THE ORGANIZATION OF GOVERNMENT

IN PRE-INDUSTRIAL EUROPE*

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ABSTRACT: Pre-industrial Europe saw a relatively rapid evolution of systems of government. Feudalism gave way to medieval constitutional government and this gave way in turn either to the imperial state or to associational government. This rapid evolution was driven by two interrelated processes—one of economic growth and development, the other of struggle and conflict among governments. Our purpose here is to understand how these processes molded the way government was organized. Differences across systems of government in the organization of government accounted for much of the difference in the economic environment they created and consequently in their subsequent economic development.

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Pre-industrial Europe saw a relatively rapid evolution of systems of government. Feudalism gave way to medieval constitutional government and this gave way in turn either to the imperial state or to associational government.[1] This rapid evolution was driven by two interrelated processes—one of economic growth and development, the other of struggle and conflict among governments. Our purpose here is to understand how these processes molded the way government was organized. Differences across systems of government in the organization of government accounted for much of the difference in the economic environment they created and consequently in their subsequent economic development.[2]

We begin by reviewing the nature of government in pre-industrial Europe. Government in this period was quite unlike today's well-defined system of states. Rather, it was a patchwork of competing and overlapping authorities—territorial governments, city governments, and the Church.[3] We then examine the inherent problems of government organization. Our period begins with Europe under a feudal system of government: we see how this was organized. Next, we examine the evolution of the organization of the Church and of city government: both pioneered organizational innovations that were later adopted by territorial governments. We then follow the evolution of the organization of territorial government itself—looking first at structures of governance and then at structures of administration. Finally, we take a look at the organization of the association of associations, a new system of government that emerged towards the end of our period.

GOVERNMENT AND ITS ORGANIZATION

To make sense of how government was organized, we must first understand its purpose and its functions. These varied across the different types of government.

The origins, purpose and functions of government

Territorial government was imposed from above by a predatory warrior nobility. The profession of this nobility was violence, and it acquired and controlled territory by force.

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[1] See (Kohn forthcoming) Ch 18 for a more detailed discussion of the different systems of government and their evolution.
[2] See (Kohn forthcoming) Ch 23.
[3] See (Kohn forthcoming) Ch 18 for a more extensive discussion.

The deployment of force required resources, which nobles exacted from the territories and populations under their control. They derived additional income from the sale to their subjects of violence services—primarily peace, order, and economic intervention. At the head of the nobility, at least formally, was the territorial ruler. However, as we shall see, the territorial ruler often lacked the means to assert control. As a result, territorial government, especially early in the period, was fragmented and weak.

The weakness of territorial government permitted a quite different form of government to emerge at the local level—associational government. Associational government was established by a variety of groups as a framework for joint action. The primary reason for such joint action was the mobilization of force—mainly but not entirely for defensive purposes. There were many examples of associational government—the village, the parish, the artisan guild, the merchant association—but the most important was the city. Cities struggled with rulers and with the nobility for rights and freedoms—with varying degrees of success—and competed with one another for trade. It was cities, rather than territorial governments, that performed many of the functions we associate today with government—health, education, welfare, and investment in infrastructure. City and other associational governments, like territorial governments, also provided justice and intervened in the economy.

This hodgepodge pattern of government by rulers, nobles, and associations was further complicated by the presence of yet another type of government—or at least quasi-government—the Church. The Church was a vast multinational enterprise with a monopoly on religion.[4] It owned extensive lands across Europe, and it was to some extent extraterritorial and self-governing. To defend its property and its interests it relied mainly on 'soft power', but it did sometimes mobilize military forces of its own. The Church also provided the population at large with some of the same services provided by territorial and associational governments—welfare, education, and justice.

While the origins and the purpose of the different types of government differed, they all performed many of the same functions. All were involved in the deployment of force. All provided services of various kinds. And all needed to finance their activities—collecting revenue and making payments.

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[4](Ekelund, Tollison et al. 1996)

The organization of government and its problems

Performing the various functions of government involved the combined efforts of large numbers of people. Coordinating these efforts required organization. In the case of territorial government, rulers made the decisions, but they required the help of others in executing those decisions. Rulers therefore appointed *officials* to act for them. In the case of city government, it was difficult for a group, especially a large one, to make decisions. So cities appointed *leaders*—individuals who made decisions for the group. Of course, like rulers of territories, leaders of cities—especially of large cities—needed to employ officials to execute their decisions. The Church too appointed leaders to make decisions and it too required officials to execute them.

Both officials and leaders were agents: they acted for others. Officials were agents of the rulers or leaders who gave them their instructions. Leaders were agents of the groups in whose name they led. For agents of both types to function effectively, they had to be given considerable freedom of action. In the case of officials, their instructions could never be exhaustive, and the effective execution of those instructions required them to take into account changing circumstances and local conditions. In the case of leaders, the whole point of appointing them was to have them exercise their judgment in making decisions.

The granting of freedom of action to officials and to leaders, however necessary, created a fundamental problem. It allowed them to pursue their own interests at the expense of those they were serving. Officials were often lazy, incompetent, and corrupt. As a result, the policies of rulers and leaders were implemented poorly or not at all. The handling of money was a particular problem. Governments, always desperate for funds, saw much of their revenue disappearing into the pockets of their officials. Money sent to their armies often failed to reach them, resulting in mutiny by unpaid troops and sometimes in military defeat.[5] Not infrequently, the rapaciousness of officials in collecting taxes and in extorting bribes provoked civil unrest and even rebellion. Leaders too were frequently lazy, incompetent, and corrupt. In addition—and much serious—a leader might take advantage of his control of government to seize power for himself—transforming himself from a leader into a ruler.

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[5]Typically some 20-25% of the money sent to pay armies was 'lost' in transit ((Hale 1985))

To monitor and to constrain the actions of officials, governments developed structures of *administration*. To monitor and to constrain the actions of leaders, they developed structures of *governance*.

A comparison with business organization

The problems of government organization had much in common with those of contemporary business organization.[6] Like governments, businesses had to rely on agents to act for them; had to allow them some freedom of action; and had to develop structures of administration to address the resulting problems. There were parallels too in governance. The providers of financing to business—especially equity financing—had to appoint 'leaders' to make decisions about the use of the funds they provided. They consequently had to develop structures of governance to monitor and to constrain these leaders from acting against the interests those providing the funds.

However, more instructive than the similarities between the two types of organization are the differences. These differences arise mostly from the very different nature of the two enterprises. While businesses organizations were engaged primarily in trading, government organizations were engaged primarily in the deployment of violence.

Compared to trading, the deployment of violence was much more divisible. In trading, an agent depended on his principal no less than the principal depended on him. An agent trading in a distant market depended on his merchant employer for financing, for goods to sell, and for an outlet for the goods he purchased. In contrast, an official in charge of the local deployment of violence was much less dependent on his principal: his 'business' was relatively self-contained.

Because the deployment of violence was divisible, government organization was in constant danger of spontaneous 'privatization'.[7] It was relatively easy for an official to cast off the constraints of administration and set up in business for himself—keeping the revenue from the territory in question for himself and using it to finance the local deployment of violence. In doing this, the official became essentially an independent local ruler. A different, but related, danger was disloyalty: the official might shift his

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[6]See (Kohn forthcoming) Ch 14 on business organization.

[7]This term 'spontaneous privatization' was first used in describing a similar phenomenon in the transition from communism: see for example (Johnson 1991).

allegiance from one ruler to another who offered him a better deal. In both of these cases, the ruler would lose the benefit of the territory he had entrusted to the official: in the first case it would become the property of the official; in the second, it would pass into the hands of the ruler's internal or external rivals. The Church too faced privatization by its local officials (bishops and priests). It was of course in a different line of business—the business of salvation—but this also was relatively divisible. Local officials and franchise-holders did not depend very much on the central authorities of the Church in Rome. So they could easily go into business for themselves. A different type of 'privatization' was the transformation of leader into ruler. Once the leader of a city had control of the deployment of violence he ceased to depend on those who had appointed him. He could convert the city into a private territory much like that of a territorial ruler.

Principals could counter privatization to some extent by employing violence to reassert control. A ruler could mobilize other forces at his disposal against an official who defied his authority. Clearly, the greater his forces relative to those of the official the less likely it was in the first place that the official would privatize his office or be disloyal. Similarly, the citizens of a city could rise up in rebellion against a leader who had become a tyrant. Here too the relative force available to leader and citizens was an important factor in determining whether or not the leader privatized his position. The Church had only limited command of violence, but it did have other sanctions. It could excommunicate a privatizing official, not only consigning him to eternal damnation but also withdrawing his franchise to sell salvation to others.[8]

There was another way in which the problems of government organization differed from those of business organization, and this too stemmed from the difference in the nature of the two enterprises. Compared to business organization, government organization had little recourse to external monitoring and enforcement.

When a business firm had problems with its agents or when investors were unhappy with the behavior of managers, there existed an entire commercial support structure to which they had recourse. Merchant associations and organized markets helped to monitor agents and could impose sanctions for misbehavior harsher than those available to the

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[8](Southern 1970)

firm itself. External enforcement was also available from governments—territorial governments, city governments, and the Church—through their courts.

With the organization of government, on the other hand, external help with monitoring and enforcement was more limited and more problematic. There was, however, one important external source of monitoring—the public. Governments often encouraged complaints against misbehaving officials and created frameworks to hear such complaints.[9] With respect to enforcement, a ruler could call on the Church to excommunicate a wayward official, especially if he had violated an oath. Other than that, rulers were essentially on their own disciplining their officials. The Church and the citizens of cities did have the option of enlisting the aid of territorial rulers as enforcers. However, this solved one problem only to create another. Once invited to intervene, territorial rulers were liable to exploit the situation to their own benefit. In the case of a city, the territorial ruler might depose a tyrannical leader only to install a puppet leader of his own and curtail the city's liberties. In the case of the Church, instead of recapturing the lost office for the Church, the ruler might keep it for himself by appointing one of his own to the position in question.

The lack of external enforcement meant that the organization of government had to rely more on self-enforcement. It also meant that enforcement was weaker and that the misbehavior of agents consequently more of a problem.

Changing demands on government organization

Government organization evolved to address these fundamental internal problems, but this evolution did not take place in a vacuum. The environment in which government operated was changing: this affected the 'technology' available to the organization of government and it changed the demands that government organization had to meet.

The changing environment was mainly due to continuing economic growth and development.[10] Economic growth was relatively rapid in periods of relative peace—the twelfth and thirteenth centuries and the fifteenth. It was slower In periods of widespread warfare—the long fourteenth century and the long sixteenth century. However,

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[9]"Merging royal and private self-interest kings encouraged complaints against their own officials by private persons." (Kaeuper 1988)p156

[10]See (Kohn forthcoming) Ch 1.

throughout the period, economic growth and development continued. Economic growth meant growing urbanization. Cities grew larger and more powerful, and they were therefore able to assert their independence from territorial rulers. Economic growth also placed more resources in the hands of governments. The development of the financial system made it easier for governments to borrow and so to mobilize large sums of money more quickly. Economic and, particularly, commercial development also improved the 'technology' available for the organization of government—technologies of information, communications, and management.[11]

The changing demands on government were mainly the result of war. Throughout the period governments fought and struggled with one another. Territorial governments fought one another for territory. City governments fought and struggled with territorial governments to obtain freedoms and to defend them, and they fought and struggled with one another over trade. The Church struggled to preserve its monopoly of religion and to defend itself against the encroachment of its rights and the appropriation of its property by territorial governments and cities.

As a result of the greater resources available to governments and their increasing ability to borrow, the severity of war and its cost escalated over the centuries. However, despite the greater resources, the pressures of war were such that expenditure always seemed to outrun the available means. The result was unremitting fiscal pressure—a constant need for more revenue and for more borrowing.[12] As we shall see, this unremitting fiscal pressure played a major role in molding the shape of government organization.

War had another important effect on government. In the waging of war, and in its financing, there were important benefits of scale. Larger and more wealthy political units were able to field more effective militaries. The result was a continuing consolidation of political units by 'merger and acquisition'. The three hundred independent city states of northern Italy that existed at the end of the twelfth century had been absorbed, by the late fifteenth century, into five much larger city-controlled territorial states.[13] Similarly,

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[11]See (Kohn forthcoming) Ch 15.

[12]See (Kohn forthcoming) Ch 20 on the development of government finance.

[13](Epstein 2000)

territorial rulers had succeeded in extending their control over much larger territories—creating 'conglomerate states' such as France and Spain.[14] The organization of government in conglomerate states raised issues of integration and centralization. These same issues arose too in another new form of state that constituted an alternative response to the benefits of scale—the association of associations. Examples included the Swiss Confederation, the Hanseatic League, and—the most successful—the Dutch Republic.

THE STARTING POINT: THE FEUDAL SYSTEM OF GOVERNMENT

Our story begins with the organization of the feudal system of government. We cannot make sense of this, however, without understanding how it emerged from government organization under the Roman empire.

Roman origins

During the golden age of the Roman empire, the Principate, the empire was controlled by a remarkably small central government in Rome. The military was under its direct control, and taxes and tribute from throughout the empire were sent to Rome to pay for this army. However, administration of the empire was largely *indirect*. The empire was divided into 'cities'—really city-centered territories. These were largely allowed to govern themselves, with very little interference, so long as they kept the peace and collected taxes and tribute and passed them on to Rome. Each city was governed by its local oligarchy. Members of this oligarchy were appointed by Rome as local rulers (generally unpaid). When necessary the authority of these appointed rulers was backed up by Roman troops.

This form of government organization functioned well for over two hundred years, until it was undermined in the third century by a fiscal crisis. Faced by rising defense expenditures and a growing welfare state, the Roman government resorted to massive debasement. This caused a monetary collapse and a significant demonetization of the economy. As a result, tax revenues had to be collected in kind—generally by requisition.

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[14]"[The conglomerate state] was a state composed of territories standing in different relations to their rulers, a state where the rulers found themselves in different relations to different parts of their domains. It was a political, judicial, and administrative mosaic, rather than a modern unitary state." ((Gustafsson 1998) p23)

The Diocletian reforms at the end of the third century regularized this system of requisition and put in place a great deal of economic regulation to sustain it. The resulting regime, the Dominate, required a much larger and more coercive system of administration. Administration was now *direct*—relying on a hierarchy of officials, generally non-locals, sent out from and reporting to Rome. These officials were essentially tax farmers: senior officials purchased territories from the emperor and then subdivided and sold these territories to the lower officials who would serve under them.

Demonetization necessitated military and fiscal decentralization. The army was broken up into locally based units that could be supported out of locally collected supplies. The same local officials collected revenue—much of it in goods and labor—and disbursed it. Part went to support these locally-stationed troops; part covered the expenses of local government; and part was passed on up the hierarchy. And, of course, part was kept by the official.

The armies of the late empire came to be made up increasingly of tribes of barbarian mercenaries. Such a tribe, under its tribal leader, would be assigned a particular province to receive payment for its services. There it would be entitled to receive the tax revenues earmarked for supporting the local military. Tribal chiefs would subdivide the territory among their followers in a hierarchy that paralleled the hierarchy of administration.

This high degree of fiscal and military decentralization greatly increased the risk of privatization. When the center was weakened by invasions and civil wars, local administrators and military leaders were able to turn their appointed positions into hereditary property. They became largely independent 'lords' and rulers of the territories they controlled.

In the eighth century, the Carolingian Franks attempted to reestablish central government in the western empire, but this attempt collapsed in the ninth century, and privatization and decentralization resumed. The result of this process of privatization and decentralization of the late Roman and Carolingian empires was the feudal system of government with which our period begins.

The feudal model

The feudal system of government was a hierarchy of lordship and vassalage. The king, at the top of the hierarchy, ruled some of his territory directly—his domain—but the

rest was divided among his vassals. The vassals controlled some of their own territories directly—their domains—and the rest was divided among *their* vassals, and so on down the hierarchy.

The relationship of a feudal lord to his lands was not one of landownership in the modern sense but one of government or sovereignty. With respect to his domain lands a lord's authority was complete: he had the right of exaction from the inhabitants, and he had the obligation to provide them with government services—primarily peace and order. However, with respect to the lands of his vassals, the feudal lord's authority was limited. In ceding land to the vassal, the lord delegated to him the government of it. The lord had no right of exaction from the inhabitants of the vassal's lands, nor did he have the obligation to provide them with peace and order. These rights and obligations devolved upon the vassal. The lord did derive 'revenue' from the lands of the vassal, but this was revenue in kind in the form of military support from the vassal personally and from his followers.

The feudal system of government was essentially contractual. The lord ceded the vassal control over lands; in return the vassal owed him loyalty and support. The lord exacted revenue from his domain; in return he owed its inhabitants the provision of peace and order. In principle, the terms of these relationships were constrained by norm and custom. In practice, however, the behavior of lords was often arbitrary, and it was constrained, if at all, by the threat of defection and rebellion.[15]

As a system of administration, this form of government was a mix of direct and indirect. The administration of the ruler's domain was direct, the administration of the rest of his territory indirect. When rulers legislated—issuing decrees and laws—they had direct control over their execution within their own domain. However, over most of their territory they depended on their vassals for their execution—and on the vassals of their vassals. This was the pattern of administration not only for kings, but also for their great vassals, who were also essentially the 'rulers' of their territories.

As associational governments sprang up and gained in strength, they too became instruments of indirect administration. To varying degrees, cities gained the right of self-government. That is, rulers and lords delegated government to them, much as they did to

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[15](Britnell 1996) Ch. 3

vassals. And, like vassals, they were responsible for executing the decrees and laws of their ruler or lord within their jurisdiction.

The direct administration of a ruler's domain was made up of two parts—central administration and local administration. The central administration was not fixed in location but moved from place to place with the ruler. Feudal lords were peripatetic because the economy—especially the rural economy—was largely demonetized and revenue was therefore paid in kind: lords had to move from place to place within their domains to consume it. Also, since their hold on their territory was often tenuous, it was politically desirable to visit every so often to 'show the flag'.[16]

There was no clear separation between the ruler's central administration and his household: in fact the ruler's central administration was generally called 'the household'. Since the ruler was the government, public and personal naturally intermingled. In particular, the revenue from the ruler's domain was not simply his personal income, used to support his consumption and that of his family; it was also the principal source of government income. The ruler was expected to finance all government functions— including the waging of war—from his domain income (he did, of course, have in addition the military support of his vassals). The officers of the central administration were nobles and clerics and they bore such traditional titles as count of the palace, chamberlain, seneschal and so on.[17]

Budgeting was rudimentary. Accounting was almost non-existent, and rulers typically had little idea of the state of their finances. Funds both for household needs and for those of the government were allocated by assignment to dedicated money boxes—one of which was the 'war chest'. When the box was empty the spending stopped.

