

Peter-Christian Witt  
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KERSTEN KRÜGER

*Public Finance and Modernisation:  
The Change from Domain State to  
Tax State in Hesse in the Sixteenth  
and Seventeenth centuries – A Case  
Study*

Was there a crisis in early modern Europe?\*

Historians have not yet found a final answer to this much discussed question. Helmut G. Koenigsberger<sup>1</sup> recently presented viewpoints of British and French historians in a German publication to stimulate the discussion in Germany about crises during the seventeenth century. Indeed, German historians have observed signs of early modern crises mainly in the sixteenth century. Reinhart Koselleck stated, very generally, 'Crisis becomes the structural signature of modern times',<sup>2</sup> while Rainer Wohlfeil characterised the age of Reformation as determined by a crisis that initiated a process of spiritual, social and political disturbance and reorganisation in Europe.<sup>3</sup> Rudolf Vierhaus demanded the consideration of social, economic and political causes of crisis.<sup>4</sup>

\*The author would like to thank Charlotte Pattenden for the translation.

1. H.G. Koenigsberger, 'Die Krise des 17. Jahrhunderts', *Zeitschrift für Historische Forschung*, 1983, pp. 143–65.

2. R. Koselleck, 'Krise', *Geschichtliche Grundbegriffe. Historisches Lexikon zur politisch-sozialen Sprache in Deutschland*, vol. 3, Stuttgart, 1982, pp. 617–50.

3. R. Wohlfeil, 'Reformation in sozialgeschichtlicher Betrachtungsweise', in S. Hoyer (ed.), *Reform — Reformation — Revolution*, Leipzig, 1980, pp. 95–104.

4. R. Vierhaus, 'Zum Problem historischer Krisen', in K.G. Faber and C. Meier (eds.), *Historische Prozesse*, Munich, 1978, pp. 313–30.

All these causes can be found in the Germany of the sixteenth century. The demographic development from about 1530 onwards led to overpopulation, resulting in food scarcity and rising prices for agricultural products.<sup>5</sup> Those who were not employed in agriculture had to spend more and more money on food. The purchasing power for manufactured goods decreased. Real wages sank. The problems grew worse when the influx of silver from South America from about 1540 led to an inflationary development. Underemployment and social unrest were spreading. Foreign politics added to these internal challenges. The Turks had long constituted a danger to the Reich, but the struggle for defence turned to a new dimension with the battle of Mohács in 1526 and the first siege of Vienna in 1529. Mercenaries in great number were deployed against the Turkish mass armies. The high costs of their upkeep had to be raised by the whole Reich — territorial states and free cities — through special Turk taxes.<sup>6</sup> The burden of taxation increased with the worsening economic situation.

The Reformation led to religious conflicts that combined with the internal and external symptoms of crisis. The solution of these new problems demanded radical reorganisation. Thus began the formation of the early modern state — in Germany, the territorial state. The sudden increase of the state's public responsibility led to an expansion of state activities with the aim to ensure order, stability and effectiveness of the social and political system. This process can be interpreted as the first phase of modernisation.<sup>7</sup>

The formation of the early modern state had a high price, for the increase in military and foreign activities and, in home politics, the regulation of the state's new responsibilities burdened public finances to a hitherto unknown extent. Inevitably, therefore, the social and political crisis of the sixteenth century was accompanied by a crisis of state finances, as the military forces had to be financially supported and the expanding administration paid for. Traditional means proved insufficient; new financial sources had to be opened up — taxes. Looking at state finance, the change from the feudal state with 'predominant remuneration in kind and little developed infrastructure'<sup>8</sup> to the modern institutional state can be described as the transition from a domain state to a tax state.<sup>9</sup> In their ideal form, these two stages in

5. W. Abel, *Agrarkrisen und Agrarkonjunktur*, 3rd edn, Hamburg and Berlin, 1978.

6. W. Schulze, *Reich und Türkengefahr im späten 16. Jahrhundert. Studien zu den politischen und gesellschaftlichen Auswirkungen einer äußeren Bedrohung*, Munich, 1978.

7. H.-U. Wehler, *Modernisierungstheorie und Geschichte*, Göttingen, 1975.

8. O. Hintze, 'Wesen und Verbreitung des Feudalismus (1929)', *Gesammelte Abhandlungen*, 3rd edn, vol. 1, Göttingen, 1970, pp. 84–119.

