

**TOWARDS A CRITICAL SOCIOLOGY AND POLITICAL ECONOMY
OF
PUBLIC FINANCE**

**A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY**

BY

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**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN THE DEPARTMENT OF SOCIOLOGY**

SEPTEMBER 2010

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ABSTRACT

TOWARDS A CRITICAL SOCIOLOGY AND POLITICAL ECONOMY OF PUBLIC FINANCE

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Ph.D., Department of Sociology

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September 2010, 305 pages

The exploration of this thesis on public finance proceeds on two axes. First, it aims at developing an ontological perspective to public finance. Accordingly, public finance is defined to be the concrete political relation between the state and society. The thesis that presents a political and historical evaluation of public finance from a critical sociological and political economy approach associates the components of this definition such as public, the political *etc.* with the relevant debates in social and political theory. In line with this, the traditional harmony-perspective of neoclassical public finance theories, which is ignorant of the political, is criticized, calling it as ‘*police* finance’ instead of ‘public finance’. Secondly, the thesis explores the history of fiscal thought between the 15th-19th centuries with special reference to the Ottoman Empire. All in all, with these topics this thesis aims at making a contribution to the field of “fiscal sociology” from a critical sociological and political economy approach.

Keywords: Public Finance, Fiscal Sociology, Cameralism, Marx, Ottoman Empire

ÖZ

KAMU MALİYESİNİN ELEŞTİREL SOSYOLOJİSİNE VE EKONOMİ POLİTİĞİNE DOĞRU

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Eylül 2010, 305 sayfa

Bu tezin kamu maliyesi üzerine incelemesi iki eksen üzerinden ilerler. Birincisi, tez kamu maliyesine ontolojik bir bakış geliştirmeyi amaçlar. Buna göre kamu maliyesi devlet ve toplum arasında somut bir siyasal ilişki olarak tanımlanmaktadır. Eleştirel sosyolojik ve ekonomi politik perspektiften kamu maliyesine dair siyasal ve tarihsel bir değerlendirme sunan tez bu tanımın bileşenlerini (kamu, siyasal olan vd) sosyal ve siyasal teorideki ilgili tartışmalarla ilişkilendirir. Bu doğrultuda, neoklasik maliye teorilerinin siyaseti ortadan kaldıran geleneksel uyum-perspektifi ‘kamu maliyesi’ yerine ‘polis maliyesi’ olarak adlandırılarak eleştirilmektedir. İkinci olarak, tez Osmanlı İmparatorluğu da dâhil 15.-19. yüzyıllar arası maliye düşünce tarihini inceler. Bir bütün olarak bakıldığında, tez ele aldığı konularla “mali sosyoloji” çalışma alanına eleştirel sosyolojik ve ekonomi politik perspektiften katkı sunmayı amaçlamaktadır.

Anahtar Kelimeler: Kamu Maliyesi, Mali Sosyoloji, Kameralizm, Marx, Osmanlı İmparatorluğu

ACKNOWLEDGEMENTS

My deepest gratitude is to my supervisor Prof. Dr. Hasan Ünal Nalbantoğlu for his guidance, advice, criticism, encouragements and insight throughout the research. In this thesis I embarked upon a work on public finance with an eye to developing a comprehensive social scientific approach to fiscal phenomena and without his instructorship I might have not done what I aimed for. Starting from his course “Cultures of Modernity” in 2005 up to the finishing point of this thesis, in our permanent meetings, whether personally or via texts, from time to time public finance remained in the backyard of my mind because of moving around other themes of social sciences. Yet, after a while, when I came upon public finance yet again, it could be achieved in a wider conception of public domain. In other words, I could reproduce public finance as a category in my mind as a many-sided social relation and could conceive it in a rich totality of the social. Mostly, these moments, which I went through more often than not, proved to be challenge for me. However, they allowed me to become sensible of what a true work, creativity and encouragement are in a scientific research. If this thesis on public finance reaches its aim by achieving even a modicum of these traits, I owe much to Prof. Nalbantoğlu’s instructorship.

I am also grateful to my co-supervisor Prof. Dr. Ahmet Haşim Köse for his helpful suggestions and comments throughout research. In my graduate years at the Faculty of Political Sciences his courses “Readings on Political Economy” and “Development Economics” were my starting point to study

political economy. Therefore, beside Prof. Köse's contributions as the co-supervisor to my present research, the political economy approach of this thesis goes back to those years and these courses had grave influence on this thesis as well.

I also thank the members of the examining committee. Assoc. Prof. Dr. Sibel Kalaycıoğlu, Assist. Prof. Dr. Nilgün Erdem and Assist. Prof. Dr. Galip Yalman for their valuable comments, supportive suggestions and constructive criticisms at the final stage of the research. I benefited much from them while completing the thesis.

I would also like thank Prof. Dr. Eyüp Özveren. He was my supervisor of Master's Thesis and I believe that scientific knowledge proceeds cumulatively. He made valuable comments on my thesis proposal, which was the basis of the second chapter, at the beginning of my research and then on the third chapter on Cameralism. They were very helpful for me.

Throughout my research I taught two courses at the Department of Public Finance at the Faculty of Political Sciences. One of them was the undergraduate course "Theory of Public Finance" (2005-2010), the other being graduate course "History of Public Finance" (2008). I want to thank all participants of these courses. These courses were the unique intellectual venues where thought-inspiring debates on public finance came out throughout my research thanks to their participants.

The intellectual atmosphere and distinguished academic venue of the Faculty of Political Sciences always provided me with high motivation throughout research. I would like to thank whole teaching and administrative staff of the faculty. Particularly, I want to thank Prof. Dr. Cem Erođul and Prof. Dr. Abuzer Pınar.

My particular great gratitude is for my friends. They made colossal contributions to my research with their scholarly knowledge and true friendship. This thesis owes much to zkan Ađtař, Ferda Dnmez Atbařı, Hakan Helvacı, Yiđit Karahanođulları, Aydın rdek, Mustafa ziř and Duygu Trk. I thank each of them with my whole heart.

My last and deep gratitude is for my parents Hatice Grkan and İbrahim Grkan, for my brother Cengiz Grkan and my nephew Ege ınar Grkan. Their presence was always important for me to overcome hard times throughout research.

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CHAPTER 1

INTRODUCTION

Public finance has always been at the heart of social and political theory. In retrospect, fiscal issues haunted regularly even the works of social and political thinkers as much as those of economic savants. However, the present condition of the discipline of public finance is very much tinged with modern economic flavors which obstinately remained oblivious of the tools and perspectives of neighboring social science disciplines. Following the *Methodenstreit* (*Fin-de-siècle* ‘Battle of Methods’ in the social sciences) inspired by Carl Menger as the 1880s commenced, the theories of public finance, now under the influence of neoclassical economics, have narrowed down their focus and conceptual sets, thereby ending up in a cul-de-sac on the way to displaying a social scientific stance. And yet, scientific objections against the dominance of neoclassical economics over the domain of public finance were not lacking at all. As early as 1917, Rudolf Goldscheid in his *Staatsozialismus oder Staatskapitalismus* was fairly blunt about it. Goldscheid was of the opinion that neoclassical economics is not a promising place to build up a proper science of public finance. However, for him, all was not lost for the discipline, and opening up a new direction in the theory of public finance was all the more urgent. In Goldscheid’s estimation, as in Marx’s, the

fiscal realm was the solid foundation where the relation of society and the state crystallizes. What he wanted to do was to merge public finance into other disciplines and as such articulate the insights from a range of academic domains: political economy, sociology, politics, history and philosophy. Towards that aim, Goldscheid coined the term ‘fiscal sociology’ (*Finanzsoziologie*) from a radical political economic perspective on the face of economics’ failure about the fiscal issues.

Joseph A. Schumpeter developed further Goldscheid’s multidisciplinary perspective to public finance again under the name of ‘fiscal sociology’ in his “The Crisis of the Tax State” (1991). Schumpeter argued that fiscal phenomena were always at the heart of the evolution of the states and peoples throughout history. As such, for him, a sociological approach to public finance was highly necessary for a complete understanding of human history. Borrowing the term ‘fiscal sociology’ from Goldscheid, Schumpeter took this new interdisciplinary approach to public finance as a departure point, by incorporating the state dimension of the system into his theory of economic development, in order to come up with an answer to his lifelong question whether capitalism would survive into the future. From that time on, a host of public finance scholars have made use of the concept of ‘fiscal sociology’ with an eye to breaking off the strict boundaries between public finance and other social science disciplines.

Although fiscal sociology, as a matter of fact, went into a long sleep after Schumpeter, with the advent of new political and socio-economic events

which directed capitalism into another imperial age, public finance came to be the intense focus of the neo-liberal agenda and governance debates from within a range of economic perspectives, such as public choice, new political economy, political economics, new institutional economics. Oddly enough, albeit strictly sticking to neo-classical economics' premises, all these new perspectives claim to take up the fiscal realm of economy with its historical, sociological and political dimensions adjacent to pure economic institutions in order to present a realistic and holistic approach, as Schumpeter and Goldscheid would put it. However, these “new” perspectives which claim to bring complex structure of institutions back into economics are far from achieving what they promise due to their commitment to the core assumptions of neo-classical economics while paying lip-service to complexity. Therefore, in our view, modern economics and its so-called interdisciplinary approaches do not fare any better in the analysis of the state, its constitutive segments and, no less, fiscal matters. Be that as it may, neoclassical economics have a decisive influence on the research agenda of public finance. In reality, this is now true for almost all social science disciplines.

In fact, among social science disciplines public finance has the most intimate relationship with economics. Economics is conventionally defined as a “scientific” inquiry into the effective / rational use and allocation of scarce resources. Public finance, like modern economics, has a similar definition in textbooks — as a sub-branch of social sciences the province of which is the economic deeds of the state. Its chief focus is the state expenditures and

revenue. It delves into the state expenditures in terms of quantity and quality and the ways of the collection of required revenues for necessary state expenditures with their economic and juristic aspects and effects. According to the conventional perspective, its ultimate purpose is to carry out policies in order to set a balance between expenditures and revenues. However, if public finance is rated as a sub-branch of economics under the name of 'public economics' in much of the mainstream economic literature, there is in reality much more to it than what the economic lore asserts. The evaluation of fiscal matters in the purview of economics narrows down the subject matter of the science of public finance. This is so because in mainstream economics the state is sized up no less than as the sum of the governmental institutions and, as such, the complexity of the state and its relationship with society is downplayed. In addition, in standard macro economic theory the state is represented to be somewhat of a rational agent, a contention which ignores the complex nature and historical formation of the state.

Although there have emerged different kinds of ideological paradigms around fiscal sociology, these critical challenges all attempt to relieve public finance from orthodox economic theory and develop a new research agenda for the discipline. Difficulties about what that interdisciplinary concept of 'fiscal sociology' reflects in the social sciences aside, for the time being, we want to note that it provides us with a profound groundwork from which to develop new insights into public finance from a broad social-scientific point of view. In other words, fiscal sociology can be very much operational where pure

economic and public finance perspectives come to be powerless. However, if fiscal sociology is considered as just a name of interdisciplinary approach for the sake of conformity to fashion in the present social sciences, then it promises nothing, because it is highly problematic to merge public finance into sociology. In addition, what is to be done is to go beyond the limits of two merged disciplines. Otherwise, it is inevitable to be disciplined or tamed within a set of immutable definite principles. Put this way, we acknowledge the importance of fiscal sociology as an alternative look into the foundation of fiscal issues, but believe that insofar as fiscal sociology remains to be just a name or definition of an interdisciplinary perspective to public finance, it cannot meet expectations for a new social-scientific venture into public finance.

Therefore, in our scheme, fiscal sociology can be helpful in the light of specific concerns about public finance. In this sense, scholars who make use of the fiscal sociological perspective as a new and promising approach to public finance should explain their objectives and theoretical pillars at the outset. With this in mind, what we understand from fiscal sociology clusters into a tripartite question about the nature of public finance from a sociological point of view: (1) What is public finance as social practice? (2) What is public finance as social science discipline? (3) What is the appropriate method for public finance?

The first question addresses the issue of the fiscal determinants of social change. As a matter of fact, compared to economics, there is a relative dearth

of the fiscal theory of social change. By dint of the first question, we want to show how public finance is a conjunctural moment triggering off social change and a nodal point, so to speak, to see the place of public finance in the whole social structure; that is, this question aims at explaining the social ontology of public finance. Therefore, at this stage, fiscal sociology as a field of study is a historical and sociological analysis of the fiscal dynamics of social change for us.

While the first question deals with the ontological level, the second is concerned with the epistemological and theoretical aspect of public finance. Let's start by confirming a fact as to the discipline of public finance: In general, history of public finance as a field of study is regarded as the event of various financial transactions of the state throughout a particular period. For instance, while we can find voluminous works on seventeenth-century 'financial revolution' of Great Britain or financial events after the *Tanzimat Edict* in the Ottoman Empire, comparatively speaking we still lack sufficient literature on the fiscal thought that emerged at the time. What we want to emphasize is a distinction to be drawn between the history of fiscal events and history of fiscal thought. While we have numerous books on Economic History and History of Economic Thought in economics and studies on History of Political Ideas and History of Political Events that represent two different research areas in politics, we do not yet have the same demarcation in the realm of the discipline of public finance as decisive as in either economics or politics. If anything, this stems most probably from the policy-oriented nature

of public finance which dominates the research agenda of history of public finance as well. This generally means that the history of public finance as a field of study embraces the history of fiscal events and changing fiscal policies over time to the exclusion of research on the history of fiscal thought. In this sense, history of public finance should not be reserved for only fiscal events in history. In the light of this, we note that, although classical political economists saw economic phenomena as strongly related to the fiscal problem of the state, this has usually been neglected by public finance scholars. If William Petty's *A Treatise of Taxes and Contributions*, Adam Smith's *Wealth of Nations* and David Ricardo's *On the Principles of Political Economy and Taxation* are elaborated at length and breadth in the books on the history of economic thought, e.g., in relation to production or the circulation of commodities, we still need studies on the fiscal thought of these thinkers. In fact, in classical political economy and classical social and political thought fiscal issues were very much at the center. As will be made explicit, in modern social and economic theory, from Ibn Khaldun to Jean Jacques Rousseau and from William Petty to John Stuart Mill, we find a host of fiscal ideas. With all these in mind, after achieving a methodological and social ontological study for public finance in the chapter to come, in the rest of the thesis we will bring our focus on the history of fiscal ideas in Europe and the Ottoman Empire based upon historical social contexts (incidentally, an exception is Ibn Khaldun who influenced much the Ottomans for a long time).

Thirdly, fiscal sociology should be taken into consideration as a

methodological foundation of the science of public finance proper. The methodological concern of public finance is important because in theory of public finance it is a fact that methodological debates are not as vivid as in economics, politics and sociology. There has always been a marked absence of a methodological focus in the domain of public finance. Nevertheless, some authors drew attention to this absence and wanted to incorporate methodological study into public finance. As early as 1892 Charles F. Bastable, in his book *Public Finance*, emphasized the absence of a methodological discussion in public finance and made some comments on a likely proper method. He saw induction and deduction as complementary methods, thereby suggesting a combination of the two. He argued that for generalizations and comparisons we need induction, and for certain aspects of public finance, *e.g.*, the incidence of taxation, we need a deductive method (Bastable, 1932 [1892]: 12-13). We share the same methodological concern about public finance with Bastable, yet propose a different methodological perspective. Accordingly, we regard Marx's views on political economy as the most suitable methodological foundation for our specific aim. Marx's dialectical materialism in which we find an extensive analysis of wide ranging topics such as ontology, epistemology, the dialectical materialist relation of ontology and epistemology, abstraction, and most important of all, distinction between essence and appearance. It is because our constant aim is to evaluate the theories of public finance on the basis of social structure from political economy perspective, Marx's method of political economy is a welcome method for us.

Therefore, Marx's method of political economy can be made use of as a method for public finance. Particularly abstraction that stands at the center of Marx's method of political economy is very much trenchant for a full critique of orthodox theory of public finance. In fact, Marx's method based upon abstraction advocates a realist position by which, in the broadest sense, we achieve a full understanding of ontology, i.e. of the nature of being, of existence upon which we can develop a critical approach to public finance on the epistemological level. In line with this, we may say that Marx's method of political economy is engaged with social reality, long-term tendencies, structured mechanisms and multi-causal relations that lie beneath observable phenomena. No less obviously, his research can be seen and reinterpreted as entirely opposed to the leitmotifs of formalistic mainstream economics and conventional public finance theory, that is, methodological individualism, social atomism, deductivism as well as ahistorical, unrealistic, teleological, animistic and taxonomic inclinations. This is now all the more urgent because with the advent of artificial boundaries among social sciences and sound respect for natural sciences in the eye of social science disciplines since the late nineteenth century, mainstream economics with its mathematical orientation and teleological and taxonomic axioms made deep inroads into the multilateral purview of the science of public finance. This has made a chronic bloodletting wound in the province of public finance by enervating its social scientific vision. Hence, this is the reason why fiscal sociology should also take on a methodological character. By doing so, it can provide a legitimate heretical and efficacious sociological groundwork against the organon of

conventional public finance. Therefore, in our scheme, fiscal sociology, constituted as a method on the basis of Marx's method of political economy, proves to be a heuristic methodological device that helps reveal the overdetermined nature of, for instance, taxation and the state expenditures.

More to the point, reason for why we take Marx's method of political economy for our methodological concern of public finance is that we find a prolific setting for framing the multilateral character of public finance. If anything, we can derive an ontological definition of public finance from Marx's views on the method of political economy. Accordingly, in the second chapter we define public finance as the concrete political relation between the state and society. This derived-definition is our starting point for our venture into fiscal thoughts throughout the thesis. The components of the definition will be explored and we aim at reaching an extensive analysis of public finance. Towards that aim, we start with Marx's views on the method of political economy. In this context, we interpret Marx's views so as to derive an ontological definition of public finance and in turn will associate the components of the definition, e.g. public, society, state, and our findings with the relevant debates in social and political theory. In doing so, we do not aim at accomplishing a sort of political-economy analysis of public finance which downplays the political and tips the balance towards economic relations in appearance. Instead, we bring an ontological definition to public finance by taking off from the idea that a critical political-economy analysis aims at, in the final analysis, showing the political content of economic relations.

Accordingly, we will take up public finance to be the concrete political relation between the state and society.

In our estimation, Marx views on the method on political economy is important both for attempts in searching for a proper method of public finance and for achieving an ontological definition that shows the political content of public finance. In the second chapter, we clarify these views by presenting a conceptual, methodological, historical and political evaluation of public finance. The following chapters are on the history of fiscal ideas in Europe and 19th-century Ottoman Empire, but the second chapter is important because our analysis of history of fiscal ideas will be built upon this concrete historical and ontological analysis of public finance.

In the subsequent chapters we take up the history of fiscal ideas in modern era after the 16th century. We present our analyses for a better overview of the history of fiscal ideas in separate four chapters. The third chapter is devoted The German Empire and her cameralist tradition. The history of Germany and cameralism is not only important for the history of modern public finance but also a conceptual analysis. Today cameralistics (*Kameralwissenschaft*) and police science (*Polizeiwissenschaft*) come to be the focus of the historians of public finance and scholars studying fiscal sociology. In addition critical theorists like Giorgio Agamben, Michel Foucault and Jacques Rancière pays attention to cameralism and police science in their theories. We too make use of the conceptual tool of cameralistics while criticizing the liberal economic and political views on public finance in the

second chapter. Therefore, we give a place for a detailed analysis of cameralism and police science in the third chapter.

In the fourth chapter, we examine the fiscal thoughts in political and economic theory between 15th - 18th centuries. From Ibn Khaldun to Adam Smith we find a great deal of fiscal ideas that we can make use of. We observe two tendencies in the discipline of public finance on the way towards transgressing the strict boundaries between public finance and neighboring social science disciplines. Accordingly, first, recently public finance scholars show an interest in interdisciplinary studies in social sciences and, as noted, fiscal sociology has come to be predominant approach to fiscal matters. Second, fiscal thoughts of the early modern period attract attention from scholars with an eye to expanding the methodological and conceptual scope of public finance. In this regard, at present we observe that history of fiscal thought is seen as a prolific ground to bring new insights into the discipline of public finance vis-à-vis the dominance of neoclassical economics over public finance. With this in mind, in the fourth chapter we examine the views of thinkers of the period 15th-18th century on public finance around particular themes. It is because the most important aspect of the early modern fiscal thoughts is their holistic stance that re-reading them allows us to conceive fiscal issues based upon the interwovenness of economic thinking with other social science disciplines even including moral science, ethics, the natural sciences and natural philosophy.

The fifth chapter is reserved for public finance in Marx's political

economy. For us Marx is of great importance for various reasons. Most important of all, in the second chapter we derive an ontological definition of public finance by taking off from his views on the method of political economy in *Grundrisse* and as such we define public finance as the concrete relationship between the state and society. This definition of public finance haunts throughout the thesis. In addition, Marx's research of the history of capitalism is important for both the history of modern fiscal system and history of fiscal thought. With these in mind, in the fifth chapter we deal with in the main Marx's analysis of the state debt and taxation. Among all, Marx pays significant attention these fiscal topics and examines them extensively.

In the last chapter we examine the Ottoman fiscal institutions and fiscal thought. In this chapter, in consideration of the changing fiscal system of the empire, we explore the formation of modern public finance thinking in the Ottoman Empire and how the Ottoman intellectuals were influenced by the European ideas. Therefore, in the final chapter we present a comparative study on the modern Ottoman fiscal thought between the sixteenth and the nineteenth century.

CHAPTER 2

PUBLIC FINANCE AS SOCIAL PRACTICE

In order to put clearly the character of public finance from a holistic social scientific point of view, we make a distinction between ontology, epistemology and methodology with regard to the fiscal realm of social world. As such, at this very early stage of the study we aspire to construct the ontological dimension of public finance. It is our *idée fixe* that it is not an adequate account of fiscal realm of social structure, if any approach to fiscal phenomena is loath to do what we undertake here, that is, fiscal ontology – if one will – the term which now has to be given due weight in the present ongoing debate on fiscal sociology. We claim that an ontological orientation in the field of public finance will achieve far greater theoretical rigor and fiscal sociology and ontological study dovetail together nicely; if not, there will be little left of sociological interest in this field of study. It is because a sound ontological study of public finance has to have a historical point of view that the socio-genesis of public finance should be mapped out only by involving in a long transhistorical chain of fiscal realm. Far back we go in the history, we will find different fiscal relations between the states and the people. To be sure, in the Middle Ages the mechanisms of public finance were quite different from the age of Absolutism and the capitalist era. Through our ontological and

historical approach, at the same time we will find out the *state-logic* of public finance which has been developed right up to our present time stage by stage as a result of the antagonistic reciprocal social relations which could be traced back to at least 500 years ago. However, our ontological focus will show that the formation of modern public finance system is not the sole outcome of 'reason of state' itself. By going beyond the realm of the state, which seems to be a bit odd from a conventional public finance approach, we will locate public finance, and therefore the state, into its right place in the whole social structure. Therefore, if we want to see the character of public finance as social science discipline, then we first have to show the changing historical character of *the social* or *the public* lying in its heart, at least by name, which can be put bluntly only by an ontological study that concentrates on what exists fiscally in the social realm.

The concept of ontology has a profound and abstract philosophical meaning in the sense of the study of 'being'. However, because our aim is to characterize public finance as social practice in a more concrete way, we also want to take ontology in a more concrete and narrow sense. If there exists a huge literature and much to say on the question of ontology, we do not want to get drowned within a welter of details at this stage; suffice it to say that we take ontology as a social study of fiscal practice that allows us to make a down-to-earth representation of fiscal reality with all its social components. Therefore, we need ontological concepts about and synthetic insights into public finance that surpass the restrictive and agreed-on-all-sides analytical descriptions and

designations which concentrate only on the technical fiscal aspects of ‘ the so-called reason of state’. But first let’s briefly put what we understand by the concept of ontology in general and fiscal ontology in particular.

In his study on political ontology Colin Hay sums up the point quite well: ontology is usually used in more or less two different senses, one being more abstract and philosophical in character, the other of more concrete nature that focuses on “the (specific) set of assumptions made about the nature, essence, and characteristics (in short, reality) of an object or set of objects of analytical inquiry” (Hay, 2006: 80). He defines political ontology on the basis of this more concrete meaning of ontology: “Ontology relates to *being*, to what is, to what exists, to the constituent units of reality; political ontology, by extension, relates to *political being*, to what *is* politically, to what *exists politically*, and to the units that compromise political reality” (Hay, 2006: 80). We draw out Hay’s implications of political ontology and as such this quotation reads very much significant in terms of fiscal point; so we can put the concepts ‘fiscal’ and ‘fiscally’ in the place of ‘political’ and ‘politically’, respectively. What is more, in our scheme the ultimate definition of public finance is a political relation between the state and society and, as such, this political conception of ontology is all the more useful to us. However, if it now seems to be moving away from the core of the matter, this sort of ontological study which has to hold water at every stage, forces us to declare what we understand by the *political*. This ontological question about the political is of crucial importance to our aim, because we want to designate the nature of fiscal realm

politically.

2.1 The Political Ontology of Public Finance

According to the classical definition, politics as a field of study takes the subject of the relation between the ruler and the ruled with respect to their will to political power. However, from this formal angle politics seems to us very ambivalent in view of the fact that the meaning and the practical repercussion and aim of politics change according to vantage point from which one looks. Politics is one thing from the sovereign's or the state's point of view and another thing from the people's or the public's eye; that is, we mean that, to use title of James C. Scott's book (1998), 'seeing like a state' and 'seeing like a people', if one will, are different, in fact for us they are incompatible which gives the true essence to politics. By this account, in our estimation, the reality or, much better, ontology of politics is a conflict between the ruler and the ruled as well as among the members of the ruled which finally affects the nature of relation between the ruling class and the ruled. This ontological presupposition was first formulated by Machiavelli who has long been credited to be the true founder of politics with his book *The Prince*. For many, little wonder that *The Prince*, which is supposed to be diametrically opposed to *Discourses*, is the credo of the doctrine of the 'reason of state' and the sovereign's handbook for a good government. Therefore, based upon the conventional recognition of *The Prince*, an implicit ontological presupposition surreptitiously crept into politics, according to which politics is the state

administration for good order, the permanence of the state and putting things into the right place. Yet the issue at hand is not that simple, because things in terms of politics go beyond conceiving the state and society as external to each other; viz. politics is neither entirely a sort of ‘reason of state’, nor is it any less true of Machiavelli’s view even in his *The Prince*. At the beginning Machiavelli, in his letter to Lorenzo dé Medici, writes that he has a dual perspective, implicitly arguing that politics is not reducible to the art of government:

[J]ust as men who are sketching the landscape put themselves down in the plain to study the nature of the mountains and the highlands, and to study the low-lying land they put themselves high on the mountains, so, to comprehend fully the nature of the people, one must be a prince, and to comprehend fully the nature of princes one must be an ordinary citizen (Machiavelli, 2003: 4).

Machiavelli’s “top-down and bottom-up perspectives” (Lagréée, 2004: 156) for us proves to be a firm ground from which to achieve a full understanding of the ‘transcritical’ bifurcation of the ontology of politics and as such public finance in a way. Machiavelli formulated the true essence of politics from a comprehensive perspective. At this stage, what matters for us is Machiavelli’s ontological conceptualization of the two sides of politics and methodologically his dual perspective which seems incompatible to many. However, we are of the opinion that Machiavelli formulated his political ideas on a limited scale around a specific topic but through an integrating or holistic approach by shifting his ontological topography. We can see the ‘parallax view’ of Machiavelli only through a transcritical reading of his texts as suggested by Kojin Karatani. Karatani in his recent book *Transcritique: On Kant and Marx*,

which also gives the inspiration to Slavoj Žižek for his *The Parallax View*, ‘(trans)critically’ interprets Kant and Marx against those interpretations according to which no less thinkers than Kant and Marx appear to be naïve conventional system philosophers.

A closer reading, however, reveals that they were in fact practicing constant transposition, and that the move to different discursive systems was what brought about the pronounced parallax . . . [I]t is the “parallax” between positions that acts. Kant, too, performed a critical oscillation: He continuously confronted the dominant rationalism with empiricism, and the dominant empiricism with rationalism. The Kantian critique exists within this movement itself. The transcendental critique is not some kind of stable third position. It cannot exist without a transversal and transpositional movement. It is for this reason that I have chosen to name the dynamic critiques of Kant and Marx—which are both transcendental and transversal—“transcritique” (Karatani, 2003: 3-4).

A few words, incidentally, needs to be said about “critique” as used by Karatani here, which we adopt. Karatani says that critique for Kant is “a signifier of the fundamental scrutiny of rational human faculties” (Karatani, 2003: 37). But it is not that much. For Karatani, “the Kantian critique came most immediately from ‘criticism’ in the literal sense, that is, commercial journalism—an *arena* [*Kampfplatz*]*—*wherein the classical aesthetics ascribed to Aristotle are no longer relevant, and thus ongoing is the struggle with respect to the assessment of value” (Karatani, 2003: 36). In line with Karatani’s contributions to how to do history of intellectual history and critique, we will take a fresh ‘*trans-critical*’ look to the socio-genesis of public finance or the ontological dimension of the fiscal system.

That said, Karatani’s transcritical approach and Machiavelli’s parallax view help us to find a pathway to trace the complex nature of the socio-genesis

of public finance. Just like Machiavelli's transpositional dual perspective, we are approaching the object –the fiscal system– through the state's eye and the public's eye, as it were, *spontaneously*, which allows us to achieve a sufficient understanding of public finance from this 'pronounced parallax'. Therefore from the standpoint of the public, public finance proves to be both a critique of the state and a realm of struggle for the just share of the common good which reshapes the state at the end, since the state is the direct representation of the unjust distribution of the shares and of institutional being which represents the material body of the common good. In this sense, we have to change our *topos*, like Machiavelli, to evaluate fully the ontology of public finance as both a governmental technique (state policy) and a social realm from a bottom-up perspective. Charles Tilly well illustrates the public finance and state formation from the 'bottom-up perspective':

From the short-run perspectives of ordinary people, what we in blithe retrospect call "state formation" included the setting of ruthless tax farmers against poor peasants and artisans, the forced sale for taxes of animals that would have paid for dowries, the imprisoning of local leaders as hostages to the local community's payment of overdue taxes, the hanging of others who dared to protest, the loosing of brutal soldiers on a hapless civilian population, the conscription of young men who were their parent's main hope for comfort in old age, the forced purchase of tainted salt, the elevation of already arrogant local propertyholders into officers of the state, and the imposition of religious conformity in then name of public order and morality (Tilly, 1995: 98-99).

Tilly's 'bottom-up perspective' is also a great illustration for a fiscal sociology or fiscal politics proper. He emphasized how class structure in society had a decisive influence on the fiscal administration of the state in the making and how the same class structure influenced state organization through

struggles. Tax rebellions were the usual social struggle against the state during the period of *ancien régime* throughout Europe (Tilly, 1995: 100).

At this point, before passing on to the question of how the modern state's fiscal reason and fiscal system came into being, we need to clarify and take a further step for what we understand by politics in order to develop the transcritical approach as suggested by Karatani into our own "critique" of public finance. Then it is upon this account we will show how the modern state's fiscal reason is not the sole outcome of the state itself but of the complete antagonistic relations within the entire social structure. This approach will finally achieve what it promises: ontologically public finance is more than a state economy and a governmental technique that happens of its own accord. As already mentioned, politics and ontology always haunt our conception of public finance. At this stage, without beating around the bush, we want to give straight out our main reference point: It is Jacques Rancière who has brought a path-breaking definition of politics by critically tracing it back to the ancient political philosophy but without harking back to it. Now it is Rancière's 'transcritique' of politics in order, which help us develop a genuine "fiscal politics"— a term by James O'Connor (1973: 3) — or "fiscal sociology". Rancière's works (1998; 2007a; 2007b), in which he 'transcritically' surpasses the archaic political thought according to which politics and policy is one and the same thing and as such which reduces the radical specificity of the political to the art of government that aspires to constitute the absolute social agreement or harmony, open up a radical direction to the conception of politics. In

addition, Rancière's explanation of the nature of politics on the basis of the antinomy between police and politics provided us with a profound ground to fathom and deepen the political aspect of public finance. Police is central to Rancière for his endeavor towards the clarification of the true nature of politics and also central to our aim towards the social and intellectual history of public finance, as will be shown later in view of the fact that '*police*' (*Polizei*) was the other aspect of the cameralist reasoning which we elaborate in Chapter 3. However, we should note that Rancière's use of the concept of police that is diametrically opposed to the political is something much more than, for instance, Foucault's definition of police that implies the far-reaching administrative power of the state or governmental technique (Rancière, 1998: 28-29; 2007b: 149). In Rancière's schema, police, in its abstract sense beyond the administrative power of the state, corresponds to, in Giorgio Agamben's words, a sort of regime of sovereignty that defines 'the state of exception' which functions by means of the mechanisms of interiorizing through exteriorization and exteriorization through interiorizing spontaneously which serves to organize different modes of being and lifestyle into one unique form. This definition is of crucial importance to us for our ontological assumption of the public in the science of public finance, so let's continue to clarify Rancière's reflections. What we understand by politics or the political from the writings of Rancière (particularly 1998: 1-42, 61-93; 2007a: 5-37; 2007b: 9-48, 71-78, 139-157) in a nutshell is that politics as opposed to police is a mode of radical subjectification which constantly persists in the claim of equality and freedom; which short circuits archaic art of government and police by

disclosing the irreducible disagreement that police conceals with an eye to constituting the harmony and social agreement. This radical subjectification comes into being as a result of the universalization of the subject itself by a paradoxical indetermination vis-à-vis police's attempts towards the clarification, localization and ordering of the positions of social classes and identities. Proletarianization which is not a typical profession for police is such a subjectification (Rancière, 1998: 37-39, 83-84, 137; 2007b: 74-78). Rancière sees modernist political project through the lens of this logic of police which defines politics as an art of government that puts an end to the political, disclosing the disagreement:

Aristotle is the inventor of the essential, of modernization, of politics of the end of the political, an end indistinguishable from the beginnings: the art of underpinning the social by means of the political and the political by means of the social. By reassigning positions and the passions that target them, by altering the perception of those positions and the emotions attending that perception, politics presides over its own erosion and creates the social realm vitally necessary to the natural realization of this goal. In the strife of being together, of *inter esse*, politics contrives intervals, the intervals that separate divergent yet coexistent *interests*. Politics thus calls forth the social dimension wherein private and public are at once harmonious and distant, as public honour and private gain are pursued with equal passion but in a mutually exclusive fashion (Rancière, 2007a: 18).

In Rancière's scheme, "depolitization" as "the oldest task of politics" (2007a: 19) has reached its peak in the politics of modernist utopia through rationalization as we know it: "the sociological utopia; a utopia which presents its own emancipation as the emancipation of the social realm; the utopia of a rationality immanent to the social which heralds the eventual common end of philosophy and of politics" (2007a: 19-20). Against 'the utopia of modernity'

and ‘the rationality immanent to the social’, Rancière’s evaluation of counter-politics around the antinomy between the political (a radical subjectification breaking off all determinate positions in the social realm) and police enables us to see public finance in a different way by focusing on the irreducible disagreement between the part and the whole (police). In line with this anti-police and oppositional conceptualization of politics, public seems far from being the public (an arithmetic sum of the part and the whole) that represents the harmony against ‘police order’, ‘wrong’, ‘disidentification’ and ‘the distribution of the sensible’ in Rancière’s terms. Now it is high time to carry over all these sentiments into our ontological discussion about public finance and awake fiscal science out of its political atrophy which coincides with, to paraphrase Rancière, ‘the art of underpinning the political by means of the public’.

2.2. Reclaiming the Public: Antagonistic Fiscal Ontology of the Social

First and foremost to our research on history of public finance is a distinction between the early modern period (15th-18th centuries) and modern period (19th century) which corresponds to modern capitalist era. As already noted, it is because mainstream public finance is closed to historical studies and investigations on social ontology that it is far away from taking up its own term ‘public’ in a social and historical context. Our sociological and historical look into the foundations of public finance overlaps with the changing relation of the public sphere and its finance over time. On the other side, in standard

theories of public finance, the term *public* which refers basically to *the social* after the nineteenth century comes to have a meaning other than governmental institutions. That is, the scope of public has long been limited to the state and its institutions in the modern theories of standard public finance. However, this could only be true for the period between 15th and 18th centuries during which public was used for both the state and society. One of our chief attempts, therefore, is to bestow a historical and social content on the public sphere as a fiscal realm, thereby going far beyond the classical theories of public finance constructed as a mere governmental technique at the level of the state. The transformation the public sphere in the 19th century is strongly related to the changing relationship between the economic and the political in such a way to be specific to capitalism (Wood, 2003) and this should be taken to the center of the analysis of public finance.

The concept of public in the conventional individualistic science of public finance has an implicit ontological assumption of the structure of the whole social realm. This implicit ontological assumption or social designation is of the nature of an exact harmonious social system and, albeit the opposite is always argued, carry out an ideological function. According to this conventional ontological assumption of public, public finance proves to be a police-like science in Rancière's sense that excludes any political friction between the parts. Yet, when it comes to our critique of public finance, the conception of public appears to remain stuck in this old-fashioned but hegemonic view.

We mentioned that a social ontological study of public finance should harp on about the concept of public. This is really very problematic. For instance, James O'Connor in his Marxist analysis of "the fiscal crisis of the state" starts with a definition of "fiscal politics" as the name of his critical approach inspired by Goldscheid's and Schumpeter's contribution to fiscal sociology as a separate field of study against the mainstream neoclassical theory of public finance:

The theory of government budget put forth in this work is based on the study of fiscal politics, an investigation of the sociological foundations of government or state finances. The main concerns of fiscal politics are to discover the principles governing the volume and allocation of state finances and expenditures and the distribution of the tax burden among various economic classes (O'Connor, 1973: 3).

O'Connor footnotes the concept 'state finances' and makes his ontological assumption all the more explicit by criticizing the conservative meaning of "public finance" which implicitly refers to a harmonious social order:

The conventional phrase "public finance" reveals the ideological content of orthodox economic thought by prejudging the question of the real purposes of the budget. The phrase "state finance" is preferable to "public finance" and ("state sector" to "public sector", etc.) precisely because it remains to be investigated how "public" are the real and financial transactions that take place in the state sector. For example, many so-called public investments are merely special forms of private investments (O'Connor, 1973: 10n).

O'Connor, therefore, puts little credence in that classical phrase, 'public finance' and shows very clearly the antagonistic relation between the state and public and how the concept of the 'public' serves to cover the political inconsistency between the parts assuming away any conflict, disagreement and

friction, thereby identifying the state's interest with the general interest of the 'public'. Accordingly, public finance comes to be a tool to strip the state of all its ideological tendencies and functions and to hide never-ending political conflicts within the public itself. Thus, in O'Connor's estimation, the concept of the 'public' neutralizes all antagonistic nature of the state and society in the conventional science of public finance. However, public finance can take on its political character with definite ontological assumptions against this police-like public finance which remains the field of study as an old art of government in terms of ideological content.

In fact, the concepts of "public" and "people" had always been central to political conflicts and political theory in the past. Agamben takes up the same point with regard to the concept 'people' and comes to the same conclusion with our intention with public:

Every interpretation of the political meaning of the term "People" must begin with the singular fact that in modern European languages, "people" also always indicates the poor, the disinherited, and the excluded. One term thus names both the constitutive political subject and the class that is, de facto if not de jure, excluded from politics (Agamben, 1998: 176).

People, like public, is an ambiguous political category that both refer to the entire political and social body and the part to be excluded from the political *potestas*:

Such a diffuse and constant semantic ambiguity cannot be accidental: it must reflect an amphiboly inherent in the nature and function of the concept "people" in Western politics. It is as if what we call "people" were in reality not a unitary subject but a dialectical oscillation between two opposite poles: on the one hand, the set of the People as a whole political body, and on the other, the subset of the people as a fragmentary

multiplicity of needy and excluded bodies; or again, on the one hand, an inclusion that claims to be total, and on the other, an exclusion that is clearly hopeless; at one extreme, the total state of integrated and sovereign citizens, and at the other, the preserve -- court of miracles or camp -- of the wretched, the oppressed, and the defeated. In this sense, a single and compact referent for the term "people" simply does not exist anywhere: like many fundamental political concepts (similar, in this respect, to the Urworte of Abel and Freud or to L. Dumont's hierarchical relations), "people" is a polar concept that indicates a double movement and a complex relation between two extremes (Agamben, 1998: 177).

This is the very point we want to clarify in the context of public finance. The demystification of public constituted in orthodox economic theory and conventional public finance theories as a unique people and depoliticized social order is of greatest importance to a critique of public finance. On the one hand there exists a self-styled public embracing all people, and in reality, on the other side, at the same time an excluded part from that political body. This paradoxical mode of being of people or public means that, in Agamben's words again, "[i]t [people] is what cannot be included in the whole of which it is a part and what cannot belong to the set in which it is always already included" (Agamben, 1998: 178). But mainstream public finance theories are considered only with the conventional meaning of public in the sense of people incorporated into the political body to the full assuming away any disagreement and exclusion. This implicitly supposes an ontological assumption of the nature of public / people. This means a depoliticized and full integrated society. In juxtaposition, public finance scholars generally say that economy cannot function of its own accord and requires the state intervention, at least for public goods, to allow the market to function by itself and this means, for them, "politics". Accordingly, for them, the "political" is whatever

concerns the state “policies”. But at this level of analysis depoliticized political order already assumes something like a self-regulating market mechanism since it is no matter whether the state policies or the market itself provides self-regulation. In the final analysis, there is a slight difference between self-regulation and depoliticization. In fact, the aim of the self-regulation is depoliticization and vice versa. No less obviously, this is the end of politics as defined by Rancière. For Rancière, this is a modernist lie that strips public / people, and for us here public finance, of politics: “[A]nyone who wants to cure politics of its ills has only one available solution: the lie that invents some kind of social nature in order to provide community with an *arkhē*” (Rancière, 1998: 16). What if we consider this political reality of public / people and carry over it into the science of public finance? If we can do that it is now all the clearer why O’Connor says that ‘many so-called *public* investments are merely special forms of *private* investments’ and criticizes the term public finance which deliberately ignores the paradoxical configuration of political public. In addition, it is now also understandable why contemporary liberal and ultraliberal public finance theories put great emphasis on democracy within the game-theoretical and public choice models which serves, like the concept ‘public’, to cover up the radical disagreement. Democracy has a function to provide such a consensus that is supposed as inherent to public in theory. Yet, the radical political aspect of democracy, like public / people, that threatens the political power and established order has to be re-formulated against public / people once more so as to constitute that holy consensus. Rancière’s whole political theory and conception of politics is a critique of democracy

conceptualized as a tool to pacify politics and to constitute consensus. And, in contemporary orthodox politics and as such public finance theories, democracy is safer insofar as it mitigates public's tension in the schematic models.

Democracy has passed the age of its archaic fixations, which used to transform even the enfeebled difference between rich and poor into a fatal of honour. It is now all the more secure for having been perfectly depoliticized, for being no longer perceived as the object of a choice but lived as an ambient milieu, as the natural postmodern individualism, no longer imposing struggles and sacrifices in sharp contradiction with the pleasures of the egalitarian age (Rancière, 2007a: 22).

All in all, the ontology of public finance can be studied only through reclaiming public its political character conceiving the antagonistic political relation between the state (Public) and society / people (public). In line with this, we call the traditional harmony-perspective of neoclassical public finance theories, which are ignorant of politics, as '*police* finance' instead of 'public' finance.

So far we have presented a framework to evaluate the two sides of the coin (state and society) for a sufficient understanding of the political ontology of public finance. As said, it is because any ontological study should be based upon the historical knowledge and outlook we now turn to the history of public finance in order to place public finance into the process of change of transformation of entire social structure. With all these points in mind, in what follows we will show how modern fiscal system was built up and then in the foregoing argument how fiscal reasoning of the state was configured. In doing so, we will stick to the 'transcritical' dual perspective as already mentioned.

2.3 The History of Public Finance

Our ultimate object in this chapter is to bring a convincing ontological definition and account to public finance, by focusing on the socio-genesis of fiscal system and thereby surpassing the naïve conventional account according to which public finance is a mere sum of governmental techniques regarding the state economy. Accordingly, we simply define public finance as a political relation between the state and society. It is upon this account that we see public finance as a conjunctural moment at which political relation of the state and society crystallizes.

As mentioned earlier, any restricted analytical definition of public finance is not a sufficient way to conceptualize fiscal realm of society. Instead of departing from a common definition as with the mainstream current, public finance should be explained by delving into its historical socio-genesis. Thus, we now turn to our basic ontological question. At this stage, in order to display the social orientation of public finance we will take up the formation of modern fiscal system around particular issues. These are concerned with the concept of ‘public’, history of early modern fiscal system and evolution of public finance, the formation of modern state, public finance as an administrative ‘technique’, the symbiotic relationship between the state-logic of public finance and the capital-logic of public finance. We think that after handling these topics we will be able to show true nature of public finance instead of sticking to a strict definition.

As we have regularly emphasized, any social science discipline should have a sort of ontological sensitivity, as we advocate, and historical orientation regarding its research object in order to break off the vain and useless highly-abstracted theoretical complexities that lose sight of multifaceted social relations. When it comes to the discipline of public finance, it is comparatively simpler to find out a departure point and to start off such an investigation on public finance because it bears its ontological substance openly within its name, that is, the concept of ‘public’. In order to designate the public finance as social practice (or sphere) as we plan, we first want to take up the concept of public and show how state finance has always been central to the formation of the public sphere. This helps us understand not only the nature of public finance but also entire social history of public. After all, as Habermas clearly puts in his *The Structural Transformation of the Public Sphere*, once we achieve this, “we can hope to attain thereby not only a sociological clarification of the concept but a systematic comprehension of our own society from the perspective of one of its central categories” (Habermas, 1989: 5). This being so, our first attempt is towards the clarification of the concept of public regarding public finance. This clarification is important because, as Habermas (1989: 1-5) underlies, the concept of public is very ambiguous. As we previously noted, in the mainstream public finance the concept of public is used in the sense of both the state and the people yet assuming away complex and antagonistic reciprocal social relations thereby assuming a harmonious social structure as if it is like a bolt from the blue. Previously, we have objected to this sort of conceptualization of the ‘public’ and show how it is essential to

bestow upon the social character to the concept of public. At this stage, what interests us is the central place of the state finance in the process of the formation of modern public sphere and to show how state finance has always been the social realm where the character of the relations of state and social classes blatantly turns up. As we will show, for many social scientists, public finance proves to be such a conjunctural social realm in their social analysis of economy and politics. For instance, in Habermas' analysis of the genesis of bourgeois public sphere and its structural transformation towards the last quarter of the 19th century, bourgeois economic realm and its paradoxical relation to the state finance is of great importance. In Habermas' analysis of bourgeois public sphere, we find the character of the early modern state as tax-state under the rule of *police* which suppressed the bourgeois values if not the entire capitalistic practices. Bourgeois economy and public sphere emerged in the second half of the 18th century as a result of a struggle against the *police* state and its financial rule over the economy. Political economy was a response to that tax state. And, therefore, the public sphere gained its modern sense. In Habermas' words: "It was specifically a part of 'civil society', which at the same time established itself as the realm of commodity exchange and social labor governed by its own laws" (1989: 3). This means bourgeois public sphere achieved its institutional character and reality when the state finance was forced to mitigate to intervene with the production relations. However, towards the 1870s, state and the economy once liberated from the Leviathan met again. For Habermas, this was the beginning of the structural transformation or decline of the (bourgeois) public sphere.

If Habermas does not reserve a special place for public finance in his book, he puts great emphasis on the relation of the state and economy and, what is more, considers the changing fiscal system in the age of *governmentality* as the first step towards the modern sense of public realm which refers to the state. Since then fiscal system had rotated on a different economic, political and social axis and gave rise to the modern state. He writes in his “The Scientization of Politics and Public Opinion”: “*From the beginning the modern state, which arose from the need for central financial administration in connection with the market patterns of an emerging national and territorial economy, was dependent on the expertise of officials trained in law*” (1970: 62, emphasis added). For Habermas, what is of greater importance here is that taxation now came to be the mainstay of modern state vis-à-vis the needs of stock companies among which urbanization for the domestic markets and political and military protectionism for the foreign markets headed the list.

Of course, within this process was constituted what has since been called the “nation” —the modern state with its bureaucracies and its increasing financial needs. This development in turn triggered a feedback that accelerated mercantilist policy. Neither private loans made to the prince by financiers nor public borrowings were sufficient to cover these needs, only an efficient system of taxation met the demand for capital. The modern state was basically a state on taxation, the bureaucracy of the treasury the true core of its administration (Habermas, 1989: 17).

At this early stage, the concept public refers to the state and the social realm under its police regulations. After the 18th century if public also corresponds to the civil society apart from the state, for us as different from Habermas it is a social sphere where capitalist mode of relations and antagonistic political movements take place. Put this way, while Habermas

takes up the bourgeois public sphere as an ideal and historical reality before the 20th century, putting emphasis on a liberalism which assumes away political conflicts among social classes, we regard the liberal bourgeois public sphere in terms of its capitalist nature. Accordingly, while Habermas sees the expanding and intensive function of the state finance over the economy as the 19th century drew to a close as opposed to bourgeois liberal public sphere, we think that in reality bourgeoisie had always given primacy to capital accumulation and this could be achieved with the help of the state if it was urgently needed. In reality, when class conflicts accelerated towards the 1870s, the state was called upon by entire social classes to arrange the production relations and control the economy. However, essentially, the capitalist nature of production did not change much as state finance expanded and intensified. For Habermas, this was the decay of the bourgeois public sphere but regarding capitalist mode of production nothing changed. The reproduction of labour for capitalist mode of production was now under the dominance of the state which was demanded by both capital and labour. No doubt this was a turning point as suggested by Habermas who conceived it on the basis of the technization and spread of state administration over society and economy. On the other side, in our estimation it is because the capitalist character of public (in the sense of the state and society) is more important than its ideal liberal type as suggested by Habermas that we think that the turning point in question regarding public finance can be better understood through a research of the historical concomitancy of the political and technical development of the state-logic of finance and the capital-logic of finance which goes back to the early absolutist age, of which

more below. The intersection of the two logics was ‘money economy’ (*Geldwirtschaft*) which gave a new character to taxation. Therefore, in order to achieve a sufficient understanding of the turning point at the end of the 19th century and contemporary relation of the state finance and economy and society we should embark upon the historical research, starting with the recent times of the feudal age when the trade and money economy gained the ground throughout Europe. We now take up the history of public and state finance starting from the age of feudalism with an eye to illustrating the evolutionary process of the relation of the state and economy. We want to go back as far as the feudal age because the meaning of any institution can be understood fully by analyzing the process of its genesis. In this sense, the question of how modern public finance as an institution arose precedes the question of what public finance is. This being so, it is because fiscal system varied across time and space, we will stick to our abovementioned ontological sensitivity and as such we make differentiation not only in terms of time but also with space. This means that, as will be made explicit below, before the 19th century we will track the different routes of state finance and its relation to economy and society.

