

# FISCAL AFFAIRS IN MEDIEVAL EUROPE

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Medieval fiscal management in Europe, i.e., the central handling of public finances, had certain antecedents in the ancient Roman Empire.

## I.

Several historians state that public finances were set in order for the first time during the era of Augustus. Public revenues were used to set up funds, from which certain expenses were covered and disbursements made. E. N. Gladden writes in *A History of Public Administration* that “there existed at the time four separate funds: namely (i) the *Aerarium Saturni*, (ii) the *Patrimonium Caesaris*, (iii) the *Aerarium Militare* and (iv) the *Fiscus*, or Imperial Treasury.”<sup>1</sup> They were as follows:

(a) The treasury, called *Aerarium Saturni*, which was located in the temple of Saturn, patron god of Rome, covered the municipal needs of the city. (That was the oldest among the treasuries. It functioned as a kind of state treasury as late as the late imperial era because millions of coins were stored there.)

(b) The *Patrimonium Caesaris* or *Patrimonium principis*. By contemporary standards it corresponded to what we today call treasury assets. Its revenues were used to cover the expenses of the state. With time the emperor’s private fortune, the *Principis res private*, was differentiated from it.

(c) The *Aerarium Militare* was responsible for the payment of pensions to veterans. It was mainly fed from the proceeds of two taxes: *vicesima hereditatum* (probate duty), which was unusually high in ancient Rome, and *centesima rerum venalium* (one per cent tax on goods sold).

(d) The *Fiscus* or *Fiscus Caesaris* relied practically on all other types of revenues, collected in the imperial provinces. The tax collectors in the provinces were called *publicani*, who set up partnerships for the collection of taxes.

Louis Bréhier (in *Les institutions de l’empire byzantin*) and others write that this apparently logical system of funds was carried over to the Byzantine Empire, where they hindered centralizing efforts. Indeed some historians are of the view that the absence of a centralized fiscal management was among the main causes of the decline of the Byzantine Empire. Decentralized fiscal management hampered, among other things, effective military action against the Seljuq Turkish sultanates.<sup>2</sup>

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<sup>1</sup> Edgar Norman GLADDEN: *A History of Public Administration*. London, 1972, vol. I, p. 119.

<sup>2</sup> Louis BRÉHIER: *Les Institutions de l’Empire byzantin*. Paris, 1950. Bréhier notes that Emperor Anastasios (491-518) gave priority to fiscal management and a massive sum was found in the state treasury upon his death. He was said to have organized the making of annual Estimates and rigorous accounting to keep revenues and expenditures in equilibrium.

Downbeat as this remark is, we have to add that during the late stages of the Roman Empire an advanced system of public finances could rely on a sophisticated tax system. One of its most conspicuous components was the tax called *jugatio-capitatio*. It was levied on landed property and the persons living on it. When assessing the size of the tax, the unit of measurement was *jugerum*, that is, the profit estimated to derive from tilling a certain area. Added to that estimated calculated tax in cash was a tax in kind, called *annona*, that is, *capitatio*, whose size was determined in advance for each province of the Roman Empire. To use a contemporary category, it was a kind of minimum tax. (Contemporary sources indicate that the land tax and the poll tax were separated only at the time of Justinian II. Impoverished as an agriculturist was, he had to pay some tax if not for his land, then for his person.) By the time of the Byzantine Empire, the minimum tax had been replaced by the *epibole*. In the case of the *epibole* both the individuals concerned and the whole tax-paying community concerned were responsible for paying it. It lent special importance to *jugatio/capitatio* that it had to be paid by every agriculturist, and its sum was determined fifteen years in advance. That was called taxation according to *Indictio*. In addition, in the provinces the senators and their families - which had considerable landed property and related high incomes - had to pay a high tax in every fifth year after their *latifundia*. The tax system that covered town-dwellers consisted of more components. It included property tax, to use an anachronistically modern term: local business tax and customs revenue from trade. The name of the earliest known trade tax, as Brehier writes, was *chrysargyron*, which was payable to the state after trade profit of all types.<sup>3</sup>

The food supply of the capital city was treated as a separate issue. It was ensured from the in-kind *annona*, which was contributed by two major provinces: Egypt and Sicily. (The *annona* contributed by Egypt also fed Alexandria and the city of Byzantium. The consignment to Byzantium set off each year before 10 September.)

Let us mention that what is known today as probate duty was rather high in ancient Rome. From an initial five per cent it had risen to ten per cent by the reign of Emperor Caracalla. (Some historians say that the framers of the *Constitutio Antoniniana*, which in AD 212 gave full Roman citizenship to all free men in the Roman Empire, had, among other things, public finances on their mind. The law obliged all citizens of the empire to pay probate duty, which could be regarded as a kind of tax.) We know of a supplementary tax, called *aerikon*. Sarcastically called by contemporaries as a “tax of the air,” its exact content is still unknown. But we do know that it brought considerable revenue to the state. Another heavy tax of a supplementary kind was the *vectigalia*, which were levied on profits from maritime trade.

Later on during the Byzantine era the number of funds grew. Brehier puts their number at seven in the 6th and 7th centuries. (They were as follows: (1) a central state fund controlled by *Fiscus* or the *comes sacrarum largitionum*, (2) two funds of *praefectus praetorio per Orientem*, (3) the fund of *Illyricum praefectus praetorio*, (4) a fund each of Moesia and Scythia, (5) the profits of *Resprivata*, the emperor’s private assets, (6) *patrimonium*, that is,

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<sup>3</sup> When *chrysargyron* was cancelled, it was replaced by *chrysoteleia*, which was payable in cash rather than in kind.

the assets of the treasury, (7) *domus divina*, which consisted mostly of confiscated assets and those bequeathed to the treasury.)

We are not going to describe the advanced Byzantine fiscal management in detail. Suffice it to say that the Byzantine gold *solidus*, which was stable over a long period, was its strong pillar. The coins were struck of precious metals. (A note on a typical coat of arms of the early feudal Western Europe: there are round metal disks on a unicoloured shield. The disks are thought to be simplified forms of coins, which were referred to as Byzantine.) After 1302 that financial system was shaken when Andronicus II Palaeologus altered the Byzantine coins so that he could pay his foreign mercenaries. The gold content of the *hyperpyron* fell gradually, from an initial 20 carats to 12 carats. The serious debasement of Byzantine money could be a factor in the empire's collapse.)<sup>4</sup>

A few words about the state issue of coins during the late Roman period. The magistrature that was in charge of money issue joined the other state magistratures, the *Cursus honoris*, relatively late. The senior officials of that authority were called *Triumviri* or *Tres viri monetales*. Their name in full was *tres (III) viri aere auro argento flando feri-undo* (acronym: IIIviri a.a.a.f.f). Later on that office formed the first rank of *Cursus honorum*, and it was a coveted position. It belonged to the *magistratus minores*. They also supervised the mining of all metals, including copper mines, which were traditionally important for Rome.<sup>5</sup>

In ancient Rome the supervision of minting was a priority, as expressed by the very location of the mint. Recent research has found that the mint was nowhere else but on the Capitolium, next to the temple of Juno Moneta. (It is another interesting question how Juno Moneta gets in that story. Some translate the name as "Juno who warns." In *De natura deorum* Cicero pays tribute to her as the "goddess of remembrance." Others relate her to the muses. She and Jupiter were parents of the muses: "*exIove etMoneta*". Experts agree that her name served as eponym for the word "money.")<sup>6</sup> There is another reference to the Capitolium. Initially the Roman coins could only carry semblances of Roman gods and goddesses and, on their other side, the name of one of the *tres viri monetales*, who supervised minting. Later on, probably following Asian examples, the coins carried semblances of leading politicians and, as from the era of Augustus, those of the emperors and their family members. Note that this process took a long time. It is a widely held opinion that one of the causes that led to an uprising against Sulla's dictatorial rule was that, following foreign models, he had his portrait struck on Roman coins. By contrast, during the reign of Augustus, coins were used to publicize the policies of the emperor.

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<sup>4</sup> The notion of *hyperperon* goes back to *nomisma*, that is, the original golden *solidus*. Bréhier is of the view that *hyperperon* was used instead of *nomisma* as from the 12th century. He attributes the origin of the word to the reddish colour of that coin. However, Peter SCHREINER, in his *Byzanz* (1992) argues that the word *hyperperon* comes from *pyr*, the Greek word for "fire."

<sup>5</sup> E. N. GLADDEN: 1972. I. vol. 127. p.

