

Response to Jørgen Møller's “The Lopsided Political Effects of Proprietary Income”

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Introduction

As you approach the final stretch in the doctoral program at political science in Lund and gear up for defending your thesis, you may hear this friendly piece of advice: ‘Try to get an old and established discussant, a scholar who has nothing to prove anymore and has lost his or her appetite for confrontation and fault-finding.’ The advice is half-ironic, of course, but it is also fully misguided. By pointing to an easy way out it speaks to your fear of criticism and rejection rather than to that glimmer of pride and accomplishment you hopefully feel. And as we all know, the highest form of praise in academia is not having someone going easy on you, or even agreeing with you, but rather having someone constructively engaging with your work.

That is why I consider myself privileged to have had Professor Jørgen Møller from Aarhus University as my discussant. Møller is indeed an established scholar within the historical study of states and regimes but he is not old, nor has he lost his appetite. First and foremost, he performed the role of discussant brilliantly, asking tough questions and dealing out perceptive critique but doing so in a manner that never antagonized me. His comments were not a pat on the head but neither were they a slap in the face. But Møller also did something even more remarkable: as demonstrated by his article in this issue of the journal, he initiated a dialog with my work, applying my ideas to a case of his own. Møller’s article represents the extended version of an argument he delivered at my defense and I appreciate this opportunity to continue our conversation. I should point out that as a political scientist defending a thesis about arcane financial issues in ancient times I mainly expected to face questions about the relevancy of my work for the world of today. I did not expect to find myself in a discussion of medieval coinage on

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the Iberian Peninsula. In other words, I anticipated criticism from the present, not a challenge from the past.

Toward the end of *The Lopsided Political Effects of Proprietary Income*, Møller modestly describes his paper as no more than “a footnote” (p. 15) to my thesis. This is an understatement. After all, the key claim I make in *The Money of Monarchs* is that non-tax revenues – or what I call proprietary income – can strengthen autocratic rule. Møller makes the opposite argument, claiming that proprietary income can in fact be just as contentious as taxes and may set off a chain of events that results in stronger parliaments.

Even though I am thoroughly flattered by Møller’s interest in and engagement with my work I think his challenge warrants a response. In the remainder of this text I will acknowledge that Møller’s objections have some merit but I will also question his empirical evidence. As I interpret the politics of coinage in medieval Aragon, this case does not really weaken the core claim of my thesis. However, I believe there is another case, drawn from one of my own empirical investigations, that can exemplify Møller’s objection. Our conversation has motivated me to modify my assessment of the profits Gustav I made by reforming the Swedish church in 1527. These profits were proprietary, I maintain, but they were also controversial and the Reformation did in fact incite several popular rebellions against the king. I therefore more or less agree with Møller in that proprietary income can indeed be controversial and may therefore have ‘lopsided political effects.’

Møller’s challenge

The renowned economist Edwin R. Seligman (1895: 265) once remarked that “Among the unsettled questions of the science of finance few are more troublesome than that of classifying the different kinds of public income.” That was over a century ago but his words have not lost their relevance; defining and classifying different sources of state revenue has certainly posed a key challenge for me, one that has stretched over several years. Expressed in the simplest terms possible, the crux I have struggled with has been to figure out exactly what distinguish tax receipts from non-tax revenues. After reviewing a number of different approaches to this issue I eventually opted for a typology based on ownership. There is a crucial contrast, I argue, between revenues that are seen as the legitimate property of the state, or even of the ruler personally, and revenues that are seen as ultimately belonging to the people. I refer to these two categories as proprietary and public.¹ While I claim that this conceptual approach has certain advantages over its alternatives (see Nilsson 2017: 78–9)

1 I might add that this approach is quite similar to that of Adam Smith (1776/1981: 817) who claimed that the state can draw revenue from two principal sources: it can either tap into “some fund which peculiarly belongs to the sovereign or commonwealth” or collect “the revenue of the people”.

I know that it is not watertight and it comes as no surprise that Møller raises some objections.