Based upon Habermas’ reflections on the history of public sphere, we notice a five-stage historical development, each of which specified different relations between private and public realms, economic structure, legal system and, no less, fiscal system. We appreciate Habermas’ time schedule but want to identify these stages with our own terms. Accordingly, these stages can be

classified chronologically as antiquity, feudalism, the age of *governmentality* (equivalently absolutism or mercantilism or tax state), the rise of bourgeoisie as political power and finally the end of classical economic liberalism and the rise of monopoly capitalism after 1870s which corresponds to the decline of the bourgeois public sphere in Habermasian terms. As said, we will interpret these stages based upon their changing fiscal system with an eye to showing the essential character of modern public finance by considering its formation within its multifaceted social relationality.

Before the rise of the absolutist states in Europe, certain essential aspects of modern fiscal system and fiscal apparatuses of the state came out as feudalism was approaching the end. They were the outcome of the interplay of several developments among which long-distance trade, the rise of towns as the place of commercial life and the resurgence of exchange- and money-economy had the greatest influence. Henri Pirenne (1937) and Norbert Elias (1994) gave particular significance to these developments in their analysis of capitalism and civilization. What is of relevance for us regarding their emphasis on these matters is that they showed the social foundations of public finance in the process of its genesis and clarified how the unprecedented financial needs of the time created a new fiscal system and changed radically the relation between the sovereign and the people after the 12th century. On the other hand, the views of Pirenne and Elias on the transition from feudalism to capitalism is highly doubtful, simply because they ignore the essential role of the changing production relations and, merely focusing on money by constructing a

dichotomy between money economy which characterizes capitalism and natural economy which symbolizes feudalism. We learned much from Marx and later the Marxist historians that the transition from feudalism to capitalism can be understood fully by exploring the changing production relations. For Marx, the role of money in the transition to capitalism was very clear. Accordingly, money and commercial economy had only partial role in the disintegration of capitalism. The development of money economy was necessary but not sufficient to create capitalism. Money, merchant capital and flourishing commercial economy were not the sole factors in the creation of capital.

It [monetary wealth] is itself one of the agencies of that dissolution, while at the same time that dissolution is the condition of its transformation into capital. But the *mere presence of monetary wealth*, and even the achievement of a kind of supremacy on its part, is in no way sufficient for this *dissolution into capital* to happen. Or else ancient Rome, Byzantium etc. would have ended their history with free labour and capital, or rather begun a new history . . . Money itself, to the extent that it also plays an active role, does so only in so far as it intervenes in this process as itself a highly energetic solvent, and to that extent assists in the creation of the *plucked, object-less free workers*; but certainly not by *creating* the objective conditions of their existence; rather by helping to speed up their separation from them -- their propertylessness (Marx, 1993: 506-507).

Therefore, for Marx, the origin of capitalism does not lie in the enhancement of monetary wealth with the development of commercial economy at a particular stage of feudalism. Instead, the kernel of story lies in the dissolution of the old property relations and the changing production relations and primitive accumulation of which more will be said in Chapter 5. More to the point, Marx is of the opinion that the monetization of fiscal system was dependent upon the emergence of mass commodity production which put

an end to the old economic system based upon subsistence production. As such, the radical change in the realm of public finance cannot be understood independent of the general conditions of capitalist production:

When the production of commodities has attained a certain level and extent, the function of money as means of payment begins to spread out beyond the sphere of the circulation of commodities. It becomes the universal material of contracts. Rents, taxes and so on are transformed from payments in kind to money payments. To great extent to which this transformation is conditioned by the total shape of the process of production is shown for example by the twice-repeated failure of the Roman Empire to levy all contributions in money. The unspeakable misery of the French agricultural population under Louis XIV, a misery so eloquently denounced by Boisguillebert, Marshal Vauban, and others, was due not only to the weight of the taxes, but also to the conversion of taxes in kind into taxes in money. In Asia, on the other hand, the form of ground rent paid in kind, which is at the same time the main element in state taxation, is based on relations of production which reproduce themselves with the immutability of natural conditions. And this mode of payment in turn acts to maintain the ancient form of production. It forms one of the secrets of the self-preservation of the Ottoman Empire (Marx, 1990: 238-239).

In line with Marx, if monetarization, merchant capital and commercial economy had a great and direct influence on the formation of modern fiscal system, their role in the transition from feudalism to capitalism were secondary. At this stage two things should be separated. The minor role of money in the transition is one thing, and its direct and immediate influence on the formation of modern public finance is another; that is, money's influence on the emergence of modern public finance is a clear and observable phenomenon while the overall system at issue is that the motive of the change lies in the changing property and production relations that conditioned money's influence on public finance. After all, as Marx argued, money's direct role on the formation of modern fiscal system was a result of the dissolution of the old

property and production relations. In this sense, public finance as the subsystem of the social system should be examined around them. However, at this state we limit ourselves with the direct influence of money on public finance in the formation of capitalism. Engels sums up well this direct influence as follows:

[T]he burgherdom had *money* - a powerful weapon against feudalism . . . Every feudal manor was self-sufficient; even military dues were demanded in kind; commerce and barter were non-existent, and money was superfluous. Europe had fallen to so low a level, it had begun so completely all over again, that money at the time had less of a social than purely political function: it served to *pay taxes*, and was principally obtained through highway *robbery*. But all that changed. Money again became a common medium of exchange, and its bulk, therefore, multiplied substantially; even the gentry could no longer do without it, and since they had little or nothing to sell, and since highway robberies had also become far from easy, they were compelled to resort to the urban usurer. Long before the new field-pieces shot breaches in the knightly castle walls, these had already been undermined by money; indeed, gunpowder was, so to say, only an executor in the service of money. Money was the great political leveller in the hands of the burgherdom. Wherever personal relations were superceded by money relations, wherever natural duties gave way to money payments, there bourgeois relations took the place of feudal relations (Engels, 1956: 212).

All in all, if money was not the main element that dissolved the feudal property relations, its supplementary role was obvious. If anything, the influence of money on public finance was all the clearer. If the arguments of Pirenne and Elias on the decisive role of money in the disintegration of feudal relations are not acceptable, their explanations concerning the relation of money and history of public finance should be taken seriously into consideration. Pirenne (1937) argued that the organization of economic system throughout Europe evolved into an autarchic land-based system in the age of feudalism when the commercial life in the Mediterranean declined as a result

of the invasion of Muslims in the 8th century. It is because money disappeared to a great extent in economic life during the age of feudalism that taxation was not a monetary relation between the feudal rulers such as landlords, liege lords, vassals, dukes, *etc.* and the ruled. Rather, taxation was principally carried out through payments in kind. Pirenne (1937) and Elias (1994) characterized the economic organization of feudalism as “natural economy” (*Naturalwirtschaft*). Natural economy, as Pirenne (1937) emphasized, was not an absolute reality that assumed the absence of money. Money was known by people, available and in circulation but the existing cash nexus was not enough to organize the economy and society entirely. Land was the sole economic, social and political entity that shaped the whole feudal social structure until the money economy (*Geldwirtschaft*) gained ground again after 12th century as a result of expanding trade. Natural economy had given birth to a fiscal system based upon land and conventional economic relations but with the efflorescence of money economy the feudal taxation now came to the end. When the prices went up because of the increasing use of currency, the feudal landowners could not pursue their comfortable life as they had used to without disturbing the long-established feudal system. As Pirenne notes it:

The landowners certainly received from their tenants enough to continue in the old way of life, but not to live as they now wished to do. They were the victims of an obsolete economic system, which prevented them from drawing their landed capital a rent proportionate to its value. Tradition made it possible even to think of increasing the dues of their tenants or the labour services of their serfs, since these were sanctioned by age-old usage and become rights which could not be attacked without causing the most dangerous economic and social repercussions (Pirenne, 1937: 80).

Accordingly, for Pirenne, money economy changed the feudal

economic, fiscal and political system radically. Therefore, the efflorescence of money after 12th century played a crucial role in abolishing natural economy and in the formation of the large centralized regional and territorial administrative units. So much so that for Pirenne and Elias who explains the rise of the modern states in Europe on the basis of the changing feudal social relations, money economy (*Geldwirtschaft*) and natural economy / barter or domestic economy (*Naturalwirtschaft*), which characterized two types of social relation at odds with each other, should be understood well enough to interpret the civilizing process. As such, money came to be the apotheosis of the economic and social life in their scheme,, as it were. Frederick Engels saw money accumulating in the hands of the rising bourgeoisie as a means to abolish the feudal economic, fiscal and social relations. However, if Engels characterizes money as the bourgeoisie's grater of political equalization and weapon that destroyed the feudal castles from inside long before powerful cannons, Pirenne's explanation would miss the essential aspect and element in the birth of capitalism, that is, production relations. On the other hand, we should mention that although money seems to be powerful motive in the transition from feudalism to capitalism, in theory it is clear that they do not intend to present a deterministic point of view. In Elias' sociology, all aspects of social process are understood on the basis of the disposition of human relations. Particularly, in Elias we find a host of knowledge of the economic and fiscal organization of the late medieval societies and the formation of the first centralized states in Europe. In addition, methodologically it is because Elias explains social processes on the basis of the character of the

interdependence of people with each other and the means of mutual human relations that he makes colossal contributions to the fields of economic sociology and fiscal sociology. Therefore, in Elias' sociology, the form of sovereignty has an intimate relation with the organization of the economic life and economic means in the arena of human relations. In this sense, while throughout the feudal age land-based economic structure or natural economy created decentralized and autarchic political and economic organizations across Europe and thereby a low degree of mutual dependence between humans, money economy and monetary means produced a high degree of interdependence and a variety of social functions. Of course, Elias's view is not a deterministic one, focusing on money as the sole creator of the new age. Yet, he believes that money was the most powerful means that shaped reality of the time. He says: "Money is indeed an incarnation of the social fabric, a symbol of the network of exchange-acts and human chains through which a commodity passes on its way from its natural state to consumption" (1994: 299). What is more, he is quite aware of the fact that the intensive use of money after 11th century was the result of the changing human relations by dint of the expanding trade and as such only one of the expressions of the re-integration and the new mode of interdependence. However, in Elias theory human relations prove to be so obscure in contradiction to production relations. Yet, in the final analysis, Elias examines the character of social relations. The passage below we find a firm ground for the sociology of money from which to draw an extension towards fiscal sociology proper:

Money, the decrease or increase of its use, cannot be understood by itself, but only from the standpoint of the structure of human relationships. *It is here, in the changed form of human integration, that the prime movers of this transformation are to be sought*; of course, when the use of money had once begun to grow, it helped in its turn to propel this whole movement—population increase, differentiation, growth of towns—still further, up to a certain point of saturation (Elias, 1994: 300-301, emphasis added).

Nevertheless, for Elias, money is of crucial economic dynamics in the history of the formation of western societies and fiscal systems. As he points out, money sector of economy came out of complex interplay of social processes and human integration, yet money as the primary social force once gained ground, it came to be a determinate technical means which achieved autonomy through financial credit mechanisms as the time went by. As the sovereigns became dependent on money economy, money-holding merchants turned out to be the primary source of state treasury. It goes without saying that the tax-state, which Schumpeter spoke of as the modern character of the capitalist social formation, was borne of the expanding money sector of the economy. That is, the rise of the tax state was the direct result of the expanding money economy and as such the fiscal character of the modern state was formed in an immediate relation to the capitalistic practices of the private economy. Sixteenth-century tax state was the first expression of the institutionalization of the state whose sole aim was to obtain maximum cash revenues. With the increasing interdependence of money sector of the economy and the state treasury, the logic of modern state (that is, *governmentality*) and the logic of money (endless profit) telescoped into one count – the logic of capital. From that time on, the state sector of the economy and money sector of

economy grew in a direct relation with each other. As we will make it explicit with examples later, the symbiotic relation of the state and capital was shaped on the basis of money economy, which gave its essential character to the tax state.

To be sure, the articulation of the state treasury and capitalistic practices in the 15th century did not occur on the scale of a national economy as we know it. Rather, the space of the early tax-states was towns. For instance, Schumpeter states that: “Public finance in our sense, and especially modern taxation, first developed in the course of the fifteenth century in the Italian city-republics, Florence in particular, and in the German free towns (*Reichsstädte*)” (Schumpeter, 1997: 200). Likewise, Max Weber recognized the small-scaled territorial states as the first expression of the modern state: “The bureaucratic state order is especially important; in its most rational development, it is precisely characteristic of the modern state. Everywhere the development of the modern state is initiated through the action of the prince” (Weber, 1995: 82). Fernand Braudel thinks of the history of early modern state with parallel to Schumpeter and Weber: “The great cities had their faults and virtues. They created, let us repeat, the modern state, as much as they were created by it. National markets expanded under their impetus as did the nations themselves and they lay at the heart of capitalism and modern civilization which mingled its varied colours more in Europe every day . . . Interpreted properly, their study leads to a general and unusually comprehensive view of the whole history of material life” (Braudel, 2002a: 556). In this sense, as Charles Tilly

argues, “[t]he timetable of urbanization reflected the history of European capital” (Tilly, 1995: 50). As these authors argued, towns were the places of the modern state and capitalism. What is of relevance to us here is that towns were also the places where the modern institutional aspects of public finance first appeared. Pirenne (1937) reserved a significant place for towns in the process of the decay of feudalism and the revival of commercial life throughout Europe. Pirenne (1937) says that towns were the home of the nascent bourgeoisie as a social class. He summarizes the needs of the bourgeoisie as follows: 1. “Personal liberty” 2. “Towns”. The bourgeoisie achieved much greater liberty in towns. Pirenne reminds us of the old German proverb: “City air makes a man free (*Stadluft macht frei*)” 3. “Commercial code” 4. “The jurisdictional autonomy” 5. “Administrative autonomy” 6. “Defence” 7. “Money for the expenses for defence and the fortifications” (Pirenne, 1937: 49-53). In particular, the need for money for defence and fortifications changed drastically the fiscal system.

All were interested in the common defence and all were obliged to meet the cost. The quota payable by each was calculated on the basis of his fortune. This was a great innovation. For the arbitrary seigneurial tallage, collected in the sole interest of the lord, it substituted a payment proportionate to the means of the taxpayer and set apart for an object of general utility. Thus taxation recovered its public character, which had disappeared during the feudal era (Pirenne, 1937: 52).

It is because of this fact that modern character of taxation was always seen by various intellectuals of the time as having a direct relation with the expenses of defence and described as the “wage” to be paid by the people to the sovereign in return for protection. As will be explained in detail below, the

monopolization of taxation and the means of warfare were the two sides of the same coin in the formation of the modern states. Suffice it here to say that, in Elias' words, "[t]he tax monopoly, together with the monopoly of physical force, is the backbone of this organization [the state]" (Elias, : 436). Pirenne (1937: 52-53) continues that if the fiscal bureaucracy of the bourgeois cities was the first and urgent unit of the administration, with the increase of wide-ranging needs of cities, the fiscal bureaucratic organization expanded and evolved into several units for the urban works each one of which requested different specialized knowledge. All in all, as urbanization, money economy, warfare, commercialization and industrialization took their course, towns became the prototype of the modern states. Therefore, we observe the modern character of public finance and organization of the state in these towns. Pirenne summarizes the point as follows:

Throughout the whole of Western Europe the *haute bourgeoisie* had from the beginning monopolized town government. It could not have been otherwise, if we remember that city life, resting essentially on commerce and industry, made it inevitable that those who promoted the latter should at the same time direct the former. Thus during the twelfth and thirteenth centuries, an aristocracy, recruited from among the most notable merchants, had everywhere exercised municipal government . . . It created the whole machinery of municipal administration, organised its various services, founded civic finance and credit, built and organised markets, found the necessary money to build strong ramparts and to open schools, in a word, to meet all the needs of the bourgeoisie (Pirenne, 1937: 198, emphasis added).

To be sure, the formation of modern states and fiscal systems throughout Europe did not occur simultaneously and in the same way. Each European country as we know today had their own history of the state and public finance, even if they always had a close relation with each other.

However, in order to bring a general explanation to the history of public finance, so far we have ignored the dissimilarities between the paths that were followed by the European states before the 19th century. Instead, we took into the consideration only the essential aspects of the states and fiscal systems that are now in common wherever they appeared in the past without giving the name of the place. In other words, we have adopted Pirenne's method: "In order to understand the scope of a given phenomenon, it must be studied where its manifestations are most vigorous" (Pirenne, 1937: 124). In reality, urbanization and industrialization or monetization took place in different pace and different scope across European countries. Yet, wherever they achieved their most developed form, each gave rise to an essential modern capitalist aspect of the national state and fiscal system. In this sense, we observe different features of the modern capitalist state and fiscal system in the history of England, France and of the German and Italian city-states. Yet, we know that, in order to achieve a full understanding of a given phenomenon, we should observe its historical divergences. This is an ontological imperative we already advocated.

Charles Tilly's contributions to the history of the formation of the European states after AD 990 provide us with a profound ground form which to understand fully the formation of the modern states and fiscal systems in Europe with awareness of the decisive variations. We know that these variations are very important to delineate the different aspects of the organization of contemporary states and fiscal systems. In his work covering a

long period of time, *Coercion, Capital, and European States, AD 990-1992*, Tilly maps out the different ways of the formation of the European states in order to come up with an answer to that double question in his entire book: “*What accounts for the great variation over time and space in the kinds of states that have prevailed in Europe since AD 990, and why did European states eventually converge on different variants of the national state? Why were the directions of change so similar and the paths so different?*” (Tilly, 1995: 5). Tilly (1995: 5-11), by criticizing previous explanations due to their unsatisfactory answers such as “statist analyses”, “geopolitical analyses”, “mode of production analyses” and “world system analyses”, develops his own approach in the wake of the contributions of Barrington Moore Jr, Stein Rokkan and Lewis Mumford to the issue in question. Thus, Tilly explains the alternative histories of state formation in Europe before the 19th century on the basis of two main paths. These two main paths were formed by the ‘logic of capital’ and the ‘logic of coercion’. What is more, different routes that were followed by the European states were the result of a combination of these two logics in varying degree. This being so, Tilly defines two territorial regions sharply different in character and as such two types of state organization at odds with each. These are coercive-intensive regions and capital-intensive regions. While the former corresponds to “areas of few cities and agricultural predominance, where direct coercion played a major part in production”, the latter to “areas of many cities and commercial predominance, where markets, exchange, and market-oriented production prevailed” (1995: 15, 28). Tilly argues that the alternative organizational forms of states can be explained on

the basis of the combinations of these categories. Accordingly, Tilly (1995: 30) characterizes three modes of state organization in Europe. These are “coercion-intensive mode” (Brandenburg, Russia), “capital-intensive mode” (Geneva, Dubrovnik, the Dutch Republic, Catalonia) and “capitalized coercion mode” (France, England) which bore the essential aspects of national states. For Tilly, these paths also correspond to the alternative fiscal systems. In addition, in his analysis warfare was the essential dynamics and constitutive element of shaping the state organizations and fiscal systems throughout Europe. In this sense, the history of European states and public finance means the history of warfare.

A ruler’s creation of armed force generated durable state structure. It did so both because an army became a significant organization within the state and because its construction and maintenance brought complementary organizations — treasuries, supply services, mechanisms for conscription, tax bureaux, and much more — into life. The Prussian monarchy’s chief tax-collection agency came into being as the General war Commissariat . . . From AD 990 onward, major mobilizations for war provided the chief occasions on which states expanded, consolidated, and created new forms of political organization (Tilly, 1995: 70).

Tilly continues to emphasize the centrality of warfare on the formation of fiscal system as well:

Over the millennium as a whole, war has been the dominant activity of European states. State budgets, taxes, and debts reflect that reality. Before 1400, in the era of patrimonialism, no state had a national budget in the understood sense of the word. Taxes existed in Europe’s more commercialized states, but rulers everywhere acquired most of their revenues from tribute, rents, dues, and fees. Individual sovereigns borrowed money, but usually in their own names and against collateral. During the sixteenth century, as war multiplied state expenditures through most of the continent, European states began to regularize and expand budgets, taxes, and debts alike. States’ future revenues began to serve as security for long-term debt . . . If war drove states, it did not exhaust their activity. On the contrary: as a by product of preparations for war, rulers

willy-nilly started activities and organizations that eventually took on lives of their own: courts, treasuries, systems of taxations, regional administrations, public assemblies, and much more (Tilly, 1995: 74, 75).

That said, in Tilly's scheme of all things, we cannot speak of an homogeneous fiscal system throughout Europe before the 19th century, seeing that three different modes of organization —“coercion-intensive mode”, “capital-intensive mode”, “capitalized coercion mode” — gave rise to diverse organizational structures across the European states. After all, as Tilly argues: “Alternative paths of state formation, in their turn, led to different forms of resistance and rebellion, different state structures, and different fiscal systems” (1995: 66). Tilly, like Elias, sees the monopoly of taxation and means of coercion as the basis of the organizational structure of the modern state. And, the varying ways of and economic conditions for preparations for war changed the fiscal systems across the countries; that is, the modes of acquiring means of war had colossal effects on the organizational structure of fiscal system and as such he argues that the ways of meeting the expenditures for war condition fiscal strategies and the tax economy (1995: 87-91). Therefore, Tilly differentiates fiscal systems according to the three above-mentioned modes of state formation. Accordingly, the state and bureaucratic fiscal apparatuses were relatively moderate where monetization developed and such the rulers could borrow credit from the bourgeoisies throughout Europe; on the other hand, in those coercion-intensive states like Prussia-Brandenburg and Russia where money economy was backward and economic structure was predominantly based upon agriculture, a cumbersome and interventionist fiscal authority emerged (1995: 86). Therefore, in the capital-intensive states, the logic of

capital / city surpassed the logic of coercion / state. Tilly (1995: 150-151) summarizes the administrative and fiscal structure of the capital-intensive states as follows: 1. These states built up their organizations around the commercial and money economy 2. The bourgeoisie succeeded to articulate their interest with the state formation to the full 3. Without falling in the necessity of creating a sluggish and an expansive fiscal bureaucratic administration, these states were able to obtain cash revenues directly from capitalists. In this sense, because of this permanent and strong *reciprocity* we can say that the logic of capital lessened the logic of state by means of money economy. We will take up the *reciprocity* in question in the last section of the chapter where we conceptualize public finance as *technique*. In those capital-intensive states like the Dutch Republic we see the most developed form of the capitalistic character of tax state as Tilly would have it:

State securities became a favorite investment of Dutch rentiers, whose representatives taxed the entire economy for their benefit. Indeed, the word “capitalist” in its modern use seems to have come from the word for those Dutch citizens who paid the highest per capita tax rate, thereby advertising their wealth and creditworthiness (Tilly, 1995: 90).

In juxtaposition, in coercion-intensive states like Prussia-Brandenburg where “natural economy” (*Naturalwirtschaft*) were to prevail over “money economy” (*Geldwirtschaft*), a huge and interventionist bureaucratic organization emerged. In line with this, as already mentioned, Tilly thinks of the formation of the organizational structure and administrative practices of fiscal authority as having close relation to the preparation for war. And, it is upon this chief account he characterizes the fiscal administrative execution of

coercion-intensive states as follows:

In coercion-intensive regions, resources that might be used for war remained embedded in agriculture, and in the hands of magnates who wielded considerable autonomous force; there, the extraction of military resources obviously took very different forms: various combinations of expropriation, co-optation, clientage, conscription, and heavy-handed taxation (Tilly, 1995: 90).

Cameralism was the name of the German type of coercion-intensive bureaucratic organization during the baroque period. We will take up cameralism in Chapter 3 in detail. Suffice it here to say that over the last three decades cameralism has drawn the attention of a range of scholars of various disciplines from different social science disciplines. For example, cameralism as the name of the German type of mercantilism is a part of history of economic thought, however we believe that this should be questioned (Gürkan, 2008). It proved to be an essential concept in Foucault's texts of *governmentality* and political economy; cameralism also has come to be a research object of the discipline of public administration; furthermore, we see the concept of *police* that has an intimate relation with cameralism in political philosophy, e.g. in Rancière's theory of democracy (Rancière, 1998: 21-42; 2007: 71-78) what is of greatest relevance to us regarding cameralism, it is now the major concept of the history of public finance and has kindled an interest among public finance scholars in searching for multidisciplinary alternatives to mainstream fiscal science (e.g. Backhaus, 2004; Backhaus and Wagner, 2004; Goode, 1970: 32-34). What is essential point of the cameralist formation of the state is that we observe the most developed form of the monopolization of taxation. The concept of tax state, as Schumpeter (1991) defines, characterizes the modern

state whose sole revenue is cash money obtained from money economy and which achieves the monopolization of taxation through its centralized fiscal administrative system. As such, monopolization or centralization and capitalization of the economy are the two characteristics of tax state. As such, we see in the German cameralist states the most developed form of monopolization and centralization that characterizes one aspect of tax state. This being so, it is now all the clearer why Schumpeter thinks of the root of public finance as tracing back to “the fifteenth century in the Italian city-republics, Florence in particular, and in the German free towns (*Reichsstädte*)” (Schumpeter, 1997: 200). For us, the Italian city-states (the capital-intensive regions in Tilly’s analysis) and the German free towns (the coercion-intensive regions for Tilly) portray the two different aspects of tax state.¹ Monopolization reached its most developed stage under the *police* rule of cameralist states. The “police state” (*Polizeistaat*) in those Germanic coercive-intensive regions where the cameralist type of state formation took place illustrates such an intense fiscal authority that orders and localizes *anything* throughout the territory through extensive “police ordinances” (*Polizeiordnungen*). We will reserve a significant space to cameralism later and there take up cameralism in great detail.

¹ At this point we should note that we do not mean that the Germanic cameralist states were the absolute example of the natural economy. Although the coercion-intensive regions were relatively backward according to capital-intensive regions in terms of money economy, some German territorial rules had developed money economy. In this sense, some Germanic states had vivid commercial and financial relations with foreign countries for the treasury of the prince. For instance, Braudel writes, “Leipzig also became *par excellence* the transit station for goods traveling between East and West. With the years the city’s prominence became confirmed. In 1710, it could be argued the Leipzig fairs were ‘*weit wichtiger und considerabler*’ than those of Frankfurt, at least for commodities, for the city on the Main was

Finally, according to Tilly's schema in capitalized-coercion regions the formation of the state and organization structure of fiscal authority differentiate from the abovementioned types. Tilly typifies England and France as the counterpart of the capitalized-coercion state which signifies a relative balance of capital and coercion, yet he does not go into the details of the fiscal character of that sort of state formation. However, the passage below would help us understand the difference of England and France from the capital-intensive states and coercion-intensive states. What is essential point about capitalized-coercion regions is that they outweighed the other two types of state formation and gave rise to national state in the 19th century, which has prevailed over any type of state formation since then. Therefore, the economic, fiscal and political history of England and France are particularly important in order to comprehend the present time. In reality, financial revolution of the 18th century, the Industrial Revolution and the expansion of the market system in the 19th century in Britain and the French Revolution created the entire economic, social, political, juridical and cultural structure of the national state. At this point we want to emphasize how the British financial revolution played a crucial role in shaping the society and formation of the state in England. Fernand Braudel in his *Civilization and Capitalism* argues that the financial revolution England carried out during the period 1688-1756 altered "all the social and institutional relationships between the agents of the states" (Braudel, 2002b: 526). The revolution came off as a result of two fiscal strategies. One of

still, at this period, a financial center of much greater importance than Leipzig. The money market still conferred lasting privileges" (Braudel, 2002b: 189).

them was the nationalization of fiscal system in consequence of the centralization of tax collection by putting up resistance to tax-farming and in turn getting rid of parasitic intermediaries; and the second was the conversion of the state's floating debt into a consolidated debt by securitization the state loans through which "the state never repaid the loan, but the lender could recover his money whenever he wanted it" (2002b: 527). We understand from Braudel (2002b: 527-528) that this financial revolution not only helped London take over financial superiority from Amsterdam but also accelerated the capitalization of the economy and society thereby expanding market system.

In line with these observations, it is apparent that the British state had a more capitalist nature than the French state, because in France where the logic of police had long been alive and the logic of state was still neck and neck with the logic of capital in 19th century. This is so because the market system, which helped capitalism organize entire social system around the desire of profit, ambition of acquisition, exploitation and wage-capital relation, by paralyzing the long-established institutional foundations of social realm, achieved its full success in the 1830s in England. In Karl Polanyi's terms, this was the "great transformation" of the social system and state formation which the other types of state formations were to approach. Tilly again brings forth the effects of the changing financial system of warfare on the shape of the national states in Europe but at this stage we will focus on the consequences and dynamics of the market system in order to highlight the capitalist nature of the national state's fiscal system and to understand the general character of modern society and,

therefore, modern public finance. Therefore, we carry on in nineteenth-century England towards that aim. This is so because the market economy, which the present leading powerful states, U.S.A and UK, have both aspired to perfection all over the world since then, achieved its full success to organize whole social system on the basis of the premises of the self-regulating market system and liberal creed in *laissez-faire* ideology in England. Polanyi puts it as follows:

Market society was born in England —it was on the Continent that its weakness engendered the most tragic complications. In order to comprehend German fascism, we must revert to Ricardian England. The nineteenth century, as cannot be overemphasized, was England's century. The Industrial Revolution was an English event. Market economy, free trade, and the gold standard were English inventions. These institutions broke down in the twenties everywhere —in Germany, Italy, or Austria the event was merely political and more dramatic. But whatever the scenery and the temperature of final episodes, the long-run factors which wrecked that civilization should be studied in the birthplace of the Industrial Revolution, England (Polanyi, 1963: 30).

In Polanyi's scheme, modern society was born as market society in England and nineteenth-century civilization was an economic society before anything else. This is so, because "it chose to base itself on a motive only rarely acknowledged as valid in the history of human societies, and certainly never before raised to the level of a justification of action and behavior in everyday life, namely, gain. The self-regulating market system was uniquely derived from this principle" (Polanyi, 1963: 30). For Polanyi the *differencia specifica* of market society is that the economic system which functions on the basis of prices in the market bears all motives and rules to shape the whole social system. While in pre-modern societies economic life had been organized on the basis of two main principles – "reciprocity" and "redistribution" –

(1963: 47) and embedded in the social relations, the case in the market society is quite the opposite: “Instead of economy being embedded in social relations, social relations are embedded in the economic system” (1963: 57). This means that the regulative moral and cultural values of public and the economic role of the central political authority in the economic realm lessened and were eliminated finally. Instead, prices in the market proved to be the main “regulative” power of economic relations. Yet, the point here is that this was not only applicable to the market relations but whole of the social relations, because, as noted, the modern society is a market society. In Polanyi’s words, “the change from regulated to self-regulating markets at the end of the eighteenth century represented a complete transformation in the structure of society . . . Nineteenth century society, in which economic activity was isolated and imputed to a distinctive economic motive, was, indeed, a singular departure” (1963: 71). Polanyi explains that the structural transformation of society came about in the realm of market and this was achieved by transforming three main production factors – labor, land and money – into commodity the prices of which should be determined in the self-regulating market realm stripped of state interventions and social values. “The crucial point is this: labor, land, and money are essential elements of industry; they also must be organized in markets; in fact, these markets form an absolutely vital part of the economic system” (1963: 72). However, although this is a mere *assumption* in the liberal belief and does not have a real substance, liberalism has achieved to organize whole social system based upon its fictive economic theory. Polanyi’s objection to liberalism that is advocate of the belief in the

naturalness of market system starts from this fact:

But labor, land, and money are obviously *not* commodities; the postulate that anything that is bought and sold must have been produced for sale is emphatically untrue in regard to them. In other words, according to the empirical definition of a commodity they are not commodities. . . . None of them is produced for sale. The commodity description of labor, land, and money is entirely fictitious (Polanyi, 1963: 72).

With the Poor Law Amendment of 1834 that cut off the state financial support to the working class and the poor the process of the commodification of labor and the formation “free” labor market in England was completed. And, for Polanyi, this was the beginning of modern capitalist order, because before “[t]he attempt to create a capitalistic order without a labor market had failed disastrously Not until 1834 was a competitive labor market established in England; hence, industrial capitalism as a social system cannot be said have existed before that date” (1963: 80, 83). Therefore, the political and economic relation of the state and society changed radically. But the kernel of the story does not end here. The thing is that the politics of social relations that has now settled in the economic realm has changed drastically. And this shows us the general character of capitalism as the modern social system.

Polanyi who sees the birth of the modern society in the heart of the transformation of economic realm is not an exception in this respect at all. Ellen Meiksins Wood, too, regards the general character of capitalist society as lying in the formation of capitalist economic and property relations which has constituted new *political* relations that has shaped whole social structure and, no less, state policies and public finance. Like Polanyi, Wood also recognizes

the specificity of England as the first and complete economic and, more important, capitalist civilization in the history of capitalism. In Wood's estimation, this is so because, in the economic history of England, we observe the complete separation of the economic and political realms in theory and practice as specific to capitalism. Based upon the history of English capitalism, Wood's explanation of the question of where the general character of capitalism lies in is the recognition and clarification of that mystified relation of the economic and the political in bourgeois order and ideology. As noted, in Wood's argument, England has a specific place in the history of capitalism, because the new mode of (political) domination in the social and political realms emerged and the state formation took shape in the most developed capitalist form in England. Accordingly, the separation of the economic and the political realms in theory and practice first came true in England. As Wood writes, from the 17th century onwards, the British political and economic thinkers emphasized the increasing autonomy of the economic realm in their theories against the political realm of the state and as such conceived the civil society around the fabric of market, commercial and production relations. Therefore, as opposed to the statist political thinking in the Continent, they excluded a severe conception of the state as well as political and administrative sovereignty. In other words, there was nothing like *police* in England. The thing here is that this was not only in theory, but in practice the process of the separation of the political and the economic as specific to capitalism started in England long before any other European country. Accordingly, in England where the feudal type of political and juridical particularism was absent as

opposed to the Continent the property relations and exploitation did not come true in the politically constituted society by the state through extra-economic force but directly in the economic realm by capitalists by means of economic means. No matter the archaic English judicial system was in use, capitalist property relations that were constituted in the production realm and market system stripped of the state regulatory politics proved to be the foundation of whole politics of social life. As the property relations that came to be the unique foundation of personal rights, citizenship and freedom took on capitalist character and cut off the effect of political and military statute over itself, the economic realm gained its autonomy progressively on a national and international level. Therefore, the capitalist economic relations achieved to organize political or civil society within the scope of the realms of economic production and circulation. What is more, the British state could adopt itself to the process of the elimination of political influence of extra-economic forces over economy - property relations, production, exploitation, wage *etc.*- better than and long before other European states (Wood, 2003: 33-62; 2006: 21-37; 2007: *passim*).

At this point, the concept of the separation of the economic and the political needs to be elaborated fully because as, Wood shows, it proves to be the specificity of capitalism and therefore its general character. First of all, both Wood and Polanyi agree that there is no such a thing like an absolute separation of the political and the economic. For instance, Polanyi says that when it comes to money this is all the clearer because the presence of central

banks in contemporary capitalism well illustrates that politics is in the economy no matter how much the latter tries to be autonomous today. In his words, “the institutional separation of the political and economic spheres had never been complete, and it was precisely in the matter of currency that it was necessarily incomplete” (Polanyi, 1963: 196). According to the liberal economic theses, the separation of the economic and the political is an absolute reality. This means two ideological inferences. First, to accept the separation in question as a reality means that the self-regulating market system is the foundation of modern society and there is no need for state policies which create partiality in the market because prices are the only impartial and natural regulatory force. If the market functions of its own accord, the social equilibrium and conformity can be achieved automatically. Therefore, there is never any need for the state intervention because the full autonomy of the economic realm excludes *any* politics. This is the first implication of the separation of the political and the economic. Incidentally, and no less obviously, when competition comes to the end in times of crisis, the role of the state in bourgeois ideology is affirmed in accordance with capitalist vested interests. Keynesianism and neoliberal governance are the examples of it. Secondly, to accept it as a reality means that there is no politics in the market, or, put this way, there are no power relations in the economy. Politics, on the one hand, specifies the administrative practices or policies of the state power, and on the other hand it refers to any power focal in society oriented towards creating domination or oppressive relations. From the laissez-faire standpoint, accordingly, the separation of the political and the economic means that the

autonomous economic system functions on the basis of such a market system and production relations that social classes or individuals on the micro level do not put political pressure on or use political force each other because price mechanism (prices, of course, are not the result of power relations according to the liberal economic theories) fairly and rationally distribute all benefits and duties among classes. Thus, there is supposed to be no unfair distribution problem because there do not exist power relations in the economy and therefore there is no need for state politics. However, from the stance of critical political economy the case is quite the reverse: The economic realm is a political realm and overdetermined by political power relations. As Wood and Polanyi show, there is no such thing as the separation of the political and the economic in practice but there is a transformation of the relation of the political and the economic as specific to capitalism. Accordingly, all economic phenomena are of political character in a different way. In capitalist economic system the character of political relations and means has changed but contrary to laissez-faire ideology power relations and domination have not disappeared. Extra-economic forces gave floor to the economic means – *e.g.* wage, contracts, interest, inflation, credit mechanisms – in the process of exploitation and constitution of property relations but these economic means are perceived as pure economic categories that assume away any political power relation. However, for Polanyi and Wood, as already noted, instead of such a seeming separation as argued by laissez-faire ideology, there is an increasingly politicized society and as long as it is politicized, a more and more legalized and disciplined society that secures established property relations is what is at

issue. In capitalism, it is because sovereignty is based upon the ascendancy over the commodities (needles to say, including “fictitious commodities”) that *police* is the market itself, as it were. Here, politics in our eyes is not only state administrative practices (or *policy*), but it also defines social conflicts or “radical disagreement”, in Rancière’s terms, that emerges out of seemingly “pure” economic relations and makes impossible the social harmony as defended by the laissez-faire ideology. The critical political economy is, in the main, dealing with demystifying such ‘pure’ economic relations and disclosing their political content, showing how economic and, no less, fiscal relations are political relations that give rise to an enduring uncompromising and conflicting sociality.

If, as Polanyi and Wood both assert, the separation of the political and the economic cannot be taken as an absolute reality, we should proceed on this separation by interpreting it as specific to capitalism to display the general character of public finance in capitalist society. If we accept this formal separation as a transformation specific to capitalism, then we should trace the internal and essential relation of the political and the economic at two levels. The first is that without falling into a superficial demarcation between the state and society based upon a rigid model of superstructure-infrastructure we have to characterize the capitalist mode of relation between the state and society without accepting them external to each other. Second, the political should be seen in the economic and vice versa. Therefore, it is upon this account we can explain the implication of our general definition of public finance – *public*

finance is the concrete political relation between the state and society and a moment at which this relation manifests itself blatantly. Earlier we have expressed what we understand by politics and as such public finance for us is the “visible hand” of the state that distributes the opportunities and duties among classes. And this does not have to be done fairly from the stance of vested interests. As also noted, because of this fact, O’Connor (1973: 10n) prefers to use the concept of “state finance” instead of “public finance”, because in mainstream fiscal science “public” refers to a harmonic society. Of course, the explanation of this distribution process should be at the heart of any analysis of public finance. At this stage we will focus on the other part of our definition of public finance, that is, its concrete character.

We argue that public finance throughout the social history of humankind has always been at the center of social and state formation. The meaning of public finance as the concrete relation between the state and society is that we feel the hand of the state in our social life directly and, therefore, any defect and change in fiscal system may trigger off colossal and radical transformations. Schumpeter, who characterizes the modern state as tax state, thinks of public finance as one of the most important motives driving history and, as such, “one of the best starting points for an investigation of society” (Schumpeter, 1991: 101).

[F]iscal measures have created and destroyed industries, industrial forms, and industrial regions even where this was not their intent, and have in this manner contributed directly to the construction (and distortion) of the edifice of the modern economy and through it of the modern spirit. But even greater than the *causal* is the *symptomatic* significance of fiscal history. The spirit of a people, its cultural level, its social structure, the

deeds its policy may prepare—all this and more is written in its fiscal history, stripped of all phrases. He who knows how to listen to its message here discerns the thunder of world history more clearly than anywhere else (Schumpeter, 1991: 101).

Likewise, Goldscheid sees tax struggles as the oldest form of class struggle and argues that:

The pattern of public finance has at all times had a decisive influence on national and social evolution . . . and fiscal matters were an important contributory cause even in the mightiest spiritual movements of mankind. It is a fact, for instance, that the great religious revolutions can be proved to have been strongly rooted in intolerable tax pressure (Goldscheid, 1958: 202).

In reality, in the peasant war in Germany, which was a religious war at the same time, tax struggles of peasants were at the very core of the struggle. Frederick Engels (1956) considers peasants' demand of tax equity from the princes as one of the most important of part of the peasant war in the German Empire. Schumpeter and Goldscheid are not the exceptions to this at all. Previously we also showed through Tilly's analysis how public finance had a vital place in the formation of European states.

As already said, what we mean by the centrality and concrete character of public finance is its political character that triggers off the great social transformations. In this sense, Braudel (2002b: 537-542) argues that the French Revolution was the result of the wrecked state finance due to the tax-farming, and soon after the revolution the first thing to be done was the execution of the 34 members of tax farming system. Incidentally, today we see the centrality of fiscal system in the Turkish politics. Whenever the Turkish economy goes

through a financial crisis, the IMF proposes policies that secure the interest of international financial capital in such a way to make changes in Turkish fiscal system. The autonomization of central government bodies and especially fiscal administrative units like Revenue Administration is always targeted in the IMF's Structural Adjustment Policies. This is so because in regard to the scope of the targeted social change fiscal system is of crucial importance.

Marx in his Introduction to the *Grundrisse* presents the proper method of political economy based upon different levels of abstraction to explain the motion of capitalist system. Marx says that the economists of the 17th century began with their analysis of a country with its population, yet population remained to be an abstract and general category in their analysis. In the end, “they always conclude[d] by discovering through analysis a small number of determinant, abstract, general relations such as division of labour, money, value, etc.” (Marx, 1993: 100). On the other side, Marx says that the classes of population and economic categories that define the classes, that is, wage labour, capital, rent etc. should be considered as the concrete determinants of the given population. And, if it is to be started with the population, Marx shows the method as follows:

Thus, if I were to begin with the population, this would be a chaotic conception [*Vorstellung*] of the whole, and I would then, by means of further determination, move analytically towards ever more simple concepts [*Begriff*], from the imagined concrete towards ever thinner abstractions until I had arrived at the simplest determinations. From there the journey would have to be retraced until I had finally arrived at the population again, but this time not as the chaotic conception of a whole, but as a rich totality of many determinations and relations (Marx, 1993: 100).

The key concept in Marx's method is "thinner abstractions" which defines "the method of rising from the abstract to the concrete" (Marx, 1993: 101) and allows recognizing the internal relations of the given phenomenon. Bob Jessop defines the approach here as follows: In Marx's method there is a double movement. First, through 'thinner abstractions' he finds the most concrete (-in-thought) form of the capitalist system, that is, commodity. Commodity, for Marx, is the simplest determination of whole system, that is, "the concentration of many determinations, hence unity of diverse" (Marx, 1993: 101). Secondly, from the commodity the analysis starts again and through "thinner abstractions" "society" (or population) is not the "Society" in general in the end. With the increasing concretization of the commodity, Marx reached "rich totality of many determinations and relations" (1993: 100). Marx names these determinations and relations as follows: capital, landed property, wage labour, the state, foreign trade, the world market and crises. In general, these determinations are said to be the intention of Marx which he declared in his various writings to take up respectively. Based upon this, Marx in *Grundrisse* enumerates five categories or stages of a political economy in order to understand a fully capitalist society.

The order obviously has to be (1) the general, abstract determinants which obtain in more or less all forms of society, but in the above-explained sense. (2) The categories which make up the inner structure of bourgeois society and on which the fundamental classes rest. Capital, wage labour, landed property. Their interrelation. Town and country. The three great social classes. Exchange between them. Circulation. Credit system (private). (3) Concentration of bourgeois society in the form of the state. Viewed in relation to itself. The 'unproductive' classes. Taxes. State debt. Public credit. The population. The colonies. Emigration. (4) The international relation of production. International division of labour. International exchange. Export and import. Rate of exchange. (5) The

world market and crises (Marx, 1993: 108).

As noted, this well-known passage is generally regarded as Marx's statement about the topics to take up throughout his lifespan in his political economy. However, the categories in the above passage can also be interpreted as showing the stages or "thinner abstractions" towards the totality in practice that allows understanding capitalist society around its internal social relations and its place of and relation to world economy. Accordingly, the first stage starts "with the general, abstract determinants which obtain in more or less all forms of society" and Marx places the analysis of commodity in capitalist mode of production here. Therefore, if we regard the passage above as a methodological approach rather than merely Marx's declaration of his future plan for books, and if we see these stages as the increasing concretization of capitalist relations, then we also see that public finance in the third level of the process of thinner abstraction which defines the, in Marx's words, "concentration of bourgeois society in the form of the state". We interpret this as that public finance is the most concrete level of the bourgeois society and the state. In this sense, according to Marx's schema above, public finance proves to be the most concrete level within the scope of domestic economy, before he proceeds to international level. Therefore, our definition - *public finance is the concrete political relation between the state and society and a moment at which this relation manifests itself blatantly* – is directly drawn from Marx's method of political economy and his analysis of capitalist system.

2.4 Public Finance as *Technique*

Up to this final section of the present chapter, we have dealt with making an ontological explanation of public finance as social practice from a historical point of view. Accordingly, by drawing an extension from Marx's method of political economy, we characterize public finance as the most concrete juncture at which the political relation of the state and society crystallizes. We think that from historical materialist point of view, this ontological definition of public finance applies to throughout the time period we have dealt with in relation to the formation of modern fiscal system. As noted, money economy had a direct influence on the institutionalization of early modern public finance which dated from approximately 12th century. As money economy developed in due course, the treasury of nascent absolutist states and territorial rules underwent a colossal change. The early types of the modern state, be it large-scale centralized empires or those autonomous territorial rules like the Germanic principalities, somehow entered into a permanent reciprocal relationship with money economy in varying degrees, which ultimately transformed radically the financial transactions of the central political and administrative authority. With the vanishing of the feudal type of revenues based upon mostly the payments in kind in natural economy, the passage from the "domain state" to "tax state" (Petersen, 1975; Schumpeter, 1991) accelerated under the increasing dominance of money economy and money-capital in particular so as to change human integration totally. As already noted, tax state specifies both the capitalistic and monopolistic

character of the state in the fiscal, political, juridical and military affairs. To be sure, we are very aware of the qualitative and quantitative changes in the nature of the fiscal organization and functions of the state in the age of capitalist mode of production. Yet, it is a fact that capitalistic practices in the form of money-capital and merchant's capital as well as simple commodity production emerged between the 13th-16th centuries (Mandel, 1976: 14). That is, the dependency of the state upon money economy started with the collection of taxes in money terms and reached its highest stage with the maturation of rationalization of the state under the sway the capitalist mode of production.

In our estimation, with the development of money economy in which capital found its first form, that is, money, the state administration became increasingly dependent upon the money economy and as such the genesis of modern fiscal system and fiscal governmental techniques cannot be fully understood without taking this historical fact into consideration – to wit, the reciprocity of the state and money economy. Incidentally, no doubt, throughout the time span we dealt with regarding fiscal system, the relationship of the state and economy changed in general and differed from one country to another. Taking off from Tilly's arguments, we tried to show that different combinations of the logic of state (*cohesion / police*) and the logic of capital (*city*) gave rise to different fiscal systems and principles that shaped the fiscal reasoning of the state. However, what was the common thing between different types of state formation and fiscal systems in Europe before 19th century was the encounter of these states with money economy. Yet, they gave different reflexes to this

confrontation, depending upon their material condition such as the scope of the commercial potentialities. In line with this, it is because at this stage we aim to display the formation of the fiscal practices of the state where the logic of capital overweighs the logic of state (police). In those regions such as Italian city-states, Dutch Republic, England, we observe the increasing dependency of the state upon money economy and private interests as essential relations of the two. On the other hand, one should not think, e.g., the fiscal, economic and administrative history of Germany is not important to comprehend the contemporary condition of capitalism. Quite the reverse, for us, the coercion-intensive states, among which the Germanic states were the most characteristic, gave rise to the fundamental and most developed form of reason of state and laid the foundations of the present age of bio-politics. Yet, we now aim to show the germinal source of public finance as social and capitalistic administrative practice and we think that it is highly important to see the formation of modern fiscal system at the very moment of its formation around the symbiotic relationship of the capitalistic private economy and state economy. Therefore, it would be an unrealistic approach if we ignore the reciprocal relation of the administrators of state finance and sovereigns with private money-lenders. Authors we quoyed above, namely, Tilly, Elias and Pirenne, all draw attention to this historical fact. For instance, Tilly argues that especially in the capital-intensive states the fiscal affairs of the early modern state was carried out within the capitalistic practices.

European states generally moved toward a system of collecting taxes in money, paying for coercive means with the money thus collected, and

using some of the coercive means to further the collection of taxes. Such a system only worked well under very demanding conditions: a relatively monetized economy, and the ready availability of credit . . . The availability of credit depends on a state's previous repayment of its debts, to be sure, but it depends even more on the presence of capitalists. Capitalists serve states, when they are willing to do so, as lenders, as mobilizers of loans, and as managers or even collectors of revenues to repay the loans. European capitalists sometimes combined all these activities in the much-hated figure of the tax-farmer, who advanced money to the state in anticipation of taxes he himself collected with the authority and military force of the state, and charged a handsome cut of taxes as his payment for credit, risk, and effort. But even more often capitalists served as major organizers and holders of public debt. Their activity also promoted monetization of a state's economy (Tilly, 1995: 84-85).