<sup>6</sup> Tibor GRÜLL: *Az utolsó birodalom* (The Last Empire). Budapest 2007, pp. 148-156. Grüll states that mint officials are mentioned in records as from the 2nd century BC. Initially the Roman mints imitated the Greek technique of minting coins. Grüll refers to D. Mannsperger who compared the ethos of minting among Greeks and Romans. Among Greeks myth becomes history and God becomes human. Among Romans history becomes myth and humans become divine. Grüll supposes a relationship between Juno Moneta and the official measure of length as the "official foot" among Romans was called *pes monetalis*. Elsewhere Grüll identifies goddess Moneta with the Greek Mnemosyne, the Goddess of Remembrance.

Minting and military administration were equally important for the state as with time there was a transfer from a self-sufficient army to legions that were financed by the central treasury. At the time of later emperors the pay of the legions was repeatedly raised probably to buy the support of legionaries. The higher the pay, the more important its administration became. Historical sources indicate that at first money was manufactured in Rome. Later a second *Officina* was set up in Antioch to supply the Oriental provinces with money.

It was maybe related to the fact that the position of *magister militum per Orientem* was established on a permanent basis in Antioch to ensure the protection of the eastern frontier. Then a similar position was created in the western prefecture in Gallia. Another independent *Officina* was set up only as late as in 359 in Illyricum probably after the position *magister militum per Illirycum* was established there too. At that time the Danube Basin was facing a military threat. For that reason several legions were stationed there. The six new mints were therefore set up in the northern geographical centre of Illyricum: in Viminacium close to what is today Belgrade to facilitate the disbursement of pay to the soldiers. (The venue was chosen also because major roads of the empire met in the vicinity. The roads were as follows: (a) the *limes* road, which ran along the Lower Danube, met two major roads that came from Constantinople: the one led through Nis and Sofia (Sardice), the other through Nis and Thessaloniki; (b) a road came from Dalmatia - through what is today Bosnia - and probably met the above roads near Sirmium; (c) another *limes* road went there from the Rhine region through Pannonia; and there was a road towards northern Italy alongside river Sava.) With the exception of *Oriens praefecture*, military payments were probably made along the whole *limes* from there for a long time. When, later on, equestrian troops were stationed in Mediolanum, northern Italy, to protect the *limes*, a new *Officina* was set up at Siscia in the Sava Basin. (Let us add that this heavy spending on the military probably greatly contributed to the Romanization of the areas along River Danube and especially Pannonia and northern Illyricum; the growth of towns and economic development. Archaeological excavations covering that era have shown the spectacular growth of material culture (cf. fine specimen of *villa rustica* and towns. Suffice it to refer to the Sevso treasure, which was found in the territory of Pannonia).<sup>7</sup>

## II.

After the fall of the Western Roman Empire the economy, commerce and payment transactions declined. As pointed out by Henri Pirenne a few decades ago, by the sixth and seventh centuries, autarky characterized the economies of Western Europe because they were surrounded by Arabic, Norman and Avar troops. Pirenne adds that Arabic ships even separated the western part of the Mediterranean from Byzantium on sea. As another sign of economic decline, the payment of taxes and the minting of coins gradually came to a halt. Pirenne writes that perhaps the Church's attitude also contributed to the decline of commerce. Theological works of the time put forward the following opinion: *homo mercator vix aut numquam potest Deo placere* (a merchant may conduct himself without sin but cannot be pleasing to God).

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<sup>7</sup> Jenő FITZ: *Pannonok évszázada. (Pannonia 193-284)[Century of Residents of Pannonia]*, Budapest, 1982. pp. 53-54: "... The third mint of the empire commenced operation in 246 in Viminacium (today Kostolac, Serbia)."

Although more recent research into the history of economy has revised Pirenne's polarized opinion, experts agree that the absence of tax revenues and lower intensity in minting coins (silver coins instead of gold ones) slowed down the economies of Western Europe.<sup>8</sup> The Western European structure of economy slowly began to develop into a direction that was clearly different from that of Byzantium. In Byzantium the state ownership of land and a sophisticated tax system survived until late in the history of the empire. Many historians tend to overlook the importance of that fact. For instance, Hungarian historians still tend to give a negative evaluation of the efforts of King Béla IV to increase royal land ownership before the Mongol invasion of Hungary (1241). By contrast to the "Western type" economic policy of his father, Andrew II, he strove to retain the dominance of state ownership in land. By doing so, he followed the example of his grandfather, Béla III, who was reared in Byzantium. Many early feudal states of Europe considered the Byzantine government as an example. Western crusaders occupied the Byzantine Empire in 1204 and partitioned it into smaller, Western-type feudal states. But by the time of Béla IV it had become clear that feudalism had not worked there.<sup>9</sup> To use modern terminology: at the time it was unclear in Europe whether the governments relying on dominantly state-owned lands prevail or those that encourage privatized land estates.

Changes began in the public finances of feudal states in the late 11th and early 12th centuries. Two countries merit attention. One of them was the spectacular development in the fiscal management of the State of the Church, the *Patrimonium Sancti Petri* and the other the high level of organization in the public finances of the Kingdom of England. The Pope received revenues through two channels. First, from the provinces of the State of the Church, of which he was head of state. Second, being head of the Western Christian Church, he was entitled to revenues from European states: the so-called Peter's pence and the *sedis vacantia*, a tax payable by incoming owners of vacant benefices. The majority of European feudal kingdoms had the institution of *jus spolii*: during a *sedis vacantia*, as long as a vacancy was not filled, the revenues of the benefice concerned were credited for the state treasury and they were never forwarded to the Church. That often prompted the state to maintain the vacancy of posts of bishops. Little research has so far been made on the relation between *jus spolii* (which had become widely applied by the 14th century) and papal reservation (which meant the Holy See's effort to assert its right to fill the posts of bishops and which gained momentum in the same period). So far research on papal reservation has been confined to pointing out that it was used to reward church dignitaries that were loyal to the Pope and when certain members of the personnel of the Holy See received benefices in countries abroad as an award. (From the 14th century newly appointed cardinals were relieved of the obligation to move to Rome or even obliged to stay in their residence. The first such example in Hungary was Cardinal Bálint Alsáni, Bishop of Pécs. That practice became prevalent in Hungary during the reign of Anjou kings. Andor Csizmadia has pointed out that the Hungarian state of the time had to work hard to counteract papal reservation.)

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<sup>8</sup> See Henri PIRENNE: *Economic and social history of medieval Europe*, London, Routledge & Kegan, 1978. Disagreeing, Marc Bloch states that money functioned as a measure of value already in that early period. Georges Duby confirms that by the 12th century money lost its value and countries of Europe tended towards autarky.

<sup>9</sup> See Louis BREHIER: *op. cit.*

The other country that deserves attention is the Kingdom of England. Fiscal management gained importance soon after the reign of William the Conqueror. William I considered it a priority to have a survey of land ownership and the related potential revenues. That is why the *Domesday Book* was created. The motivation behind that survey was probably the fact that the House of Plantagenet ruled both England and Normandy and collecting revenues from both sides of the English Channel demanded careful treasury management. That is why the earlier *Scaccario* was transformed into an Exchequer, where the revenues were checked upon each year.<sup>10</sup> Marriage with a member of a ducal family in Aquitaine increased revenues from French territories. Normandy, the duchies of Aquitaine and the Anjou duchy in England added up to a veritable “empire” and their economic importance was significant.<sup>11</sup> Surveys of the time said that the customs tariffs collected in Bordeaux alone accounted for a quarter of the revenues of the Exchequer. That alone could be a cause for a war between England and France - the subsequent Hundred Years’ War - the moment that France got a strong-willed ruler.

