain—indeed, France was at least as active in this domain. But this kind of investment did separate France, Britain, and the Dutch Republic from the more narrowly fiscal-military states in Europe. Finally, in the last section of the essay, we suggest that the British state—and quite probably other early modern states as well—was not forged in warfare. If war did not make the British state, this would explain why the British state was less narrowly focused on making war.

The Ideological Breadth of Early Modern Political Economy

The bellicist model of early modern state-making is plausible and attractive because it has been assumed that premoderns had limited ideological tools at their disposal. Early modern state-makers, scholars claim, forged narrowly fiscal-military regulatory and extractive states because they had a very limited set of political economic ideas from which to draw. Statesmen prior to the nineteenth century were mercantilists, and the states they created were designed only to fight wars and to extract the resources necessary to fight those wars. The Danish sociologist Gøsta Esping-Andersen suggests that the nineteenth-century liberal

ed. Peter Hoppenbrouwers, Antheun Janse, and Robert Stein (Turnhout: Brepols, 2010), 123–39; Jean-Philippe Genet, *La genèse de l'État moderne* (Paris: Presses Universitaires de France, 2003), especially pp. 11–32; Wim Blockmans, *A History of Power in Europe: Peoples, Markets, States* (Antwerp: Fonds Mercator Paribas, 1997), 163–201; Blockmans, "Les origines des États modernes en Europe, XIIIe–XVIIIe siècles : état de la question et perspectives," *Archives et bibliothèques de Belgique* 61 (1990): 331–47; Andrea Zorzi, "Lo Stato terrioriale fiorentino (secolo XIV–XV). Aspetti giurisdizionali," *Società e storia* 50 (1990): 799–825; Julius Kirshner, "The State is 'Back In,'" and Giorgio Chittolini, "The 'Private,' the 'Public,' the State," both in *The Origins of the State in Italy, 1300–1600*, ed. Julius Kirshner (Chicago: University of Chicago Press, 1996), respectively 1–10 and 34–61.

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political economists met with little disagreement from their conservative and Marxist critics in their denunciation of earlier European states for "upholding absolutist privileges, mercantilist protectionism, and pervasive corruption."[6] British free traders and the German Historical School agreed on very little besides the notion that early modern states were mercantilist.[7] The result has been that scholars today assert the existence of an eighteenth-century mercantilist consensus in Britain and across Europe. According to Charles Maier, "Britain's empire began as a mercantilist structure" and remained in that mode until "the nineteenth century,"[8] while the economists Ronald Findlay and Kevin O'Rourke have dubbed the period from 1650 to 1780 the "age of mercantilism."[9] In this mercantilist age, which came to an end sometime in the nineteenth century, governments were supposedly committed to the notion that land was an insuperable economic constraint, that there was no possibility of global economic growth, and that trade was therefore a zero-sum game. "Economics as a zero-sum game," insists Niall Ferguson in his widely circulated analysis of the British Empire, is "the essence of what came to be called mercantilism."[10] Christopher Bayly, in an equally mass-marketed recent work, reaches a similar conclusion:

> *Eighteenth-century wars abroad had turned around the issue of "mercantilism." Theorists and politicians of the ancien regime had thought the world's wealth was a finite amount. … If someone got more of the cake, someone else would get less.*[11]

"The basic assumption of the mercantilist world," in Joel Mokyr's view, was "that the economic game, and above all the commerce between nations, was zero-sum such that the gains of any agent or any economy inevitably came at the expense of another."[12]

Before the end of the mercantilist period, given that all states functioned on the assumption of economic finiteness, state expenditure on new infrastructural or developmental projects was unthinkable. The only way to pay for new commitments was necessarily through territorial expansion, and the profits gained

6. Gøsta Esping-Andersen, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990), 10.
7. For the necessary intellectual connection between concepts of mercantilism and the bellicist approach to state formation, see Rafael Torres Sánchez, "The Triumph of the Fiscal-Military State in the Eighteenth Century: War and Mercantilism," in *War, State and Development: Fiscal-Military States in the Eighteenth Century*, ed. Rafael Torres Sánchez (Pamplona: Ediciones Universidad de Navarra, 2007), 13–34.
8. Charles S. Maier, *Among Empires: American Ascendancy and Its Predecessors* (Cambridge: Harvard University Press, 2006), 273.
9. Ronald Findlay and Kevin H. O'Rourke, *Power and Plenty: Trade, War, and the World Economy in the Second Millennium* (Princeton: Princeton University Press, 2007), 227.
10. Niall Ferguson, *Empire: The Rise and Demise of the British World Order and the Lessons for Global Power* (New York: Basic Books, 2003), 17.
11. Christopher A. Bayly, *The Birth of the Modern World 1780–1914: Global Connections and Comparisons* (Oxford: Blackwell, 2004), 136.
12. Joel Mokyr, *The Enlightened Economy: An Economic History of Britain, 1700–1850* (New Haven: Yale University Press, 2009), 64.

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from conquest had to be folded back into the military to protect the new territories from would-be predators. The prevailing economic assumptions of the early modern world, we are told, made it impossible for the emerging states to take on the functions we associate with modern statecraft. All of this, defenders of the fiscal-military state thesis imply, was called into question only with the advent of the French Revolution.[13]

We now know, however, that right through the seventeenth and eighteenth centuries there was a lively pan-European debate about political economy. At no point was there a mercantilist consensus. Many prominent European thinkers, from the Dutch de la Court brothers to the Englishman John Locke and the Scotsman Adam Smith, rejected the notion that there were limits to economic growth. Human ingenuity and human labor created the possibility of almost limitless increase.[14] Whereas advocates of the bellicist thesis assume that governments existed merely to preserve the lives and properties of their subjects, a wide range of seventeenth- and eighteenth-century thinkers understood that increased resources made it possible to also promote their happiness.[15] Statesmen, argued John Trenchard and Thomas Gordon in *Cato's Letters*, were responsible for the "wealth, security and happiness of kingdoms."[16] Joseph Priestley was certain "that the happiness of the whole community is the ultimate end of government can never be doubted."[17] "A state ought to have but one object in view," insisted the great French philosopher the abbé Raynal, "and that is, public felicity."[18] And in Thomas Jefferson's memorable phrase, "governments are instituted among men" to secure the right to "life, liberty, and the pursuit of happiness."[19] A significant number of early modern thinkers believed that states had a responsibility and the capacity to do much more than fight wars.

13. Christopher Storrs, "The Fiscal-Military State in the 'Long' Eighteenth Century," in *The Fiscal-Military State in Eighteenth-Century Europe: Essays in Honour of P. G. M. Dickson*, ed. Christopher Storrs (Farnham: Ashgate, 2009), 1–22, here p. 19. Interestingly, the increasingly fashionable bottom-up school of state formation also posits an epistemic shift at the beginning of the nineteenth century, though without offering any new periodization: Glete, *War and the State*, 1–2.
14. Steve Pincus, "Rethinking Mercantilism: Political Economy, the British Empire, and the Atlantic World in the Seventeenth and Eighteenth Centuries," *William and Mary Quarterly*, 3rd ser., 69, no. 1 (2012): 3–34.
15. Herbert Lawrence Ganter, "Jefferson's 'Pursuit of Happiness' and Some Forgotten Men," *William and Mary Quarterly*, 2nd ser., 16, no. 4 (1936): 558–85; Garry Wills, *Inventing America: Jefferson's Declaration of Independence* (Garden City: Doubleday, 1978), 150–64.
16. John Trenchard and Thomas Gordon, *Cato's Letters; or, Essays on Liberty, Civil and Religious, and Other Important Subjects* [1720–1723], ed. Ronald Hamowy (Indianapolis: Liberty Fund, 1995), vol. 1, no. 12, p. 67.
17. Joseph Priestley, *An Essay on the First Principles of Government and on the Nature of Political, Civil, and Religious Liberty* (Dublin: James Williams, 1768), 64.
18. Guillaume-Thomas Raynal, *A Philosophical and Political History of the Settlements and Trade of the Europeans in the East and West Indies*, trans. John Obadiah Justamond (London: T. Cadell, 1776), 4:432.
19. United States Declaration of Independence, 1776.

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Bellicists are clearly mistaken to assume that early modern states devoted their resources to making war because that was all their statesmen could imagine them doing. Early modern thinkers did not all consider they lived in a zero-sum world: many believed that states should promote the economic prosperity and temporal happiness of their subjects, and that economic growth generated resources for states to do more to make their subjects happy.

Did Early Modern States Only Make War?