Pirenne, too, earlier emphasized the growing fiscal and political influences of bankers upon the state finance in Europe. Especially the Italian bankers after the 13th century had a colossal economic and political power over the European states.

In fact, they [Italian bankers] managed the finances of the whole Europe. Kings called them into their councils, entrusted them with their mints, charged them with the supervision and collection of their taxes. They farmed the excises in many towns, and everywhere princes authorised them to keep loan establishments (*tables de prêts*) (Pirenne, 1937: 130).

Elias, who conceives social phenomena within the web of human integration and man's *habitus* in the broadest sense, regarded the private economy as having a vital role in the constitution of central monopoly political authorities after the collapse of feudalism.

The development of money and exchange, together with the social formations carrying them, stands in a permanent *reciprocal relationship* to the form and development of monopoly power within a particular area. These two series of developments, constantly intertwining, drive each other upwards. The *form* and development of power monopolies are influenced on all sides by the differentiation of society, the advance of money use and the formation of classes earning and possessing money (Elias, 1994: 391, emphasis added).

The historical reciprocal relationship of “money economy” (*Geldwirtschaft*) and state economy discloses its significance in a most *concrete* way once we reevaluate and interpret public finance as *technique*. Seeing that modern public finance grew out of *capitalistic* practices to a large extent in Europe, it is quite normal to think that the formation of fiscal principles and practices did not happen of their own accord. Instead, they have reached down to our times, having emerged out of specific social relations. *We see technique as the bearer of this reciprocal relationship*. By reconsidering public finance as technique we would like to introduce that this permanent reciprocal relationship manifests itself as an ensemble of administrative techniques at the same time. And, this quite fits the historical drift of public finance as we identified. The birth of public finance as the modern administrative affair dated from the age of “governmentality”, political arithmetic or the reason of state. All these terms signify the rationalization of the state on basis of increasingly efflorescent technical apparatuses especially after 16th century. We now want to complete our ontological review of public finance as ‘technique’.

With these in mind, we want to call attention to the encounter of capitalistic practices and the state economy in the very moment of the formation of early modern public finance. We want show this encounter and its consequences by regarding public finance as technique. In so doing, we will take into consideration three abovementioned dispositions of technique. Incidentally, for us, *conceptually* (modern) technology represents the highest

level of autonomy or ‘arbitrariness’ of technique so as to suppress human will and integration. As said, here we aim to characterize the encounter, which signifies the formation of technique, in terms of the formation of fiscal techniques and our *idée fixe* is that the ‘encounter’ of state economy with private economy (or capitalistic practices) is of crucial importance in the rise of modern fiscal techniques. That is, we argue that fiscal strategies and techniques did not happen of their own accord any more than fiscal bureaucrats sat the table and found out technical fiscal principles by themselves. Instead, an encounter, the very nature of technique, and a ‘reciprocal relation’ was at issue here. In the age of ‘governmentality’, we see the increasing technization of the administrative apparatuses of the state in governing all *things*. Policing the society through rationalized and technized administrative apparatuses in accordance with the objects of the state has been the fundamental nature of the structure of domination since then. However, for us, ‘governmentality’ does not only signify the technization of the state apparatuses but also its increasing and intensifying ‘encounter’ with commercial and money economy, even if Foucault *does not want to* emphasize this ‘encounter’ fact. Therefore, in our scheme, ‘governmentality’ both represents the beginning of the increasing technization (or arbitrariness) of the administrative apparatuses and the ‘encounter’ of the state economy with money economy. In line with this, in our eye, ‘governmentalization’ of the state signifies also the encounter and integration of the state with capitalistic practices. We want to make it explicit via the development of financial techniques of the modern state.

Jacques Ellul, in his *The Technological Society* (1964), provides us with a working theory of the 'encounter' as conceptualized here. Overall, Ellul defines modern technique (technology) as organization composed of such planned and effective practices aiming towards finding appropriate means to ends based upon numeric calculations and creating an order so as to standardize, impersonalize and rationalize human life with an eye to obtaining maximum return. Ellul, too, puts great emphasis on the autonomous nature of modern technique: "Technique has become autonomous; it has fashioned an omnivorous world which obeys its own laws and which has renounced all tradition" (1964: 14). Ellul characterizes the main difference of modern technique from the old-fashioned *tekhne* as follows: "Completely natural and spontaneous effort is replaced by a complex of acts designed to improve, say, the yield" (1964: 20). In addition, the big difference of modern technique from *tekhne* is the meeting of technique with science, which has resulted in the rise of *applicable* scientific theories (1964: 53). That is, technization or mechanization, as it were, of science overall has been the main characteristics of the 'technological society' since 19th century. Therefore, for Ellul, we face with an ensemble of actions searching for greater efficiency and aiming to a rationalized order in both theory and practice. What makes important Ellul's approach to technique for our ontological review of public finance lies in his dealing with public finance as technique (organization) and showing the formation of fiscal system and practices in a complete reciprocity and encounter with private economy. Accordingly, Ellul makes much of the historical reciprocal relation of the state economy and private economy that

creates modern fiscal system.

The state, however, did not play an exclusive role in matters relating to financial techniques. There were financiers who were financiers also merchants and who used for their own ends a merchandising technique they helped to develop. But although the role of the state was not exclusive, it was decisive: it was in connection with the state that these techniques reached their apex (Ellul, 1964: 230).

According to Ellul's reflections on, in his words, "The State's Encounters with Technique", the state 'encountered' with technique around its five traditional or ancient governing functions thereby giving rise to five technical governing apparatuses. These are "military technique", "financial technique", "judicial technique", "administrative technique" and "political technique" (1964: 229-233). Ellul states that these were the "ancient techniques" of the state and as the 18th century drew to a close, the state "encountered" with "new techniques". And, finally the state has come to be the technique itself. This was due to several reasons (1964: 234-239), and Ellul here puts great emphasis upon the "private" nature of modern technique (technology) vis-à-vis its public nature: "The techniques first developed by individuals and later on encountered by the state . . . are better perfected and better adapted than techniques of the state" (1964: 239). Ellul argues that this is all the more true when it comes to the relation of the state and economy.

When, for example, the state takes charge of education, it *encounters* two technical elements originally developed by private persons: a complete educational organization and a pedagogy. The state, in taking over any activity, *encounters* the techniques of that activity and sees its technical potential augmented thereby. The augmentation of potential reciprocally brings the state into closer relation with technique. Nowhere is this relation clearer than in the economic field. When the state establishes itself as producer and consumer, it enters the older domain of exploitation by individuals. It is *confronted* with a complete technical system the

broad outlines of which have already been drawn and focused. But basically the state enters this domain because productive and economic techniques . . . render such action indispensable. Thus, we have two-way street: technical development inevitably brings about state intervention in the economic world; and, reciprocally, when the state intervenes it finds a technical apparatus which it develops further” (Ellul, 1964: 238, emphasis added).

We should note that being far away from vulgar technological reductionism, Ellul does not take up a strict-technological oriented analysis of the modern state. Instead, he is quite aware of the capitalist nature of the modern state and fiscal system and the fact that the heart of technical progress in the modern age beats within the realm of capitalist mode of production and against the social welfare. Ellul adds that “the mechanization of state administration is a result of experiments made by private banking houses since 1914 and by German industry since 1926 . . . The state, by taking possession of all technical spheres and instrumentalities, becomes of necessity a capitalist state, substituting itself for private capitalists” (1964: 240, 247). Therefore, Ellul sees the formation of ‘governmentality’ in process of the absolute encounter of the state with private economy. What is more, he evaluates public finance in the same manner. Ellul thinks of the formation of fiscal practices of the state as having close relation to profit-making business: “The financial regime of a modern state is highly reminiscent of commercial affairs” (1964: 266). Finally, Ellul interprets the change of traditional nature of public finance in terms of its relation with private techniques.

The guiding principle of finance today is that security is sacrificed to speed. Finance no longer represents, as it did in the nineteenth century, the rule, the criterion, and the check. It has become the instrument of an efficient general policy. It must never act as an obstacle to a decision

which is *technically* valid. Its traditional role as a check and constraint has been rendered questionable through the adoption of new techniques in imitation of private enterprise . . . The state is usually unable for doctrinal reasons to revolutionize the techniques of public finance. But when technical progress makes this revolution mandatory, the state is obliged to capitulate (Ellul, 1964: 250, 251).

All in all, as the 18th century commenced the technization of the state and the arithmetical ordering of society overall accelerated thereby. The fiscal ends and apparatuses of the state had a direct and crucial role in this process of ordering. James C. Scott, in his *Seeing Like a State* (1998), explains well the course of events and devastating consequences of the technical progress in the state administration for society. As we finish our ontological review of public finance, we want to bring forth three points in Scott's analysis. First, Scott (1998) argues that social phenomena in the eye of modern technical state have been turned into "simplified", "legible", "calculable", "schematized", "manipulated", "abstracted" and "measurable" facts. Scott, like Ellul, has a high opinion of the reciprocity and affinity between commercial affairs or capitalism and the state administration based upon the schematic representation of complex social phenomena. He argues that "large scale capitalism is just as much an agency of homogenization, uniformity, grids, and heroic simplification as the state is, with difference being that, for capitalist, simplification must pay" (Scott, 1998: 8). Second, Scott coins terms like "scientific forestry" and "fiscal forestry". He elucidates that in the 18th century the European states was in search of obtaining greater efficiency for their fiscal ends from their forests and as such they developed new techniques in forestry and thereby turning forests into a mere economic category. The states started to

arrange the forests so as to take maximum yield. Here, Scott also uses the term “scientific forestry” as “a metaphor for the forms of knowledge and manipulation characteristic of powerful institutions with sharply defined interests, of which state bureaucracies and large commercial firms are perhaps the outstanding examples” (1998: 11). And this “scientific forestry” was strictly in relation with fiscal aims of the state which Scott identifies with metaphor of “fiscal forestry”. At this point, Scott highlights the significance of cameralism, which we take up in Chapter 3. He says: “Scientific forestry was originally developed from 1765 to 1800, largely in Prussia and Saxony . . . In fact, the new forestry science was a subdiscipline of what was called cameral science, an effort to reduce the fiscal management of a kingdom to scientific principles that would allow systematic planning” (1998: 14). Scott puts forward that this new forestry science did not only related with arranging trees in accordance with the fiscal ends of the state, but also it creates the foundation of technical revelation of whole society in the state’s mentality. That is, the state draws an extension of fiscal and scientific forestry towards social administration.

Increasing order in the forest made it possible for forest workers to use written training protocols that could be widely applied . . . The great simplification of the great forest into a “one-commodity machine” was precisely the step that allowed German forestry science to become a rigorous technical and commercial discipline that could be codified and taught . . . [W]ith urban planning, revolutionary, collectivization, and rural resettlement, a whole world lying “outside the brackets” returned to haunt this technical vision (Scott, 1998: 18, 19-20).

At this stage, Scott once again emphasizes the congruence of commercial and state logic:

The logic of the state-managed forest science was virtually identical with the logic of commercial exploitation . . . Commercial logic and bureaucratic logic were, in this instance, synonymous; it was a system that promised to maximize the return of a single commodity over the long haul and at the same time lent itself to a centralized scheme of management (Scott, 1998: 15, 18).

Finally, Scott well illustrates how the state not only created a technical vision which is concurrent with commercial logic but also transformed social structure so as to be observable, schematized and measurable easily. In other words, this is an invention and a new way of intervention to recreate reality itself. For Scott's analysis, all these centralized, standardized, abstracted and arithmetical form of knowledge that replaced the local and cultural practices to arrange and police society overall is the very fact to be put resistance against in theory and practice. For this, Scott puts forward the old Greek term *mētis* which "denotes the knowledge that can come only from practical experience" as "against the *imperialism* of high-modernist, planned social order" in his entire book (1998: 6). This is quite fit to our "transcritical dual perspective" that we defined at the beginning of our ontological interpretation of public finance, which denote the knowledge that includes the complex and conflict nature of public or social aspect of public finance. In order to complete this aim and to provide a firm ground we now proceed to the methodological dimension of the modern science of public finance.

CHAPTER 3

CAMERALISM:

PUBLIC FINANCE AS THE ART OF GOVERNMENT

In general, one of the two reference points concerning the early modern administrative thought traces back to such kingdoms as England, France, Holland and Spain each of which had a central and large administrative system of varying degrees of strength. The Italian city-states and the German Empire (*I. Reich*) were other departure points for a research on the history of modern administrative thought. All these large-scale and territorial states developed not only specific governmental systems but also administrative, fiscal and economic thoughts and discourses different in character and style. After the collapse of feudalism, ‘political oeconomy’ emerged as the new ‘science’ of social study in, particularly, Britain and France while in the German Empire and Italy ‘cameralistics’ (*Kameralwissenschaft*) and ‘the reason of state’ (*ragion di stato / raison d’État / Staaträson*) doctrine were meeting up the knowledge of political, social, fiscal and economic phenomena within a wide-scope administrative thought. For this reason, it is no surprise that an extensive administrative thought and literature on governing developed in small-scale princedoms and city-states where government was intensified instead of large-

scale European overseas empires. For instance, for Foucault, it is worth delving into the question of why the authors of ‘the art of government’ who first put down the principles of modern governmental techniques were from Germany and Italy (Foucault, 1981: 246). However, the German territorial states went further in producing knowledge of the art of government as compared to the Italian city-states. As such, an inquiry into the European roots of administrative thought at first hand leads us to the German science of government which had two main components, *i.e.*, ‘cameral science’ (*Kameralwissenschaft*) and ‘police science’ (*Polizeiwissenschaft*). As a matter of fact, Magdalene Humpert’s bibliographic statistics reveal that between the 16th and the 19th centuries 3.218 texts with the titles of police appeared and more than 14.000 cameralist texts were published in the German Empire (quoted in Backhaus and Wagner, 1987: 3; Neocleous, 2000: 12 ; Pasquino, 1978: 48; Sommer, 1940: 451; Wakefield, 1999: 25).

In Schumpeter’s notes on the history of public finance we come across something quite important as an answer to the question raised later by Foucault as to the origin of the art of government which goes back to Germany and Italy. Schumpeter writes as follows: “Public finance in our sense, and especially modern taxation, first developed in the course of the fifteenth century in the Italian city-republics, Florence in particular, and in the German free towns (*Reichstädte*)” (Schumpeter, 1997: 200). As much as anything, in consequence of the replacement of the feudal revenues of the state by taxes collected as ready money, there emerged arduous and unprecedented fiscal problems and

relations between subjects and sovereigns, which gave birth to a modern prototype of administrative system and theoretical insights into public finance and government across the western countries. We claim that in order to display the initial course of modern administrative thought and governmental techniques we should take into account the history of public finance. In other words, it is very important and helpful for a full understanding of the history of the state administration to consider the history of public finance. After all, a closer inspection suggests that it is because public finance has always been a conjuncture where the relationship between the state and society materializes that the history of public finance proves to be one of the most appropriate departure points for any inquiry into social history. For him, as noted earlier, one of the best starting points for a foray into the history of a society is its history of public finance. He adds: “The spirit of a people, its cultural level, its social structure, the deeds its policy may prepare — all this and more is written in its fiscal history, stripped of all phrases. He who knows how to listen to its message here discerns the thunder of world history more clearly than anywhere else” (Schumpeter, 1991: 101). This being so, in order to feel and make the ‘thunder’ explicit in the thesis, we will reserve a considerable space to cameralism which is the true fountainhead of modern fiscal science. In the light of this, we think that to provide a sufficient explanation to cameralism to shed light on its ‘lost history’, as Small (2001: 4) once noted, is the binding duty of public finance scholars. Towards that aim, first we will bear away for the widespread incorrect, ambiguous and conflicting characterizations of cameralism with an eye to coming up with clarifications of the complicated

nature of cameralism.

3.1 Complicated Nature of Cameralism: Some Suggestions

We come upon a plenty of incorrect, deficient or conflicting characterizations about cameralism in the relevant literature. On the one hand, we sometimes are faced with cameralism as part of German literature, and academic discipline as well as literary tradition and discourse on the art of government (Magnusson, 1994: 175, 187-191; Tribe, 1988). Alternatively, other authors emphasized the practical administrative aspect of cameralism beside its intellectual side (Lindenfeld, 1997: 14; Schumpeter, 1997: 159-160; Small, 2001: 19-22, 496-497). In addition, it is very common to bring disciplinary definitions to cameralism such as the mediaeval German politics and economics in order to make it understandable from the modern disciplinized social scientific point of view. What is worse, more often than not, we come across confusing and wrong characterizations about cameralism, such as the assertion that it is the German form of mercantilism (*e.g.*, Rosen, 1953: 23, 24; Sommer, 1954: 159) or even a form of physiocracy (Mardin, 2007: 82-83). However, over the past three decades the growing interest in cameralism has rekindled a great vividness in the literature that it is all the more possible now to surmount all these complications to a large extent. Accordingly, here we propose a definition for cameralism that we hope takes into consideration both theoretical and practical aspects of cameralism: The term cameralism denotes both a baroque period literature consisting of various

texts covering practical knowledge about the state administration, and all the administrative deeds of the bureaucratic mechanism specific to the Germanic regional rules and self-governing jurisdictional domains. Put this way, in addition to its practical and bureaucratic essence, cameralism specifies both a literature on the art of government and a ‘science of governing’ (*Staatswissenschaft*) that was institutionalized under the name of ‘cameral sciences’ (*Kameralwissenschaften*) at the universities in the 18th century in order to provide bureaucracy with well-trained officials. Andrew Wakefield (1999: 20-21, 26-37; 2005) particularly emphasized these two sides of cameralism. Accordingly, there emerged, on the one hand, ‘academic cameralism’ which designated a literature on the art of government and assumed a pedagogical duty to train state officials, and, on the other side, ‘bureaucratic cameralism’ which makes reference to administrative processes and bureaucratic affairs formed by the principles set forth by the cameralist authors. Albion Small in his well-known book, *The Cameralists: The Pioneers of German Social Polity* (2001 [1909]), filled a huge gap about cameralism which is still, in his words, “to readers of English . . . virtually a lost chapter in the history of the social sciences” (Small, 2001: 4). He clarified the point as:

The cameralists of the books, as distinguished from the cameralists of the bureaus, although the former class was usually recruited from the latter, were the men who worked out for publication, and especially for pedagogical purposes, the system of procedure in accordance with which German governments were supposed to perform their tasks. As a rule these men were employed in administrative position of some sort, and spoke to a certain extent from experience. They were not mere academic theorists (Small, 2001: 21-22).

Incidentally, in the ensuing lines Small states that the main

characteristics of academic cameralists resided in their engagement with fiscal affairs and thought. In this sense, in Small's view, more so than the incipient fiscal theories of the other European countries, early German princedoms propagated state-of-the-art public finance.

We may characterize these cameralists of the books as the group of writers distinguished from their contemporaries and from earlier and later theorists by constructing a "science" around the central consideration of the fiscal needs of the princes. We might coin the name "fiscalists", and it would be more appropriate to their actual character than either of the terms by which they have been known (Small, 2001: 22, emphasis in the original).

Therefore, Small does not see cameralism as a mere academic affair. More to the point he, by defining cameralism as "a theory and a technique of government" (Small, 2001: 19), highlights its practical administrative aspect.

In addition, it is because cameralism as an academic discipline encompassed various disciplines ranging from natural and applied sciences to human sciences that one may face up to a further difficulty in defining cameralism. In this respect, one of the foremost and widespread incorrectnesses about cameralism is its simplification from the narrow-scoped point of view of modern social science disciplines. If anything, a disciplinized standpoint is not fit to peer well into cameralism. This being the case, due to the increasing economic, fiscal and administrative problems of the regional domains, the scientific scope of cameralism became increasingly widened over time. David Lindenfeld sheds light on the definitional difficulty of cameralism concerned as follows: For Lindenfeld, in due course, cameralism gained both a narrow and a broad sense. Accordingly, while the narrow sense of cameralism was directly

related with public finance, its broad sense covering various scientific knowledge meant public administration in general. According to the narrow sense of cameralism which Lindenfeld denotes in the singular as *Kameralwissenschaft* (cameral science) (Lindenfeld, 1997: 14), we can think of cameralists as the *Kammer* officers and writers whose sole aim was to increase the prince's revenue. In fact, the German word *Kammer* was a derivative of *camera* in Latin and Greek (*Καμάρα*) which was formerly used for the prince's treasure chamber where the *Kammer* officials talked over and adjudicated financial issues. However, in consequence of the rising of financial needs, most notably due to launching out into expenses for war expenditures, the administrative practices of the *Kammer* officials expanded beyond their fiscal affairs in order to figure out thorny fiscal problems. At this stage, the term *Kammer* commenced to denote entire bureaucratic structure and administrative process (Dean, 1999: 93; Neocleous 2000: 12; Small, 1967: 112; Tribe, 1988: 6n; Wakefield, 1999: 2n). Because of the expanding scope of administration and mounting financial difficulties, e.g., the insufficient tax-base especially after the Thirty Years' War (1618-148), cameralists, beside the economic and fiscal principles of government, also produced comprehensive knowledge about natural and applied sciences to make use of domain resources efficiently other than taxes. As such, the erstwhile public finance-oriented cameralism evolved into a more complex science of administration. In the wake of this ongoing complexity, cameralists who proceeded on a single practical aim, that is, to avail the state of ready money as much as possible, systematically produced supplementary knowledge about natural and applied sciences next to

the 'sciences of state' (*Staatswissenschaften*). Lindenfeld denoted this complex intellectual structure of cameralism which includes various academic disciplines in plural as *Kameralwissenschaften* (cameral sciences) (Lindenfeld, 1997: 15). The fundamental components of cameral sciences were 'cameral science' (*Kameralwissenschaft*) in the narrow sense, 'police science' (*Polizeiwissenschaft*) which meant public administration in today's sense, of which more will be said later, and 'oecconomy' that denotes the economy of household and agricultural economic deeds (Lindenfeld, 1997: 15-16; Wakefield, 1999. 1-2, 5n). When the Prussian King Frederick William I (1688-1740) established the chairs of cameral sciences in universities in order to have cameralists get civil servants trained for public administration not only on the basis of fiscal and juridical sciences but also other academic disciplines, fiscal-oriented cameral science in the narrow sense remained to be a course about public finance issues. However, within the broad sense of cameralism, the fiscal point of reference to the state never faded out and fiscal issues always haunted the research agenda of cameralistics. For this very reason, in today's sense, cameralism is much closer to public finance than economics that deals exclusively with the market transactions.

All in all, the main reason of the steady consideration of fiscal system by the early modern theories of government other than cameralistics, e.g., Ibn-i Khaldun, Bodin, Hobbes and Montesquieu, was the changing structure of state economy after the 14th century. With the decadence of feudalism the states in the West evolved from a type of 'domain state' which obtained its revenue

from the sovereign's property into 'tax-state' the proceeds of which were collected as ready money. What is of greater relevance here is that the modern pro-type of the bureaucratic state and tax-state is traceable back to the German cameralist territorial states. The concomitant emergence of tax-state and the cameralist art of government prove to be the two sides of the same coin. Below, we will first clarify the historical conditions of the empire that generated cameralism as the German bureaucratic and intellectual tradition *sui generis*.

3.2 Cameralism as the Policy of 'Good Order' in the German Empire

With the 843 Verdun Treaty the Frank Empire was divided into three sovereignties. In the eastern counterpart, *i.e.*, the German Empire, particularism never ceased to exist, in fact far down into the 19th century. Furthermore, The Great Interregnum (1250-1273) that commenced with the death of the Emperor Frederick II deepened the particularistic constitution all the more and caused regional jurisdictional and political domains to fortify their own autonomous power. The social formation of these local autonomous administrative and political units was a system of estate (*Stand*). Put this way, these regional self-governing domains were a model of *Ständestaat* which mainly consisted of three estates (*Stände*) – the nobility (landed aristocrats, that is, *Junkers*, prelates, clergymen), the merchant town-dwellers (*Bürgherschaft*) and the peasantry that had the greatest number among all. The *Ständestaat* which was not entirely similar to the feudal institutional structure based upon the traditional lord-vassal relationships proved to be the earliest form of modern

bureaucratic state before the age of absolutist state (Poggi, 1978: 36-59; Schumpeter, 1991: 102). As time went by, the estate elites of the provincial and local administrative domains came to be the private councils of princes. In this sense, we may say that they were the earliest type of cameralists.

We can enumerate the historical material conditions that gave rise to the modern prototype of administrative system and an extensive literature on administration in general and public finance in particular in the German-speaking lands as follows:

Particularism and the Estate Structure: The chief reason of the particularistic institutional constitution of the *Reich* was its long-standing underdevelopment in the realms of industry, commerce and agriculture. The case in point which impaired the centralization on the basis of a national economy culminated in the representation of the social interests by the estates. In this sense, there supervened a different political and administrative structure from Britain and France where the parliament through which the sovereign got hold of the support of the nobility in taxation always sought for supremacy over the king. In Germany, the estates having a function of fiscal and administrative expedient were supported by the princes from the word go in view of obtaining sufficient revenues for military spending vis-à-vis the increasing geopolitical conflicts and domestic upheavals. This being so, in the Germanic regional states it is because the princes always had a desideratum of levying all the more unconditionally that taxation remained to be the most important subject of governmental techniques. The estates, on the one hand,

pursued their own interests, and they, on the other hand, assumed a sort of institutional function as an assembly that helped princes shape their decisions on juridical, administrative and fiscal issues. The main function of the estate system in the eye of princes was to ride out fiscal problems; yet due to the backwardness of the economy they, contra a burly bourgeois-like vested-interest, were never able to consociate the power of princes. Moreover, at the beginning, the estate elites operated as a private ruling body of princes. Yet, at a certain stage these assemblies divided into several specialized departments due to the increasing fiscal and administrative problems. In turn, university education became a requirement for appointment to these departments and the estates elites turned into chair-owner incumbents. What is more, after the 15th century, they ceased to be function as the private consultants of the prince and came to be the state's civil servants in a sense. In due course, the sovereigns too regarded themselves as the servant of the state in these bureaucratic polities when he scored his brilliant triumphs over the estates in 18th century (Ertman, 1997: 237-245; Poggi, 1978: 42-52; Wilson, 2004: 14-16, 239, 243, 245-246, 248).

Particularism and Efficiency Problem: It is particularly because even the tiny competitions between regional sovereignties resulted in devastating consequences that administrative *Kammer* officials confronted a constant efficiency problem vis-à-vis scarce resources which turned screw on them to surmount fiscal difficulties. While Britain, France, Spain, and Holland were able to overcome their fiscal problems by recourse to the resources of their

colonies, the German territorial states, if facing same sort of efficiency problem, could not pursue an expansionist imperialist policy. Instead, they had to solve their fiscal problems through their scarce resources within their territories. As such, the Germanic states, in spite of their adapting France's 'absolutist' model in varying degrees, put into practice a different model of state administration vis-à-vis such confinement to scarce resources. Because of this material problem they had to manage to survive on their own by exercising expansive regulations throughout internal territory through *Polizei* and cameralistics. Cameralism and its principles of fiscal administration in the modern sense saw the light of the day under this specific circumstance.

Absolutism and Bureaucracy: The third historical condition that was conducive to both the formation of a relatively centralized territorial-administrative system and extensive administrative thought concerning fiscal policies and strategies is related with absolutism and bureaucracy. There has been a heated and long-lived discussion about absolutism. The notion of absolutist state as the root of modern state is rather baffling and ambiguous, because the meaning of the absolutism changes in the context of different institutional and constitutional structures of the states. If we derive criteria for absolutism by taking off from large-scale absolutisms as constituted by France and Britain where a national centralization took its course undermining local administrative units and extended a single political power represented by the *persona* of the king, on this basis we cannot find anything about absolutism in the history of Germany where territorialization structured institutional setting.

Nevertheless, the territorial states of the old German Empire built up a different type of an absolutist state-model. Of much greater significance is that this bureaucratic administrative state model, for Weber, is the root of the modern state. In his 'Politics as a Vocation', Max Weber writes as follows:

The bureaucratic state order is especially important; in its most rational development, it is precisely characteristic of the modern state. Everywhere the development of the modern state is initiated through the action of the prince. He paves the way for the expropriation of the autonomous and 'private' bearers of executive power who stand beside him, of those who in their own right possess the means of administration, warfare, and financial organization, as well as politically usable goods of all sorts (Weber, 1995: 82).

In this process, we may see cameralists as what Weber calls "professional politicians" (Weber, 1995: 83) who picked up a livelihood by serving the prince.

They arose first in the service of a prince. They have been who, unlike the charismatic leader, have not wished to be lords themselves, but who have entered the *service* of political lords. In the struggle of expropriation, they placed themselves at the princes' disposal and by managing the princes' politics they earned, on the one hand, a living and, on the other hand, an ideal content of life (Weber, 1995: 83).

Cameral officials in Germany, for whom public service was the only means of livelihood, may well be said to have been most close to the type of 'professional politician' as Weber proposed, albeit not fitting exactly to his ideal type of bureaucrat.

What is more, as early as the 16th century, the German territorial states had achieved a strict control over the political, administrative, financial and military apparatuses long before England and France. As a matter of fact, in

sharp contradistinction to Britain and France where the practice of the venality of offices had been the pivotal part of the administrative system well into the late 17th century and the French Revolution, the German rulers were diametrically opposed to the venality of state offices from the very beginning. Instead, sovereigns consigned administrative offices to the learned civil servants mostly. In due course, this gave rise to the development of a more or less rational bureaucratic administrative system, and as such, the state was no longer identified with the *persona* of the sovereign. The prince himself too was the head agent of bureaucracy. Put it in the Weberian terms, the notion of charismatic leader and domination was replaced by a relatively rational bureaucracy, which meant that in the administrative process the prince was no longer the *Führer* (leader). Therefore, the ‘reason of sovereign’ gave the floor to the ‘reason of the state’ (*Staatsräson*). Yet, be it noted that if the case was not exactly so in practice, as is seen clearly from imperative bureaucratic practices of Frederick II, cameralist discourse built up the principles for a bureaucratic form of administration, not for a charismatic form of domination as with the case of Louis XIV who was supposed to have said “L’Etat c’est moi”. The Holy Roman Emperor and the ruler of the Habsburg Monarchy Joseph II too locked horns with the old absolutist state model epitomized by Louis XIV’s remark and concurred with Frederick The Great to the effect that sovereignty means bureaucracy and rational knowledge. Joseph II once said: “I go about, I learn, I see, I inform myself, and I make notes. That’s more like being a student than a conqueror” (quoted in Outram 2005: 28). Poggi (1978: 67-77) sees a sharp difference between the Prussia Kingdom which was the zenith of the

German type of fiscal-bureaucratic and militarist state and France by pointing out that whereas in France the ruler and administration were identified with the court, in Prussia the symbol of administration and sovereign power was bureaucracy.

Above and beyond, there emerged a far-reaching intellectualization of governmental problems in these German territorial states. Dorinda Outram makes explicit why the German states had the upper hand in the province of administrative thought compared to France and why the Enlightenment gave rise to a firm science of state under the name of *Kameralwissenschaft* in the 18th century:

France, so often as the heart of the Enlightenment, saw few of its leading intellectuals in office, or acting as close advisors to government. In spite of the growth of 'public opinion', power remained largely in the hands of the aristocracy, and the struggle to enter its ranks was fierce. Among the ruling class, there was little consensus on future directions for the monarchy, just as there was little consensus among intellectuals. Few wished to challenge the existing order outright, but opinion was divided on whether the powers of the monarchy should be decreased . . . or increases . . . All this led to a lack of consistency in support for reforming ideas, and also prevented the adoption of efforts to create and teach a technical science of government on the model pursued in the German states . . . In France 'Enlightenment', in the political sphere, often seemed to become merely grist to the mill of the competing court faction . . . Very different was the situation in the German states, and in the central government of the Habsburg lands. Here, a highly organized body of thought antedating the Enlightenment, called Cameralism, attempted to deal with the science of, and justification for, bureaucracy and monarchy (Outram, 2005: 34-35).

As things turned out, the German territorial states were rather different from large-scale absolutist states in terms of both the administrative system in practice and the intellectualization of governmental process. Moreover, the early modern fiscal thought began to emerge as a part of the literature of the art

of government in cameralism. In truth, cameralists from the very beginning esteemed fiscal affairs a far-reaching privilege. Among all, Veit Ludwig von Seckendorff (1626-1692) was the first cameralist to make much of the fiscal administration independently in the cameralist bureaucratic ethos (Johnson, 1964: 382-384). Later, another cameralist Jakob Friedrich von Bielfeld (1717-1770) took an extreme position; so much so that he was an advocate of a single Department of Finance as the central government point of whole administrative system (Johnson, 1964: 395). As related to our present work, all these fragmentary evidence suggest that cameralists who associated absolutism with bureaucracy and always offered a blueprint for an ideal prince like Machiavelli were the first modern practical and intellectual servants of the state and fiscalists.

Urbanization and Reformation: After the 12th century, a sharp increase in the numbers of towns contrived to a tense and rabid urbanization in the old *Reich* as compared to the other European states. As a result, the rulers had to put into practice some extensive regulations concerning infrastructure, environment cleanup, hygiene, architecture, education *etc.*, which were the essential conditions for an urban life. No less obviously, these regulations had a cost and needed to be financed. More important, as urbanization taking its course, the scope of urban regulations widened and extensive knowledge of cameralism and police (good order). In addition, it is because reformation movement had a substantial influence on especially the northern Germanic principalities that in contradiction to France, Spain and Italy, where the Roman

Church and its local organizations regulated the urban life and political structure, that these Protestant Germanic sovereignties developed a comparatively modern administrative rationality and educational system in the light of their relatively secular perspective. As German sovereigns eliminated the power of the church, they filled the gap with the extensive administrative regulations. Put this way, they scored their most luminous triumphs over the church by developing an efficient-working bureaucratic administration with the help of cameralists. Therefore, the abolition of the religious institutions especially in the Protestant parts of the empire allowed the territorial rulers to expand and intensify the government into the various aspects of the urban life (Neocleous, 2000: 2; Wilson, 2004: 71, 211-212). The rules and characteristics of government were shaped by the ‘regularity ordinances’ (*Polizeiordnungen*), of which more below, and ‘general instructions for bureaucracy’ (*Cammerordnungen*).

At this stage, we should also emphasize the administrative character of the German towns: While the German territorial rules had to be in collaboration with each other and the emperor to prevent external threats, they never ceased to struggle to gain a political ascendancy or for a better position in the imperial diet (*Reichstag*) (Wilson, 2004: 8-11, 34-36, 157). Therefore, one of the reasons of the emergence of a more developed executive skill in Germany lay in the fact that the Germanic territorial rules were always in a complex relation with each other and the emperor.

Creating Order and Poliziewissenschaft: Since the late 15th century the

religious factors triggered by the reform movement always ignited geopolitical conflicts between the territorial states. What is more, the estate structure of regional princedoms and large principalities caused domestic conflicts which hampered the social stability and order. All these brought pressure to bear upon governors to ward off conflicts that threatened order and to ferret out the new ways of creating resources and governmental techniques for particularly financial and military ends. Of all, the peasant revolts that commenced in the northern Germany in 1476 and shortly after expanded across the two-thirds of the empire was the biggest challenge to good order. The peasants who were the majority in numbers in the community made up an estate that was not represented in the estate assemblies of the principalities where the administrative and economic decisions made. Yet, the largest part of financial burden fell upon the shoulders of the peasants. Heavy taxes and political abuses ended up with the peasants' revolts. After the princes with the help of the nobility put down 50-year revolts in 1525 when the intensity and violence climbed to the apex, it was only princes that gained an absolute victory as opposed to the clergy, the nobility and the cities (Engels, 1956: 155-157). What is more to the point here that the first 'regularity ordinances' (*Polizeiordnungen*) to secure order cropped up in these years: "Statutes in the years 1464, 1476, 1482, 1488, 1490, 1492, 1495 constitute, so far as can be determined, the first evidence for the use of the word 'Polizei' on the part of German legislators" (Knemeyer, 1980: 172). Therefore, as the 15th century wore on, in Germany the emperor and the territorial sovereigns coming up against a blatant disorder due to religious movements and the peasant's revolts

commenced to issue these ‘regulatory ordinances’ with which the community at large had to comply to restore the order. In the last instance, these ordinances aimed to bridge the power gap vis-à-vis the diminishing regulatory power of the estates and the church over the community. More important, *Polizeiordnungen* heralded a new epoch for polity and literature on administration thought. With the rise of the 16th century, police statutes first turned out to be a literature created by cameralists and police theoreticians and in turn a ‘science’ (*Polizeiwissenschaft*) in the sense of the systematic production of police knowledge (Knemeyer, 1980: 173).

After the Peasant Wars and Augsburg Peace (1555) that cooled down the tension between the Protestant and Catholic princedoms, the sovereigns fortified all the more strongly their domestic power against the estates. With the relevant ease of the civil commotion, the sovereigns were faced with an unprecedented mass of people which, if not completely free, was no longer in the hook of the strict feudal serfdom in the eastern Europe. Therefore, there emerged a new type of social life and of power. The ‘state’ (*imperium*) now was engaged with governing this new ‘population’ (*multitudo*) with a specific sort of polity and *governmentality* in order to create and restore the order by regulating all aspects of life. In this sense, in Foucault’s estimation, the 16th century was much more of an epoch of new governmental problems than anything else (Foucault, 1979: 6, 14). This was the beginning era of ‘the reason of state’— the term that signified the rational knowledge of government by only recourse to the state itself to the exclusion of theological and natural

polity in its discourse field. Of much greater significance is that this rang true all the more in the old German Empire as early as late in the 15th century.

Overall, with the 16th century government gained a new definition. Foucault summarizes it through Guillaume de La Perrière's statement (1555) that "government is the right disposition of things, arranged so as to lead to a convenient end" (quoted in Foucault: 1979: 10). The term *things* here, for Foucault, was not an accidental pick. It was an objection to the Machiavellian reason of state. In juxtaposition, the subject matter of regulations in the art of government was not the land but the complex relations of land, nature and people. With the term *things*, the extensive scope of governmental regulations was accentuated in the theory of *Polizei* (Foucault, 1979: 11). People were aimed to be governed with all their relations with others, land, nature, economy, religion and so on from this new 'perspective of population', as Foucault (1979) calls. Among all, the health of population was one of the most important themes. In the cameralist art of government, it is because consumption, production and state revenues were dependent on the number of population, the health of community was now under the control of government. Incidentally, for this reason, cameralists, alongside their constant focus on public finance and police, wrote on texts concerning regulations on medical and health problems such as "the maintenance and supervision of midwives, care of orphans, appointment of physicians and surgeons, protection against plague and other contagious diseases, excessive use of spirituous beverages and tobacco, inspection of food and water, measures for cleaning and draining

towns, maintenance of hospitals, and provision of poor relief” (Rosen, 1953: 27). In particular, in the aftermath of the Thirty Years’ War (1618-1648), due to the sharp decline in the number of population there emerged an extensive literature on the governmental regulations on medical issues within the cameralist tradition what Rosen (1953) calls ‘medical police’.

That said, these extensive governmental police regulations that aspired to put in order human life in its entirety gave birth to not only a new type of polity but also an unprecedented massive bibliography within which the nature of sovereignty and domination were taken up from a quite different point of view. Foucault characterizes this transition period by a shift from former political discourse on “advice to the Prince/Ruler” (statecraft) which is essentially the same as “Siyasetnâme” literature in the Islamic world to a new science of government that he calls “art of government” (Foucault, 1979: 5). In the German-speaking lands *Kammeralwissenschaft* and *Polizeiwissenschaft* stood in direct line of descent from this new art of government. Foucault elsewhere affirms that the development level of the art of government in Germany was beyond any comparison: “In the case of Germany, territorial division paradoxically produced a completely different effect. This was an ‘over-problematization’ of police, an intense theoretical and practical development of what police should be as a mechanism for increasing the forces of the state” (Foucault, 2007: 317). While *Polizeiwissenschaft* was concerned mostly with the problems of domestic order, cameralism proved to be its fiscal expedient for good order. Nevertheless, this was not a separation of disciplines

as we understand currently. Quite the contrary, cameralists in their textbooks and treatises were concerned not only with public finance but also with various aspects of public policy and regulations as well as the nature of police authority. Cameralists discussed the same issues both as a part of cameralism and police which paved the way for a conceptual confusion between the two. After all, it was not possible to make a sharp distinction between cameralism and police regulations until the late 18th century. The interwovenness of cameralism and police is directly related with the relation of the economic and the political peculiar to the ancient regime period. Towards the end of the 18th century with the influence of political liberalism and new enlightened ideas, within the cameralist discourse police authority was increasingly associated with the security to the exclusion of economic, fiscal and commercial affairs. As will be made explicit later, Joseph Freiherr von Sonnenfels was of great importance in this change. Yet, until that time *Kameralwissenschaft* and *Poliziewissenschaft* constituted together the most developed theory and literature on government.

Therefore, cameralism and police regulations focusing on governmental techniques with a new ‘perspective of population’ engaged with installing specific behavior patterns for the sake of order, stability, efficiency, welfare and state revenue. Yet, the pivotal focus of cameralism and police authority changed in the course of time in accordance with the interest of the state. For instance, before the Thirty Years’ War (1618-1648) regulatory issues such as mending the broken traditional relations and restoring the balance between the

estates had loomed largest in the initial stage of the process. In the aftermath of the Peace of Westphalia, productivity of the community at large, the efficient use of available resources and monetary income for the state treasury came to the fore in the police regulations and cameralist writings. In this second stage, cameralists fixed political rationality of the state onto the general welfare and productivity of community (Neocleous, 2000: 5-8). As a result, three distinct periods show up in the history of cameralism and police. These are 1475-1618, 1648-1727, 1727-1830. The first period began with the Peasant War and ends with the Thirty Years' War. The second period marks the maturation of cameralism and the last one corresponds to the period of 'academic cameralism' and the *décadence* of cameralism.²

3.3 Cameralism as the Secular Pastoral Power and Its Conception of Politics and Economy

In its almost 300-year history the intellectual (or 'ideological') background of the cameralist governmental rationality predominantly remained the same, if modified slightly in the 18th century under the influence of the Enlightenment. The pastoral power which had been handed down to the old

² In his book Mark Neocleous fixes three periods as pre-and post-Thirty Year's War and late 18th century for the historical development of police authority and regulations (Neocleous, 2000: 5). Our periods for the efflorescence of cameralism too follow Neocleous. Small states that the successful epoch of cameralism started with Melchior von Osse's book *Testament* in 1555 and ended with the publication of Joseph Freiherr von Sonnenfels' three-volume book *Grundsätze der Policey, Handlung und Finanz* published in 1765 (Small, 1967: 111). However, it is because cameralism in our estimation is a concept that both defines practical and intellectual aspects of the German bureaucratic process and we think of cameralists as both state officials and consultant administrator as well as textbook and treatise writers, as also Small would have it, that we find it convenient to date the starting point of cameralism before 1555, by tracing it back to as early as 1475 when the first *Polizeiordnungen* began to appear. In

Christian administrative thought from the Egyptian civilization and the Hebraic texts and in which the king (the God-King) had been depicted as ‘shepherd’ and the community as ‘flock’ was the ideal model of power (Foucault, 1981: 236-240) that cameralism and police regulations sought to effectuate. Cameralists built up a secular model of pastoral power in their ideal model of polity under the influence of reform movements and neo-Stoicism. For instance, Osse in his book *Testament* (1555) that he wrote upon his prince’s order founded his ideal governmental model on the notion of pastoral power by using the metaphor of shepherd-flock:

Government over men is such a high, precious and wonderful thing, that no human being, no matter how excellent in understanding, reason and wit, is to be intrusted with exercising it according to his own will, caprice and opinion, for such government is a higher thing than that the exercise of it could belong to one over others who by nature are of one origin with him, which same may be known from all races of animals, since a flock of sheep does not allow itself to be ruled by a sheep, nor a drove of horses or cattle by one of their own kind, but rather for such government something else is necessary, which is higher and better than the other beasts (quoted in Small, 2001: 37).

Truly, as Peter Wilson correctly pins down, especially the earlier cameralists were to a large extent influenced by the Christian morality and made use of the illustrations in the Old Testament (Wilson, 2004: 268).³ And

addition, since cameralism as a practical bureaucratic process kept going on until the 1820s, we want to extend the end point of cameralism beyond 1765 far to 1830.

³ In the ensuing sentence Wilson states that: “Its coherence and modernity should also not be overestimated” (Wilson, 2004: 168). However, cameralist governmental thought based upon the re-conceptualization of the religious terms of the old Christian model of pastoral power into judicial concepts denoted what Carl Schmitt calls *Political Theology* which characterizes the essence of the modern political thought: “All significant concepts of the modern theory of the state are secularized theological concepts not only because of their historical development—in which they were transferred from theology to the theory of the state, whereby, for example, the omnipotent God became the omnipotent lawgiver—but also because of their systematic structure, the recognition of which is necessary for a sociological consideration of these concepts” (Schmitt, 1988: 36)

yet, even in this early time the state and administration was contemplated to be separate from the *persona* of the prince: “Praise God”, wrote Osse, “this land is already provided with an honorable, good, and praiseworthy *Policey*” (quoted in Small, 2001: 45).

Particularly in the earlier cameralist discourse the prince was represented as a *pater familias* (*Hausväter*) in a similar way to the shepherd in the model of pastoral power who would conduct and take care of the health, pleasure and happiness of “all and each” (*omnes et singulatim*) sheep in his flock in one fell swoop (Foucault, 1981). These old-fashioned illustrations were hugely cathartic to sovereigns to legitimize their domination over community. Princes signed their ordinances as “the father of the people” (*Landesväter*) (Wilson, 2004: 267). This being so, by means of police regulations constructed in a paternalist parlance, cameralists created such a firm disciplinary social life that everything was subjected to the decision of the father of the land.

In line with this, cameralists deemed household a considerable place and for them administration of the state and a house were the same thing. For that reason, household economy was what their discernment of an economy. In this sense, Aristotle’s conception of oeconomy in his *Politics* (1962), Book I, which refers to the realm of a specific mode of acquisition and wealth according to the use-value of goods as opposed to the *chrematistic* kind which characterizes another type of acquisition dealing with swelling money, turned into a state model and a literature in the hands of cameralists. In Aristotle’s

estimation, the division between the *economic* and the *chrematistic* is an ethical separation in the sense that the former is natural and the latter is unnatural mode of acquisition; however, cameralists found nothing in Aristotle how to realize the oeconomy and to increase the material welfare of the state and the community at large. (Lindenfeld, 1997: 16; Tribe, 1988: 22-25). Although cameralist harking back to Aristotle's notion of oeconomy, they made little use of Aristotle's ethical deductions as to economic and political life. As late as 1727 the chancellor of the University of Halle, Johann Peter Ludwig, in his opening speech, still kept this point in his mind:

Professors of *Oeconomie* were not certain whether ears of corn were to be found on trees or in the fields. For their teacher [Aristotle] deals in his oeconomic books almost exclusively with the [doctrine] ethics (*Sitten-Lehre*) of a patriarch (*Hausvater*); housewife; children and servants of the house. What happens in the fields, meadows, ponds, woods, gardens or relates to planting; how to treat cattle in their stalls; how to increase manure, how to brew and sell corn; the tasks of a husbandman on every day of the year; what reserves to lay by and how to stock a store room; how to properly organize kitchen and cellar; what to keep and what to distribute; not a word of the appears in Aristotle (quoted in Tribe, 1995: 13).

Therefore, in the world of cameralists the administration of political and economic life had nothing to do with ethics or philosophy. Instead, for them, the knowledge of political and economic spheres meant the practical knowledge of governmental techniques. Therefore, the administration of the state was by no means related with politics based upon ethical and philosophical presumptions at all. Cameralists conceptualized politics and economics in relation with the problem of efficient administration and use of domain material resources. Put this way, politics and economics, for them,

meant the practical knowledge of oeconomy and of policy so as to find out convenient means to the pre-determined goals of government. Incidentally, Spinoza, in the same vein, wrote the opening paragraph of the first chapter of his *Political Treatise (Tractatus Politicus)* as if from the stance of cameralists:

Philosophers . . . have never worked out a political theory that can have practical application, only one that borders on fantasy or could be put into effect in Utopia or in that golden age of the poets where there would naturally be no need of such. Therefore, while theory is believed to be at variance with practice in all practical sciences, this is particularly so in the case of political theory, and no men are regarded as less fit for governing a state than theoreticians or philosophers (Spinoza, 2000: 33).

However, one point bears noting here: if *chrematistics* was not the constitutive part of the cameralist discourse and thinking, giving that providing ready money as much as possible for the state treasury was the sole aim of cameralists, we may well say that *chrematistics* too was in their purview. For this very reason, Rudolf Goldscheid, the inventor of the term ‘fiscal sociology’, saw *chrematistics* as the ancestor of cameralism. In his words, “[t]he earliest form of the science of public finance was *chrematistics*, which later involved into cameralistics” (Goldscheid, 1964: 203).

In cameralists’ view it is because household economy proved to be the foundation of the whole economy, cameralists wrote didactic texts in order to provide useful and practical knowledge with people. For this reason, the enormous bibliography of cameralism was also called *Hausväterliteratur*, which is particularly emphasized as a part of cameralist literature by Tribe (1988: 19-34). To paraphrase in Foucault’s terms, in contrast to classical juridical theory of power and the doctrine of the Prince, *Hausväterliteratur*, by

articulating household economy with state economy within a paternalist discourse and via police regulations, established upwards (prince) and downwards (family) continuities (Foucault, 1979: 9-10). “The central element of this continuity is the government of the family, termed ‘oeconomy’” (Foucault, 1979: 10). After all,

[t]he art of government as it appears in all this literature is essentially concerned with answering the question of how to introduce oeconomy, that is the correct manner of managing individuals, goods and wealth within the family (which a good father is expected to do in relation to his wife, children and servants) and of making it thrive — how to introduce this meticulous attention of the father towards his family, into the management of the State. What is at stake in the establishment of the art of government is the introduction of oeconomy into the area of political practice (Foucault, 1979: 10).