During the 13th century the Exchequer was split into two components: the purely administrative Exchequer of Receipt, which collected revenue, and the judicial Exchequer of Pleas, a court concerned with the king’s revenue. It is impossible either to prove or disprove that the new Pope of English origin, Adrian IV (born Nicholas Breakspeare, who reigned between 1154 and 1159) may have transposed English treasury techniques to the Roman Curia. It is a fact however that the court of the Pope has been called a curia (on the model of lay royal courts) since Adrian IV. It is impossible to tell to what degree did the advanced administrative techniques of the Holy See influence governmental practices in England - perhaps indirectly. There were at least two more centuries for mutual influence after the reign of *Joannes sine terra*, that is, John Lackland, as England was to become a vassal of the Pope and as such paid feudal dues to him. (Note that William the Conqueror, before setting out to conquer England, had received from the Pope a so-called *Vexillum Sancti Petri* [St Peter’s Flag], which indicated that the territory to be occupied would become a papal vessel. That having said, after his victory at the Battle of Hastings, William rejected the Pope’s order to accept vassalage. By contrast, the king of Naples-Sicily had no other option but to yield to vassalage.)<sup>12</sup>

Later on the mining of precious metals and the development of long-distance trade affected fiscal management in European countries. At this point let us stress the role of towns in medieval Europe. Historians usually mention three major groups of towns that played an important role in medieval Western Europe. From among the towns of northern Italy, it was Venice and Genoa - republics that had grown into city-states - that seized control over trade in the western basin of the Mediterranean. (Note that it is customary to put Venice’s rise into a

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<sup>10</sup> F.W.MAITLAND: *Constitutional History of England*. Cambridge.1965.13.p. See “Dialogus de Scaccario”, which was written by Richard Fitz Neal, a bishop of London and Treasurer of Exchequer. See also p. 63: under Stephen king “This body when it sits for financial purposes constitutes the Exchequer (Scaccarium), so called from the chequered cloth, which lies on the table, convenient for the counting of money.” On p. 135 the author describes the lengthy process of separating financial accounting and judicial work within the Exchequer. For the *Domesday Book*, see pp. 8-9 and 155.

J.C. HOLT: *Magna Carta*. Cambridge. 1965.27-35. pp. with respect to the „Pipe Rolls” see 32-33. pp., for Forest Royals 125-126.pp., for the dispute and excommunication between King John and the pope see 262-265. pp.

<sup>11</sup> See Normann DAVIES: *Europe: A History*, Oxford University Press, 1996.

<sup>12</sup> See Normann DAVIES, op. cit.

maritime power to the year 1000, when the Venetians took two strongholds of pirates along the Dalmatian coast. Then the Doge assumed the title: Duke of Dalmatia.) By doing so, the two towns came into control of both the Levant and contacts with the Byzantium. Second, there was a sort of a trade corridor across the Rhine basin, along which goods were transported from the North Sea to landlocked areas of the continent. Of mention here are the towns lying along River Rhine and Lombardy, which could control trade on both sides of the Alps. The markets of Champagne, which also served west-east trade, were related. The third major group of geographically dispersed early medieval trading towns belonged to the Hanseatic League, the *Bund van der du- deschen hanse*". (Historians say a predecessor of the Hanseatic League may have been an organization that was founded in 1161 Gotland [today in Sweden], which was called Gotlandian Travellers of the Holy Roman Empire. With time the northern territories, the "states near the sea", that is the free towns engaged in maritime trade, sought independence.) The Hanseatic League included a large area, ranging from Riga, Hamburg, Bremen and Lübeck, down to the Rhine Basin. Trading posts (*kontors*) were widely spread: from London to Novgorod. (Historians agree that the so-called *Drittel* was the core of the Hanseatic League. It refers to three groups of towns. Those of the Wend- ish-Saxon region: Hamburg, Bremen, Lübeck, Wismar and Rostock. The second group included towns of Westphalia, that is towns along the Rhine Basin, first of all, Cologne. The third group was made up by the so-called Livonian Region: Wisby, Reval/Tallin, Riga etc.)<sup>13</sup>

Those towns obtained autonomy and privileges early. Let us take the example of Pisa. The Pope confirmed its ordinances, the *consuetudine di mare*, as early as 1075. Venice received privileges from the emperor of Byzantine in 1087 to conduct free and customs- free trade in all areas of the Byzantine Empire west of River Bosphorus. Moreover, it could operate three docks in the Golden Horn Bay of Constantinople. The towns concerned carried out important trade-related financial transactions.<sup>14</sup> By doing so, they lent impetus to money circulation, which had become lax at the time. Later on, as from the 14th and 15th centuries even bills of exchange were used in the long-distance trade of the towns of northern Italy. It is no exaggeration to speak of the "renaissance of money circulation" in western parts of Europe and with time the money changers' businesses developed into banks.<sup>15</sup>

There were further factors that accelerated economic development. Towns of northern Italy, especially Venice, Genoa and Florence, gradually obtained control over not only the arable territory (*contado*) in their vicinity but also minor towns of the region. It means profits from industry and trade there augmented their revenues. (Take the example of Venice. Territories it owned in dry land, called *terra ferma* or, later *Veneto*, included the following towns: Padua, Verona, Brescia and Bergamo. In addition, it had estates on many islands in the Mediterranean. Florence, another city-state of northern Italy, came into position of the following towns: Pistoia, Volterra, Prato, Arezzo, Pisa and *Porto Pisano*, that is, the port of Pisa. Moreover, Florence purchased Livorno from Genoa.)<sup>16</sup> As a consequence of those developments in the field of economy, the social and administrative set-up of those towns also

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<sup>13</sup> See Normann DAVIES, op. cit.

<sup>14</sup> See Normann DAVIES, op. cit. and P. SCHREINER: op. cit.

<sup>15</sup> See H. PIRENNE: op. cit.

<sup>16</sup> Christopher HIBBERT: *The Rise and Fall of the House of Medici*, A. Lane, 1974.

changed. Initially in those towns the heights of hierarchy were controlled by church dignitaries (the so-called bishop-comeses) and knights that were in possession of *contados* but lived in keeps inside the towns.

By the early 14th century that social structure had considerably changed. The power of bishops became all but symbolic and the dominant role of knights also weakened. The town halls had no other option but to admit in their ranks merchants and heads of the major guilds - people who were condescendingly referred to at the time as *popolo grasso*. True, the *popolo minuto*, which accounted for the major part of the burghers of the towns, were barred from city governance until the latter part of the 14th century (when the institution of *capitanei del popolo* was established). Note that the lay comeses were not allowed to have palaces built inside the town walls. Not even the king was allowed to do so under the letters patent of the town of Lucca, dated 1081. In Milan, during the 13th century, the *gilde*, that is, the trade alliance of merchants (*mercatori*) was allowed to send a consul to the town hall. That example was later followed by other towns, as attested by the letters patent of various guilds. In that century in Florence the seven biggest guilds, the *arti maggiori*, (including the trade organizations of merchants, bankers and legal practitioners) came into control of the town hall. Later, during the 15th century, the guilds of craftsmen (*arti minori*) could also participate in the work of town halls.

As the burghers gained a say in running the major towns, the ordinances were geared to promote commercial profits. With time the descendants of aristocratic families were barred from senior town hall positions unless they renounced their aristocratic titles and agreed to be counted as members of the *popolo minuto*. In Florence, for instance, more and more descendants of aristocratic families, the *grande*, decided to reclassify themselves as members of the *popolo minuto*. As a consequence of the rivalry among families in Florence, some power-greedy families were forcibly re-classified to be *grande* thereby to prevent them from entering the leadership of the town hall.

As commercial profits increased, competition among the families became fiercer, and included banishment. Some towns of northern Italy became wealthy enough to become players in the political arena. Venice, decades before it sent crusaders to occupy the city of Byzantium, was affluent enough to grant considerable loans to Byzantine emperors. Later Venice first accepted the jewels and coronation regalia of the Byzantine emperor as security in loan deals and later, when the loans remained unpaid, Venice sold those jewels.<sup>17</sup> (A similar practice occurred in the Republic of Hungary. Before setting out to the Holy Land, Andrew II pawned the crown of the late Queen Gisela of Hungary in Venice as security against the loan it had received from Venice. Gisela was the wife of King Stephen I. Until that loan deal, the crown had been kept at Veszprém.)

As certain towns of northern Italy gained in wealth, they began relying on mercenaries. Initially that was an economic rather than military consideration. Well-to-do burghers took up the habit of hiring mercenaries as they could do business instead. In Venice only locals were

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<sup>17</sup> See L. Brehier: op. cit. Initially Venice issued interest-free loans. Later on Constantinople itself was defined as security to cover a loan.

employed in the navy while mercenaries were hired for the land army, which was led by *condottieri*, who were hired by the *Serenissima*. The more funds could be mobilized, the bigger and more effective a mercenary army was. (Here is a related, relatively recent, historical anecdote. When Charles III asked the Doge to review the Venetian army during his visit there, the Doge pointed at the mint of Venice, the *Zecca*, and said: That is our army.) There was another sign of the increase in the wellbeing of towns. As the members of the clergy were exempted from taxation, many lay persons, initially mainly merchants, entered lower church orders. As from the 15th century, when many people graduate from law schools, the graduates also enter lower church orders. If they could not find any lay employers, they at least hoped to get a job at some prelate.