9. See E.L. Petersen, 'From domain state to tax state: synthesis and interpretation'.

state development can be systemised as follows on Table 3.1.<sup>10</sup>

In its form of government, the domain state is characterised by rulers governing personally and at their discretion. The central administration of the state was looked after by court officials with few staff — almost as a side-line. They held a relatively weak position in dealing with the local administration, which enjoyed far-reaching autonomy in matters of economy and management. Local offices were in the hands of individual families; ancestry was more important for the entry to office than education. The main task of any administration was to keep internal and external law and order; that is, to avoid violent conflicts as far as possible. In contrast with this, the pre-liberal tax state was governed by established institutions according to legally defined rules. The central administration was well staffed and split into departments with clearly defined authority; it kept control over the subordinate local administration at all times. The administration was in the hands of professional bureaucrats; office could only be taken after successfully completed training. In addition to the keeping of law and order, the state also regulated and actively shaped internal conditions of life.

Public financing in the domain state was predominantly based on payments in kind; any excess produced by the domain was collected and made available through the local administration. Taxes were seldom imposed and then once only to help in certain emergencies; their use was strictly limited to their original purpose. Loans were employed to bridge short-term financial difficulties; generally, such loans could only be obtained by guaranteeing a fixed interest to be paid in kind or by pledging parts of the domain as security. Both reduced the substance of the domain state. The tax state, on the other hand, was mainly financed through monetary taxes. Excess production by the domain took second place to the revenue from direct and indirect taxes that were now levied regularly and continuously; their use was no longer limited. Loans were established as part of the state's budget; they were only raised against fixed monetary interest and underwritten in the long term by the estates of the realm or by public guarantee funds.

The domain state, which was mainly agricultural, was a profitable producer in its own right and thus played an independent role in the economy. The main intentions of economic policy were to guarantee

*The Scandinavian Economic History Review*, vol. 23 (1975), pp. 116–48.

10. K. Krüger, 'Gerhard Oestreich und der Finanzstaat. Entstehung und Deutung eines Epochenbegriffs der frühneuzeitlichen Verfassungs- und Sozialgeschichte', *Hessisches Jahrbuch für Landesgeschichte*, vol. 33 (1983), pp. 333–46.

**Table 3.1.** The transition from domain state to tax state

	Domain state	Tax state
Financial Theory	Jean Bodin, Kaspar Klock, Melchior von Osse	Justus Lipsius, Bartholomäus Keckermann
Form of Government	Personal, few limits in decision making	Institutional, legally defined proceedings
Central administration	Small staff	Well staffed; specialised departments with clearly defined authority
Local administration	Almost autonomous	Regularly controlled by central government
Office holders	Families of rank	Professionally trained personnel
State responsibilities	Keeping of law and order	In addition, active influence on and regulation of all ways of life
Way of financing	In kind	Money
Public finance	Surplus produced by domain	Taxes
Taxes	For infrequent aid, limited to specific purpose	Regular direct and indirect taxes
Loans	Short-term bridging loans against interest in kind or mortgaging of domain land	Long-term guarantees by the state or the estates of the realm against monetary interest
Role in economy	Independent, active and profitable producer	Taxation as means of participating of profits made by subjects
Economic policy	Market intervention to keep prices down; securing of food supply	Market supervision; subsidies for potentially profitable enterprises in trade and industry
Public enterprises	Agricultural and mining enterprises in conjunction with domain	Monopolies with guaranteed supply and fiscally fixed prices
Political participation	Little and infrequent activity of the estates of the realm	Initially on the increase; authorisation and administration of taxes, later often limited or taken away by the absolute state
Social consequences	Negligible; stabilisation of agricultural economy	Compulsion to increase productivity; social disciplining; redistribution of purchasing power
Statistics	Rare; surveys only to assist estimation of output	Frequent productivity surveys; tax registers of house- and landowners; registers of tradesmen and artisans

the food supply and to stabilise the traditional structure of employment. In a supply crisis it was the primary aim to keep food prices down; as the state could intervene in the food sector with its own products, this policy was generally successful. The domain state mainly controlled agricultural enterprises and, where appropriate, mines. Price policies were based on costs or on the economic aim of keeping prices down. The tax state, on the other hand, no longer played an active role in the economy but partook of the economic output of its subjects through taxes. By a mercantile policy it supported potentially profitable enterprises and thus promoted the economic dynamics of free enterprise. Increasingly slackening supervision took the place of market intervention. Predominantly non-agricultural public enterprises managed to acquire monopolies for retailing at fiscally fixed prices.