If bellicists are wrong to imagine that early moderns had narrow imaginative horizons, are they nevertheless right to maintain that early modern states spent the entirety of their revenues on war? Let us focus on the case of Enlightenment Britain, the quintessential modern liberal state. Bellicists insist that the British state in this period was exclusively fiscal-military. "The British state of the eighteenth century was a fiscal and war-making machine," Margaret Levi asserts, "it was not yet deeply involved in education or social programs."[20] "For roughly four centuries after 1453," insists Patrick O'Brien, "no European state recognized responsibility for economic growth with social welfare as anything other than contingent."[21] The eighteenth-century British state "did primarily one thing," explains Mokyr: "it waged war against other states, and raised revenue to pay for this activity." Government activity "that enhanced social welfare," he insists, was "almost an afterthought."[22] Britons in the eighteenth century thus created a uniquely fine-tuned war-fighting instrument.

This story seems all the more plausible when one focuses on the remarkable quantitative growth of the British state in the eighteenth century. After the Revolution of 1688–1689, as John Brewer has shown, the British Parliament voted an increasingly impressive quantity of new taxes and created ever-more elaborate means to service the accelerating war debts. This new Leviathan not only funded a growing army and an increasingly dominant navy but also supported them with a legion of excise officers.[23] By focusing on the growing size of the state and choosing to analyze the Duke of Marlborough's army and Horatio Nelson's navy, scholars have convinced themselves and their readers that Britain had become, over the course of the eighteenth century, the first "fiscal state."[24]

Yet if one focuses on the changing nature of the British state rather than simply the growth of its armed forces, one can tell a different story. Comparative analysis

20. Margaret Levi, *Of Rule and Revenue* (Berkeley: University of California Press, 1988), 143.
21. Patrick K. O'Brien, "The History, Nature and Economic Significance of an Exceptional Fiscal State for the Growth of the British Economy, 1453–1815," *London School of Economics: Economic History Working Papers*, no 109/08, 2008, http://www.lse.ac.uk/economicHistory/pdf/wp109.pdf.
22. Mokyr, *The Enlightened Economy*, 392.
23. John Brewer, *The Sinews of Power: War, Money, and the English State, 1688–1783* (London: Unwin Hyman, 1989), 30, 66–68, and 114–26.
24. Richard Bonney, introduction to *The Rise of the Fiscal State in Europe, c. 1200–1815*, ed. Richard Bonney (Oxford: Oxford University Press, 1999), 1–15, here p. 14.

has revealed that states right across early modern Europe devoted a remarkably high percentage of their revenues to fiscal-military measures. By the end of the seventeenth century, France spent over three-quarters of its revenue on warfare alone.[25] The Danish kings spent 88 percent of their available finances on war, Peter the Great of Russia devoted 90 percent of his revenue to martial affairs, while the Austrian Habsburgs spent a remarkable 93 percent.[26] Lest one think warfare was merely the game of kings, the Dutch Republic spent over 80 percent of its revenue on war-making in the same period.[27] Most European states further increased their relative expenditures on fiscal-military affairs over the course of the eighteenth century. "The great scourge of public expenditure" in the early modern period, concludes Martin Körner, "was the growing proportion devoted to war."[28]

Comparative studies of expenditures are notoriously tricky. Nevertheless, detailed work on individual states confirms the basic pattern. Despite relatively few institutional changes, Russia devoted phenomenal resources to war in the seventeenth and eighteenth centuries, leading some scholars to call it a "garrison state."[29] "Bourbon governments increasingly tightened their control over Spanish finances,"[30] and in the late eighteenth century Spain's military expenditure as a percentage of its annual budget dwarfed that of Britain.[31] Unsurprisingly, Frederick William I of Brandenburg-Prussia spent over 80 percent of his income on his army between 1713 and 1732, years dominated more by peace than by war.[32] The Holy Roman Empire was not easily outdone by its Prussian rivals. "The early modern

25. The most complete analysis of the French fiscal-military state in the seventeenth century is now Katia Béguin, *Financer la guerre au XVIIe siècle. La dette publique et les rentiers de l'absolutisme* (Paris: Champ Vallon, 2012).
26. Martin Körner, "Expenditure," in *Economic Systems and State Finance*, ed. Richard Bonney (Oxford: Clarendon Press, 1995), 393–422, here p. 411.
27. Ibid.
28. Ibid., 416. Joël Félix and Frank Tallett give a slightly lower figure for France but state that it is underestimated: Félix and Tallett, "The French Experience, 1661–1815," in Storrs, *The Fiscal-Military State*, 147–66, here p. 155. See also James C. Riley, "French Finances, 1727–1768," *Journal of Modern History* 59, no. 2 (1987): 209–43. We have used Körner's figures for our comparison since he used the same calculation method for all of his cases.
29. Janet Hartley, "Russia as a Fiscal-Military State, 1689–1825," in Storrs, *The Fiscal-Military State*, 125–46, here pp. 126–29; Richard Hellie, *The Economy and Material Culture of Russia, 1600–1725* (Chicago: University of Chicago Press, 1999), 536; Chester Dunning and Norman S. Smith, "Moving Beyond Absolutism: Was Early Modern Russia a 'Fiscal-Military' State?" *Russian History* 33, no. 1 (2006): 19–44, here p. 43.
30. Javier Cuenca Esteban, "Was Spain a Viable Fiscal-Military State on the Eve of the French Wars?" in *The Spending of States: Military Expenditure during the Long Eighteenth Century; Patterns, Organisation, and Consequences, 1650–1715*, ed. Stephen Conway and Rafael Torres Sánchez (Sarrebruck: Verlag Dr. Muller, 2011), 247–56, here p. 247.
31. Ibid., 249.
32. John Childs, *Armies and Warfare in Europe, 1648–1789* (Manchester: Manchester University Press, 1982), 180. Scholars have recently emphasized that Prussian state-building was less of a top-down affair than previously thought, though that observation does not necessarily contradict the enormous amount of resources devoted to warfare: Karin Friedrich, *Brandenburg-Prussia, 1466–1806: The Rise of a Composite State* (Basingstoke: Palgrave Macmillan, 2012), 30–36; Christopher Clark, *Iron Kingdom: The*

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Habsburg monarchy ranked with the most awe-inspiring military states," writes Michael Hochedlinger: "state expenditure, not yet encumbered by spending on other public sectors, was still entirely dominated by the military budget."[33] This echoes Peter Dickson's claim that Habsburg Austria was "primarily concerned with the assertion of fiscal and military power, rather than the welfare of subjects."[34] Savoy, too, while it spent a smaller proportion of its budget on the military than Brandenburg-Prussia or the Habsburg monarchy, devoted a much higher ratio than Great Britain.[35] In France, even in the mid-eighteenth century when the state took an increasingly developmental turn, "the largest public works projects … remained royal buildings."[36]

This comparative data suggests that there were two groups of continental European states in the eighteenth century. France and the Dutch Republic spent heavily on the military, but those two northern European powers with significant colonial interests also found space in their budgets for civic development. Russia, Prussia, Denmark, the Holy Roman Empire, and Spain, by contrast, devoted almost the entirety of their budgets to warfare. Remarkably, the early modern European data can be meaningfully compared to those available for antiquity. Recent scholarship has shown that the Roman Empire spent almost 80 percent of its revenues on its army.[37] The Ptolemaic rulers of Egypt likewise devoted 78 percent of their budget to the military, leading one scholar to conclude that their relative expenditures on this sector "resemble" those of early modern Europe.[38]

The eighteenth-century British state diverged from these European and historical patterns. While most European states, whether monarchies or republics, were dramatically increasing their emphasis on fiscal-military spending, Britain devoted significantly more of its resources to civic and colonial development than France and the Dutch Republic, and far outspent Russia, Prussia, and the Holy

Rise and Downfall of Prussia, 1600–1947 (Cambridge: Belknap Press of Harvard University Press, 2006), 243–46.

33. Michael Hochedlinger, "The Habsburg Monarchy: From 'Military-Fiscal State' to 'Militarization,'" in Storrs, *The Fiscal-Military State*, 55–94, here p. 63.

34. Peter G. M. Dickson, *Finance and Government under Maria Theresa, 1740–1780* (Oxford/New York: Clarendon Press/Oxford University Press, 1987), 1:15 and 2:114.

35. Christopher Storrs, "The Savoyard Fiscal-Military State in the Long Eighteenth Century," in Storrs, *The Fiscal-Military State*, 201–35, here p. 214.