Considerable fortunes could be amassed in towns of northern Italy also because some of the merchants become involved in financial operations. In Genoa for instance the *bancheri* (money changers) started regular service as early as the 13th century. Later those money changers launched classical banking operations, as deposits, loans and money transfers. In the same period transfers were made between accounts in Venice and, a source from 1374, mentions payment orders in Pisa.<sup>18</sup> By the end of the 15th century, said towns of northern Italy became powerful economic players. From democratic *communes* they became *signorias* (independent political entities) during that process. The small town of Ferrara, which was the duchy of the House of Este, had an annual income of 120 000 golden ducats. In Florence the rise of the House of Medici, whose early members began their career as bankers to the Pope, was even more spectacular. (Wool processing is supposed to have established the wealth of the Medici family. “Giovanni di ’Bicci de’ Medici” (1360-1429) had two wool processing plants. One of Giovanni’s cousins, “Vieri di Cambio de’ Medici,” opened a bank in Rome during the 14th century and taught Giovanna the banker’s trade.) With time they built a European network of bank branches with tellers and trained assistants. Business records were kept conscientiously, and even records about the annual pay of staff members have come down to us. (A teller earned forty golden ducats and a bank assistant twenty.) The House of Medici came into possession of a massive fortune. In forty years its members donated to Florence and its institutions hundreds of thousands of ducats. A grandchild of Cosimo De Medici found a record that said that, between 1431 and 1471, Cosimo spent 663 755 ducats on buildings, charity and taxes, “an immense sum.” Modesty even prompted friars of the local San Marco monastery to protest at such an assertive instance of generosity. Cosimo is recorded as having quipped that never shall he be able to give God enough to set him down in his books as a debtor.<sup>19</sup>

The fact that said towns were allowed to strike their own coins helped their spectacular ascent and that of the banks. The Venetian ducat and the *fiorino d'oro*, the Florentine florin became well known currencies across Europe. In 1430 the golden florin of Florence had 54 grains of gold. In 1422 two million such coins were in circulation. Florence’s coins served as an

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<sup>18</sup> See H. PIRENNE: op. cit.

<sup>19</sup> See Ch. HIBBERT: op. cit. Records from 1470 indicate that there were about ten employees in each branch offices abroad. The managers of the branch offices were shrewd businessmen and political agents for the Republic of Florence. There were branch offices in London, Naples, Cologne, Geneva, Lyon, Bale, Avignon, Brugge, Antwerp, Lübeck, Ancona, Bologna, Rome and Venice.

example far and wide. It is understood that Charles I of Hungary (Charles Robert of Anjou), had the famous Hungarian gold florins struck on the Florentine pattern. In Venice several types of coins were in circulation simultaneously. By the 17th century that abundance had become embarrassing. (Gold coins in use in Venice: (a whole, a half and a quarter of a) Zechino and Doppio Veneto).<sup>20</sup>

During the 14th century the Papal Curia modernized its fiscal management. Owing to periods of turmoil in Rome, the Popes that had their seat in Avignon, needed an efficient administration of their revenues. (The main rules of the *Patrimonium Sancti Petri*, the administrative management of the State of the Church, were laid down by the papal legate also in that century. Those rules are usually called *Constitutiones Egidianae* with reference to the legate's name.) Said modernization took place during the reign of Pope John XXII (1249-1334). The State of the Church collected various types of revenues at the time. Most important among them were revenues from salt production (chiefly alum mining) and taxes on trade - both categories collected in provinces of Italy. Records about them were kept by officials who were independent of the *rectors* that managed the provinces. Those independent officials worked under the auspices of the Apostolic Chamber, the *Camera Apostolica*, and its council: the *domini de camera*. Although canon law had prohibited simony for long, certain revenue of the State of the Church derived from the sale of offices in the Church hierarchy. The Holy See drew various revenues from abroad. From certain countries it received the above-mentioned Peter's pence (*census beati Petri*), which in Hungary was called *denarius beati Petri* and was collected as a portal tax. In addition, as from the 14th century, there were revenues from benefices filled directly by the Holy See under the aegis of papal reservation. Moreover, annuities that were due to the Holy See on the strength of the appointment of bishops. The annuity was equal with the estimated yearly income of the benefice of the bishop concerned.

As papal revenues from countries abroad probably arrived with a delay, reliance on bankers to collect the dues and/or grant an advance on them was an obvious option. Initially the banking services were provided by Italian trading and banking houses, later on by the House of Medici and the Fuggers. They cooperated with the Apostolic Chamber. The sale of indulgences was a related financial operation of the Church. As the papal revenues were often late, "bridging loans" were needed. Records of the Medici banking house indicate that at times Popes pawned valuable devotional objects to raise loans. Although the Medicis were not especially enthusiastic about those deals, they were beneficial for them in the long run. In the early 15th century dealings with the Apostolic Chamber accounted for as much as a half of the annual income of the Medici banking house. Compare that statement with the motto of the Medici banking house: "Col nome di Dio e di Bona Ventura" (In the name of God and good fortune).<sup>21</sup>

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<sup>20</sup> András TÓT-VÁRADI KÁSZONYI: *Magyarországból tett velencei utazás* (A Visit to Venice from Hungary), Bratislava, 1797. There were 38 types of coins in circulation at the time, let alone those minted in the colonies. The number of types of coins and their exchange rates varied when a new doge assumed office.

<sup>21</sup> See Ch. HIBBERT: op. cit.

### III.

Financial transactions became active in Europe in the second half of the 15th century. Renaissance and Humanism, these two outstanding tendencies in the history of European culture and ideology, would have been inconceivable without such economic foundations. Suffice it to note that the *Serenissima* became wealthy enough to afford the construction of the council hall of the Grand Council and to have all its walls covered with frescoes.

This way or another each ruler of the time had to provide the finances to run the central bureaucracy and the military of his country or else the country concerned would have lagged behind in the European political race. In 1474 Charles the Bold, the last duke of Burgundy, made the most important members of his court “rentiers,” which means they received regular payment in exchange for services to the court. That was not the only thing that made Burgundy special among European states of the time. Wedged between the Holy Roman Empire and the Kingdom of France and thanks to medieval marital politics and related inheritance, Burgundy controlled, in addition to its core area in southern France, the Low Countries in the north. Charles the Bold had to occupy Lotharingia in order to ensure secure transport routes between the two regions. That having said, his duchy consisted of a southern and a northern part. Charles the Bold resorted to legal, administrative and, most importantly, financial measures to unify the two areas. Although the duke was into military affairs more than anything else, he was also interested in finances. Records dated from 1468 and 1473 recount that Charles often visited the Chamber of Finance, and no major decision could be made without his approval there. He signed every payment order... would sit at one end of the table and made calculations with the counting disks just like the others there...<sup>22</sup>

It was his interest in financial matters, and perhaps following a French model, he set up the Chamber of Finance in the northern territory of Burgundy. The chamber had authority over the Low Countries but not over Burgundy proper. (That perhaps explains the origin of the expression: *Burgundische Kreis*.) This concentrated fiscal management of the two regions differentiated between regular revenues (derived from treasury land holdings, customs duties and judicial revenues) and extraordinary ones. Fiscal management was the responsibility of a senior official, who presided over a committee of five, and had two full-time tax collectors. Charles the Bold multiplied the state’s revenues by inordinately increasing taxes and having the Estates approve the taxes six years in advance. (Note that one of his contemporaries, King Matthias Corvinus attempted to apply similar measures.) A generation earlier, Charles’s father, King Philip the Good, regularly raised loans from towns under his dominion and senior public officials of Burgundy. Charles the Bold did the same on a larger scale, in fact he secured loans also from the branch in Brugge of the banking house of the Medicis. During his lifetime the payment transactions handled by the chambers of finance doubled and reached one and a half million francs.

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<sup>22</sup> Werner PARAVICINI: Karl der Kühne: Das Ende des Hauses Burgund (Persönlichkeit und Geschichte), *Musterschmidt*, 1976.

How was that huge sum spent? The running of the ducal court cost 400 000 francs, the armed forces 960 000 francs and extraordinary expenses 200 000 francs.<sup>23</sup> The biggest item was the military because as early as 1469 Charles the Bold aspired to establish a standing army and in a few years' time accomplished that goal. The armed forces consisted of noblemen who discharged their military liability, soldiers sent by towns, and mercenaries hired by the duke from funds contributed by those buying off their military service. By the mid-1470s the armed forces of Burgundy consisted of all but two clearly distinguishable components: a standing army and mercenary troops. That was probably also because the extremely high level of urbanization reduced the rate of able-bodied men. An increasing ratio of the mercenaries came from outside Burgundy. In exchange for their pay, the duke expected unconditional obedience and he could deploy them anywhere he wished.