In his article, Møller points out that it is difficult to establish what people actually perceive as being legitimate property and he also detects something of a circularity in my definition as it implies that an income is proprietary only as long as people don't protest against it. His main objection—which is the one I will focus on here—is more substantive: Møller asserts that even in situations where a ruler's right of ownership to a specific source of income is well-established and widely accepted, the extraction of such revenue will under certain conditions breed popular opposition. Such opposition can then lead to fiscal renegotiations, political concessions, and constraints on royal power.

This assertion is empirically fleshed out by an investigation centered on coinage in the medieval kingdom of Aragon. Here, Møller finds that the proprietary income rulers derived from their right to mint coins did in fact spark significant popular dissent because it had adverse effects on the livelihood of noble elites. In order to amend the relationship to the elites, rulers summoned them to representative assemblies—the first 'parliaments' of Europe—where they were promised a 'conservation of coinage' in exchange for a money grant. Over time, these assemblies were institutionalized and they extended their influence over finance, law, and foreign policy. Møller therefore concludes that the controversies of coinage on the Iberian Peninsula demonstrates "that an issue that had hitherto been seen as a regalian right was gradually transformed into a public issue that had to be dealt with in representative institutions" and that "These developments belie the notion that domestic proprietary income always facilitate autocratization" (p. 14).

In fact, I agree with both these conclusions: in the thesis I acknowledge that proprietary revenue can indeed become public² and I never claim that proprietary income *always* facilitate autocratization, only that it carries the potential to do so. But Møller's objection goes further than that. Not only can proprietary revenue become more public over time, under certain conditions "proprietary income is *no different* from any other attempt to mobilize the domestic economy" (p. 6, emphasis added). And not only does the case of medieval Aragon suggest that proprietary income failed to facilitate autocracy; Møller claims that it actively eroded the possibility of monarchical rule by triggering the chain of events that led to the strengthening of parliamentary practices. In response to this more serious challenge I would concede that Møller's objection has some merit but I believe that his empirical argument is weaker than it might seem. More specifically, I argue that there is a crucial distinction between *using* a prerogative and *abusing* it.

2 I highlight the 'Ship Money' collected in seventeenth century England as a case in point (Nilsson 2017: 78–9).

The use and abuse of a royal prerogative

As I interpret the case of coinage in medieval Aragon, it involves not one but three distinct flows of revenue:

First we have the income derived from the right to mint coins, the *jus monetae*, which was an established royal prerogative. The crown withheld a fixed share of the new coins as a fee or profit, what is commonly called *seigniorage*. Thomas Bisson (1979: 7) cites one case where lord and minter held on to 8.3 percent of the strike and claims that this amount “would not have been thought extravagant at the time.”

Secondly, there is the income rulers could intermittently collect by abusing this prerogative, what Bisson calls mutations or manipulations. Manipulations involved sudden and arbitrary changes in type, weight, or alloy that was not designed to preserve, remedy, or improve existing specie but rather to exploit the system for royal gain. The classic case of such manipulation is debasement whereby the amount of precious metal in coins is reduced in order to create more money out of a given supply.

And thirdly, there is the so-called ‘money-taxes’ which were temporary grants given to the ruler in exchange for a promise to conserve the coinage. The money-taxes were created explicitly to halt the costly manipulations and supplant such illicit income with regular tax receipts; from the perspective of the ruler the money-taxes looks like a ransom (as Møller points out) but from the perspective of tax payers they look more like a purchase of a stable currency.

These three flows of revenue are not of the same type, I contend. The first source of revenue, the seigniorage, constituted a proprietary income and the third, the money-taxes, constituted a public income. The profit made by manipulations is more difficult to classify but it is not proprietary, at least not according to my definition of the term: in short, seigniorage was an established royal right, currency manipulation for private gain was not.

I imagine that Møller would counter that the distinction between conscientious minting on the one hand and illicit manipulation of coinage on the other was hazy at best, and perhaps he would also point to Bisson who stresses the tight relationship between the three types of income: they were all derived from proprietary coinage and all had a “prerogative character” (Bisson 1979: 13). It is equally obvious, however, that Bisson also holds them apart. He clearly distinguishes “the regulated operations of the mint” (*ibid.*: 12) from ‘mutations’ of coinage and whereas seigniorage is tied to Roman jurisprudence, mutations are repeatedly characterized as arbitrary, fraudulent, corrupt, deceptive, and a violation. Therefore, I think Bisson would accept my distinction between use and abuse.

