

Princely Finance

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One would have hoped that financial rip-offs committed by medieval princes would have been permanently shelved when liberal enlightenment ended the divine right of kings.

Nineteenth Century liberals, so rational and principled in their views, could not have imagined the greedy craft developed by many modern governments in confiscating private wealth earned by productively working citizens. Are we seeing medieval financial tyranny replicated by today's proponents of the divine right of bureaucrats? A look at history provides perspective.

Although outrageous when imposed, the passage of time makes early examples of princely finance somewhat amusing: the colourful Richard I (1189-1199) sold property to finance his joining the crusade of Peter the Hermit. Upon returning, he took it back on the pretense that originally he had no right to sell it.

The infamous King John (prompted the Magna Carta in 1215) introduced the clever plan of imprisoning and ransoming the mistresses of priests, confident that the funds he could not obtain from their greed he would from their lust.

Edward I (1272-1307) confiscated money and silver or gold plate from monasteries and churches, faked a voyage to the Holy Land and, in keeping the money, refused to go.

Edward IV (1461-1483) was described as the handsomest tax-gatherer in the country; and when he kissed a widow because she gave him more than he expected, it is said she doubled the amount in hopes of another kiss.

The fiscally sound Henry VII (1485-1509) approached wealthy families with two arguments. If the household was not extravagant in expenditure, then he attacked what they had saved by thrift; while if they lived extravagantly they were considered opulent and could afford any exaction. Named after his minister of finance, the ploy was called "Morton's Fork".

A broader form of wealth confiscation capable of tapping even the poor was accomplished by currency debasement and extreme examples in ripping off everyone provoked severe social disorder. No matter what method employed, financial outrage prompted the evolution of parliament as a necessary means of constraining fiscal ambitions of the governing classes.

The struggle between individual freedom and authoritarian state proceeded until the late 1600s when growing commercial wealth and political power in London began to become influential with its financial common sense. The specific event that formalized the victory over the ancient status quo was the "Glorious Revolution" of 1688, which maneuvered the pro-business and Protestant William of Orange into the British Crown and displaced James II as the last absolutist king. How refreshing this was is indicated by the oppressive politics of his and his predecessor, Charles II. Starting with the restoration of the monarchy with Charles in 1660, both kings were bribed by France to change the culture of England - consistently in an authoritarian direction. Scornful remarks by miffed establishment were similar to those directed to the pro-business

"religious right" today.

No matter how imaginative or despotic princely financing was, it can't compare with the long-running compulsion to spend other people's money by bureaucrats in Ottawa, unrestrained by the checks and balances of parliament, constitution, or mainstream media.

But before expanding this point, consideration should be given to the other event that formally ended the old world, which was the beginning of modern finance with the incorporation of the Bank of England in 1694. As history shows, central banking is fine when disciplined by a convertible currency and, when not, it becomes a tool of state ambition to confiscate wealth through currency depreciation. That the Canadian dollar has lost 90% of its value in only 50 years exceeds most princely devaluations and, like those, has been no accident. Regrettably, modern financial agencies such as the Bank of Canada and Ministry of Finance have become almost medieval in function.

This has flaunted responsibilities explicit in the Bank of Canada Act to "control and protect the external value of the national monetary unit".

Today, princely cunning really comes together with Ottawa's finesse in running the currency down and moving everyone up the confiscation ladder of "progressive" taxation. Sadly, until recently no matter which party sat on the other side of the House there was no serious opposition to today's intemperate collusion of state and religion (interventionist government). Without desperately needed constraint, the combination of currency depreciation and bracket creep with eventually force those below the "poverty line" into the highest tax rates in the world.

Fortunately, history provides some antidotes to governmental abuse of the productive sector. Short of rebellion, the most effective of course has been a parliament accountable to the taxpayer. As for those who have wrecked the currency (also a parliamentary responsibility), Dante, in his *Inferno*, reserves a special place in hell for "false moneyers".

The Anglo-Saxon Chronicles record something equivalent, albeit more temporal:

"1125 A.D. In this year before Christmas King Henry sent from Normandy to England and gave instructions that all moneyers ... be deprived of their members ... Bishop Roger of Salisbury commanded them all to assemble at Winchester by Christmas. When they came hither they were then taken one by one, and each deprived of the right hand and the testicles below. All this was done in twelve days between Christmas and Epiphany, and was entirely justified because they had ruined the whole country by the magnitude of their fraud which they paid for in full." - The Laud Chronicle (E)

Canadian taxpayers deserve reliable protection and with sufficient outrage will likely move rationally to at least limit financial adventurers in government.