Therefore, albeit the notion of economy stuck to the scheme of household oeconomy in the 16th and 17th centuries, the conceptualization of economy within the context of administrative process and of the *body politic* in accordance with the process of *governmentalization* of the state was a pathbreaking departure in the economic thought. The advance of political oeconomy characterized the shift concerned in the Western economic thought. However, whereas the idea of oeconomy developed more or less around the abstract categories such as ‘value’ in the early classical political oeconomy from the beginning, in Germany the *Hausväterliteratur* dealt extensively with the practical affairs of household oeconomy. This literature kept up to date until the 18th century. On the other side, the genuine revolution in economic thought came up in the West in the late 18th century when the economic sphere slowly broke loose from the restraining regulation of government. Cameralism, if not

under the heavy influence of the early and 18th-century classical political economy, experienced the same shift towards a new economic thought. As will be made explicit later, it was the *Nationalökonomie* that put an end to cameralism as an academic branch in universities.

3.4 Period of Academic Cameralism

During the 18th century when cameralism thrived as an academic branch in universities both marked an advance in cameralist thinking and witnessed a change and disintegration as the century neared its close. In 1727, the Prussian King Frederick I ordered to establish the chambers of *Kammeralwissenschaften* in two universities —University of Halle and University of Frankfurt on the Oder. Frederick appointed Simon Peter Gasser (1676-1745) as professor to the chamber in the University of Halle and Justus Christoph Dithmar (1678-1737) to the University of Frankfurt. Frederick wanted state officials to be trained at those chairs and institutions so as to be graduated as well-educated men-of-affairs who would have a finger in my pies at once and have acute and extensive administrative skills to produce down-to-earth solutions to a variety of governmental problems in short order. The aim of the chambers of *Kammeralwissenschaften* was to teach civil servant candidates the science of state by making use of various academic domains instead of remaining merely in interaction with jurisprudence and public finance. Therefore, a pluralist conception of cameralism replaced the fiscal and juridical cameralism, so to speak. For instance, Justi in his *Staatswirtschaft* stated that

“the time when judicially trained were useful in all state positions is no more. The whole shape of things has changed. There are ten times more officials needed with a knowledge of Cameral, Police, Commerce, and economic affairs” (quoted in Johnson, 1964: 394). Keith Tribe (1988: 95-96; 103; 105-106) presents some curricula offered by various professors of cameralism to teach. Looking at syllabi proposed, we see that they suggest the science of police / public administration (*Polizeiwissenschaft*), public finance (cameralism in the narrow sense / *Kammeralwissenschaft*) and oeconomy be taught in the last year and in the first two or three years be indoctrinated by natural and technical applied sciences to the students. According to these plans, students were eligible to sign up the hardcore courses of the *Staatswissenschaften* such as *Kammeralwissenschaft*, *Polizeiwissenschaft*, *oeconomy* and jurisprudence only if they could be successful in the natural and applied sciences. All these reformist cameralists cherished an idea that fiscal bureaucracy needed to be educated and developed by means of a pluralist teaching of the science of state against judicial aristocratic cameralists. Therefore, there cropped up a divergence and conflicting interests between those cameralist-officials who graduated from the chambers of *Kammeralwissenschaften* and judicial aristocrat-officials. While those cameral officials who completed all the courses were called “universal cameralists”, others who were proficient in only a few domains of cameral sciences were named “particular cameralists” (Tribe, 1988: 67; Wakefield, 1999: 15, 29, 34, 384).

The professors of cameral sciences made great use of the textbooks

written by the previous cameralists in the period 1648-1727. In comparison to the cameralists of the first period (1475-1618), cameralists of the second phase produced voluminous works apropos of the productivity of labour, the collection of statistical data, poverty, maintenance of the community's health, efficient use of resources, external and internal trade, accounting, jurisprudence and law more extensively. What is more, for them, all these still tied with up the police. The books of Veit Ludwig Seckendorff, Johann Becher and Wilhelm von Schröder, the prominent second-generation cameralists, were mostly used ones in the lectures and in the third stage new insights on government were built upon these previous texts (Tribe, 1995: 8-9). Among all, Seckendorff, “the Adam Smith of cameralism” for Small (2001: 239), had a distinguished place, since Seckendorff, as already noted, made much of the importance of fiscal administration as having specific aspects within the whole governmental process against the judicial bureaucracy in particular. Therefore, Seckendorff produced voluminous practical and helpful knowledge for the fiscal bureaucrats (Johnson, 1964: 382-384). Seckendorff's famous book *Der Teutsche Fürstenstaat* (1655) perpetuated itself in cameralist teaching well into the late in the 18th century. At this point, mention also must be made of Georg Obrecht (1547-1612). The cameralists of the second stage expanded further the cameralist perspective of population developed by Obrecht “who is the first no longer to speak in the political language of Prince and People (*Furst* and *Volk*), but in that of population and *Obrigkeit*—authority of if you like public power” (Pasquino, 1978: 48). In the light of Obrecht's view, the cameralists in the second stage saw the dynamic of the relation between public authority and

population as lying in the welfare of the community at large. Shröders' motto "No rich prince without a rich people" (Small, 1967: 116) confirms the characteristic of this second-generation perception of population.

According to our scheme of the chronological stages of cameralism, the third stage started with the establishment of the cameralist chambers in universities. This really marked a great advance in cameralist thought. If the influence of the second-generation cameralists was still reigning at the beginning, in the second half of the 18th century cameralist thought completely jettisoned its old-fashioned discursive practices and paternalist analogies in order to rationalize absolutism in the face of new liberal political currents and fiscal exigencies. Justi and Sonnenfels were the most important cameralists to deal with these questions for especially Prussia and Austria. Justi's book *Staatswirthschaft* (1755) and Sonnenfels' book *Grundsätze der Policey, Handlung und Finanz* were used in cameralist teaching extensively. These two helped cameralism reach its peak. However, after Sonnenfels cameralism lost its dominance in the universities. In effect, for the moment if we bracket out the other chief determinants, we may well say that Sonnenfels too had a role in the weakening of cameralism and the riving of complex structure of *Kammeralwissenschaften*. Sonnenfels put an emphasis on the civic-minded individuals, freedom and private sphere which also could be found in Justi, if being in embryonic form. For Justi, it was still true that, as in the traditional cameralist governmentality, the happiness and welfare of population was isomorphic with that of the state. As such, in Justi's scheme of all things, it is

because everything had to be subjugated to police regulations that cameral sciences and the science of police together proved to be integral parts of the sciences of state. On the other hand, Sonnenfels, casting doubt on the idea that the welfare of the state and population can be achieved by police regulations, loosened the intimate link between cameralism and police. Cameralists before Sonnenfels had always demurred a sunderer of the intimate link between cameralism and the police. On the contrary, Sonnenfels made a criticism of them around two points. First, for Sonnenfels, the erstwhile cameralists produced the principles of police theory as relevant to both local and central governments (Lindenfeld, 1997: 37). Yet, their approach was more applicable to middle- or small-scale governments. In juxtaposition, Sonnenfels was dealt with the principles of police regulations for a large-scale and populated government with colonies and a large domestic market like France and Britain (Klingenstein, 1994: 192, 200). Accordingly, Sonnenfels parting company with previous cameralists turned his face to the Western type of nation-state model. Sonnenfels was at pains to fit his ideas and model into Austria. Secondly, in his endeavor to build up police regulations for a large-scale centripetal country he brought a new definition to the notion of police but it was of narrow scope compared with the former approaches. Sonnenfels separated the *oeconomy* from police and, if partially, he apprehended the economy in the civil sense. He did not take for granted the economic sphere as unfolding of its own accord; instead, he still rated the economy as a system depending on state regulations. Nevertheless, he was the first to narrow down to scope the function of police (Knemeyer, 1980: 186; Lindenfeld, 1997: 36; Small, 2001: 417; Tribe, 1988:

86). Sonnenfels brought up all his pathbreaking ideas in his three-volume *Grundsätze der Policey, Handlung und Finanz*. In this masterpiece the science of government was clustered into three distinct strands, that is, police, commerce, and public finance. In the first volume on the police, Sonnenfels made a semantic shift from an abstract and all-inclusive concept of police that gears to the general welfare of commonwealth to that which deals only with the security of the state and people. Put this way, Sonnenfels deemed a narrow practical and institutional meaning and function to the notion of police. Consequently, due to his novel conceptualizations and policy recommendations Small regards Sonnenfels as the name of change and finds “a somewhat freer spirit” (Small, 2001: 411) in his approach. In the wake the revolutionary ideas, that is, Kant’s enlightened Critical Philosophy and the reformulation of Natural Law (Tribe, 1988: 150) as well as new developments in the Natural Sciences (Bowler, 2005), this ‘freer spirit’ in cameralism grew steadily into another economic thinking called *Nationalökonomie* at the closing years of the century, of which more below.

3.5 The End of Cameralism

Kant’s Critical Philosophy interrogated and undermined the dominance of practical and popular philosophy which allowed only a partial understanding of the reality which fitted well into the cameralist thinking. The didactic texts of cameralists which were produced for the productivity and efficiency of household and state economy and written in a popular language were the

example of the practical and popular philosophy at that time in economic thought. Kant's *Critical Philosophy* stoke out a new course of Sonnenfels' 'freer spirit' in cameralist thinking. In 1781, Kant wrote in the Preface of his *Critique of Pure Reason* that "[o]ur age is, in especial degree, the age of criticism, and to criticism everything must submit" (Kant, 1965: 9n). Kant proclaimed the heart of his criticism in the opening paragraph of "What is Enlightenment?" (1784):

Enlightenment is man's release from his self-incurred tutelage. Tutelage is man's inability to make use of his understanding without direction from another. Self-incurred is this tutelage when its cause lies not in lack of reason but in lack of resolution and courage to use it without direction from another. *Sapere aude!* "Have courage to use your own reason!"—that is the motto of enlightenment (Kant, 1998: 462).

The man Kant criticized was no less than a model of man in servitude that assumes that the happiness of people were identical with that of the state, as cameralism would have it; that proceeds upon the idea that the modes of behavior in public and private life such as where to sit in the church, how to dress up in different places and times and, no less, marriage life have to be subject to police regulations; and that takes for granted that if left to himself, the man paves the way for nothing but disorder. For Kant, what sets the Enlightenment as a process in motion is the free use of reason in public sphere without facing trouble, and this should be secured by laws. Therefore, Kant stood up against the strict state administration that had reduced the man to servitude, putting forward the principles for legal justice against police regulations that deferred law. In the first place individuals have rights instead of duties under the sway of police regulations. Of all, property right and the

right to free use of reason in the public sphere head the list. Interestingly enough, while Kant illustrated the restrictions over and obstacles to the public use of reason, public finance as an example showed up twice: “But I hear on all sides, ‘Do not argue!’ The officer says: ‘Do not argue, but drill!’ The tax-collector: ‘Do not argue, but pay!’ The cleric: ‘Do not argue, but believe!’ Only one prince [Frederick the Great] in the world says: ‘Argue as much as you will and about what you will, but obey!’” (Kant, 1998: 463). For Kant, the public use of reason has nothing to do with the expression of objections as a social activist to change the order; instead it is a civic-minded intellectual activity in the sense that man should not be left speechless by political restrictions or whatsoever. Turning to this point, Kant states that:

The citizen cannot refuse to pay the taxes imposed on him; indeed, an impudent complaint at those levied on him can be punished as a scandal (as it could occasion general refractoriness). But the same person nevertheless does not act contrary to his duty as a citizen when, as a scholar, he publicly expresses his thoughts on the inappropriateness or even the injustice of these levies (Kant, 1998: 464).

Considering the fact that fiscal needs were always very urgent for the German states and there had been a long-standing strict fiscal administration and bureaucracy like cameralism, it is no surprise that Kant chose public finance as an example while illustrating the restrictions over the public use of reason.

In contradistinction to cameralism according to which the property of individuals was a part of the wealth of the state and ‘public’ means both the state and people, Kant uses the term ‘public’ in the civil sense, thereby

breaking off the strict connection between the state and the people. His *Critical Philosophy* no longer took up people as the children of the state as in the paternalist vernacular of cameralism. Instead, the new philosophy in the making treated man as a being who can make his own happiness and wealth out of the scope of the strict administration and has a potential to liberate himself breaking free from his tutelage. Therefore, Kant undermined the fundamental principle of cameralist thinking that the state and the community together is an organism. Kant's *Critical Philosophy* took aim at this organicist stance and brought it a new interpretation. On the other hand, cameralists conceptualized their organicist approach to the state and the people via mechanistic metaphors and terms. They thought of the state as a machine producing the wealth and happiness and of individuals as the wheels of the machine. Justi wrote as follows: "A properly constituted state must be exactly analogous to a machine, in which all the wheels and gears are precisely adjusted to one another; and the ruler must be the foreman, the mainspring, or the soul—if one may use the expression—which sets everything in motion" (quoted in Parry, 1963: 182). There was a practical reason for cameralists to liken the state to machine. By conceptualizing the state and political reality as an artifact in mechanistic terms, they could craft an organic wholeness. In doing so, they could trivialize man in the public sphere, and he came to be an isolated piece as having a certain function to operate the machine in a static equilibrium. On the contrary, Kant redefined organic relation of the state and the man around the laws. He proposed a rather different organic entity disregarding cameralist mechanistic discourse. Kant brought the man and

intercourse between individuals to the front and constituted not an administrative but a legal intercourse between the state and people. In his scheme, there is a fresh political union within which there is a growing and changing organism that has two parts—the state and people with rights (Lindenfeld, 1997: 50; Mannheim, 1953: 171). In the first half of the century the enlightened ideas first helped cameralists to develop new insights into government to keep in step with the changing conditions of political life. After the mid-century the enlightened ideas underwent a colossal change under the influence of Kant's Critical Philosophy so as to bring the focus on the man as a free being. A leading cameralist of the time, Johann Heinrich Jung-Stilling's remark represents the change in cameralist thinking: "True enlightenment is the recognition of the means for satisfying all needs of the individual and the general good ... The realization of the individual good takes precedence over that of the general ... True religion can be discovered by true enlightenment" (quoted in Lindenfeld, 1997: 35-36). Consequently, Kant's Critical Philosophy replaced cameralism that aimed at educating civil servants with an educational system called *Bildung* designed to serve the sovereign and the state with one that aspired to train civic-minded people. Lindenfeld defines new *Bildung* as follows: "*Bildung* had become central to the German's notion of public opinion: it denoted a level of general education and training of the mind that would lay the foundation for the use of reason and thereby for the exercise of free thought and expression" (Lindenfeld, 1997: 47). The progress of *Bildung* was accompanied by two other factors, which are now in order.

The other factor that undermined the cameralist thought in Kant's Critical Philosophy was the reformulation of the Natural Law. According to the traditional Natural Law as developed by Pufendorf and Wolff, man, by his nature, depends on the state for his wealth and happiness. Also, as already noted, man, if left to live in solitude, creates conflict and disorder. Remaining closely attentive to the Utilitarian Philosophy, traditional Natural Law was a welcome method for cameralism, because it launched an argument that the happiness of community and the state are conjointly determined. What is more, the ways of reaching wealth and happiness were imposed by the state to the mass. In juxtaposition, in Kant's Critical Philosophy that was diametrically opposed to Pufendorf's Natural Law perspective which was advocate of the servitude and censorship, should the occasion arise, man was taken out of the scope of strict state administration, putting an end to his minority status. In this context, the meaning and function of police radically changed in Kant's Critical Philosophy. In doing so, Kant accorded primacy to law over police regulations which deferred law in accordance with the needs of the state. As Carl Schmitt notes it: "Emergency law was no law at all for Kant" (Schmitt, 1988: 14). Police, which was the German version of *raison d'État*, for Foucault too, was the interruption of law. Foucault defines *raison d'État* as the permanent *coup d'État*, which is true for police too.

What is the *coup d'État* in political thought at the start of the seventeenth century? In the first place it is a suspension of, a temporary departure from, laws and legality. The *coup d'État* goes beyond ordinary law. *Excessus iuris communis*, says Naudé. Or again, it is an extraordinary action against ordinary law, an action retaining no order or form of justice. Is the *coup d'État* foreign to *raison d'État*? . . . In fact, *raison d'État* must command, not by 'sticking to laws', but if necessary, it must

command ‘the laws themselves, which must adapt to the present state of the republic. So, *coup d’État* does not break with *raison d’État* . . . The *coup d’État* is the state acting of itself on itself, swiftly, immediately, without rule, with urgency and necessity, and dramatically. The *coup d’État* is not therefore a takeover of the state by some at the expense of others. It is the self-manifestation of the state itself . . . Politics, therefore, is not something that has to fall within a form of legality or a system of laws. Politics is concerned with something else, although at times, when it needs them, it uses laws as an instrument. Politics is concerned with necessity (Foucault, 2007: 261-263).⁴

Kant’s Critical Philosophy which reinterpreted the Natural Law on the basis of liberty, justice and reason highlighted civic-minded individuals’ needs as a means of order instead of an absolute social stability under the strict control of administration creating ‘tutelage’:

It was this condition of tutelage that Kant addressed in his essay on the Enlightenment, extending the epistemological argument of the *Critique of Pure Reason* to the prevailing conceptions of need, welfare and happiness. The creation of a stable order within which human needs could identified and satisfied was no longer seen as the prerogative of a state and its administrative apparatus; instead, in the condition of “unsociable sociability”, order would be created by the dynamic, antagonistic between mutual dependence and individual need (Tribe, 1996: 192).

However, we should note that Kant did not put forward an idea of society from a utilitarian point of view as developed by classical political

⁴ The case in point displays the essence of the political and the sovereignty as formulated by Carl Schmitt and today by Giorgio Agamben. Accordingly, “[s]overeign is he who decides on the exception” (Schmitt, 1988: 5) and the political deed is the specification of ‘the state of exception’. Cameralist governmental thought that suspended and instrumentalized law exemplified the historical root of “[t]he [s]tate of [e]xception as a [p]aradigm of [g]overnment” (Agamben, 2005: 1) that “defines law’s threshold or limit concept” (Agamben, 2005: 4). As a matter of fact, Schmitt mentions of the old German Empire in a particularistic political life as the historical example of the model of sovereignty in relation to the ‘state of exception’: “In the murky legal conditions of the old German Reich the argument on public law ran as follows: Because one of the many indications of sovereignty was undoubtedly present, the other dubious indications also had to be present. The controversy always centered on the question, Who assumes authority concerning those matters for which there are no positive stipulations, for example, a capitulation. In other words, Who is responsible for that for which competence has not been anticipated. In a more familiar vein it was asked, Who is supposed to have

economists who hold that social order and happiness would be attained via individuals pursuing their self-interests, that is, a collective ‘individual hand’. Quite the contrary, Kant was on the side of liberal thought shaped by the modern Natural Law based upon the idea of justice instead of utility and stuck up for human rights’ basic three tenets— right to life, right to freedom (born as free and living free) and right of property (Vergara, 2006: 132). Of all, Kant’s giving priority to the right of property was an obvious contrast to cameralist thought which dealt with the state property on which, it suggested, freedom and general welfare depended. However, for Kant, the idea of private property had a further philosophical connotation. In other words, in Kant’s eyes, property was a ‘categorical imperative’, but this was not a political and economic necessity to which classical liberals gave faith in order for individual and social happiness. Instead, it was, for Kant, a “logical necessity, as a condition of rational thought and action” (Shell, 1978: 88). Therefore, Kant, by defining property as also the ownership of one’s own reason, regarded property not only in a “practical and political” connotation but also drew a “theoretical and epistemological” (Shell, 1978: 78) framework to it. In Kant’s view, the power of reason has to do with the revolution in the theory of knowledge what he called ‘Copernican Revolution’. For Kant, the Copernican Revolution denotes a distinction in the process of the perception of objects in nature between the laws of nature in appearance and the reality perceived by human’s faculty of knowledge. That is, man conceives objects in nature according to his faculty of

unlimited power? Hence the discussion about the exception, the *extremus necessitatis casus*” (Schmitt, 1988: 10).

knowledge instead of by recourse to the appearance. Kant, therefore, with the Copernican Revolution presaged to a knowing and law-giving subject.

The essential discovery is that the faculty of knowledge is legislative, or more precisely, that there is something which legislates in the faculty of knowledge . . . The rational being thus discovers that he has new powers. The first thing that the Copernican Revolution teaches us is that it is we who are giving the orders (Deleuze, 1984: 14).

Consequently, the revolutionary moments triggered by Kant resonated on all sides and the ascendancy of cameralism in universities came to the end. Yet, there is still one scientific revolution that carried out the root-and-branch destruction of academic cameralism to be handled below.

Thirdly, scientific developments in the Natural Sciences were of great help for the birth of the *Nationalökonomie* and to terminate the cameralism as a dominant academic discipline in the German economic thought. As a matter of fact, developments in the Natural Sciences which shaped the discourse and way of thinking of the British and French classical political economy played the same role in Germany. For example, in her book *The Natural Origins of Economics* (2005), Margaret Schabas is of the opinion that the secular development of the discourse of eighteenth century- classical political economy was highly influenced by the conceptual tools of the Natural Sciences among which physiology, physics and chemistry held the first place. Therefore, for Schabas, the history of economic thought should also be studied around the history of science and natural philosophy. In the same vein, Richard Bowler (2005) introduced that the Natural Sciences, as in Britain and France, had a decisive role in the rise of the *Nationalökonomie*. In particular, in Germany

after the mid-18th century research on the nature of animals that confirmed their psycho-physiological complexity not only put an end to the Cartesian thought according to which animals were passive creatures in the nature, but also supported new ideas that were critical of mechanistic perceptions of human nature in cameralist thinking. The findings of these researches proved that animals are active beings that have a complex nature and they can fit well into new environments and conditions with the help of their cognitive and sentient nature; and that their needs constantly vary and they are always in search of satisfying their needs. In this new approach animals are not a piece or the wheels of nature-machine, but it is animals that produce nature and the economy of nature through their needs. Therefore, 'need', being the dynamics of nature, is the basic existential conscious and sentient. These researches on the psycho-physiology of animals at the same time put forward that the main difference between human beings and animals is that men are cleverer and have more complex needs than animals. More important, man radically transformed the economy of nature by means of his 'labour'. As such, with his needs man was conceived in a human oeconomy in his own right not as a mechanical part of the state-machine (Bowler, 2005).

Consequently, research on the nature of animals, Kant's Critical Philosophy and the new Natural Law helped *Nationalökonomie* to replace *Kammeralwissenschaften* in universities especially after the mid-1790s. The state economy was no longer the unit of analysis in this new economic approach; instead it was taking up production, distribution and consumption in

social sphere. In short, as Ludwig H. Jakob, the leading scholar of *Nationalökonomie*, stated that this new economic thought dealt with causes of the *wealth of nation*; distribution of national wealth among individuals; and the different effects of its consumption (Tribe, 1996: 199). In Jakob's words:

The mechanism through which the wealth of the land is increased or decreased has to be thoroughly studied by every cameralist. This is a new science, which has quite definite principles, and which can be called *politische Oekonomie*, or more exactly, *National-Oekonomie*, *National-Wirtschaftslehre* (quoted in Tribe, 1996: 202).

However, *Nationalökonomie* was not influenced by the hard-core theoretical issues of the classical political economy such as labour theory of value, the estimation of the magnitude of value and the relation of price and value; instead, *Nationalökonomie* only took its conceptual framework for its discourse (Tribe, 1988: 149-150). With the rise of *Nationalökonomie* in German universities under these conditions, therefore we finally come to the end of cameralism as an academic discipline.

3.6 Concluding Remarks

Some critics who pointed out that the discipline of modern public finance has long ignored the historical, administrative, legal, political, sociological and philosophical aspects of fiscal issues due to its intimate relation with modern economics connote cameralism as the pillar of a pluralist approach to public finance. For instance, some assert that public finance proper should have a multidisciplinary configuration as its ancestor, *i.e.*, cameralism, and call for a "postcameralist" direction in the fiscal science (Goode, 1970: 32-

34; Wagner, *to be published*). ‘Fiscal sociology’ —the term that coined by Rudolf Goldscheid in 1917 and was made more popular by Joseph Schumpeter thanks to his *The Crisis of the Tax State* (1918)— came to be the meeting point of various so-called “postcameralist” currents. Thus, harking back to cameralism is thought to be operative in bringing a prolific and fresh landscape for the discipline of public finance at this moment in time. However, whereas even we can find critical points in favour of state regulations vis-à-vis the market failures in classical political economy (Vergara, 2006), all in all, the present literature of fiscal sociology in which cameralism is resurrected is far away from having such a critical view so much so that we see same standpoints closed to public choice theory in the so-called fiscal sociological literature (*e.g.*, Backhaus and Wagner, 1987: 2005). As a matter of fact, as far as we are concerned, it is not possible that cameralism has such a potential considering its intellectual premises constituting the foundation of the liberal governmentalization of the state, that is, ‘bio-politics’ as Foucault calls it.

However, research on cameralism is of great importance for the history of social sciences in general and of the German social sciences. For instances, we saw that Kant’s brief essay “What is Enlightenment?” can be read as a critique of cameralism. In addition, the history of cameralism shows us how Hegel’s notion of police in his *Elements of the Philosophy of Right* is different from that of cameralism. As already noted, police (*Polizei*) in cameralism within which it was an abstract concept which meant ‘good order’. On the other hand, for Hegel, “[w]hat the police provides for in the first instance is the

actualization and preservation of the universal which is contained within the particularity of civil society” (Hegel, 1995: 269). As such, for Hegel inserting civil society between family and the state, police still remained to be a reference to good order and public administration but its meaning of strict and all-inclusive administration as in cameralism was removed. In Hegel, police having an institutional meaning can be thought as corporations the function of which would provide the public good and adjust private and public interests with each other. Beside Hegel, the history of cameralism can allow us to evaluate Marx’s critique of the British and French political economy in the context of the German social sciences. In Marx’s time, cameralism already lost its ascendancy. Yet, when we compare Kant’s concept of *intercourse* (*Verkehr*) that *Nationalökonomie* brought to the fore for its critique of cameralism with the central concept of Marx’s dialectical *relation* (*Verhältnis*), the clear-cut difference between the two shows up once again from a different point of view. The words ‘intercourse’ (*Verkehr*) and ‘need’ (*Bedürfnis*) were two critical concepts used by the savants of *Nationalökonomie* and *Volkswirtschaft* vis-à-vis *Staatwirtschaft* (state economy). The concept *Verkehr* was used to make reference to a specific economic deed which denotes individuals’ rational interactive economic transactions in the market (Tribe, 1988: 195, 209). In juxtaposition, Marx in his critique of political economy preferred, or more precisely, used intentionally the word *Verhältnis* to denote the complex and open-ended structure of capitalist economic system in lieu of *Verkehr* the meaning of which is closed in the sense that it indicates a specific type of human, *i.e.*, *homo oeconomicus* and of social sphere, *i.e.*, the market. Bertel

Ollman states that this point is so vital to Marx's philosophy of dialectic. Ollman stresses that *Verhältnis* also specifies the relationality of whole factors in the complex structure of society determined historically and open to change (Ollman, 2003: 26). As a matter of fact, Marx and Engels criticized cameralists. In the Preface of the second German edition *Capital* Marx stated that in the past Germany was deprived of material conditions that gave rise to political economy as in Britain and France and added that the economists of *Nationalökonomie* could not go beyond the shallow economics of cameralism lacking the ability of abstraction. He writes as follows:

Political economy remains a foreign science in Germany, up to this very moment . . . Thus the living soil from which political economy springs was absent. It had to be imported from England and France as a ready-made article; its German professors always remained pupils. The theoretical expression of an alien reality turned in their hands into a collection of dogmas, interpreted by them in the sense of the petty-bourgeois world surrounding them, and therefore misinterpreted. The feeling of scientific impotence, a feeling which could not entirely be suppressed, and the uneasy awareness that they had to master an area in fact entirely foreign to them, was only imperfectly concealed beneath a parade of literary and historical erudition, or by an admixture of extraneous material borrowed from the so-called *kameral* sciences, a medley of smatterings through whose purgatory the hopeful candidate for the German bureaucracy has to pass (Marx, 1990: 95-96).

In the same vein, Engels like Marx does not refrain to criticize cameralism. For Engels cameralism was “an eclectic economic sauce covering a hotchpotch of sundry trivialities, of the sort a junior civil servant might find useful to remember during his final examination (Engels, 1970: 219). Consequently, reflections on cameralism may help to detect the continuities and discontinuities in the history of the German political and economic thinking as well as philosophy.

In addition, a comparison between cameralism and the Ottoman administrative and economic thought can be helpful to us in tracing this intellectual history. If there was something in common between the Ottoman Empire and cameralism, it might be that the Ottomans' waging war against Habsburg Monarchy might make a contribution to the Austrian cameralists' unremitting and painful attempts to come up with new financial solutions and therefore governmental techniques to stand up. Truly, we see that the Australian cameralists were faced with a severity to create financial resources for war expenditures vis-à-vis the Ottoman expansion into Europe beside the milieu of war in Europe (Small, 2001: 48, 92, 114). It may not be possible to relate the administrative system of Prussia or Austria to that of the Ottoman Empire. However, it may be a highly valuable research that inquires the differences and similarities between the cameralist administrative thought and the Ottoman *governmentality*, if such there be in the Foucauldian sense, or more correctly as yet administrative principles, which is yet to be fully explored. At this point, Halil Sahillioğlu (1978: 157) reminds us that there were two kinds of texts on administration in the Islamic civilization, one being theoretical, the other practical in character. Sahillioğlu states that *The Treatise of Koçi Bey*, *Kitab-ı Müstetâb* and *Nasihatu's-salâtin* of Mustafa Âli of Gelibolu were the Ottoman texts on administration that fall into the first category in the Islamic world. These authors, continues Sahillioğlu, like their European counterpart, cameralists, produced practical economic knowledge instead of an abstract economic thought. In the same vein, Şerif Mardin (1962: 187-188; 2005: 65) states that there is a number of evidence to suggest that the

reformist views of Mehmed Sâdık Rifat Pasha and other 19th-century Ottoman enlightened-intellectuals who advocated protectionism against liberal-conservatives in support of free trade were influenced by cameralism. Therefore, a comparison of the Ottoman economic and administrative thought with cameralism should provide us with new insights into the intellectual history of the Ottoman Empire. After displaying the development path of fiscal thought within the intellectual history of Europe in the chapters to come, in the final part of the thesis we will embark upon this point.

CHAPTER 4

FISCAL THOUGHT BETWEEN THE 15TH-18TH CENTURIES:

A COMPARATIVE ANALYSIS

Over the last two decades, there emerged two tendencies in the purview of discipline of public finance. The first tendency is the increasing alienation of fiscal theories from the neighboring disciplines, e.g. sociology, politics, political economy and history, and, in turn, the emergence of interdisciplinary approaches such as ‘fiscal sociology’ and ‘fiscal politics’ as a response to the disciplinarization of public finance. Modern orthodox economics, which gets little further than seeing public finance as a means of economizing or minimizing state economy, has a substantial role in the demarcation between public finance and the neighboring social sciences. Consequently, due to the dominance of neoclassical economics over fiscal theories, public finance has come to be such a position that it makes no use of sociological, political, historical and philosophical studies. As such, neoclassical theories of public finance would proceed no further than providing answers of how to restrict fiscal transactions with an eye to alleviating the fiscal effects of the state economy over the market. However, it is now blatantly obvious that the relation of neoclassical economics and public finance is questioned by many

but it is still a matter of question if these critiques go beyond the limits of neoclassical economics. Most of them are the reformulation of the oldest task and methods of orthodox economic theory. Be that as it may, within the field of the so-called ‘fiscal sociology’ we see various critical theories of public finance that aim to break off the strict and artificial boundaries between public finance and other social science disciplines. Therefore, the first tendency we observe in the purview of contemporary fiscal science is rekindling interest in interdisciplinary studies in public finance and sociology and politics as such are seen the most intimate disciplines to be associated with public finance. Hence, the emergence of interdisciplinary and multidisciplinary studies has resulted in the emergence of new approaches such as ‘fiscal sociology’ and ‘fiscal politics’.

As for the second tendency in the realm of contemporary fiscal science, we observe that there has been an increasing interest in the fiscal theories of the early modern era (15th -18th centuries). In effect, this is much related with the first tendency, viz. new interdisciplinary approaches making great use of early modern fiscal theories, which is for various reasons. Most important of all, the early modern savants in social and political theory were already far from the specialization of knowledge as we go through today.

Today we still read Niccolo Machiavelli and Jean Bodin, William Petty and Hugo Grotius, the French Physiocrats and the Scottish Enlightenment, as well as the authors of the first half of the nineteenth century, from Thomas Malthus and David Ricardo to François Guizot and Alexis de Tocqueville to Johann Herder and Johann Fichte. We even have in this period early discussions of social deviance, as in Cesare Beccaria. But all this was not yet quite what we have come to mean today by social science, and none of these scholars yet thought of himself as operating

within the framework of what later were considered the separate disciplines (Gulbenkian Commission, 1996: 13).

This being so, it is no use of crossing the early fiscal thought off the purview of contemporary public finance in search of interdisciplinary and multidisciplinary approaches. With these in mind, in this chapter we foray into this long-ignored field of public finance of which in reality little it has been done about so far. If most of the thinkers we take up are European in origin, we start with Ibn Khaldun's views on public finance in his *The Muqaddimah*. Recently, Ibn Khaldun has attracted the notice of economists and public finance scholars vis-à-vis the current problems in economic and fiscal theory. Then, we take up the fiscal thoughts of other thinkers of the period. These are Thomas Hobbes, Johann H. G. von Justi, Charles- Louis de S. Montesquieu, David Hume, Jean-Jacques Rousseau. We examine the views of these thinkers on public finance around specific themes such as luxury, the opposition of necessity and imaginary wants, commercial economy, money and finance, the relation of the state economy with the private economy, the critique of capitalist economy and the affirmative reference to antiquity as the critique of economic system. However, in these days this sharp division may not be in the minds of people at all nor these modern concepts and their opposition. We observe these topics in their works in varying degrees of importance and length.

We think that it is more appropriate to examine their views comparatively. And yet, we want to show a special interest in Rousseau because he stands in the very middle of the road towards a new

conceptualization of society and economy in the science of political economy after ‘the art of government’ or ‘political *oeconomy*’ in which economy was conceived as the household economy of family and analogies between the state economy and domestic economy haunted theories. In addition, Rousseau's political theory of society, i.e. the social contract, includes not only the constitutive principles of the modern society and the state but also that of modern fiscal system. Rousseau published his *Discourse on Political Economy* (1755) seven years before his masterpiece *Of The Social Contract* (1762) and there is a direct relation between these two works. *Discourse on Political Economy* contains not only key concepts and basic ideas of *The Social Contract* but also it is an inquiry into the material and economic conditions of the social contract. More to the point, these material conditions lay in the realm of public finance. In this sense, we regard Rousseau's *Discourse on Political Economy* as the first book of modern public finance. On this basis we think that public finance in Rousseau's scheme proves to be the ‘political economy of the social contract’.

4.1 Public Finance in Classical Social and Political Thought

In recent times Ibn Khaldun's views on economic and fiscal phenomena in *The Muqaddimah* have attracted increasing attention (e.g. Andic, 1965; Andic and Andic, 1985; Boulakia, 1971; Falay, 1978; Mouhammed, 2007; Weiss, 1995). There are good and sound reasons for this. First of all, Ibn Khaldun developed a comprehensive theory of culture / civilization (*umrân*).

He lived in a fourteenth-century Arabic world but his theory of culture was not limited to his own time and space. It is because his all-comprehensive theory of culture / civilization includes various dynamics of social change and social organization that his ideas are seen to be in direct parallel with the modern social thinkers, to name but a few, Marx, Smith, Durkheim and Montesquieu. We may well say that Ibn Khaldun was one of the pioneering intellectuals who explained social change and organization historically and sociologically on the basis of economy and public finance. This being so, although he was not known among the western thinkers of the early modern period and, as such, had an insignificant influence, if such there be, upon them; today Ibn Khaldun is seen to be one of the pioneer sociologists and political economists in many respects. His views are regarded as spilling over from his own time and space thereby expanding into nineteenth-century European ideas. This is also true of contemporary public finance in which Ibn Khaldun is made use of as a response to the fact that modern fiscal science has gone astray under the heavy influence of modern economics that narrows down the scope of public finance.

In the face of the theoretical problems of fiscal theory and practical problems in modern fiscal system, public finance scholars find valuable ideas in Ibn Khaldun's theory of culture and interpret them in accordance with their ideological and theoretical attitudes towards capitalism and the free market society. This means that there are various interpretations of Ibn Khaldun's economics and fiscal theory. So much so that, on the one hand, Ibn Khaldun can be seen as advocating economic liberalism suggesting that as little political

and economic interference as possible is the best policy, on the other hand, he is even regarded to be the founder of Marxism. Therefore, it is very problematic to interpret Ibn Khaldun's views on public finance and economics which cannot be understood fully without a comprehensive consideration of his theory of culture. However, we do not think that it is adequate to conceptualize his theory as heterodox, interdisciplinary or multidisciplinary because this way of approaching his theory does not say much except signifying the early roots of various modern social and economic theories, which are traced back to Ibn Khaldun. However, as noted, it is very problematic to categorize Ibn Khaldun with regard to modern social theories. On the other hand, we think that one thing is clear. Methodologically, Ibn Khaldun is very close to the Scottish political economy and Marx because he explains social organization and change on the basis of economic conditions and production relations from a historical point of view. This means that Ibn Khaldun is the pioneering materialist thinker no matter how much he invokes God at the end of each section of *The Muqaddimah*. He never abandons his secular and materialist point of view throughout the book:

[W]hen we discuss royal and governmental positions, it will be as something required by the nature of civilization and human existence. It will not be under the aspect of religious laws. This, one knows, is not our intention in this book . . . [W]e shall discuss those matters only as the necessary result of the nature of civilization in human existence (Ibn Khaldun, 1980: 5-6).

Putting material economic conditions of human social organization first, Ibn Khaldun is far from advancing an idealist or utopian philosophy. Quite the reverse, he was a realist intellectual having a strong tendency to

examine the principles of “rational politics” which is concerned both with the interest of the ruler and public interest. On the other side, “political utopianism” (*siyâsah madanîyah*) - the ancient philosophical reasoning about, e.g. ideal city or citizen- is not within the scope of Ibn Khaldun's sociological examination of the human social organization (1980: 137-139).

As for his ideological attitude, this subject is locked in whether he supports some sort of free market society or not, and this point is also very problematic for us, and we argue that Ibn Khaldun cannot be regarded as a supporter of economic liberalism as we understand today, for, give his day, he does not entertain such distinctions in his mind; quite the opposite, on a closer examination of his entire theory we find a radical critique of the market society, because, in essence, urban civilization or the market society does not collapse because of the state intervention. To argue that Ibn Khaldun rejects state intervention with market and in the end the urban civilization collapses because of the state intervention and therefore his ideology is close to economic and political liberalism would be both an absurdity and a superficial reading of his theory. Because in Ibn Khaldun's critique of urban civilization, the collapse of urban civilization is much more related with the internal contradictions of urban civilization in his theory. At this stage, what is important to us here is that Ibn Khaldun's views on public finance are at the center of all this debate. From what has been developed, Ibn Khaldun is the best starting point for us to go into the early modern period of fiscal thought. Taking his holistic and all-comprehensive theory of culture at the center, we will examine the fiscal

thought of above-mentioned thinkers comparatively. Therefore, we find the essential fiscal themes and arguments in Ibn Khaldun by means of which we are provided with a firm and comprehensive ground to evaluate the early modern fiscal thought on the whole in the present section. In this sense, this holds up the idea that Ibn Khaldun's *Muqaddimah* proves to be a confluence, as it were, that perverts the chronological time frame of the history of ideas. This means that as we explain Ibn Khaldun's ideas concerning public finance, we touch upon other social scientists in places with an eye to exhibiting general character of the fiscal theory of the early modern period.

Oddly enough, if Ibn Khaldun's theory of culture is based upon the history of eastern countries and kingdoms as well as of the dynasties of North Africa, it is not wrong to compare his views on public finance with his subsequent European counterparts and even to expand his ideas down to our times. This shows the theoretical rigor of *The Muqaddimah*. Public finance is one of the basic pillars of his so-called theory of culture, so in general it is also appropriate to begin with his ideas on public finance independent of our ultimate concern for public finance here.

Ibn Khaldun's views on public finance have two main aspects, one being purely theoretical and another historical. And yet, they are interwoven, that is, he based his theoretical explanations of public finance upon the history of fiscal systems of the Arabic and Eastern countries and dynasties. Therefore, in *The Muqaddimah* we find a great deal of knowledge of history of fiscal system of the Eastern countries as well as theoretical insights on public

finance. One of them is very appealing to us, for it supports our idea that public finance has always been central to the bureaucratic organization of the state throughout the history, so much so that the essential concepts of bureaucracy arose from the organization of fiscal bureaucracy. As noted earlier, the word *Kammer* (chamber) in the cameralist tradition meant the fiscal room of the state in the beginning but in the course of the expansion of the state the word gained a broader meaning so as to signify the entire bureaucracy. In the same manner, we see in *The Muqaddimah* that the word *dîwân* which means ministry was first used for the book “which gives all the details concerning details concerning income and expenditures” of the state (1980: 19). As with *Kammer*, Ibn Khaldun writes of *dîwân* as follows: “At the same time, (the word *dîwân*) designates the place where the officials who are concerned with these matters have their offices” (1980: 20). Therefore, we may well say that the fiscal organization of the state had always a great influence on the entire structure of bureaucracy. In addition, Ibn Khaldun presents another remarkable knowledge about *dîwân* and history of public finance. He says that *dîwân* in Persian had also two meanings. One is that “crazy” (*dêwâneh*), other being “devil”. Therefore, epistemologically public finance has an intimate relation with the abnormal frame of mind and advanced talent. In effect, this reminds us Machiavelli’s (2003: 56-58) suggestion that the ‘Prince’ should be both a lion and fox. Fox here designates the shrewdness, cunning, wisdom and cleverness of the ruler. Ibn Khaldun says the same thing of public finance. As the basic pillar of the state, the realm of public finance is a realm of fox-being in Machiavelli’s term. Ibn Khaldun tells two stories about this:

One day Khosraw looked at the secretaries in his ministry (*dîwân*). They were all engaged in their separate calculations, and it looked as if they were talking to themselves. The king exclaimed: “*Dêwâneh*” — which is Persian for “crazy”. As a result, the place where they were working was called by that name . . . The word thus became *dîwân*. Later, it came to signify the (tax) book which coined the rules and computations. Another story is that *dîwân* is the Persian name for devils. The secretaries were called “devils” because of their quick comprehension, their understanding of both the obvious and the difficult, and their ability to combine random and disparate facts. The name was then extended to designate the offices where they worked (Ibn Khaldun, 1980: 20).

This being said, Ibn Khaldun now groups the executive branches into two categories, that describe governmental functions of the state: “*the sword*” and “*the pen*” (1980: 4). These are also composed of bureaucratic subdivisions. Accordingly, while *the sword* characterizes the military operations that protect the people and the country from other conqueror dynasties, public finance under the name of “the pen of bookkeeping which means the offices of chief of tax collections and allowances and of minister of the army” (1980: 4) takes place in the realm of *the pen*. What is more, Ibn Khaldun sees army and money (which means taxation in relation to state finance) as the two basic pillars of the endurance of the state:

It should be known that any royal authority must be built upon two foundations. The first is might and group feeling, which finds its expression in soldiers. The second is money, which supports the soldiers and provides the whole structure needed by royal authority. Disintegration befalls the dynasty at these foundations (Ibn Khaldun, 1980: 118-119).

In effect, Ibn Khaldun is very much concerned with the decay of the state and the causes of its disintegration. For him, the state has a natural life span like human beings and this is some 120 years. In his words: “Each term has a book’, and each dynasty has an end” (1980: 122). “At the end of two

generations, the dynasty approaches the limit of its natural life. At that time, civilization has reached the limit of its abundance and growth” (1980: 135). Accordingly, the life span of the state is composed of five stages which are, respectively, (i) the establishment of political power, (ii) achieving full authority over the people, (iii) the occurrence of leisure in the state administration and its gradual spread towards the whole society, (iv) stagnation of the progressive development of the political, economic, administration and military power of the state, (v) the collapse of urban civilization and the state with the disintegration of group feeling and with heavy taxation. And more importantly for us, Ibn Khaldun gives a high priority to public finance in his theory of the stage of the state; after all, as noted, public finance is one of the two foundations of the state. As such, public finance has different roles in each stage. For instance, while taxation is very low at the first stage, it increases stage by stage, and finally heavy taxation causes the collapse of the urban civilization and the state. In addition to the disintegration of ‘group feeling’ (*asabiyah*), the deterioration of public finance has a decisive role in the collapse of the civilization as a whole. At the final stage,

the income of dynasty is too small to pay for such expenditures, and thus the second element of disintegration afflicts the dynasty, that which comes through money and taxation. Weakness and destruction are the results of these elements of disintegration (Ibn Khaldun, 1980: 126).

The collapse of civilization is the disintegration of city and the state, and Ibn Khaldun examines the collapse of the civilization around the relation between the bedouin and the urban life. Ibn Khaldun speaks of two cultures (or civilizations) at odds with each other. Accordingly, the rural civilization (the

bedouin culture) and the urban civilization (the sedentary culture) represents two opposite types of habits of thought, social attitudes, social and economic organizations and political patterns and structures. While the desert life (rural civilization / bedouin culture) represents the primitive conditions of human type of social organization the economic structure of which is based upon a self-sufficient economy and the satisfaction of the basic needs, the city life (urban civilization / sedentary culture) is an affluent society in which industry and the crafts grow but at the same time luxury life prevails in due course. For Ibn Khaldun, the decay of the urban civilization comes from the expansion of luxury which undermines the development of industry, trade, the crafts and the state revenue. After all, Ibn Khaldun is of the opinion that the city life is nothing but luxury which is the ultimate aim of the sedentary culture. And, the end is inevitable:

It shows that the goal of civilization is sedentary culture and luxury. When civilization reaches that goal, it turns toward corruption and starts being senile, as happens in the natural life of living beings. Indeed, we may say that the qualities of character resulting from sedentary culture and luxury are identical with corruption” (Ibn Khaldun, 1980: 296).

As the wealth of the city people increases, in Thorstein Veblen's terms, “conspicuous consumption” and “leisure class” grow up. Therefore, as population and luxury increases, the city people give up all social and ethical values of the rural civilization

When civilization (population” increases, the (available) labor again increases. In turn, luxury again increases in correspondence with the increasing profit, and the customs and needs of luxury increase. Crafts are created to obtain (luxury products) . . . All the additional labor serves luxury and wealth, in contrast to the original labor that serve (the

necessities of) life . . . The more numerous and the more abundant the civilization (population) in a city, the more luxurious is the life of its inhabitants in comparison with that (of the inhabitants) of a lesser city” (Ibn Khaldun, 1980: 272-273).

If the urban civilization or, equivalently, the sedentary culture, for Ibn Khaldun, is a certain developed stage of society, it also represents luxury, corruption, leisure, waste, idleness, economic inequality, enmity and hatred which are absent in desert life. In this sense, if the urban civilization is a civilized society, Ibn Khaldun criticizes it due to the fact that it has an absolute tendency to destroy the moral, dynamic and progressive social institutions and values which are indispensable for a coherent and well-ordered social organization. City has internal contradictions to destroy its own foundations among which the group feeling (*asabiyah*) comes first. And luxury is most important cause of it:

[S]edentary culture is the adoption of diversified luxuries, the cultivation of the things that go with them, and addiction to the crafts that give elegance to all the various kinds of (luxury), such as the crafts of cooking, dressmaking, building, and (making) carpets, vessels, and all other parts of (domestic) economy . . . The expenditures of sedentary people, therefore, grow and are no longer reasonable but extravagant . . . All this is caused by excessive sedentary culture and luxury. They corrupt the city generally in respect to business and civilization. Corruption of the individual inhabitants is the result of painful and trying efforts to satisfy the needs caused by their (luxury) customs . . . The soul comes think about (making a living), to study it, and to use all possible trickery for the purpose. People are now devoted to lying, gambling, cheating, fraud, theft, perjury, and usury . . . The city, then, teems with low people of blameworthy character . . . Among the things that corrupt sedentary culture, there is the disposition toward pleasures and indulgence in them, because of the great luxury (that prevail) (Ibn Khaldun, 1980: 292-295).

Thus, for Ibn Khaldun, the urban civilization has a natural tendency to luxury that puts an end to sedentary cultures inevitably: “When a civilization

grows, sedentary culture becomes more perfect” (1980: 292) and “if orange trees are much grown in a town, the town invites its own ruin” (1980: 295). What is important for us is that public finance has a decisive role in the disintegration of the urban civilization and it plays its role through taxation. The state collects low tax revenue at the beginning stage of the urban civilization, but as civilization grows, business and trade expands, not only tax revenue increases, but luxury habits among the state officials as well. As a result, extravagant expenditures begin and tax revenues decrease.

Ibn Khaldun's emphasis on luxury is not an exception in the fiscal theory of the early modern period. Luxury was the central category in the ideas on public finance throughout this period in social and political theory. In this sense, Ibn Khaldun was the foremost intellectual to formulate the relation between luxury and the future of social order. And the bedouin life is also a means of criticizing the urban life. He argues that “the Bedouins can satisfy their needs with a minimum of labor, because in their lives they are little used to luxuries and all their requirements” (1980: 280). Ibn Khaldun distinguishes basic needs from imaginary wants and characterizes the rural and the city life according to this distinction. More importantly, he derives the basic principle of public finance from this distinction: “The soul is ambitious, if it is given the opportunity. But if it is reduced to little, it is satisfied” (1980: 102). In line with this, for Ibn Khaldun, the task of public finance is to prevent the occurrence of imaginary needs, which we find as the same thing in Rousseau, of which more below. What is more, this is the main theme of the fiscal thought of 15th -18th

century. For instance, Montesquieu in *The Spirit of the Laws* starts with this distinction in the section on public revenues. He explains the general policy of public revenue as follows:

The revenues of the state are a portion each citizen gives of his goods in order to have the security or the comfortable enjoyment of the rest. In order to fix these REVENUES well one must consider both the necessities of the state and the necessities of the citizens. One must not take from the real needs of the people for the imaginary needs of the state. Imaginary needs are the ones sought by the passions and weaknesses of those who govern, the charm of an extraordinary project, the sick envy of vainglory, and a certain importance of spirit in the face of their fancies. Often those who, with restless spirit, were at the head of public business under a prince have thought that the needs of their small souls were the needs of the state (Montesquieu, 1989: 213).