There was little political participation in the domain state. The estates of the realm met infrequently and there was no established organisational framework. The tax state, however, was dependent on the political collaboration of the subjects and therefore granted them — at least in the beginning — far-reaching rights of political participation. Through authorisation and administration of taxes, the estates acquired a high degree of organisation with clearly defined rights and established institutions. The absolute state, though, limited or put an end to the political influence of the estates.

The social impact of public financing through domains was comparatively small; on the whole it no more than stabilised the traditional agricultural economy and way of life. The tax state, however, led to social changes: an increase in the individual's economic output and financial efficiency was called for in order to meet the regular payment of taxes when due. This has to be seen as an important part of early modern social disciplining. Linked with the regular collection of taxes was a redistribution of both income and purchasing power, which led to changes in society — generally speaking, in the economic structure, and specifically, in the life-style of those subject to taxation, because they had to meet the increased financial demands.

The social and political changes outlined above can be followed clearly in the development of the territorial state of Hesse.<sup>11</sup> Landgrave Philipp (1504–67)<sup>12</sup> pursued an independent and active foreign policy

11. K. Krüger, 'Entstehung und Ausbau des hessischen Steuerstaates vom 16. bis zum 18. Jahrhundert', *Hessisches Jahrbuch für Landesgeschichte*, vol. 32 (1982) pp. 103–25.

12. W. Heinemeyer, 'Philipp the Magnanimous, Landgrave of Hesse', *Encyclopaedia Britannica*, 15th edn, 1974.

after 1520, which inevitably led to a crisis of public finance. This took decades to overcome. The problems were solved by intensifying the cultivation of domain land and — in cooperation with the Landtag, the Hessian parliament — by opening up a new source of income in the form of direct and indirect taxation. The Reformation of 1526 brought some relief for the state finances, when large parts of Church lands were secularised. The domain increased in size; the great value of the profitable agricultural and forestry properties was realised and the land therefore was kept in state ownership. Selling or mortgaging of property was avoided as far as possible. Hesse differs in this respect from many other Protestant states that tried to solve their financial problems by disposing of parts of their domain. But by the selling their assets, they reduced the basic source of income and in the end only deepened their financial crisis.

Revenue from the domain consisted mainly of agricultural products, above all grain, with money making up only a small proportion of total income. Compared with the administration of money, it was more laborious and work-intensive to collect, store and use agricultural products. Keeping and settling of accounts was quite complicated and difficult to control. Revenue in kind, however, did have great advantages, too. The court and its officials' supply of basic foods and other essentials like firewood was ensured. In the agricultural boom of the sixteenth century the retail value of agricultural products rose in step with prices — excess produce could be sold at a profit. Furthermore, an income in kind enabled the state to pursue an active economic policy; food-supply crises in particular could be alleviated by market intervention. In this respect, the Hessian state was right to maintain a strong domain.

The management of the domain lay in the hands of the local administration. In 1530 this lowest level of state administration saw the beginning of fundamental reforms. Detailed instructions were issued to direct administration and accounting. The number of local officials rose with the increased duties. The landgrave ordered a completely new forest administration to be set up. Through close supervision and especially through strict auditing, the central organisation achieved a well-functioning administration and optimal fiscal utilisation of the districts. The intensification of state activities is shown here in the unity of general, financial and fiscal administration.

The central government developed a great interest in complete surveys of the income and expenditure of the domain state, in order to improve planning of the budget. The treasury, therefore, began to

double as a central statistical office. Comprehensive state statistics were compiled there from local accounts. A climax of this work was undoubtedly the 'Ökonomische Staat' (Economic State) that Landgrave Wilhelm IV (1532–92) had compiled in 1570.<sup>13</sup> These statistics provide an insight into the finances of the domain state, but they also show — like a reflection in a mirror — how society was organised by the state. We are informed about the number of households in villages and towns, which local district they belonged to, local officials and clergymen and about the local finances both in money and in kind. An evaluation of these statistics — a task still to be accomplished, by the way — will provide the answers to further questions: the distribution of population in town and country; the burden of tributes and the appointments of clergy and government officials throughout the state.