Local administration relied on a mix of resident local officials and visiting officials dispatched *ad hoc* from the center. Resident officials were either appointed from the central administration or recruited locally. Some local officials were compensated, while others—especially those recruited locally—were expected to serve without pay. Visiting officials might be dispatched on a special mission—to conduct a census for example. Or

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[16](Webber 1986) Ch. 4
[17](Ertman 1997) Ch. 2

they might be sent out periodically to provide justice or to monitor the performance of resident officials. The peripatetic ruler was himself, in a sense, a visiting official.[18]

There was little specialization or differentiation either at the central or at the local level. Typically, the same individual or group of individuals was responsible for collecting revenue and disbursing funds, for mobilizing and supplying military forces, for the enforcement of laws and the provision of justice, and for general administration.[19]

To coordinate the system of indirect administration the ruler periodically summoned a *magnum consilium* or great council—a meeting of the ruler and his chief officers with the great vassals and the leading clerics.[20] Coordination required the exchange of information. The ruler conveyed his commands and wishes, the vassals reported on their implementation and on the situations of their territories. In addition, the council served a judicial function. It provided a forum for resolving disputes between ruler and vassal or among the great vassals. It sometimes also served as a high court of appeal for the territory as a whole.

The council also provided the ruler with advice. Given the ruler's often weak control over his vassals, it was generally wise for him to listen. In this sense, the council performed not only an administrative function but also one of governance. Because of the his weakness, the ruler was in a sense the leader of his vassals, and the council provided a way for them to constrain his behavior.

The decentralized nature of feudal government made it highly susceptible to privatization and disintegration.[21] Because of fiscal and military decentralization, vassals often had at their disposal resources and military power that rivaled or exceeded those of their feudal lords. For example, the counts of Flanders and Champagne and the duke of Normandy (who was also the king of England) were all formally vassals of the king of France. In practice, however, all were independent rulers over whom the king of France had virtually no control. Even within a ruler's domain, privatization was a problem. Knights would build castles and defy the ruler's authority. Local officials would hold onto their positions, turning them into personal property that they handed down to their

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[18](Koenigberger 1995)
[19](Fischer and Lundgreen 1975)
[20](Finer 1997) Vol 2 Ch. 5; (Nicholas 1999);
[21](Koenigberger 1995)

heirs—becoming, in effect, vassals rather than officials.[22] Indeed, there was a general tendency for officials to become vassals, and for vassals to became independent rulers.

Variations on the feudal model

The foregoing description of the feudal model is most accurate with respect to the parts of western Europe that had made up the Carolingian empire and where the Roman heritage was strongest. These included France, Germany, northern Italy and much of the Low Countries. Even in this area, however, the feudal model was less pronounced in the two highly urbanized regions of the Low Countries and northern Italy, being moderated there by the relative strength of associational city government.[23]

Other parts of Europe had different histories and they developed systems of government that were either non-feudal or were variations on the feudal model of the 'Roman core'. These early differences in systems of government were to have important effects on the subsequent evolution of the organization of government, and they help to explain many of the later differences between one country and another.[24]

Scandinavia, Poland, Hungary, and the northern Low Countries had never been part of the Roman empire and in Switzerland the Roman heritage was weak. The origins of government in these places were tribal and associational rather than imperial and predatory.[25] The peasantry was generally free rather than servile, and associational government at the village level was strong. Armies relied as much or more on infantry militias as they did on noble armored cavalry, and the military importance of the peasantry gained them a degree of political representation.[26] Territorial administration was generally indirect, relying on local associational government as its instrument. Kingship tended to be elective rather than hereditary.

In England, the Roman heritage had largely been eradicated by a succession of Germanic invasions. By the seventh century, England was divided into some thirty

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[22]Although they would typically owe financial rather than military support to the ruler.

[23](Tilly 1994)

[24](Ertman 1997)

[25]On Sweden, for example, see (Glete 2002) Ch. 5; on the northern Low Countries see (Downing 1992) Ch. 9

[26]"The village 'hundreds', themselves important to constitutional development in Scandinavia, levied infantry formations from the male population who, in return, were given a voice in popular assemblies." (Downing 1989)p 219

distinct independent tribal territories. However, in the ninth century, in response to Viking invasions, the West Saxon kings succeeded in uniting many of these territories under their rule.[27] Within this unified territory, the West Saxon kings created a system of administration that was more Germanic than Roman in that it was built up from local associational government.[28] All men over twelve years of age participated in the smallest unit—the tithing. This was a framework of mutual responsibility and surety with respect to executing the ruler's decrees, especially with respect to taxation and military mobilization. Tithings sent representatives to meetings of larger units called hundreds, and hundreds in turn sent representatives to meetings of the shires. In contrast to the top down structure of feudal administration, this was administration built from the bottom up. The Norman invaders of the eleventh century superimposed on this system of government a feudal superstructure. William divided up the English lands among his Norman vassals in a way that paralleled the feudal structure in Normandy.[29] However, the Normans retained the Saxon system of administration.

Spain, once Roman, had been conquered by the Muslims. Its medieval system of government was molded by the *reconquista*. The cities and their militias played an important military role in the conflict and they were rewarded with significant lands and political rights. Much of the newly conquered land was divided among the nobles and the Church on a feudal basis. However, cities gained control of much of their surrounding territory and many answered directly to the crown rather than to any local lord. Consequently, the cities played a particularly important role in the indirect system of administration.[30] Sicily, too, was reconquered from the Muslims and southern Italy was taken from the Byzantine empire (still much like the Dominate). In both territories, an essentially feudal system was imposed by the northern conquerors. Administration in

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[27](Ertman 1997) Ch. 4

[28](Reynolds 1997); (Ertman 1997) Ch. 4. This structure may have been imitated from the Carolingians, as were many aspects of West Saxon government. However, this system of administration completely disappeared on the continent as the Carolingian empire disintegrated ((Kaeuper 1988) Ch. 2).

[29]One difference that reflects the different origins of the feudal system in England is that although the great vassals received extensive territories, they were generally dispersed throughout the kingdom. In contrast, in France the great vassals' territories tended to be compact. This increase their military power and their ability to defy the will of the king.

[30](Thompson 1976) Ch. 2. Cities and the nobility each had jurisdiction over about half the population.

both territories was centralized and direct, carried over with little modification from the Muslims and Byzantines respectively.[31]

The organization of territorial government under the feudal system and its variants was rudimentary. Over the centuries, driven by external pressures and internal problems, it would evolve into something far more complex. In many ways, however, it was the other types of government—the Church and city government—that pioneered 'technological progress' in government organization. The new institutions that they developed provided models for territorial governments to imitate and to modify.

THE EVOLUTION OF THE ORGANIZATION OF THE CHURCH

The Church was a huge organization, much larger than any contemporary business, and comparable in size to the largest territorial governments. It faced many of the same problems, but they were exacerbated by the wide dispersal of its 'branches' across Europe at a time of slow and unreliable communications. They were exacerbated too by the limited means at the Church's disposal to discipline its officials.

The Church's principal problem, as we have seen, was spontaneous privatization. Officials privatized their offices, either by turning them into private heritable property or by taking private payment for the provision of clerical services. The Church also faced the related problem of defending its wealth against predation by secular rulers. This sometimes took the form of outright expropriation, but more usually rulers arrogated to themselves the right to appoint church officials. Since a bishop or abbot enjoyed a substantial income from his benefice as well as a status comparable to that of a feudal noble, this enabled the ruler to reward his supporters, not at his own expense, but at the expense of the Church. The two problems were similar in that they both involved the loss of control by the Church over investiture—over the appointment of its own officials.

These problems came to a head in the tenth and eleventh centuries, prompting both a series of internal reforms and a struggle with the German emperor over the 'Investiture Controversy'. The internal reforms succeeded in re-establishing the Church's control over its officials, and the satisfactory conclusion of the Investiture Controversy secured

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[31](Ertman 1997) Ch 2

for the Church a significant degree of independence from interference and encroachment by secular rulers. The combined effects have been described as a 'Papal Revolution'.[32]

The internal reforms addressed the two parts of the privatization problem differently.[33] The sale of clerical services ('professional simony') was regulated rather than prohibited. However, to allow the Church to capture its share of the proceeds, the Church began to sell its offices. The sale of offices continued to develop during the twelfth and thirteenth centuries.[34] For example, it became possible to purchase an 'expectancy'—a commitment to grant the purchaser the next available benefice (essentially a forward sale of office). Purchasers of offices were also allowed to designate substitutes to do the actual work, which made it possible for purchasers to hold multiple benefices.

The appropriation, private sale, and inheritance of church assets ('proprietary simony') was prohibited altogether: it was made a sin punishable by excommunication—the most severe sanction available to the Church. Perhaps proprietary simony was more difficult for the Church to regulate and capture than the sale of clerical services.[35] As an obstacle to the inheritance of offices, whether the office had been spontaneously privatized or purchased from the Church, the Church imposed a new requirement of celibacy on its officials. This ensured that there would be no potential heirs—or at least legitimate ones.[36]

To strengthen its control over its local officials, the Church created the Office of the Inquisition. The papacy justified this step by claiming that local officials had been lax in suppressing heresy—that is, in enforcing the Church's religious monopoly. It therefore felt it necessary to establish a centrally-controlled organization, the Inquisition, to do the job. Officials of the Inquisition had the authority to override local officials and to call on secular rulers for assistance in enforcement. Since secular rulers were themselves at this time trying to extend their authority into areas where their control was weak, they were

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[32](Berman 1983) Ch. 2

[33]The internal reforms of the Church were largely inspired by earlier reforms, from 910, of the Benedictine order by the Cluny movement. ((Pirenne 1938); (Berman 1983) Ch. 2)

[34](Ertman 1997) Ch. 2

[35](Ekelund, Tollison et al. 1996) Ch. 2

[36](Ekelund, Tollison et al. 1996) Ch. 2

more than willing to oblige.[37] It has been argued that there was in fact no unusual 'outbreak' of heresy at this time: rather, the Church simply manufactured the issue as a way of reasserting central control.[38]

Like any large joint enterprise the Church needed to appoint leaders. However, unlike business firms or territorial government, no-one owned the Church or its constituent parts, so leadership was not (in principle) hereditary. In this respect, the Church resembled cities and other forms of association. As with associations, leadership positions in the Church were elective. Bishops were elected by the clergy of their dioceses—although usually nominated by the secular ruler or the pope (hence the Investiture Controversy). Priors was elected by their monks. The pope was elected by the College of Cardinals. The Church therefore accumulated a great deal of experience in elective procedures and pioneered methods of voting, rules of procedure, and principles of representation.[39] For example, canon lawyers adopted from Roman law two principles that would subsequently prove important in the development of representative assemblies. The first was the principle of *quod omnes tangit, ab omnibus approbatur* (which touches all should be approved by all), which served as the legal justification for consultation and majority rule. The second was the principle of *plena potestas* (full power) that authorized a representative to make binding decisions in the name of those who had sent him.[40]

Because it was the first to tackle problems of administration and governance, the Church provided models for other forms of government to follow. These models were readily accessible, because, as we shall see territorial rulers tended to recruit their officials from among the clergy.

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[37]It was the suppression of heresy that enabled the king of France to re-establish control over the southern part of his territory.

[38](Moore 1987)

[39](Finer 1997) v 2 Ch. 8. The new monastic orders—the Cistercians and Dominicans—played a particularly large role in this.

[40](Graves 2001) Ch. 1. Representation was an issue for the monastic orders, because they were associations of associations. Each monastery sent representatives to the provincial Chapter, which elected the provincial superior. Provincial Chapters similarly sent representatives to the General Chapter which governed the order. The Cistercians established this structure in 1109 and other orders imitated it. ((Finer 1997) v 2 Ch. 8; (Marongiu 1968) part 1 Ch 1)

THE EVOLUTION OF CITY GOVERNMENT

Weak territorial government left room for associational government to emerge and to develop—especially the associational government of cities. This grew up spontaneously as associational government does whenever groups of people have common interests that are best pursued through joint action. Sometimes, particularly in northern Europe, city government grew out of the government of existing associations of merchants.[41]

Cities were, above all, centers of trade. So the recovery of trade that began in the eleventh century was accompanied by growth in the number of cities, in their size, and in their wealth. As cities grew more powerful, they gained formal rights of self-government either by winning outright independence, as in northern Italy, or by obtaining charters of rights from their territorial rulers.[42] Generally, however, the fact of municipal self-government preceded its formal recognition.[43]

The governments of subject cities played an important role in territorial government as an instrument of indirect territorial administration. Territorial rulers, rather than appointing officials of their own, relied on city governments to execute their decrees and enforce their laws within the cities' jurisdictions. For example, a ruler would grant a city the right to collect excise taxes in exchange for a fixed payment—in essence, selling the farm of the tax to the city. Later, as we shall see, city governments would also play a key role in territorial governance.

So long as cities remained small, the organization of government of cities themselves was simple. Most of the functions of government were performed by an assembly open to all, summoned by ringing a bell or blowing a horn.[44] Decisions were made by acclamation following debate in with much weight was accorded to the opinions of the 'good men' or *scabini* —that is, the wealthy or well-born citizens. The assembly as a whole, presided over by the 'good men', also provided justice—resolving disputes and imposing penalties. Indeed, the judicial function generally predated the government

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[41]See (Kohn forthcoming) Ch 16.

[42]There were cities outside northern Italy that achieved *de facto* independence—for example, Toulouse in the eleventh century ((Nicholas 1997) Ch. 5) and the cities of northern Germany a little later. However, only the cities of northern Italy won *de jure* independence.

[43](Koenigberger 1995)

[44](Reynolds 1997) Ch 6; (Finer 1997) v 2 Ch. 7

function, with the latter growing naturally out of the former.[45] Sometimes the assembly would appoint a handful of officials to undertake specific tasks, such as collecting taxes or keeping the peace.

The development of more complex forms of city government was driven by two factors. First, as cities grew, these simple arrangements became unworkable. It became necessary to appoint leaders and to construct mechanisms of governance to monitor and to constrain their actions. Second, because independent cities became responsible for their own defense, the benefits of scale in warfare forced them to combine or to be combined into larger political units that could hold their own militarily. These larger political units were of two types—city-centered territorial states and leagues or confederations of cities. We shall focus our discussion here on the independent cities and city-centered territorial states of northern Italy. However, much of the discussion applies, with modification, to the government of subject cities elsewhere. Since the most important and interesting example of a confederation was the Dutch Republic, which emerged towards the end of our period, we shall defer our discussion of leagues and confederations until after we have discussed the intervening evolution of territorial government.

City governance

The governance structure of all associations tends to gravitate towards a common three-tiered model. At the base there is the 'community as a whole' as represented by a periodic general assembly. At the top there is a leader or leaders chosen in some manner by the general assembly. In between, there is a council or board, smaller than the general assembly and meeting more frequently, to advise and to monitor the leadership. The logic is obvious. As we have seen, the association needs a leader to make decisions and to take timely action. As we have also seen, such a leader is an agent who cannot be trusted without supervision. There consequently needs to be a mechanism of governance that ensures the leader's faithful service. It is natural that a small sub-group of the association

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[45](Reynolds 1997) Ch 6; (Koenigberger 1995)

play this role, because it can meet more frequently than the general assembly and reach decisions more easily.[46]

Cities arrived at this structure in stages. During the eleventh and twelfth centuries the 'good men' who led discussion in assembly evolved into 'consuls' who were entrusted with leadership between assemblies.[47] In Genoa, for example, there were four to eight consuls and each served a one-year term.[48] As cities grew wealthier and more powerful, consuls correspondingly had more patronage and favors to distribute and the office consequently grew more desirable. As a result, the leading families and clans began to fight over appointments and to attempt to privatize the consular office and make it hereditary. Factional strife was fiercest in the independent cities, because there office was the most valuable. In subject cities, the territorial ruler provided an external constraint on the consuls' power.[49]

The problems of factional strife and privatization led to the adoption of two mechanisms of governance, often employed together—the *podesteria* and the council. Rather than appointing leaders from among their own, cities began to hire an outsider as city manager or *podestà*.[50] The *podestà* would bring with him his own soldiers and judges. The independent military strength of the *podestà* allowed him to tilt the balance of power against any faction that tried to dominate. However, the combined military strength of the citizens prevented him from taking over as a predatory ruler.[51] Nonetheless the position of *podestà* was lucrative, and some successful *podestàs* turned it into a career, going on to manage one city after another.[52]

The second mechanism of governance was the council—a small group intended to monitor and to constrain the leadership, often now a *podestà*.[53] Cities introduced formal

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[46](Reynolds 1997) explains the great similarity of urban constitutions across western Europe as being the result, not of imitation, but of a similar response to similar problems. (Ch. 6)

[47](Nicholas 1997) Ch. 5

[48](Greif 1994)

[49](Greif 1994) argues that in Genoa the establishment of 'property rights' of certain families over the leadership increased the effectiveness of leadership, although a large part of the benefits accrued to the families in question.

[50]The position had its origin, before independence, in the imperial appointment of an outsider to govern the city. ((Nicholas 1997) Ch. 8)

[51](Greif 1994)

[52](Nicholas 1997) Ch. 8

[53](Nicholas 1997) Chs. 4 & 7

procedures for selecting the council. Sometimes the assembly as a whole selected all the members. Sometimes individual members were selected by wards of the city or by merchant or artisan associations. More commonly, however, the council was self-selected. That is, members had life tenure and the council co-opted new members as old members died.[54] With subject cities, territorial rulers normally had some say in the selection of the council.[55]

Initially all the residents of a city who served in its militia and paid their share of taxes participated in its government. However, as cities became wealthier, existing residents became increasingly reluctant to share the economic benefits with the many newcomers who flooded in.[56] In Italy, where cities controlled their surrounding countrysides (*contadi*), they also wished to exclude the inhabitants of the *contado* from the economic and political benefits of citizenship. Cities therefore developed criteria and procedures for determining who was a citizen. These usually involved some combination of property ownership within the city and length of residence.[57]

The creation of a council did not really solve the problem of privatization of the leadership: it merely pushed it back a level. Over time, council membership tended to be captured by an elite—typically of five to a hundred families. Originally the urban elite had consisted of officials who had been appointed by the city's feudal lord and of families who owned land in the city and who had therefore become wealthy from rising land values.[58] Later, with the expansion of trade, the elite came to include wealthy merchant families as well.[59] By the thirteenth century this elite—called 'lineages' by contemporaries and 'the patriciate' by modern historians—had become a distinct,

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The cities of Flanders generally had a great council of some one hundred deputies as well as a smaller 'executive' council of perhaps ten. Most decisions were made by the latter, but financial decisions had to be referred back to the great council. That is, on financial matters, it was considered necessary to monitor and to constrain the monitors. ((Blockmans 1978))

[54](Reynolds 1997) Ch. 6

[55](Nicholas 1997) Ch. 4. In France, the king installed his own officials alongside the council.

[56](Reynolds 1997) Ch. 6

[57](Nicholas 1997) Ch. 7. Except in England, citizens of most cities were required to take an oath and become members of the 'commune' (the association that governed the city).