Therefore, the distinction between basic needs and luxury wants are central to Montesquieu's thoughts on public finance. He also thinks in parallel with Ibn Khaldun concerning the point that luxury habits first start among the high-ranking state officials and in due course spreads throughout society. Because of this historical fact they criticize the state officials and saw them as the main cause of the deterioration of fiscal system.

Montesquieu was an intellectual of the Enlightenment who, beside his formulation of the 'spirit of laws', associated public finance with the characteristic theme of the Enlightenment, that is, liberty. Thus, he examines taxation for three types of government – monarchy, republic, despotic – and proposes different tax policies for each forms of government. While doing this, he takes liberty as the benchmark of public finance. He argues that tax revenues are dependent upon the liberty of the subjects:

GENERAL RULE: One can levy heavier taxes in proportion to the liberty of the subjects and one is forced to moderate them insofar as servitude increases. This has always been and will always be. It is a rule drawn from nature, which does not change; this rule is found in all countries, in England, in Holland, and in all states of decreasing liberty down to Turkey . . . In moderate state, there is a compensation for heavy taxes; it is liberty. In despotic state, there is an equivalent for liberty; it is the modest taxes (Montesquieu, 1989: 220-221).

This is also true of the public debt. Montesquieu argues that the extent of public debt depends upon the level of moderation of government and that of liberty:

Therefore, it is felt that the more moderate the government, the more the spirit of liberty reigns, and the more secure fortunes are, the easier it is for the merchant to advance substantial duties to the state and to lend them to individuals (Montesquieu, 1989: 22).

There is another important and remarkable point concerning the relation of taxation and liberty in Montesquieu's fiscal theory. For Montesquieu, liberty should always be maintained and this can be done even through an illusion in taxation. Montesquieu is of the opinion that sales tax is the most suitable means of taxation in favor of liberty because people do not feel that they pay tax.

Duties on commodities are the ones the least felt by the people, because no formal request is made for them. They can be so wisely managed that the people will be almost unaware that they pay them. To do this, it is of great consequence that it be the one who sells the commodity who pays the duty. He well knows that he is not paying for himself; and the buyer, who ultimately pays it, confounds it with the price . . . There are two kingdoms in Europe where very high imports have been put on beverages: in one of them the brewer alone pays the duty; in the other, it is levied alike on all the subjects who drink. In the first, no one feels the severity of the impost; in the second, it is regarded as onerous: in the former, the citizen feels only his liberty in not paying; in the latter, he feels only the necessity that obliges him to pay it (Montesquieu, 1989: 217-218).

Montesquieu follows Ibn Khaldun's distinction between the basic needs of human life and luxury wants and associates it with the question of liberty. What is more, as the intellectual of the Enlightenment, Montesquieu conceives taxation in relation with private property. In line with this, he advocates that taxes should not be collected according to the size of properties so as to change the distribution of properties and property relation. On the other side, Montesquieu thinks that luxury and superfluous goods should be taxed more, as once happened in Athens:

In respect to an impost on persons, an unjust proportion would be one that followed strictly the proportion of goods. In Athens, the citizens were divided into four classes. Those who received five hundreds measures of liquid or dry fruit from their goods paid one talent to the public; those who received three hundred measures from them, half a talent; those who had two hundred measures paid ten minas, or a sixth of a talent; those of the fourth class gave nothing. The assessment was just although it was not proportional; if it did not follow the proportion of goods, it followed the proportion of needs. It was judged that each one had an equal *physical necessity*, that this physical necessity should not be assessed, that the useful came next, and that it should be assessed, but at less than the superfluous, and that the size of the assessment on the superfluous prevented superfluity (Montesquieu, 1989: 216-217).

The distinction between the imaginary wants (luxury) and real needs were the central theme in fiscal theory throughout the early modern period. Intellectuals saw the imaginary needs as the main cause in the deterioration of fiscal and even social system. Johann H. G. von Justi, the leading cameralist of the eighteenth century, was one of them and shares the same opinion with Ibn Khaldun and Montesquieu concerning luxury / imaginary wants and its relation with public finance.

Justi was one of the leading intellectuals in cameralism and fiscal

theory but it is pity that there is only one short text in English which was excerpted from his *System Des Finanzwesens* dated 1766. And yet, this short text, “Book IV: General Principles of Taxes and Contributions” (1965), contains not only his basic thoughts on taxation but also his general approach to public finance, public expenditures and luxury. Justi is of same mind with Ibn Khaldun concerning one point: Ibn Khaldun does not see taxation as the natural gaining or, equivalently, as the natural way of sustenance and making a living, because taxation is based upon the political power of the state, which is artificial. According to him agricultural, the crafts and commerce are the natural ways of sustenance (Ibn Khaldun, 1980: 315-316). In a like manner, Justi thinks that taxation is not natural. In addition, like Ibn Khaldun, Justi thinks that as the civilization advances, taxation increases and this leads the state to make extravagant expenditures, gaining a tendency to luxury which, in turn, pervades throughout society. Therefore, Justi, like Ibn Khaldun, sees taxation unnatural, but contra Ibn Khaldun who thinks that there is an equilibrium point in taxation, argues that taxation should be left out from the state revenues. Because taxation makes public expenditures grow and this results in imaginary wants in the end. In other words, for Justi, as the state raises expenditures, it demands more tax from subjects and the result is the complete deterioration of social and fiscal system. Instead, what Justi proposes is that the state should use its own resources, that is “its direct property (domains, crown estates, prerogatives)” (Justi, 1965: 382), and thinks that in reality the state resources are well enough for the entire public works. In his words:

It would, indeed, be very desirable if rulers had always limited themselves to these two sources of revenue, domains and prerogatives, and had never opened up the third source, taxes and contributions. Nothing is subject to abuse, and can so weaken the state, as this source; and it is also human nature to abuse it (Justi, 1965: 385).

Therefore, for Justi, expenses are necessary for the support of the state but they should be very moderate. In fact, in his estimation, this is possible even in our modern times. Otherwise, the result is the pervasiveness of luxury.

The principle that no state can exist without expenses is therefore an undeniable truth . . . But that a state which makes large expenditures is therefore more fortunate than another which spends but little, can no more be claimed than that an individual is happier because he spends a great deal. A man living in all possible splendor and plenty may be exceedingly unhappy and miserable, on account of the slavery in which he is held, and many other circumstances. States are in the same position in this respect as men. Vanity and luxury lead them to imagine a thousand needs, without being any happier for having all these imaginary wants satisfied. The true necessities and conveniences of Nature, in the case of both states and men, have no great extent; and the needs of states . . . can all be provided for at very moderate expense, if the fundamentals of a civil society are properly established (Justi, 1965: 380).

In Justi's thoughts on public finance we find another central theme of the fiscal theory of the early modern period. The savants of the 15th-18th century in their critique of existing social and fiscal system they make affirmative reference to ancient times and exalt the older civilizations. Justi, for instance, advocates an ideal fiscal system in which taxation does not take place and the state uses its own resources. What is more, if the fiscal systems of ancient republics seem to us to be impossible to carry out, the problem is with our own times:

Such political organizations are not mere ideal republics, which have never really existed or could exist. Rome and many republics of Greece – where nobody asked a salary for services rendered the state, while in the

early and virtuous days people did not try to recompense and enrich themselves through the misuse of public offices – are too convincing evidence that such political organization are not mere images of the understanding: and if such arrangements seem impossible to us, that is an indication of the corruption of our times (Justi, 1965: 380-381).

We can find this approach to the old civilizations romantic but it is not. This is the central theme of 15th-18th century fiscal theory and methodological way of criticizing the existing order. In addition, Justi, like Ibn Khaldun, is in favor of an economy of subsistence which assumes away luxury habits, leisure and waste. On the other side, unlike Ibn Khaldun, Justi is highly allergic to money economy and its integration with public finance. In this respect Justi is very close to Rousseau. Rousseau's theory of public finance is entirely based upon the critique of money economy. The main reason is that there supervene liquid assets as money economy thrives, these assets having a capability to avoid taxation, which results in great inequality.

But however fair and just complete equality of property among all the members of a civil society may be in itself, it is impossible in all states where the use of money and full property rights have been introduced. Even if a state wished to undertake a new and complete equal distribution of immoveable wealth among all the citizens and inhabitants, this complete equality would not last long under a money régime, and where everyone is free to dispose of his property . . . But whether the invention of money and the adoption of gold and silver as a general equivalent of all things has really been good for the human race, is a very big question, which I shall never venture to answer in the affirmative. This invention may rather be regarded as the source of all evil and all misfortune in the world (Justi, 1965: 395).

Like Justi, political economists of the 18th century have very much dealt with moneyed interests which link up with public debt. For instance, David Hume takes up the relation of financialization and money economy with public finance more comprehensively than Justi. To be sure, this is related with

Hume's economic and political environment. In 18th century, Britain went through an extensive financialization, and this resulted in a dramatic increase of public. At bottom, public debt was the main tool of financialization during the period of 'financial revolution' (1688-1756) (Winch, 1979: 121). In other words, public debt was the profitable realm of investment for moneyed interest. Therefore, as a man of his time, Hume was especially interested with public debts in his political economy focusing on Britain's public debts and expenditures. Hume saw the articulation of moneyed interest with public finance via public debt as very harmful to the welfare of society and the state finance. In this sense, he thought in the same line with Ibn Khaldun and Justi but as a political economist of the eighteenth century his analysis was a class based analysis of public finance and of financial revolution (1688-1756). Therefore, together with Rousseau, Hume stands at the turning point of fiscal thought, so much so that, as Takuo Dome argues, Hume influenced much subsequent political economists with his ideas on public finance:

Hume left to future generations the problem of how to establish a system of public finance compatible with liberal and commercial society. This problem could be called 'Hume's legacy'. Those who were interested in the growth of liberal and commercial society had to consider (1) management of government expenditure, (2) a fair and efficient system of taxation, and (3) debt management. Since William Petty, these topics had often been argued over by political arithmeticians and pamphleteers (Dome, 2004: 5).

Dome points out that Hume was the pioneering intellectual that examined fiscal issues on the basis of the basic premise of political economy “-namely, a systematic account of the nature and causes of national wealth” (2004: 5). For us, Rousseau is as important as Hume for political economy of

public finance, of which more will be said later.

Hume's thoughts on public finance intersects with those of above-mentioned intellectuals around the issues of luxury, money economy and its articulation with the state finance as well as his affirmative reference to the ancient civilizations as the critique of present. Hume, like others, is diametrically opposed to luxury and for a liberal and commercial society luxury consumption should be taxed: "The best taxes are such as are levied upon consumptions, especially those of luxury; because such taxes are least felt by the people" (Hume, 1970a: 85). Like Ibn Khaldun, he sets forth that "the most pernicious of all taxes are the arbitrary. They are commonly converted, by their management, into punishments on industry" (1970a: 86). Hume's opposition to luxury and as such his suggestion for taxing luxury goods is germane to the development of money economy and financialization because Hume observed that with the expansion of moneyed interest, leisure classes and rentier capitalism gained ground. What is more, public debt played a significant role in growing financial instruments and therefore the capitalization of state finance. With the new system of public borrowing Britain went into huge borrowing in the 18th century and Hume perceived this as a dangerous threat not only to fiscal system but also to the entire social and political system of Britain. Thus, for Hume, the financialization of public credit could destroy the entire economic system:

We have always found, where a government has mortgaged all its revenues, that it necessarily sinks into a state of languor, inactivity, and impotence. Such are the inconveniencies, which may reasonably be

foreseen, of this situation, to which GREAT BRITAIN is visibly tending (Hume, 1970b: 100-101).

Hume argues that the increase of public debt and the expansion of moneyed interest by means of public credit cause the abuse of public treasure:

If the abuses of treasures be dangerous, either by engaging the state in rash enterprizes, or making it neglect military discipline, in confidence of its riches; the abuses of mortgaging are more certain and inevitable; poverty, impotence, and subjection to foreign powers (Hume, 1970b: 91).

Hume summarizes the detrimental economic consequences of public debt as follows: (1) the expansion of cities at the expense of provinces; (2) inflation; (3) the increase of taxes to pay debts; (4) the transfer of national wealth in the form of liquid assets to foreign countries; (5) the making of a leisure and rentier class (1970b: 95-96). What is worse, according to Hume, public debt would lead to tyranny. This is very much close to Rousseau's idea on the relation of moneyed interest and despotism. Rousseau (2004a: 9) distinguishes “popular” or democratic public economy from “tyrannical” one which thrives under a money regime. For Hume, too, public debt would result in tyranny:

In this unnatural state of society . . . [n]o expedient at all remains for resisting tyranny: Elections are swayed by bribery and corruption alone: And the middle power between king and people being totally removed, a grievous despotism must infallibly prevail. The landholders, despised for their poverty, and hated for their oppressions, will be utterly unable to make any opposition to it (Hume, 1970b: 99).

Because of the prospective dreadful consequences of public credit Hume was very pessimistic about the future of Britain. Thus, in his eye public debt and the nation cannot exist together. He conceptualizes the relation of

public debt and the nation as a matter of do-or-die. For him, “[i]t must, indeed, be one of these two events; either the nation must destroy public credit, or public credit will destroy the nation” (1970b: 102). In this sense, Hume is close to Ibn Khaldun who sees the future of civilization as confined to collapse because of the corruption of public finance and increase of public debt. Yet, Hume, unlike Ibn Khaldun, thinks that the nation can still have a chance to survive into the future. Accordingly, he makes three scenarios about the relation of nation and public debt. Hume puts into words these scenarios metaphorically so as to reflect the do-or-die nature of this relation. These are “the death by the doctor”, “natural death of public credit” and “violent death of public credit” (Hume, 1970b: 103-106; see also Dome 2004: 2-3 and Winch, 1979: 126-127). According to first scenario, the state destroys debt by means of voluntary fiscal policies such as taxing property; second scenario suggests that the state uses sinking fund to destroy public credit which means that the state implicitly declares bankruptcy; but the third scenario suggests that public debt destroys the nation and nation becomes subject to foreign nations. Hume makes up these scenarios for Britain but they are valid for our present time as well, since the relation of public debt and financialization are all the more close now. This is, as Dome argues, ‘Hume’s legacy’. All in all, Hume as an intellectual of the early modern period takes up public finance around the specific themes such as luxury, money economy, critique of existing fiscal system and crisis. All these themes are connected with each other in his fiscal theory.

If we speak of crisis and fiscal system we should focus on Thomas

Hobbes who wrote his political texts in the midst of societal crisis. Apparently, he develops a political theory of the state but economic issues and public finance are the key components of his political theory. For he sees money as the blood of a commonwealth and public finance as the vein which bears money for public use (Hobbes, 2005: 174-175). Therefore, Hobbes' political theory can, and should, be interpreted from an economic and a fiscal point of view.

The importance of Hobbes in respect to fiscal theory is certain without any doubt. There are various points in his political theory of the state, *Leviathan*, to interpret it on economic and fiscal terms. And yet, one point is of the greatest importance: Hobbes advances the benefit approach to the question of equality in taxation which influenced later classical and neoclassical economic approaches. In effect, equal taxation has always been the central question of fiscal theory all along and, what is more, it has been formulated on the basis of the general definition of taxation. We find this general definition in Hobbes too: "For the Impositions, that are layd on the People by the Sovereign Power, are nothing else but the Wages, due to them that hold the publique Sword, to defend private men in the exercise of their severall trades, and Callings" (2005: 238). Therefore, seeing that everybody benefits from the protection of the Sword to the same extent, they should pay same amount of tax. This is the basic premises of the benefit approach to maintain equality in taxation. However, Hobbes formulates this general characterization of taxation in modern terms in his political theory. According to him, in order to maintain

equality in taxation the distribution of wealth cannot be changed after taxation because all inequalities in society arise from the sovereign: “The Inequality of Subjects, proceedeth from the Acts of Sovereign Power” (2005: 238). In another passage in *Leviathan* Hobbes explains this as follows:

The Distribution of the Materials of this Nourishment, is the constitution of *Mine*, and *Thine*, and *His*; that is to say, in one word, *Propriety*; and belongeth in all kinds of Common-wealth to the Sovereign Power . . . Seeing therefore the Introduction of *Propriety* is an effect of Common-wealth; which can do nothing but by the Person that Represents it, it is the act only of the Sovereign; and consisteth in the Lawes, which none can make that have not the Sovereign Power. And this they well knew of old, who called that *Νόμος*, (that is to say, *Distribution*), which we call Law; and defined Justice by *distributing* to every man *his own* (Hobbes, 2005: 171).

Accordingly, the inequality in the distribution of the wealth is proper because it stems from the will of the sovereign which represents the social will. In this sense, taxation as an artificial means of social will should not change the initial distribution of the national wealth among people. If some people are getting rich, this stems from their diligence and thriftiness. In fact, this is the basic principle of the capitalist ideology which Marx criticizes as the myth of the primitive accumulation. Therefore, Hobbes formulates a theory of taxation in the name of equality based upon the benefit approach.

To Equall Justice, appertaineth also the Equall imposition of Taxes; the Equality whereof dependeth not on the Equality of riches, but on the Equality of the debt, that every man oweth to the Common-wealth for his defence . . . Seeing then the benefit that every one receiveth thereby, is the enjoyment of life, which is equally dear to poor, and rich; the debt which a poor man oweth them that defend his life, is the same which a rich man oweth for the defence of his; saving that the rich, who have the service of the poor, may be debtors not only for their own persons, but for many more. Which considered, the Equality of Imposition, consisteth rather in the Equality of that which is consumed, that of the riches of the persons that consume the same. For what reason is there, that he which

laboureth much, and sparing the fruits of his labour, consumeth little, should be more charged, then he that living idly, getteth little, and spendeth all he gets; seeing the one hath no more protection from the Common-wealth, then the other? But when the Impositions, are layd upon those things which men consume, every man payeth Equally for what he useth: Nor is the Common-wealth defrauded, by the luxurious waste of private men (Hobbes, 2005: 238).

With the last sentence in the passage above, we come to the same point in fiscal theory: Luxury. Hobbes has some basic similarities with other intellectuals of the period in this respect. He is opposed to luxury because of its detrimental effects on the expansion of national wealth. In line with this, Hobbes, like above-mentioned thinkers, considers frugality as the basic virtue of human being. And, he advocates consumption tax in order to wipe out luxury habits to increase welfare and destroy poverty. Consumption tax, therefore, can motivate people to work much and to be prudent. Therefore, Hobbes bears resemblance to other intellectuals with respect to the issue of luxury, but the similarity is not limited to this. In Hobbes theory of public finance, everything seems to be related with the state but property right is the other side of the medal. What is more, Hobbes' theory of public finance and taxation can be fully understood by considering the place of property right in his political theory. Other thinkers, especially Ibn Khaldun, accorded a significant importance to property right and property relations too, but Hobbes' ideas are important in regards to modern political theory of the state and society on the basis of the theory of social contract. Thus, we should briefly take up Hobbes' political theory of property in order to interpret his views on public finance.

Hobbes constructed a theory of social contract in *De Cive* and *Leviathan*. These two books are also of great importance for the modern political theory of public finance and to understand Rousseau's political and fiscal theory. Hobbes built his theory of state when the English Civil War broke out. He lived in a chaotic social and political order and thought the best way of the constitution of a well-ordered society is to defend the political superiority and authority of sovereign. Hobbes saw the Leviathan as the only remedy to mitigate the chaos and depoliticize the politicized masses. "To put it more, precisely, in his theory the political function of the multitude is to cancel itself" (Wood and Wood, 1997: 103). This means that Hobbes constructed his theory when the capitalist classes increased their political and economic power and stimulated masses by politicizing them against king. Hobbes' theory was a plan for way out of the chaotic political situation and lays out premises for a well-ordered society. However, as he defended the political authority of sovereign, he did not refuse the liberal and democratic ideas of his time (Wood and Wood, 1997: 110-11). Therefore, Hobbes' theory of absolutist state was constructed when the English capitalism was flourishing and he saw the development of capitalist process as a return to the state of nature which is a state of war of all against all. In this sense, his theory was an answer to the distorted social order accompanying capitalism. However, his ideas on economics and public finance are not totally opposed to bourgeois economic system, because Hobbes constructed his theory of absolutist state according to the same basic premises of bourgeois social and economic order, that is, property right, benefit approach, and the like. And yet, this does not make Hobbes a typical apologist

of capitalism as we understand today. On the other side, one thing is clear: his theory of taxation is not far from the principles of bourgeois political economy of public finance. At this stage, we will evaluate his political theory in order to present the political role of taxation in an ordered society.

As the chaotic and conflicting political environment, which set in motion the process of the dissolution of the old property relations in England, arose, Hobbes constructed his political theory on “fear”. By fear he means “a certain foresight of future evill; neither doe I conceive flight the sole property of fear, but to distrust, suspect, take heed, provide so that they may not fear, is also incident to the fearfull ” (Hobbes, 2002: 45). Hobbes, thus, sees mutual fear, selfishness, “desire to hurt each other” (2002: 46), circumspection, antisociality, distrust are the chief characteristics of human beings. These natural inclinations are predominant in the state of nature. However, these natural propensities force individuals to gather under one interest: Making a social contract to way out from the state of nature, which means ‘the war of all against all’, thereby passing the state of civil society under the command of the state whose task is to create a well-ordered society. Civil society is a political society where the state has certain public tasks in order to carry out the social will. There are various points of great importance to discuss in Hobbes' theory but we focus on public finance which is the realm of common interest. Hobbes states that in the pure state of nature where perpetual war continues there is no such thing like common interest or common right. This is so because “[n]ature hath given to *every one a right to all* . . . [I]t followes, that in the state of

nature, To have all, and do all is lawfull for all . . . Profit is the measure of *Right*” (2002: 47-48). Seeing that everything belongs to everybody, there is no property. This is the main cause of the perpetual war of all against all. The state of nature is therefore a state of complete (natural) equality but ‘Right’ cannot be maintained in this kind of equality in state of nature or war. After all, one's right to anything can arise to the exclusion of others’ right to it. This is maintained by laws and policies in the political civil society. The transition from the state of nature to the civil society is in the main the constitution of ordered property relations. As Hobbes states, ownership begins with the constitution of the state (2002: 100-101). In Hobbes theory, public finance has a political role in ordering the property rights and as such public finance proves to be a relation between the state and property right. Or equivalently, public finance is the social will that orders property rights to prevent the perpetual war. After all, Hobbes defines taxation as the price of peace (2002: 161-162). Hobbes deals with public finance within this main context and elaborates taxation and public revenues in regard to property right.

On the other side, public expenditures are dealt more with public welfare and reducing poverty:

And whereas many men, by accident inevitable, become unable to maintain themselves by their labour; they ought not to be left to the Charity of private persons; but to be provided for, (as far-forth as the necessities of Nature require,) by the Lawes of the Common-wealth. For as it is uncharitableness in any man, to neglect the impotent; so it is in the Sovereign of a Common-wealth, to expose them to the hazard of such uncertain Charity (Hobbes, 2005: 239).

The point here is that the state should make public aid to only those

who are in need of basic or natural needs, because more than this can disrupt the distribution of property which has been decided by the sovereign in the beginning. Taxation enters into the model at this stage and its political function is to maintain equality in distribution of public burdens. Hobbes does not have any theoretical insight about accumulation of wealth and capital and as such he sees saving and thriftiness are the only causes of wealth. In this sense, he advocates the benefit approach and consumption tax. He clarifies this in *De Cive* in a long passage as follows:

[I]t concernes the duty of the Magistrate, to see that the publique burthens be equally born . . . Rulers are by the naturall Law obliged to lay the burthens of the Common-weal equally on their Subjects. Now in this place we understand an equality, not of Money, but of Burthen, that is to say, an equality of reason between the Burthens, and the Benefits. For although all equally enjoy Peace, yet the benefits springing from thence, are not equall to all; for some get greater possessions, others lesse; and againe, some consume lesse, others more. It may therefore be demanded whether Subjects ought to contribute to the publique, according to the rate of what they gain, or of what they spend, that is to say, whether the persons must be taxt, so as to pay contribution according to their wealth, or the goods themselves, that every man contribute according to what he spends. But if we consider, where Monies are raised according to wealth, there they who have made equall gain, have not equall possessions, because that one preserves what he hath got by frugality, another wastes it by luxury, and therefore equally rejoycing in the benefit of Peace, they doe not equally sustaine the Burthens of the Common-weal: and on the other side, where the goods themselves are taxt, there every man, while he spends his private goods, in the very act of consuming them he undiscernably payes part due to the Common-weal, according to, not what he hath, but what by the benefit of the Realm he hath had. It is no more to be doubted, but that the former way of commanding monies is against equity, and therefore against the duty of Rulers, the latter is agreeable to reason, and the exercise of their authority (Hobbes, 2002: 161-162).

So far, we have examined the ideas of intellectuals and philosophers who made colossal contributions to the making of modern fiscal theory and profoundly influenced later modern theories. In this section, we take Ibn

Khaldun's theory of civilization and public finance as the basis of the comparison of the fiscal thoughts of the early modern period. Next, we will continue with Rousseau and compare his thoughts with above-mentioned philosophers at the relevant points. Rousseau is not only a turning point in political theory but also in political economy and public finance. He elaborated public finance comprehensively and there are various fundamental points in his fiscal theory both to understand the general fiscal theory of the early modern period and to develop an extensive approach to the practical and theoretical problems in public finance of our times.

4.2 Rousseau and the 'Political Economy' of 'Social Contract'

The economic and fiscal foundations of the social contract in Rousseau's political theory are of great importance, so much so that, as noted, before he published his masterpiece *Of The Social Contract or Principles of Political Right* in 1762, *Discourse on Political Economy* came out in 1755 in which the basic concepts of his theory of social contract appeared first. *Discourse on Political Economy* is important for the science of public finance, because Rousseau uses the concept of political economy in the sense of the rules of public administration and economy. Therefore, political or public / general economy refers to the rules of government administration in general and public finance in particular. After all, Rousseau conceives public finance as the political relation with the state (or sovereign / general will) and society or equivalently he conceives the relation of the state and society as a fiscal

relation. This is very apparent, because in the *Discourse on Political Economy* Rousseau devotes the greatest part to the issue of public finance and its relation with 'general will'.

Overall, Rousseau examined economic and fiscal themes of the civil society in many respects. He produced not only new theoretical, historical and political conceptions of economics and public finance, he further proposed practical solutions for the re-organization of economic and fiscal systems, as can be seen from his writing on Poland and Corsica. Despite the great variety in context with Rousseau's writings on economics and public finance, there is a unity between his ideas as appeared in different contexts. For instance, Rousseau does not only give a significant place to rural life against city in his political and economic theory, he integrates his ideas with his music. His opera, *Le Devin du Village*, reflects the idea of Rousseau's social, political, moral and economic theory of rural civilization. On the other hand, within this great variety we find some thorny paradoxes. That is, some of Rousseau's views can be seen to be incompatible, and some of them seem us to be very strange for our present time but we argue that it is not appropriate to label Rousseau's theory as strange, out of time or paradoxical. Let's remember Justi at this stage: If Rousseau's ideas are seen out of time this can be, in Justi's words, "an indication of the corruption of our times" (Justi, 1965: 380-381). Quite the reverse, we find a prolific landscape in Rousseau's economic and fiscal theory to tackle with theoretical and practical problems of our present situation.

Rousseau developed a comprehensive theory of economics and public

finance. His economic and fiscal ideas can be fully understood if his social and political theory is considered thoroughly in all its aspects. Therefore, we first focus on his thoughts on the pure state of nature. Rousseau, like Hobbes, starts with the question of the origin of the civil society. And yet, his method and theory is quite different from Hobbes and other previous philosophers such as Locke and Pufendorf. In contrast to these philosophers, for Rousseau, the state of nature is not important only to explain the origin of civil society but also to criticize it. For him, Hobbes and others are quite wrong about the nature of the state of nature. They could not make a sharp distinction between the state of nature and civil society. Moreover, “all of them, continually speaking of need, greed, oppression, desires, and pride transferred to the state of Nature ideas they had taken from society; They spoke of Savage Man and depicted Civil man” (Rousseau, 2004d: 132). In addition, in contradistinction to Hobbes, man in the state of nature has not a tendency to fight with others, which is also a feature of civil society. Rousseau advances a new hypothetical assumption of the state of nature, and this is based upon the negation of civil society which is his distinctive method in approaching the state of nature among other philosophers (Acar-Savran, 2003: 41-55). The state of nature has an economic basis at odds with civil society. There is no trade, desire to profit, money economy and private property in the state of nature. There is a self-sufficient economy without a production process because nature gives everything to man for his basic needs. Rousseau also advocates the economic policy of self-sufficiency in his theoretical writings and proposes it as a remedy for practical problems in economic systems of Poland and Corsica. Therefore, nature for

Rousseau is the real economy for the welfare, freedom and a just economic organization in a human society. After all, his criteria for a well-ordered society and economy are freedom, independency, happiness, peace, wisdom, encouragement, welfare, justice, equality, self-sufficiency and contentedness. Rousseau sets forth that all of these are immanent to nature, whereas money, pride, political inequality, greedy and luxury are the features of the civil society. Rousseau derives all of his economic policies from the economy of nature and as such conceives the economy of countryside as the true economy to fulfill his criteria. Economic policies in harmony with physical nature seem us to be strange. As Margaret Schabas argues, “[e]conomists today study a world that is essentially detached from the processes of physical nature” (Schabas, 2005: 12). On the other side, nature and economy in the early modern period had the same meaning almost. “The *oeconomy of nature* became a common place term ca. 1700 and spawned many variants as well” (2005: 4). Physical nature for political economy presented the basic economic principles. Rousseau too understood the same thing from nature and *oeconomy*. However, his ideas are not within the scope of this old-fashioned term *oeconomy* which represents the economy of family household but within political or public economy that deals with the society at large. This being so, he stands in the middle of the road towards the new science of political economy. On the other side, we may say that although he makes a sharp distinction with the state of nature and civil society, Rousseau blended the *oeconomy* of nature with political economy and never left nature as basis of his economic policies. For Rousseau, nature means “habits conformable to nature”

(Rousseau, 1979: 39) in its broadest sense. In economic terms, nature means “temperance” and “work” (1979: 55). According to Rousseau, these are only possible in the country and agriculture, not in the cities which “are the abyss of the human species” (1979: 59). Nature wastes nothing and gives to man only what he needs in reality. Therefore, Rousseau, like Ibn Khaldun, Montesquieu, Hume and Justi, takes the concepts of needs and luxury as the basic categories of his economic and fiscal theory. And he formulates economic and fiscal policies according to this dichotomy between real and imaginary needs. He writes in *Emile* as follows:

On the contrary, the closer to his natural condition an has stayed, the smaller is the difference between his faculties and his desires, and consequently the less removed he is from being happy. He is never less unhappy than when he appears entirely destitute, for unhappiness consists not in the privation of things but in the need that is felt for them. The real world has its limits, the imaginary world is infinite. Unable to enlarge the one, let us restrict the other, for it is from the difference between the two alone that are born all the pains which make us truly unhappy (Rousseau, 2009: 81).

As things turn out, Rousseau’s conception of need and economy is diametrically opposed to that of modern economics which conceives economics as a study of the behaviors of *homo economicus* who has limitless needs and wants. Therefore, the classical distinction between the real needs and imaginary needs is immanent to Rousseau’s theory and this is the basis of his whole theory. In this sense, nature for Rousseau is not only a guide in the education of individuals which he epitomizes with *Emile*, but also a model for the good government of national economy. However, Rousseau’s conception of nature and economy is different from Physiocracy. As Bertil Fridén comparing

it with Rousseau puts: “The physiocratic model is unrealistically abstract in ignoring practical problems” (Fridén, 1998: 92). In addition, Rousseau’s conception of economy and nature is more secular than physiocracy in terms of their conception of nature. Yet, both conceive nature and economy in close relation. Montesquieu, for example, is in the same line with Rousseau in his conception of economy and public finance. In *The Spirit of Laws* Montesquieu writes as follows while handling public finance:

Nature is just toward men. She rewards them for their pains; she makes them hard workers because she attaches greater rewards to greater work. But if an arbitrary power removes nature’s rewards, the distaste for work recurs and inaction appears to be the only good (Montesquieu, 1989: 214).

Therefore, nature in these philosophers represent the good government, efficiency in the allocation of resources, real needs, welfare, justice, freedom and happiness. For a good government of economy the *oeconomy* of nature should be observed and followed.

Taking off from the economic system of nature Rousseau designs an economic system for civil society within his theory of social contract. Social contract is not a project to put an end to the state of war in nature, *pace* Hobbes, it is a project to put an end to the state of war in civil society and enable freedom in that political society. The theoretical structure of social contract of Rousseau is very complex and a comprehensive explanation exceeds the scope of present section. We only take up social contract around its economic and fiscal foundations. Actually, for us, this is the appropriate

method to examine the social contract. Suffice it to say that Rousseau's theory of social contract is a design of political unity and self-sufficient economic system. Social contract is a contract between individuals and the sovereign (or the state) which generates general will. Individuals act economically and politically not according to their self-interest but to general will. This generates a political tie between individuals and makes them civilized human, that is, citizen. With the constitution of general will which is represented by the sovereign or the state, citizens constitute a mutual dependence, but this dependence is not a power relation but a political tie determined by the rules and laws, that is, general will. That general will is the sovereign means people / public is the sovereign. In other words, Rousseau derives the sovereign or the state from society and formulates identification between the state and society in terms of their interest (Ağaoğulları, 2006:1). Therefore, social contract is an absolute harmony and unity of the nation. Political equality is the main aim of social contract which prevents political and economic hierarchies and privileges. In this sense, Rousseau formulates the political, juridical and economic rules for a democratic social order that secures freedom and happiness.

There is much to say political and juridical aspects of social contract but we pass to its economic and fiscal foundations. In effect, social contract is based upon a definite economic system, and more importantly, as already noted, Rousseau first formulates economic and fiscal rules of the social contract before its political and juridical structure. What is more, what

Rousseau understands by “political economy” is the government of political and economic order. In this sense, Rousseau’s conception of political economy is very close to public finance. In line with this, we call public finance in Rousseau’s theory as ‘political economy of social contract’.

Rousseau’s writings on economics and public finance are found in his various books. In the main, his thoughts can be grouped into two general categories – one being theoretical, other practical. However, these are complementary thoughts. That is, what Rousseau proposes that Corsica and Poland for their practical and concrete economic and fiscal problems as reform projects is not different what he says of the structure of true economic and fiscal system in his theory of social contract. Therefore, while presenting his views, we will not separate them. In order to understand Rousseau’s thoughts on public finance his general approach to economy should be considered, because he evaluates modern fiscal systems and designs the ideal type of public finance according to a certain type of economic order. First of all, as a eighteenth century economist, Rousseau’s critique of economic order of his time can be seen as a critique of mercantilism. It is because for Rousseau money and money economy is the source of all evils and inequalities that disrupt the social contract and good citizenship that mercantilism with its policy of bullionism is in the foci of Rousseau, albeit he doesn’t use the word mercantilism. “The argument is that mercantilism, by monetarising the economy, supplies a form of riches that in itself causes inequality and insecure provision with the necessities for life” (Fridén, 1998: 78). And yet, Rousseau’s

critique of mercantilism is different from that of Smith in one essential respect. While Smith sees industry as the source of national welfare, Rousseau gives priority to agriculture and builds his economic system upon the agricultural production and self-sufficient economy by rejecting money and market economy. In this sense, Rousseau is opposed to the market economy which is under the command of money and trading. This is very apparent in his writings of the constitutions of Poland and Corsica. He is diametrically opposed to monetary exchange which functions through intermediaries who corrupt the true relation of value and price and as such raise prices thereby getting into lucrative affairs which is of no use to the real material welfare of the society at large. Instead, monetary exchange and money economy cause political and economic inequality, imaginary needs, increase of pecuniary wealth which has capability to avoid taxation, luxury, lack of virtue, immorality, idleness, leisure classes, destruction of useful crafts for material life, damage of agriculture and country, restriction of freedom by creating power relation instead of political tie between citizens, an undemocratic political and economic order, impediments to the simple and plain life, the extension of partial will or self-interest as the main motive in social and political acts, political and economic dependency between citizens, extreme accumulation of wealth and finally the monetarization of state finance and the grasp of public finance by the bourgeoisie and partial wills. However, it should be noted that Rousseau is not opposed to money and accumulation of property entirely. What he advocates is the temperance in money and property. In his words, he wants

not to destroy private property absolutely, because that is impossible, but to restrict it within the narrowest limits, to give a measure, a rule, a brake that restrains it, that directs it, that subjugates it, and keeps it always subordinated to the public good. In a word, I want the property of the state to be as great, as strong and that of the citizens as small, as weak as possible. That is why I avoid putting it in things whose private possessor is too much the master such as currency and money that one easily hides from public inspection (Rousseau, 2005a: 148).

As for money, Rousseau's aim is

not to suppress the circulation of specie, but only to slow it down, and above all to prove how much it matters that a good economic system not be a system of finance and money (Rousseau, 2005b: 212).

That said, what is the essential point in the monetarization of economy is the monetarization of public finance or equivalently, the integration of a system of money and finance with public finance, because this causes directly harm to general will which is the main task of political economy to realize. As already noted, what Rousseau understands by political economy is not restricted with the economic transactions in the market. Rather, for Rousseau, political economy as science corresponds to the principles of good government the main task of which is to realize general will, that is, common interest. In this sense, political economy is very close to public finance and as such Rousseau also uses public economy instead of political economy. At this stage, it should be noted that government and sovereignty is different; public economy is the executive power of the sovereign and deals with the government of persons (Rousseau, 2004a: 6). Public finance therefore is the policy that has three aims: Public economy aims to “follow the general will” (2004a: 9), “make virtue reign” (2004a: 13) and to provide subsistence to people and public needs which requires “the administration of goods” (2004a:

23). The last aim is directly related with public finance and Rousseau examines fiscal system in accordance with the principles of social contract.

Therefore, Rousseau's theory of public finance is based upon his critique of modern fiscal system under the command of money economy. He says that "[t]he ancient philosophers forever spoke of morals and of virtue; ours speak only of commerce and money" (2004c: 18). In his estimation of fiscal system that would enable freedom, democracy, peace and welfare based upon basic needs, Rousseau sees money as the most powerful impediment to these aims. Therefore, he designs ideal fiscal system in such a way as to exclude money from public finance. He conceives modern finance systems as slavish because of money that creates political and economic inequality. More to the point, Rousseau idealizes the ancient fiscal systems which excluded money-based financial systems. "Systems of finance are modern inventions. This word 'finance' was no more known by the ancients than those of *taille* and *capitation*" (2005a: 147). In another passage Rousseau writes in the same way: "Systems of finances are modern. I do not see anything good or great emerging from them. Ancient Governments did not even know this word *finance*, and what they did with men is prodigious" (2005b: 210). These are passages from Rousseau's considerations on the constitutions on Corsica and Poland respectively. And he advocates this in the *Social Contract*:

The word *finance* is a slave's word; it is unknown in the City. In a truly free State the citizens do everything with their hands and nothing money: Far from paying to be exempted from their duties, they would pay to fulfill them themselves. I am very far from the commonly held ideas; I believe *corvées* to be less at odds with freedom than taxes" (Rousseau, 2004b: 113).

As things turn out, Rousseau is very much opposed to money economy and its integration with public finance. So much so that he proposes corvée in place of taxation collected as money. In his ideal fiscal system everything should be done by citizens with corvée labour instead of the state.

I would like one always to tax men's arms more than their purse; to have roads, Bridges, public buildings, service of the Prince and of the State be done by statutory labor and not at all the price of money. This sort of tax is at bottom the least onerous and above all the one that can be least abused (Rousseau, 2005b: 214).

Therefore, Rousseau sees money more undemocratic than corvée, because corvée is a moral value which creates true citizenship, because money is the source of immorality in modern social and economic system. Thus, Rousseau even is opposed to the state treasury composed of money. He emphasizes this in his various writings on economic and fiscal systems:

Let us beware of increasing the pecuniary treasury at the expense of the moral treasury; it is this latter that genuinely puts us in possession of men and of all their power, whereas by the other one obtains only the appearance of services but the will is not bought at all. It would be better for the fiscal administration to be that of the father of a family and lose something than to gain more and be that of a usurer . . . What makes a system of finance most pernicious is the use of a financier. Whatever the price might be, there must be no publicans in the state (Rousseau, 2005a: 150-151).

In a word I should like, if it were possible; for there to be no public treasury at all and for the internal revenue not even to acknowledge payments in money. I see that the thing is not strictly possible; but the spirit of the government ought always to tend to making it so (Rousseau, 2005b: 214).

These being said, Rousseau's critique of fiscal system is at the same time a comparison between the modern and the antique economic and fiscal

systems. He sees the ancient fiscal systems as the ideal and true economic systems and argues that modern fiscal systems should follow their principles. The most important principle is the fiscal policy of self-sufficiency constituted according to basic human needs. This means that the true fiscal system should exclude money economy and operate according to basic human needs which prevent luxury.

From this rule flows the most important maxim for the administration of finances, which is to concentrate much more carefully on preventing needs than on increasing revenues; however diligent one might be, help that comes only after harm, and more slowly, invariably leaves the state on sufferance; as one tries to remedy one inconvenience, another is already making itself felt, a new inconveniences; so that in the end the nation goes into debt, and the people downtrodden, t the wonders of ancient governments, which did more with their parsimony than ours do with all their treasures; and this is perhaps the derivation of the meaning of he word *economy*, understood as the wise management of what one has rather than as the means of acquiring what one has not (Rousseau, 2004a: 26-27).

Rousseau's interest in the ancient republics is a very disputable issue among the political scientists about how to interpret his approach to ancient civilizations. It is very easy to consider Rousseau as a rude backward-looking and a pure utopist philosopher based upon a superficial reading. We think that Rousseau's return to the ancient republics is a critique of modernity, and this makes him not a backward-looking philosopher. Quite the reverse, his return to antiquity is a progressive attitude *against* modernity. Leo Strauss is of the same opinion:

The first crisis of modernity occurred in the thought of Jean-Jacques Rousseau. Rousseau was not the first to feel that the modern venture was a radical error and to seek the remedy in a return to classical thought. It suffices to mention the name of Swift. But Rousseau was not a "reactionary". He abandoned himself to modernity. One is tempted to say

that only through thus accepting the fate of modern man was he led back to antiquity. At any rate, his return to antiquity was, at the same time, an advance of modernity (Strauss, 1965: 252).

Rousseau's return to antiquity is all the clearer in his critique of modern economic and fiscal system. We think that this is his methodological way of critique of the modern political, economic and fiscal system. Otherwise, we cannot talk of an absolute return neither to antiquity nor to the state of nature, while he is praising values immanent to antiquity and nature. What is more, Rousseau is not an exception in the fiscal thought of the early modern period in defense of antiquity and moral economy against the economy based upon imaginary wants and needs. We already noted that von Justi praised the ancient economies. Hume also starts its article on public credit with praise of the antiquity and the critique of modern fiscal system:

It appears to have been the common practice of antiquity, make provision, during peace, for the necessities of war, and to hoard up treasures before-hand, as the instruments either of conquest or defence; without trusting to extraordinary impositions, much less to borrowing, in times of disorder and confusion. Besides the immense sums above mentioned, which were amassed by ATHENS, and by the PTOLEMIES, and other successors of ALEXANDER; we learn from PLATO, that the frugal LACEDEMONIANS had also collected a great treasure; and ARRIAN and PLUTARCH take notice of the riches which ALEXANDER got possession of on the conquest of SUSA and ECBATANA, and which were reserved, some of them, from the time of CYRUS. If I remember right, the scripture also mentions the treasure of HEZEKIAH and the JEWISH princes; as profane history does that of PHILIP and PERSEUS, kings of MACEDON. The ancient republics of GAUL had commonly large sums in reserve. Every one knows the treasure seized in ROME by JULIUS CAESAR, during the civil wars: and we find afterwards, that the wiser emperors, AUGUSTUS, TIBERIUS, VESPASIAN, SEVERUS, etc. always discovered the prudent foresight, of saving great sums against any public exigency. On the contrary, our modern expedient, which has become very general, is to mortgage the public revenues, and to trust that posterity will pay off the incumbrances contracted by their ancestors (Hume, 1970b: 90).

We cannot talk of a grave interest in antiquity in Ibn Khaldun's social theory but his affirmative reference to the bedouin style is clear. Just like the state of nature in Rousseau's theory, the bedouin life is at the same time the critique of urban civilization. And the bedouin way of life is the natural end of the urban civilization which comes to the end with the deterioration in fiscal system at the final stage. In addition, the place of antiquity as the critique of modernity is also seen in nineteenth-century social theory. Marx and Engels, for instance, paid significant attention to ancient societies. Inspired by anthropological works of Lewis H. Morgan, Engels, too, conceives the ancient society as a reference for the critique of capitalist society. Marx, too, sublimates the ancient society vis-à-vis capitalism.

In bourgeois economics - and in the epoch of production to which it corresponds - this complete working-out of the human content appears as a complete emptying-out, this universal objectification as total alienation, and the tearing-down of all limited, one-sided aims as sacrifice of the human end-in-itself to an entirely external end. This is why the childish world of antiquity appears on one side as loftier. On the other side, it really is loftier in all matters where closed shapes, forms and given limits are sought for. It is satisfaction from a limited standpoint; while the modern gives no satisfaction; or, where it appears satisfied with itself, it is *vulgar* (Marx, 1993: 488).

Further, Engels finishes *The Origin of the Family, Private Property and the State* with a passage from Morgan's *Ancient Society* (1877):

Since the advent of civilization, the outgrowth of property has been so immense, its forms so diversified, its uses so expanding and its management so intelligent in the interests of its owners, that it *has become*, on the part of the people, *an unmanageable power. The human mind stands bewildered in the presence of its own creation.* The time will come, nevertheless, when human intelligence will rise to the mastery over property, and define the relations of the state to the property it protects, as well as [...] the obligations and the limits of the rights of its owners. The interests of society are paramount to individual interests, and the two

must be brought into just and harmonious relations. A mere property career is not the final destiny of mankind, if progress is to be the law of the future as it has been of the past. The time which has passed away since civilization began is but a fragment of the past duration of man's existence; and but a fragment of the ages yet to come. The dissolution of society bids fair to become the termination of a career of which property is the end and aim; because such a career contains the elements of self-destruction. Democracy in government, brotherhood in society, equality in rights [...] and privileges, and universal education, foreshadow the next higher plane of society to which experience, intelligence and knowledge are steadily tending. *It will be a revival, in a higher form, of the liberty, equality and fraternity of the ancient gentes* (quoted in Engels, 1990: 276, emphasis in the original).

All in all, throughout the early and late modern period we find an extensive critique of modern social and economic system. What is more, the critique of existing situation was the starting point of fiscal theory. It is because of this fact that the science of public finance should return its face to the fiscal thought of the early modern period without any reservation. Seeing that critique is the only comprehensive way of analyzing the present situation of theory and practice, next we examine Marx's political economy of public finance.

CHAPTER 5

MARX AND PUBLIC FINANCE:

THE STATE DEBTS AND TAXES

IN

MARX'S POLITICAL ECONOMY

In the present chapter we examine Marx's thoughts on public finance in the contexts of the state debt (national / public debt) and taxation. In the beginning, however, we should note that albeit these topics cover more space in Marx's writings in comparison to other fiscal issues such as public expenditures, history of public finance *etc.*, Marx's interest in public finance is not limited with them. For instance, we previously derived an ontological definition of public finance from Marx's thoughts on the method of political economy in *Grundrisse* and launched a brief methodological discussion for public finance. In sum, public finance both in Marx's own writings and in those written with Engels shows up under these general topics: The method of political economy, analysis of economic processes and mechanisms under the conditions of capital accumulation and exploitation of labour, class struggles in France between the period of the Revolution and the Paris Commune, fiscal

strategies in the party programs and newspapers constructed for working classes to follow on the way to overcome capitalism, fiscal system in socialist and even communist society after capitalism, public finance as a tool and method of primitive accumulation in the creation of the early conditions of capitalism, history of public finance, fiscal system of the European states and the Ottoman Empire in the war times, the critique of the views of previous classical political economists and of contemporary reformist bourgeois socialists on public finance. As things turn out, Marx touched upon public finance around very different contexts. What we interested in, however, the present chapter is public debt and taxes in his workings.

Primitive accumulation and interest-bearing capital are central to Marx's analysis of the state debt. Beside their theoretical aspects, Marx examines primitive accumulation and interest-bearing capital within the history of capitalism. In this regard, in Marx's writings on the state debt we find a great deal of valuable knowledge of history of public finance. In addition, we see that his analysis of interest-bearing capital is crucial to develop an extensive critical political-economy approach to public finance, because Marx deals with the issue of state debt in a wide-ranging scope in which he associates the issue with the central categories of capitalism, e.g. surplus-value, profit, production of commodity and exploitation. When it comes to taxes Marx presents a comprehensive analysis too. More to the point, he not only takes up taxation with its economic and political functions in capitalism, but also makes his reflections on the fiscal system about socialist and communist

society after capitalism in the light of significant historical events like the Paris Commune. Therefore, when public finance is at issue, Marx examines fiscal issues on the basis of his holistic analysis of capitalism. As such, as will be seen in our interpretation of the state debt as the alienation process of the state, Marx's thoughts on public finance are well enough to expand his economic and historical analysis of fiscal system in capitalism towards a comprehensive study on public finance including sociological, political and, no less, philosophical extensions. In this chapter, we elaborate Marx's views on the state debt and taxes in a wide-ranging scope as Marx would put it.

5.1 The State Debt as a Method of Primitive Accumulation and as Interest-Bearing Capital, and the “Alienation of the State”

The issue of the state debt appears in two main contexts in Marx's analysis of capitalism. The first is the history of capitalism and primitive accumulation, and the second is interest-bearing capital. The notion of the ‘alienation of the state’ denotes the specific capitalist character of the state and capital in relation to the state debt as a tool of primitive accumulation and interest-bearing capital. In this section, we elaborate the state debt by associating it with primitive accumulation, alienation of the state and interest-bearing capital respectively.