Burgundy declined after the death of Charles the Bold. Although control over Burgundy transferred to the Habsburgs (his daughter, Mary of Burgundy, married the future Holy Roman Emperor Maximilian I) and the Kingdom of France, Charles' concentrated pattern of fiscal management found followers. In the long run, France proved to be the more efficient disciple. Its fiscal management laid the foundations for the political accomplishments of absolutism. Maximilian I also began building a new system of fiscal management, in financial matters the Habsburgs could not keep abreast with their big rival, France.

Research on the history of public administration has pointed out that Holy Roman Emperor Maximilian I (husband of Mary of Burgundy) followed French and Burgundian examples when he created the position of *General-Schatzmeister* (treasurer-general) rather early, in 1491. He managed all revenues that were collected in the empire. As it turned out, the first such office appeared in Tyrol, employing the local financial officials. Having been elected emperor, Maximilian chose the Innsbruck-based authority (Chamber of Tyrol) for serving as the General Financial Chamber of the entire empire, encompassing certain parts of the Low Countries (*Burgundische Kreis*) with the name of *Schatzkammer*. Research done by Győző Ember has shown that later on the emperor made the *Generalschatzmeister* also accountable to the Innsbruck-based General Financial Chamber. In 1498 that organization was transformed into *Hofkammer*. The remit of the original Chamber of Tyrol was reduced to cover Inner Austria and Tyrol. The emperor also authorized the *Hofrat* to participate in the fiscal management of the empire. In 1499 he reorganized the Chamber of Innsbruck by, under the name: *Raitkammer*. Győző Ember emphasizes that the series of reorganizations resulted in an efficient and modern fiscal management. The *Hofrat* was in charge of the general financial matters, the *Hofkammer* managed disbursements from the treasury and the Innsbruck-based *Raitkammer* did accounting and audit. When tax collection became difficult, Maximilian had to pawn all his imperial revenues. In 1514 he chose a single man to manage all the empire's revenues, that is to say, he returned to the method of appointing a treasurer-general, who had

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<sup>23</sup> Werner PARAVICINI: op. cit. In 1470 and 1473 the Estates in the Low Countries and in Burgundy accepted, for the first time, that massive taxes be levied for several years ahead.

the title of *Generalschatzmeister*.<sup>24</sup> Thus the reform of fiscal management had an impressive start but they were soon undone by the same emperor.

Emperor Maximilian's successor held together the three fiscal administration functions in a single organization even though a division of labour among specialized agencies would have been badly needed as in the early 16th century the size of territories under Habsburg domination steeply grew. Thus the unifications of the organizations of fiscal management in countries under the rule of the Austrian Habsburgs can be seen as an obstacle for absolutist rule. The *Hofkammer* (which, alongside the *Hofrat* acted as the emperor's financial advisors rather than administrative agencies) had the challenging task to discharge all the three functions which, inevitably, slowed down work. The Habsburgs could not adjust their governance to the enlarged empire. After Maximilian's death his grandchildren, Emperor Charles V and Charles's brother, Ferdinand I, King of Hungary and Bohemia, shared the family estate in 1521 and 1522. Emperor Charles V ruled Spanish and German territories (which ranged from Naples to Madrid and in fact the land of Incas in America) while the Austrian branch of the family had to be content with Upper and Lower Austria. Tyrol and the so-called Further Austria (*Vorder-Österreich*) belonged to Upper Austria and were governed from Innsbruck. Lower Austria consisted of two major parts, Lower Austria proper (*ob und unter der Enns*) with Vienna as its centre and Inner Austria (*Innerösterreich*), which included Styria, Carinthia, Krajna, Friaul, Görz and Triest with Graz as their centre.<sup>25</sup>

Initially Ferdinand I only ruled Upper Austria and therefore (to complement revenues from the relatively poor Austrian areas) he badly needed (after the death of his brother-in-law, King Louis II of Hungary) the revenues of Hungary and Bohemia. To seize Hungary, he had to take arms, the costs of which probably derived from his elder brother, Emperor Charles V of the Holy Roman Empire. Then, having obtained the Hungarian and Bohemian thrones, Ferdinand I became ruler of an "empire" along the Danube Basin. That office involved the burden of protecting those territories from Osman Turkish encroachment. Legally speaking, after winning the title of King of Hungary in 1527, Ferdinand I became a sovereign monarch of Europe instead of being just another archduke in the House of Habsburg.

Ferdinand I strove to unify his new possessions with the older ones, as László Makkai has pointed out, and sought financial independence from his elder brother. With hindsight it is clear that by the time of the beginning of his reign, there had been an about 150-year-old political practice of jointly managing the affairs of the above-mentioned countries of the Danube Basin. Ever since the reign of Louis the Great, the kings of Hungary sought to extend their rule over the countries surrounding Hungary. Louis the Great ruled Hungary, Poland and Naples. His son-in-law, Sigismund, started as King of Hungary and continued as King of Bohemia and Holy Roman Emperor. His son, Albert II of Austria was, in addition to the

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<sup>24</sup> Gyöző EMBER: *Az újkor magyar közigazgatás története (Mohácstól a török kiűzéséig)* (A History Public Administration in Hungary in the Modern Age), Budapest 1946, pp. 60-61. and 13. p. The second footnote calls attention to the following works: Sigmund Adler: *Die Organisation der Zentralverwaltung unter Kaiser Maximilian I.*, Leipzig, 1886, Eduard Rosenthal: "Die Behördenorganisation Kaiser Ferdinands I. als Vorbild der verwaltungsorganisation in den deutschen Territorien," in: A.f. Ö.Geschichte, 69. Bd. 1888; Eduard Rosenthal: *Zur Geschichte der burgundischen Zentralbehörden*, 1911, Theodor Mayer: "Die Verwaltungsorganisationen Maximilians I. Ihre Ursprung und ihre Bedeutung," in: *Forschung zur inneren Geschichte Österreichs*, 14. Bd. 1920.

<sup>25</sup> Gyöző EMBER: op. cit. p. 48, footnote 1.

above, an archduke of Austria, and so was his son: Ladislaus the Posthumous. Matthias Corvinus also managed to become ruler of the above territories. As was customary during the Renaissance era, he did so by resorting to violence. He was King of Bohemia, Silesia, Lower Austria and Styria. His successor was Vladislaus II the Jagiellonian, King of Bohemia and Hungary. Vladislaus's son, Louis II was also King of Hungary. From this long list, special attention should be paid to the reign of Sigismund. He pioneered in making serious efforts at unifying the administration of the territories under his rule. He appointed the Chancellor Archbishop of Esztergom to serve as the "joint" chancellor of the Kingdom of Bohemia and the Holy Roman Empire even though in the latter there had been an at least six-hundred-year-old custom to appoint the Archbishop of Mainz chancellor of the empire.

The most remarkable administrative measure occurred while Ladislaus V was a minor. At a time when the king was away in Vienna, a powerful member of the Council of the Realm (*Consilium Regni*), Archbishop János Vitéz of Esztergom launched a new type of unification in Hungary. With reference to a military threat posed by Osman Turkish troops, regular assemblies of Hungarian Estates were held (where representatives of Bohemian and Austrian Estates were present). Archbishop Vitéz recommended that the work of the king (upon his reaching majority) should be assisted by a permanent council, whose members should accompany the ruler when he visits other countries under his rule. (It was perhaps a symbolic early sign of unification that during the reign of Louis the Great both the Hungarian and the Polish crowns were kept at Visegrád. Some historical sources indicate that at the time of Emperor Sigismund, the crown of the Holy Roman Empire was also kept at Visegrád. Perhaps Emperor Frederick I intended to carry on that custom because, being the guardian of Ladislaus the Posthumous, he kept the Hungarian crown alongside that of the Holy Roman Empire in Vienna.