[58](Postan 1987) p221

[59](Nicholas 1997) Ch. 5. The two groups were not mutually exclusive. Sometimes, especially in Italy, members of the original elite became merchants. Sometimes, wealthy merchants purchased land and became part of the urban landed nobility.

endogamous social class.[60] In the cities of northern Germany, the urban elite organized itself into exclusive associations such as the *Richerzeche* (Rich Men's Club) of Cologne.

The capture of the leadership by an elite did not arouse resentment from the population as a whole. On the contrary, people thought it only natural and normal that the well-born and the wealthy should lead: indeed they had a duty to do so.[61] Members of the elite possessed the necessary skills. They also had the greatest personal interest in the success and prosperity of the city: what was good for the city was good for them (although not necessarily *vice versa*).[62] The wealthy were thought to be less susceptible to bribery, and indeed they often served without compensation. Moreover, the responsibilities of office were frequently onerous and expensive. They involved a great deal of time that the less wealthy could ill afford, as well as entertaining and travel that the office-holder was expected to finance out of his own resources. There was also a widespread fear of democracy, associated in the minds of many—not unreasonably— with demagoguery and mob rule. Since the primary function of government was the protection of property, a government controlled by a propertied elite was thought more likely to attend to this than one answerable to the unpropertied masses. Members of the 'unfranchised' majority—citizens and non-citizens alike—were generally untroubled by their lack of political power. They enjoyed security of property and much greater freedom than the general non-urban population.[63] Moreover, they had not come to the city for political liberty but for economic opportunity. For this, good government was important; popular government was not.

Government, however, was often not good. The elite, not surprisingly, governed for its own benefit. It did its best, for example, to shift the tax burden to others—generally favoring indirect taxes over taxes on property.[64] The members of the elite squabbled among themselves and their violent feuds disturbed the peace. Officials misused and stole public funds. Courts were biased in favor of the elite. Moreover, the exclusiveness of the

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[60](Nicholas 1997) Ch. 7.

[61](Reynolds 1997) Ch. 6

[62](Olson 1993) calls this an 'encompassing interest'.

[63]"The benefits of negative freedom (freedom from feudal authority and obligations) enjoyed by lower classes are easily missed by focusing too narrowly on the oligarchic nature of many towns." (Downing 1992)p37

[64]See (Kohn forthcoming) Ch 20.

elite and their lock on power blocked the social and political ambitions of a growing middle class composed of merchants, bankers, manufacturers, notaries, and lawyers. In many Italian cities, the members of this middle class, resenting their exclusion from power and status, joined with artisans and shopkeepers angry over misgovernment to create a form of association known as the *popolo.*[65]

By the fourteenth century, discontent—often aggravated by rising food prices—had reached breaking point, and a wave of urban rebellions broke out across northern Italy, the Low Countries and Germany.[66] Where these rebellions were successful, government by the *popolo* (or the equivalent) replaced government by the traditional elite. However, a new elite soon formed, and replacing one elite with another turned out not to make a great deal of difference. Fairly quickly the new regime came to resemble the old.[67]

Change was minimal because the urban rebellions did not address the underlying problem: cities were growing and associational government simply did not scale up very well. Leaders continued to misbehave, because effective governance was increasingly difficult. Replacing one set of leaders with another mattered to those gaining power or losing it, but it did not solve this fundamental problem.

In northern Italy, the problem of increasing scale was magnified by the consolidation of independent cities into larger territorial states. These territorial states were ruled by dominant cities such as Florence, Milan, and Venice. While government within the ruling city remained associational, the government of the acquired territory *by* the ruling city was essentially predatory. The ruling cities treated their acquired territories—which included other cities—as a sort of extended *contado* that was to be governed for the benefit of the dominant city or, more precisely, for the benefit of its elite.[68]

The development of city-centered territorial states only exacerbated the underlying governance problem within the dominant cities. The leaders of these cities now commanded vast resources. They also commanded military forces too large to be

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[65](Nicholas 1997) Ch 8. As with many forms of association, the original goal of the *popoli* seems often to have been joint protection, in this case against the violence of feuding elite families.

[66]These were the areas where cities were completely or partly independent and where city government, therefore, enjoyed the greatest discretion and so ability to abuse its power. There were no urban rebellions in England and France, where city governments had less power. ((Finer 1997) V2 Ch. 7)

[67](Nicholas 1997) Ch 4.

[68](Epstein 2000) Ch. 2.

challenged by their fellow citizens. The imbalance of military power was exacerbated by the disappearance of the citizen militia, replaced during the fourteenth century by mercenaries who reported directly to the city's leaders.[69] In this situation it was easy for leaders to seize power for themselves, and they did not long resist the temptation—the Visconti and later the Sforza took over as rulers (*signori*) of Milan and the Medici did the same in Florence.[70]

The Venetian exception

Venice did not follow this path, because it succeeded in developing an effective structure of governance.[71] Venice was governed by a system of councils, presided over by the Doge.[72] The Doge was elected for life, but his authority was limited: he could do little without the approval of the councils. Formally, power was in the hands of the Great Council (the assembly was abolished in 1453). The Great Council voted on basic changes in law and on appointments, and it tried officials accused of malfeasance. However, with over 1,000 members sometimes attending, it was unwieldy, and it delegated most of its responsibilities to various sub-councils. The Forty was a court of appeals which also wrote legislation on finance and the coinage. The Senate, with about 300 members (of which about half typically attended), was the principal deliberative body. The Signoria was the executive body: its members included the Doge, three leaders of the Forty, and six representatives of the wards of the city. Members of the Signoria also presided over the Senate and other subcommittees.

This structure of governance was entirely in the hands of the nobility—a hereditary elite. Membership of the nobility had been closed in 1381, and it numbered some one hundred families. In 1500, there were some 2,500 adult male members of the nobility, and the nobility made up perhaps 6-7% of the total population. All members of the nobility, and only they, were entitled to sit on the Great Council. Only members of the nobility could serve on the other councils or as judges, magistrates, naval commanders,

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[69]See (Kohn forthcoming) Ch 19.

[70](Nicholas 1997) Ch. 4. Ancient Athens and Rome provide earlier examples of the problems of city-centered territorial states.

[71]This, of course, begs the question of why Venice was successful in doing this while other cities were not. (Greif 1995) has some thoughts on this. See also (Finer 1997) V2 p985.

[72]The following description is based on (Nicholas 1997) Ch. 4; (Lane 1973) Chs. 8 and 18; (Finer 1997) V2 Ch. 7

diplomats, or high officials. Below the nobility were the full citizens of Venice—actually fewer in number than the nobility. Citizenship was also hereditary, and only born citizens were eligible for the lower ranks of state office.

Appointment to the various councils and to the numerous offices involved a complicated process of nomination, either by committee or by lottery, and of election, often in stages. The Doge, for example, was chosen through a process of eleven stages of voting and lot-casting.[73] The outcome of the selection process was hard to predict and individuals were prohibited from lobbying to influence the result. In principle, it was that the office that sought the individual, not the individual the office. Moreover, not all offices were lucrative: some, such as ambassadorships, were burdensome, and there were heavy fines for refusing to serve.

This system of appointment distributed the gains from power widely and prevented any one family or clan from gaining disproportionate influence. Tenure of office was generally brief and nonrenewable. No family was allowed more than one member on any of the important councils.

This system of governance produced two important results. First, it prevented the destructive fight for control among members of the elite that was typical of most other cities. It divided the spoils very broadly, independently of family or clan affiliation, to keep everyone happy and it prevented the arrogation of power. Second, all of the checks and balances had the additional effect of keeping government relatively honest and efficient. Those who were neither nobles nor citizens, and they made up the vast majority of the population, were generally content to enjoy the prosperity that came with peace and the rule of law. There were no civil wars in Venice and no major uprisings.[74]

City administration

Administration was less of a problem for city governments than it was for territorial governments. First, cities were geographically more compact, which made it much easier to monitor and to control officials. Second, cities benefited from the existence of 'free' structures of monitoring. Governance mechanisms that were set up to monitor leaders

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[73](Reynolds 1997) Ch. 6

[74](Finer 1997) V2 Ch. 7. "In spite of weaknesses in the Venetian constitution, it provided better government than was generally found elsewhere, and all signs indicate that it enjoyed popular support." ((Lane 1973) p271)

could at the same time monitor officials. In addition, city officials were watched closely by their fellow citizens. Associational government was government 'of the people and for the people' and expectations for the behavior of city officials were higher than they were for the officials of predatory governments. It was also easier for citizens to complain about a city official or to seek redress.

Cities designed specific mechanisms to improve the performance of their officials and to reduce the opportunities for misbehavior. High officials generally had brief terms of office of at most a few years which made entrenchment less likely.[75] Officials who handled public money generally had to post a bond or offer surety. Lower-ranking officials were motivated with financial incentives: for example, clerks were sometimes paid by the page of output. Cities appointed special officials to audit the actions of other officials and to prosecute wrongdoers. In Venice, for example, it was the responsibility of State Attorneys to prosecute officials accused of embezzlement, corruption, or unconstitutional actions.[76]

All of this could be undermined, of course, when an elite captured the reins of government and the members of this elite colluded in its subversion to their own advantage and profit. For example, if this year's official became next year's auditor and *vice versa*, collusion was easy.[77] However, in many cities this did not happen—or not to a significant extent—and administration functioned relatively well. Some indirect evidence that this was so is the frequent difficulty of finding citizens willing to fill many of the minor offices and the existence of large fines for their refusing to serve.[78]

Compared to territorial governments, city governments needed relatively larger numbers of officials because they performed many more functions. It was the cities that were responsible for health and sanitation, poor relief, policing, and most economic regulation. In addition, like territorial governments, they provided peace and order. Independent cities were states and they were therefore responsible, in addition, for their own defense. The transition from militias to mercenaries meant a need for yet more

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[75](Lane 1973) Ch. 18
[76](Lane 1973) Ch. 8
[77](Tracy 1994)
[78](Origo 1986) on fourteenth century Florence.

officials to recruit, supervise, provision, and pay them.[79] Even subject cities were responsible for raising militias and building walls.[80] Given the relatively small populations of independent cities, the administrative burden per capita was quite large. Subject cities, with fewer functions to perform, had fewer officials per capita. Fourteenth-century Ghent, for example, with a population of 35,000 made do with 150 officials, of which some 60 performed police functions.[81] In most cities, many officials served part-time and they frequently served without pay.[82]

Techniques of administration tended to be more advanced in city governments than in territorial governments. To some extent this was because they had more to do.[83] But it was also a result of their close connection with the world of business. City leaders and officials often had a background in commerce and they were therefore familiar with the latest methods of management. City governments kept written records (mostly in the vernacular) and orderly accounts long before territorial governments did so.[84] Below the appointed officials, there was a permanent staff of secretaries, clerks, and book-keepers. Many of these were university-trained notaries and lawyers at a time when territorial governments recruited their clerks mainly from the Church. It was not unusual for the permanent staff to be much more knowledgeable than the appointed officials and consequently to be in effective control; indeed, many appointive senior offices were little more than sinecures.[85]

Cities kept the size of their administrations under control by relying heavily on indirect administration. As towns grew larger, they divided themselves into wards, quarters, or parishes for judicial functions and for policing as well as for the election of councilors.[86] Cities in the North often delegated administrative and judicial responsibilities to merchant associations and to artisan guilds. In either case, keeping the unit of government small made for greater responsiveness to local or group needs and for

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[79](Mallett 1994)
[80](Reynolds 1997) Ch. 6
[81](Nicholas 1997) Ch. 5
[82](Reynolds 1997) Ch. 6
[83](Nicholas 1999)
[84](Nicholas 1997) Ch. 5
[85](Lane 1973) Ch. 18
[86](Reynolds 1997) Ch. 6; (Nicholas 1997) Ch. 5

more effective citizen monitoring. In the city-dominated territorial states of northern Italy, the dominant cities delegated most of the administration in their territories to the councils and merchant associations of their subject cities.[87] Tax farming was another form of indirect administration. Cites relied mostly on indirect taxes and they generally farmed these out on an annual or semi-annual basis.[88]

The sale of offices was common for minor offices such us broker, porter, town clerk, or town crier—but rare for the more senior positions. However, politically appointed high officials generally controlled the filling of staff positions under them. It was not unusual, therefore, for their subordinates to offer them 'gifts' in return for their patronage. However, as we shall see, where territorial rulers took over control of the governments of their subject cities—most notably in Spain—the sale of municipal offices became widespread.[89]

THE EVOLUTION OF STRUCTURES OF TERRITORIAL GOVERNANCE

Feudal territorial government was predatory government, imposed from above by force. However, the predatory class itself—the nobility—did constitute a sort of association and it did therefore have institutions of internal governance. This associational element was a heritage of the origin of the nobility in the Germanic tribes. Where this heritage was strong, the king was seen less as an emperor in the Roman fashion than as a leader of the nobility, with new kings being elected rather than following in dynastic succession. As is usual with associations, a council was established to monitor and to constrain the leader—the great council of the king's major vassals.[90] Where kingship became more 'Romanized' the governance function of the great council faded and, as we have seen, its functions became primarily administrative and judicial.

Over time, however, new structures of territorial governance emerged. These were no longer merely institutions of internal governance of the nobility but rather general institutions of governance that allowed subjects as a whole—noble and non-noble—to

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[87](Knapton 1988); (Lane 1973) Ch. 8; (Spruyt 1994) Ch. 7

[88]See (Kohn forthcoming) Ch 20.

[89](Elliott 2002) The crown of Castile began to appoint *regidores* (councilors) in the fourteenth century and to sell the office in the fifteenth. There was also a royal official, the *corregidor*, who presided over the council

[90](Koenigberger 1995)

monitor and to constrain the actions of their territorial rulers. These new institutions often developed out of the great council and took the form of representative assemblies and courts. The reason for their emergence was the growing fiscal pressure on rulers, itself a result of continuing and escalating warfare.

The need for consent

Rapid economic growth and development during the Commercial Revolution of the twelfth and thirteenth centuries transformed the finances of territorial rulers. The expansion of the market into the rural economy greatly increased rulers' domain incomes. Moreover, increasing monetization meant that this income came more and more in the form of cash. At the same time, the growing wealth of merchants and the development of a financial system provided rulers with new sources of borrowing. By the end of the thirteenth century, rising revenues and an improved ability to mobilize those revenues enabled territorial rulers across Europe to launch a series of military adventures that engulfed Europe in war for a century and a half. As the wars dragged on, costs mounted, exacerbated by the increasing replacement of feudal levies with mercenaries. Rulers soon found their normal sources of income inadequate and were forced to seek additional revenue from their subjects.

Rulers could not simply take what they wanted. They were constrained by the feudal 'contract' that limited their right of exaction essentially to their own domains: that is, they were expected to 'live from their own'. While rulers were entitled to military service from their vassals, they had no right to impose on them or on their territories any form of tax.

Rulers tended to respect these constraints. First, they had a vested interest in upholding legality, because it was the basis for the dynastic claims that underlay their wars of territorial expansion. It was awkward to appeal to legality on the one hand, while ignoring it on the other.[91] A second, perhaps more important, reason for rulers to respect the legal constraints was that they simply lacked the power to ignore them.[92] They lacked the military strength to overcome the resistance and foot-dragging of nobles and cities, especially when they were already embroiled in foreign wars. Rebellion against unjust

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[91](Major 1994) Ch. 8
[92](Hale 1985)

taxes was a very real threat: most revolts were tax revolts. Moreover, merchants, whose wealth and liquidity made them the most promising new source of revenue, had no need to rebel. Because their wealth was liquid, if rulers attempted to tax them against their will, they could just pack up and leave.[93] There was third reason why rulers needed the consent and, indeed, cooperation of their subjects: they lacked the administrative capacity to collect additional taxes themselves. As we have seen, beyond their own domains, they relied on indirect administration through nobles and cities. Without the cooperation of the latter, rulers could decree new taxes but they had no way to actually collect them.[94]

So if rulers wanted additional revenues beyond their regalian entitlements they had to gain their subjects acquiescence. To do this they needed an institutional framework through which they could ask for financial support and through which their subjects could express their consent. That framework was the representative assembly.

The emergence of the representative assembly

When a new need arises, institutions are rarely created *de novo*: usually, existing institutions are adapted to perform a new function. So it was with the need to obtain consent for new taxes.[95] Rulers had set up a variety of assemblies to hear grievances against their officials and to provide justice. Often these were extensions of the great council. In thirteenth-century England, the great council, strengthened by the Magna Carta of 1215, heard petitions from subjects for redress of grievances or for royal action.[96] In other cases, the assemblies were entirely new. For example, in thirteenth century Sicily, Frederick II ordered the establishment of provincial assemblies to hear and to investigate subjects' grievances against royal officials.[97] These assemblies were to include representatives from the major cities as well as from the local nobility and ecclesiastical dignitaries. Similarly, Louis IX of France decreed that there should be three assemblies a year to administer justice and to hear grievances.[98] Assemblies of some kind seem to have made their first appearance in the early thirteenth century in Iberia, Sicily,

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[93](Bates and Lien 1985) For merchants, 'exit' was easy, so there was less need for 'voice' (revolt).
[94](Tracy 1994)
[95](Blockmans 1978)
[96](Nicholas 1999)
[97](Marongiu 1968) Part IV, Ch. 5.. It is not clear whether the decree was ever implemented.
[98](Marongiu 1968) Part IV, Ch. 5..

and southern France.[99] In the course of the thirteenth century they appeared in northern France, England, and Germany.

These assemblies were frameworks in which the ruler's subjects could defend their rights and protect their liberties.[100] Since the imposition of additional taxes was itself a violation of those rights and liberties, it was only natural that the ruler should turn to these same institutions to obtain consent. In fulfilling this new function, these institutions became representative assemblies. By 1500 representative assemblies were more or less universal throughout Europe.

It was the outbreak of war in the late thirteenth century that caused rulers for the first time to turn to their assemblies to seek consent for new taxes. For example, after Edward I of England had stirred up a great deal of resentment with a number of arbitrary impositions, he conceded to his Parliament in 1297 the need to ask its consent. After Philip the Fair of France was crushingly defeated at Courtrai in 1302, his dire fiscal need prompted him to call the first Estates-General to approve additional taxes.[101]

Initially, consent did not mean debate or voting: there was no question of denying consent. It was taken for granted that a ruler was entitled to his subjects' support in exceptional circumstances such as war. However, consultation with a representative assembly did allow subjects to ask questions, to voice objections, and to suggest modifications. Since the ruler needed the cooperation of his subjects in implementing any new taxes, he had good reason to listen.