36. James B. Collins, *The State in Early Modern France* (Cambridge: Cambridge University Press, 1995), 184–93. The heart of French Colbertism was not substantial state financial support for commercial initiatives—though there was some—but "inspection of manufactures": Philippe Minard, *La fortune du colbertisme. État et industrie dans la France des Lumières* (Paris: Fayard, 1998), 10. Colbert, it is true, aimed to create and finance state industries like the Gobelins, and to subsidize others. But the Franco-Dutch War of 1672–1678 "shut down the flow of subsidies to industry and commerce and shipbuilding": Charles Woolsey Cole, *Colbert and a Century of French Mercantilism* (New York: Columbia University Press, 1939), 2:551.

37. Richard Duncan-Jones, *Money and Government in the Roman Empire* (Cambridge: Cambridge University Press, 1994), 45.

38. Christelle Fischer-Bovet, *Army and Society in Ptolemaic Egypt* (Cambridge: Cambridge University Press, 2013), 74–75.

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Roman Empire in these domains. In the 1720s, for example, once one excludes debt and loan repayments, on average around 35 percent of British expenditures were on either social or economic initiatives.[39] After the Revolution of 1688–1689, the British state devoted itself both to military expansion and to unlimited economic growth. Precisely as it was radically expanding its army and navy, Britain also ramped up its expenditures on civil infrastructure and colonial development. "The period since the Revolution is distinguished by principles of a very different nature," the Scottish political economist Sir John Sinclair recalled at the end of the eighteenth century:

> *The State has assumed the appearance of a great corporation: it extends its views beyond the immediate events and pressing exigencies of the moment—it forms systems of remote as well as immediate profit—it borrows money to cultivate, defend, or to acquire distant possessions, in hopes that it will be amply repaid by the advantages they may be brought to yield. … In short it proposes to itself a plan of perpetual accumulation and aggrandizement, which according as it is well or ill conducted, must either end in the possession of an extensive and powerful empire, or in total ruin.*[40]

The basic data from the 1869 Chisholm Report, previously analyzed by Brewer, confirm that the British state spent an unprecedented proportion of its revenues on the development and support of civil society.[41] These civil expenditures were sometimes very large, for instance in the 1720s when they temporarily reached 45 percent of total expenditures. Moreover, since total real expenditures rose steadily throughout the century, this share represented a persistently increasing absolute real amount of civil expenditure.[42]

39. It could be argued that the fiscal-military state synergized civil expenditures through its role in creating a deep market for public debt, which could then be used to fund civil as well as military expenditures. The evidence against this view, however, is that during periods of war, when debt was issued most intensively, civil expenditures were squeezed, while in peacetime, when debt was being repaid, civil expenditures increased (see figure 1). In short, this does not suggest that the ability to issue large amounts of debt was critical in enabling civil expenditures.
40. John Sinclair, *The History of the Public Revenue of the British Empire* (London: W. and A. Strahan, 1785–1790), 1:4–5.
41. *Public Income and Expenditure of Great Britain* (hereafter the "Chisholm Report") (London: s.n., 1869).
42. Some scholars have highlighted the important role of non-state actors, such as the East India or Hudson's Bay Companies, in the British polity: Janice E. Thomson, *Mercenaries, Pirates, and Sovereigns: State-Building and Extraterritorial Violence in Early Modern Europe* (Princeton: Princeton University Press, 1994), 97–105; Philip J. Stern, *The Company-State: Corporate Sovereignty and the Early Modern Foundations of the British Empire in India* (Oxford: Oxford University Press, 2011). Even if one accepts that these companies were completely separate from the state, their military expenditures were relatively minor prior to the assumption of the *diwani* (the right to collect taxes) in 1765. Soon thereafter the costs of the military in India were included in the overall accounting of the state's military expenditure.

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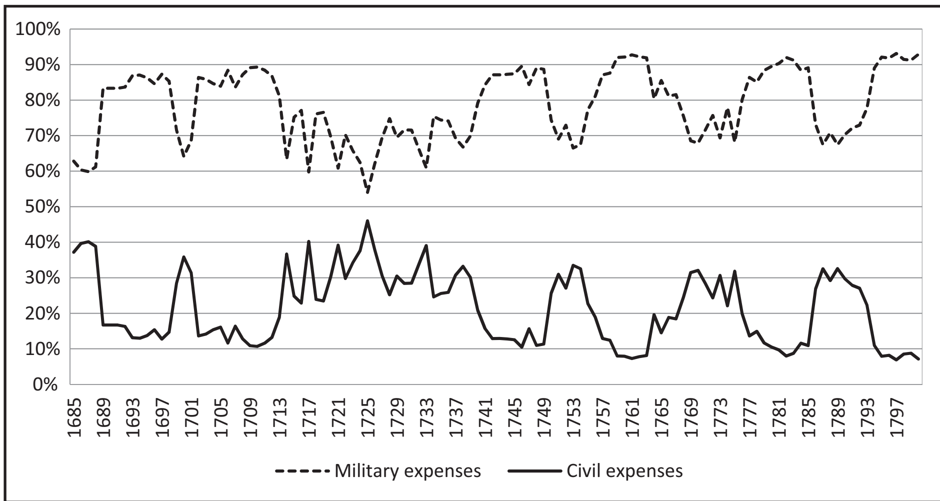
In this, the British pattern diverged significantly from that of other European states. This finding accords well with Brewer's claim that in Britain "current military expenditure accounted for between 61 per cent and 74 per cent of public spending during the major wars of the period." Though large, this "outlay," he concludes, "probably represents a much smaller percentage of national resources than in many other states."[43] Statistical analysis supports the view that the fiscal-military nature of the eighteenth-century British state "is easily overstated."[44]

Figure 1. Percentage of military and civil expenses by full fiscal year (1690–1800)



Source: Chisolm Report. In this figure we use data from the Chisholm Report to plot the military and civil expenditures of Great Britain as a percentage of total expenditure excluding interest and loan repayments.

On what, then, besides the military did the British government spend its increasingly robust revenue streams? Our analysis has revealed a wide variety of targets. In addition to predictably small sums devoted to supporting the newly established Regius Professors of History at Oxford and Cambridge, to paying the professors of Modern Languages and of Arabic at the same universities, and to financing the historiographer royal and the "Reader of the Mathematics to His Majesty's Engineers,"[45] the British state spent rather larger amounts on public paving throughout the nation and on cleaning its sewers. As the century progressed, prizes for scientific discoveries became more and more common. In 1732 the Treasury granted Sir Thomas Lombe £14,000 "for discovering and introducing the

43. Brewer, *The Sinews of Power*, 40.
44. Joanna Innes, *Inferior Politics: Social Problems and Social Policies in Eighteenth-Century Britain* (Oxford: Oxford University Press, 2009), 74. Our statistical findings appear to echo the data produced by Brewer, *The Sinews of Power*, 40.
45. Chisholm Report, 1:73 and 79.

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engines for making Organzine silk."[46] In the 1770s, British governments doled out substantial prizes and bounties for "discovering how to make salt water fresh," for "advice against the disease amongst horned cattle," for "discoveries toward the South Pole," for "experiments in securing buildings from fire," for "making a fast green dye," and another for "dyeing scarlet."[47] Occasionally the Treasury devoted substantial sums to building bridges, like Westminster Bridge in 1743.[48] The state also awarded considerable allowances for schoolmasters and charity schools. Even larger sums were continually devoted (indeed, this was the case over fifty consecutive years) to supporting poor immigrant communities, including the "relief of French Protestants"[49] and settling the Palatine refugees in Ireland and in North America. The state also raised money to support the building of new churches and for the support of Church of England ministers in New England and continental Europe. Each year between 1746 and 1755 it devoted a not insubstantial sum to compensate farmers "for losses by the infectious distemper amongst horned cattle."[50] And, of course, from the 1750s, the government devoted resources to the creation of the British Museum.