Although Hesse ensured that it had a sound financial base by extending its domain, additional fiscal sources of income were still needed. One of the first extraordinary taxes levied was the 'Aid against the Turks' on behalf of the Reich in 1532. Only a year later, Landgrave Philipp demanded from the Hessian parliament the approval for a special tax aid for Hesse itself, namely to build fortifications and to provide dowries for the princesses. Philipp suggested an indirect tax on the consumption of beer and wine, but the town representatives at the parliament rejected this idea. Only twenty years later, after the financial crisis caused by the Schmalkalden War, when the parliament met in Homberg in 1553, did the towns agree to such taxes. With them the revenue of the prince was to be improved, debts discharged and fortifications paid for. The nobility agreed to the same taxes slightly later, in 1555. Originally, levying of this tax was limited to eight years, but it kept being renewed, for the last time in 1764 for the years to 1802. This tax on the consumption of beer and wine was therefore the first permanently raised tax in Hesse, an important foundation of the developing tax state.

Direct taxation based on the modern principle of productivity started with the Turk tax of 1532. This gradually replaced the older Hessian direct tax, the so-called land tax, that set fixed quotas to be paid by towns and rural districts. This tax did not take productivity into account and therefore burdened the country more than the towns. It is not astonishing, therefore, that the towns stuck to the old land tax. The central government, though, tried to bring about a fairer form of

13. *Der Ökonomische Staat Landgraf Wilhelms IV*, ed. L. Zimmerman (vols. 1–2) and K. Krüger (vol. 3), Marburg, 1933–77.

taxation on property and eventually succeeded. The old land tax became defunct. For the Turk tax of 1532 the Hessian parliament — following, by the way, the example of its Saxon counterpart — agreed to a combined direct tax on both property and income, supplemented by a poll tax. Converting these taxes into modern terms, the nobility had to pay 17 per cent income tax, Hessian clergymen 25 per cent, foreign clergymen 33 per cent and town- and countrymen 38 per cent. This was a high tax and very unevenly distributed!

The assessment of taxable property involved much administrative work; in the interests of fair taxation, however, this was not shirked. All movables and immovables — houses, farms, gardens, fields, meadows and woods — as well as tithes and interests in money or kind had to be calculated in monetary terms and added up. The resulting sum, later referred to as tax capital, provided the basis for assessing the rate of taxation. Tradesmen and artisans without real estate were to be assessed at a flat rate. Movables like household effects, foodstuffs for own consumption, savings (if not lent out for interest) and sometimes livestock, too, were to be tax free. These basic principles of Hessian property taxation underwent slight modification in 1544 and 1557, again in connection with Turk taxes for the Reich. The nobility kept their privileged status; clergymen and civil servants were only taxed on their private property, not on their salary. The principles of direct taxation as approved by the Hessian parliament in 1557 formed part of all future levies of property tax and were permanently confirmed in 1655<sup>14</sup> — they remained valid into the nineteenth century. We can therefore conclude that the tax state was finally established in Hesse by parliamentary decisions in 1553 (indirect taxation) and 1557 (direct taxation).

Special committees consisting each of one or two government officials plus representatives of towns or villages were commissioned to assess the rate of taxation for the direct taxes. They went from door to door and assessed the property of each person liable for taxation; their assessments were entered into a tax register. These tax registers have been passed down to us in great number; they form an important source of material about early modern social history. They still await their complete evaluation. Like a mirror of society, they reflect the structure of the population and its economic and fiscal productivity.

The levy of direct taxes was soon faced with two major problems:

14. K.E. Demandt, 'Die hessischen Landstände im Zeitalter des Frühabsolutismus', *Hessisches Jahrbuch für Landesgeschichte*, vol. 15 (1965), pp. 38–108.

firstly, the extensive administration work in the course of tax assessment, and secondly, the no more than rough estimation of the taxable income from trade and industry. To ensure a fair distribution of the tax burden at all times, taxable property would have had to be assessed anew for each tax collection. The tax assessors, however, often shirked this effort and continued to enter the same tax quota after the first assessment. Any change of means led to unfair taxation. This was especially the case during the Thirty Years War, when war contributions<sup>15</sup> were raised in accordance with the old tax registers, without taking into account that the war had drastically changed all financial conditions. Taxation became arbitrary. There was no other way than thoroughly to renew and adjust the old tax registers.