The new function of granting consent to taxes served to strengthen the hand of representative assemblies in performing their earlier function of seeking redress and calling for action. While it was not usual to actually condition consent on fulfillment of particular demands, the ruler did now have a powerful interest in winning the good will of the representative assembly.[102] As a result, institutions that were originally primarily administrative and judicial in nature started to take on a role in governance. That is, they were able, to some extent, to monitor and to constrain the ruler's actions to better reflect the interests of his subjects.

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[99](Graves 2001) Ch. 1
[100](Reynolds 1997) Ch. 8
[101](Nicholas 1999)
[102](Strayer 1970) Ch. 2

Representative assemblies included representatives of those groups most able to provide financial and military support—the nobility, the clergy, and the cities. In many cases, the representatives of each group met separately, creating a tricameral structure. This was the case in France , as it was in much of Germany.[103] However, the realities of power in other territories and the historical evolution of their institutions led to variations. In Scotland, for example, all three groups sat together. In Aragon, the Cortes had four chambers rather than three, with one each for the greater and lesser nobility. In Sweden, and some other territories with a substantial free peasantry, the third estate included representatives of this group as well as those of the cities.[104] In Castile, the Cortes was dominated by the cities, and after 1538 representatives of the nobility and clergy were no longer even summoned.[105] There were two exceptional cases that were later to prove particularly important for the evolution of territorial governance—the Low Countries and England.

The cities and villages of the Low Countries had a strong tradition of associational government.[106] Representative assemblies (States) emerged there in the different provinces, not imposed from above by the ruler, but established by groups of associational governments to coordinate their efforts.[107] The members of these assemblies were representatives, not of classes as in the tricameral case, but of specific associational governments—primarily cities. The Flemish assembly, for example, consisted of representatives of the three great cities—Ghent, Bruges, and Ypres plus representatives of the wealthy agricultural region between Bruges and the coast, the Franc de Bruges. In Holland, the assembly consisted of representatives of Amsterdam and five other cities, each with one vote, plus representatives of the nobility who as a whole also had one vote.[108]

The English Parliament was also different. While it did grow out of the ruler's council, the second of its two chambers—the Commons—resembled the States of the

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[103](Ertman 1997) Ch. 2
[104](Graves 2001) Ch. 1
[105]This left a Cortes of 36 *procuradores*, two each from 18 cities ((Graves 2001) Ch. 6).
[106](Downing 1992) Ch. 9; (Israel 1995) Ch. 2; (Thompson 1994)
[107]They had much in common with urban leagues such as the German Hanse. ((Tracy 1990))
[108](Graves 2001) Ch. 6

Low Countries more than it did the typical third estate of tricameral assemblies. By the middle of the thirteenth century, local associational governments—the shires and boroughs—were sending representatives to petition meetings of the great council.[109] By the middle of the fourteenth century this gathering had evolved into a bicameral representative assembly.[110] The great vassals met in the upper chamber, the Lords. Elected representatives of every shire and borough met in the lower chamber, the Commons. The representatives of the shires, generally chosen from among the lesser nobility, were elected by the substantial landholders of each shire; the representatives of the boroughs were chosen by their respective city councils.[111]

The creation of representative assemblies in conglomerate states was more complicated, and therefore the evolution of territorial governance more problematic.[112] The individual territories making up the conglomerate state generally each had representative assemblies of their own: this was true of the provinces of France and of the provinces of the Burgundian state, as well as of the kingdoms of united Spain. In the former two cases, the rulers created super-assemblies—the Estates General and the States General respectively—where representatives of the provincial assemblies met. In the case of Spain, there was no such super-assembly and the king dealt separately with each of the individual assemblies.

Representation

Who did representative assemblies represent? There was both a broad and a narrow sense of representation. In the broad sense, they represented all of the ruler's subjects. In this broad sense, the feudal great council had also been representative. While the barons attending the council had obviously represented their own interests, they also considered themselves and were considered by others to be representing the 'community of the

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[109]The growing importance of infantry on the battlefield (see (Kohn forthcoming) Ch 19) increased the political power in England, as it did in the Low Countries, of the villagers and guild members who filled its ranks ((Rogers 1995)).

[110](Nicholas 1999) There was no chamber for the clergy as such, which voted taxes in a separate Convocation.

[111](Nicholas 1999)

[112](Gustafsson 1998)

realm'.[113] This broad sense of representation carried over to the assemblies that evolved from the great council, and indeed it was reinforced by the participation of broader segments of society.[114] These broader segments were so large, however, that unlike the great vassals they could not possibly all attend in person, so representation of some kind was obviously necessary.

In the second, narrow, sense of representation, members of the assembly not only represented the 'community of the realm' in some vague way but also represented specific constituencies. When a particular town or shire or province sent representatives to an assembly, they spoke for that particular town or shire or province. The idea of a representative in this sense was well established in custom and in law.[115] Associations of various types—villages, cities, or monasteries—regularly sent individuals to represent them in courts of law and to negotiate with other associations.[116] Collective political representation was a natural outgrowth of collective legal representation.[117] Associations also sent individuals to represent them at higher levels of associational government: hundreds at shire courts, monasteries at provincial chapters, cities at city leagues and confederations.

The principles and procedures of representation in the narrow sense were based partly on custom and partly on the Roman law of agency or *procuratio*, which as we have seen, had been adopted into canon law.[118] The principal issue was whether and to what extent the representative was free to make decisions in the name of those he represented and to what extent he was able to commit them. The two extremes were 'full powers' (*plena potestas*) on the one hand and 'strict instruction' on the other. A representative with full powers was able to decide and to commit in the name of those he represented. A representative under strict instruction, however, was purely a mouthpiece: he was not authorized to decide anything on his own or to commit those he represented. If a decision

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[113](Reynolds 1997)Ch 8. This paralleled the idea in early city government (see above) of wealthy citizens as naturally representing the interests of the city as a whole.

[114]"The assemblies met, deliberated, and acted in the name and on behalf not only of those present, but of the whole community." ((Marongiu 1968)p225)

[115](Reynolds 1997) Ch. 1.

[116]The collective responsibility of groups was generally taken for granted as was their right of collective action at law.

[117](Strayer 1970) Ch. 2.

[118](Graves 2001) Ch. 1

or commitment was needed, he had to return to receive further instructions from those who had sent him.

Rulers obviously wanted representatives to have full powers so that decisions could be made expeditiously. In England, where the ruler was powerful, members of Parliament had full powers as early as 1295.[119] Full powers also made it easier for the ruler to get his way by browbeating or bribing the representatives. In sixteenth century Castile, for example, the Cortes consisted of only 36 *procuradores*—two each from each of the 18 major cities. Charles V found it relatively easy to buy their votes by granting them pensions and honors.[120]

Not surprisingly, those who sent the representatives generally preferred strict instruction. There was less worry of their representatives selling out, and it also increased their bargaining power and made it easier for them to delay a decision. Threats and bribes would now have to be directed not at the individual representatives but at the cities that had sent them. Where the cities were powerful, as in the Low Countries, their representatives acted under strict instruction. Indeed those attending the States were called ambassadors rather than representatives.[121]

Representatives were chosen in a variety of ways. In England, representatives from the shires were elected by all owners of freehold land that generated an income of at least forty shillings. This was originally a substantial amount, but it was significantly eroded by the inflation of the 1540s and the franchise correspondingly broadened.[122] Popular election, however, was unusual.[123] City representatives were usually either elected by city councils or appointed by municipal officials.[124]

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[119](Brown 1972)

[120](Ertman 1997) Ch. 3. The bribery only began after Charles induced the towns to grant their representatives full powers following his suppression of the *Comunero* revolt ((Tracy 1990) Ch. 2).

[121](Tracy 1990) Ch. 2

[122](Palliser 1983) Ch. 10.

Elections were less democratic in practice than they were in theory: they were rarely contested, and nomination was often in the hands of the local lord. In 1601, although a large majority of seats were from boroughs, some three-quarters of these seats were held by gentleman landowners who lived outside the towns in question. ((Williams 1995) Ch. 1)

[123](Finer 1997) V2 Ch. 8

[124](Marongiu 1968) Part V Ch. 1. However, practice varied. In England, some boroughs did elect their representatives with a fairly broad franchise. For example, in 1584 421 citizens had the right to vote in Shrewsbury out a population of about 4,000 ((Palliser 1983) Ch. 10).

The benefits of representative assemblies

Representative assemblies offered benefits both to rulers and to their subjects. Rulers, by gaining the consent of their representative assemblies, were able to extend their powers beyond their legal and customary prerogatives—especially in the area of taxation.[125] More generally, the acquiescence of the representative assembly gave their policies legitimacy in the eyes of their subjects and gained their cooperation in their implementation. This was particularly true for the waging of war.[126] But it was also true, for example, during the Reformation when rulers sought the backing of representative assemblies for their expropriations of Church property.[127]

Representative assemblies were not only constraints on government, they were also a part of government.[128] Like the feudal great council out of which they grew, they provided a framework for the coordination of indirect local administration—now through the cities rather than through the great vassals. Also, like the great council, representative assemblies provided feedback on the performance of direct local administration by the ruler's officials. For example, as early as 1298, the Commons set up a commission of inquiry to investigate charges of corruption and extortion by royal officials, leading to several dismissals and arrests.[129] Representative assemblies also played a role in the politics of the central administration with factions in the assembly forming alliances with factions within the administration.[130] Representative assemblies played an important role too in shaping, and sometimes in initiating, legislation: representatives often possessed valuable expertise in the law, in commerce, or in finance. In England, for example, members of Parliament were often involved in the local interpretation and application of the law in shire, hundred, and borough courts.[131]

Subjects were initially less enthusiastic about representative assemblies than were their rulers: attending the assembly was costly in time and money and the end result was

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[125]"[Estates] existed not to obstruct the extension of royal power but to legitimate it." ((Henshall 1992) p181)

[126](Ertman 1997) Ch. 2

[127](Tracy 1990) Ch. 2

[128](Henshall 1992) Ch. 8

[129](Ertman 1997) Ch. 4

[130](Henshall 1992) Ch. 8

[131](Marongiu 1968) Ch. 4

just more taxes.[132] However, subjects soon learned that representative assemblies did have their uses. While they only rarely refused their consent to new taxes, they did have a say in the total amount, on what form the taxes would take, and on how the burden would be shared.[133] They often granted a ruler less than he requested and for a shorter period. They frequently managed to convert taxes that were particularly onerous or economically damaging into something less harmful. For example, in 1334 Edward III of England gave up his attempt to impose a levy of 10% on assessed personal property and accepted instead a fixed total of £34,000 for the tax.[134] And assemblies were generally able to eliminate free-riding and to see that the burden was shared equitably—at least among those whose interests were represented.

Representative assemblies played an important role not only in relations between subject and ruler but also in relations between subject and subject. Communications were generally poor and transportation costs high, so it was difficult for subjects to get together. Meetings of representative assemblies greatly lowered the costs of association. This was certainly useful in presenting a common front to the ruler—one reason some rulers chose not to summon their assemblies and preferred to deal with different groups separately. But it also facilitated the resolution of conflicts among different interest groups. For example, from quite early on, the English Parliament provided a forum where wool producers could defend their interests against wool exporters or the grain-producing shires could fight it out with the grain-consuming boroughs.[135]

Judicial mechanisms of governance

Representative assemblies provided one way to constrain the ability of rulers to infringe the rights of their subjects. However there was another way, more important in some territories, and that was the courts. While representative assemblies provided a way to resolve conflicts over rights *ex ante*, courts provided a way to resolve them *ex post*.

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[132](Strayer 1970) Ch. 2

[133]"It is often stated that Estates existed to defend rights and liberties. They did, but not in the negative sense usually assumed. They existed to give the consent of community or corporation to government acts which affected their rights…. Their business was to negotiate over the intervention of government in an area of immunity." ((Henshall 1992) p181)

[134](Strayer 1970) Ch. 2

[135]See ((Gras 1915) Ch. 8) on corn policy. In the fourteenth century, statutes tended to favor consumers; in the fifteenth, they favored producers; and in the sixteenth century, consumers won the upper hand again.

Subjects who felt their rights had been infringed by the ruler or his agents could turn to the courts for redress. If not redress, the courts could at least provide delay. For example, when the king of France in 1269 claimed the Gévaudan, a territory belonging to the bishop of Mende, the bishop appealed to the courts.[136] It took almost forty years until the case was settled by compromise. Even then, the nobles of the region appealed the decision, and it took over thirty years more until the appeal was finally rejected.

Rulers allowed themselves to be constrained by the courts for the same reason they allowed themselves to be constrained by representative assemblies—a vested interest in legality and insufficient power to impose their will by force. In addition, as we shall see, rulers used the provision of justice by their courts as a way of extending their authority beyond their own domains. This made it awkward for them to reject the decisions of these same courts.

Courts grew out of the feudal great council. As we have seen, the great council served as the highest court of the land—adjudicating disputes involving the great vassals and the ruler and hearing cases brought to it by subjects. Usually, as cases proliferated, the great council created a specialized sub-council to take over its judicial functions and to act as a court of justice. Over time, this high court separated from the great council and itself spawned specialized sub-courts. The result was a separate judiciary, staffed by legal professionals, that often enjoyed a considerable degree of independence from the ruler.

In Castile, a Royal Council of legal scholars was established in the fourteenth century.[137] Alfonso X had, in the thirteenth, codified the law along Roman lines to strengthen his authority. The existence of this written code made it possible for the Council to act as a sort of constitutional court, ruling on the legality of particular royal orders. The Council took on the role of guardian of legality and protector of the rights of subjects against arbitrary actions by the ruler.[138] It also, however, protected the rights of the ruler against arbitrary actions of his subjects. In one case, the king sued the Cortes for withholding its consent to a tax, and the Council ruled in the king's favor because it held

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[136](Strayer 1970) Ch. 2
[137](Thompson 1994)
[138]The crown nonetheless had extensive prerogatives to override decisions of the judicial system for the 'common good'. (Thompson 1998)

that the request in question was 'just'. At the same time, the Council upheld the right of the Cortes to decide the form of the tax.[139]

In France, the Parlement of Paris separated from the great council in the middle of the thirteenth century as a distinct body of legal specialists.[140] Later, additional *parlements* were established in each of the provinces. The powers of the *parlements* were far-reaching: Judges served for life and were not easily intimidated.[141] Any royal decree that affected the rights of subjects was submitted to the relevant *parlement*. If approved, it was registered and promulgated; if not, an objection was sent to the king who could either modify the decree accordingly or override the objection and insist on registration. The *parlements* therefore complemented—and competed with—the estates in protecting the rights of subjects. The *parlements* also had the right to legislate. They issued regulations for their own jurisdictions covering most areas of government activity as well as instructions on how to implement royal ordinances.[142] The *parlements* played a role too in supervising royal administrators—creating a rivalry in this sphere with provincial governors.[143]

In England, the evolution of the courts was more complicated. The great council, which became the upper house of Parliament, retained its function as the highest court.[144] However, a separate system of courts evolved and became increasingly independent from the crown. Although judges were appointed by the king and could initially be removed at will, their tenure became increasingly secure. Moreover, judges were also financially independent, since most of their income came from court fees rather than from salary.[145] With the power of the king over them limited, English judges increasingly saw themselves as upholders of the law rather than as royal servants. They frequently ruled against the crown in cases that involved infringements of subjects' rights. For example, in 1566, an English judge ruled that the crown's rights over mineral deposits were limited to

[139](Thompson 1994)
[140](Kaeuper 1988)
[141](Henshall 1992) Ch. 1.
[142]The regulations of the parlements could be vetoed by the royal council.
[143](Zeller 1971)
[144](Finer 1997) V2 Ch. 8
[145](Fischer and Lundgreen 1975)

those containing gold and silver. This opened the way for a boom in the mining of coal and iron.[146]

The effectiveness of territorial governance

How effective were the mechanisms of governance—particularly representative assemblies—in constraining the behavior of rulers? Representative assemblies varied widely in their formal powers. Most had the right to approve taxation. But some lacked even this, having the right only to petition and to be consulted. This was the case with the regional assemblies of Spain and the Estates-General of France.[147] The formal powers of others went well beyond consent to taxation. In England, by 1300 Parliament had full powers of legislation, and the king could no longer issue statutes on his own. The Commons petitioned, the Lords approved the petition, and the king signed it, making it law.[148] The rulers of the Low Countries had to consult with their States, not only about taxes, but also about declarations of war and monetary policy; the States spent much of their time on economic policy rather than on purely fiscal issues.[149] Some representative assemblies even gained a degree of executive power. The Castilian Cortes and the provincial States of the Low Countries were responsible for collecting the taxes they approved. The provincial Estates in France set up administrations to collect taxes for their own use—for example, to bribe royal officials.[150] In the fifteenth century, the States of Holland acted almost as an independent government, financing and prosecuting on its own a war with the Hansa.[151]

Of course, formal powers were not necessarily the same thing as effectiveness. As we have seen, representative assemblies that had the formal right to refuse taxes rarely did so in practice. On the other hand, assemblies without the formal right to refuse taxes but with some executive power could veto taxes by declining to collect them. For example, when Philip II demanded an increase in the *alcabala* in 1577, the Cortes—which had no formal right to refuse—maintained that it was simply impossible to collect the higher tax

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[146](Nef 1940) "As Nature would have it, there were almost no mines in England that contained a substantial quantity of precious metals." p100.

[147](Tracy 1994)

[148](Nicholas 1999) Until 1500, the Cortes of Aragon also had full powers of legislation.

[149](Hoppenbrouwers 2001); (Tracy 1994)

[150](Tracy 1994)

[151](Israel 1995) Ch 2

and Philip had no choice but to withdraw his demand.[152] Moreover, procedures could be as important as formal powers. If, for example, only the ruler had the right to call the assembly, he could in principle neutralize it, whatever its formal powers, simply by not calling it. Most assemblies were called no more than annually, but sometimes many years would pass between sessions. After the Estates-General presented Charles VIII with a thoroughgoing but unwelcome program of government reform in 1484, it was not summoned again until 1560.[153] In contrast, the States of the Low Countries asserted their right to meet as frequently as they wished and to set their own agenda, and in fact met every few weeks.[154]

Differences in the effectiveness of governance depended, therefore, less on the formalities than they did on the realities. And the most important reality was the urgency of the ruler's fiscal need. When rulers were desperate for help, they had to submit themselves to governance. When their fiscal need lessened, so did their subjects ability to constrain their actions. Of course, war tended to increase rulers' fiscal need and peace to lessen it. As we have seen, it was the wars of the fourteenth and early fifteenth centuries that led to the creation of representative assemblies. However, in the late fifteenth century, with peace restored and tax revenues rising rapidly because of resumed economic growth, these representative assemblies were called rarely it at all. The situation changed again with the resumption of widespread warfare in the sixteenth century, and representative assemblies received a new lease on life. England was something of an exception during the sixteenth century: because it was not involved in large-scale warfare on the continent, the power of its Parliament saw a relative decline.[155]

The hand of representative assemblies was strengthened in the sixteenth century, because rulers needed them not just to approve and to collect new taxes, but also increasingly to facilitate government borrowing.[156] Facilitation was necessary because the credit of rulers was at best doubtful, and lenders were far more willing to oblige when the rulers' debt was guaranteed or assumed by the assembly. In several German

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[152](Thompson 1976) Ch. 3

[153](Ertman 1997) Ch. 3. The reforms called for the abolition of sale of offices, for a more equitable distribution of the tax burden, and for the dismissal of most of the officials involved in collecting taxes.