5.1.1 The State Debt as a Method of Primitive Accumulation

Primitive accumulation in classical political economy has a function

like religious myth, as it were, as the defense of private property, and neutralizes its political character by reducing it to a merely superficial economic relation in appearance. In other words, primitive accumulation depoliticizes the creation of capital. Accordingly, classical political economy conceives the formation of private property as the natural gain of “the diligent, intelligent and above all fugal élite” (Marx, 1990: 873) who worked much and being thrifty and as such had a natural right to acquisition of the capital goods vis-à-vis “the other, lazy rascals, spending their substance, and more, in riotous living” (1990: 873). Marx, on the contrary, argues that the myth of primitive accumulation thus constructed “plays approximately the same role in political economy as original sin does in theology” (1990: 73), and, he adds, “[i]n actual history, it is a notorious fact that conquest, enslavement, robbery, murder, in short, force, play the greatest part. In the tender annals of political economy, the idyllic reigns from time” (1990: 874). In this respect, for Marx, primitive accumulation occurred in a way far from being formulated in classical political economy. Accordingly, primitive accumulation was a process in which means of substance and production was captured from producers by force and as such, “[a]s a matter of fact, the methods of primitive accumulation are anything but idyllic” (1990: 874). However, for Marx, primitive accumulation in reality was nothing short of cruelty to humankind. “And this history” writes Marx, “the history of their expropriation, is written in the annals of mankind in letters of blood and fire” (1990: 875). The process of primitive accumulation, in contradiction to the naïve history of the formation of capital and private property as constructed by classical political economy, denotes the preliminary

conditions of capitalist era. In the early stage of capitalism, these initial conditions were in the main the separation of land producers from the common lands by force. As such, land producers as wage-laborers were compelled to subject to the conditions of capitalist market relations and of the capitalist mode of production.

As already noted, with the advent of the 16th century in England, the tools and methods of primitive accumulation started to create the early historical conditions of capitalism. A new system of law, codes and state regulations that targeted to destroy the feudal communal property over the agricultural lands with an eye to transforming them into private property, thereby forcing agricultural producers to subject to the wage system of the capitalist mode of production, played a significant role. At the same time, the internal administrative structure of the state underwent a colossal change in line with the aims of capitalists who aspired the society to be organized around the relation of wage-labour and capital. This being so, Marx sees the state as the essential part of primitive accumulation.

The rising bourgeoisie needs the power of the state, and uses it to 'regulate' wages, i.e. to force them into the limits suitable for making a profit, to lengthen the working day, and to keep the worker himself at his normal level of dependence. This is an essential aspect of so-called primitive accumulation (Marx, 1990: 899-900).

Therefore, the system of public finance was one of the methods of primitive accumulation too. In *The German Ideology* Marx and Engels point out that as the state was being shaped in favor of the ambitions of capitalists, public finance came to be a tool of primitive accumulation that created the

political and economic conditions of private property and capital.

In the case of the nations which grew out of the Middle Ages, tribal property evolved through various stages — feudal landed property, corporative movable property, capital invested in manufacture — to modern capital, determined by big industry and universal competition, i.e. pure private property, which has cast off all semblance of a communal institution and has shut out the State from any influence on the development of property. To this modern private property corresponds the modern State, which, purchased gradually by the owners of property by means of taxation, has fallen entirely into their hands through the national debt, and its existence has become wholly dependent on the commercial credit which the owners of property, the bourgeois, extend to it, as reflected in the rise and fall of State funds on the stock exchange (Marx and Engels, 1985: 79-80).

After all, Marx defines public debt as “one of the most powerful levers of primitive accumulation” (Marx, 1990: 919). Therefore, the system of public debt was not a simple component of the formation of capital, rather it was the one of the most significant tools and methods of primitive accumulation. “The national debt, i.e. the alienation [*Veräußerung*] of the state [*alienation by sale, (tr.)*]” writes Marx, “-whether that state is despotic, constitutional or republican – marked the capitalist era with its stamp” (1990: 919). While on the subject, the notion of the “alienation of the state” or “alienation by sale” means here the sale of the future tax revenues of the state to the state creditors so as to provide them with a legal property right to taxes. However, we will argue below that the notion of the alienation of the state is not limited with the meaning of the sale of the state revenue. As will be made explicit, we interpret the concept of the “alienation of the state” in consideration with the varying connotations of alienation so as to lead us to evaluate the state debt on a wider scope, ranging from the economic dimension of the state debt to the political-philosophical

level.

That said, the state debt is not only dealt with the national credit system. The state debt at the same time plays a significant role in the emergence of international credit system. Marx states that “[a]long with the national debt there arose an international credit system, which often conceals one of the sources of primitive accumulation in this or that people” (1990: 920). Incidentally, if the birth of the international credit system is directly germane to the state debt, there is another important component in its emergence: During the period of manufacture before the industrial capitalism, the colonial system had a critical role in this process too. In the period of manufacture when industrial supremacy was dependent upon commercial supremacy, the colonial system was the herald of the new age of capitalism based upon the production of surplus-value accumulated by capitalists. “It was the 'strange God' who perched himself side by side with the old divinities of Europe on the altar, and one fine day threw them all overboard with a shove and a kick. It proclaimed the making of profit as the ultimate and the sole purpose of mankind” (1990: 918). As the colonial system, knocking down the aged celestials, was giving an unprecedented shape to the world-system with capitalistic aspirations, it glorified the most ancient deity of the wealth accumulation, to wit, usury in the form of public credit during the formation of the modern state and world capitalist system:

The system of public credit, i.e. of national debts, the origins of which are to be found in Genoa and Venice as early as the Middle Ages, took possession of Europe as a whole during the period of manufacture. The

colonial system, with its maritime trade and its commercial wars, served as a forcing-house for the credit system. Thus it first took root in Holland (Marx, 1990: 919).

Therefore, during the period of manufacture and the colonial system, on national and international levels the state debt came out as a method of primitive accumulation, that is, “[t]he process of forcible expropriation of the people” (1990: 881). As a tool of primitive accumulation the state debt did not have a part only in the formation of private property and capital, it also had a significant role in the widespread emergence of interest-bearing capital and speculative financial capital. The state debts in the form of interest-bearing capital paved the way for leisure classes, banks, stock-exchanges and private speculators. Thus the state debts was the primary facility of multiplication of money and in its turn into capital.

The state's creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would. But further, apart from the class of iddle *rentiers* thus created, the improvised wealth of the financiers who play the role of middlemen between the government and the nation, and the tax-farmers, merchants and private manufacturers, for whom a good part of every national loan performs the service of a capital fallen from heaven apart from all these people, the national debt has given rise to joint-stock companies, to dealings in negotiable effects of all kinds, and to speculation: in a word, to stock-exchange gambling and the modern bankocracy (Marx, 1990: 919).

In sum, the state debt in Marx appears with two definitions. Accordingly, the first is that the state debt is one of the methods of primitive accumulation and the other is the alienation of the state (1990: 919). We are of the opinion that Marx's characterization of the state debt as the alienation of the state is highly important and is to be considered with other connotations of

alienation in order to develop a comprehensive and critical political-economy approach to public finance, because the notion of alienation is the term that Marx never left in his analysis of capitalism throughout his works. Thus, the notion of the alienation of the state should be elaborated in detail and for this the relation between the alienation and the state and the state debt should be examined. In the next section, we explain the relation of the alienation and the state debt around the extensive content of the concept alienation in Marx's analysis of capitalism.

5.1.2 The State Debt and the “Alienation of the State”

Marx's concept of the “alienation (*Veräußerung*) of the state” that appears in the context of the state debt should not be confused with the notion of “alienation” in the sense of “estrangement” (*Entfremdung*), which is the key term in Marx's critique of the detrimental effects of the capitalist mode of production on labour and human being in general. However, Marx used three German words for alienation. These are *Veräußerung*, *Entäußerung* and *Entfremdung*. All of them are translated as “alienation” from time to time. What is more, this is especially more problematic in Turkish because only one word (*yabancılaşma*) is used in the translations of these different words. Accordingly, the word “alienation” (*Veräußerung*) in the context of the state debt means selling or disposition of the future tax revenues to the state creditors. In this regard, the phrase of “*alienation by sale*” (1990: 919n) is footnoted for the word *Veräußerung*. Accordingly, alienation (*Veräußerung*),

as noted, means here the sale of the future tax revenues to the state creditors. On the other hand, on a closer examination, we find the same negative connotation in the alienation (*Veräußerung*) of the state as with the alienation / estrangement (*Entfremdung*) of human being, because Marx criticizes the state debt due to its being a method of primitive accumulation. Therefore, we can think of the concept “alienation (*Veräußerung*) of the state” with the same negative content of alienation / estrangement (*Entfremdung*) of human being. As such, the alienation of the state can also be thought with the scope and content of alienation / estrangement. After all, Marx in *On the Jewish Question* uses the word alienation in the meaning of selling (*Veräußerung*) in a close relation with alienation / estrangement. Marx states that selling is a part of alienation (*Entäußerung*⁵). More to the point, money, the object of the state debt, is an “alien entity / being”.

Selling [*Veräußerung*] is the practical aspect of alienation [*Entäußerung*]. Just as man, as long as he is in the grip of religion, is able to objectify his essential nature only by turning it into something *alien*, something fantastic, so under the domination of egoistic need he can be active practically, and produce objects in practice, only by putting his products, and his activity, under the domination of an alien being, and bestowing the significance of an alien entity – money – on them (Marx, 1975a: 174)

In the same vein, Marx in *Economic and Philosophic Manuscripts of 1844* uses *Entfremdung* in close relation with *Entäußerung* the meaning of which is close to *Veräußerung*.

⁵ Another difficulty of the concept alienation is that it also appears as *Entäußerung* the meaning of which is close to selling (*Veräußerung*) in Marx's writings. However, the concept *Entäußerung* here is also very close to the alienation / estrangement which denotes a rupture between the essence and form and as such a fictitious and fetish instance. See Chris Arthur's brief note on this: <http://chrisarthur.net/dialectics-of-labour/appendix.html>

The product of labour is labor which has been embodied in an object, which has become material: it is the *objectification* of labour. Labour's realisation is its objectification. Under these economic conditions this realisation of labour appears as *loss of realisation* for the workers; objectification as *loss of the object and bondage to it*; appropriation as *estrangement* [*Entfremdung*], as *alienation* [*Entäusserung*] (Marx, 1975b: 272).

Therefore all these concepts can be seen in close relation with each other, if there is obvious difference between their meanings. By doing so, in our estimation, re-thinking of the state debt as the alienation of the state with varying connotations of the concept of alienation expands the scope of analysis of the fetish character and illusory instance of capital that interest-bearing capital brings about, of which more below. In this regard, the notion of Marx's concept of alienation that denotes a radical rupture from the reality and the holistic perception of the reality and disruption of the content and the form provides us with a prolific landscape to evaluate the state debt as interest-bearing capital. Because by producing new value categories such as capital-value, interest-bearing capital that takes an independent form and character mystifies the essence of capital. It is because of this fact that Marx's concept of alienation by means of which he analyzes the disruption of the content and form of the reality of capitalism and thereby the fictitious instance in capitalism can be used as a definition and an effectual unit of analysis for the state debt as interest-bearing capital. Therefore, the alienation of the state means not only literally the sale of the state property but also, in regard to its consequence, depicts a fictitious instance of capital. The state here with its fiscal deed is the subject of alienation.

This being said, the notion of alienation that appears in the context of

the state and public finance in the main points to two situations. The first is the political and administrative authority of the state over society as an alien being that orders social conflicts. Here what is at issue is the increasing alienation (disruption) of the state to (with) society which gives birth to the state itself. Second, the notion of alienation in relation to the state debt implies the loss of the real content of capital within an illusion; that is to say, an implication of the inversion of true perception about capital. In other words, the notion of alienation or the alienation of the state is related with interest-bearing capital, which appears to be an independent form of capital expanding its illusory scope with the state debt. What is more, interest-bearing capital in Marx's analysis is directly related with a contradiction between content and form of capital and capital relation. The thing here is the alienation of capital to itself, as it were, and this process, of which the state with its public deed of borrowing comes to be a part, appears as the alienation of the state in the realm of public finance.

At this stage, let's proceed from the first connotation of the notion of alienation in the context of public finance. The alienation of the state denotes the supremacy of the state as public authority over society. Engels explains how the state is an alien power in his *The Origin of the Family, Private Property, and the State*. Engels uses the word 'alienation' as referring to an unclosable distance between the state and society. In this sense, alienation here signifies a divergence from the reality in a sense because, as Engels states, the state "seemingly" stands above society as an alienated power.

The state is, therefore, by no means a power imposed on society from without; just as little is it "the reality of the ethical idea," "the image and reality of reason," as Hegel maintains. Rather, it is a product of society at a certain stage of development; it is the admission that this society has become entangled in an insoluble contradiction with itself, that it has split into irreconcilable opposites which it is powerless to dispel. But in order that these opposites, classes with conflicting economic interests, might not consume themselves and society in fruitless struggle, it became necessary to have a power seemingly standing above society which would alleviate the conflict and keep it within the bounds of "order"; and this power, having arisen out of society but placing itself above it, alienating itself more and more from it, is the state (Engels, 1990: 269).⁶

According to Engels' historical evolution scheme of society, the root of the regulative instrumental function of the state corresponds to a particular stage at which the social division of labor put an end to *gentile*⁷ constitution and thereby to the division of society into the "master" and "slave" and "the exploiter - the exploited" as two main classes at the higher stage of barbarism. Accordingly, the state, which emerged out during the extinction of *gentile* organization and as such symbolizes the passage to the stage of civilization, arose as an alienated power even in its initial formation. On the other side, yet at the edge of civilization the emergence of the state machine which came out

⁶ For Marx and Engels the notion of alienation is a comprehensive emphasis that exposes the final capitalistic character of the state. However, Engels' passage above indicates only one dimension of the Marxist state theory that takes up the state as an instrument regulating or organizing class conflicts and as an instrument in the hands of the ruling classes to use to strengthen their political and economic power. Marx and Engels emphasize the instrumental nature of the state in the *Manifesto of the Communist Party* clearly as follows: "The executive of the modern State is but a committee for managing the common affairs of the whole bourgeoisie" (Marx and Engels, 1976: 486). On the other side, Marx's thoughts on class wars in France displays how the state as the political power could go under a radical and unexpected transformation as a result of multi-dimensional class relations. Therefore, on a closer and holistic look at Marx's and Engels' thought on the state, it becomes clear that the relation of alienation between the state and society takes on a complicated and multi-faceted character depending upon many-sided political and economic class relations.

⁷ The concept 'gentile' signifies a kind of social organization that took place before the civilization. Gentile type of society was a system of affinity based upon female filiations and was used to refer to kin groups of the ancient times. It was derived from the Latin word "gens" and "genos" in Greek which means to beget, gender and produce (Engels, 1990: 190-191).

from within society but as an alienated power to it, intersected with the development of money and commercial economy and interest-bearing capital.

Such that

[a]fter the purchase of commodities for money came the lending of money, entailing interest and usury. And no legislation of any later period throws the debtor so pitilessly and helplessly at the feet of the usurious creditor as that of ancient Athens and Rome —both sets of law arose spontaneously, as common law, without other than economic compulsion (Engels, 1990: 266).

With the advent of civilization and the expansion of the scope of the state machine, the state as the sole public authority came to be in need of more money in cash and “these taxes became inadequate too; the state makes drafts on the future, contracts loans, *public debts*. Old Europe can tell a tale about these, too” (Engels, 1990: 486). From this stage on, interest-bearing capital which thrived extensively by means of the state finance increasingly came to be the essential and blessed mode of wealth accumulation in Europe especially in the period of colonialism. We understand from Marx that in the age of capitalism the old Europe did not impose any limitation on herself about the state debt and therefore the alienation of the state:

The only part of the so-called national wealth that actually enters into the collective possessions of modern nation is - the national debt. Hence, quite consistently with this, the modern doctrine that a nation becomes the richer the more deeply it is in debt. Public credit becomes the *credo* of capital. And with the rise of national debt-making, lack of faith in the national debt takes the place of the sin against the Holy Ghost, for which there is no forgiveness (Marx, 1990: 919).

In approaching to state debt as a class relation, it becomes apparent that the alienation of the state from society is directly related with the creation of

capital and the process of accumulation of capital. In this sense, the alienation of the state means at the same time the capitalization of the social wealth and the dispossession of the lower middle class (peasants, artisans, workers). At this point, we should note that for Marx the state debt was not the sole reason of the alienation of the state. Rather, in the era of capitalism the state debt was one of the tools that helped the state gain an alienated character. After all, Marx sees the modern public finance as a system “whose pivot is formed by taxes on the most necessary means of substance” (1990: 921) but thinks that it cannot explain by itself whole process of the forcible dispossession of lower middle class. He writes as follows:

The great part that the public debt and the fiscal system corresponding to it have played in the capitalization of wealth and the expropriation of the masses, has led many writers, like Cobbett, Doubleday and others, to seek here, incorrectly, the fundamental cause of the misery of the people in modern times (Marx, 1990: 921).

Marx sees the system of protection as the other component of public finance that caused the expropriation and the misery of the masses. Accordingly, the system of protection played a significant role in the creation of large-scale industrial capitalism on national and international scales. The state debt too played an essential role in this process.

The system of protection was an artificial means of manufacturing manufacturers, or expropriating independent workers, of capitalizing the national means of production and subsistence, and of forcibly cutting short the transition from a mode of production that was out of date to the modern mode of production . . . The original capital for industry here came in part directly out of the state treasury. “Why,” cries Mirabeau, “why go so far to seek the cause of the manufacturing glory of Saxony before the war? One hundred and eighty millions of debts contracted by the sovereigns!”. Colonial system, public debts, heavy taxes, protection, commercial wars, etc., these offshoots of the period of manufacture swell

to gigantic proportions during the period of infancy of large-scale industry. The birth of the latter is celebrated by a vast, Herod-like slaughter of the innocents (Marx, 1990: 921-922).

Therefore, alongside the state debt we can see the system of protection as the general fiscal policy in the period of manufacture and the colonial system which was in the service of primitive accumulation. In this respect, we can think of the system of protection as a state policy that used the fiscal policies such as taxation and public debt as tools which resulted in creation of industrial capital, the capitalization of wealth and expropriation of the masses. As such, the system of protection like the state debt can be seen as an extensive fiscal policy. Incidentally, today the states widely take on debt from foreign countries and therefore the state debt should be evaluated on the international level. However, in the period of the colonial system and manufacture, the state debt as a fiscal method of primitive accumulation had more in relation with the capitalist financial aspirations within the national boundaries. As a result, the state debt was the complementary fiscal tool of the system of protection which organized both the national and international production system for the interest of the surplus-value makers. Both can be seen as the constitutive parts of the general policy of public finance in the age of mercantilism, colonialism and manufacture.

If the notion of alienation in relation to public finance is considered with its second connotation, that is, the opposition between form and content or the turn upside down of reality or the inversion of the truth, it becomes all the clearer why Marx refers to the state debt with some religious analogies and

metaphors. As Marx defines the state debt as “one of the most powerful levers of primitive accumulation” (1990: 919) he adds that:

[a]s with the stroke of an enchanter’s wand, it endows unproductive money with the power of creation and thus turns it into capital, without forcing it expose itself to the troubles and risks inseparable from its employment in industry or even in usury (Marx, 1990: 919).

By the same token, as he defines the state debt as the “*credo* of capital” (1990: 919) he depicts want of faith in the state / national debt as “the sin against the Holy Ghost, for which there is no forgiveness” (1990: 919). Therefore, Marx, on conceptual level, when the state debt is at issue, uses religious and metaphysical analogies and metaphors in order to put a persuasive emphasis on the fact that we face with a radical break with the reality of material world in general and, in particular, the process of creation of capital which is the product of labor in substance. In this respect, the state debt as the alienation of the state does not only signify the externalization of the state's political and administrative authority from society but also a peculiar instance of fetishism and illusion that resembles to an extent the case of the alienation of labor under the conditions of the capitalist mode of production. In the third volume of *Capital*, Marx in his analysis of interest-bearing capital examines public borrowing which plays a notable role in the loss of the real character of capital and capital relation in the human mind and as such the emergence of fictitious instance. Therefore, Marx's thoughts on the state debt as the alienation of the state and capital cannot be understood independent of his analysis of interest-bearing capital. After all, the state debt security is but a form of interest-bearing capital.

In *Capital* Marx examines the usual form of interest-bearing capital, that is, money-capital proper, as a whole. On the other hand, although he does not leave out completely the other forms of interest-bearing capital like the state debt securities, shares, bill of exchanges, *etc.*, he pays more attention to the former. This is so because loanable real money capital is the form of interest-bearing capital “from which other forms of loan capital are derived” (Marx, 1991: 465). In this regard, loan capital which is lent by money-capitalist to industrial capitalist proves to be crucial for the analysis of the other forms of interest-bearing capital. Thus, Marx's analysis of the function of money capital proper in capitalist mode of production is of great importance in understanding public loan. In this sense, in the next section, interest-bearing capital is taken up to be loan capital lent by money-capitalist to industrial capitalist. Then our analysis will be expanded so as to include public loan and the state debt securities. Consequently, the definition of the state debt as interest-bearing capital and the alienation of the state will be clarified by showing interest-bearing capital in its simple form, that is, money capital that represents the fetish form of capital

5.1.3 The State Debt as Interest-Bearing Capital

The ultimate aim of Marx's analysis of loanable money capital and the state debt is to show how interest-bearing capital paves the way for a fictitious instance in capitalism. In doing so, Marx shows the real character of capital and capital relation. In order to clarify the specific character of real capital with

it whole actual movements Marx abstracts interest-bearing capital in two ways: (1) interest-bearing capital as commodity, (2) interest-bearing capital as capital. Thus, Marx does not only display the difference of interest-bearing capital from real commodity and capital, but also lays out the irrational and fictitious content of interest-bearing capital by analyzing its seemingly independent existence in the capitalist mode of production and determining its unconnected character.

(1) There lies a fact behind the abstracting interest-bearing capital as commodity: “The money capitalist in actual fact alienates a use-value, and for this reason what he gives out is given out as a commodity. To this extent the analogy with any other commodity is complete” (1991: 473). On the other hand, in the exchange of a simple commodity between buyer and seller they dispose the same amount of value in different forms and in the end buyer receives the commodity and seller receives money. In other words, an exchange of equivalents is at issue here. However, the exchange between money-capitalist (lender / seller) and industrial capitalist (borrower / buyer) only the former disposes value but does not receive value in another form from industrial capitalist; for instance, lender does not get an equivalent in the form of commodity from the borrower. Therefore, a unilateral value transfer carries out here (1991: 472-473). Be that as it may, although it is a one-sided relation in terms of value exchange, money-capitalist neither disposes the value completely nor his ownership over money that he sells as commodity ends thoroughly, because he receives a fictitious equivalent, that is, a debt security.

For instance, Marx writes of the state debt security as interest-bearing capital as follows: “The state's creditors actually give nothing away, for the sum lent is transformed into public bonds, easily negotiable, which go on functioning in their hands just as so much hard cash would” (1990: 919). Therefore, while there are two forms of value -commodity and money – in a simple exchange of commodity, when it comes to loan capital there is no transformation in the form of value. On the other side, as the credit system and banking expanded, all debt securities came to be disposable capital and means of payment and as such these fictitious equivalents, as with the money and commodity forms of value, increasingly gained social characteristics.

Second, with the abstraction of interest-bearing capital as commodity Marx shows that the difference of loanable money-capital from the real commodity is its ability not to exhaust its use-value, instead ability to enhance it.

As distinct from an ordinary commodity, however, this use-value is itself a value, i.e. the excess of the value that results from the use of the money as capital over its original magnitude. The profit is this use-value. The use-value of money lent out is its capacity to function as capital and as such to produce the average profit under average conditions (Marx, 1991: 473-474).

There is another crucial point of the abstraction of loanable money-capital. Marx states that one reason of the fact that in the eyes of people interest-bearing capital takes a form of an ordinary commodity is to identify *interest* with *price*. Marx blatantly objects this and puts forward the irrationality of the misperception of the identification of interest with price. In

reality, interest is another form of surplus-value. Yet, interest is generally seen as the price of capital. However, if interest is identified with price that represents the value of a commodity as money-form, this price proves to be an “irrational” price. In Marx's words:

If interest is spoken of as the price of money capital, this is an irrational form of price, in complete contradiction with the concept of the price of a commodity. Here, price is reduced to its purely abstract form, completely lacking in content, as simply a particular sum of money that is paid for something which somehow or other figures as a use-value; whereas in its concept, price is the value of this use-value expressed in money (Marx, 1991: 475).

For example, loanable money capital of 1,000 TL shows the value embodied in a commodity as monetary magnitude. Therefore, the existence or rational explanation of this 1,000 TL is its representation of the value of a commodity. However, if some amount of money, e.g. 1,000 TL, which has a rational existence only due to being a signifier of the value of commodity, is lent out, let's say at 10% interest rate, in exchange for 1,100 TL, this is completely irrational. Because the rational expression of 1,000 TL as a monetary magnitude is due to be a price of the use-value of a commodity and as such the price or value of 1,000 TL should be 1,000 TL again, which is nothing but a tautology. “How then is a sum of value to have a price besides its own price, besides the price that is expressed in its own money form?” (1991: 476). Because if the value or price of 1,000 TL is, at 10% interest rate, is seen to be equal to 1,100 TL, this proves to be not only a quantitative but also qualitative distinction, because price is the rational explanation of value. Therefore, regarding interest as the price of money capital means that the value

of 1,000 TL is equal to 1,100 TL, which is an absurd equity. In Marx's words, “[a] price that is qualitatively distinct from value is an absurd contradiction” (1991: 476). It follows from all these that interest is not price⁸ and money-capital as interest-bearing capital is not a real commodity but a fetishized form of capital. After all, whereas the average market price of commodities is determined by the cost of production, the “price” (interest) of interest-bearing capital as a fictitious commodity is dependent upon the average rate of profit in economy.

All events, the average rate of profit should be considered as ultimately determining the maximum limit of the interest . . . If we go on to ask why the limits of the average interest rate cannot be derived from general laws, the answer simply lies in the nature of interest. It is merely a part of the average profit (Marx, 1991: 482, 486).

That is, if interest seems to be independent money revenue that develops of its own accord, in reality it is only the result of production. In this regard, Marx shows the internal relation of interest-bearing capital, by abstracting it as commodity and capital, with production and interest is nothing but a form and part of surplus-value.

Therefore, with the abstraction of interest-bearing capital as commodity Marx shows that interest is only a division of surplus-value among capitalists

⁸ Price is the expression of the use-value of commodity. Use-value is a form of value, that is commodity form of value. As such, it is because the substance of value is labor that price is the rational expression of labor embodied in commodity. Price in this sense a rational relation of form (commodity, that is, the form of value) and content (labor / value). This being so, to regard 1000 TL as equal to 1100 TL is not only a quantitative but a qualitative distinction or irrationality. Marx in his letter to Engels writes as follows: “The value of a commodity translated into money is its price. For the moment price appears only in this *purely formal* distinction between it and value. Thus, in accordance with the general law of value, a specific

and as such does not have a relation with law of value. Instead, Marx states that interest-bearing capital is subject to another group of laws: “Custom, legal tradition, etc. are just as much involved in the determination of the average rate of interest as is competition itself” (1991: 486). In other words, the average rate of interest, which is of crucial importance to the state debt, is more related with social conventions, non-economic power relations and laws of jurisprudence, rather than with the laws of competition in capitalist economy. After all, the relation of debt – claim is a legal relation.

The legal forms in which these economic transactions appear as voluntary actions of the participants, as the expressions of their common will and as contracts that can be enforced on the parties concerned by the power of the state, are mere forms that cannot themselves determine this content. They simply express it (Marx, 1991: 460-461).

All in all, Marx, by analyzing the internal relation of interest-bearing capital with production process, he clarifies the irrational and fictitious instance of capital. As he states by criticizing mercantilist economic thinking: “The genuine science of modern economics begins only when theoretical discussion moves from the circulation process to the production process. Interest-bearing capital, too, is an age-old form capital” (1991: 455). Marx explicates the content of this ancient and fetish form of capital by abstracting it as capital as shown below.

(2) By abstracting interest-bearing capital as commodity, Marx accentuates the irrational, “lawless and arbitrary” (1991: 478) character of loan

amount of money merely expresses a specific amount of objectified labour. In so far as money is a measure, the variability of its own value is of no importance” (Marx, 1983: 301).

capital with the abstraction of money capital as capital, this becomes all the clearer. For Marx, “[i]n the case of interest-bearing capital, everything appears in a superficial manner” (1991: 478) or in other words “[i]n interest-bearing capital, the capital relationship reaches its most superficial and fetishized form” (1991: 515). The superficial and fetishized form of capital relation implies (i) the loss of the essence of capital in the perception of individuals (ii) the distortion of the reality of the process of capitalist mode of production as a whole and as such the deification of the interest in capitalist ideology which serves to distort the essence of capital, that is, exploitation. Marx mentions capital value, which is peculiar to interest-bearing capital, and underlines that in his time “every commodity is expressed as a capital value” (1991: 602). Capital value here is a form of value that is determined by interest. Therefore, for Marx, interest-bearing capital, that is, “the most superficial and fetishized form” of capital, is of great importance, because although it is a mere form of surplus-value in substance, it gains an independent appearance from the creation and realization of surplus-value and as such it seems to develop of its own accord, which results in a radical distortion of capitalist social relations in the perception of individuals. So much so that capital “appear[s] in place of labour as the original source of capital ownership, as well as taking the place of brute force” (1991: 609). In this manner, a fictitious and fetishized circumstance, under which the essence of capitalist production relations and specific properties of real capital disappear, emerges out. However, in effect, interest-bearing capital, that is, the illusory form of capital that makes money (M) from money (M') (interest = $\Delta M' - M$),

is the original and general formula for capital reduced to a meaningless abbreviation . . . In the form of interest-bearing capital, capital appears immediately in this form, unmediated by the production and circulation processes. Capital appears as a mysterious and self-creating source of interest, of its own increase. The *thing* (money, commodity, value) is now already simply as a thing . . . In interest-bearing capital, therefore, this automatic fetish is elaborated into its pure form, self-valorizing value, money breeding money, and in this form it no longer bears any marks of its origin. The social relation is consummated in the relationship of a thing, money, to itself. Instead of the actual transformation of money into capital, we have here only the form of this devoid of content (Marx, 1991: 515-516).

The reification of capital relation reaches its highest degree with interest-bearing capital. As noted, the self-expanding value of this meaningless form of capital perverts and objectifies production relations. For Marx, interest-bearing capital has a function to conceal the real content of capital as a whole by creating an illusion that capital is the source of value.

The fetish character of capital and the representation of this fetish capital is now complete. In $M - M'$ we have the irrational form of capital, the misrepresentation and objectification of the relations of production, in its highest power: the interest-bearing form, the simple form of capital, in which it is taken as logically anterior to its own reproduction process; the ability of money or a commodity to valorize its own value independent of reproduction — the capital mystification in the most flagrant form (Marx, 1991: 516).

Therefore, interest-bearing capital advanced to industrial capitalist by money capitalist overshadows the general formula of capital, $M - C - M'$, and replaces it with the fetish formula of capital, $M - M'$. During the movement of the fetish form of capital, capital appears as capital and as such production process in which labour exploitation takes place falls under a mysterious screen (1991: 459-471). In this regard, as noted, interest-bearing capital, for Marx, is the fetish form capital that perverts the capitalist social and production

relations as a whole. So much so that capitalist, whether he owns his own capital or not, takes on an entrepreneurial character that employs his own labour power who gains a wage-like income and therefore as entrepreneur he seems to be a neutral and simple economic agent without economic and political power (1991: 495- 507). Put this way, interest-bearing capital is the fictitious form of capital that remains out of the scope of actual movement of industrial capital ($M - C$ and $C - M'$), and leads an illusory instance in which capital as a whole is seen as the creator of value and interest seems to be the essential character of capital (1991: 515-524). However, this fetish, “lawless and arbitrary” (1991: 478) circumstance of interest-bearing capital saves the acceptability of this illusory circumstance under the legal form of capital and paradoxically it conditions the process of capitalism. In this sense, it is not totally fictitious but it shapes the reality itself. This point, the coupling of the fictitious and the real, is the relation that Marx's political economy analyzes for the economic categories of capitalism.

The relation of value and capital is the one of the most complicated issues in political economy and interest-bearing capital has a pivotal role why it is being so. In Marx's words:

Interest-bearing capital, however, displays the conception of the capital fetish in its consummate form, the idea that ascribes to the accumulated product of labour, in the fixed form of money at that, the power of producing surplus-value in geometric progression by way of an inherent secret quality, as a pure automation (Marx, 1991: 523).

Interest-bearing capital as the fetish form of actual capital and, therefore, its product, that is, a specific capitalist ideology of capital is the

fundamental ground of neoclassical economics and public finance that reasons in a way as to ignore the real content and structure of capital and capital relations. As Marx puts:

For vulgar economics, which seeks to present capital as an independent source of wealth, of value creation, this form is of course a godsend, a form in which the result of the capitalist production process – separate from the process itself – obtains an autonomous existence” (Marx, 1991: 517).

This point is important too when the state debt, which is a kind of interest-bearing capital, is at issue, and as such, a critical political-economy approach to public finance should regard this fictitious instance as the object of inquiry.

That being said, interest-bearing capital has spread out towards the state finance in the era of capitalism, and this turns up as “the alienation of the state”. However, so far we have limited our explanation of interest-bearing capital with the relation of money-capitalist and industrial capitalist in order to show clearly and simply the content of this fetish form of capital. Yet, the fictitious instance of interest-bearing capital comes out in the same way but on a more extensive and complicated level in the credit relation of banks, which takes place of money capitalists and collects money wealth of whole society, and the state. Thus, with the advent of modern banking and credit system interest-bearing capital has come to be a wider social relation instead of a mere relation between money-capitalist and industrial capitalist. Marx states that banking capital “represents to a large extent not his [banker] own capital but rather that of the public who deposit with him, whether with interest or

without” (1991: 600). More to the point, banking capital is largely composed of “public securities such as government bonds, treasury bills and stocks of all kinds, in short interest-bearing paper, which is essentially different from bills of exchange” (1991: 594) in this regard “[t]he greater part of banker's capital is therefore purely fictitious” (1991: 600). Thus, Marx points out the same fictitious instance in the context of banking capital: “The form of interest-bearing capital makes any definite and regular monetary revenue appear as the interest on a capital, whether it actually derives from a capital or not” (1991: 595). The state debt as a fictitious and fetish form of capital is a part of this illusory instance. Therefore, let's take the state debt as interest-bearing capital at this stage: the gains of the state creditors from the state's annual tax revenue appear as capital gain. However, loanable money capital does not invested in the productive industrial realm but the unproductive field of the state. Money-capital was consumed by the state like the use-value of a commodity in the unproductive realm. All things that happen here is that money capital is invested in the unproductive realm of the state by means of the state debt securities and then the state pays to the state creditors extra money from its annual tax revenue under the name of interest. Hence, money-capital as interest-bearing capital invested in the realm of state finance has nothing to do with the movements of reproduction of actual capital. There is only an indirect relation between money-capital invested in the state debt securities and actual capital in the industrial realm. Accordingly, what the state pays to the state creditors is only a portion of the new wealth created by industry. Marx cites Sismondi:

Government bonds are no more than imaginary capital, representing the portion of the annual revenue destined for the payment of debts. A capital of equal size has been frittered away; this gives the loan its denomination, but it is not what the government bond represents, for the capital no longer exists. In the meantime, new wealth arises from the labour of industry; an annual part of this wealth is assigned in advance to those who lent the wealth that was squandered. This part is taken in taxes from those who produce wealth, and is given to the state's creditors, while the customary ratio in the country between capital and interest forms the basis for assuming an imaginary capital, of sufficient size to yield the annual interest that creditors have to receive (Sismondi, quoted in Marx, 1991: 607n-608n).

Therefore, loan capital invested in the state finance is a fictitious capital too as money capital invested in industrial realm. In Marx's words, "the capital of the national debt remains purely fictitious, and the moment these promissory notes become unsaleable, the illusion of this capital disappears" (1991: 596). This means that in the times of crisis the alienation of the state reaches its peak. Thus, we come to the same point: In the case of the state debt, capital and interest take imaginary forms without content. In the context of the state debt Marx underlines the case in point:

The formation of fictitious capital is known as capitalization. Any regular periodic income can be capitalized by reckoning it up, on the basis of the average rate of interest, as the sum that a capital lent out at this interest rate would yield⁹ . . . In this way, all connection with the actual process of capital's valorization is lost, right down to the last trace, confirming the notion that capital is automatically valorized by its own powers (Marx,

⁹ Marx takes the state debt and wage as the examples of the formation of fictitious capital. He states that vulgar economists think of wages as the interest income of monetary value of capital just as they conceive loan capital invested in the state debt as actual capital. "Here the absurdity of the capitalist's way of conceiving things reaches its climax, in so far as instead of deriving the valorization of capital from the exploitation of labour-power, they explain the productivity of labour-power by declaring that labour-power itself is this mythical thing, interest-bearing capital" (1991: 596n). Accordingly, these economists reason in this way: The wage of 1000 TL is seen as an income gained from interest-bearing capital of 10.000 TL at %10 interest rate. According to this absurd schema, the process of the formation of wage does not refer to the condition of exploitation of labour-power to produce surplus-value. Instead, the worker turns his labour-power into cash (10.000 TL) and invests his money value of labour-power in interest bearing capital at %10 interest rate and receives in the end an interest income of 1000 TL which is his wage.

1991: 597).

All in all, the fictitious instance of capital led by interest-bearing capital should not be seen as only an illusion in the perception of individuals in a way in which it has nothing to do with reality. Instead, the fictitious circumstance (the “alienation” of capital), of which the state debt is a part, should be analyzed on the basis of the concrete co-occurrence pattern of the imaginary and the real, because it shapes the conditions of capitalism in practice, by apotheosizing fictitious capital in capitalism. On the other side, Marx's analysis of interest-bearing capital and as such the state debt as a particular case of alienation is a clarification of how the capitalist reasoning becomes social consciousness. With this in mind, in the context of the state debt the analysis of public finance as capital relation should be done without ignoring the central categories of capitalist mode of production such as value, wage-labour, profit, exploitation, surplus-value etc. After all, for Marx, the state debt as other forms of interest-bearing capital is, in the final analysis, “the accumulation of proprietary claims to labour” (1991: 607) the means of which is taxation: “Accumulation of capital in the form of the national debt, as we have shown, means nothing more than the growth of a class of state creditors with a preferential claim to certain sums from the overall proceeds of taxation” (1991: 607). However, in essence, what the state pays to state creditors is nothing more than “accumulated claims, legal titles, to future production” (1991: 599). Marx differentiates interest-bearing capital from the functioning capital in production process and defined it “to be capital as property” (1991: 503). As

Marx (1991: 503) underlines, although interest-bearing capital does not stand in a direct opposition with labour, since it does not exploit wage-labour, it does not mean that interest-bearing capital and the state debt as one of its forms do not have any relation with production process and surplus-value. If the state debt appears to be only a form of interest-bearing capital and legal title to future taxes, in reality it proves to be legal claim to future production and surplus-value. In this respect, in *Grundrisse* Marx draws a parallel between the state creditors and capitalists: “Like the creditor of state, every capitalist with his newly gained value possesses a claim on future labour, and, by means of the appropriation of ongoing labour has already at the same time appropriated future labour” (1993: 367). Therefore, the state debt as interest-bearing capital should be analyzed in connection with production process and relations.

5.1.4 A Brief Explanation on the State Debt

Before proceeding to the next section on taxes, it would be helpful to summarize and make a brief explanation on the state debt at this stage. In Marx's political economy the state debt appears in the contexts of primitive accumulation, interest-bearing capital and the alienation of the state. In regard to primitive accumulation what Marx understands is quite different from classical political economy in which it is designated as a process of the natural and legal formation of private property of the prudent and the diligent. For Marx, primitive accumulation in England was a process of the dispossession of rural peoples from their means of subsistence and communally owned lands by

the state and capitalists, the creation of the conditions of capitalist agriculture, and as such, the creation of the working class for urban industries outside the strict control of guilds. Primitive accumulation, *pace* classical political economy, was composed of methods of coercion and violence:

The spoliation of the Church's property, the fraudulent alienation of the state domains, the theft of the common lands, the usurpation of feudal and clan property and its transformation into modern private property under circumstances of reckless terrorism, all these things were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, incorporated the soil into capital, and created for the urban industries the necessary supplies of free and rightless proletarians (Marx, 1990: 895).

The use of the state force by capitalists was the essential element of primitive accumulation. What is more, fiscal policies and strategies had pivotal role in the formation of capitalism. In this respect, Marx defines the state debt as a tool of primitive accumulation that created the early economic and social conditions of capitalism. At this stage there is another point to be mentioned: In Marx's writings public finance in the context of both the state debt and taxation does not have its ordinary positive content oriented towards providing social welfare and common good. Put this way, Marx evaluates public finance as an element that helped the creation and progress of capitalism. This is so, primarily because in the capitalist society fiscal policies cannot carry out the condition of welfare as Marx thinks, because the basic criterion of social welfare, for Marx, is the destruction of alienation / estrangement that restrains the potentiality of human freedom and social welfare. As such, Marx conceives the concepts of welfare, freedom, justice and equality in their complete sense and does not see public finance in capitalistic practices as having potentiality to

accomplish freedom and welfare. In line with this, for instance, Marx defines the state debt, a direct fiscal method of primitive accumulation, as the alienation / sale of the state. As noted, we think that the concept of the alienation of the state should be conceived in its broadest content for an extensive analysis of public finance. Accordingly, this definition accentuates primarily the capitalistic characteristic of the state finance rather than the aspect of public finance for common good. On the other hand, in Marx we find an insight on the historical evolution of public finance as a tool of primitive accumulation into carrying out a social function for welfare and common good. Accordingly, the history of public finance can be understood within the history of class conflicts. Put this way, the struggles of working classes against the extreme exploitative conditions of capitalism had a significant role in the formation of public finance as having policies for social welfare along side the interest of capitalist class in fiscal policies and state intervention in the face chronic crises of capitalism. Therefore, the chief principle of modern public finance, that is, the realization of common good, stems from the history of actual class struggles between among themselves and against the state.

As noted, in order to achieve a full understanding of Marx's thoughts on the state debt, interest-bearing capital should be taken into account with its vast ramifications. In order for this to be done, the analysis of the state debt should be based upon the clarification of the actual and imaginary relation of form and content about capital. This leads us to re-think of the notion of “the alienation of the state” in its broadest content. As with other categories of capitalism

Marx analyzes interest-bearing capital with its varying forms and content, that is, its pseudo-character as capital and internal relation with capitalist mode of production. With these in mind, in one respect, the analysis of interest-bearing capital of Marx's political economy is a comprehensive example of his extensive critique of classical economic theory in which we find how it is important to associate the state debt with other central categories of capitalism. In line with this, another aspect of his analysis of the state debt is that it has a transhistorical dimension, simply because public finance, interest and interest-bearing existed before capitalism. In this respect, Marx's analysis of public finance and the state debt as interest-bearing capital proves to be an analysis of their new forms under the conditions of capitalist mode of production. Marx writes that “as far as the *formation of monetary-wealth* itself is concerned, this belongs to the prehistory of the bourgeois economy. Usury, trade, urbanization and the treasury [government finance] rising with it play the main roles here” (1993: 509). While Marx analyzes these categories with their new forms in capitalism and their relation with capitalist mode of production shows that interest-bearing capital is not so much related with specific economic laws of capitalism as with conventional social and legal traditions and power relations.

As things turn out, as interest-bearing capital plays a significant role in mystification of the content of actual capital, capital gains a fetishized or fictitious character which blurs the content of actual capital and capital relation based upon exploitation in substance. Therefore, an analysis of the state debt should not be focused on solely the movements of this independent and

fictitious form of capital, instead its relation with actual capital, and as such, production relations should be exposed. This leads us to rethink the notion of the state debt as the alienation of the state around the broadest content of the notion of alienation. Therefore, in line with Marx's and Engels' use of the concept alienation we argue that the alienation of the state corresponds to three cases in capitalism: The first is that the state as an alien entity comes to be increasingly separate political power from society in appearance; relatedly the loss of the capitalist character of the state; third, the state debt as interest-bearing capital proves to be a tool that mystifies the content of capital and capital relation. In effect, all these implications are related with each other. Alienation being related with the disruption of form and content in Marx's theory, the alienation of the state does not only imply the illusion of capital in a way in which capital seems to be the original source of value and has an autonomous progress independent of the production of surplus-value but also it signifies a disconnection of the state power with actual movements and reproduction of capital in the perceptions of individuals. Therefore, the alienation of the state indicates also the mystification of the capitalistic relation of the state with the movements of actual capital and capital relation. Therefore, the state debt as the alienation of the state connotes that the state has nothing to do with the accumulation of capital and in this context public debt comes to have a mere fiscal administrative tool of the state to carry out its ordinary fiscal policies for financing public expenditures in favour of common good. However, in Marx's estimation the state debt should be considered as a capital relation with its practical and theoretical consequences. In this sense,

the alienation of the state is related with the “alienation and the logic of inversion” (Eagleton, 2005: 110) which is defined in the *German Ideology*, in other words, an ideology of the state in which the state “appear[s] upside-down as in a *camera obscura*” (Marx and Engels, 1985: 47). However, for Marx, the essence of the state sovereignty in capitalism lies in the private property. After all, Marx and Engels writes in the *German Ideology* that “[t]o this modern private property corresponds the modern State” (1985: 79). Therefore, the state with its deed of going into debt integrates overtly and fully with its chief constituent.

Finally, we should briefly clarify how the alienation of the state is different from human alienation in capitalism. First of all, the alienation of the state cannot be related with freedom or emancipation concerning the state as in the case with human alienation. In Marx's thinking the notion like “the free state” does not have any sensible meaning. Instead, in line with Marx's critique of Hegel's philosophy of the state, the alienation of the state can be interpreted as the process of the state's alienation which means the externalization and objectification of the state itself. However, in contradistinction to Hegel who thinks of the state as the manifestation of an abstract idea, for Marx, the objectification of the state does not represent the deeds (here the state's borrowing) carried out by an independent and autonomous agent (that is, the free or autonomous state). Quite the reverse, the state is a dependent entity upon the social and political relations. In this sense, the state debt as the alienation of the state does not imply the borrowing of the state as the abstract

and independent being, but exactly the opposite, it suggests as a politically and socially dependent entity the state's objectification or its integration with its capitalistic essence. After all, Marx rejects the idea of Hegel that “the functions and powers of the state cannot be *private property*” (Hegel, 1995: 314) as an tautology and argued that “[t]he functions and activities of the state are associated with individuals (the state is only effective through individuals), but with the individual not as *physical* but as *political* being; that is, with the *political quality* of the individual” (Marx, 1975c: 21).

All in all, the alienation of the state in our broad interpretation is not only an outcome of the state debt, but as we show in the next section taxes are part of it too.

5.2 Taxes and the Political Economy of Taxation

The critical review of Marx and Engels (1850) of Emile de Girardin's book, *Le Socialisme et L'impôt* (1849), of which more below, contains the most valuable ideas on taxation for a critical approach to public finance. Marx touches upon taxes in different contexts in his various writings on public finance. Before proceeding to the review of Girardin, let's summarize his views on taxation. One of them is the close relation of taxation with the state debt. For Marx, taxation is the historical complementary fiscal policy of the state debt:

As the national debt is backed by the revenues of the state, which must cover the annual interest payments etc., the modern system of taxation

was the necessary complement of the system of national loans. The loans enable the government to meet extraordinary expenses without the taxpayers feeling it immediately, but they still make increased taxes necessary as a consequence. On the other hand, the raising of taxation caused by the accumulation of debts contracted one after another compels the government always to have recourse to new loans for new extraordinary expenses. The modern fiscal system, whose pivot is formed by taxes on the most necessary means of subsistence (and therefore by increases in their price), thus contains within itself the germ of automatic progression. Over-taxation is not an accidental occurrence, but rather a principle (Marx, 1990: 921).

In addition, Marx takes up taxation as a class relation in the light of the history of class struggles and brings various definitions and characterization of taxes. What is common to these representations of taxation is his emphasis on its political character. At this stage, we would like to present some of them below as a group.

The monarchy, like every other form of state, is a direct burden on the working class on the material side only in the form of *taxes*. Taxes are the existence of the state expressed in economic terms. Civil servants and priests, soldiers and ballet-dancers, schoolmasters and police constables, Greek museums and Gothic steeples, civil list and services list — the common seed within which all these fabulous beings slumber in embryo is *taxation* (Marx, 1976: 328).

Taxes form a part of this minimum, for the political calling of the workers consists precisely in paying taxes. If all taxes which bear on the working class were abolished root and branch, the necessary consequence would be the reduction of wages by the whole amount of taxes which today goes into them . . . For the bourgeoisie on the other hand both the way in which taxes are distributed and levied, and the use to which they are put, are a vital question, both on account of its influence on trade and industry and because taxes are the golden cord with which to strangle the absolute monarchy (Marx, 1976a: 329).

Taxes are the source life for the bureaucracy, the army, the priests, and the court, in short, for the whole apparatus of the executive power. Strong government and heavy taxes are identical (Marx, 1979: 191).

Taxes are the economic basis of the government machinery and of nothing else. In the state of the future, existing in Switzerland, this demand has been pretty well fulfilled. Income tax presupposes various sources of income of the various social classes, and hence capitalist

society (Marx, 1989: 96).