So, where Møller claims that the collection of regalian income from the mint sparked opposition which in turn led to the creation of parliaments as a forum for fiscal bargaining I would counter that it was not the collection of proprietary revenue (the seigniorage) that sparked protest but the abuse of that

prerogative (the manipulations). In fact, if we assume that the kings of Aragon would have been able to make fiscal ends meet without such abuse they could perhaps have maintained their political authority unchallenged. My conclusion is accordingly that it was not proprietary income as such, but the *inadequacy* of that income, that eventually led to representation.

Revenues of the Reformation: proprietary and contentious

Although I contest Møller's empirical argument I admit that his objections have merit, and the conceptual and theoretical challenge remains: can proprietary income be contentious? Does my conceptualization even allow it to be? His perceptive critique has motivated me to reconsider one of the empirical investigations presented in my thesis. In my discussion of the gradual autocratization of Gustav I in the first half of the 16th century I point to the political importance of two lucrative sources of proprietary revenue: silver mining at Sala—which I will not discuss here—and the confiscation of church property made possible by the Reformation of 1527. The fiscal impact of the Reformation process was massive. The proportion of cultivated land owned by the crown increased from no more than 5–6 percent to almost a full third and I argue that this allowed Gustav to live as a 'land-owner king' rather than as a 'taxation king' (Nilsson 2017: ch. 10). However, my conversation with Møller has led me to partly reevaluate this case.

I conceptualize most (but not all) of the gains from the Reformation as proprietary; importantly, the king was now seen as the rightful owner of most church property and he could legitimately collect rent from the peasants holding leases on such land. I stand by this assessment but it is quite obvious that the Reformation also incited considerable dissent. There may be a few different reasons for such dissent. For instance, the leaseholders may have disliked being abruptly transferred from one landlord to another, and perhaps a distant king could be more heavy-handed and less flexible than a local priest or bishop. Evidence does suggest that the extraction of rents and tithes became more stringently enforced after the king took over, as did all forms of revenue collection (Larsson 2003). But more importantly perhaps, there was also significant opposition to the transformation of religious faith and practices, especially among the conservative peasant population. In fact, the king had to repeatedly assure his subjects that the true Christian faith would remain unchanged and he vehemently denied all accusations that he would want to subvert Catholicism (Alin 1878). He took issue with what he portrayed as a rampant corruption and greed within the clergy, not with the religion itself.³

3 It may seem paradoxical that the king would push through the Reformation while simultaneously assure his subjects that beliefs and practices would remain unchanged. This only serves to demonstrate, however, that the Swedish Reformation was first and foremost a *financial* operation; religious changes were of secondary concern (to the king) would evolve at a slower pace (Olsson 1947).

In any case, the level of unrest sparked by the Reformation is clearly visible in successive rebellions, erupting in 1527 (*Daljunkerens uppror*), 1529 (*Västgötaherrarnas uppror*), 1531 (*Klockuppröret*), and 1542 (*Dackefejden*). It is difficult to establish exactly what triggered these revolts but we know that the rebel leaders in all these instances cited the introduction of the Lutheran faith as one of their most prominent grievances (alongside a want of basic livelihoods, a rising tax burden, and political centralization).⁴ By introducing these beliefs, they claimed, the king had forfeited his rights to rule.

This is not the time or place to pursue this argument further. The key point here is that Gustav I's Reformation created significant dissent and this should temper any notion that proprietary income necessarily constitutes 'free money' without political costs. Clearly, there was a serious price attached to this proprietary fiscal strategy and had any one of these rebellions actually succeeded the king would have been forced to negotiate, make concessions, and temper his autocratic ambitions.⁵ Since things turned out the way they did I would argue that the autocracy-enhancing aspects of the 'Reformation revenue' prevailed over its contentiousness, but the case suggests that the conclusions Møller makes in his article are nonetheless valid: proprietary revenue can spark opposition and the aggregate political effects may indeed be lopsided.

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4 The stated motivations for each of these rebellions are chronicled in Alin (1878).

5 Of course, a successful rebellion could very well have resulted in him being deposed and/or dead.