[154](Israel 1995) Ch. 7; (Tracy 1994)

[155](Ertman 1997) Ch. 4

[156]See (Kohn forthcoming) Ch 20 on the increasing importance of government borrowing.

principalities, for example, the estates agreed to assume the ruler's debt in exchange for full control of the collection of revenues. Similarly, in 1542, Charles V agreed to grant authority to the provincial States of the Low Country to levy and collect taxes in order to pay off debt they issued on his behalf.[157] The dependence of rulers on their assemblies for borrowing greatly increased the power of the latter. When English Parliaments were granting subsidies to Henry VIII promptly and without conditions, the States of the Low Countries could impose routinely all sorts of conditions on Charles V before they agreed to issue new loans.[158]

However, it was more complicated than simply being a matter of fiscal need alone. The relationship between ruler and subjects was one of bargaining. War weakened the hand of the ruler because it increased his fiscal dependence on his subjects. But war could also strengthen his hand in other ways: it all depended on the nature of the war. If the war took place on home territory, threatening the ruler's subjects directly, then it was they who now depended on him for protection. Because both France and Spain endured protracted wars on their territory, their subjects were willing to grant increased power to their rulers in the hope of putting an end to the resulting mayhem. In both cases, the rulers used their strengthened bargaining power to buttress their fiscal positions and so reduce their future dependence on their representative assemblies. They did this by having certain taxes made permanent, so that no further approval was required.[159] In Frances, the two major general taxes—the *aides* and the *taille*—had become permanent by the mid-fifteenth century.[160] Similarly, in Castile, the *alcabala* had, by the late fifteenth century, become established as a permanent regalian right.[161]

Furthermore, the effect of war on the effectiveness of governance also depended on the institutional foundations of the representative assembly. Specifically, assemblies that had strong associational roots and that were politically united were better able to withstand pressure from their rulers and they consequently were more successful in

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[157](Tracy 1994)
[158](Tracy 1994)
[159]See (Kohn forthcoming) Ch 20.
[160](Ames and Rapp 1977)
[161](Thompson 1994)

strengthening their powers in times of war and fiscal pressure.[162] Assemblies that lacked such roots and were politically divided succumbed more easily to the ruler's pressure and consequently found their powers reduced in the same circumstances. As we have seen, the associational roots were particularly strong in the Low Countries. When in 1572 Philip II tried to impose there a new fiscal regime much like that of Castile, far from acquiescing, the States rose up in rebellion. The English Parliament too had strong associational roots in the shires and boroughs and although it was weakened in the sixteenth century, it too was eventually pushed into open conflict with the king in 1642. In contrast, the assemblies of Spain and France had weaker associational foundations and they were less effective in standing up to their rulers. In Spain, there was no representative assembly for the territory as a whole—much less for the Hapsburg conglomerate state of which it was a part. In France, there was the Estates-General, but this was weakened from the start by regional differences in interests—northern France, for example, was part of one zone of European trade, southern France of another—and by the representatives' lack of full powers.[163]

However, even in France and Spain there were functioning mechanisms of governance. In both, as we have seen, the courts played an important role in constraining the actions of the ruler. And although there was no effective representative assembly at the level of the state, there were a multiplicity of assemblies at lower levels that were reasonably effective.

In Spain, the most important assembly was the Cortes of Castile, the largest and richest of the Spanish kingdoms. Because Castile was their main source of revenue, the Hapsburgs found themselves in a constant struggle with the Cortes.[164] The Cortes did have an associational foundation in the cities and it did put up considerable resistance to encroachment of its powers. There was even an uprising—the *Comunero* revolt of 1520. Although this was put down by Charles V, it did force him to be more careful in his

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[162](Ertman 1997)
[163](Miller 1971); (Marongiu 1968) p 230.
[164]On the whole, the Hapsburgs avoided confrontation with the representative assemblies of the other kingdoms, so that these other assemblies were relatively successful in protecting subjects' rights and constraining the actions of the Hapsburgs in their territories ((Downing 1992) Ch. 9).

subsequent dealings with the cities.[165] The Hapsburgs did eventually succeed in making the Cortes more compliant, partly, as we have seen, by bribing the *procuradores* and partly, as we shall see, by subverting the associational governments of the cities.

In France, by the sixteenth century, there were some twenty provincial Estates and some provinces had local estates for sub-provincial units. The provincial and local estates were typically tricameral. However, because they represented a relatively small region there was considerable cohesion in defending local interests.[166] Although the Estates-General was convened only rarely, the provincial and local assemblies met quite frequently.[167] Although they could not refuse taxes, they were able to negotiate the form of the taxes and in some parts of France they were also responsible for collecting them.

The conventional story of the growth of 'absolutism' in France and Spain asserts that growing fiscal pressure forced their rulers to suppress their representative assemblies and to rely instead on force to raise the taxes they needed. This was not the case.[168] Their rulers did not command the necessary force, and in any case they achieved much more through bargaining and cooperation. They had no interest in suppressing their representative assemblies: as we have seen, they were far to useful.[169] 'Absolutist' rulers claimed absolute authority only *within* the range of their prerogatives—in the waging of war, for example. It was in these areas that they rejected the right of representative assemblies to intervene. Rulers did therefore try to restrict the agenda of their representative assemblies. This was the reason they often preferred to deal with local assemblies rather than with broader gatherings. 'Absolutist' rulers were not, however, despots: they did not claim that their prerogatives were without bounds.[170] The conflicts between 'absolute' rulers and their assemblies were about where the bounds lay, not about whether or not there were bounds. For most of the time, however, rulers and representative assemblies cooperated and shared the gains of political exchange.

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[165] (Thompson 1994)
[166] (Henshall 1992) Ch. 1
[167] (Major 1971)
[168] (Glete 2002) Ch. 3; (Henshall 1992)
[169] (Henshall 1992)
[170] (Henshall 1992) Ch. 8. "Absolute power ignored consent only in matters where it was inappropriate." (p180)

Structures of administration evolved from their feudal beginnings as greater demands were placed upon them and as the environment in which they operated changed. To understand how they responded to these challenges we must first take a closer look at the inherent problems of administration and at the different ways rulers found to address them.

The administration of violence

As we have seen, territorial administration faced two fundamental problems—agency and divisibility. Rulers had no choice but to grant their officials (agents) considerable freedom of action in the performance of their duties. This freedom allowed the officials to pursue their own interests at the expense of those of their rulers. The enterprise in which territorial governments were engaged—the deployment of violence—was inherently divisible. This made it relatively easy for officials to set up in business for themselves, becoming in effect local rulers.

These fundamental problems expressed themselves in a number of ways. First, officials were less than effective in performing the duties assigned to them. This compromised the ability of the ruler to mobilize and to finance the means of violence and to provide violence services. Second, officials appropriated for themselves a part of the value from the deployment of violence that had been delegated to them. Officials helped themselves to part of the funds that passed through their hands (peculation).[171] They took bribes and accepted 'gifts' for performing, or for failing to perform, their duties (corruption).[172] They engaged in business on their own account to the neglect of their official duties. And, when they had the power to appoint subordinates, they appointed members of their own families or those with whom they had connections (nepotism and

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[171]This involved not only theft, but the use of tax funds for private purposes. In France, tax officials often put the funds they collected to work, speculating in grain or real estate, rather than sending them on to the treasury ((Wolfe 1972)).

[172]"Mediæval propriety was not outraged by public officers receiving gratifications in money or kind from all who came to transact business with them. It was natural that the receiver of a favor should pay a fee to the source of his satisfaction." ((Tout and John Rylands Library. 1916) p21). The surviving accounts of religious houses show that they regularly entered sums they paid to officials to secure their good will.

As one example of corruption, officials charged with farming out government revenues would collude with bidders to accept a low bid and then split the gains ((Wolfe 1972)).

patronage).[173] In addition, officials sometimes managed to convert their positions into alienable private property (privatization), selling them to others or bequeathing them to their heirs.[174] The last, but definitely not least, expression of the fundamental problems was disloyalty. Rulers were engaged in a constant struggle for the control of their territories with internal rivals and with external foes. A disloyal official, especially a disloyal high official, constituted a serious threat to the ruler's very survival.

Rulers attempted to mitigate the problems by monitoring their officials and by providing them with incentives. Monitoring was more difficult than it was in the case of business. The tasks of an official were less well defined than those of a merchant's agent, so it was more difficult to evaluate his performance. Potential revenue, for example, was almost impossible to know. This made it hard to distinguish an official who was diligent and honest from one who was lazy or who kept much of the revenue for himself. The maintenance and inspection of accounts and records was a help, but government administration lagged behind business both in accounting technology and in numeracy and literacy. As with business, the difficulty of monitoring was exacerbated by poor communications and by long distances: instructions and feedback traveled slowly if at all. For government, however, these problems were magnified by the sheer size of the organization. Few business had even a hundred employees concentrated in a handful of locations; some governments employed tens of thousands dispersed over vast territories.

The incentives governments used to motivate their officials were both positive and negative. Officials generally received a salary (not always, however, with great regularity) or a share of the revenues they collected. They also enjoyed a certain social status. Governments offered officials additional rewards for good performance. Lower officials might be promoted to a higher position. High officials might receive a noble title or a pension in the form of an annuity or of an income-generating property. When it came to negative incentives, governments had the advantage over business. Not only could they punish poor performance with demotion or dismissal, they also had the option of imprisonment or even death (imposed mostly for disloyalty). These incentives for good

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[173](Tout and John Rylands Library. 1916)

[174]The idea of office as private property was consistent with the medieval view of the state as the private property of the ruler. In granting an office, a part of the ruler's property was detached and passed into the possession of the recipient. (Vicens Vives 1971)

behavior had, however, to compete with the rewards for bad behavior which, as we have seen, were considerable. Moreover, given the difficulty of monitoring, officials were often able to eat their cake and have it too.

Since attempts at mitigation enjoyed at best limited success, rulers found ways of managing their structures of administration that recognized this limitation. First, rulers ordered their relationship with their officials less in terms of command than in terms of exchange.[175] High officials were entrepreneurs who were expected to find ways to further the interests and the goals of their rulers. Rulers rewarded success with wealth and honors. The same sort of relationship prevailed all the way down the hierarchy of administration. Of course, the key to obtaining favorable terms in exchange is competition. So rulers fostered competition among their high officials. They also fostered competition between different structures of administration—direct versus indirect, one direct versus another. The principal 'market' in which this exchange of favors for performance took place was the ruler's court (this became much easier once courts became stationary). Officials and nobles competed at court for the ruler's favor and schemed and conspired to further his interests and their own.[176].

There was a second adaptation to the difficulty of monitoring and control. Given that it was impossible to prevent officials from appropriating much of the value of the power delegated to them, rulers tried to recapture the lost value indirectly. The key to doing this was the power of appointment. If a ruler could not prevent the loss of value while the official occupied the office, he could recapture some or even most of it at the time of appointment. The most straightforward way to do this was to sell the office outright. Alternatively, the ruler could borrow against the office and allow the purchaser to repay himself from the revenue he collected—essentially a pawn of the office.[177] The selling or pawning of the office actually offered the ruler a financial advantage over receiving the full revenue from the office over time: it enabled him to capitalize the stream of revenues.

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[175](Breton and Wintrobe 1982)

[176](Henshall 1992) Ch. 1; (Williams 1995) Ch. 5

[177]For more, see (Kohn forthcoming) Ch 10. This could also be seen as a form of securitization—placing in the hand of the lender the revenue stream on which repayment is based (see (Kohn forthcoming) Chs 11 and 20).

That is, it provided him with liquidity.[178] Another alternative, instead of capturing the value of the office in cash, the ruler could grant the office in 'gift exchange' to a supporter as a reward for his loyalty—just as feudal rulers gave land. For the ruler to be able to recapture the value of the office in any of these ways, however, he had to retain the right of appointment and to prevent the incumbent from privatizing the office.

Often, the power of appointment to lower positions in the administration was not in the hands of the ruler himself but in the hands of some high official. In these cases, it was the latter who could realize the value of the office. Here, however, the realization had to be hidden rather than explicit. The high official could not actually sell positions to subordinates, but he could accept 'gifts' from grateful appointees or appoint those who were loyal to him and likely to render him service in the future.[179] In a sense, of course, the ruler did recapture the value of these subordinate offices too. The power of patronage was one of the benefits of high office. So the value of the subordinate positions could be captured as part of the 'price' of high office.

Once rulers came to think of appointments as a source of revenue, it was only natural for them to find ways to increase that revenue. One way was to augment the value of a given office. This could be done by creating new regulations for the officeholder to enforce—increasing the potential for corruption—or enhancing the status of the office with a title of nobility, which generally had the additional benefit of an exemption from most taxes. A second way of increasing revenue from appointments was to increase the supply by creating new offices purely for the purpose of realizing their value.

In creating and managing structures of administration rulers therefore had multiple objectives. They desired structures that were reasonably effective. They also wanted to derive as much value as they could from them. And, above all, they wanted loyalty. This multiplicity of objectives inevitably meant tradeoffs in making appointments. One candidate for a particular office might have the best qualifications, but another with greater wealth would be able to pay more for the position. A family member or retainer might be the most loyal, but he might be neither wealthy nor well-qualified.

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[178]On the importance of this source of liquidity, see (Kohn forthcoming) Ch 20.
[179]"Important and lucrative offices went to those whom the leading ministers could count upon." ((Fischer and Lundgreen 1975) p482)

The different evolution of structures of administration in different territories can be understood in terms of the different strategies rulers employed to address the underlying problems of administration, of the inherent tradeoffs, and of the differences in circumstances under which those choices were made. For example, where the fiscal pressures were greatest, rulers were more likely to exploit the fiscal potential of their structures of administration at the expense their effectiveness. However, their doing so had implications—largely negative—for their subjects. Consequently, their ability to do this depended on the strength of territorial governance. This, as we have seen, was itself partly the result of circumstances and partly a consequence of institutional history.

It is useful to divide our discussion of the structure of administration, as we did earlier, between central administration and local administration.

The growth of central administration

Central administrations grew steadily in size. In England, for example, the central administration numbered some 600 officials by the end of the thirteenth century and grew to over 2,000 by the sixteenth.[180] Central administrations grew because they had more to do. Increasing commercialization in the countryside and the growth of the cities meant that revenue was collected increasingly in cash rather than in kind. While it was easiest to 'spend' revenue in kind locally, cash could be brought to the center for disbursement anywhere. This required greater administrative capacity at the center. Another factor increasing the burden on the central administration was the expansion of the territory under its direct control. In France, for example, its rulers steadily expanded their domains at the expense of their great vassals either by conquest or by succession. The administrative burden grew too as a result of the taking on of new functions. So long as the military had consisted of feudal levies, there had been little need for administration. But as rulers came to rely increasingly on mercenaries, their administrators had to negotiate contracts and pay and supply the troops. Other new functions were a consequence of rulers' attempts to expand their provision of violence services— especially the provision of justice. Rulers did this both to raise revenue and to increase

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[180](Sacks 1994); (Fischer and Lundgreen 1975)

their authority at the expense of their domestic rivals. However, the expansion of the ruler's provision of justice too placed new demands on central administrations.

The growth in the size of central administrations permitted an increasing division of labor. The ruler's council became smaller and more manageable. In England, for example, from the 1540s the Privy Council, with perhaps twenty members, handled day to day administration and the Great Council met only rarely.[181] Royal councils also spawned sub-councils and bureaus to deal with specific matters. Most central administrations had a separate treasury (Exchequer, Council of Finance) responsible for fiscal matters and a chancery responsible for communications and later for diplomacy.[182] Some, such as that of Castile had a Council of War to oversee the military.[183] Specialized courts took over most of the judicial functions of the ruler's council. As we have seen, France had the Parlement and Castile the Royal Council. In England, there were a number of specialized courts—King's Bench, Common Pleas, and Exchequer, and others were added later.[184]

The monetization of revenue also made it possible for the central administration to stay in one place rather than move about the country. It was not only possible but also necessary: as the central administration had more to do, it became increasingly important for others to be able to find it.[185] Consequently, from the late twelfth century, while rulers' courts continued to be peripatetic, parts of their central administrations began to stay in fixed locations. In England, the treasury became fixed at Winchester in the eleventh century and the chancery at Westminster in the twelfth.[186] With parts of the central administration became fixed in one place, they became distinct from the ruler's household, which continued to accompany him on his travels.[187] By the sixteenth century, rulers themselves had settled down and fixed their courts in territorial capitals.[188] Philip II

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[181](Williams 1979) Ch. 1

[182](Strayer 1970) Ch. 1. The papal chancery was among the first and certainly the most sophisticated.

[183](Thompson 1976) Ch. 2

[184](Benson 1990) Ch. 3. The Yorkists and early Tudors added the Star Chamber, Chancery, Requests, and the regional Councils of Wales and the North ((Palliser 1983) Ch. 10),

[185](Tout and John Rylands Library. 1916)

[186](Ormrod and Barta 1995); (Ertman 1997) Ch. 4

[187](Fischer and Lundgreen 1975)

[188](Nicholas 1999)

of Spain was among the last to do so, establishing his capital at Madrid—then a village—in 1561.[189]

There were changes too in the personnel of the central administration. First, clerics replaced nobles and then, later, laymen replaced clerics.

Clerics had several advantages over nobles as officials.[190] They were literate, which many nobles and rulers were not.[191] They had administrative skills, acquired in serving the Church. They did not owe loyalty to some great noble who might be a rival for the throne—although their loyalty to the Church could be a problem (as, famously, with **Thomas à Becket**). Clerics were also less expensive, since they could be compensated with an ecclesiastical living, at zero cost to the ruler, rather than requiring a grant of land. Not least important, clerics, being celibate and so without heirs, were less likely to try to privatize their positions.[192] On the other hand, clerics were unlikely to have the resources to purchase their positions. The Norman and Angevin rulers of England, for example, had made a practice of selling high positions, such as those of treasurer or marshal, for as much as £3,000 at a time. When, after the Magna Carta, they were no longer permitted to sell these offices, they increasingly appointed clerics.

By the fourteenth century, as the business of government became more complex, the growing need for expertise in law and finance led to the recruitment of a growing numbers of lawyers and merchants.[193] The lawyers were generally university-trained, but in England they also included many common lawyers. Merchants, often foreigners and especially Italians, played in important role in managing treasuries and mints. In France, for example, treasury functions had in the thirteenth century been 'outsourced' in their entirety to the Paris Templars.[194] However, in 1295, Philip IV of France, set up his own treasury managed by the Guidi brothers, 'Biche and Mouche', to work with the Templars

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[189](Thompson 1976) Introduction

[190](Tout and John Rylands Library. 1916)

[191]Literate meant schooled in Latin, the language of administration and diplomacy.