And yet, the British state was at its most financially active not in England but in the empire: in Scotland, Ireland, and the overseas colonies.[51] While the eighteenth-century British Parliament passed much more legislation dealing with England than with Scotland or the overseas plantations, it devoted far more resources to those latter regions. There are frequent entries in the Treasury books for the funding of hospitals and the payment of officials' salaries in the West Indies. Increasing resources were dedicated to the creation of an imperial infrastructure, ranging from building forts in Africa to supporting William Penn's government in Pennsylvania, paying off the proprietors of lands in South Carolina, "establishing the colony of Georgia," offering relief to "sufferers by fire at Charlestown, in South Carolina," and "settling reduced officers and privates, &c. in the Colony of Nova Scotia."[52] Sinclair later estimated that the British state spent over £100,000 developing the civil infrastructure of Georgia and more than five times that amount on Nova Scotia.[53] In 1756 the British government provided a whopping £115,000

46. Thomas Webster, *Reports and Notes of Cases on Letters Patent for Inventions* (London: Thomas Blenkarn, 1844), 38.
47. Chisholm Report, 1:167 and 171.
48. Ibid., 1:111.
49. Ibid., 1:15 and 17.
50. Ibid., 1:117.
51. On the North American colonies, see John J. McCusker and Russell R. Menard, *The Economy of British America, 1607–1789* (Chapel Hill: University of North Carolina Press, 1985), 341–42. John Brewer and Eckhart Hellmuth's claim that while political groups in Britain "were prepared to accept a formidable fiscal-military apparatus if supervised by Parliament, any attempt by central government to implement a systematic domestic policy remained anathema" can only be sustained by focusing on England to the exclusion of the colonies, Scotland, and Ireland. See their introduction to *Rethinking Leviathan: The Eighteenth-Century State in Britain and Germany*, ed. John Brewer and Eckhart Hellmuth (Oxford: Oxford University Press, 1999), 1–21, here p. 16.
52. Chisholm Report, 1:121.
53. Sinclair, *History of the Public Revenue*, 3:64.

"for services of the colonies of New England, New York and New Jersey."[54] After the Seven Years' War of 1756–1763, it attributed resources for the "civil establishment" of the new colonies of East and West Florida, as well as for Senegambia and for paying salaries in Quebec. During the 1770s the British state spent large sums to build the "Harbour of Barbadoes."[55] "In the year 1781 £120,000 was voted to relieve the inhabitants of [Barbados], and of Jamaica, who had suffered by a violent hurricane," recalled Sinclair.[56] The contrast between state activity in the colonies and that in England was stark. After fires destroyed large sections of Warwick (1694), Buckingham (1725), Blandford Forum (1731), Stony Stratford (1742), and Wareham (1762), those towns were rebuilt using local rather than central funds. Similarly, the new port of Whitehaven was developed with the financial backing of three generations of the Lowther family.[57]

The British state also invested heavily in Scottish civil society.[58] Many believed that "at the union, the feudal system existed in full force in the remoter parts of Scotland. In those wild and mountainous districts, the chieftains of the different clans enjoyed almost full power over the persons and property of their vassals." During the reign of George II, the British Parliament therefore authorized a massive investment to break the power of the clan chieftains. The Whig government "resolved to purchase the rights and privileges which they claimed; and £152,037 was granted for that purpose."[59] In the same period the government dedicated substantial resources to the development of the Scottish fishing and linen industries through the Commissioners and Trustees for Improving Fisheries and Manufactures in Scotland, with the result that the board could report in 1738 "with great satisfaction" that "the Linen Manufacture under their care thrives."[60] Between 1727 and 1815 the government provided more than £235,000 for developing the Scottish linen industry as well as over £150,000 for flax production. Even greater sums were devoted to developing Scottish fishing.[61] Interestingly, as John Styles has noted, "in both Ireland and Scotland the state was more willing

54. Chisholm Report, 1:135.
55. Ibid., 1:163 and 173.
56. Sinclair, *History of the Public Revenue*, 3:88; Stuart B. Schwartz, *Sea of Storms: A History of Hurricanes in the Greater Caribbean from Columbus to Katrina* (Princeton: Princeton University Press, 2015), 98–99.
57. Peter Borsay, *The English Urban Renaissance: Culture and Society in the Provincial Town, 1660–1770* (Oxford: Oxford University Press, 1989), 46 and 90–97.
58. This theme is developed at length for the period circa 1730–1778 by Christopher A. Whatley, *Scottish Society, 1707–1830: Beyond Jacobitism, towards Industrialisation* (Manchester: Manchester University Press, 2000), 99–113.
59. Sinclair, *History of the Public Revenue*, 3:62.
60. The National Archives, London (hereafter "TNA"), T1/297, "The Report of the Commissioners and Trustees for Improving Fisheries and Manufactures in Scotland," January 20, 1738, fols. 51–52r.
61. Julian Hoppit, "The Nation, the State and the First Industrial Revolution," *Journal of British Studies* 50, no. 2 (2011): 307–31, here p. 327; Bob Harris, "Scotland's Herring Fisheries and the Prosperity of the Nation, c. 1660–1760," *Scottish Historical Review* 79, no. 1 (2000): 39–60.

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than in England to use public funds to encourage and regulate manufacturing."[62] In addition, throughout the period the Treasury spent a good deal on improving roads and bridges in "North Britain." For example, money was allocated on five occasions between 1751 and 1757 "for the Northern Roads," making a total of £24,000.[63] It is hard to read the Chisholm Report, or indeed the British Treasury minutes, and conclude that the eighteenth-century British state was not heavily involved in promoting development or launching social programs, or that social welfare was an afterthought.

These expenditures in Scotland and the colonies were not thinly disguised military expenditures. The British government did spend, and spend substantially, on the military in those areas, but those expenditures were included in the military rather than the civil budget. In Georgia, for example, James Oglethorpe explained that "The expense here for the year for the improvement of the colony, the civil government and presents to the Indians cannot be brought under £5,000."[64] These outlays, unlike military expenditures, needed to be discussed and approved in Parliament. The Georgia Trustees made clear that the money they demanded was "necessary to defray the expense of the Civil government, maintaining persons newly arrived, preserving a good harmony with and supporting the Indians, and carrying on the other improvements of the province such as [the] raising of silk, wine, oil, and other produces; the expense whereof private persons are not able to bear."[65] In Jamaica, too, Britons were well aware of the distinction between military and civil costs. In total, it was considered that the British government spent £30,000 per year to maintain the colony, of which slightly over half was spent on the military to protect the island from Spanish attacks and to defend the sugar plantations from Maroon uprisings.[66] In Scotland, British Treasury officials drew sharp distinctions between expenditures to promote development and costs incurred to secure the country against French invasion and Jacobite uprisings. "As to the roads in the Highlands in Scotland," Sinclair noted, "they were for many years included among the extraordinary expenses of the army, and were not separately voted."[67] If anything, analysis of the Treasury reports leads to an underestimation of civil expenditures in the colonies, since the payment of civilian colonial officers was included in the Civil List (the annual fund used to pay officers of the state).

The contrast with French and Spanish colonial expenditures was dramatic. Canada and Île Royale were supported out of the French naval budget. In her careful analysis of French spending in the colonies, Catherine Desbarats has demonstrated its almost exclusively military nature. This was because, as she notes,

62. John Styles, "Spinners and the Law: Regulating Yarn Standards in the English Worsted Industries, 1550–1800," *Textile History* 44, no. 2 (2013): 145–70.
63. Chisholm Report, 1:125, 127, 129, 131, 133, and 137.
64. TNA, CO 5/640/2, fol. 233r, James Oglethorpe (Frederica, Georgia) to Harman Verelst, November 22, 1738.
65. TNA, CO 5/654/1, fol. 109r, Georgia Trustees (Westminster) to Sir Robert Walpole, June 22, 1737.
66. TNA, CO 5/654/1, fol. 109r–v.
67. Sinclair, *History of the Public Revenue*, 3:61.

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"if Canada, and later Louisiana and Île Royale, held initial promise as trade goods valuable to both public and private purses, by the 1750s naval officials viewed New France in almost purely military and strategic terms."[68]

As for Spain, in the seventeenth and eighteenth centuries it depended on a unidirectional transfer of "massive remissions of silver, mined, processed, and minted in the viceroyalties of Peru and New Spain."[69] The series of Bourbon reforms initiated by cardinal Julio Alberoni and the minister José Patino focused not on financing colonial development, but on regaining Spanish control of colonial trade from its imperial rivals and increasing the flow of revenues from the Americas into the royal coffers.[70] We now know that the great majority of the revenues raised in the Spanish American colonies remained there, and were spent on a variety of military and non-military projects. Yet the Spanish Treasury "did not record any item of expense for the colonies."[71] Spanish colonial development was supported exclusively by colonial funds, often transferred from region to region.

Over the course of the eighteenth century the British state dedicated an increasing proportion of its revenues to developmental projects as opposed to administrative ones. At the beginning of the period, almost the entire civil expenditure was devoted to the Civil List—that is, to paying for officers of the state. By the end of the eighteenth century, despite a significant increase in the colonial officers paid in this way, administrative costs had dropped well below 50 percent of overall civil expenditures. In figure 2 we plot the data from the Chisholm Report to show the declining percentage of civil expenditures devoted to the Civil List throughout the eighteenth century. While some of the increases in developmental expenditures were associated with periods of warfare, most were not. The 1720s and 1760s, two periods in which Britain was at peace, both saw a significant increase in non-administrative spending.