Matthias Corvinus was not a relative of any of the European rulers. Consequently, he had to apply other measures to maintain the status quo on the territories that he had seized by force. He relied on his army and on instruments of fiscal management. The role his "Black Army" played is well known but it is less known that, with reference to the threat of Turkish attacks, Matthias levied taxes both inside and outside Hungary. The revenues were not gathered by the Hungarian treasurer-general (*summus thesaurarius*), who was an "official" of the Estates but by the *castellan*, that is, governor of the castle of Visegrád. The castellan, alongside the *comes curiae*, that is, the judge of the court, were in charge of the king's "private purse." In other words, the king was not accountable to the Estates for those tax revenues and the deputies at the assembly of Estates probably did not even know their size. Those revenues covered the king's major construction projects and the maintenance of the "Black Army," which was a mercenary army. Under such circumstances the treasury was not separated from the *consilium regis* (council of the realm). The treasurer-general and the *magister tavernicorum* (who was in charge of the finances of the towns) discussed and decided financial matters during sessions of the council of the realm even though sources indicate that they had officers that worked separately. The *summus thesaurarius* cooperated with a *vicethesaurarius*, a *secretaries* and a

*notarius* however everyday business management, including the posting of letters, occurred through the chancellery.<sup>26</sup>

It is surprising that Ferdinand I initially intended to carry on with those efforts of unification: a joint assembly of Estates, a joint central administration and chancellery, a joint council of the realm, a joint fiscal organization and the joint management of military affairs. But before long Ferdinand had to realize that the territories under his rule belonged to diverse nations and cultures and they had relatively strong Estates. (The Estates in Bohemia and Hungary were even given the right to elect the king.) With time Ferdinand I abandoned his efforts at unification with the exception of joint fiscal management and military affairs (but this paper focuses on the unified fiscal management). As early as in 1527 he founded *Camera Hungarica* in Buda. Then he transferred it to Pozsony (now Bratislava in Slovakia) because that was closer to Vienna. At first it was headed by a treasurer, so documents of the time now referred to it as *camera*, now as *thesaurarius*. Although it was created as an autonomous institution, in practice it could only contact the emperor through the *Hofkammer* (Court Treasury) of Vienna, which had strengthened its position by then.<sup>27</sup>

Ferdinand considered fiscal management a priority. When in 1552-56 Transylvania belonged to his empire, he set up a committee to inquire the state of imperial revenues there. (A document from 1542 referred to Transylvania, which had been a possession of the Szapolyai family, as *regio et pars regni Hungariae ultra Tyciam et regnum Transilvanicum*. An assembly of Transylvanian Estates called that territory as follows: *status et ordines trium nationum regni Tansilvaniae partiumque Hungariae eidem annexarum*.) Ferdinand was probably motivated to hasten the fiscal evaluation of Transylvania because, as he put it in a letter to his elder brother, Charles V in spring 1550, he expected more revenues from the production of salt and precious metals - golden and silver - there than from the whole of Hungary. It was common knowledge at the time that Transylvania was rich in precious metals. Gáspár Heltai also mentioned that in his *Chronicle*. "Most people were engaged in gold mining. They dig up sand and gravel, and pan them in water to obtain gold." Teréz Oborni has recently found a contemporary account (by Georg Reicherstorffer) of precious metal mining in Transylvania. Close to Abrudbánya (today Abrud in Romania) "nuggets of gold are dug from inside mountains; glittering rivers run in valleys; an unusual amount of gold is found at sites where gold miners apply panning." Oborni quotes Reicherstorffer as calling River Maros as *fluvius aurifer*, that is, a river that yields gold.<sup>28</sup>

The findings of some researchers indicate that Ferdinand had planned to set up a chamber of finance in Transylvania but, heeding advice from his commissioners, he only appointed a separate treasurer. Then his commissioners issued a report, entitled: *Collectiones fisci Transylvaniae* 1552, and Treasurer Péter Haller resigned. The treasurer also submitted his report, which has come down to us alongside that of the commissioners. Until as long as the

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<sup>26</sup> Loránd SZILÁGYI: *A magyar királyi kancellária szerepe az államkormányzatban 1458-1526* (The Role of the Hungarian Royal Chancellery in State Governance), Budapest, Turul, 1930, pp. 48-51.

<sup>27</sup> Győző EMBER: op. cit. pp. 60-69.

<sup>28</sup> Teréz OBORNI: *Erdély pénzügyei I. Ferdinánd uralma alatt* (The Finances of Transylvania under Ferdinand I), Budapest, 2002, pp. 41-59 and 61-62.

end of the 18th century, that *connumeratio* and the treasurer's report served as starting-point for all economic initiatives that the Habsburgs made in Transylvania.<sup>29</sup>

In 1556 Ferdinand was driven out of Transylvania by the Turks and John Zápolya restored his rule. In 1570 his successor, Maximilian signed an agreement about the future of Transylvania in Speyer. Although Ferdinand I managed to secure the title of emperor ahead of the Spanish members of the House of Habsburg, in the Danube Basin his successors did not pursue centralization. Instead, (just like the leaders of German *lander*) the adult family members divided their territories among themselves. As a rule the most powerful member of the House of Habsburg took the title of "emperor" and Lower Austria, the Kingdom of Hungary and the Kingdom of Bohemia; the so-called Styrian branch of the dynasty received Inner Austria, and Habsburgs who resided in Tyrol ruled Tyrol and Further Austria until 1660, when that branch died out. (Leopold I only started his efforts at unification in the second half of the 17th century, after the Austrian collateral branches of the dynasty died out. As was customary at the time, he used absolutist methods.) At times territorial disintegration went to extremes. King Rudolf I of Hungary (who was Emperor Rudolf II of the Holy Roman Empire) transferred his seat and the central offices to Prague but substituting (*hinterlassene*) offices remained in Vienna. Consequently, there was duplication in central administration, which caused a lot of procedural problems. That could have been a factor in Rudolf's eventual forced resignation.<sup>30</sup>

The French monarchs were more gifted or perhaps more successful, due probably also to their more consistent fiscal policy and the fact that the royal fiscal administration was established early. An explanation of their fiscal successes is that, citing the interests of the Hundred Years War, they convinced the *Etats généraux* (legislative assembly) to vote for the taxes irrevocably. That granted the French kings immense room of manoeuvre. To foster amicable relations with the Estates, the kings convened assemblies of the "Notables," that supported the country's fiscal policy. That is why Niccolò Machiavelli, a Florentine notary wrote in the first half of the 16th century that, although several laws narrow the leeway of the French king, yet there are two areas where he has a free hand: finance and military matters. King Francis I considered his position strong enough to conduct campaigns in Italy, that is to say, he could set out along the road to absolutism. Despite (or perhaps because of) the French Wars of Religion, the central administration was firmly established. By the 16<sup>th</sup> century the council of the realm had been divided into divisions. Most important among them was the *Conseil d'État et Privé*, also called as *Conseil d'État desparties* (council for litigation or private council), that is what used to be *Grand conseil*. Its members were ministers and adult male members of the royal family and the queen. With time (as in other countries) that council lost its original function of a political consulting body. At the time of Louis XIV it was the supreme judicial forum to consider appeals submitted to the king. With just half a dozen members, the *Conseil d'en-haut* (or *Conseil des affaires*) functioned as a privy council. As from the 1630s, the *Conseil des dépêches* dealt with internal issues of governance. Its members were ministers

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<sup>29</sup> Teréz OBORNI: op. cit. p. 18, footnotes 13-14.

<sup>30</sup> Győző EMBER: op. cit. pp. 64-65. The most important function of the Court Chamber was to advise the ruler on his chamber assets. The rulers usually referred to the Chamber as their own (for instance, *camera nostra aulica, Hungarica, unsere Hofkammer*).

and royal secretaries. It considered cases referred to it by the *Conseil d'en-haut*. The *Conseil des finances* started its operation as from the time of Richelieu. Under the reign of Louis XIV that body was renamed *Conseil Royale* because often it was chaired by the king or the chancellor.<sup>31</sup>

The introduction of a system of intendants began under Richelieu. Provinces that had lost their Estate status were reclassified as *pays d' elections*, that is, elector provinces, which had sent deputies to the assemblies of Estates where decisions were made about taxes. Later those provinces came under the direction of royal commissioners or intendants. The intendants' task was to oversee the collection of local rates and taxes payable to the king. Richelieu sought to reduce the autonomy of five provinces (*pays d' États*) by appointing intendants to oversee their operation.<sup>32</sup> With time the system of intendants consolidated.