[192]Some nobles working in the English Exchequer had turned their positions into 'hereditary sergeantries' and appointed substitutes to do the actual work. Consequently, members of the king's administration might owe their positions to nobles who were hostile to royal policy—not a recipe for faithful service. "It was only by employing clerks [clerics] that the monarch could be master of his own household." ((Tout and John Rylands Library. 1916) p 14)

[193](Koenigberger 1995)

[194](Barber 1994)

and eventually to replace them.[195] The appointment of merchants bankers to such positions also had a fiscal aspect: they were more willing to lend when the means of repayment were under their direct control.[196]

Secular officials had the additional advantage that, since they did not owe loyalty to the Church, they were more likely to be loyal to their employers (French relations with the pope, for example, were not the best). However, they might owe loyalty to a great noble whose patronage had won them the position. Moreover, laymen were more expensive than clerics, since they expected to be paid.[197] And the privatization of positions once again became a problem. In England, for example, lay officials managed to change the terms of their appointment in the early fifteenth century from 'at pleasure' to life tenure; by the end of the fifteenth century their positions were recognized as private property.[198]

With the influx of professionals, management techniques improved. However, they were still rudimentary. Information technology was primitive: handwriting on parchment scrolls (only later on paper) and calculations in roman numerals.[199] The high cost of recording and transmitting information meant that records were scanty and abbreviated and that instructions were terse. The printing press was consequently a huge boon to administration, making it much easier to place the text of new statutes in the hands of those who were expected to enforce them (statutes correspondingly became more complex and elaborate).[200] But the most important problem of administration was a general lack of information.[201] For example when, in the sixteenth century, the Castilian Council of War was formulating plans for a militia, it needed statistics on the number of

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[195](Barber 1994)

[196]See fn 174 above.

[197]With increasing monetization of the economy—and the growing number of officials—compensation increasingly took the form of a cash annuity rather than of a grant of land or benefice. Consequently, officials, rather than being feudal retainers, became salaried employees, working under a written contract. ((Britnell 1996) Ch. 6)

[198](Ertman 1997) Ch. 4

[199](Tout and John Rylands Library. 1916). See (Kohn forthcoming) Ch 15 for more on information technology.

[200](Williams 1979) Ch. 1. There were, however, some problems of transition. Traditionally only handwritten or sealed laws and instructions had been considered valid. As late as 1649, the mayor of Troyes refused to take action when he received only printed instructions. ((Major 1971))

[201](Thompson 1976) Ch. 3

parishes, their population, and wealth; after two frustrating years of trying to obtain this information, they just gave up and based their plan on guesses.

The lack of information made financial management almost impossible. Accounting was chaotic and a general lack of reliable estimates of revenues and expenditures made budgeting impossible.[202] Where information existed, its possession meant power and it was therefore often hoarded.[203] The problem was often exacerbated by divided responsibilities and a lack of coordination. In Castile, for example, the Council of Finance was responsible for revenue and the Council of War for the bulk of expenditure: the former had no idea where the money was going and latter had no idea where it was coming from. The most common method of financial management was to earmark specific sources of revenue for specific categories of expenditure (*consignacíon*).[204] This worked reasonably well until, as often happened, the ruler raided earmarked funds for other purposes—most often to repay maturing short-term debt.[205]

As central administrations grew and differentiated, there was more room for internal politics. Parties and factions formed and vied for power. When high officials were removed, there was a general clean-out of all those associated with them.[206] Factions in the administration allied themselves with powerful nobles and with cliques at court, itself a den of intrigue. Parties and factions in the administration and at court allied themselves too with groups in the representative assemblies.

Alternative structures of local administration

Structures of local administration had two aspects—executive and fiscal. The executive aspect was the role that they played in the collection and disbursement of funds, in military mobilization and supply, and in the provision and sale of violence services (peace, order, and economic regulation). Generally, the same local officials performed all of these functions with little specialization. Indeed the tasks were often

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[202]"…basic accounting techniques were so defective that nobody knew how much money was needed or how much was available." ((Thompson 1976) p81)

[203]"Auditing procedures thus reflected a larger struggle for control of expenditures." ((Tracy 1994)p574). For example, in France, the king refused in 1576 to show his accounts to the Estates-General for fear of revealing the extent of his indebtedness. Catherine de Medici borrowed in Italy behind the back of the Council.

[204](Schulze 1995)

[205](Thompson 1976) Ch. 3

[206](Tout and John Rylands Library. 1916)

related. Much of the litigation was related to the collection of revenue, and revenues sometimes had to be spent locally for military purposes.

Structures of local administration also had a fiscal aspect. On the one hand they could be a major cost: local administration involved much larger numbers of officials than central administration. On the other, structures of administration were, as we have sees, a potential source of revenue as rulers attempted in various ways to recapture the value lost to their officials. They were also a potential source of liquidity, helping rulers to mobilize resources quickly. In different types of structure, the executive and fiscal aspects differed in how they were expressed and in their relative importance.

The most straightforward structure was direct administration. Rulers appointed local officials either from the center or from among the locals (usually from among the local elite). In the former case, the officials received a salary; in the latter, they were either unpaid or receive a share of the fees they collected. Structures of direct administration had no positive fiscal value unless the offices in question were sold, a possibility we will consider separately below. Direct local administration generally functioned poorly and its officials often privatized their positions. The problems of agency and divisibility were worse for local administration than they were for central administration, since monitoring and control were more difficult.

A standard alternative to direct administration was traditional indirect administration. This was, as we have seen, a feudal mainstay. Government was delegated to a local entity—seigneurial, ecclesiastical, or municipal. Essentially, the local entity *was* the government within its jurisdiction and the ruler had no direct administrative structure there at all. The local entity had the right of exaction and it performed the executive functions of administration for itself and, to some extent for the ruler. In exchange for its 'sovereignty', the local entity owed very specific obligations to the ruler. In feudal times, these were military: local entities were expected to mobilize military units as part of the ruler's army. Later, the obligations were usually financial, with the local entity obliged to provide sums of money agreed upon by a representative assembly. Often, local entities were sufficiently wealthy that they could also be a source of liquidity. How the local entities raised the troops or the money was entirely up to them and no concern of the ruler's.

The advantage of indirect administration was that it greatly simplified the relationship between the ruler and local administration. The obligation of the local entity to the ruler was well-defined and therefore easily monitored. Administrative issues within the local entity could be addressed more effectively by the local entity itself than they could by the ruler's central administration—monitoring and control being facilitated by proximity. The main problem of traditional indirect administration was potential disloyalty. Given so much power, local entities were able to resist the will of the ruler and to shift their allegiance to his rivals and enemies.

Traditional indirect administration was a form of outsourcing of government functions. There were other forms of outsourcing that were commercial in nature. Examples included the farming of taxes and other revenues, the management of the ruler's assets by lenders, the purchase of military services from a military contractor or enterpriser, and the granting of industrial and trading monopolies.[207] Farmers of taxes and other revenues purchased the right to collect the revenue in question for a fixed period of time and took over all the associated tasks of administration. Lenders took over the administration of a source of revenue to ensure that they would be repaid out of the proceeds. Military enterprisers took upon themselves the hiring, training, supply, and command of military units—sometimes complete armies—for a fee. Those granted monopolies—particularly trading monopolies—took on not only the economic functions, but often also took on specific governmental functions, such as the collection of taxes, the building of forts, the provision of naval forces, and diplomacy.

Commercial outsourcing was also a form of indirect administration, but it differed from traditional indirect administration in a number of ways. The functions of government that were outsourced were specific rather than inclusive—for example, the collection of a particular tax rather than government functions in general. The party to whom the function was outsourced was an individual or a company rather than a governmental entity such as a noble lord, abbey, or city. And the contractual relationship was of a fixed rather than of an indefinite duration.

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[207](Tilly 1990) calls these practices collectively, *brokerage*. For more details on farming and the management of the ruler's assets by lenders (securitization) see (Kohn forthcoming) Ch 20; on the purchase of military services from military contractors or enterprisers see (Kohn forthcoming) Ch 19; and on the granting of industrial and trading monopolies see (Kohn forthcoming) Ch 22.

As a result of these differences, commercial indirect administration offered rulers some advantages over the traditional kind. There was first of all no problem of disloyalty: the entities involved were generally not powerful in their own right (except in some cases financially) and were therefore no threat to the ruler. With the term of the contract fixed and finite, and with the nature of the functions to be performed specific and well-defined, it was possible to expose the granting of contracts to competition. This meant better terms for the ruler than he could typically obtain from bilateral bargaining in the non-competitive situation of traditional indirect administration. Commercial indirect administration almost always provided the ruler with liquidity. Purchasers of farms, lender-managers, and purchasers of monopolies usually paid in advance the capitalized value of the stream of revenue in question. Military enterprisers generally provided their services on credit. As with traditional indirect administration shared, obligations were well-defined and easily monitored, and administration was under the control of those close to the action and with relatively strong incentives for performance.

The sale of offices had aspects both of direct and of indirect administration. Like any directly employed official, the venal official received a salary and performed the executive functions assigned to him. However, as with indirect administration, he also obtained a partial 'sovereignty'—a right of exaction for his own benefit. The right was not, however, unlimited as in the case of traditional indirect administration. Neither was it well-defined as in the case of commercial indirect administration. So monitoring and control were particularly difficult: not only were the obligations of the venal official ill-defined, as was usual with direct administration, but so too were his rights. Privatization was a problem too, as purchased offices came to be regarded as property much like any other. As with commercial indirect administration, purchasers of office were expected to contribute to the ruler's liquidity—often being called upon to purchase government debt or to provide advances on the taxes that they collected.

Rulers employed a variety of methods to monitor and to control their structures of local administration. With direct administration, they generally appointed a second, higher level of officials to monitor local officials. Typically, these would travel from place to place, examining records and hearing complaints. Rulers also fostered

competition by creating parallel structures of administration—direct as well as indirect and sometimes multiple competing direct structures.

While the development of central administrations was relatively similar across territories, structures of local administration evolved quite differently from one territory to another. We shall therefore examine separately three important cases—England, France, and Castile.[208]

Local administration in England

England began the period with the most highly developed structure of local administration in Europe. As we have seen, this structure was established by the West Saxon kings and relied on a system of indirect administration through local associational government. The Norman conquest preserved this structure, but superimposed upon it a feudal model of indirect administration. The Conquest also had the effect of creating in England a far more homogeneous territory than existed anywhere else in Europe. Both the domains of the king and the territories of his great vassals were scattered widely so that there were no large regions under the control of great nobles to the exclusion of royal authority as there were elsewhere.[209]

To administer their domains, the Norman kings appointed to each county or shire a shire-reeve or sheriff.[210] The sheriff was responsible for all of the executive functions— the collection and disbursement of royal revenues, the provision of justice, and local defense. The office of sheriff was essentially a farm county.[211] It was sold to the highest bidder, and the appointee paid a fixed annual sum in exchange for the revenues from his territory. Usually, the contract was for a few years, but some positions became privatized. Sheriffs generally farmed the individual royal manors within their counties to sub-farmers. In the thirteenth century, after royal authority was curbed by the Magna Carta, the unpopular practice of farming was ended and the office of sheriff became instead a salaried position. Individual royal manors continued to be farmed, but this was now organized by an office in the central administration.

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[208]We shall also examine the case of the Low Countries a little later.
[209](Strayer 1970) Ch. 1
[210](Strayer 1970) Ch. 1
[211](Harvey 1973)

While the purpose of Magna Carta was to restrict royal power, paradoxically at the same time it expressed a widespread desire for the expansion of royal justice.[212] In response to this, the courts of the central administration began to send out to the counties itinerant royal justices. These heard the more serious cases, referred to them by local courts and juries, thereby taking over much of the judicial function of the sheriffs. These itinerant justices also monitored the sheriffs and heard complaints against them.[213] In England and elsewhere, the expansion of royal justice at the expense of seigneurial, ecclesiastical, and municipal justice was an important way for rulers to project their authority into areas beyond their domains.[214] It was also, of course, a source of revenue.

In the fourteenth century, the office of sheriff was further reduced in importance as many of its remaining functions were devolved to Justices of the Peace (JPs) recruited from the rural gentry and the urban elites. There seem to have been two reasons for this change. First, the crown was under intense fiscal pressure, and sheriffs' salaries had become an increasingly unwelcome burden. In contrast, the new JPs were unpaid, recovering their expenses from the fees they collected.[215] The office of sheriff, now stripped of most of its responsibilities, was later also to become an unpaid position. [216] The second reason was that royal justice had proven to be extremely popular, with an enormous increase in litigation in the late thirteenth century. This had left the court system seriously overburdened: the recruitment of JPs was an inexpensive way to expand capacity.

To begin with, there were two JPs per county, but by the sixteenth century the average per county had risen to over forty.[217] Their duties had also expanded—from keepers of the peace (their original title), to judges with powers of summary conviction for lesser offences, to local officials charged with the enforcement of statutes and

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[212](Kaeuper 1988) Ch. 2. See also (Kohn forthcoming) Ch 23.

[213](Ertman 1997) Ch. 4

[214](Strayer 1970) Ch. 1. This expansion of royal authority received the blessing of the Church (except, of course, where it encroached on Church authority). The linking of kingship and justice was an important part of the ideology of the Papal Revolution. The Church wanted rulers to enforce the Church's property rights over its own officials and it wanted to be able to argue that an unjust king forfeited his right to rule. ((Kaeuper 1988) Ch. 2)

[215](Fryde 1979)

[216](Williams 1995) Ch. 5

[217](Nicholas 1999)

administrative orders.[218] With the Reformation, JPs also took on the administration of tasks that had previously been in the province of the parishes, such as poor relief and upkeep of the highways. In all of these functions, the role of the JPs was one of supervision: they employed paid clerks to do most of the actual administration, and it was the officials of the hundreds, city wards and other units of local associational government who actually did the work.[219]

While the JPs were responsible for many administrative functions, they were not responsible for the collection of taxes. Whenever a direct tax was granted by parliament, each member of the Commons nominated from his shire or borough commissioners to oversee its collection.[220] The commissioners were drawn, like the JPs, from among the country gentry and the urban elite. Also like the JPs, they were essentially unpaid: while they received compensation, this generally fell short of their costs. The commissioners appointed 'petty collectors' in each village and ward to apportion payment among the inhabitants and to actually collect the tax. The petty collectors then passed on the proceeds to a smaller number of 'high collectors', also appointed by the commissioners, whose responsibility it was to deliver the money to the Exchequer.

Another area outside the responsibility of the JPs was military mobilization. This was entrusted to the Lords Lieutenant, appointed by the king to each county, generally from among the members of the local nobility.[221] Formally, their job was to levy troops in case of war or rebellion and to supervise the military organization of the counties. However, informally, they also became the eyes and ears of the ruler in the counties. In particular, they monitored the JPs, reported on their performance and advised the Privy Council on their appointment and removal.[222]

So the English structure of local administration combined a small number of paid officials—the circuit judges—with a large number of unpaid, part-time locals—the JPs,

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[218](Benson 1990) Ch. 3; (Nicholas 1999); (Fischer and Lundgreen 1975)

[219](Fischer and Lundgreen 1975)

[220](Schofield 2004)There were actually two types of direct tax. The tenth and the fifteenth was established in the fourteenth century as a fixed amount levied on each village or town. This was slowly replaced in the sixteenth century by a subsidy based on the assessment of individual income and wealth. The collection of the two differed in detail, with the latter requiring assessors as well as collectors.

[221](Fischer and Lundgreen 1975)

[222](Fischer and Lundgreen 1975)

tax commissioners, Lords Lieutenant, and sheriffs. Much of the actual execution of policy was delegated to local associational government in the boroughs and parishes. In 1580, there were some 1,200 paid royal officials—about half in the central administration—or about one per 3,000 of the population; there were over 1,700 JPs.[223]

Functions were divided among the different types of official, with the result that none of them had a great deal of power. In particular, the collection of tax revenue was in the hands of *ad hoc* temporary appointees, and the disbursement of funds was in the hands of the central administration. Consequently, none of the offices of local administration were particularly valuable and they were not therefore candidates either for privatization or for sale.[224] Another factor against the sale of offices in general was the opposition to the practice on the part of parliament, more powerful than most other representative assemblies.[225]

There was also in England some commercial indirect administration. For many years, England's most important source of revenue was an export tax on wool, that had been established initially in the late thirteenth century. Originally, its management and collection were entrusted to Italian merchant bankers as security for lending to the crown. In the fourteenth century, the Italians were replaced by a consortium of English merchants, the Merchants of the Staple. The Staplers were granted a monopoly of the export of wool, in exchange for which they provided loans to the crown and collected the tax from their members.[226] By the late sixteenth century, other customs duties had been imposed and the collection of these additional duties was in serious disarray—rife with mismanagement and corruption. As a result, the crown began to farm some of these customs revenues, expecting private farmers "to seek greater rewards from customs than the crown had hitherto been able to obtain."[227] In the late sixteenth century Elizabeth also

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[223](Palliser 1983) Ch. 10. The number of royal officials includes only those paid directly by the crown. Many of these officials themselves employed additional secretaries and clerks (each clerk of chancery, for example, might employ over forty subordinates). Officials either paid these subordinates out of their own pockets or, more frequently, allowed them to find their own compensation from gratuities, favors, and bribes.

[224](Nicholas 1999); (Ertman 1997) Ch. 4

[225](Ertman 1997) Ch. 1

[226]By the late fifteenth century, wool exports had fallen so much that the wool tax had lost its earlier importance.

[227](Hurstfield 1973) p 308

granted a number of mining and trading monopolies to various groups and these groups too provided credit and administrative assistance to the crown.[228]

The JPs, who were the backbone of local administration, were not especially effective.[229] There was some corruption, but the main problem was lack of motivation—there being little incentive, positive or negative, for effort.[230] The position was a part-time one, and most JPs continued to attend to their own private business interests while in office. This meant that their officials duties, which were constantly being expanded, often came second in their priorities. It also meant that they were likely to be selective in performing their duties. When it was in their own interest and that of their friends to enforce a statute—as it was with the wage ceilings imposed after the Black Death—they could be quite aggressive in their enforcement.[231] However, when enforcement conflicted with their private interests—as with many of the economic regulations of the late sixteenth century—they simply exercised a 'pocket veto' and declined to enforce the statutes in question.[232] Consequently, the effectiveness of any policy depended heavily on the consent of local interests. This control of local interests over the machinery of local administration was in effect an important additional instrument of territorial governance, limiting the power of the ruler.