This data significantly underestimates British expenditure on civic development because it excludes bounties and drawbacks. Both bounties (grants toward the development of specific commodities) and drawbacks (remittances on import duties for colonial products that were subsequently re-exported) were paid before revenues ever entered the Treasury. They were therefore excluded from the conventional summary data on British expenditures and do not appear in the Chisholm Report. The report does regularly record "Bounties for the

68. Catherine Desbarats, "France in North America: The Net Burden of Empire during the First Half of the Eighteenth Century," *French History* 11, no. 1 (1997): 1–28, here p. 27.
69. Stanley J. Stein and Barbara H. Stein, *Silver, Trade, and War: Spain and America in the Making of Early Modern Europe* (Baltimore: Johns Hopkins University Press, 2000), 260.
70. Allan J. Kuethe and Kenneth J. Andrien, *The Spanish Atlantic World in the Eighteenth Century: War and the Bourbon Reforms, 1713–1796* (Cambridge: Cambridge University Press, 2014), 68–130.
71. Regina Grafe and Alejandra Irigoin, "A Stakeholder Empire: The Political Economy of Spanish Imperial Rule in America," *Economic History Review* 65, no. 2 (2012): 609–51, here p. 623. The comparisons that Grafe and Irigoin make with British expenditure focus on the very late eighteenth century, and do not include the corrections for drawbacks and bounties.

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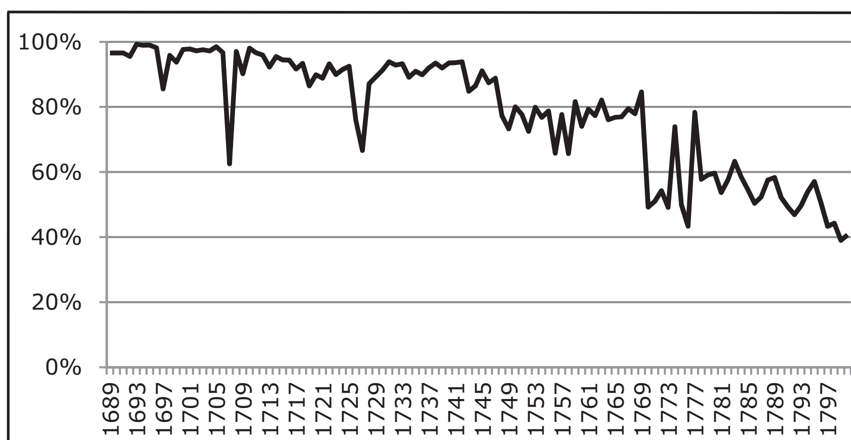
Figure 2. Percentage of public expenditure devoted to the Civil List (1689–1797)



Source: Chisolm Report.

encouragement of the Growth of Hemp and Flax in Scotland," but the bounties considered here are only included after 1801. Immediately after the Revolution of 1688–1689, the English state permanently implemented bounties on corn.[72] Yet the Customs and Excise offices never recorded the revenue, and the consequent expenditures never made it into the Treasury books, though a summary of other expenditures on bounties does exist for the short period between 1739 and 1752.[73] A few years later, in a vain attempt to come to grips with the unreliable data on British state expenditures in the 1760s, the radical Earl of Shelburne also surveyed the bounties and drawbacks paid out of Customs and Excise revenues in the 1750s and 1760s.[74] The data for even this short period of time suggests that the omission of bounties and drawbacks from the standard dataset leads to a significant underestimation of the British state's commitment to development. "Rather more funds were used to stimulate economic activity in Britain between 1689 and 1800 than was previously thought," as Julian Hoppit concludes in his study of these phenomena.[75] Our estimation of the state's commitment to development should

72. Paul Slack, *The Invention of Improvement: Information and Material Progress in Seventeenth-Century England* (Oxford: Oxford University Press, 2015), 186.
73. TNA, CUST 37/62, "An Account of the Money paid out of the Customs for all bounties, except Corn, Christmas 1739 to Christmas 1752."
74. William Clements Library, Ann Arbor (hereafter "WCL"), Shelburne Papers, vol. 111, p. 357, "An Account of the Total Amount of Bounties and Drawbacks paid out of the Revenue of Customs 1754–1766, February 10, 1767"; WCL, Shelburne Papers, vol. 111, p. 361, "An Account of the Total Amount of all Bounties and Drawbacks paid out of the Revenue of the Excise, 1754–1766."
75. Julian Hoppit, "Bounties, the Economy and the State in Britain, 1689–1800," in *Regulating the British Economy, 1660–1850*, ed. Perry Gauci (Farnham: Ashgate, 2011), 139–60, here p. 140.

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be even further augmented by including colonial bounties and drawbacks, which by the mid-eighteenth century were larger than the domestic ones.

Increasingly bounties and drawbacks were used to encourage colonial development of naval stores, linen, hemp, timber, pig iron, indigo, silk, and a variety of other commodities.[76] By the 1760s it was clear that the bounties given to the colonies far outdistanced the income that would be generated from any of minister George Grenville's new extractive taxes.[77] It is useful to compare the numbers in table 1 to the total civil expenditures recorded in the Chisolm Report. In 1750, for example, when bounties were £373,442, total civil expenditure was just over a million pounds. Including bounties thus boosts civil expenditures by over a third. If one excludes the expenditures devoted to the Civil List, it boosts developmental expenditures by much more.

However, even if bounties and drawbacks are taken into account, the British state's promotion of social and economic development remains significantly underestimated. Like the Dutch Republic and the French monarchy, the British state did a great deal to create institutions designed to promote economic growth. Whereas in the colonies the government spent directly on creating infrastructure, in England it was much more likely to facilitate local or private spending through the encouragement of institutions, taking great care not to offend local sensibilities and traditions. Parliament passed numerous pieces of legislation that, while they cost the central government little, had a dynamic institutional effect. The 1723 Workhouse Act, for example, was "a permissive act" which resulted in "a powerful current" of new workhouse foundations.[78] This act, along with other permissive measures, meant that "the expenditure on the poor doubled in real terms" between 1696 and 1750.[79] The Bank of England, we now know, provided a large number of loans to support the development of manufactures.[80] Similarly, the explosion of acts for improving roads and rivers after 1688 led to a massive increase in infrastructural investment by non-central state actors.[81] English local expenditure and support for

76. Francis Yonge, *A View of the Trade of South Carolina* (London: s.n., 1722), 7; British Library, London (hereafter "BL"), Hardwicke Papers, Add. MS 35910, fol. 5r, "Memorial on Linen," circa 1750; BL, Hardwicke Papers, Add. MS 35910, fols. 119–22, "State of the Case Relating to the Importation of American Iron," circa 1760; *New York Mercury* no. 714, July 1, 1765, p. [2]; BL, Add. MS 33030, fols. 91–92, Barlow Trecothick, "Committee on the American Papers," February 11, 1766; "Estimate of the Civil Establishment of West Florida, 24 June 1764–24 June 1765," in *Proceedings and Debates of the British Parliaments Respecting North America 1754–1783*, ed. Richard C. Simmons and Peter D. G. Thomas (Millwood: Kraus International, 1982–1986), 2:36; "George Grenville, 14 January 1766," in Simmons and Thomas, *Proceedings and Debates*, 2:87; Thomas Whately, *Considerations on the Trade and Finances of this Kingdom*, 2nd ed. (London: J. Wilkie, 1766), 111.
77. *Gentleman's Magazine* 36, March 1766, 107.
78. Innes, *Inferior Politics*, 30.
79. Paul Slack, *The English Poor Law, 1531–1782* (London: Macmillan, 1990), 32.
80. This is based on ongoing research we are conducting in the Bank of England Archives in London, especially relating to the collection ADM 7.
81. Dan Bogart, "Did the Glorious Revolution Contribute to the Transport Revolution? Evidence from Investment in Roads and Rivers," *Economic History Review* 64, no. 4 (2011): 1073–1112, here p. 1075.