Under Louis XIV and Mazarin financial districts (*généralité*) that transcended traditional provincial boundaries were established and headed by intendants. The intendants were directly subordinated to the *Conseil Royale* (central council of finance) and the *Contrôleur generale* (intendant general). With support by the central government, the intendants supervised practically all activities in their respective districts. The traditional military hierarchy was first weakened by Richelieu who in 1627 cancelled the posts of *connetable* and *marsall*, who used to be in charge of the defence of the French coast and the administration of the commerce on the coastal areas. The central council of finance and the intendant general thus come into control of coastal trade and its taxation. The intendant general had the following title: *Chef et Surintendant Général de la Navigation et du Commerce de France*. Add to that the title: *et de la Marine*. The intendants along the coastline were called: *inspecteurs-généraux des affaires et de la marine*. Politically and legally that was an interesting move as the provincial parliaments, that is, high courts, had the right to submit the royal *ordonances* to legal review. Their competence however did not cover financial administration. In March 1626 Richelieu and others set up a trading company, called *Compagnie des Cent Associés de Morbihan*, which seized monopoly over trade in "eastern and western India, Canada and the Levant."<sup>33</sup>

Richelieu sought to regain royal possessions that had been pawned. Note that royal possessions could only be sold with the proviso that the Court retained the right of repurchase - at the price paid at sale. Thus it was worthwhile for the Treasury to buy back lands that proved to be more profitable in private ownership and then resell them with a profit.<sup>34</sup> That practice was similar to what the Habsburgs did. Adhering to Hungarian legislation, they

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<sup>31</sup> E. N. GLADDEN: op. cit., vol. II. pp. 43-47; see Perry ANDERSON: *Lineages of the Absolutist State*, New Left Books, 1975; see Anthony LEVI: *Richelieu*, De Capo Press, 2000.

<sup>32</sup> See Anthony LEVI: op. cit. Levi is of the view that in the 14th and 15th centuries the king convened the delegates of all the three Estates in every province. The function of those assemblies was to vote on the taxes, the recruitment of soldiers and appoint delegates to the national assembly of the Estates. With time those assemblies were replaced by royal commissioners. The commissioners were ostensibly elected but in actual fact they were centrally appointed. In 1620 the five main provinces (*pays d'états*: Burgundy, Languedoc, Bretagne, Provence and Dauphiné) decided about the ratios of their tax burden themselves. The taxes were not determined on the basis of revenues but on the basis of land ownership. The other provinces were called "elector provinces" (*pays d'élection*). Richelieu sought to centralize fiscal management by transferring certain privileges of the *pays d'états* to the intendants who reported to him personally.

<sup>33</sup> See A. LEVI: op. cit.

<sup>34</sup> A. LEVI: op. cit.

pawned crown possessions and sometime later, when those lands were reported to have become profitable - they took those lands back paying only the original mortgage fee. In such cases landowners who gained from profit from farming the land preferred accepting a higher mortgage sum to losing that possession. The Treasury gained from such deals as either the family concerned died out sooner or later or the authorities found some pretext to declare the family disloyal, which meant the possession could be confiscated. In such cases the Treasury did not have to pay at all. The Habsburgs often resorted to this “mortgage trick” with their remaining possessions in the Low Countries. That in effect meant levying an indirect but substantial tax on members of the nobility.

The sale and purchase of office, which in France was called *paulette*, gained currency at the time. (Charles Paulette, head of the *chambre des comptes* (Chamber of Financial Accounting) was the eponym.) During the reign of Henry IV, Maximilien de Béthune, *duc de Sully*, the king’s financial advisor, recommended to introduce this new institution.

To snobby aristocrats - especially members of the Guise Party - that were hotly contesting senior public offices, the king donated offices that were up for purchase and were inheritable. These were lucrative positions in the judiciary, which therefore required law school diploma. The benefit of that unusual institution was that later on French absolutism could require specialized training from applicants to certain positions, which means members of the higher middle class could also be absorbed in central government. That is the origin of the French differentiation between members of the aristocracy: “Nobles of the Sword” and “Nobles of the Robe.” The latter group consisted of nobles that purchased their office. Initially those purchasing office sought tax exemption rather than the income derived from the position (being wealthy people) or the opportunity to rise to the ranks of the nobility.<sup>35</sup> (The term “*paulette*” reminds us of what we saw in Italian towns in the 13 th century. Rich tradesmen entered lower ranks of the Church to win tax exemption.) The offices gained through *paulette* were inheritable and ensured solid incomes to officeholders. This stratum of legal practitioners was wedged between the traditional nobility (*noblesse d’épée*) and rich members of the higher middle class. Promotion in office ensured their further ascent and some of them even made it to the aristocracy.

Although the Treasury obtained sizeable revenues from the *paulette*, there was at times uncertainty whether to maintain that institution. Heeding proposals of Richelieu, the monarch occasionally suspended *paulette* but did not eventually cancel it. At the time of Louis XIV it was incorporated in the planned central budget as an annual *paulette-tax* was in force, which amounted to one sixtieth of the value of the office. (In 1635 Richelieu bought the post of *générales des galères* and then passed it on to his nephew.)

As in France during the Middle Ages the Estates and the monarch did not find a *modus vivendi* for joint legislation, the monarch enjoyed a sort of legislative monopoly. With time however it became practice that the royal *ordonances* (decrees) could only become effective after they were adopted by the Parliament in Paris, that is the Supreme Court. The Paris

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<sup>35</sup>A. LEVI: op. cit.

Parliament however often questioned the legality of the royal decrees. The situation became tense when, after 1614, the *États généraux* (legislative assembly) was not convened any more. (Instead, the Assembly of Notables was assembled.) Consequently the Parliament in Paris assumed certain functions of the Estates in supervising the monarch's activities. When that body refused to adopt the royal decrees the king had no other option but to appear in person and took his judicial seat, the *lit de justice* (literally: bed of justice). Later on the king simply sent his judicial seat. That method proved to be a powerful way to weaken the opposition of the Estates. To keep that method, the monarch did not use it too often. Louis XIII used it at least twenty times, occasionally despite Richelieu's reservations.<sup>36</sup> (In 1636 Louis XIII went as far as ordering the arrest of certain Members of Parliament just because they were about to protest at the king's new taxes. Later on such measures were applied in England during the Stuart absolutism.) As the monarch's right to legislate was all but uncontrolled and no authorities had the right to supervise the king's financial measures, the French king and his government wielded considerable concentration of power.

A new teaching on equalling royal power with divine authority strengthened the king's position. William Ockham's ideas are understood to be the source of that ideology. According to that approach, the royal decrees are unquestionable, there can be no debate about them. The bishop of Chartres (who was an advocate of Richelieu), who propagated this new interpretation of royal power as a new *via moderna*, was denounced by an assembly of the French clergy in 1626, even though by that time that view was embraced by a dominant majority of the French clergy and of the Members of the Parliament of Paris. Historical sources indicate that certain members of the Third Estate were of the opinion that "no power whatsoever could take away the kingdom from the king's hallowed person." The above views about the monarch being the manifestation of supreme power could serve as a source for the absolute royal power of Louis XIV, who said: "I am the state."<sup>37</sup>

Richelieu consolidated his financial reforms with a code, issued in 1629. It was called: *Michau code* (named after its author: Michele de Marillac). The code confirmed the status of intendants; it compelled the *fermier généraux* (farmers-general) to be more accurate in giving account of their activities; claims for tax exemption by persons whose aristocratic titles were proved to be false carried criminal sanctions; and the management of public moneys was brought under stricter control.<sup>38</sup> (When the Parliament of Paris first refused to adopt the decree about those measures, Louis XIII not only applied the *lit de justice* but he stripped some senior judges of their position.) It goes without saying that those government measures were insufficient to consolidate the status of the French Treasury. Its situation was so precarious that in 1627, 1638 and 1640 Richelieu lent money, jewels and silverware to the Treasury.<sup>39</sup> One of the causes of uncertainty was that bankers only granted loans to the Treasury at high rates of interest (16.6%) instead of the approved rate of interest (5%). French aristocrats were outraged to hear that.<sup>40</sup> (Richelieu began building a network of informants

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<sup>36</sup> A. LEVI: op. cit.

<sup>37</sup> A. LEVI: op. cit.

<sup>38</sup> A. LEVI: op. cit.

<sup>39</sup> A. LEVI: op. cit. A Huguenot critic of Richelieu cracked the joke that the cardinal had pawned so many rings that none have remained to bless believers with.

<sup>40</sup> A. LEVI: op. cit.

and that was to become a hallmark of absolutist regimes of the era.<sup>41</sup> The network of informants had become really effective by the reign of Louis XIV. The king's numerous informants worked at home and abroad and he was rumoured to have a "private, shadow" network, which reported only to him and his personal secretary. The existence of that shadow network was only revealed after the king's death. Besides, there was genuine need for security precautions as politically motivated murders were rampant. Security considerations, alongside the desire to live under even more luxurious circumstances, motivated the court's transfer to Versailles.) Thus by the time of the beginning of the reign of Louis XIV a pattern of government had been put in place that was based on an organized fiscal management, more specifically, a system of intendants and an almost unrestricted power of the monarch. Circumstances were suitable for Mazarin and Louis XIV to build and consolidate a particular version of European absolutism. The rights of the provinces were left unaffected but the collection of the revenues of Treasury was centralized so efficiently that it laid the basis for powerful absolutism.