Although appointed by the crown, JPs saw their primary allegiance as being to the law and to the relatively independent common law courts.[233] One reason for this was that common lawyers, while themselves only a small proportion of JPs, tended to dominate the Commissions of Peace (the county panels of JPs).[234] JPs also had close connections with the Commons, where a significant minority of members were also common lawyers. JPs often went on to become members of parliament, and members of parliament to become officials in the central administration.

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[228](Harris 2000)

[229]"England was notorious for disorder even on the war-torn Continent in the late Middle Ages." (Nicholas 1999)p70

[230](Heckscher 1935) Ch. 6. On corruption, from a speech in the Commons in 1601: "A justice of the peace is a living Creature that for half a Dozen of Chickens will Dispense with a whole Dozen of Penal Statutes."

[231](Fryde 1979)

[232](Nef 1940)

[233](Fischer and Lundgreen 1975)

[234](Fischer and Lundgreen 1975)

Local administration in France

The situation in France at the beginning of the period was very different from that in England.[235] The royal domain was restricted to a small region around Paris—the Île-de-France. The rest of the country was divided into counties and duchies controlled by counts and dukes—the king's great vassals. Over time, the rulers of France succeeded in extending their authority by adding these territories to the royal domain. Normandy was taken from the kings of England (who were also the dukes of Normandy) in the early thirteenth century and substantial additional territory was taken from them during the Hundred Years War. Most of the rest of France came under royal authority by succession during the fifteenth and sixteenth centuries. As a result of this process of accretion of formerly independent territories, France was a conglomerate state made up of diverse territories, each with its own institutions and customs. In this it was very different from the homogeneity and unity of England. Other European states resembled France in this respect: it was England that was unusual.[236]

From the early twelfth century, the rulers of France administered their domains much as did the rulers of England. They appointed *prévots*, similar in function to the English sheriffs, to administer individual districts.[237] These positions were auctioned annually or semi-annually. As in England, the revenues of individual manors were farmed, as was the collection of the *aides*, a sales tax.[238] However, the *prévots* themselves were responsible for the collection of the direct tax, the *taille*.[239] In the thirteenth century, rulers began to appoint a new layer of royal justices, the *baillis*, above the *prévots* to monitor them. Initially, the *baillis* were itinerant, again according to the English model; later, they were assigned fixed territories.

As royal authority was extended to new provinces, the rulers of France faced the question of how to expand their system of local administration into the new territories. Rather than attempting to suppress local institutions and to impose a uniform and centralized structure, they chose instead to maintain local institutions and to govern

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[235](Strayer 1970) Ch. 1
[236](Strayer 1970) Ch. 1
[237](Ertman 1997) Ch. 2
[238](Wolfe 1972) Ch. 1
[239](Ertman 1997) Ch. 2

through them.[240] They did this by filling the important provincial positions with appointees from Paris. For example, the courts of Normandy were allowed to continue to enforce Norman law, but the judges there were appointed from the core royal domain. In addition, to prevent outsiders from putting down roots and developing local loyalties, officials were periodically transferred or promoted to new positions elsewhere.

In the new provinces, the kings of France continued to rely on traditional indirect administration through nobles and cities. Seigneurial power was much greater in France than it was in England and France was a much larger country.[241] French rulers needed to enlist the military power of the nobility to control the country, and they lacked the administrative capacity to take over all of the functions performed by seigneurial government. For example, while the kings of France, like those of England, used the expansion of royal justice to extend their authority, their goals were more modest.[242] Whereas royal courts in England competed with seigneurial courts for all of the business, in France they claimed only a jurisdiction of appeal. So long as their courts had the final say, the rulers were content to leave most of the day-to-day business to the seigneurial courts.[243]

In each province, the king appointed a prominent member of the local nobility as his governor.[244] The governor played a dual function: he was expected to execute royal policies in the province, but he also represented the interests of the province at court. For example, the Estates of Languedoc, not known for its generosity, lavished gifts on the province's governor, the duke of Montmorency, to advance their interests with the royal council.[245] Since there was a tendency for the position of governor to become privatized, in later centuries rulers preferred to appoint members of their own families.

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[240](Henshall 1992) Ch. 1; (Strayer 1970) Ch. 1. This approach made it much easier to add new provinces. In contrast, England, with its uniform institutions, had great difficulty incorporating Wales and Ireland into the kingdom.

[241](Major 1994) Ch. 8

[242]While the Magna Carta expressed the desire of English nobles for an expansion of royal justice, the parallel documents in France—the provincial charters forced on Philip IV in 1314-5—emphasized seigneurial rights and tried to limit the encroachment of royal justice. (Kaeuper 1988) Ch. 2

[243](Kaeuper 1988) Ch. 2

[244](Henshall 1992) Ch. 1

[245](Henshall 1992) Ch. 1

The rulers of France also promoted associational government in the cities and villages—partly as a counterweight to the power of the nobles. In the fifteenth and sixteenth centuries, rulers expanded the powers and privileges of the towns and granted new charters to important cities such as Rennes, Nantes, and Saumur.[246] They also encouraged villages to elect officials who could administer justice and collect taxes.

In the fifteenth and sixteenth centuries, the bureaucracy of direct administration expanded as new offices were added, dedicated to the collection of particular taxes.[247] *Élus* were appointed to collect the *tailles* and *grenetiers* to collect the *gabbelles* and to administer the salt monopoly.[248] In largely agrarian France, the *taille* was the single most important tax, providing over half of total royal revenue.[249] The total amount for each imposition of the *taille* was set by the royal council. This total was then apportioned across provinces and across districts. Each district (*élection*) divided its share among its parishes, and it was the parish assemblies that were finally responsible for assessing individuals and collecting from them (with the help of royal constables if necessary). Parishes negotiated with the *élu* over the size of their portions, and individuals could appeal to him against their assessments.[250] The government appointed a layer of *généraux de finance* and *trésoriers* to supervise and monitor the *élus* and *grenetiers* and to receive the revenues they collected. As the number of officials grew, the earlier ban on employing locals was dropped as impractical.[251]

The number of local officials grew for two reasons. First, as an existing bureaucracy became entrenched, decreasingly effective in performing its duties, and increasingly effective in appropriating the value of office, the ruler would take away some of its functions and give them to a new bureaucracy in the hope of improving performance.[252] Second, and far more important, the rulers of France had become fiscally dependent on the sale of offices. Private sale, by officeholders themselves, had been going on for

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[246](Henshall 1992) Ch. 1
[247](Finer 1997) v3 Ch 5
[248](Ertman 1997) Ch. 2
[249](Wolfe 1972) Ch. 1
[250]There were two *élus* per *élection* and they were served by a staff of minor officials.
[251](Fryde 1979)
[252](Fischer and Lundgreen 1975)

centuries; rulers started to sell offices in the late fifteenth century.[253] Initially, sales were few and kept quiet, but in 1522 Francis I set up a special agency, the *bureau des parties casuelles*, devoted to the public sale of offices. Keeping this agency supplied with offices to sell required some ingenuity. New regulations were imposed so that new officials would be needed to enforce them—for example, inspectors of hogs' tongues and controllers of perukes.[254] The responsibilities of existing offices were divided among two, three, or four incumbents (*offices alternatifs, triennaux, quatriennaux*). And offices were created that had no duties at all (*offices imaginaires*). By the end of the sixteenth century, France had some 40,000 paid officials, about one per four hundred of the overall population.

So French local administration involved a number of overlapping and competing structures.[255] There was extensive direct administration through a large number of paid officials, organized in several competing hierarchies. Within each province these officials were supervised by competing authorities—the governors and the provincial *parlements* (high courts).[256] There was also extensive reliance on a parallel structure of traditional indirect administration through the nobility, through local associational government, and through the provincial estates. Finally, there was continued reliance in the collection of indirect taxes on commercial indirect administration in the form on tax farms. In the sixteenth century, the small local tax farms were consolidated into *grosses fermes* (multiple farms) and *fermes générales* (multi-provincial or nationwide farms).[257]

The competition among these different structures provided rulers with some leverage in getting their policies executed. However, this was a very difficult system to manage and it required a clever and skillful king to control and to exploit: when the king was weak—for example, a minor— the result was chaos.[258] The large bureaucracy of direct administration offered positive incentives to its members in the form of potential promotion: officials in the central administration were often recruited from among

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[253](Swart 1949) Ch. 1
[254](Swart 1949) Ch. 1
[255](Henshall 1992) Ch. 1
[256](Zeller 1971)
[257](Wolfe 1972) Ch. 1
[258](Major 1994) Ch. 8

promising local officials. On the other hand, the purchase of office made it difficult to remove bad officials, since it would have been seen as a breach of contract and lowered the price that could be realized on other offices.[259] Furthermore, the crown became heavily dependent on officials for its liquidity, relying on them to purchase government debt when it needed to mobilize large sums of money (the 'fiscal sponge'). Given the government's atrocious credit, no-one else was willing to lend to it. This dependence, however, made it very difficult to discipline officials.[260] In general, the fiscal exploitation of the structure of direct administration undermined the ruler's ability to control it and subverted its effectiveness.

While there was some question whether venal officials worked hard for the ruler, there was no question that they worked hard for themselves. The competitive bidding for offices—and this was true as well for tax farms—meant that the purchaser was obliged to extract the maximum from the office just in order to recoup what he had paid for it.[261] While English JPs were amateurs of corruption, French officials were professionals. Therefore, whether or not the system was effective in executing the ruler's policies, it came at a very high price to the society and to the economy.[262]

Local administration in Castile

Castile was again different.[263] Very little territory was under the direct control of its rulers: most was under the control of nobles, the Church, and the cities. As we have seen, the cities were more independent and powerful than those of England or France. Major cities controlled their surrounding regions, including large areas that formally belonged to the crown. So local administration in Castile was almost entirely traditional indirect administration through nobles and, especially, through cities. The cities were largely self-governing, with a general assembly of heads of families choosing city officials for one-

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[259](Major 1971); (Fischer and Lundgreen 1975)

[260](Fryde 1979)

[261]"[Venal officials] recouped themselves for their capital outlay, not only by the legitimate profits of office but still more by the unlawful but customary peculations and extortions in which the early mediaeval functionary delighted " ((Tout and John Rylands Library. 1916) p 15)

"If jobs are distributed among officials through an auction mechanism, whereby those who pay the most for a job get it, then the prospective officials who do not collect bribes simply cannot afford jobs." ((Shleifer and Vishny 1993) p 603-4)

[262]See (Kohn forthcoming) Ch 23.

[263](Elliott 2002)

year terms. These officials included the judges of the municipal courts, the *alcaldes*, who tried both civil and criminal cases and the cities' representatives to the Cortes. In the fifteenth century, appointment to these previously rotating municipal offices started to be given for life and they were soon privatized and became heritable.

Since the fourteenth century, the principal royal tax had been a sales tax, the *alcabala*. Initially, this was farmed by district, with the farm sold at public auction by officials of the central administration. In the fifteenth century, the farm of whole country was sold to syndicates who then resold the individual farms to sub-farmers.[264] In some cases, individual farmers were also made responsible for paying salaries and pensions out of the revenues they collected, which created new opportunities for peculation. Some cities 'bought out' the *alcabala* by agreeing to pay a fixed sum or *encabezamiento* to the crown in its place.[265] These cities were then free to raise the necessary funds as they saw fit. The urban elites took full advantage of this freedom to shift the burden to ordinary taxpayers.[266] *Encabezamiento* became universal in the sixteenth century, and whenever new taxes were granted, they were incorporated into the system.

With both justice and tax collection firmly in municipal hands the crown could not extend its authority through the expansion of the royal courts as in England or of the royal domains as in France. The only way to extend royal authority was by increasing royal control of city government. The takeover duly began in 1480, when Isabella obtained the consent of the Cortes to the appointment in each city of a royal *corregidor* to oversee the city council.[267] During the sixteenth century, the *corregidores* steadily encroached on municipal independence, taking over the appointment of municipal officials and the administration of justice. The erosion of indirect administration in the regions under seigniorial and ecclesiastical control took longer, but by the end of the sixteenth century, royal *corregidores* had largely taken over the administration of justice there as well.

The sale of offices, and the creation of offices for sale, began in the early fifteenth century as part of the financing of the *Reconquista*, and the practice was continued and

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[264](Ertman 1997) Ch. 2
[265](Thompson 1994)
[266](Ertman 1997) Ch. 3
[267](Elliott 2002)

expanded under the Hapsburgs.[268] In contrast with France, however, where the offices that were sold were those of the direct administration, the offices sold in Castile were principally those of municipal government. These ranged from seats on the city council to minor offices such as broker, porter, or town clerk: a price list was made available to potential purchasers. In the 1570s, Philip II allowed the cities to buy back their offices and to return to a system of annual rotation. However, he soon reneged on the deal and resumed the sale of municipal offices.[269] The crown also sold offices in the colonies— with less restraint in this case because there was no resistance from the Cortes.

Philip II was responsible for a unique attempt to replace commercial indirect administration with direct administration—to replace *asiento* with *administración.* Soon after he succeeded Charles V in 1556, Philip embarked on an ambitious program aimed at reversing the long-established commercialization of military administration.[270] Under Charles, military administration had been entirely in the hands of private contractors (*asientistas*)—as was true throughout Europe. In the Mediterranean, naval enterprisers such as the Dorias supplied Spain with entire galley fleets.[271] Spain's Atlantic fleet relied on the mobilization of private ships. The army of Spain was recruited, provisioned, and armed by private contractors. Under Philip, these private contractors and enterprisers were replaced everywhere by salaried government officials. Galleys and ships were now owned and supplied by the government; forts were managed by government officials; government officials took control of recruiting, provisioning, and the manufacture of arms.

This remarkable experiment proved to be a total failure. Whatever had been the weaknesses of commercial indirect administration, direct administration proved to be far worse.[272] Unlike private contractors, government officials had little incentive to contain

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[268](Swart 1949) Ch. 2

[269](Swart 1949) Ch. 2

[270](Thompson 1976) Introduction. This was part of a more general policy of strengthening direct control: "Philip II transformed Spain from a neglected and under-governed regency, with ill-formed institutions lacking cohesion and direction, into a centralized bureaucracy, rigorously and minutely supervised by the king himself." (p 4)

[271](Thompson 1976) Ch. 6

[272](Thompson 1976). For more detail on the problems both of the military contract system and of direct administration, see (Kohn forthcoming) Ch 19.

costs, so everything was much more expensive.[273] Private contractors generally provided goods and services on credit, but with the shift to *administración* this source of liquidity disappeared. Since the government was always short of money, there was a general lack of supplies and manpower. Soldiers and sailors frequently starved—sometimes to death. Because the government paid sub-market wages, navy ships were under-manned and their sailors of the worst quality.[274] And of course, there was the fundamental problem of all central planning—the lack of information. Plans were made and orders given that bore no relation to reality. It was not a help that the officials administering this system were themselves often lazy and incompetent, usually obtaining their positions either through purchase or through patronage and therefore lacking both skills and motivation.

By the 1580s, direct administration was breaking down and the military was gradually being returned to the hands of private contractors.
There was some revival too of traditional indirect administration, with the government turning both to the cities and to the nobility for recruiting and provisioning its troops. In general, seigneurial power in the countryside was growing at this time, as it was in France.[275]

The emergence of a new predatory class

For centuries, Europe had been ruled by a predatory class, the nobility, that made its living from the exercise of violence. The growth of direct administration in France and in Castile created a new predatory class—the predatory bureaucracy. To some extent, this new predatory class overlapped with the old. From the late fifteenth century, nobles had begun to forego the independent exercise of violence and to seek their fortunes instead in the pursuit of favor at court and through appointment to high office. Rather than relying on their own command of violence, they relied on that of the ruler and on their ability to divert it to their own ends. The nobility, however, filled only a small part of the higher reaches of the ballooning bureaucracy. The rest was filled increasingly from the members of the urban mercantile elite.

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[273]"The galleys were costing twice as much and they were half as effective." ((Thompson 1976) p 167)
[274]The problem of low pay, for all government positions, was exacerbated by the inflation of the sixteenth century. The government was particularly slow in adjusting its rates to compensate for the falling value of money. (Vicens Vives 1971)
[275](Thompson 1976) Ch. 5

Merchants, once they had made their fortunes, had always quit the uncertainties of trade for a more secure living for themselves and for their families. Traditionally, they had found this in the ownership of land. Now an official position offered them an attractive alternative.[276] Like land, it promised a comparatively secure income, a life of relative leisure, and high social status. Consequently, many of the most talented sons of the merchant class were absorbed into officialdom. They severed their ties with their merchant past, making their living now not from exchange but from predation. Rulers formally recognized their newly elevated status—as predators rather than traders—by granting them noble rank. The rulers of France went so far as to create a whole new category of nobility for their officials—the *noblesse de robe*—as distinguished from the traditional nobility—the *noblesse d'épée*.

The predatory bureaucracy became a distinct, self-conscious, and organized group. Increasingly, new appointees were drawn from among the relatives and protégés of existing incumbents. As a result agencies within the bureaucracy tended to become closed, self-perpetuating bodies not unlike merchant associations or artisan guilds.[277] Advancement within the bureaucracy depended heavily on patronage—typically that of some great noble in high office—and this created within the bureaucracy clan-like networks of patrons and clients, often related by blood or marriage.[278]

The members of the predatory bureaucracy worked tirelessly to advance their interests.[279] These were, essentially, to enhance the value of office. Officials were, of course, very much in favor of new taxes to collect and new regulations to enforce, since these boosted the rewards of office. But they were also keen to suppress competition for those rewards. As we have seen, rulers—particularly those of France—promoted competition among rival structures of administration. Their officials conversely had a strong interest in suppressing such competition. Royal officials worked unceasingly, and against the wishes of their rulers, to usurp seigneurial jurisdiction and to undermine the

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[276]See (Kohn forthcoming) Ch 6 on the purchase of land.
[277](Strayer 1970) Ch. 2
[278](Major 1994) Ch. 8
[279]"By the end of the sixteenth century another powerful interest group was entrenched in the provinces, increasingly irremovable and quivering with corporate ambition." (Henshall 1992)p16

associational governments of the cities.[280] They did their best too to suppress competition from commercial indirect administration: in Castile, for example, royal officials were big supporters of Philip's attempts to replace *asiento* with *administración.* The bureaucracy was also opposed to the sale of new offices, both because it diluted the value of existing offices and because it created new agencies to compete with those that already existed. In general, officials had a strong interest in increasing the power of the state—the power that they deployed and on which their livings depended: "Characteristically, royal officials everywhere showed a far deeper commitment to the authority of the state even than their princes."[281]

Of course, the other centers of power—the nobility, the cities, and the Church—fought back. All of them resented the bureaucracy's attacks on their authority and encroachment of their prerogatives. The nobility resented too that so many good positions that should have been theirs went to merchants instead merely because the latter could pay more for them.[282] Adding insult to injury, the granting of nobility to these upstarts offended the natural order whereby the highest status in society was accorded to the warrior elite.[283] The main vehicle for organized resistance to the growing power of the bureaucracy was the representative assembly. Whenever the rulers summoned their assemblies, they heard complaints against the sale of offices and against the high-handedness of officials. For example, when Henry IV called the Estates-General in 1576 and again in 1588 in hope of ending the civil war, the one issue that both sides of the conflict could agree upon was the need to curb the power of officials.[284] Both of these assemblies proposed reforms, but none were ever implemented. Henry was far too dependent the *noblesse de robe*, which was his most important source of support.