The Hessian government first attempted a solution to this problem by directing, in 1631, that all properties had to be assessed jointly by government and local officials and that these assessments had to be entered into special books which were to be kept for control by the central government. These books are the first modern land registers in Hesse. The directive of 1631 was reissued in 1651 — both times the government did not quite reach the set goal. Only decades later, in 1680, did landgrave and parliament finally agree on standardised principles of taxation<sup>16</sup> that adjusted the 1557 acts to contemporary requirements, and these remained in force into the nineteenth century. In accordance with these principles, estate and income were converted into taxable property, the so-called tax capital. This tax capital served as the basis for calculating the direct-tax dues.

The administrative task of assessing the subjects' tax capital anew according to their economic productivity proved to be immense. In 1699 a special government department was therefore set up solely for this purpose: the so-called tax chamber (*Steuerstube*)<sup>17</sup> that had to coordinate and control all the work. This move soon met with success, but after only a generation it again became necessary to revise the tax-capital registers because of the country's economic development. From 1735 onwards, this task was carried out by two special central tax committees in cooperation with the local administration. They also solved the problem of taxing artisans and tradesmen fairly. So far only their real estate had been assessed exactly; their other income was only

15. See F. Redlich, 'Contribution in the Thirty Years War', *The Economic History Review*, vol. 2, no. 12 (1959–60), pp. 247–54.

16. *Sammlung fürstlich hessischer Landes-Ordnungen und Ausschreiben*, vol. 3, Kassel, 1777, pp. 143–7.

17. H. Philippi, *Landgraf Karl von Hessen-Kassel. Ein deutscher Fürst der Barockzeit*,

roughly estimated. Now, however, all income from trade and industry was individually and exactly assessed and converted into tax capital. From then on, the tax capital was the only measure of economic productivity and the only basis for direct taxation. The modern Hessian tax state had thus reached its full development. Henceforth, tax registers had to be checked and corrected annually.

The change from domain state to tax state can be demonstrated clearly with figures taken from the Hessian budget (Table 3.2). We look at the average rounded annual income and outgoings during three characteristic periods:<sup>18</sup> 1530–9, a decade of active Hessian foreign policy designed to spread the Reformation; 1560–8, a period of internal consolidation after the conflict between the denominations was settled by the Augsburg religious peace treaty; and 1694–1704, when the state had found new stability after the catastrophe of the Thirty Years War.

During the first period, from 1530 to 1539, Hesse had an annual total of 175,000 guilders at its disposal. One-third of this total or 58,000 guilders, in some way originated from the domain (domain administration and prince); 28,000 guilders, or 16 per cent, came from direct taxes. The most important sources of income, however, were subsidies and loans, giving 89,000 guilders, or 51 per cent of the total. This proves clearly that the ambitious Hessian policy of this period could not be financed from its own means; the domain state was too weak, the tax state still in the process of building up. Similarly, the structure of the 162,000 guilders' expenditure reveals the political priorities: ordinary expenses on behalf of the landgrave (mainly for administration) amounted to 79,000 guilders or 49 per cent, while 83,000 guilders, or 51 per cent, were extraordinary, on the whole military, expenses.

During the period of consolidation from 1560 to 1568, subsidies and loans disappeared completely as a means of financing. The total receipts sank to 163,000 guilders. The domain produced the highest receipts, with 101,000 guilders, or 62 per cent of the total. This can truly be taken as a success of the Hessian home policy to improve the domain administration and to increase its fiscal output. The receipts from direct and indirect taxation, however, had risen even faster to 62,000 guilders, or 38 per cent. This proves the establishment of the tax state. The way in which the total of 147,000 guilders was spent had noticeably changed as well. Ordinary expenses and expenses on behalf

Marburg, 1976, pp. 634–7.

18. Philippi, pp. 677–80; K. Krüger, *Finanzstaat Hessen. Staatsbildung im Übergang vom Domänenstaat zum Steuerstaat*, Marburg, 1980, pp. 297, 469, 500.