Marx makes an interpretation upon the restoration of traditional wine tax imposed on the French peasants decreed by the National Assembly in order to create a fund to pay the state debts on the first anniversary of the Louis Bonaparte's presidency, 20th December 1849, as follows:

The sponsor of this restoration was not a financier; it was the Jesuit chief *Montalembert*. His argument was strikingly simple: Taxation is the maternal breast on which the government is suckled. The government is the instruments of repression; it is the organs of authority; it is the army; it is the police; it is the officials, the judges, the ministers; it is the *priests*. An attack on taxation is an attack by the anarchists on the sentinels of order, who safeguard the material and spiritual production of bourgeois society from the inroads of the proletarian vandals. Taxation is the fifth god, side by side with property, the family, order, and religion. And the wine tax is incontestably taxation and, moreover, not ordinary, but traditional, monarchically disposed, respectable taxation. *Vive l'impôt des boissons!* [Long live the tax on drinks!] Three cheers and one cheer more! When the French peasant paints the devil he paints him in the guise of a tax collector. From the moment when Montalembert elevated taxation to a god, the peasant became godless, atheist, and threw himself into the arms of the devil, of Socialism (Marx, 1978: 118).

All these passages above shows that Marx does not conceptualize taxes as the revenue of the state in a narrow economic sense, instead he conceives taxation as a political class-relation. Also, Marx's critical approach to taxation is not limited with the political and economic functions of taxation against the lower middle class in capitalism; in addition to this, Marx deals with taxation in the context of the struggle of working class to surmount capitalism and with the fiscal system in the socialist society after capitalism, of which Marx's observations on the Paris Commune is essential. After all, Marx thinks of the existing capitalist society in opposition to the future state. He writes that “it is possible to speak of the ‘present-day state’ in contrast with the future, in which

its present root, bourgeois society, will have died off” (1989: 95). Therefore, taxation in Marx's thought should be considered in contradiction between present and future. In line with this, we find Marx's thought on the fiscal strategies that working class should follow in its struggle to overcome capitalism in the “Address of the Central Committee to the Communist League”. The passage below from the speech of Marx and Engels sums up well their opinion about the workers' fiscal strategies concerning taxation against capitalism:

They must drive the proposals of the democrats to their logical extreme (the democrats will in any case act in a reformist and not a revolutionary manner) and transform these proposals into direct attacks on private property. If, for instance, the petty bourgeoisie propose the purchase of the railways and factories, the workers must demand that these railways and factories simply be confiscated by the state without compensation as the property of reactionaries. If the democrats propose a proportional tax, then the workers must demand a progressive tax; if the democrats themselves propose a moderate progressive tax, then the workers must insist on a tax whose rates rise so steeply that big capital is ruined by it; if the democrats demand the regulation of the state debt, then the workers must demand national bankruptcy. The demands of the workers will thus have to be adjusted according to the measures and concessions of the democrats (Marx and Engels, 1978a: 286).

As for their critique of Girardin, we find an extensive critical analysis of the non-revolutionary and reformist projects on taxation proposed by socialist democrats. Their critical review (1850) of Emile de Girardin's book, *Le Socialisme et L'impôt* (1849) is the most important of all. In his book Girardin criticizes nineteenth-century French fiscal institutions and policies which were inherited from the ancien regime period. As such, Girardin argues that “[t]he basis of our financial system is totally unscientific. It reflects nothing more than the traditions of the Middle Ages, which are in turn

themselves the legacy of the ignorant and predatory fiscal practice of the Romans" (quoted in Marx and Engels, 1978b: 329). On the other hand, the people of the First Revolution (1789-1792) sang out that they, he writes, "have made the revolution only in order to take taxation into our own hands." (quoted in 1978b: 329). Girardin, criticizing the French fiscal system of his time, proposes a reform project concerning taxation that he hopes to bring a radical change to the system of public finance thereby constituting a socialist democratic order in France. In this regard, a radical change in public finance, for Girardin, is the basis of a socialist change: "Socialism is possessed of a lever; that lever was the *budget*. But it needed a fulcrum if it was to turn the world upside down. That fulcrum was supplied by the Revolution of February 24: universal suffrage" (quoted in 1978b: 326). Marx and Engels summarize Girardin's opinion as follows: "The source of the budget is taxation. So the effect of universal suffrage on the budget must be its effect on taxation. And it is by its effect on taxation that "good" socialism is realised." (1978b: 326). Accordingly, in Girardin's estimation, there are two kinds of socialism: The first is "good socialism" is "the system which most closely approximates to mankind's conception of the kingdom of God on earth" (quoted in 1978b: 326) and as such it is a "'harmony between labour and capital" (quoted in 1978b: 326). The other is "bad socialism" which is "the war of labour against capital" (quoted in 1978b: 326). For Girardin, the chief difference between the good socialism from and its bad variety is that good socialism would be come out without a revolution. For Girardin, "[t]his good socialism must be used to stifle the bad variety" (quoted in 1978b: 326) and a radical reform in taxation unjust

distribution relations could be eliminated thereby creating a democratic “good” socialist order. Thus, in Girardin's schema comes true, “no more revolutions” (quoted in 1978b: 333, 335). Marx and Engels summarizes Girardin's socialist project as follows: “At its [bad socialism's] door are laid all the horrors: equal distribution of the land, abolition of the family ties, organised plunder, etc.”; on the other side, “[i]n its [good socialism's] train are found the abolition of ignorance, the elimination of the causes of pauperism, the establishment of credit, the multiplication of property, the reform of taxation” (1978b: 326).

According to Girardin's tax reform project, taxes prove to be something like an “insurance premium paid by those who owe property, to insure themselves against all risks which might disturb them in the possession and enjoyment of it . . . The taxpayer is thus replaced by the insured person” (quoted in 1978b: 329). Thus, the state turns out to be an insurance company. This way of conceiving taxes lies at the heart of Girardin's schema. Incidentally, assuming taxation as an insurance premium came to be the predominant idea in neoclassical public finance in the second half of the nineteenth century. In this respect, Girardin's socialist project paradoxically is overlapped with neoclassical economics' liberal conception of market society. However, at least, Girardin's project of taxation and socialist order would be expected to be close to ability-to-pay-approach which advocates progressive taxation with an eye to social responsibility of the state. And yet, Girardin's project is overtly closer to benefit approach which supports the idea that taxpayer should pay taxes in proportion to their getting benefit from the public

service. While ability-to-pay approach rests on a collectivist social consciousness and order, benefit approach is of an individualistic character. Girardin's so-called socialist project based upon a “radical” transformation of taxation into insurance premium is very close to individualistic benefit approach. Moreover, Girardin's approach corresponds to the narrowed version of benefit approach in neoclassical economics. As Richard Musgrave (1968) explains that this narrow scope benefit approach to taxation has turned out to be an opposition to public expenditures, because according to this approach if taxation is an insurance premium paid to the state only for protection, then nothing should be paid for other social public expenditures. Therefore, public expenditures are left out of the scope of public finance until Keynes. Therefore, Girardin's socialist project paradoxically corresponds to neoclassical benefit approach to taxation which excludes public expenditure. In this sense, the socialist order that Girardin hopes to come true as a result of a transformation in taxation is based upon an individualistic orientation. For Marx and Engels, Girardin's socialist project is nothing but a bourgeois socialism.

There is another paradox in Girardin's thought: The collection of taxes in the form of insurance premium is dependent upon individuals' calculating their own assets. As we noted, Girardin's schema of taxation is a derivative of neoclassical benefit approach based upon the true estimation of assets by proprietors. Girardin's assumption of rational man has a political implication for “good socialism”. Such a society composed of moral and rational taxpayers does not need the state and any authoritative unit. However, in reality this is

not the case with Girardin's theory. For Girardin, proprietors have to estimate the value of their assets truly, otherwise those who figure their assets low will be punished and left out society. Thus, Girardin comes to the point he criticizes. If he wants to assume away the state and authority of any kind in his socialist project, he cannot achieve this. In Marx's and Engels' words: "Society of course cannot tolerate the formation of a class in its midst which rebels against its very conditions of existence. Compulsion, authority, bureaucratic interference which are precisely what Girardin wants to eliminate, reappear in society. If for a moment he made abstraction of the conditions of bourgeois society, he did so only in order to return to them by another route" (1978b: 333). Therefore, Girardin's schema rests on paradoxical arguments and wrong assumptions of man, society and capitalism. For instance, as noted earlier, Girardin expects that proprietors has to estimate their assets truly and this is important for other members of society in respect to justice and equality. On the other side, Marx and Engels explains the patterns of capitalistic behavior as follows: "A certain Roman wished his house might be made of glass so that his every action would be visible to all. The bourgeois wishes that not his own house but that of his neighbour should be of glass. This wish too is fulfilled" (1978b: 332). Hence in Girarsdin's system everything is designed in regard to capital and private property, no matter he pivots his system on tax on capital. Marx and Engels criticize Girardin in this way:

The only thing the reader will have missed throughout Girardin's expose is the workers But of course bourgeois socialism always presupposes that society is exclusively composed of capitalists, so as to be able then to resolve the issue between capital and wage labour according to this point of view" (Marx and Engels, 1978b: 336-337).

Therefore, the kernel of the critique of Marx and Engels of Girardin's system of taxation that keeps things between wage-labour and capital pleasant corresponds to the mystification of capital as well as capital and wage-labour relation in capitalism as we explained in the context of the state debt. The other essential part of their critique is that Girardin's tax reform project is far from bringing forth a socialist order; quite the reverse his system does not exclude existing capitalist relations. As such, taxation, for Marx and Engels, cannot be an end towards a socialist order, at best it would be a means against a capital:

Tax reform is the hobby-horse of every radical bourgeois, the specific element in all bourgeois economic reforms. From the earliest medieval philistines to the modern English free-traders, the main struggle has revolved around taxation.

Tax reform has as its aim either the abolition of traditional taxes which impede the progress of industry, or less extravagant state budgets, or more equal distribution. The further it slips from his grasp in practice, the more keenly does the bourgeois pursue the chimerical ideal of equal distribution of taxation.

The distribution relations, which rest directly upon bourgeois production, the relations between wages and profit, profit and interest, rent and profit, may at most be modified in inessentials by taxation, but the latter can never threaten their foundations. All investigations and discussions about taxation presuppose the everlasting continuance of these bourgeois relations. Even the abolition of taxes could only hasten the development of bourgeois property and its contradictions . . . Every new tax depresses the proletariat one step further; the abolition of an old tax increases not wages but profits. In a revolution, taxation, swollen to colossal proportions, can be used as a form of attack against private property; but even then it must be an incentive for new, revolutionary measures or eventually bring about a reversion to the old bourgeois relations.

The reduction of taxes, their more equitable distribution, etc., etc., is a banal *bourgeois reform*. The *abolition* of taxes is *bourgeois socialism*" (Marx and Engels, 1978b: 330-331).

Therefore, Marx and Engels are highly skeptical of a radical social transformation by means of a change in, even the elimination of, taxation. On

the other side, in the second chapter, by taking off from Marx's view on the method of political economy, we argue that public finance as the most concrete political relation with the state and society plays a vital role in social change. However, it should not be forgotten that taxation in particular and public finance in general is something like an accelerative force in the process of social change. That is, on the whole, Marx is of the opinion that a change in taxation by itself cannot bring forth a radical social change. Accordingly, in Marx's eye, the fallacy of Girardin's analysis lies in the ignorance of the basic character of capitalist social relations, i.e., private property, capitalist mode of production, surplus-value etc. For Marx and Engels, if there is a radical role of taxation in social change, it is to be a means against capital. In sum, their critique of Girardin is related with his blind to the historical character of taxation in capitalism and to the question how taxation would have a political and economic role against capitalism. Needless to say, for Marx and Engels a radical break with capitalism is possible only with the breakdown of capitalist mode of production. In line with this, Marx also criticizes Proudhon due to his similar opinion with that of Girardin about the role of taxation in social change so as to put an end to capitalism. His critique of Proudhon about taxation and social change complements their critical view:

What can we say of this genius, which, while fasting, walks about in a zigzag? And what can we say of this walking which has no other object than to destroy the bourgeois by taxes, whereas taxes are the very means of giving the bourgeois the wherewithal to preserve themselves as the ruling class?

Merely to give a glimpse of the manner in which M. Proudhon treats economic details, it suffices to say that, according to him, the *tax on*

consumption was established with a view to equality, and to relieve the proletariat.

The tax on consumption has assumed its true development only since the rise of the bourgeoisie. In the hands of industrial capital, that is, of sober and economical wealth, which maintains, reproduces, and increases itself by the direct exploitation of labor, the tax on consumption was a means of exploiting the frivolous, gay, prodigal wealth of the fine lords who did nothing but consume (Marx, 1976b: 196).

Last but not least, with everything considered, Marx's thoughts on taxation are directly related with his critique of capitalism of which, as also seen in the critique of Girardin, an alternative social order after capitalism is the part. In this respect, finally, we should note that his thoughts and observations on the Paris Commune and in the *Gotha Program* contains valuable ideas on the system of public finance and administration which are of importance to develop a critical political-economy approach to public finance.

CHAPTER 6

FISCAL INSTITUTIONS AND FISCAL THOUGHT

IN

THE OTTOMAN EMPIRE

(16TH-19TH CENTURIES)

In its 600-year history the nineteenth century is generally reckoned as the turning point of the Ottoman Empire in regard to its integration with the western modernity and capitalism. Although a great number of groundbreaking changes in institutional order and intellectual field were carried out under the profound influence of Europe, the Ottoman Empire took a route of its own while building up modern economic, political and administrative institutions and thought to a large extent. However, this does not mean that its route was entirely unique in itself and is not comparable to any other nation. Seeing that almost all reforms and novelties in institutional and intellectual field were adopted from the west through the nineteenth century, a particularistic historiography is not proper in understanding the Ottoman experience with modernity and capitalism. However, one cannot say that all reforms were completely carried out in a synthetic course of action under the

influence of the European states, because this would lead to a Eurocentric point of view which neglects changes specific to the empire and the role of domestic political, economic and social circumstances. Therefore, if the western influence is blatantly obvious, this should not be the exclusive starting point in understanding of the transition of the Ottoman state and society towards modernity and capitalism. In addition, in order to achieve comprehensive insight into changes in economic, political and fiscal institutional and intellectual setup, we should observe the dynamics specific to the Ottoman history which traces back to even the late sixteenth century.

Reforms the Ottoman state implemented in the period from the so-called classical period through to the nineteenth century were always related to worsening economic and administrative problems. It is because the Ottoman Empire had always been a fiscal and militarist state that the 'economic' here means mostly 'fiscal', that is, economic reforms that were adopted and implemented were by and large fiscal-oriented administrative policies. Because of the political influence of the Ottoman state over the market and foreign trade, economic reforms in these fields, too, had to be carried out, based upon fiscal-oriented policies that shaped directly the official institutional setup of the state. In this respect, if we make a distinction with the economic and fiscal realm, fiscal policies were much important than the economic ones. Practically, public finance and private economic realms had different dynamics to an extent. As the growth of economy took place and the volume of production increased in the eighteenth and nineteenth centuries in the Ottoman economy

(Keyder, 2009: 253; Pamuk, 1999: 220-221; Toprak, 1999: 173-174), the fiscal conditions of the state went through permanent crises due to insufficient revenues and foreign debts. Theoretically, this does not mean that the economic and fiscal realms were autonomous vis-à-vis each other. In fact, this practical segregation between the two stemmed from the specific political and economic relation of the Ottoman state with the market realm. Therefore, in order to achieve a full understanding of the reforms that were carried out in the economic and administrative realms, the fiscal conditions should always be taken into consideration and, as such, we think that the balance in the inquiry into the economic history of the Ottoman Empire should be tipped in favour of public finance. We see the reflections of this reality in the intellectual life in the empire. Fiscal considerations were always at the center of economic mind of the Ottomans. This was due to the enduring fiscal difficulties the state experienced after the late sixteenth century. In this respect, public finance in terms of institutional and intellectual aspects was quite important to comprehend the economic and administrative system in the Ottoman Empire. What is more, we think that the fiscal history of the Ottoman Empire had much to explain concerning the present public finance of Turkey in terms of institutional and bureaucratic structure as well as academic configuration in the social sciences.

With these in mind, we explore in this chapter the fiscal history of the Ottoman Empire around two themes. First, we will take up the evolution of institutions in the fiscal realm from the classical period up until the late

nineteenth century. The fiscal evolution of the state administration can be comprehensively explored by considering pre-nineteenth century fiscal institutions. We will follow the same way in our research of the history of fiscal thought in the Ottoman Empire.

6.1 Ottoman Fiscal Institutions from the ‘Classical’ Period to the Nineteenth Century

The economic history of the Ottoman Empire is mostly a history of fiscal deficiency, especially after the last quarter of the sixteenth century and the shortage of state revenues turned into severe fiscal crises in the nineteenth century, forcing to change its bureaucratic institutional order radically. This being the case, nineteenth century is as much a history of fiscal crisis as it is a social and political history of modernization for the Ottoman Empire. Although nineteenth century is a period that most draws attention among historians due to the modernization process in social and economic realms as well as in intellectual field, the origin of problems in economic, fiscal and governmental affairs goes back to the late sixteenth century. Therefore, the story of nineteenth century starts well before.

As already noted, the Ottoman Empire is a militarist and fiscal bureaucratic state before anything else. For a long period the state revenues came from mostly conquests and the *timar* system which was basically an agrarian mode of production that was under the strict control of *sipahis*, that is, state-appointed military incumbents living in rural areas. *Sipahis* collected

various taxes from the dependent peasantry *reaya* and supplied soldiers to the army in proportion to revenues which they got from appanage. Incidentally, the efficient working of the *timar* system in *sanjaks* was dependent upon *tahrirs* (the registration of the tax-payers and sources of revenues and calculation of the tax base). Throughout the classical period of the Ottoman Empire the *timar* system was the basis of the fiscal structure of the state and could supply the sufficient revenue to the state by means of taxes collected in kind and cash.

The *timar* system is of crucial importance not only to the understanding of the fiscal structure of the Ottoman Empire but also the social and political relations in the Ottoman society. The main issue here in this early period is the relation of *sipahis* and *reaya*. According to the advocates of classical approach (e.g. Ömer L. Barkan, Halil İnalcık, Niyazi Berkes), the *timar* system did not delineate a decentralized institutional organization in the sense of the western type of feudalism. Instead, it is argued that the Ottoman state had a strict political and economic power and control over *sipahis* whom were seen as the tax officers in the direct service of the *sultan*. In addition, classical approach argues that there did not transpire private property in the Ottoman Empire so as to shape the economic and political structure entirely at the expense of the destruction of the centralized land regime. Moreover, most of the lands were *mîrî*, that is, the state-owned lands. In line with this, classical approach takes the structure of property rights and law as the basic criterion in this discussion about whether the *timar* system could be interpreted as a feudal-based system or not. We should note that this discussion is of great importance to explain the

true structure of the Ottoman fiscal system in the so-called ‘classical’ period. On the other side, for Şevket Pamuk, using Marxist categories, explains the *timar* system as a mechanism of the extraction agrarian surplus from peasants (*reaya*) so as to transmit it to the state. And yet, he does not leave behind the arguments of classical approach entirely. According to him, in the Ottoman Empire there was no private property but a specific mechanism of the extraction of agrarian surplus from peasants to transmit it to the state. The means was taxation. Pamuk (2005: 27, 95), by borrowing the term “tributary mode of production”, explains the *timar* system as a kind of mode of production specific to the Ottoman Empire. However, in doing so he does not part ways with the arguments advocate of the Asiatic mode of production which was seen by many, often uncritically, as the appropriate mode of production to the Ottoman land regime. However, as the critique of Oğuz Oyan (1998: 153-162) of the concept “tributary mode of production” and of Pamuk’s arguments shows that these classical approaches, including even those which use the Marxist categories, do not consider the difference between property relations and production relations. Therefore, as Oyan correctly argues, Pamuk’s approach, albeit the Marxist flavor, is ignorant of the direct exploitation of the *reaya* by *sipahis* for their own interests; therefore, singular exploration relations between *reaya* and various types of seigneurs become invisible with the impression of “collective exploitation” (Oyan, 1998: 156). In other words, specific class relations are lost in the analysis and the level of state (superstructure) stands at the center of the examination. In addition, the conception of taxation as the state apparatus in exploitation is also problematic

because taxation in itself cannot be a criterion and means to define a mode of production. In this sense, as Oyan states, the Asiatic mode of production and its derivatives like ‘tributary mode of production’ is highly problematic and should be questioned if they would correspond to a specific mode of production. Consequently, the conceptions of Asiatic or ‘tributary modes of production’ is far from having analytical and theoretical consistency in relation to the Ottoman Empire and remain in parallel with the classical approach that is advocate of the idea that the Ottoman state is a centralized empire.

Despite the disputable arguments of the *timar* system, it is agreed on all sides that the chronic fiscal deficiency of the Ottoman Empire which haunted its history especially after the last quarter of the sixteenth century until its end, started with the collapse of the *timar* system. And yet, the deterioration of the *timar* system was not the sole reason. Even if it was the chief reason, there were other factors from abroad and from within. First of all, the *timar* system was a system of the agrarian state where money-economy was underdeveloped and bureaucratic control over the arable lands was weak (Ortaylı, 2007a: 124). Therefore, the *timar* system by its structure could not allow the state to show flexibility vis-à-vis the urgent exigencies of the time among which the cash money headed the list. And the debasement of currency was the easiest way of the meeting the need in cash money. But debasements which were carried out into the nineteenth century were the elements of the fiscal depression. The 1585 debasement was the turning point of fiscal history of the Ottoman Empire. Others are military reasons, radical changes in warfare technology,

price revolution of the sixteenth century, changes in land regime, increase in the expenditure of central bureaucracy and army, increase in population and demographic pressure (Cezar, 1986: 28-32; Karpas, 2008: 57; İnalçık, 2009: 191-197; Pamuk, 2005: 119-120; Tabakoğlu, 1985: 203-255). All these factors worsened the fiscal deficiency of the empire all the more and heightened the necessity of cash money. On the other side, the Ottoman state already collected kinds of taxes such as *cizye*, *nüzul bedeli* and *avarız* in ready cash, but we cannot talk of a modern tax-state the revenues of which were entirely composed of cash money in seventeenth century; and yet, the transformation of taxes into pecuniary payments gained ground in the late sixteenth century when the fiscal depression was heavily felt by the state (Faroqhi, 1999: 531-533). And, when these causes were added, the attempts of central bureaucracy to pursue its self-interest and as such the rise of corruption in the state affairs, fiscal depression became all the more catastrophic for the state finance, no matter if trade and production showed considerable growth from time to time.

However, the Ottoman government did not completely fail to act to overcome fiscal deficiency. From the late sixteenth to nineteenth century the Ottoman bureaucracy made institutional innovations in fiscal realm to increase the revenues of the central treasury. With the fiscal deficit of the government the state interventionism enhanced but it remained limited to monetary and fiscal institutions; in this sense, the Ottoman intervention proved to be “selective” rather than wide-ranging (Pamuk, 2000; 2004). These selective interventions and institutional innovations in fiscal realm were opposed to the

myth of the Ottoman inertia or stagnation due to the fiscal deficiency (McGowan, 1999: 710; Pamuk, 2004: 8). Pamuk (2000; 2004) characterizes the nature of Ottoman interventionism, which helped the state survive into the nineteenth century as a wave-or-less intact empire despite the arduous economic problems of war, as “flexibility”, “pragmatism”, “adaptiveness” and “habits of negotiation”. These are the general character of institutional policies of the Ottoman state to overcome fiscal deficiency. Accordingly, the Ottoman government was always in search of institutional innovations especially in the fiscal realm. After the crumbling of the *timar* system two fiscal innovations were carried out. The first was the *malikâne* system founded in 1695 and then the *esham* was implemented after the 1770s. These two fiscal innovations were the result of insufficiency of the classical tax-farming which enabled the state short-term borrowing. With the *malikâne* and *esham* systems the state could prolong due of the public debt and thereby borrowing the large amount of money without going into foreign debt. Yet, these systems of borrowing which were in the form of tax-farming were in reality the starting point of the financialization of fiscal system with capitalistic aspirations in the Ottoman Empire.

After the sixteenth century the Ottoman state became increasingly in need of money and the *timar* system was far from providing the large amount of ready money. What is more, the authority of central bureaucracy over the rural areas was noticeably weak in extracting cash money to the central treasury. Although the state could keep the existent class relation as it had been

for a long period and thereby preventing the formation an aristocratic class having a political authority, it had to share the revenues with the provincial notables, *mültezims* (tax farmers) and *sipahis*. Therefore, fiscal innovations became a must. Accordingly, the first fiscal novelty carried out in order to meet all the requirements was the *malikâne* system. In fact, it was the restructuring of the system of borrowing which was based upon the transformation of the *mîrî* lands into *mukataa*, that is, a relatively long-term borrowing compared to classical tax farming. In fact, with the *malikane* system and then *esham*, of which more below, the tax farming was transformed into a means of domestic public borrowing (Ortaylı, 2005: 131; Pamuk, 2006: 30). Accordingly, *mukataas* were tax farmed for three years in the auction where the price of *mukataa*, that is, *muaccele*, was determined. As the fiscal deficiency deepened in due course, the Ottoman state did not show any hesitation in the transformation of economic resources into *mukataa*; as such, the *malikâne* system became the mainstay of the Ottoman *fiscalism* (Genç, 2006: 62). From that time on, financialization of the fiscal system gained ground and finance capital expanded in the Ottoman Empire, the *sarrafs* (moneylenders) being the financial supporters of the participants of the *malikâne* system. When the second fiscal innovation, the *esham* system, came out, the economic power of the *sarrafs* has frown enormously. *Esham* was a system of relatively long-term borrowing as compared to the *malikâne* system. The *esham* system aimed to collect larger amount of cash money not only from wealthy creditors but also those who had relatively less money (Pamuk, 2006: 31). In modern terms, the *esham* can be thought as public offering. The chief reason of the

implementation of the *esham* system was the high rate of interest in the *malikâne* system (Genç, 2006: 63). What is more, the aim of the Ottoman state with the *esham* was to take the control over the revenues of the *mukataa* and expand the tax base. On the other side, with the advent of the *esham*, the *sarrafs* strengthened their economic power and became wealthier through pecuniary employments thereby evolving into financial capitalists in the nineteenth century.

All these fiscal innovations aimed at strengthening the administrative control of the central bureaucracy over the revenues and to expand the tax base were successful to a certain extent. The Ottoman state's need for money increasingly continued well into the nineteenth century. As the eighteenth century drew to a close with the reforms of Selim III in fiscal and military realms, did not however prevent the fiscal deficiency that got harder to overcome. *Irâd-i cedit* treasury which established to finance the new model army *Nizam-i cedit* in 1793 aimed to overcome the fiscal problems of the *malikâne* system but the Ottoman state could not find any other remedy than choosing the *esham* system (Genç, 2006: 64). The reforms of Selim III required a large amount of money to be carried out and its success was dependent upon the economic conditions of society at large but the Ottoman people were experiencing hard times (Berkes, 2006: 113). The reforms of *Sultan Selim* clarified how the Ottoman state was in great need of money to modernize the fiscal, military and administrative structure. Consequently, if the above-mentioned fiscal novelties carried out by the Ottoman central bureaucracy until

the end of the eighteenth century were partly successful in solving the short-term fiscal problems, none of them could produce a far-reaching way out the crisis. What is more, we may say that they have sown the seed of the prolonged crisis in the nineteenth century.

The Ottoman state entered the nineteenth century with grave fiscal problems. During his 31-year reign Mahmud II (1808-1839) carried out various radical reforms in administrative, political, economic cultural and military realms. However, debasement of currency was more frequent than ever before during his reign. The Ottoman Empire went through extensive debasements which made the fiscal problems all the more severe. In line with this, we may say that *The Tanzimat Edict* came out as a result of the harsh economic and fiscal problems. As Ömer L. Barkan argues, without a comprehensive understanding of the economic history of the Ottoman Empire, the *Tanzimat* event cannot be explained thoroughly (Barkan, 1941: 325). The *Tanzimat* brought radical changes in political and economic sphere in accordance with the western type of modernity and capitalism and, what is more, in respect to the state, the fiscal problems and weak authority of bureaucracy over fiscal system underlay these changes. In this sense, as Barkan argues, the *Tanzimat* event should be interpreted on economic and fiscal terms. This is so because the *Tanzimat* was faced with a serious economic crisis from the beginning and the chief policy of the *Tanzimat* bureaucrats was oriented towards enhancing the tax revenues of the state (Karpas, 2008: 91). Halil İnalcık characterizes *Tanzimat* as an attempt to rescue the state administrative and economic

foundations which were about to collapse entirely (İnalçık, 2006: 14).

Tanzimat is generally recognized as the period of the Ottoman modernization and a process of adaptation of the institutions and thought in politics and economics from the West. On the other hand, in the administrative field, the *Tanzimat* was the project of centralization of the government and public finance, and had an overt primacy over other institutions. For most of the historians, the deterioration of the fiscal system was not only the origins of the severe problem of the Ottoman government but also it was the chief reason of the decline of entire state administration. And, as already noted, this started with the decline of the *timar* system.

For Kemal Karpat the *Tanzimat* as the modernization process of the Ottoman state and society was built upon three axes. The first was the motive for the centralization of the government; the second was the increasing political influence of the European governments and institutions; and the third was the ideological aspects of modernization (Karpat, 2008: 78). The last was also related with the modernization in the intellectual sphere in the Ottoman state and society. To these should be added the economic dimension of the modernization. And, the economic dimension was in the main the articulation of the Ottoman state and society with the European capitalism. Zafer Toprak explains this as follows:

Nineteenth-century Ottoman economics, despite its ups and downs, can, however, be integrated into this modernization paradigm summarized in terms of urbanization, secularization and structural differentiation. In other words, the economic liberalism of the nineteenth century may well have been the prerequisite for a new structure, escaping inertia and low

social mobility. So the nineteenth century era could be interpreted in terms of gradual yet irreversible trend towards more rational, complex and impersonal forms of social organization within the framework of capitalism and a modern bureaucracy. In fact, I want to argue that the nineteenth century for the Middle East should be seen as a phase which proved to be indispensable for the transition of the socio-economics structure from its fiscalist, precapitalist stagnation to one of dynamic growth. Or in sociological terms, as a transition from ‘traditional society’ to ‘modern society’ based on achievement and high mobility (Toprak, 1999: 172).

We do not oppose Toprak’s summary of the economic dimension of the *Tanzimat*. On the other hand, Toprak interprets the economic history of the Ottoman Empire in the nineteenth century from a liberal point of view. In contradistinction to dependency approach to the integration of the Ottoman economy with commercial and capitalistic process and institutions of the west, Toprak argues in his article that “a much more ‘liberal’ approach could be tested in the economic and financial activities of the *Tanzimat*” (Toprak, 1999: 173). Accordingly, based upon empirical data on trade and production process in the several Ottoman urban centers, Toprak argues that, *pace* dependency theories, it is unrealistic to advocate a total collapse and dependency to the west because of the commercial treaties signed with the west and of the development of the banking sector and financial institutions. In line with this, Toprak sees the concept of “modes of production” one of the most useless categories to evaluate the economic and fiscal conditions of nineteenth century Ottoman state and society. By the concept of ‘abstract’ he uses for saying useless he understands a methodology that is incapable to explain reality. Therefore, in his eye a ‘negative evaluation’ of the liberal and capitalistic economic and fiscal conditions of the state and economy with the ‘abstract’

notions that does not rely on statistical figures should be questioned. However, we think that statistical figures have limit to carry out a complete analysis. In addition, capitalism always comes with innovations that would enable economic growth and rationality in institutional organizations. The statistical figures prove this reality in nineteenth-century Ottoman Empire. For Toprak this means that “[q]uantitative data defy the classical ‘dependency’ approaches to modern Middle East history” (1999: 175). However, if imperialism does not lead to a ‘total collapse’ all of a sudden, it creates dependent growth that lasts longer and leads far-reaching devastating social and political consequences in the long run. Therefore, we think that an historical approach to present Turkey’s economic and fiscal dependency in the era of ‘new imperialism’ is now required all the more today and, classical dependency approaches as such, which were described by Toprak as “negative evaluation” (1999: 174) should be re-interpreted.

Donald Quataert explains the economic aspect of the *Tanzimat* in terms of the problems experienced at that time. Accordingly, the general economic problem is the question of the production of resources and their allocation (Quataert, 2006: 448). This question is also related with public finance in respect to the place of the state in the economy. Quataert argues that with liberalization and commercialization of the economy inspired by the 1838 commercial treaty, *Treaty of Baltaliman*, the role of the state in the economy weakened. For Quataert, this process began with the 1826 events and continued with the 1838 Anglo-Ottoman treaty and the 1839 and 1856 reforms (2006:

447, 451-452). However, liberalization of the Ottoman economy did not achieve the classical liberal policy completely, that is, the minimization of the state sector in the economy. Quite the reverse, as Quataert (2006: 454) argues, during the *Tanzimat* period and throughout the nineteenth century in general the power of the Ottoman state expanded greatly. The expansion of the state, however, did not prevent the fiscal crises. Incidentally, the expansion of the state was not related at all with welfare policies. Instead, the state and central bureaucracy pursued its own interest. As Kemal Karpat (2008: 81) argues, the aim of the Ottoman modernization was not to enhance the capability of bureaucratic service for the welfare of the people; rather it aimed at reinforcing the power of the central government. And this was true for the so-called 'classical period'. The Ottoman state in the sixteenth century made large expenditures for army, public administration (mostly for the salaries of the officials) and the court (İnalçık, 2009: 241-242) which means that the social function for welfare of the people was very limited. In the nineteenth century nothing was changed in terms of the loose relation of public finance and policies with social welfare. Tevfik Güran's examination of the Ottoman public finance and budgets between the period of 1839 and 1918 confirms this. Accordingly, the main expenses of the state were made for the defense, administration and the *Sultan's* court (Güran, 2006. 70). Güran concludes that the Ottoman Empire was relatively successful in increasing the revenues but not in expenditures in the nineteenth century (2006: 79).

That said, during the *Tanzimat* period the various fiscal institutions such

as *Meclis-i Muhasabe-i Maliye* (1840), *Meclis-i Muhasabe* (1858), *Islahat-ı Maliye* (1859), *Divan-ı Muhasebat* (1862) (Şener, 2007: 70) were established, but neither the minimizing of the state in accordance with the principles of orthodox economic liberalism could be realized nor the centralization and bureaucratic rationality in the administration of government could be achieved for an efficient administration of resources. The bureaucratic officials wanted to benefit from the capitalistic practices but did not want to lose their economic and political power (Karpas, 2008: 91-92), because with the increasing domestic public borrowing, high-ranking officials, who were supported financially by the bankers, were one of the wealthiest classes in the Ottoman economy. With the expansion of public debt the bribery also spread in the administration of government (Kazgan, 2005: 19; Pamuk, 2005: 82). Therefore, despite the fiscal innovations and liberalization of economy and thereby economic growth, the Ottoman fiscal deficiency grew in the *Tanzimat* period.

In sum, in contradistinction to general tendency towards the centralization and an efficient organization of the central bureaucracy, the fiscal administration could not be organized well as the *Tanzimat* policies aspired. This was for two main reasons: The first was the economic dilemma of the Ottoman Empire and as such fiscal sources could not be collected, not even estimated properly. There was still a lack of efficient registration system (*tahrir*) in the fiscal realm. Secondly, fiscal bureaucracy was too rigid compared to other offices of bureaucracy, having a privileged position in the

entire administration of government, and as such it was too difficult to penetrate inside the fiscal offices, which resulted in the inflexibility to the changing conditions of the time in fiscal administration. Consequently, the *Tanzimat* could not achieve centralization in fiscal system and administration. The tax farming continued and collection and registration of tax revenues could not be achieved. In short, despite new fiscal institutions such as the *Umûr-i Mâliye Nezareti* (Ministry of Finance) and *Divân-ı Muhasebât* (the origin of the Court of Auditors), during the *Tanzimat* period an efficient and centralized fiscal system could not be created. On the other hand, with the *Düyûn-ı Umûmiye* (The Ottoman Public Debt Administration) the Ottoman fiscal bureaucrats learned the modern principles of public finance and fiscal techniques (Ortaylı, 2005: 130-133; 2007a: 475-481).

All these problems became more serious to overcome as a result of the increasing need for funds and, what is worse, in the second half of the nineteenth century the potentiality of domestic public borrowing reached its limit. The *Galata Bankers* were the financiers that lent money to the state in the first half of the century. *Sarrafs* who most benefited from the *malikâne* and *esham* system were the origins of the *Galata Bankers*. *Sarrafs* supported financially the Ottoman bureaucrats in the auctions of the *iltizam*. In the nineteenth century *sarrafs* evolved into the bankers and founded their bank, Banque de Constantinople (*Dersaadet Bankası*) in 1847 (Pamuk, 2004: 22-24). In the *Tanzimat* period the relation of the high-ranking bureaucrats and the *Galata Bankers* was very intimate and, as noted, this was a chief reason of the

corruption in the administration of government (Kazgan, 2005: 19). In addition, the other source of the wealth of the *sarrafs* and the *Galata Bankers* were foreign trade and they had a vital role in the emergence of mass consumption society even in the provinces (Kazgan, 2005: 19). However, the fund of the *Galata Bankers* became insufficient in the 1850s and the Ottoman state contracted its first deal for the foreign debt in 1854 after which the Ottoman state went through chronological crises. This was the new phase of the Ottoman public finance. With foreign debts, the Ottoman fiscal system underwent a colossal change and became dependent upon the European financial capital alongside the *Galata Bankers* who were integrated with the former. The Ottoman bureaucracy was fast on the way to dependent upon the *Düvel-i Muazzam* (the then leading capitalist states). “The bureaucracy turned to foreign borrowing to preserve its relative economic status, and it was soon found out that the burden on revenues exceeded the sporadic benefits” (Keyder, 1980: 326). This ended up with moratorium on foreign debt payments in 1876 and then with the founding of the *Düyun-ı Umûmiye* (The Administration of the Ottoman Public Debt) in 1881.

Düyun-ı Umumiye was the result of failure of the Ottoman state in the administration of the revenues and of increasing foreign debt payments. Paradoxically, as already noted, the Ottoman bureaucrats learned much of modern fiscal administration in this strict dependency. Donald C. Blaisdell explains this as follows:

European financial control was instituted in the Ottoman Empire because

of Turkish inability to administer finances in a manner satisfactory to Occidental tenets. Not unnaturally, Frenchmen and Englishmen who lent their money expected loans to be managed according to European fiscal principles. Aside from the fact that these principles demand a rigid adherence to the rule of punctual discharge of obligations (the importance of which was not apparent to Ottoman officialdom), internal conditions in the Empire precluded the possibility of honest and efficient handling of revenues. The twenty years preceding 1875, during which the pre-Decree foreign debt was contracted, were characterized by administrative disorganization throughout the Sultan's domains (Blaisdell, 1966: 9).

It is generally accepted that the founding of 'The Administration of the Ottoman Public Debt' was the full integration of the Ottoman Empire with the European capitalism. With *Düyük-ü Umûmiye* it is all the clearer that the so-called Ottoman modernization came under the rules of imperialism. This integration or modernization, according to Blaisdell, was "the technique of financial imperialism".

It was no accident that the heyday of the Administration of the Ottoman Public Debt coincided with a period of enormous industrial, commercial, and financial expansion in Europe. Prior to the origin of the Public Debt the Ottoman Empire had attracted substantial amounts of capital which had been created by the substitution in England and in Europe of the satisfactory system for the handicraft system of production. Subsequently, the new commercial revolution (world-wide application of steam to land and marine transportation) occasioned additional production of exportable capital, part of which was invested within the Sultan's domains. The role of the Debt in this later period was that of the link between European financial sources and Turkish economic potentialities. But an added factor, imperialism, was present after 1880, a factor which caused international rivalry and the final dismemberment of the Ottoman Empire (Blaisdell, 1966: 28).

In fact, the "integration" of the Ottoman Empire with Europe is a highly complicated issue. There are various approaches at odds with each other to the process of integration in question. However, it can be argued that modernization in administrative field and imperialism, which created a consumption society in the Ottoman Empire in accordance with capitalistic

aspirations, came together with the *Düyun-ı Umûmiye*. Edhem Eldem in his article *The Process of Financial Integration of the Ottoman State with Europe: Foreign Debt, The Ottoman Bank and Düyun-ı Umumiye* (in Turkish), questions the concept of “integration”. Eldem argues that “integration” as the relation of the Ottoman Empire with Europe has a negative meaning rather than having a positive content as modernization. In this sense, “integration” does not mean that the Ottoman Empire achieved a firm place in European politics and economic system. Eldem (2006: 112) thinking in parallel with Blaisdell concludes that the foundation of *Düyun-ı Umumiye* was the turning point in the process of “integration” of the Ottoman Empire and, after the 1890s, imperialism proved to be the essential aspect of the Ottoman integration with Europe.

“Integration” with Europe was not the sole aim of the Ottoman state in only economic, financial, political and cultural realms in the nineteenth century. In the *Tanzimat* period, the Ottoman intellectuals and bureaucrats were influenced by European ideas. Therefore, the European effects were not limited to institutional and practical affairs. Intellectual field was also influenced from the European ideas. This is very evident in economic and fiscal thought. Therefore, we need to explore the evolution and formation of modern economic and fiscal thought in the Ottoman Empire.

6.2 The Evolution and General Pattern of Economic and Fiscal Thought in the Ottoman Empire

As already noted, the fiscal problems, which deeply affected not only the state administration but the intellectual themes of the time, had already started well before the nineteenth century. The Ottoman bureaucrats and savants highly dealt with fiscal issues in their *lâyihas* and rescripts of reforms. Most of them were far away from having a systematic thinking but this does not mean that before the nineteenth century there did not emerge same degree of modern scientific knowledge of social, economic and political life. Despite the absence of a rooted tradition in intellectual field, eighteenth century was not an era of recession in terms of scientific thinking (Ortaylı, 2001: 38); what is more, there are arguments claiming that nineteenth-century modernization of intellectual thinking has not entirely happened under the sole influence of the European ideas amongst which *cameralism* is seen as the most influential one; rather it was the continuation of the tendency in changing the intellectual manners and patterns since the eighteenth century (Çetinkaya, 2001: 71). In line with this, the fact that nineteenth century for the Ottoman state and society was an era of modernization process in institutional and intellectual realms under the profound influence of Europe cannot be denied; yet if this is taken for granted it may lead to several problems, having consequences for the intellectual history. The 'eurocentric' point of view comes first in these problems and consequences, which conceals the intellectual patterns specific to the Ottoman Empire which can be traced back to pre-nineteenth century.

We may argue that there were savants, who wrote treatises, *lâyihas* and rescripts of reforms vis-à-vis the changing political and economic conditions of the time, writing nearly in modern terms and terminology even in the seventeenth century. For instance, Kâtip Çelebi was a leading intellectual in the seventeenth century in this respect. Although his writings were concerned with the policies to be implemented to solve the concrete problems related with government, his thoughts and writings were not entirely composed of these. In his writings there are also theoretical insights almost in modern terms which would be the base of a modern scientific thinking. Kâtip Çelebi wrote his book *Mîzânü’L-Hakk Fî İhtiyâril-Ehakk* (2008) in 1656 and the book, he claimed, was a yardstick of the truth for the insolvable quarrels of his time. He proposes practical solutions for several problems not related directly with each other, but in the “Introduction” he calls for scientific knowledge relying on wisdom. Accordingly, Kâtip Çelebi (2008: 17) adopts Aristotle’s classification of sciences: A) *Hikmet-i Nazariye / Logic (İlahi İlim / metaphysics, Riyazi İlim / theoretical sciences, Tabii İlim / natural sciences)* B) *Hikmet-i Ameliye / Practical Philosophy (Ahlak İlmi / moral philosophy)*. Economics / *ilm-i tedbir-i menzil* takes place under the practical philosophy. Kınalıoğlu Ali Efendi and Taşköprüzade Ahmet Efendi also made this classification of knowledge inspired by Aristotle (Fındıkoğlu, 1946: 11). Therefore, not only the eighteenth century but also the seventeenth century should be seen as the part of the history of the development a modern thought in the Ottoman Empire. In line with, this Cemal Kafadar argues that it could be seen as ironic that before the westernization the Ottoman-Turkish culture had been more open to

Hellenistic and Byzantine legacy than current time. The classics of the west such as Plato, Aristotle, Hipokrates and Galen were among the basic classics of the Ottoman political thought (Kafadar, 2001: 23).

However, economic thinking (*ilm-i tedbir-i menzil*) was relatively weak compared to the political and administrative thought before the nineteenth century and even before the *Tanzimat Period* (1839-1876); instead, economic thinking was built up according to the premises of *ilm-i tedbir-i devlet* (Sayar, 2005: 140), one the main axes of which was state finance. After all, the main pillars of eighteenth-century political thought were the writings and reports of government officials, particularly, in fiscal bureaucracy and of high-ranking soldiers (Ortaylı, 2001: 37). In particular, this is very related to the grave influence of Ibn Khaldun's on the Ottoman intellectual environment and the state government. As noted in the fourth chapter, for Ibn Khaldun, since public finance and armed forces were the foundations of the state and for the endurance of the state, they must be sound and robust. Ibn Khaldun's views were very influential on the Ottoman savants and officials, and his ideas on the collapse of the state were especially significant for the Ottomans because after the sixteenth century the Ottoman Empire always went through long-lasting crises in fiscal and military realms. In this sense, the Ottoman intellectuals and bureaucrats always kept in mind Ibn Khaldun's scenario of the collapse of the state but they never mention this in their *lâyihas* and other writings even in the nineteenth century (Ortaylı, 2001: 38). The influence of Ibn Khaldun is also related with the basic philosophy of the Ottoman state, that is, *dâire-i adalet*

(the circle of justice). The philosophy of the circle of justice was Persian in origin and advocated that in order to have a well-established and strong society the public should be treated with justice; and if this could not be achieved then the taxes would be low (Somel, 2001: 89). In short, the ‘circle of justice’ conceives the state and public as indistinguishable in terms of economic interest and aims at achieving equilibrium or stability in society. For instance, Koçi Bey formulates this as follows: “*Reaya is the treasure of the sultans*” (Koçi Bey, 2008: 131). In the Ottoman Empire, Ibn Khaldun’s views on the circle of the justice are adopted exactly by Kınalızade Ali Efendi (Okumuş, 2005: 46-47). In fact, the ‘circle of justice’ was always at the foundation of the Ottoman political, economic and fiscal thought. Therefore, in nineteenth century the *Tanzimat* added the science, technology, *meşveret* and freedom to the classical ring of the circle of the justice (Çetinkaya, 2001: 66). In this sense, it is very appropriate to take up the ‘circle of justice’ in relation to the formation of modern fiscal and economic thinking in the Ottoman Empire in the nineteenth century.

Having said that, we note first that by taking off from the idea that social sciences in modern terms and conceptions started with the deep influence of the European ideas and intellectual traditions, numerous Ottoman historians followed the way of comparison between the Ottoman and European ideas in order to characterize and analyze the Ottoman economic and political thought. In effect, we argue that some of them are based upon wrong conceptualizations. For instance, in his analysis of the modern Ottoman

economic and political thought, Şerif Mardin (2005: 65, 81; 2007: 82-83) argues that cameralism had a decisive influence on the formation of the modern Ottoman economic and political thought. However, Mardin conceived cameralism totally wrong because he sees cameralism as the extension of physiocracy and, paradoxically, a sort of leftist idea. And yet, cameralism was none of them. Therefore, Mardin's characterization of the modern Ottoman economic and political thought relies on the wrong and paradoxical conceptualization of cameralism. The cameralist tradition and the Ottoman thought and policies can be compared or the effects of cameralism, if such there be, can be examined; but the identification of cameralism and physiocracy with the Ottoman thought has problems and is not convincing. Therefore, Mardin's conceptualization of cameralism can lead to confusion in analyzing the Ottoman thought. In fact, first of all, elsewhere we showed that the identification of cameralism with mercantilism is also very problematic (Gürkan, 2008), even though the two have resemblances in terms of several policies. In line with this, it is because the Ottoman Empire did not follow mercantilist policies we may say that the Ottoman policies should not be rated as mercantilist or cameralist. In addition, the protectionist economic approach in the second half of the nineteenth century should not be seen as related with cameralism because cameralism already ended up in the last quarter of the eighteenth century. Yet, the influence or the affinity between the German Historical School and the Ottoman protectionist views can be explored, which is rather proper. On the other hand, cameralism is directly opposed to physiocratic approach. There are some historical examples of this. Johann

Heinrich Jung-Stilling, one of the cameralist professors in Lautern University, criticizes physiocracy in 1787 as follows: “Physiocracy is an angelically beautiful girl but unhappily a vestal, who is incapable of making an honorable man happy” (quoted in Lindenfeld 1997: 27). One of the ‘honorable men’ Jung-Stilling spoke of was the prince of Baden-Durlach Carl Friedrich wanted to introduce single-tax system in 1770, which is the fiscal policy of the physiocratic approach. Friedrich had asked Mirabeau for advice but he did not receive practical solutions. Mirabeau as a typical physiocrat spoke about only theoretical aspects of the issue and the prince did not receive convincing practical advice from him. Later he abandoned the single-tax policy (Tribe, 1988: 125).

So, physiocratic policies and theoretical approaches never took place in the Ottoman Empire. First of all, nineteenth-century liberal approaches were influenced by the contemporary French and British political economy. What is more, physiocratic approach is at odds with the classical idea of ‘circle of justice’ which is concerned with trade rather than production.

Because Physiocracy emerged as a theoretical response to the legacy of mercantilism, and because the Ottoman Empire did not have a mercantilist experience in its past, it would be improper to expect the indigenous genesis of a Physiocratic approach. Furthermore, both mercantilism and Physiocracy in the European past entailed a peculiar combination of productionist objectives channeled towards the provisioning of a nascent market system. Physiocracy was in effect a doctrine to encourage agricultural production under the stimulus of market incentives . . . In the Ottoman Empire, on the other hand, concern with trade . . . came first, and a productionist focus had slipped easily to the backdrop . . . [T]he Ottomans held a conception of output as revenue and remained alien to the Physiocratic conception of a net product or surplus they toyed with artificial ways of raising revenue such as tax-farming and monetary denomination that did not impact positively upon

productivity (Özveren, 2002: 132-133).