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Table 1. Total amounts of bounties and drawbacks in pounds sterling (1740–1752)

Year	Silk	Linens	Refined sugar	Sailcloth	Gunpowder	Spirits	Indies (textiles)	Whale fishery	Hening (hemp cloth)	Corn	Total
1740	£9,083	-	£3,809	£1,146	£624	£61	-	£948	-	£36,297	£51,968
1741	£9,037	-	£4,339	£1,234	£453	£27	-	£948	-	£28,860	£44,898
1742	£10,887	-	£3,702	£1,227	£786	£90	-	£948	-	£108,260	£125,900
1743	£12,464	£211	£6,022	£994	£1,135	£197	-	£524	-	£138,511	£160,058
1744	£9,378	£772	£4,856	£687	£844	£229	-	£2,298	-	£98,643	£117,707
1745	£8,168	£902	£4,454	£595	£1,460	£64	-	£2,473	-	£137,131	£155,247
1746	£9,710	£4,516	£3,505	£1,465	£1,416	£338	-	£1,024	-	£99,386	£121,360
1747	£10,764	£6,552	£2,727	£2,095	£1,287	£271	-	£1,024	-	£141,123	£165,843
1748	£11,280	£8,722	£2,224	£2,687	£1,172	£499	-	£1,024	-	£202,638	£230,246
1749	£11,072	£8,592	£9,695	£1,487	£897	£370	£166	£1,366	-	£228,566	£262,211
1750	£13,588	£8,309	£10,556	£1,959	£1,298	£435	£1,385	£10,507	-	£325,405	£373,442
1751	£13,022	£8,617	£7,273	£3,108	£1,306	£602	£749	£16,531	£188	-	£51,396
1752	£13,398	£6,816	£3,214	£499	£567	£46	£316	£17,231	£920	-	£43,007

Source: TNA, CUST, 37/62.

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institutions was not, however, unique in early modern Europe.[82] Localities had long taken responsibility for the poor, and in the Dutch Republic, for instance, there is strong evidence that local investment was increasingly effective.[83] Britain's spending at the imperial scale was unusual; its domestic and local expenditures were not.

Why did the eighteenth-century British state diverge in this way from historical precedent and from other European states? And why did it spend relatively more on these kinds of activities? Our claim is that the Revolution of 1688–1689 also marked a revolutionary change in the nature of the British state.[84] Interestingly, social and economic issues were a central concern of Parliament both before and after 1688. While it sat for a dramatically larger number of days after this date, the House of Commons continued to discuss non fiscal-military issues just as often as military affairs (fig. 3).

Far from being exclusively focused on military issues, as the bellicist view would imply, Parliament was actually just as preoccupied by civil issues throughout the whole of this period. What changed after the Revolution was not what MPs discussed, but the ability of Parliament to act on those discussions. After 1688–1689, Parliament passed more and more bills into law. Yet it is evident that it was not warfare that was driving its increasingly active legislative role (fig. 4). After 1688, kings increasingly felt compelled to turn to the leaders of the majority party in Parliament to form the government. This made it much easier for those parties—and for most of the eighteenth century this meant the Whigs—to advance their political agendas.[85]

Far from accepting a mercantilist notion that trade was a zero-sum game and that economic growth could only be achieved by seizing wealth from a competing state, Whigs subscribed to the view that labor created wealth and that therefore governments could promote economic growth by supporting manufactures both in Britain and its colonies. A Whig polemicist and member of the Board of Trade, Locke maintained that "if we will rightly estimate things as they come to our use,

82. Michael J. Braddick, *State Formation in Early Modern England, c. 1550–1700* (Cambridge: Cambridge University Press, 2000), 101–75.
83. Philip S. Gorski, *The Disciplinary Revolution: Calvinism and the Rise of the State in Early Modern Europe* (Chicago: University of Chicago Press, 2003), 39–77. The essays collected in Wim Blockmans, André Holenstein, and Jon Mathieu, eds., *Empowering Interactions: Political Cultures and the Emergence of the State in Europe, 1300–1900* (Farnham: Ashgate, 2009), show that the "bottom-up" aspects of British state formation were not unique but common to many parts of Western and Northern Europe.
84. Steven C. A. Pincus and James A. Robinson, "What Really Happened during the Glorious Revolution?" in *Institutions, Property Rights, and Economic Growth: The Legacy of Douglass North*, ed. Sebastian Galiani and Itai Sened (New York: Cambridge University Press, 2014), 192–222; Daron Acemoglu and James A. Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown, 2012), 182–212; Steve Pincus, *1688: The First Modern Revolution* (New Haven: Yale University Press, 2009).
85. On the rise of cabinet government, see Gary W. Cox, "War, Moral Hazard, and Ministerial Responsibility: England after the Glorious Revolution," *Journal of Economic History* 71, no. 1 (2011): 133–61. The institutions that made cabinet government possible also created the conditions for party rule.

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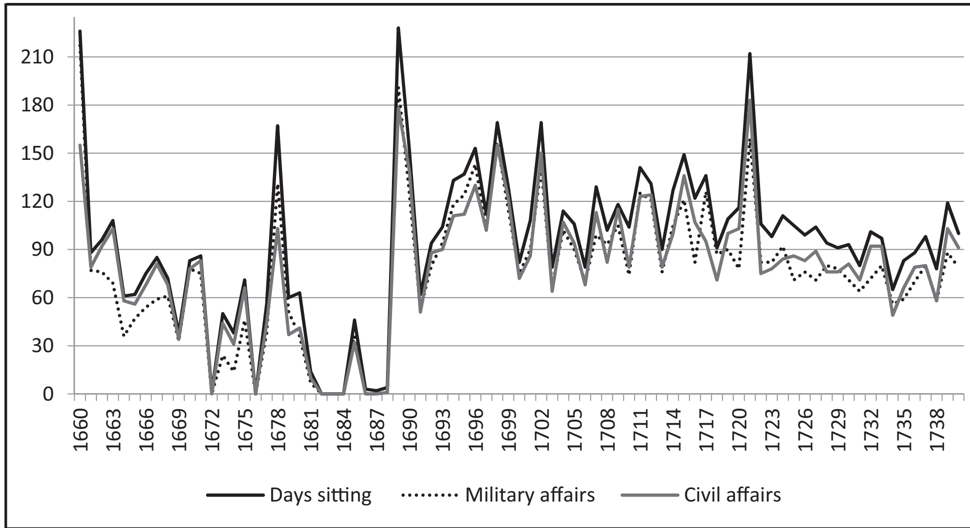
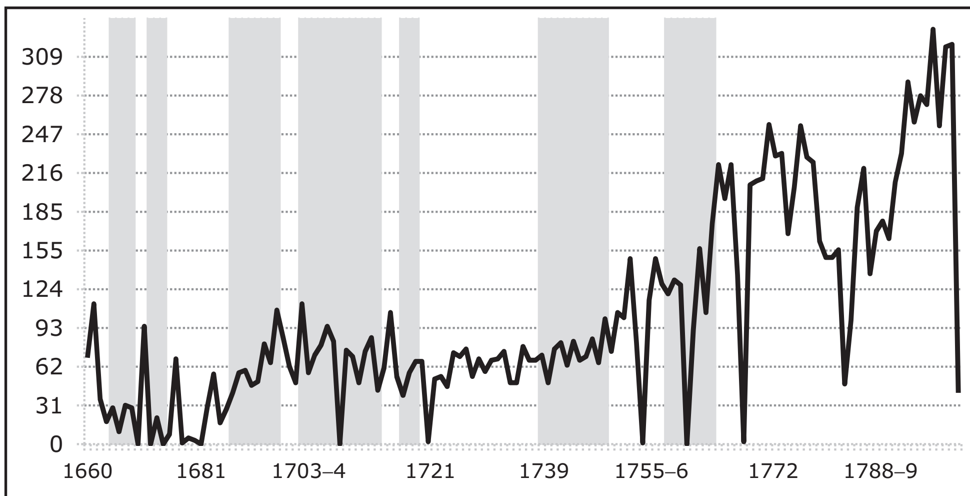
Figure 3. Days of Parliamentary sittings on which military and civil affairs were discussed (1660–1740)



Source: Journal of the House of Commons, *vols. 6–23, 1648–1741. Three series are represented. The first (the solid black line) shows the total number of days that Parliament sat in each year between 1660 and 1740. A large spike can be observed after 1688. We then coded whether or not on any particular day a matter relating to military expenditures (the dotted line) or civil expenditures (the grey line) was discussed. It is clear that these two series behave very similarly to the first one.*

Figure 4. Parliamentary legislation (1660–1798)



Source: Julian Hoppit, "Patterns of Parliamentary Legislation, 1660–1800," The Historical Journal *39, no. 1 (1996): 109–31. We plot the total amount of legislation passed between 1660 and 1798 to show in a simple way the increasing role of Parliament over this period. The areas shaded in grey represent periods when Britain was at war.*