## SUMMARY

### **Fiscal Affairs in Medieval Europe**

LAJOS RÁCZ

The essay discusses three periods in the history of European fiscal affairs. The focus first is on public finance in the final stage of the history of the Roman Empire. As historical antecedents, reference is made to the late Republic era, when the office of the *Tresviri monetales* gained importance among the *magistratus minores*. That office formed the first rank of *Cursus honorum*. The *Tresviri monetales* were in charge of the state mints (their name appeared on Roman coins) and mining. The way finances were structured in the Roman Empire specific revenues were attached to certain financial funds (*Aerarium*). Several actors remained active in fiscal administration even after Emperor Augustus set up the *Fiscus* (Imperial Treasury) and that polycentric structure survived during the Byzantine Empire. Regrettably, in Byzantine the several financial funds were not centralized even though the issue of money was controlled by the state. Several historians are of the view that this played a role in the decline of the Byzantine Empire.

During the early stage of feudalism in Europe taxes were not collected centrally which, H. Pirenne states, exerted a major influence on the character of public finances. Only silver coins were issued by the state mints so, ironically, what we know as the Swiss franc was the golden coin minted during the Byzantine period. Spectacular progress in this field occurred in two places: in England and in the Roman Curia. Their relatively developed fiscal administration and types of central revenues are described in detail. Long-distance trade and the development of certain towns brought further progress. (The towns that belonged to the Hanseatic League [*Bund van der dudeschen hanse*] and the city-states of northern Italy: Genoa, Florence and Venice.) The economic prosperity of said Italian towns (the author supplies several examples

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<sup>41</sup> A. LEVI: op. cit.

for the accumulation of huge fortunes) had an influence on the way those towns were governed. Mercenary armies were institutionalized and rich merchant families gained senior positions in town halls (For instance, the Medicis in Florence). The essay examines the history of fiscal management in the Holy See and the financial cooperation of the House of Medici and the Vatican. (The motto of the Medici banking house was “*Col nome di Dio e di Bona Ventura*”.)

The second part of the 15th century witnessed financial prosperity in certain parts of Europe. Although Burgundy controlled areas that were not geographically coherent (the Duchy of Burgundy was in the Rhone Valley and the *Burgundische Kreis* in the Low Countries), it managed to set up a Chamber of Finance and concentrated fiscal management. Note the relations between the dukes of Burgundy and banking houses. Holy Roman Emperor Maximilian I inherited - through his marriage - a considerable part of Burgundy. He was a Central European monarch who also found it inevitable to concentrate fiscal management (and established the *Hofkammer*). His contemporary, Matthias Corvinus also proved his skills in securing the financial integration of the countries and territories he had occupied (Moravia, Silesia and Austria) and ensuring the military basis for his territorial gains. As from the 16th century on, the most efficient fiscal management was organized by the French state. Politicians that were well versed in finances (as Sully and Richelieu) came into prominence, the *Conseil Royale* gained a pivotal role in fiscal management and the system of intendants subordinated to it (with a whole array of state revenues) provided a robust financial basis for French absolutism, which reached its zenith by the time of the Sun King.

## RESÜMEE

### **Die Entwicklung der fiskalischen Angelegenheiten im mittelalterlichen Europa**

LAJOS RÁCZ

Die Studie untersucht chronologisch in drei Zeitspannen die Entwicklung der staatlichen Geldangelegenheiten oder fiskalischen Angelegenheiten in Europa. Als Vorgeschichte verweist der Verfasser auf die staatlichen Geldangelegenheiten des späten Römischen Reiches. Die Wurzeln dieser sind bereits in der Zeit der späten Republik anzutreffen, und zwar mit dem Amt des „*Tres viri monetales*“, das unter den kleineren Magistraturen eine immer wichtigere Rolle spielte und das erste Amt des „*Cursus honorum*“ war. Sie waren nicht nur für die staatliche Münzprägung (so konnte ihr Name auf einer Seite der römischen Münzen aufscheinen), sondern auch für den Bergbau verantwortlich. Die römischen staatlichen Geldangelegenheiten hatten einen charakteristischen Aufbau: zu bestimmten finanziellen Fonds (Aerarium) gehörten bestimmte Einkünfte. Die Differenziertheit der Finanzverwaltung bleibt auch nach der Aufstellung des Fiskus durch Augustus bestehen und rettet sich sogar nach Byzanz. Leider ist hier die Zentralisierung der verschiedenen

finanziellen Fonds nicht eingetreten (unter anderem könnte auch der Untergang des Reiches dadurch verursacht worden sein), obwohl dahinter stets die einheitliche staatliche Geldemission der bestimmende finanzielle Hintergrund war.

In der frühen Zeit des mittelalterlichen Europas waren - H. Pirenne zufolge - der Mangel einer zentralen Steuerzahlung bis zur ständischen Ära, bzw. das verhältnismäßig niedrige Niveau der staatlichen Münzprägung (lange wurde womöglich nur Silber geprägt, sodass das Gold aus Byzanz lange Zeit hindurch die Rolle der „Schweizer Franken“ hatte!) aus der Sicht der staatlichen finanziellen Angelegenheiten bestimmend. Eine spektakuläre Abweichung ist an zwei Orten zu beobachten: in England, bzw. in der päpstlichen Kurie in Rom. Die Studie stellt die ziemlich weit entwickelte Finanzverwaltung und das differenzierte System der finanziellen Einkünfte dieser vor und analysiert detailliert die Gründe hierfür. Einen weiteren Schritt nach vorne bedeutete die Entwicklung des Fernhandels und der Städte (Hanse: „*Bund van der dudeschen hanse*“, bzw. die norditalienischen Städterepubliken: Genua, Florenz und Venedig). Zugleich wirkte sich der wirtschaftliche Aufschwung der italienischen Städte (der Verfasser nennt zahlreiche Beispiele für die Anhäufung von Vermögen) auch auf die Staatsregierung aus: die Institutionalisierung des Söldnerheeres, bzw. der Vorstoß der Handelsaristokratie in den städtischen Regierungen (Florenz - Medici). Parallel dazu untersucht die Studie den Verlauf der staatlichen Administration des Heiligen Stuhls, sowie die finanziellen Beziehungen des Medici-Bankhauses und des päpstlichen Hofes (Der Spruch des Medici-Bankhauses lautete: „*Col nome di Dio e di Bona Ventura*“)

Die zweite Hälfte der 1400er Jahre war die Zeit des großen finanziellen Aufschwungs in Europa. Das Kämmerer-System des territorial ziemlich zergliederten Burgunds ist ein Beispiel dafür, wie Gebiete von verschiedener Ethnizität und großer Entfernung (das Herzogtum Burgund im Rhone-Tal und der niederländische „Burgundische Kreis“) mit der Zentralisierung der Finanzen in einer Hand gehalten werden können. Besonders wichtig sind hier die Beziehungen der burgundischen Herzöge und der Bankhäuser. Der den bedeutenden Teil von Burgund - infolge seiner Eheschließung - erbende Kaiser Maximilian von Habsburg ist derjenige mitteleuropäische Herrscher, der zu einer ähnlichen finanziellen Konzentration gezwungen ist (Aufstellung der Hofkammer). Sein Zeitgenosse Mátyás Hunyadi (Matthias Corvinus) zeigte ebenfalls ein bemerkenswertes Talent bei der finanziellen Integration der frisch erworbenen Länder (Mähren, Schlesien, Österreich), neben der Gewährleistung des militärischen Hintergrundes dieser. Als das erfolgreichste System kann jedoch die in den 1500er Jahren einen Aufschwung erlebende französische staatliche Finanzverwaltung bezeichnet werden. Das Vordringen der Politiker, die zugleich Finanz-Fachleute waren (Sully, Richelieu), die zunehmende Bedeutung der „Conseil Royale“ in der zentralen Administration und das ausgebaute Intendantensystem (mit seinen differenzierten staatlichen Einkünften) boten gemeinsam einen sicheren finanziellen Hintergrund für den französischen Absolutismus, der zur Zeit des Sonnenkönigs seine Blütezeit erlebte.