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[280](Major 1971). In the sixteenth century "The local royal officials also tried to wrest control of the towns from the bourgeoisie in spite of all the king in council could do to restrain them." (p55). An earlier movement towards greater municipal autonomy had ended when the *baillis* had asserted control over city governments ((Wolfe 1972) Ch. 1)

[281](Thompson 1976) p263

[282](Swart 1949) Ch. 1 &2. "The nobility grumbled that money and education, and not honor and merit were the best recommendations for appointment to public office." (p27) See also (Kohn forthcoming) Ch 20.

[283](Thompson 1976) Ch. 10

[284](Ertman 1997) Ch. 3

England, in contrast to France and Castile, did not develop a predatory bureaucracy in this way. The JPs, the core of local administration, were drawn from the country gentry and from the urban mercantile elite. These two groups tended in fact to merge.[285] Merchants acquired manors in the country or married their sons to the daughters of the gentry (in England, the purchase of office was not available as an alternative). The younger sons of the gentry went into trade or finance to seek their fortunes (again, office was not an alternative). As we have seen, JPs were part-time officials who continued their private business while in office. Their positions were temporary and there was no prospect of promotion—or desire for it either on the part of the typical JP.[286] So English officials, unlike their counterparts in France or Castile, did not become a professional career bureaucracy—a group that saw itself apart from ordinary society and above it.[287] The English JP did not owe his loyalty to his fellow officials, but rather to his friends, neighbors, and business associates. Like them, he earned his living from production and trade, not from predation. As a result, the interests of English officials, at least at the local level, lay not in increasing the power of the state, but in restraining it.

THE ASSOCIATION OF ASSOCIATIONS

The benefits of scale in war meant that independent city states were not militarily viable. We have seen that there were two ways for cities to achieve a greater scale—the city-centered territorial state and the city league or confederation. We have also seen that in most city-centered territorial states—Venice being the sole exception—associational government did not scale up well, as the size and power of the state grew. In most cases, the mechanisms of governance proved incapable of preventing leaders from turning themselves into rulers.

The city league or confederation, the other way of achieving scale, was not a larger association but an association of associations. Instead of a group of individuals coming together for joint action, it was a group of *associations* that came together for this purpose. The problem with the league or confederation was just the reverse of that of the city-centered territorial state: rather than leadership being too strong to be controlled, it

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[285](Nef 1940)
[286](Strayer 1970) Ch. 3
[287](Fischer and Lundgreen 1975)

tended to be too weak to exert control, with the result that joint action was ineffective. We shall first consider the early examples of associations of associations and their problems and then the much more successful example that emerged in the late sixteenth century—the Dutch Republic.

Early examples

From the beginning of the period, cities joined together in defensive coalitions against the power of territorial rulers. The Lombard League of northern Italy played an important role in the Italian cities' struggle for independence from imperial rule, but it was dissolved with the successful conclusion of that struggle. There were a number of city leagues among different groups of German cities before the formation in the fourteenth century of the most important of them—the Hanseatic League or Hansa. This grew to include at its peak some two hundred semi-independent cities in the Rhineland, in Saxony, and along the Baltic coast.[288] One purpose of the Hansa was to protect the trade of its members, especially in the Baltic. Another was to further their interests, by force if necessary, in controlling that trade.

The organizational structure of the league was loose. The only central institution was the *Hansetag* or Diet, which met at most yearly.[289] The Hansa had no central administration: when necessary the city councils of the leading cities acted on its behalf. Each of the larger cities had a single vote in the Diet, but a few dominated; in 1418, Lübeck was formally recognized as leader. The Diet voted on membership and on economic issues, diplomacy, and war. It had a limited right to raise revenue in time of war—for example, from fees on the Kontors and from tolls on ships entering and leaving harbors.[290] There were also several regional *Tage*, whose main function was to adjudicate disputes among its member cities.[291]

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[288](Spruyt 1994) Ch. 6. Most of the cities were formally subjects of the Holy Roman Emperor, but they were *de facto* largely independent. Some controlled considerable territory of their own: Lübeck controlled 240 villages, Hamburg 100.

[289](Spruyt 1994) Ch. 6

[290]In 1557, when it was already in decline, it began to charge yearly dues to its members based on an assessment of their wealth.

[291](Spruyt 1994) Ch. 6

The perennial problem of the Hansa was freeriding and defection.[292] For example, the Hansa's main weapon in its conflicts with other powers was the trade embargo. However, embargoes were hard to sustain, because it was always to the advantage of an individual city to ignore the embargo while continuing to enjoy the benefits of its result if it was successful. Similarly, while members were happy to enjoy the fruits of a military campaign, they were often slow to pay their share of the cost. The only available sanction against such misbehavior was expulsion, which was of limited effectiveness and also difficult to bring about, because it required a majority vote in the Diet.

The second important example of an association of associations was the Swiss Confederation. This started as an association not of cities but of villages—the three small mountain communities of Uri, Schwyz, and Unterwalden—which banded together in 1291 to defend their rights against encroachment by their Hapsburg rulers.[293] The original confederation expanded over the years, so that by the eighteenth century it included thirteen cantons—six of them rural communities and seven of them cities.[294] The purpose of the confederation was mutual assistance against external threats and the peaceful arbitration of conflicts among the members; unlike the Hansa, there were really no common economic interests.

The structure of the Swiss Confederation was even looser than that of the Hansa. Once again, the only organ of central government was the Diet (*Tagsatzung*).[295] Each canton had a single vote but here too the larger cities dominated—Zürich in particular. The Diet had little independent authority and could not act quickly or make binding commitments: important decisions had to be agreed unanimously and they then required ratification by the individual cantons. Cooperation among the cantons was sporadic and armed conflict between them not unheard of. Many had alliances with non-members.[296]

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[292](Spruyt 1994) Ch. 8. See also (Kohn forthcoming) Ch 16.
[293](Codding 1961); (Rappard 1936)
[294]The nature of government of the different cantons varied widely from pure democracy to rule by a hereditary nobility. (Codding 1961)
[295](Codding 1961); (Graves 2001) Ch. 1
[296](Rappard 1936)

The Dutch Republic

The Dutch Republic differed from these other examples in that it was created not by the coming together of previously unconnected associations but rather by the 'decapitation' of an already existing territorial state. It did not therefore need to build a structure of government *de novo*, but instead inherited an effective structure that needed only to be adapted to the altered circumstances.

The provinces of the Low Countries had always been subject to a succession of territorial rulers, but there had also been a strong tradition of associational government. Rates of urbanization were high relative to other parts of Europe and the cities wealthy and powerful. In the countryside too, the need for joint action in drainage and in building and maintaining dykes had promoted the development of strong associational institutions. As we have seen, provincial representative assemblies had emerged not as outgrowths of the ruler's council but as institutions established by the cities to coordinate joint action: in a sense the cities were already acting as leagues. The most important form of joint action had been territorial governance—negotiating with rulers to protect the province's and the cities' rights and interests. In this they had been quite successful. Consequently, when the provinces rose up in rebellion against the Hapsburgs, the mechanisms of coordination were already there in the form of the representative assemblies. All that needed to change was their function—from governance to government.

In the fifteenth and sixteenth centuries, the seventeen provinces of the Low Countries had been united under Burgundian and then Hapsburg rule.[297] In a policy very different from that of the rulers of France, the Burgundians and then the Hapsburgs had repeatedly attempted to reduce the power of the provinces and the cities and to centralize control—especially control of taxation.[298] These attempts aroused resistance, sometimes armed resistance, and they enjoyed very limited success. In 1542, there was an important departure from this policy of centralization. Charles V, under the intense fiscal pressure of his war with France, granted the provinces the power to levy taxes in their own name in exchange for help in raising loans. However, his successor, Philip II, resumed the

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[297]The Duke of Burgundy had inherited the provinces of Holland and Zeeland from the house of Bavaria in 1425. Mary of Burgundy had married Maximilian of Hapsburg in 1477, and when she died in 1482 he had inherited the whole territory. ((Israel 1995) Ch. 2)

[298](Blockmans 1999); (Israel 1995) Ch. 2

policy of centralization, generating a great deal of resentment and resistance.[299] Under

continued fiscal pressure, Philip attempted in 1569 to impose a new, centralized system

of taxation. This precipitated open rebellion, initially involving only the southern

provinces, but later joined by the provinces of the north. By 1585, Philip had

reestablished control of the south, but the seven northern provinces fought on, eventually

gaining formal recognition of their independence in 1648.[300]

The founding document of the Dutch Republic (the United Provinces of the

Netherlands) was the Union of Utrecht of 1579. The Dutch saw their new state as a

confederation of sovereign provinces, joined together for the purpose of common

defense.[301] The sovereign provinces agreed to establish a joint central government to

which they delegated limited powers. The central government was to be responsible for

defense, for taxation to finance that defense, and for foreign policy.[302] All other powers,

including economic regulation and the administration of justice, the provinces retained

for themselves. There was, for example, no central court of appeal superior to those of the

provinces.[303] Moreover, the plans for a uniform centrally-controlled tax system were

never realized, and responsibility for taxation too reverted to the provinces. Most tax

revenue was spent directly by the provinces (mainly on the army or on fortifications) and

little passed through the hands of the central government.[304] In principle and in practice,

then, power rested not with the central government but firmly with the provinces and the

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[299]The anti-heresy campaign by the central government was another cause of deep resentment. It not only provoked religious anger but also threatened local jurisdiction and privileges. ((Israel 1995) Ch. 7)

[300]See (Kohn forthcoming) Chs 18, 19, and 20 for more on the military and fiscal aspects of the Dutch war of independence.

[301](Israel 1995) Ch. 13; (Hart 1997)

"…not only did the Dutch state have its origins an war, but the common central institutions of the Dutch provinces were created as a direct response to the requirements of war and were primarily, indeed almost exclusively, concerned with preparations for and the prosecution of war throughout the century of Dutch greatness." ((Price and Clemens 1987) p 183)

[302]In addition, they gave it authority over a common coinage, over the regulation of internal trade, and over common weights and measures. They also gave it the authority to resolve disputes among the provinces. Some other extra-provincial issues also fell naturally to the central government—for example, the administration of conquered districts, the regulation of shipping, the disposal of Church property, and colonial expansion. (Israel 1995) Ch. 13

[303](Price and Clemens 1987)

[304](Hart 1997) Ch. 7

cities—a repudiation and a reversal of the Burgundian and Hapsburg attempts at centralization.[305]

The central government (Generality) was installed at the Hague, then little more than a village.[306] It consisted of an executive body, the Council of State (*Raad van State*), monitored and controlled by an assembly of representatives of the provinces, the States-General.[307] The Council of State administered the standing army, prepared the war budget, and carried out the other limited functions of central government. To this end it set up various specialized committees and bureaus. However, the total number of officials, was no more than a couple of hundred. The central administration of the Generality was consequently smaller than that of some of the provinces (of Holland in particular). As late as 1641, the cost of the central administration amounted to less than 5% of state expenditure.[308]

In the States-General, each province in principle had an equal voice, but Holland—which contributed the lion's share of the budget—was by far the most influential.[309] The chair rotated on a weekly basis. Representatives were under strict instruction, but good internal communications within the Netherlands meant that the resulting to and fro between the provinces and the States-General could take place relatively quickly.[310] The budget, including the allocation of the necessary taxes among the provinces, was submitted to the States-General, where it required unanimous consent.[311] Other major decisions also required the consent of the States-General. Such decisions included the appointment of high officials, including the three Stadholders (chief executives and military commanders), and the determination of the size of the army.[312] Both within the States-General and outside it there was a great deal of political debate and lobbying,

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[305](Price and Clemens 1987)

[306]This site was chosen to avoid favoring one major city over another (Hart 1993) Ch. 7

[307]The institution of the States-General had been created by the Burgundians when they acquired the northern provinces in the 1420s, as an instrument of centralization ((Israel 1995) Ch. 2). However, it took on a completely new and much more powerful role in the Dutch Republic.

[308](Hart 1997) Ch. 7

[309](van Nierop 1997)

[310]See (Kohn forthcoming) Ch 5 on internal transportation and communications.

[311](van Nierop 1997)

[312]Stadhouder had previously been the title of the governors of groups of provinces, appointed by the ruler from among the leaders of the local nobility. ((Israel 1995) Ch. 2)

including the formation of shifting opportunistic coalitions among provinces, cities, and factions.[313]

Each of the provinces had a central government of its own, with an executive council, a chamber of accounts (*rekenkamer*) and a provincial States.[314] The provincial States sent representatives to the States-General.[315] The States of Holland, for example, also met in the Hague. It included representatives from eighteen cities plus one from the *ridderschap*—the council of nobles—that represented the countryside. It met in four long sessions a year, typically 200 days or more in all.[316] In the provincial States too representatives were under strict instruction and the ultimate authority rested with the cities.[317] Discussion in the States was limited to a preset agenda, enabling prior debate in town halls and *ridderschap.* Again, all the representatives had an equal voice in principle but in Holland those of Amsterdam and of the *ridderschap* had the greatest influence.

The provincial executive council supervised a central administration whose responsibilities were principally judicial and fiscal. Provincial central courts provided justice. The chamber of accounts received taxes, issued debt securities, and disbursed funds.[318] The collection of indirect taxes was generally farmed. Tax districts were small and contracts short, so the process was highly competitive.[319] Direct taxes were collected by locally appointed officials in the cities and in the countryside.

City governments were of the typical form. Each had a council of 20 to 40 members, with membership for life and new members co-opted as old members died.[320] The city council elected the town magistrates, usually from among its own members. These magistrates included the representatives to the provincial States, burgomasters to oversee day to day administration, and a number of lay judges or aldermen.

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[313](Hart 1993) p 6

[314](de Vries and van der Woude 1997) Ch. 2

[315](Hart 1993) Ch. 1

[316](Israel 1995) Ch. 13

[317]"The States of Holland were now, more than ever, a gathering of town agents, running the government and administration in consultation with, and taking orders from, the town governments." ((Israel 1995) p 279)

[318]See (Kohn forthcoming) Ch 20 on the fiscal role of the provinces.

[319](Hart 1993) Ch. 7

[320](van Nierop 1997)

So all local administration in the Dutch Republic was indirect. There were in fact three levels of associational government—cities, provinces, and the state. Generally, each function of government was performed at the lowest level feasible. There was no direct local administration of the state in the provinces or of the provinces in the cities. There was actually a great deal of government in the Dutch Republic, but it was almost all at the local, city, and provincial levels.[321]

There was little public sale of offices at any level. However, there was some private sale of a kind. Office was generally for life, but the officeholder was permitted to resign in favor of a designated successor (often a son) who would pay him a regular sum as a kind of pension.[322] Salaries were generally modest, but officials also received expenses and bonuses. For example, the provincial receivers of taxes who issued securities and paid interest on them took a broker's commission of 0.5% on the value of every transaction.[323] Many officials conducted private business in addition to their official duties. For example, most provincial receivers of taxes also acted as private bankers.[324] Many offices were therefore lucrative and highly desirable. There was consequently a great deal of patronage in filling them.

Power in the Dutch Republic rested largely with the urban oligarchy—the 'regents' who participated in and controlled city government.[325] Through their control of city government they also controlled, indirectly, government at the provincial and state levels. The regents, however, even locally, were hardly a monolithic group. They were split into factions which competed for power in the cities and for the more lucrative municipal offices. Below the regent class were the ordinary property-owning citizens or burghers. They had no direct say in city government, but they could influence it through petitions. Since their cooperation was essential—they made up the militia, for example—councils tended to pay attention to their wishes.

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[321](Price and Clemens 1987).
[322](Hart 1993) Ch. 7
[323](Hart 1993) Ch. 7
[324](Hart 1993) Ch. 7
[325](van Nierop 1997); (Israel 1995) Ch. 6

CONCLUSION

Looking at the evolution of government organization, some lessons emerge. First, direct local administration by means of a large, centrally-controlled, salaried bureaucracy was simply not feasible at this time. Given the technology available, the effective monitoring and control of distant agents was simply not possible. Given the lack of adequate information, central control did not work. Given the fiscal pressures that all governments faced, a large body of paid officials was simply too expensive. The obvious solution was some form of indirect administration—traditional, commercial, or associational (as in the Dutch Republic). With indirect administration, monitoring and control were restricted to narrowly-defined parameters, and local officials faced better incentives. Decisions were made where the information was most readily available and feedback was immediate. Indirect administration was not only not expensive but typically a net source of revenue and liquidity. There is a clear parallel with the contemporaneous evolution of business organization. For very similar reasons, large firms with distant branches proved to be highly problematic. Business organization found a solution in 'indirect administration' through the use of commission agents.[326]

The second lesson is that the demands of war—especially the fiscal pressures and the benefits of scale—had very different effects on the governance of predatory and of associational governments. In the case of predatory government, governance was generally strengthened. Rulers had limited rights of exaction, limited military power to enforce their will, and limited administrative capacity to get things done. They therefore needed the support and cooperation of their subjects. As a result, they had to negotiate with their subjects and at least to some extent pay attention to their wishes and interests. Rulers to some extent became leaders. In contrast, in the case of independent associational government, governance was generally weakened. As independent cities grew larger and acquired subject territories, their mechanisms of governance did not scaled up at all well and generally proved incapable of preventing leaders from becoming rulers. Only with the emergence of the association of associations was the problem of large-scale associational governance solved.

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[326]See (Kohn forthcoming) Ch 14.

By the end of the period, two different systems of government were emerging—the imperial state, exemplified by France and Spain, and the associational state, exemplified by the Dutch Republic. At the end of the sixteenth century, England was an intermediate case, but in the seventeenth century it would go on to become an associational state. The two systems of government were distinguished by very different structures of government organization. In the imperial state, organization was top down. Local administration was largely in the hands of a bureaucracy controlled, or at least appointed, by the ruler. As we have seen, this structure worked poorly as a structure of administration and it also had the effect of creating a new predatory class—the predatory bureaucracy. Mechanisms of territorial governance continued to constrain the power of the ruler, but they were less effective in constraining the power of the predatory bureaucracy. In the associational state, organization was not top down but bottom up. Local administration was indirect, relying heavily on local associational government. Local associational government also exerted effective governance at the state level by means of the representative assembly.

These differences in the structure of government organization had profound implications for the economic environment that they created and therefore for the subsequent economic development of the two types of state.

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