**Table 3.2.** Annual state receipts and expenditure of Hesse (rounded averages in Guilders)

	1530–9		1560–8		1694–1704	
	Guilders	%	Guilders	%	Guilders	%
<b>Receipts</b>						
Exchequer	43,000		63,000		285,000	
Prince	15,000		38,000		118,000	
Domain receipts	58,000	33	101,000	62	403,000	52
Indirect taxes			38,000		26,000	
Direct taxes	28,000		24,000		347,000	
Tax receipts	28,000	16	62,000	38	373,000	48
Subsidies	44,000	25				
Loans	45,000	26				
Total receipts	175,000	100	163,000	100	776,000	100
<b>Expenditure</b>						
Ordinary Exp.	60,000	37	44,000	30	194,000	26
Prince	19,000	12	5,000	3	111,000	15
Extraordinary and military exp.	83,000	51	50,000	34	[373,000]	50
Amortizations and special exp.			48,000	33	71,000	9
Total expenditure	162,000	100	147,000	100	749,000	100
Balance	13,000		16,000		27,000	

of the landgrave had been reduced both absolutely and relatively to 49,000 guilders, or one-third, respectively. They had obviously cut down. The same applies to extraordinary and military expenses that went down to 50,000 guilders, or just over one-third of the total. But amortisation of debts cost 48,000 guilders, again almost one-third. That was the after-effect of an active foreign policy that had been financed by loans. The consolidation of public finances was only made possible by taxation.

At the end of the seventeenth century — from 1694 to 1704 — the annual total receipts had reached 776,000 guilders, almost five times as much as in the sixteenth century. That shows how much the monetary economy had expanded in the meantime. It was still the domain that, with 403,000 guilders, or 52 per cent, yielded the major part of the annual income, four times as much as during the 1560–8 period. Tax revenue, however, had increased sixfold to 373,000 guilders. This rise was due solely to direct taxation. Tax receipts had also increased in relative terms to 48 per cent of all income. Domain and tax state were

almost in equilibrium. Total expenditure reached 749,000 guilders and was structurally similar to the first period, from 1530 to 1539. Some 305,000 guilders, or 41 per cent, were spent on ordinary expenses or on behalf of the prince. The military received an estimated 373,000 guilders, that is half the total expenditure. Some 71,000 guilders, or 9 per cent, were needed for amortisation of debts and for extraordinary expenses. Generally speaking, the few figures that have been presented here show that in an early process of modernisation Hesse expanded the monetary economy and changed from a domain state to a tax state.

Without any doubt the tax state led to changes in society as well, for the constant tax demands forced the subjects to manage their finances more effectively in order to be able to pay cash at the due dates. We still know little about this fundamental social and economic change, even though there is plenty of source material. It has to be evaluated through research into the sociological history of finances. A small sector of the Hessian social and economic structure, however, can be presented here. Three places are taken as examples: the village of Herleshausen; the small town of Waldkappel; and the medium-sized town of Homberg. In all these places the tax registers were renewed in 1744 and 1748 and all trades recorded in detail. These statistics help us to carry out a survey of occupational groups (Table 3.3).<sup>19</sup>

The village of Herleshausen had 663 inhabitants; 150 of these worked in a profession. The fifty-seven farmers made up the largest group, but in relative terms they represented only 38 per cent of the working population. Clothing trades appear as a strong group with forty people or 27 per cent. This shows that the village community no longer lived mainly on agriculture but was in the process of transition to a non-agricultural economy. Some 758 people lived in the small town of Waldkappel, 139 of whom followed some trade. There were only very few farmers. Clothing trades, however, dominated with seventy-two people, or 52 per cent. Victualling (twenty-four people, or 17 per cent) and building (nineteen people, or 14 per cent) played important parts, too. Homberg, finally, had 2,520 inhabitants, three times as many as Waldkappel. There were 472 craftsmen in Homberg, the largest group of which (183 people, or 39 per cent) again produced clothing. The victualling trade (seventy people, or 15 per cent) was in

19. A. Hinz and J. Trützschler, 'Stadtgeschichte und historische Finanzsoziologie. Die Sozialstruktur in Homberg nach der Katastervorbeschreibung von 1748'. *Zeitschrift des Vereins für Hessische Geschichte und Landeskunde*, vol. 89 (1982-3), pp. 103-35, see pp. 120-7; Krüger, *Hessisches Jahrbuch für Landesgeschichte*, vol. 32 (1982), pp. 103-25, see pp. 121-5.