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and cast up the several expenses about them, what in them is purely owing to nature, and what to labour, we shall find, that in most of them ninety-nine hundredths are wholly to be put on the account of labour."[86] "The enjoyment of all societies will ever depend upon the fruits of the earth and the labour of the people," argued the Whig political economist Bernard Mandeville. Raw materials combined with labor, he insisted, "are a more certain, a more inexhaustible and a more real treasure than the gold of Brazil, or the silver of Potosi."[87] One of Locke's predecessors, Carew Reynell, put the case most thoroughly. The basis of national strength, according to Reynell, was labor rather than land, manufacturing rather than raw materials:

> *It is the manufacturers of a commodity that is in general sale, that employs people and produces the great profit … although the original materials are not in the country, as silks for example, the making of which employs abundance of people, and with them brings in other things by exportation. It is manufactures must do the work … which will not only increase people, but also trade and advance it.*[88]

Manufacturing set in motion a process that rendered property infinite; trade was not a zero-sum game:

> *Where abundance of manufacturing people are, they consume and sweep away all country commodities, and the wares of ordinary retail trades, with all sorts of victuals, wearing apparel, and other necessaries, and employ abundance of handicraftsmen, in wooden and iron work for tools, and instruments that belong to their trades, and so maintain and increase abundance of husbandmen, retailers and artificers of all sorts … and they again increasing, take up more manufactures, and so they thrive one by another, ad infinitum.*[89]

"Though we are [as a] nation already pretty substantial," Reynell concluded, "yet it is easy for us to be ten times richer."[90]

Based on these political economic assumptions, the Whigs sought to implement a developmental political program, a program that would promote manufactures and create a high-wage labor economy. That is why the Whig Bank of England provided low-interest loans to manufacturers, why Whig legislators promoted road and canal building, and why Whigs in the House of Commons and on the Board of Trade sought to support successive waves of immigration during

86. John Locke, *Second Treatise of Government* [1689], ed. C. B. Macpherson (Indianapolis: Hackett, 1980), 24–25.
87. Bernard Mandeville, *The Fable of the Bees; or, Private Vices, Publick Benefits* (London: J. Roberts, 1714), 178–79.
88. Carew Reynell, *A Necessary Companion; or, The English Interest Discovered and Promoted* (London: William Budden, 1685), sigs. A5v–A7r, (a1)v–(a2)r, 5, 17–18, 48. Locke was impressed by Reynell's work: Oxford, Bodleian Library, MS Locke c. 30, fols. 18–19.
89. Reynell, *A Necessary Companion*, sigs. A5v–A7r, (a1)v–(a2)r, 5, 17–18, 48.
90. Ibid.

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the eighteenth century. After the Revolution of 1688–1689, they had created the institutions that made it possible to implement their program on a national scale.[91]

Britain in the eighteenth century did develop a robust and remarkably effective state. But it was not a narrowly fiscal-military state. Although Britons paid and paid dearly for the creation of massive armies and navies capable of defeating their greatest European rivals, the country devoted a relatively smaller proportion of its revenues to narrowly fiscal-military matters. The Whigs had, of course, developed these ideas long before the explosion of legislation and expenditures in the eighteenth century. The institutionalization of party politics after 1688–1689 made the implementation of Whig economic ideology possible in a number of spheres, and this in turn enabled the precocious formation of the developmental state.

Did Wars Make States?

The British state devoted a significant proportion of its revenues to things other than warfare precisely because warfare was never an end in itself. Britons engaged in military action between 1689 and 1763 largely in pursuit of Whig sociopolitical aims. Much of the bellicist historiography has assumed that early modern states went to war to preserve themselves against potential predators, but proponents of this thesis have paid little attention to the robust contemporary debates that took place over the great wars of the eighteenth century. The vast body of literature that these generated clearly demonstrates that the intent was not merely to ensure the security but also to promote the happiness of British subjects.

It is true that after 1688 the English then British state embarked on an ambitious project of empire building and engaged in a series of intense wars with other states. Yet even this experience does not fit the version of events that dominates the bellicist historiography on the state. The English state after 1688 was not forced to develop in order to survive according to some "Darwinian" logic of winnowing out weak states. Rather, this development was promoted in pursuit of Whig political aims, even to the extent of developing the tax base in order to fund a large navy and army. Tories, it turns out, had much more limited projects when it came to war and were always wary of increasing the national debt. Ultimately, the development of the British state was not arbitrarily brought about by interstate conflict: British (Whig) politicians initiated state-building projects in order to pursue more aggressive commercial and geopolitical strategies. It was political aspiration, rather than the logic of warfare, that generated state formation.

The claim that wars made states, we suggest, ignores the ideological element in the making of foreign policy. Wars were not imposed on governments; partisan political leaders chose to go to war at particular moments and for particular ends. While wars certainly evolved in unpredictable ways, political leaders almost always

91. For a more extended critique of the notion of mercantilism and the interpretative pitfalls created by the ubiquitous deployment of the term, see Pincus, "Rethinking Mercantilism."

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had goals in mind and they used those goals to generate popular support for their wars. Different war aims were in turn based on competing visions of society and had different social effects. During the War of the Spanish Succession, for example, Whigs and Tories had different social visions, war aims, and consequently different views of the state. Many Whigs, including Daniel Defoe, had called for war against France to prevent the creation of a Franco-Spanish Bourbon hegemony. From the outset they had worried that uniting the wealth of Spanish America to the already powerful French crown would make it possible for Louis XIV to achieve "universal monarchy."

The popular Whig polemicist Charles Povey thus argued that "the war was begun to bridle the power of France and Spain, and entirely subdue the latter, in order to increase the British trade" to Spanish America.[92] The Whigs believed that it was both economically more efficient and militarily more feasible to defeat the combined Bourbon forces in Europe and then force them to open up Spanish American trade as part of a peace, than to attempt to defeat the Spanish in the New World. Joseph Addison, then Whig undersecretary of state, thought an attack on the Spanish in the Indies should "be a collateral project, rather than our principle design" due to the uncertainty inherent in long-range naval expeditions. The safest means "for bringing France to our conditions," he argued, was "to throw in multitude upon 'em, and overpower 'em with numbers" in Europe.[93] The Whigs were therefore prepared to borrow vast sums to finance the Duke of Marlborough's massive and incredibly successful land armies; the tax burden was placed squarely on what they perceived to be the least productive area of the economy, the landed sector. The Whigs, in short, fought the war to promote British manufactures, and wanted a peace that would open new markets to what they perceived to be the most dynamic sectors of the economy. They were happy to create a more robust state that would promote British manufactures through war but also through aggressive social engineering, for instance encouraging the mass migration of Palatine populations to develop new manufactures in Ireland and the North American colonies.

The Tories rejected this reasoning and lamented the socially transformative effects of the Whig state. In 1709, the future Tory secretary of state Henry St. John recalled to the Earl of Orrery that at the time of the Revolution of 1688–1689, "the moneyed interest was not yet a rival able to cope with the landed interest, either in the nation or in Parliament." All that had now changed:

> *We have now been twenty years engaged in the most expensive wars that Europe ever saw. … The whole burden of this charge [has been paid by] the landed interest during the whole time [with the result that] a new interest has been created out of their fortunes and a sort*

92. Charles Povey, *An Enquiry into the Miscarriages of the Four Last Years Reign* (London: s.n., 1714), 18.

93. Joseph Addison, *The Present State of the War, and the Necessity of an Augmentation Consider'd* (London: J. Morphew, 1708), 16–19.

> *of property which was not known twenty years ago, is now increased to be almost equal to the* Terra Firma *of our island. … The landed men are become poor and dispirited.*[94]

The Tories, when they came to power in 1710, wanted above all else to reverse this unfortunate social leveling. While they agreed with their Whig opponents that France and Spain united under the House of Bourbon was a terrifying prospect, their military aims were very different.

