

Henry VIII

A particular example of a prevalent type

Henry VIII's actions are well known but just an extreme example of behaviour then prevalent across Eurasia. His 'dissolution of the monasteries' was not an isolated event but in the line of behaviour and thinking that brought about the Templars' dissolution and appropriation of their lands two centuries earlier. Of more interest than those events, especially with regards to our times, are 'nation statehood' and 'organs of state' established well before Henry VIII's time which facilitated his action.

The establishment of 'a Parliament' in 'a capital' has never been fully accepted in lore, being an offshoot of The Norman Conquest – never mind about 'Organs of State' deriving from it. Worth absorbing is that 'Church,' 'Government' and 'Crown' have always had blurred lines between them: with only 'unification' being through 'familial ties' – regardless of grandiose 'schisms' and 'controversies' being used as backgrounds by imperial-apologist-tainted narratives. The stance which superficially separated 'Church' from 'Government' and 'Crown' was regarding usury – 'borrowing/lending money at interest' – but practise of that stance was effectively non-existent, especially for actions of 'state actors.'



From their unrelenting battles and skirmishes, those fighting for 'the throne of England,' involving other 'thrones' as it did, could be described as nothing more than petty warlords. As any warlord, 'the king' had 'traditional sources of revenue' based on 'agrarian rent' (feudalism) but further as 'the king,' claimed 'customs duty' (as 'port operator') and 'taxation by Parliamentary authority.' 'Traditional expenditure' totalled: ministers' salary; wardrobe; courts and 'peacetime' garrisons. This 'nation state' set up and 'management' was well established before Henry VIII, only lacking computers for a modern-day comparison. Just who was to make 'the king's wardrobe' or to 'man garrisons' would have already been well-established... but any 'king's' ambition is not, especially in Henry VIII's case of war with France/Scotland and 'male heir' issues.



'Traditional revenue'

'Traditional expenditure'

'Enhanced revenue'

'Enhanced expenditure'

Agrarian rent (feudalism)
Customs duty

Ministers/officials
Wardrobe
Garrisons



Agrarian rent (feudalism)
Customs duty
Parliamentary taxation
Floating loans
Leases
Grant of land for loans
Tax farming
Sequestered rent

Ministers/officials
Wardrobe
Garrisons
Perpetual war

1557 Revenue	L	s	d	Disbursements	L	s	d
Feudal estates	11,884	15	-	Fees, wages et c.	31,000	-	-
Customs	13,114	16	2	Other annuities	5,000	-	-
Augmentations	47,723	12	2	Ordinary wardrobe	300	-	-
Lay Subsidies	73,153	17	6	Marine causes (Navy)	40,000	-	-
Fifteenth & Tenths	549	1	1	Ordnance Dept.	9,300	-	-
Fines	35,447	1	5	Charges at Calais	20,500	-	-
First Fruits	4,195	1	7	Army in the North	24,080	-	-
Clerical Tenths	920	-	2	Sir Edmund Peckham	11,000	-	-
Clerical Subsidies	17,719	19	-	T. Gresham, Flanders	60,000	-	-
Sale of Land	7,410	6	1	Charges of the Mint	9,000	-	-
Fines from Leases	5,069	7	4				
Total	217,187	17	6	Total	210,184	-	-

Data: Smith College Studies in History, III, Jan. 1918, Finances of Edward VI and Mary, FC Dietz.

What interests us here is not ‘justification for war’ amongst squabbling warlords but how ‘revenue streams’ were ‘enhanced’ over the years and what they were a precursor for...

By 1557, during Mary I’s reign, ‘traditional revenue streams’ of ‘agrarian rent and customs duty’ accounted for merely 12% of ‘total revenue.’ This gives an indication of ‘the burden of state’ on the wider public.

This period in history is remembered for copper, silver and gold coin circulating – as if it were removed from current experiments with ‘monetary fiat.’ Nothing could be further from truth – ‘fiat’ means ‘by command’ and ‘the king’ could change at a whim the metal content of public coinage with its stamped ‘fiat values.’ Furthermore, changing fixed rates of exchange between coinage of different metals was ‘the king’s prerogative.’