Table 3.3. Occupations in Hesse, 1744-8

	Herleshausen	Waldkappel	Homberg
Rural	57	4	11
Victualling	11	24	70
Clothing	40	72	183
Building	10	19	49
Distribution	4	7	36
Other trades	27	10	98
Miscellaneous	1	3	25

	Herleshausen		Waldkappel		Homberg	
	No.	%	No.	%	No.	%
Rural	57	38	4	3	11	2
Victualling	11	7	24	17	70	15
Clothing	40	27	72	52	183	39
Building	10	7	19	14	49	10
Distribution	4	3	7	5	36	8
Other trades	27	18	10	7	98	21
Miscellaneous	1		3	2	25	5
Total	150	100	139	100	472	100

relative terms as strong as in Waldkappel; the building trade (forty-nine people or 10 per cent) was slightly weaker. The large group of other tradesmen — mainly day-labourers — (ninety-eight people, or 21 per cent) shows a greater differentiation in occupational structure than that in Waldkappel.

Enumeration of occupation on its own does not, however, provide any information about economic productivity. This information can be gained by evaluating the tax capital. As mentioned earlier, all property (house and land) and all income from trade were converted into tax capital that was then used as a basis for taxation. The tax capital total for Herleshausen, Waldkappel and Homberg provide an interesting insight into their economic situation (Table 3.4).

If the tax capital total is divided by the number of inhabitants, we find an average tax capital per capita of 50 guilders in Herleshausen and Waldkappel, but only 40 guilders in Homberg. This is not astonishing if we consider that real estate constituted the major part of tax capital. Herleshausen was a village with farmsteads, Waldkappel a

Table 3.4. Tax capital in Hesse, 1744–8

	Herleshausen	Waldkappel	Homberg
Inhabitants	663	758	2,520
Tradesmen (farmers excluded)	93	135	461
Total tax-capital	33,183	39,220	100,583
– per inhabitant	50	52	40
Trade tax-capital	2,052	7,154	35,332
– per inhabitant	3	9	14
– per tradesman	22	53	77

small town with houses and gardens for most of its families; Homberg, however, was already too large for this, so that the number of house-owners and landowners was relatively smaller, which in turn led to a lower average tax capital per inhabitant.

If we look only at the trade tax-capital, a different picture emerges. On average, each inhabitant had a trade tax-capital of 3 guilders in Herleshausen, 9 guilders in Waldkappel and 14 guilders in Homberg. This shows a clear hierarchy in trade activities. The low figure for Herleshausen can easily be explained by the still agricultural structure of the village, but this does not apply to the two towns of Waldkappel and Homberg. For this, differences in trade productivity must be taken into account. They become obvious when the total trade tax-capital is divided by the number of non-agricultural tradesmen. Tradesmen in Herleshausen had an average trade tax-capital of 22 guilders, in Waldkappel 53 guilders and in Homberg 77 guilders. The result is an additional hierarchy of trade productivity and income from trade. To put it differently: compared to Homberg, tradesmen in Herleshausen were doing badly, and those in Waldkappel only moderately better.

This has been only a first rough analysis of social history by using the source material of the tax state as a reflection of society. The transition from domain state to tax state can be taken as part of the European process of modernisation. The details of this process still await research that, in turn, could also lead to a modernisation of historical research itself: financial history is wide open to new perception.

HANS-PETER ULLMANN

## *The Emergence of Modern Public Debts in Bavaria and Baden Between 1780 and 1820*

## I

In eighteenth-century Europe one could clearly recognise dissimilarities in the development of England, the Netherlands and France on the one hand and of the German states on the other.\* By the early eighteenth century, England, the Netherlands and France had already accomplished modern public debts by a 'Financial Revolution', while such a transition had not taken place in Central Europe. Certainly, enlightened rulers had attempted to improve forms and techniques of public debt in order to increase their room for manoeuvre in financial and political affairs. However successful these measures had been in individual cases, nevertheless, they did not initiate a thorough and lasting modernisation of public debt. Such a development was hampered by the comparative backwardness of the economy, by the underdeveloped banking system and by the fragmentation of Germany into some 300 individual territories — but above all by the rigid financial structure of the *ancien régime*.<sup>1</sup>

\*This essay summarises my book *Staatsschulden und Reformpolitik. Die Entstehung moderner öffentlicher Schulden in Bayern und Baden 1780–1820* (Veröffentlichungen des Max-Planck-Instituts für Geschichte 82), Göttingen, 1986.

1. 'Financial Revolution': see G. Parker, 'The Emergence of Modern Finance in Europe, 1500–1730', in C.M. Cipolla (ed.), *The Fontana Economic History of Europe*, vol. 2, London, 1974, pp. 527–94; P.G.M. Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit 1688–1756*, London, 1967; J.C. Riley, *International Government*