Committed to the belief that wealth was finite, they believed that the best way both to pay down the war debt and to humble the Bourbons was to carve out a vast territorial empire in the southern cone of Spanish America. This, they were certain, would allow them to seize a significant portion of the immense wealth generated by the Peruvian and Brazilian silver mines. In 1711 they created the South Sea Company, with the intention that it would become the commercial arm of this new territorial empire and assume the burden of paying back the quickly accumulating national debt. By doing so, the Tories believed, they could ensure that Britain would remain a landed rather than a manufacturing society. Instead of spending huge sums supporting massive land armies fighting in Europe, they thus chose to finance a vast fleet to conquer Buenos Aires and Valdivia. It was anticipated that this fleet, instead of requiring more deficit financing, would immediately pay for itself in seized war booty.[95]

These conflicting military policies had very different consequences for the nature of the state. The Whig strategy required massive investments in the war machine, in servicing the national debt, and in promoting British manufactures. The Tories, by contrast, hoped to shrink the size of the state by increasing the size of the empire. Different kinds of wars created different kinds of states, and the choice of strategy was determined not by the inexorable logic of warfare, but by the social preferences that informed party politics even before the outbreak of the war.

The War of the Spanish Succession is only one example among many demonstrating that war-making and state-making belonged to the order of political choice. In the early seventeenth century, for example, an influential group among the parliamentary classes advocated "strengthening the state" so as to pursue aggressively anti-Spanish policies, only to be thwarted by those at court who perceived the Dutch as a greater threat.[96] In the late 1690s, after William III had

94. Oxford, Bodleian Library, MS Eng. Misc. e. 180, fols. 4–5, Henry St. John (Bucklebury) to Orrery, July 9, 1709.

95. For further elaboration on the competing political, economic, and state-building agendas of the Whigs and Tories during the War of the Spanish Succession, see Steve Pincus, "Addison's Empire: Whig Conceptions of Empire in the Early 18th Century," *Parliamentary History* 31, no. 1 (2012): 99–117.

96. Robert Brenner, *Merchants and Revolution: Commercial Change, Political Conflict, and London's Overseas Traders, 1550–1653* (London: Verso, 1993), 661; Thomas Cogswell, *The Blessed Revolution: English Politics and the Coming of War, 1621–1624* (Cambridge: Cambridge University Press, 1989); Simon Adams, "Spain or the Netherlands? The Dilemmas of Early Stuart Foreign Policy," in *Before the English Civil War: Essays on Early Stuart Politics and Government*, ed. Howard Tomlinson (New York: St. Martin's Press, 1984), 79–101.

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developed the state machinery in order to combat the massive armies of Louis XIV, Tory politicians successfully forced the king to reduce his army from 66,000 men to fewer than 10,000. The aim of Robert Harley and his allies, Hoppit observes, was to force "a withering away of the central state and a return to local independence."[97] Again, during the final stages of the Seven Years' War, political partisans debated whether or not to reduce the state that had grown so dramatically under the leadership of William Pitt the Elder. After 1763, Grenville's administration began what William Ashworth has described as "the dismantling of the fiscal-military state."[98] From the beginning of the seventeenth century through to the end of the eighteenth, British politicians debated whether or not to go to war. And many times, in the aftermath of even the most successful wars, party politicians managed to persuade Parliament to unmake the state machinery they had erected in wartime. State formation in early modern Britain was hardly the ineluctable consequence of competition between nations.

Comparisons at the European scale confirm that state-making was a political choice rather than the necessary response to international conflict. Europe's greatest power in the sixteenth and early seventeenth centuries, the Spanish monarchy developed what one scholar has identified as "the first fiscal-military state." Yet in the later seventeenth century, while it still maintained Europe's largest and richest empire, Spain experienced "an administrative devolution in which many of the centralizing and bureaucratic features of the Spanish system were seriously weakened." The result was that by the end of the seventeenth century, "rather than a modern fiscal-military state structured by the central government, Spain had a military structure connected to and shaped by networks of entrepreneurs, aristocrats and city elites."[99] The Spanish Habsburg monarchs clearly chose to devolve their state as a political expedient, while the Bourbon monarchs that succeeded them successfully built a new fiscal-military apparatus in the first half of the eighteenth century.[100] After their victory in the War of the Spanish Succession, the Dutch, too, chose to ramp down their fiscal-military state despite retaining one of Europe's most dynamic economies.[101] Explaining these changing dynamics, like interpreting the patterns of British state development, requires more than mapping the size of the state onto chronological patterns of warfare; it requires close and careful analysis of political choices.

97. Craig Rose, *England in the 1690s: Revolution, Religion, and War* (Oxford: Blackwell, 1999), 94; Julian Hoppit, *A Land of Liberty? England 1689–1727* (Oxford: Oxford University Press, 2000), 156.
98. William J. Ashworth, *Customs and Excise: Trade, Production, and Consumption in England, 1640–1845* (Oxford: Oxford University Press, 2003), 318ff; Justin du Rivage, "Taxing the Empire: Political Economy and the Ideological Origins of the American Revolution, 1747–1776" (PhD diss., Yale University, 2013), 143.
99. Glete, *War and the State*, 127 and 137.
100. Agustín González Enciso, "A Moderate and Rational Absolutism: Spanish Fiscal Policy in the First Half of the Eighteenth Century," in Torres Sánchez, *War, State and Development*, 109–32.
101. Storrs, "The Fiscal-Military State," 11.

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The situation of the British state in the eighteenth century raises serious questions about the paradigm linking war and state-making. The making of the British state was not simply the ineluctable consequence of international warfare. Eighteenth-century British statesmen sought to reshape their country's society as much as they endeavored to create an efficient military apparatus. Wars did not make the British state any more than the British state was exclusively a war-making machine.

We are not the first to raise doubts about the fiscal-military state paradigm. Scholars interested in bottom-up state formation, or the social history of the state, have already noted that "early modern states deployed their resources to support and create schools, orphanages, prisons, workhouses, common chests, diaconates, fraternities, consistories, inquisitions, and many other organizations whose main purposes were socialization, regulation, and normalization—and not coercion and extraction."[102] These scholars describe thick networks of social provisioning provided by "local government and non-state governance."[103]

Our story is somewhat different, however. While we think local and non-state social provisioning remained important in England, Britain, and indeed throughout Europe in the eighteenth century, British politicians at the center of government became far more involved in promoting development, providing for education, infrastructural improvement, and social welfare. While many other states devoted an ever growing percentage of their incomes to fiscal-military issues, Britain paid increasing attention to other matters, especially outside England. British statesmen were more likely than their continental counterparts to spend directly on disaster relief, infrastructural improvement, and on incentives for technological innovation.

One wonders whether the unique *British* configuration—an increasingly developmental central state alongside a continued commitment *in England* to social provisioning at the local level—may have something to do with Britain's newfound imperial status. English kings had, of course, held overseas territories from time out of mind. But these territories had always been tied to the person of the king, not to the English state. It was only when the English Parliament created the Board of Trade in 1696, with the explicit remit of governing the commercial affairs of England and its empire, that England (then Britain after 1707) became an imperial state. The consequence was that while the British Parliament was relatively loath to centralize social provisioning in England itself and potentially offend local sensibilities, preferring to pass facilitating acts, the British government was much more willing to take on large social programs in the colonies. So, for example, Parliament spent most of the money earmarked for foreign migrants in settling them in the colonies and Ireland. When Charleston in South Carolina burned to the ground in 1740, the British state provided extensive

102. Gorski, *The Disciplinary Revolution*, 165–66. For the English case, see Steve Hindle, *The State and Social Change in Early Modern England, c. 1550–1640* (Basingstoke: Macmillan, 2000); Braddick, *State Formation*.

103. Gorski, *The Disciplinary Revolution*, 166. It should be noted that in his *State Formation*, Braddick is essentially telling a story of transition from local state formation to national state formation. In *War and the State*, Glete has perceptively pointed out that this account also adopts a chronology in which the modern state emerged in the nineteenth century.

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disaster relief. If it never centralized social provisioning in the way that other European states sought to do in the late nineteenth century, this may have been in part because it mapped a centralized and developmental imperial state on top of a more decentralized English state. British politicians devoted their energy and fiscal resources to designing a new imperial state, leaving much of the elaboration of narrowly English institutions of social amelioration to the country's localities. Within England, in other words, the British state enabled more aggressive local and non-governmental forms of social improvement, while outside England the newly robust British imperial state intervened more directly.[104]

Not only did the British state directly intervene in civil society, especially outside England, but it is hard to trace the roots of its emergence to international warfare. Britain did develop the constituent elements of a modern state in the period between 1500 and 1800. But it is impossible to explain the establishment of the monopoly of violence, a bureaucratic administration, or a more rational fiscal system as an inevitable response to interstate conflict. Instead, as the partisan debate between the Whigs and Tories demonstrates, each step in the process was the result of difficult and contested political choices. Politics not war made the British state. And the resulting state shaped a new kind of imperial polity.

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104. Our comparative intuitions accord with those of Innes, *Inferior Politics*, 76–77.

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