‘The king’s’ initial ‘traditional revenue sources’ and further developed ‘enhanced revenue’ were both ways to overtly bypass usury; lending/borrowing money at interest. The ‘cost’ in ‘agrarian rent’ (feudalism) lay in ‘the lord’ protecting tenants, or pretences to protecting them, similarly for customs duty and travellers. ‘Costs out’ versus ‘cash in’ for some ‘right’ expected over a period meant an implicit interest rate could be calculated. Calculating this compounded implicit interest rate is simple in one case (‘perpetuities’) but needlessly involved in all others (‘annuities’) – nevertheless, it gave rise to ‘polynomial equations’ and their ‘solutions’ in medieval Europe as a pretence to some form of mathematics to calculate these rates. Calculation of these ‘state government interest rates’ allowed *anyone* ‘possessing a revenue stream’ but with ‘lower rank’ than ‘the king’ to ‘capitalize it’ to ‘trade it,’ with sufficiently eminent ‘underwriters.’

Not only were people enslaved in fields through feudalism but they were also bought and sold by their ‘masters’ without them even being aware...

Take any 'enterprise' – from 'a medieval feudal estate' 50 years ago to 'an app on a phone' today – say 'it yields' £10 per annum to 'its owners.' Then its 'value as an enterprise' or 'capital value' would be £10 divided by the prevailing rate of interest as calculated from 'perpetuities.' If that were 12% offered, then the 'capital value' bid would be around £83/6s/6d.

The most important development from traditional to enhanced revenue was 'the floating loan.' These were short-term loans, with an explicit interest rate, granted by the Cities of Antwerp, Lyon and Genoa (and/or certain bankers/'guilds' within) to 'the king' and invariably underwritten by 'guilds' within the City of London such as 'The Merchant Adventurers' and 'The Staplers.' 'Funding' war; so much for the Lord Mayor of London being non-partisan. France, Spain, England and Austria – all 'competing kingdoms' – were also 'in competition' on 'the bourses.'

These loans were often 'rolled over' at maturity and if any happened to be paid off, it would merely be a short period before another loan would be needed. The birth of 'perpetual state debt' had begun: with Henry VIII passing on his debts ('yet-to-mature') at death onto 'his heir' Edward VI... and so on. Comparable with 'Lutheran princes' borrowing 'at interest' through 'floating loans underwritten by a state,' 'the Catholic Church' issued 'indulgences,' often brokered for commission by the very same people involved in underwriting/holding 'state debts.' 'Indulgences' could be considered as 'zero interest payment perpetuities.'

Initially, 'the king's debts' were considered just as that by its well-heeled holders, but just what was considered as 'an asset' or 'liability' and to whom was purposely blurred over the years with 'the fiat unit.' Consider that 'the Church of England' is currently advertising a 'bats in churches communications officer' for £32,000/year (pro-rata) †. No doubt, 'bats in churches' counts as 'a liability' on 'the Church's balance sheet'... offset by 'assets' of 'a stream of state debt' to pay someone to deal with that.



As prices for general consumables started to rise appreciably from C16th with wage rates falling, the terms 'the great inflation' and 'the price revolution' were coined. Many contemporaneous endeavours and since to explain this 'revolution' obscure what is, or would be, how we would establish prices amongst ourselves without some 'king' and his 'rights.' ‡

'Price,' to those not under the illusion of 'monetary fiat,' means quotation against a quantity by weight of silver or gold or cowrie shells... and not 'the fiat unit' – whether that be pounds, ducats or florins – ascribed to that quantity of gold or cowrie shells etc. by 'the king.' With that in mind, there was no 'price revolution' but 'mass impoverishment' under illusions of 'monetary fiat.'

Various 'asset/liability classes' established from The Norman Conquest, starting primarily with 'agrarian rent' and 'customs duty' had ballooned a few centuries later. Such 'rights to revenue' were considered as 'assets' against which 'loans' could be taken, invariably for warring purposes. These 'loans' were all 'state liabilities' with the 'upper echelons' of society holding them as 'state assets.' Each 'state' with its 'king' would then as a minimum have to 'exist into perpetuity' but also 'expand' or the whole

'enterprise' would collapse. The holders of these 'assets' could very well be impoverished should their 'king' fail in any part of this endeavour, unlike the king personally – which was unacceptable to them and reasoning for 'a state bank.' Rather than having any individual ruined by a lost battle, 'the whole nation,' especially under the spell of monetary fiat, would suffer. So the 'Bank of England' was founded...



References:

F. C. Dietz, *Finances of Edward VI and Mary*, Smith College Studies in History, III, Jan. 1918.

Helm, P. J., *England under the Tudors and Yorkists: 1471-1603*, Bell & Hyman, 1968.

† Private Eye magazine, issue no. 1552.

‡ <https://pages.uoregon.edu/dluebke/301ModernEurope/Prices&Wages.htm>