

PRINCELY FINANCE AND TAXATION

For Twenty Years An Annual Piece

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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. Instead, some kind of divine right of bureaucrats has forced too much in-your-face and in-your-wallet government. Today's version of greedy royalty.

And the remedy lies in popular uprisings against bullying government.

Continuing threats by Fed Chairman Reckless to use the "printing press", "helicopters" and even "Repos" and imagined "bazookas" as well as today's "COVID" to inflate anything should be considered startling only in the resort to honesty. Euphemisms for currency depreciation started with the original promoters of the Fed and the tout was that a "flexible" currency would prevent serious financial contractions.

Which would prevent recessions.

Since the Fed opened its doors in January 1914, there has been 19 recessions. Clearly, the original theory does not work.

Instead, currency and interest-rate manipulations have served mainly to transfer peoples' wages and earnings to the Deep State. Now quickly becoming too much.

Nineteenth Century liberals, so rational and principled in their views, could not have imagined the greedy craft developed by today's liberals in confiscating money privately earned by productively working citizens. Are we seeing medieval financial tyranny replicated by today's proponents of the genius of big and demanding government? A review of history provides perspective.

Although outrageous when imposed, the passage of time makes early examples of princely finance somewhat amusing. And instructive:

The colorful 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 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 ambitions of the governing classes.

The struggle between individual freedom and the authoritarian state proceeded until the 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 powerful 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 2.0 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.

Excesses in authoritarian central planning were condemned as "Tyranical Duncery"

Scornful remarks by an increasingly prosperous and independent middle class were similar to those made by today's popular uprisings, which are essentially pro-business and pro-family.

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 today's bureaucrats and politicians. Virtually unrestrained by the checks and balances of constitution or critical media.

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 dollar has lost some 90% of its value in only 50 years exceeds most princely devaluations and, like those, has been no accident.

Indeed, the Fed's unrelenting compulsion to "print" could be an attempt to go for the final 10%. While many outside central banking would consider this as infinite folly, it is uncertain as to how long this scam will remain credible, even in academic circles. Regrettably, modern financial agencies such as the Treasury or Federal Reserve System have become as corrupted as their medieval counterparts.

Fortunately, history provides a fascinating and seasonal story about governmental abuse of the productive sector. Short of rebellion, the most effective of course has been government and its financial agencies being forced to be accountable to the taxpayer. Through parliament.

As for those who have deliberately wrecked the currency, 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)

Fortunately, history indicates that the public will eventually figure out that no matter how beguiling the claims about currency management and taxation are, the gambit has been mainly to greedily confiscate private earnings and wages.

Update 2020:

With minor updates this account has been published annually for more than twenty years.

And while today's fears are about bad weather and another influenza, the issue is that the state takes your money and forcefully tells you what to do. And as with examples not just dating back to Medieval princes, but to Ancient Rome's crazed emperors, today's authoritarians brook no opposing opinion. And "crazed" refers to ambition without limits. Either to the laws of economics or a constitution.

And in a frenzy, the intrusion accelerates to political and financial exhaustion inspiring benign popular uprisings. Which could add up to another great reformation.