These being said, all these take us to the issue of the methodological aspect of the historiography of Ottoman economic and fiscal thought. Historians deal with the Ottoman economic thought on two levels. The first is the high level of generality which aims at portraying the general character and patterns of the Ottoman economic thought without any particular reference to thinkers, intellectuals and authors. The question of whether the general character of the Ottoman economic thought in modern period was cameralistic or physioscratic or mercantilist or liberal is the example of the field of exploration what we call the 'high level of generality'. In fact, although this is within the realm of the purview of history of economic thought, it is more concerned with the general economic mind in the sense of policies carried out in accordance with some basic and constant principles. Therefore, this way of approaching Ottoman economic thought is intended on demonstrating general character and manner of economic mind and habits of thought by examining the fiscal and economic policies and the economic motives of the Ottoman common man. On the other side, the second field of study of the history of the Ottoman economic and fiscal thought is concerned with the thoughts of individual Ottoman bureaucrats and intellectuals.

Mehmet Genç (2003: 43- 86) presents the most comprehensive and appropriate framework of the general Ottoman economic mind. Genç argues that the classical Ottoman economic mind was along three axes. These are "traditionalism", "provisionism" and "fiscalism". We may well think that these

are the main axes of the classical circle of justice (Özveren, 2002: 132). The principle of provisionism is concerned with providing public with the basic necessities. For this to happen, the goods should be ample, high quality and cheap on the market. The principle of provisionism was borne of the definite objective conditions of the Ottoman economic situation. These are low productivity, inability in the state intervention to increase productivity, the difficulties in transportation (Genç, 2003: 45-46). In fact, provisionism more dealt with the subsistence of the urban economy. And, in accordance with the principle of provisionism, in the Ottoman Empire importation of the stuff from abroad was the basic economic policy. It is because the scarcity in the urban economy was the most detrimental problem that exportation was highly risky. This was the main cause of commercial privileges granted to the foreign merchants (Pamuk, 2005: 88). The second principle of the classical Ottoman economic mind or policy was traditionalism. That is, the Ottoman state always sought for equilibrium or stability in economic and political order and as such vis-à-vis the changing economic and political conditions it tried to keep the balance between the social strata. In this sense, the praise to the Old in the Ottoman *lâyihâs* and various reform projects was essential. The third principle of the classical Ottoman economic mind was fiscalism. Fiscalism was borne of the same objective economic conditions of the principle of provisionism. Fiscalism is concerned with providing the state with the maximum revenue. Because of the permanent fiscal deficiencies after the sixteenth century, fiscalism came to be the essential principle of the Ottoman economic mind, so much so that it turned into ‘fiscocentrism’ in the Ottoman economic mind.

However, these principles underwent the colossal change in the nineteenth century (Genç, 2003: 86-96).

Halil İnalçık examined the classical Ottoman economic mind in the same manner and draws attention to the place of fiscalism and traditionalism.

The Ottoman economic mind was closely related to the basic concept of state and society in the Middle East. It professed that the ultimate goal of a state was consolidation and extension of the ruler's power and the only way to reach it was to get rich sources of revenues. This in turn depended on the conditions making the productive classes prosperous. So the essential function of the state was to keep in force these conditions.

The society is, in this philosophy of state, divided into the ruling class who are not engaged in production and consequently pay no taxes and the subjects who are engaged in production and pay taxes. The latter is subdivided into city-dwellers engaged in commerce and industry and peasants engaged in agriculture. In the Middle Eastern state the belief prevailed that the peace and prosperity of the state depended on keeping the members of each class in their own place. It was such a concept of the into city-dwellers engaged in commerce and industry and peasants engaged in agriculture. In the Middle Eastern state the belief prevailed that the peace and prosperity of the state depended on keeping the members of each class in their own place. It was such a concept of the *kuttāb*, actual administrators in a Middle Eastern state formulating all the members to be taken. It called for an economy and economic organization the ultimate aim of which was to increase the state revenues as much as possible without impairing the prosperity of the subjects and to keep the traditional organization of the society from alteration (İnalçık, 1978: 217-218).

In the nineteenth century, particularly throughout the period of *Tanzimat*, all these classical patterns of the Ottoman economic and fiscal thought changed radically under the auspicious of liberal political economy. Practically, the English political economy had a deep influence on the Ottoman bureaucrats. David Urquhart and Lord Palmerston (Bailey, 2006; Mardin, 2005: 63-65) had a grave influence on the development liberal approaches in the empire. On the other hand, within the intellectual sphere the effect of French political economy

was more massive. In the history of the modern economic thought, the starting point is generally regarded as the translation of Jean B. Say's book *Catéchisme d'Economie Politique* by Sehak Abru in (1851-1852). However, based upon the findings of Z. F. Fındıkoğlu, it is argued that before Say's book there could be another book on modern economics. It was written by Serendi Arşizen getting inspiration from another French economist L. Rossi. This book was written in French and translated into Ottoman-Turkish by Aleko Suço under the title of *Tasarrufat-ı Mülkiye* (Sayar, 2000: 262-264). The date was not exact but based upon İlber Ortaylı's (2007b: 93-99) research there is another book that could be rated as the first book on modern economics. Ortaylı mentions a 86-page pamphlet, *Risâle-i tedbîr-i ümrân-ı mülkî*, which he found in National Library in Vienna. The author was unknown but Ortaylı argues that the date of writing was not later than 1833. Based upon Ortaylı's quotations, it is seen that the author has a good understanding of theoretical issues of economics such as value, need, production process, consumption and capital. In addition, the anonymous author mentions public finance.

Therefore, liberal political economy influenced the Ottoman bureaucrats and intellectual such as Namık Kemal and Sakızlı Ohannes. However, Namık Kemal also advocates the protectionist ideas (Mardin, 2005: 84-85). Cavid Bey was a leading economist in the liberal economic tradition after the *Tanzimat* when the protectionist approaches gained ground with Ahmet Mithat and Akyiğitoğlu Musa Bey (Çavdar, 1992: 117-140). Liberal economic thought reaches its zenith with Cavid Bey's *İlm-i İktisad* (2001)

published in 1913 which is of great importance for the modern history of fiscal thought in Turkey, because it includes a chapter on public finance which is based upon Adam Smith's views. Cavid Bey (2001: 321-323) interprets Smith's ideas on taxation and he clearly understands that Smith advocates benefit approach in taxation. This issue is still disputable in the literature but Cavid Bey conceives Smith's ideas on justice in taxation extensively.

All in all, the so-called enlightenment of the Ottoman economic thinking should be examined with an extensive consideration of the pre-nineteenth century economic, political and economic thought. This is so because concepts in nineteenth-century economic thought can be traced back to the 'classical' period (Ortaylı, 2007b: 94). What is more, because of the permanent fiscal deficiency of the Ottoman Empire, the fiscal thought had always been at the center of economic and political thought. This way explains the historical place of fiscal science in the present Turkish social sciences as well.

CHAPTER 7

CONCLUSION

Any statement or text in social sciences, whatever its length, form and content is, implicitly or explicitly, brings a new definition to or shares an already developed one which it is concerned with a general question or particular subject in the final analysis. Therefore, there is no difference between dealing with the question of, for instance, what public finance is and with the question of the effect of a particular tax policy on, say, inflation in a definite period. However, implicit and explicit definitions are not neutral and innocent statements. Any definition which is generally composed of one sentence includes the basic premises, concepts and assumptions of the subject. If the subject is a discipline of the social sciences, then nothing is more problematical than developing or advocating a one-sentence definition. Each social science discipline has a very simple definition to teach students in an instance the scope and the object of the discipline and, as such, it is a common thing to write the definition in the first sentence in the textbooks. Yet these definitions are not only definitions; they portray the landscape of the purview of the discipline. The students of the discipline of public finance meet the common definition of public finance in their textbooks. Accordingly, public finance is the social science discipline that deals with the state economy around

public revenues and expenditures. This shallow definition is good enough to say nothing of the true nature of public finance. On a closer examination, however, in this definition there is no difference between the state and public, and what is more, we do not see basic concepts of social sciences such as society (public corresponds to society as a whole), politics, classes and the like. On the other hand, most of the books reserve four or five pages about how it is important to adopt an 'interdisciplinary' approach, declaring how public finance has an intimate relation with politics, sociology, history and even philosophy. Yet, there is nothing in the name of an 'interdisciplinary' approach in these books while dealing with the fiscal issues. Therefore, *vis-à-vis* the hegemonic domination of the neoclassical economics over fiscal science, this thesis began with a the critique of its foundations and concepts, thereby producing an *ontological* definition of public finance inspired by Marx's methods of political economy with an eye to develop a 'critical political economy approach' to public finance. In line with this, we make a distinction between the ontological and epistemological definition of public finance, arguing that the ontological definition should be given priority over the epistemological. Our ontological questioning here raises an objection to the common epistemological definition of public finance according to which public finance is a social science discipline that is engaged with the public revenues and expenditures. We think that the epistemological definition of public finance does not provide a ground from which to achieve a full understanding of dynamics of fiscal system. Accordingly, we set forth an 'ontological' definition, defining public finance as the political relationship

between the state and society. Public finance as the political relation with the state and society is a realm at which this relation crystallizes. The conceptual components of this ontological inquiry were explained in the context of the relation of the state-public, history of capitalism, politics and technique. In doing so, we showed the dynamics of the modern history of public finance and therefore outlined the basics and architecture of the ‘critical political economy approach’ to public finance. This is also a contribution to critical fiscal sociological approach. As we explained, in recent years fiscal sociology has drawn great attention from public finance scholars. Yet, we claim that fiscal sociology can achieve what it promises for public finance on the basis of a ‘political economy approach’.

After dealing the above-mentioned aspects of public finance in the Chapter 2, we engaged ourselves with the history of fiscal thought from the 15th century up until the 19th century. In the rest of the dissertation we not only dealt with the European origins of the fiscal science but also Ibn Khaldun who influenced the Ottomans and the evolution of fiscal and economic thought in the Ottoman Empire. There are some reasons to research the history of fiscal thought. First, the classical social, economic and political thought is based upon a holistic approach. Therefore, it does not built up artificial boundaries between the different disciplines as we experience today in modern social sciences. In this sense, before a vain attempt to develop a new social scientific approach under the name of fiscal sociology, the classical ideas should be carefully researched. In this sense, the task of a ‘critical fiscal sociological

approach' should turn its face to the classical studies in its search of a broad social scientific point of view to fiscal issues. Secondly, our engagement with the history of fiscal thought stems from a lack in the discipline of modern public finance. Compared to economics, politics and sociology, in the realm of public finance the intellectual roots of the discipline has long fallen flat. As a result, there has not been constituted a continuous interest in the history of fiscal thought. This leads to a big gap in public finance, and our research is intended on making a contribution to this field.

With these in mind, first we took up cameralism. Cameralism is seen as the root of the modern fiscal thinking because cameralists developed the modern techniques of fiscal policies. In line with this, cameralism draws great attention from historians. We explore cameralism in its various aspects because it is not only important for the history of public finance but also economics and also for the contemporary political and social thought. In regards to economics, cameralism is generally seen as a variety of the Germanic mercantilism. Yet we claim that cameralism had quite different social, political and economic conditions from mercantilist system and, as such, constructed a very specific economic and political thought based upon the doctrine of the 'reason of state'. In this sense, while dealing with cameralism we not only showed the importance of cameralism in respect to public finance but also delineated how problematic it is to identify it with mercantilism (Gürkan, 2008). Our research on cameralism is also intended on providing a historical background for the interest in cameralism and *police* in the contemporary political and social

thought. Cameralism is the key term for Michel Foucault (2007; 2008) in his research on “governmentality”. In this sense, Foucault’s ideas on the history of cameralism and on the place of cameralistic technologies in the modern society are also important for public finance. In addition, Jacques Rancière (1998; 2007a) constructs his theory of politics in contradictory reference to *police* which is the key component of cameralistics. In addition, cameralism is not only important for history of public finance and contemporary social and political thought but also for an understanding of the Nazi Germany. Robert Brady argued in his article “Modernized Cameralism in the Third Reich: The Case of the National Industry Group” (1942) that the economic policies and political order was highly resembling the cameralist states of the Second Reich. In this sense, cameralism today is under the foci of different disciplines and researches. Finally, cameralism is very important for the history of Ottoman economic thought. As we explained, cameralism is seen as very close to the modernized Ottoman economic thought. Therefore, it deserves to be researched with its far-reaching extensions in order to achieve a comprehensive understanding of the Ottoman economic thought.

In line with our research on the history of fiscal thought we then explored the fiscal thought in the early modern political and social thought. From fourteenth-century thinker Ibn Khaldun to Jean-Jacques Rousseau of the eighteenth, we evaluated fiscal thought between 15th-18th century, outlining common themes between their fiscal thought. There are many vital points in their fiscal thought for us to make a political evaluation of public finance from

a holistic point of view. After all, who can claim that Rousseau's 'theory of social contract' is not concerned with the contemporary politics? We, therefore, showed that political economy in the sense of public economy is at the center of Rousseau's 'theory of social contract' and, therefore, we call Rousseau's thoughts on public finance as the 'political economy of social contract'. Moreover, in the fiscal thought of the early modern period what most interested us was the severe critique of the fiscal system of their time. The affirmative reference to antiquity as the negation of the present stands at the center of this critique. As we noted, this is also true of the critique of capitalism of Marx and Engels in the nineteenth century. At this juncture, it is because history of modern fiscal system should be understood within the history of capitalism that we researched Marx's political economy in terms of fiscal issues he dealt with. These are taxes and public dept. The Chapter 5 on Marx's political economy of public finance provides a firm ground from which to evaluate the capitalist system in terms of dynamics of modern fiscal system. Consequently, we showed that Marx's views on public finance are important for the concrete history of modern public finance within the history of capitalism and for the field of history of fiscal thought which has long been ignored.

With all these in mind, finally we explored the history of Ottoman fiscal institutions and thought of the so-called 'classical' and modern periods. We showed that in the economic history of the Ottoman Empire which was a fiscalist state, public finance was always at the center in institutional and intellectual fields. Research on the history of fiscal thought is relatively limited

compared to the history of fiscal institutions. In this sense, we aimed at drawing an outline for the history of fiscal thought in the Ottoman Empire. In doing so, we indicated some vital points concerning the relation of the Ottoman fiscal thought and the European influence. Accordingly, we argue that without taking the European ideas and intellectual traditions as the unique starting point for the research on the Ottoman fiscal thought, the patterns specific to the Ottoman intellectual life should be considered.

In conclusion, with all these objects, this thesis aims at developing a ‘political economy approach’ to, in particular, fiscal sociology, researching thoughts on the fiscal realm in the history and contemporary social, economic, fiscal and political theory, and in general to the discipline of public finance, which has long had a specific place in the Turkish social sciences.

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APPENDICES

APPENDIX A

TURKISH SUMMARY

KAMU MALİYESİNİN ELEŞTİREL SOSYOLOJİSİNE VE EKONOMİ POLİTİĞİNE DOĞRU

Her ne kadar uygulamalı ve siyasa-yönelimli tarafının ağır basmasından ötürü yazında kuramsal boyutu görece geri planda kalsa da sosyal bilimlerde giderek önem kazanan disiplinlerarası yaklaşımlar son yıllarda kamu maliyesi disiplininde de ilgi görmektedir. Üstelik hem Osmanlı İmparatorluğu'nun cumhuriyete bıraktığı bir mirasın parçası olarak hem de Kıta Avrupası iktisadi düşünce geleneğinin etkisiyle üniversitelerde maliye bölümlerinin yer aldığı ülkemizde bu konunun daha fazla önem kazandığını belirtmeliyiz. Cumhuriyet sonrası dönemde Türkiye'de hukuk ve maliye bölümlerinin iktisadi düşüncenin gelişiminde ne denli önemli bir rol oynadığı ancak neoliberal dönemle birlikte neoklasik iktisadın mali düşüncüyü ekonomi politik köklerinden kopardığı göz önüne alındığında kamu maliyesindeki son dönemdeki disiplinlerarası yaklaşımların önemi yadsınamaz.

Maliye disiplininde disiplinlerarası arayışlarda öne çıkan yaklaşım

‘mali sosyoloji’ olarak adlandırılıyor. Bir bölümü “Kamu Maliyesi Problemlerine Sosyolojik Bir Yaklaşım”¹⁰ başlığıyla İngilizce’ye çevrilmiş Rudolf Goldscheid’in 1917 tarihli *Staatsozialismus oder Staatkapitalismus* adlı çalışmasında türettiği ve Joseph A. Schumpeter’in 1918’de yayınladığı “Vergi Devletin Krizi” (*The Crisis of the Tax State*) (1991)¹¹ başlıklı yazısı ile genel kabul görmesinde önemli bir rol oynadığı ‘mali sosyoloji’ (*Finanzsoziologie / fiscal sociology*) neoklasik iktisadın mali konuları çözümlemedeki yetersizliği karşısında eleştirel bir bakışı simgeliyor. Avusturya’nın I. Dünya Savaşı sonrası yıkılan iktisadi ve mali yapısı için farklı çözümler geliştiren Goldscheid ve Schumpeter sonrası ‘mali sosyoloji’nin iki koldan geliştiğini söyleyebiliriz. Daha geç bir tarihte ise James O’Connor (1973) ‘mali sosyoloji’ yaklaşımının önemini altını çizerek Goldscheid gibi Marksist bir bakış açısı ile kapitalist devletin mali krizini çözümlendiği çalışmasında yaklaşımını ‘mali sosyoloji’ yerine ‘mali siyaset’ (*fiscal politics*) olarak tanımlamaktadır. “Bu çalışmada” diye yazıyor O’Connor, “devlet bütçesi mali siyaset (*fiscal politics*) çalışma alanı üzerine inşa edilmiştir, [yani] hükümet ya da devlet gelirlerinin sosyolojik temelleri üzerine bir araştırma. Mali siyasetin ilgilendiği başlıca [konular] devlet gelirlerinin ve harcamalarının büyüklüğü ve tahsisatı ve vergi yükünün farklı iktisadi sınıflar arasındaki dağılımıdır”.¹² O’Connor’ın kamu maliyesini sosyoloji yerine siyaset ile ilişkilendirmesi kamu maliyesi-siyaset ilişkisini

¹⁰ Goldscheid, R. (1958), “A Sociological Approach to Problems of Public Finance”, R. Musgrave ve T. A. Peacock (der.), *Classics in the Theory of Public Finance*, St. Martin’s Press, 202-213.

¹¹ Schumpeter, J. (1991), “The Crisis of the Tax State”, R. Swedberg (der.), *Joseph A. Schumpeter: The Economics and Sociology of Capitalism* içinde, Princeton University Press, Princeton, N. J., 99-140.

irdeleyen incelememiz için son derece anlamlıdır. O'Connor'ın mali siyaset olarak adlandırdığı yaklaşımın amaç edindiği kamu maliyesinin siyasal bir değerlendirmesi ise bize göre maliyenin ekonomi politik kökleri ile kuracağı güçlü temas ile mümkün olabilir. Ancak 'mali sosyoloji'nin kamu maliyesi disiplininin kuramsal ve ampirik araştırma gündemi üzerinde söz sahibi olan neoklasik iktisadın kapsamlı bir yöntembilimsel ve kavramsal eleştirisini geliştirmede kat etmesi gereken önemli bir yolun olduğunu belirtmeliyiz. Bu bakımdan mali sosyoloji yaklaşımının eleştirel perspektiften içinin doldurulup yetkinleştirilmesi ve toplumun mali alanının geçerli ve kapsamlı sosyolojik ve siyasal bir çözümlemesi için kuramsal, kavramsal ve yöntembilimsel zemininin güçlendirilmesi gerekiyor. Dolayısıyla toplumu bir bütün olarak ele alan politik iktisat düşüncesiyle bağı güçlendirilen maliye biliminde siyasetin antagonist doğasını gözden kaçırmadan gerçekçi ve kapsamlı bir 'mali sosyolojik' yaklaşım geliştirebilir.

Sosyal bilimler için bir dönüşümün tarihi olan 19. yüzyılın son çeyreğinde bir taraftan devletin faaliyetlerinin ve kamu maliyesinin kapsamı genişlerken diğer taraftan neoklasik iktisadın sürecin siyasal içeriğini saf dışı eden kuramsal müdahaleleri gelişti. Marjinalizm iktisat biliminde söz konusu müdahalenin temeliydi. Yalnızca iktisadın değil, diğer sosyal bilimlerin de yöntemini ve araştırma gündemini derinden etkilemiş marjinalizm ekonomi politığe yönelik köklü bir eleştiriydi. Üretim alanı ve ilişkilerinden, değişim alanı piyasaya odaklanan marjinalizm için amaç pratikte geçerliliği şüpheyle

¹² O'Connor, J. R. (1973), *The Fiscal Crisis of the State*, St. Martin Press, New York, s. 3.

karşılanan *laizzes-faire* ideolojisini yeni bir iktisadi anlayış temelinde sürdürmekti. Marjinalizmin hedefi iktisadi alanın depolitizasyonuydu. Bunun için iktisadi ve siyasi liberal değerlerine sahip çıktığı klasik politik iktisadın emek-değer kuramı iktisadi düşüncenin depolitizasyonu için bir engeldi ve marjinalistler işe “politik” terimini atarak başladılar. Sonuçta “[p]olitik” terimini atmakla iktisatçılar iktisadi davranışın sosyal olarak kurgulanmış kurumlardan çok, evrensel bireyci psikolojinin bir yansıması olduğunu ileri sürebilmekte, sonra da bu görüşü 'bırakınız yapsınlar' ilkelerinin doğallığını savunmak için kullanabilmekteydiler¹³. Devlet faaliyetlerinin ve kamu maliyesinin genişlemesi karşısında piyasanın kendine özgü bir mantıkla işlediğini ve devletin müdahalelerinin piyasanın kendiliğinden işleyişi üzerindeki bozucu etkilerini araştırmayı ilke edinmiş iktisattaki marjinalist yaklaşım böylece apolitik bir iktisat kuramı olarak siyasal bir hedefi izliyordu. Marjinalist kuram için esas olan devlet müdahalesinin sınırlarını ve olasılığını anlamak ve iktisadi liberalizmin temel ilkelerini savunmaktı¹⁴. Devletin müdahalesinin arttığı 19. yüzyılda genişleyen kamu maliyesinin sınırlarını belirlemeyi amaç edinmiş marjinalist iktisat kuramının etkilediği mali yaklaşımların ortak temel özelliği de apolitik ve birbirinden kopuk düzlemler olarak devleti, ekonomiyi, toplumu ve bunlar arasındaki ilişkiyi incelemektir. Dolayısıyla kamu maliyesi devlet ve toplumsal çıkar / refah gibi kolektif yapılar ve amaçlarla ilgilendiğinden depolitizasyonu ve piyasa sisteminin

¹³ Gulbenkian Komisyonu (2003), Sosyal Bilimleri Açın: Sosyal Bilimlerin Yeniden Yapılanması Üzerine Rapor, Ş. Tekeli (çev.), Metis, İstanbul, s. 24.

¹⁴ Clarke, S. (1991), *Marx, Marginalism & Modern Sociology: From Adam Smith to Max Weber*, Macmillan, Londra, s. 188.

ilkelerine göre yeniden şekillendirilmesi gereken bir iktisadi düşünce alanıydı. Tüm bunların izinde, bizim mali düşüncenin ekonomi politik ile bağının tekrar kurulmasından kastettiğimiz mali süreçlerin politik içeriğini açığa çıkaracak yöntembilimsel, kavramsal ve kuramsal bir çerçevenin yeniden inşasıdır.

Bunun için Marx'ın ekonomi politığının maliye açısından yeniden düşünülmesi gerekir. Marx'ın kapitalizm tahlilinin iktisadi, siyasal, sosyolojik, felsefi, tarihsel ve yöntembilimsel kapsamını göz önüne aldığımızda 'mali sosyoloji'nin amaçladığı toplumun mali alanının sosyolojik ve siyasal bilgisinin üretiminin olanaklarının genişleyeceğini düşünüyoruz. Her ne kadar kamu maliyesi Marx'ın eserlerinde değer, meta, emek ve sermaye gibi kapitalizmin temel kategorilerine kıyasla daha sınırlı bir yer tutsa da bu durum Marx'ın kamu maliyesi ile hiç ilgilenmediği ya da mali konulara üstünkörü değindiği anlamına gelmiyor. Marx'ın hem tek başına yazdığı hem Engels ile birlikte kaleme aldıkları yazılarında kamu maliyesine değişik bağlamlarda değindiğini görüyoruz. Üstelik kamu maliyesini başlı başına bir inceleme konusu olarak ele aldığı yazıları da mevcuttur.¹⁵ Eserlerinin bütününe serpilmiş bir şekilde incelenmeyi bekleyen Marx'ın kamu maliyesi üzerine düşünceleri kapitalizm tahlilinin boyutları kadar çeşitlilik gösteriyor. Sermaye birikiminin ve emeğin sömürü koşullarında kamu maliyesinin oynadığı rolden Fransa'da devrim sonrası Paris Komünü'ne değin sınıf mücadeleleri tarihine, parti programlarında ve gazete yazılarında işçi sınıfının kapitalizmi aşma mücadelesinde izlemesi gereken mali stratejilerden gazete ve dergilerde

döneminin savaş ortamında Osmanlı İmparatorluğu da dâhil Avrupa devletlerinin maliyesine, kapitalizmin oluşumunda ilkel birikimin asli araçlarından biri olarak kamu maliyesinden dönemin politik iktisatçıların ve reformist burjuva sosyalistlerin maliyeye ilişkin görüşlerinin eleştirisine değin Marx'ın farklı bağlamlarda mali konularla son derece yakından ilgilendiğini görüyoruz.

Marx'ın *Grundrisse*'de (1979)¹⁶ ekonomi politiğin yönteminde kamu maliyesine değindiği bağlam ise bizim kamu maliyesi için ileri sürdüğümüz ontolojik tanımın temelini oluşturmaktadır. Marx'a göre ekonomi politiğin kapitalist toplumu ele alırken izlemesi gereken yöntemin kapsamlı bir soyutlama pratiğinde temellenmesi gerekir. Aksi takdirde toplumu incelerken kapsamlı bir akıl yürütmeden ya da soyutlamadan yoksun çözümlerlerin topluma dair ulaştığı sonuçlar karmaşadan ve belirsiz soyutlamalardan ibaret kalır. Soyutlama kapitalizmin birbirine dışsal görünen kategorilerini içsel olarak ilişkilendiren bir akıl yürütme, diğer bir anlatımla, düşüncede analiz birimleri oluşturan ve bunlar arasındaki içsel ilişkileri somut olarak göstererek kapitalizmi bütünlüğü içinde anlamaya yönelik bir düşünme tarzıdır. Marx'ın örneğin “*sermaye* terimi, bu kavrama ait değil gibi görünen pek çok şeyi kapsamaktadır” (Marx, 1977a: 108)¹⁷ ya da “[s]ermaye, burjuva toplumunun

¹⁵ Bunların içinde en önemlisi Marx'ın ve Engels'in (1978) Emile de Girardin'in *Le socialisme et l'impôt (Sosyalizm ve Vergi)* (1849) adlı kitabına 1850'de yazdıkları eleştiri yazısıdır.

¹⁶ Marx, K. (1979), *Grundrisse: Ekonomi Politiğin Eleştirisi İçin Ön Çalışma*, S. Nişanyan (çev.), Birikim Yayınları, İstanbul.

¹⁷ Marx, K. (1977a), “Kapitalist Üretim Öncesi Biçimler (Sermaye İlişkinin ya da İlkel Birikimin Oluşumu Öncesi Süreç Üzerine)”, *Kapitalizm Öncesi Ekonomi Biçimleri*, (K. Marx ve F. Engels), M. Belli (çev.), Sol Yayınları, Ankara, s. 108.

her şeye tahakküm eden iktisadi gücüdür” (1977b: 166)¹⁸ şeklindeki sözlerinde sermayeye getirdiği tanım sığ bir iktisadi analitik tanım olmaktan uzak olup sermayenin anlaşılması için izlenmesi gereken soyutlama yönteminin kapsamlı bir akıl yürütmeye dayanması gerektiğini vurgular. Buna göre kapitalizmin bu söz konusu temel kategorisinin genellikle sınırlı biçimde belirli iktisadi kodlarla anlaşılabilir toplumsal alanın ötesinde çok daha geniş bir toplumsallığın içinde oluştuğunu anlıyoruz. Ollman’ın (2006)¹⁹ tespitiyle söylersek, sermayenin bu kapsayıcılığını ortaya çıkarabilmek sermayenin diğer kategorileri (emek, meta, değer vd.) içerecek şekilde farklı konumlardan sürekli soyutlanmasına bağlıdır. Buna göre, ‘mali sosyoloji’ ile örneğin verginin sosyolojik ve siyasal bir kategori olarak düşünülmesini anlıyorsak o zaman verginin sermaye, artı-değer ya da ücret geliri gibi kapitalist üretim tarzının diğer kategorileri ile içsel ilişkisini açığa çıkaracak bir akıl yürütme benimsenmelidir. Sonuçta bu akıl yürütme tarzı yalnızca vergi ve sermaye arasındaki karşılıklı ilişkiyi ya da bağı göstermez; verginin ve sermayenin birbiriyle bütünleşme biçimleri birbirlerini tarihsel süreç içerisinde nasıl etkileyip oluşturduklarını ve dolayısıyla onların ne olduğunu genel karakteriyle gösterir. Bu verginin bizatihi vergiye odaklanarak açıklanamayacağı, diğer parçalarla ilişkilendirerek yeniden soyutlanması gerektiği anlamına gelmektedir.

Marx’ın kapitalist toplumun tahlili için soyutlamalarının kapsamını ve

¹⁸ Marx, K. (1977b), “Ekonomi Politikin Eleştirisine Katkı”, *Kapitalizm Öncesi Ekonomi Biçimleri* (K. Marx ve F. Engels), M. Belli (çev.), Sol Yayınları, Ankara, s. 166.

¹⁹ Ollman, B. (2006), *Diyalektik’in Dansı: Marx’ın Yönteminde Adımlar*, C. Saraçoğlu (çev.), Yordam Kitap, İstanbul.

dolayısıyla *ilişkiselliğini* genişletmesi soyutlamalarını “saydamlaşan soyutlamalara” (*thinner abstractions*) çevirir. Marx için ‘saydamlaşan soyutlamalar’ kategorilerin birbiriyle içsel olarak nasıl bir ilişki içinde olduğunu göstererek (ya da sadece bu anlamda ‘basitleştirerek’) toplumu “bütünlüğün bulanık ve düzensiz bir tasavvuru” olmaktan çıkarır ve böylece “çok sayıda belirlemeler ve ilişkilerden oluşan zengin bir bütün olarak topluma” ulaşılır. Sonuçta, bir taraftan soyutlamaların kapsamı ve ilişkiselliği genişleyerek diğer taraftan buna bağlı olarak saydamlaşarak incelenen soyutlamalarla toplum zihinde yeniden inşa edilir ve bir bütün olarak kapitalist toplumun özgüllüğü açıklanabilir. Böylelikle, Marx’ın deyişiyle, kapitalist toplumda “bu basit ilişkilerden hareketle devlet, uluslararası mübadele ve dünya pazarları düzeyine tırmanan ekonomik sistemler gözükme” başlar.²⁰

Marx’ın *Grundrisse*’de işaret ettiği kapsamı ve içeriği genişleyen soyutlamaların temel özelliği kategorilerin ‘düşüncede somuta’ dönmesiydi. Bu noktada Marx’ın yöntemindeki akıl yürütme yolunun eşzamanlı iki hareketten oluştuğunu söyleyebiliriz. Düşüncedeki birinci hareket, Marx’ın deyişiyle, kendisinden önceki birçok politik iktisatçının çözümlemelerini sonlandırdığı aşamadır; yani toplumu açıklayacak genel soyut belirlenimleri ya da en temel kategorileri saptamak. Ancak bunları tarihsel ve toplumsal-siyasal içerikleriyle birbiriyle ilişkilendirmeden o aşamada kalmak toplumun bütünselliğine yönelik bir açıklamayı sonlandırmamak demektir; çünkü sermaye, ücretli-emek, toprak rantı, meta, değer, vergi ve devlet borcu gibi kategoriler incelenen ya da

²⁰ Marx (1979), a.g.e., s. 168.

mercek altına alınan sorunsal bağlamında birbirlerini içerecek biçimde yeniden soyutlanmaz ise toplumsal bütün zihinde somut düzeyde açıklanamaz. Soyutlamaların kapsamının genişletilmesiyle ve kategorilerin aralarındaki (tarihsel-toplumsal) ilişkinin farklı konumlanma noktalarından yeniden soyutlanmasıyla bu süreç sonunda “soyut belirlemeler somutun [bütünün] düşünce yoluyla yeniden-üretilmesine doğru giderler”. Düşüncede somutu oluşturan bu ikinci hareket Marx için “soyuttan somuta yükselmektir”²¹. ‘Soyuttan somuta yükselme’ burada kapitalist toplumun bir bütün olarak açıklanması şeklinde anlaşılabilir. Dolayısıyla, bir taraftan her soyut belirlenim kapsamı genişletilip, ilişkiselliği farklı konumlanma noktalarından tahlil edildiğinde *giderek* saydamlaşır ya da incelen soyutlamalara döner; böylece tüm soyut kategoriler somutu, yani toplumu tüm belirlenimleriyle görünür ve anlaşılır kılar.

Marx tüm bunları açıkladıktan sonra kapitalizmin bir bütün olarak tahlili için izlenmesi gereken bir konu sıralaması sunar. Buna göre:

(1) Şu ya da bu ölçüde her toplum biçiminde, ama sadece yukarıda açıklandığı anlamda, rastlanan genel, soyut karakteristikler.

(2) Burjuva toplumunun iç yapısını oluşturan ve temel sınıfları tanımlayan kategoriler. Sermaye, ücretli emek, toprak mülkiyeti. Bunların karşılıklı ilişkileri. Kent ve kır. Üç büyük toplum sınıfı. Bunlar arasındaki mübadele, dolaşım. Kredi düzeni (özel)

(3) Burjuva toplumunun bir devlet şeklinde *bütünleşmesi*. Kendi kendisi ilişkisi bakımından ele alınması. «*Üretken olmayan*» sınıflar. *Vergiler*. *Devlet borçları*. *Kamu kredileri*. Nüfus. Sömürgeler. Dış göç.

(4) Uluslararası üretim ilişkileri. Uluslararası işbölümü. İhracat ve ithalat. Kambiyo rayici.

²¹ Marx (1979), a.g.e., s. 169.

(5) Dünya piyasası ve krizler.²²

Marx'ın farklı yazılarında da dile getirdiği bu konular genellikle «sermaye, toprak mülkiyeti, ücretli emek, devlet, uluslararası ticaret, dünya piyasası» sırasında özetlenerek kapitalizmi bir bütün olarak tahlil etmek için yaşamı boyu çalışmak istediği bir plan şeklinde değerlendirilir. Ancak Marx'ın bu sıralamayı ekonomi politiğin yöntemi üzerine yaptığı tartışma bağlamında sunmasından hareketle bu konuları sadece yaşamı boyunca çalışmayı gösteren bir plan ya da sıralama olarak düşünmek yerine, Marx'ın yöntem tartışmasının bağlamında da değerlendirebiliriz. Buna göre sıralamadaki her bir konu kapitalist toplumu bütünselliği içinde anlaşılır kılan bir soyutlama aşamasına tekabül eder. Dolayısıyla bu beş maddelik konu dizisi Marx'ın 'soyuttan somuta inme' süreci olarak tanımladığı yöntemi bağlamında düşünüldüğünde, Marx'ın kapitalizme ilişkin geliştirdiği temel kategorileri arasında kamu maliyesinin özgül yeri de ortaya çıkmış olur.

Belirttiğimiz gibi Marx'ın yöntemi kapitalizmin temel kategorilerinin ilişkişel kapsamını genişleten sürekli bir soyutlama sürecine dayanır. Yukarıda Marx'ın sunduğu konu sıralamasının ilk maddesinden anlaşılacağı gibi uzun erimli bir tarihsel araştırma ile bütün toplum biçimlerinde ortak tarihsel-soyut özelliklerin açıklanması ilk önce gelir. Tarihsel yönlerini dikkate alarak toplumların genel ve ortak soyut karakteristikleri üzerine yapılan araştırmadan sonradır ki kapitalist toplumun sınıflarını tanımlayan kategoriler —'sermaye', 'ücretli emek', 'toprak mülkiyeti'— açıklıkla belirir. Ardından Marx kapitalist

²² Marx (1979), a.g.e., s. 182-183. (*vurgu eklenmiştir*)

toplumun üretim ilişkilerini belirleyen uluslararası koşullardan önce (uluslararası ticaret ve dünya piyasası) devletin sınıflarla ilişkisinin açığa çıkarılması gerektiğini sıralamaya yerleştirir. Bu aşamada Marx 'üretken olmayan sınıflar' kategorisinin yanına 'vergiler', 'devlet borçları' ve 'kamu kredileri' gibi kamu maliyesinin temel bileşenlerine yer verir. Bir başka deyişle, kapitalist toplumun sınıflarının devlet ile bütünleşmesinin ya da ilişkisinin niteliğini ortaya çıkaran ya da belirginleştiren bu 'mali' kategorilerdir.

Dolayısıyla Marx kapitalist toplumu bir bütün olarak (ulusal sınırlar ve tüm uluslararası ilişkileri içerisinde) tahlil etmek için temel soyut belirlenimlerden başlayarak, kategorilerini genişleterek, somutu (toplumun bütünselliğini) açıklamaya yönelir. Bu bağlamda Marx'ın sırayla belirttiği bu beş konu aynı zamanda bir 'soyuttan somuta yükselme sürecidir. Bu bakımdan kapitalist toplumu incelerken devlet-toplum arasındaki ilişkinin genel niteliğinin ortaya konması (3. aşama) toplumun bütünselliğine doğru somut olarak bir adım daha yaklaşmak anlamına geliyor. Marx'ın bu aşamada vergileri, kamu borcu ve kamu kredileri gibi kamu maliyesinin kategorilerine yer vermesi bize kamu maliyesinin devlet ve toplum arasındaki ilişkinin somut düzlemi olduğunu göstermektedir. Diğer bir deyişle, kamu maliyesi devlet ve toplum arasındaki ilişkinin belirginleştiği somut bir toplumsal düzlemdir. Marx'ın kapitalist toplumun tahlili için sıraladığı konuları soyutlama yönteminin bağlamında değerlendirdiğimizde kamu maliyesi için şu genel ontolojik tanımı türetiliyoruz: «Kamu maliyesi devlet ve toplum arasındaki

somut ilişkidir».

Marx'ın yönteminden türettiğimiz bu tanımı bir kavram ile genişletmenin uygun olacağını düşünüyoruz. Buna göre kamu maliyesini «devlet ve toplum arasında somut bir *siyasal* ilişki» olarak tanımlıyoruz. Tanımda siyasal kavramına yer vermekle aslında kamu maliyesinin 'kamu'sunu sorunsallaştırmayı ve kamu maliyesini eleştirel ekonomi politik perspektiften siyasal bir değerlendirmeye kavramayı amaçlıyoruz. Neoklasik iktisadın güdümündeki kamu maliyesi kuramlarının ortak özelliği disiplinin 'kamu'sunun siyasal bir alan olarak düşünülmesinin bertaraf edilip toplumsal yapının antagonist özelliğinin ilga edilmesidir. Neoklasik maliye kuramları açısından 'kamu'nun referans noktası salt devlet olup, kamu kavramının modern düşüncedeki asıl referansı olan 'sivil toplum' tahlile dâhil edildiğinde bile devlet-toplum ilişkisi bir *tek bütün* olarak toplumsal harmoniye dönüşmektedir. Dolayısıyla neoklasik maliye kuramları devlet-(sivil) toplum arasındaki ilişkiyi siyasal çelişkileri dışlayan denge nosyonu içinde toplumsal harmoninin genel ve belirsiz soyut koşullarını inceleyerek ele alır. Bu durum ise toplumsal gerçekliğin 'soyuttan somuta inerek' incelenmesi değil, saf aklın sınırları içerisinde kalarak gerçekliğin zihinsel bir soyut inşasıdır. Bu bakımdan Marx'ın sözleriyle ifade edecek olursak, neoklasik iktisat ve maliye kuramları siyasetin ontolojik boyutlarını dışarıda bırakan ve böylelikle gerçek toplumsal hareketi açıklayamayan ve toplumsal (ya da politik kamusal) koşulları "tek bir mantıksal kategoriye" indirgeyen "uygulamalı metafizik"tir.²³ Dolayısıyla

²³ Marx, K. (1999), *Felsefenin Sefaleti*, A. Kardam (çev.), Ankara: Sol Yayınları, s. 107.

kamu maliyesinin ekonomi politik perspektiften siyasal bir deęerlendirmesi kamu maliyesinin ontolojisi olarak kabul ettięimiz ‘kamu’sunun ya da ‘kamusal’ nitelięinin incelenmesiyle başlamalı.

Bunun için bir yaklaşım önerisi de getiriyoruz: Devlet odaklı ve toplumsal harmoni soyutlaması temelinde anlaşılan ve tanımlanan kamu maliyesinin eleştirisi olarak ileri sürdüęümüz mali alanın devlet ve toplum arasında somut bir siyasal ilişki biçimindeki ‘ontolojik’ tanımından hareketle kamu maliyesine toplumun konumlanma noktasından bakıldığında mali alandaki görüngüler farklılaşmaktadır. Bu aşamada bir an için yerleşik maliye düşüncesinde olduęu gibi devleti ve toplumu farklı düzeyler olarak görerek hem böyle şematik bir bölmenin ne denli sorunlu bir yordam olduęunu hem de bunun nasıl aşılacağını ve de mali sistemi tanımlayabilmek için bu tarz yöntembilimsel bölünmenin ne anlama geldiğini açıklamaya çalışalım. Maliyenin ontolojisinin antagonist kamusalılık ile anlaşılacağını belirtmiş ve kamu maliyesinin ‘kamu’sunun siyasal içerimini açığa çıkarmak için ‘kamu’nun topluma gönderimini hesaba katmamız gerektiğini vurgulamıştık. Dolayısıyla toplumun bakı noktasından mali sistemin görülmesi bize kamu maliyesi için devlet odağının sunduęu tam tersi bir manzara göstermektedir. Örneğin Charles Tilly devletin ve mali alanın oluşumu üzerine aşağıdaki sözlerinde burada vurgulamak istediğimiz noktayı çok yerinde ifade eder:

Devletler tarafından talep edilen emek, mallar, para ve öteki kaynaklar sonuçta tipik biçimde zorunluluk çerçevesi içindeydi ve ev halkı ve cemaatlerin deęer verdięi amaçlarla bağlantılıydı. Bizim geriye bakışla rahat biçimde ‘devlet oluşumu’ adını verdiğimiz süreç *sıradan insanların kısa dönemli yaklaşımlarıyla, fakir köylü ve zanaatkar için acımasız vergiler, çeyiz karşılığı olacak olan hayvanlardan zorla alınan satış*

*vergisi, cemaatin gecikmiş vergileri nedeniyle yerel önderlerin rehin alınması, talihsiz sivil halkın üstüne kaba askerlerin salınması, ebeveyni için yaşlılığın tek güvencesi olan gençlerin askere alınması, bozuk tuzun zorla satın alınması, zaten küstah olan yerel mülk sahiplerinin devlet görevlerine yükseltilmesi ve kamu düzeni ve ahlak adına dinsel konformizmin dayatılması anlamına geliyordu.*²⁴

Bu satırlar kamu maliyesine ekonomi politik bir perspektifle yaklaşmak için soyut harmonik toplumsal bir bütünün parçası olarak devlet düzleminin değil, toplumun devlet ile olan çatışmacı ilişkisiyle birlikte bir konumlanma noktası olarak seçilmesi gerektiğine işaret etmektedir. Dolayısıyla devletin ve toplumun kamusal mali alandaki bütünleşme biçimlerini normatif olarak birleştirici bir kurgu içinde çözümlenmek yerine bu iki düzlemin “paralaks”ında ortaya çıkan siyasal çözümlenmelerin arayışında olmak gerekmektedir. Bu konumlararası değişime dayalı bir çözümlenmenin benimsenmesi gerektiği anlamına gelmektedir. Dolayısıyla her ne kadar devlet iktidarının pratiklerini doğrudan ve yerinde anlamak için önemli olsa da kamu maliyesinin siyasal çözümlenmesi için geleneksel yaklaşımlarda olduğu gibi sadece “devlet gibi görmek”²⁵ yeterli değildir. Bu bağlamda geleneksel devlet odaklı teknolojiksel kamu maliyesi yaklaşımların önümüze çıkardığı en önemli sorun devletin, içinden çıktığı toplumdaki siyasal asimetrik güç ilişkilerinden bağımsız ele alınmasıdır. Böylelikle devlet ve toplum arasındaki ayrım bir taraftan mutlaklaşırken diğer taraftan siyasetin ilgisiyle soyut harmonik bir

²⁴ Tilly, C. (2001), *Zor, Sermaye ve Avrupa Devletlerinin Oluşumu*, K. Emiroğlu (çev.), İmge, Ankara, s. 173-174. (vurgu eklenmiştir)

²⁵ Bu kavramı James C. Scott’ın eleştirel maliye kuramı ve tarihi açısından son derece önemli olan *Devlet Gibi Görmek: İnsanlık Durumunu Geliştirmeye Yönelik Projeler Nasıl Başarısız Oldu* (2008) başlıklı kitabından ödünç aldık. Scott’un çalışması yalnızca devletin mali rasyonalitesinin tarihsel gelişimini anlamak için değil, aynı zamanda *metis* kavramıyla birlikte inceleme nesnesi devlet ekonomisi olan standart kamu maliyesi düşüncesinin eleştirisi için de bir kuramsal zemin sağlıyor. Scott, J. C. (2008), *Devlet Gibi Görmek: İnsanlık Durumunu*

toplumsal bütün içinde normatif olarak birleştirilir. Böylece toplumun devlet ile mali alandaki bütünleşme biçimlerinin siyasal açıdan değerlendirilmesi de ortadan kaldırılmış olur.²⁶

Dolayısıyla kamu maliyesine kapsamlı toplum bilimsel bir yaklaşım için önemini vurgulamaya çalıştığımız çift yönlü perspektif toplumu hem kendi içinde hem devlet ile olan antagonist ilişkileriyle hesaba katmasından ötürü neoklasik maliye teorilerindeki devlete ve topluma ilişkin metafizik önkabullere dayalı uyumlaştırıcı ve apolitik tavra bir alternatif bakış açısı sunmaktır.²⁷ Neoklasik maliye kuramında mali alanın depolitizasyonun iki

Geliştirmeye Yönelik Projeler Nasıl Başarısız Oldu, N. Erdoğan (çev.), Versus, İstanbul.

²⁶ Konumlararası değişime dayalı önerdiğimiz çift yönlü perspektifin özlü bir anlatımını Machiavelli'nin *Prens*'i Lorenzo de Medici'ye atfen yazdığını belirten şu satırlarında buluyoruz: "Aşağı tabakadan bir insan iken prenslerin hükümet etmeleri üstüne konuştuğum ve kurallar önerdiğim için kendini beğenmiş biri gibi görülmek istemem; çünkü nasıl ki manzara resmi yapanlar dağları ve yüksek yerleri gözlemek için düz ovada dururlar; ve alçak yerleri gözlemek için de tepelere çıkarlar aynı şekilde, halkların doğasını iyi tanımak için prens olmak gerekir, prensleri tanımak için de halktan biri". Kojin Karatani daha geniş bir felsefi düzlemde ele aldığı ve 'transkritik' adını verdiği konumlararası değişime dayalı eleştirel yaklaşımın Marx'ın politik iktisadının kalbinde durduğunu belirtir. Diğer bir deyişle, Karatani, Marx'ın Kantçı kökenlerine vurgu yaptığı kitabında, farklı konumlanma noktalarından yapılan tahlillerde konumlar arasında ortaya çıkan 'paralaks'ın (yani yer değiştirmeye bağlı olarak gözlemlenen nesnede ortaya çıkan değişim ya da farklılık) Marx'ın ve Kant'ın yönteminin asli unsuru olduğunu dile getiriyor. Transkritik ya da konumlararası değişimin sunduğu eleştirel ve kapsayıcı bakış açısı bize Marx'ın emeğin kapitalizmin koşullarında nasıl sömürüldüğünü açıkladığı kitabının *-Kapital-* başlığının neden, örneğin, "Ücretli-Emek" değil de, kapitalist üretim tarzının temel kategorisi -sermaye- olduğunu da izah eder. Marx'ın emekte sermayeyi, sermayede emeği gördüğü bu 'belirgin paralaksta' (*pronounced paralax*) (Karatani, 2008) dinamik ve köklü bir eleştiri yükselmiştir. Machiavelli, N. (2004), *Prens*, N. Güvenç, Anahtar Kitaplar Yayınevi, İstanbul, s. 37; Karatani, K. (2008), *Transkritik: Kant ve Marx Üzerine*, E. Ünal (çev.), Metis, İstanbul.

²⁷ Carl Schmitt'in "siyasal kavramı devlet kavramından önce gelir" (Schmitt, 2006: 39) sözü aynı zamanda devletin apolitik bir toplum kurgusuyla kurulan özdeşliğine itirazı da içeriyordu: "19. yüzyılın ifade tarzıyla söylenecek olursa: 'Toplum' bağımsız bir biçimde 'devletin' karşısına çıkmaktadır. Eğer devlet teorisi, hukuk bilimi ve egemen söylem, 'siyasal=devlete ilişkin' denkliğinde ısrar ederse, bunu takiben (mantıksal bakımdan imkânsız, ama görünüşe bakılırsa kaçınılmaz olan) şu sonuç ortaya çıkmaktadır: Devlete ilişkin olmayan her şey, yani tüm 'toplumsal' şeyler, apolitiktir! Bu sonuç kısmen de olsa naif bir hatadır . . . öte yandan da devlete ve düzene karşı yürütülen iç politik mücadelede kullanılmaya son derece elverişli, etkili bir taktik araçtır". Schmitt, C. (2006), *Siyasal Kavramı*, E. Göztepe (çev.), Metis, İstanbul, s. 41n.

yolla gerekleŖtiđini syleyebiliriz. Bu noktaya dek eleŖtirimizin odađındaki uyum-perspektifi bunlardan biridir. Bir diđer i se siyasetin yeniden tanımlanmasıyla ortadan kaldırılması yoludur. Bu ikinci yol maliyede kamusal seim kuramı olarak adlandırılan ultra-liberal yaklaŖımın da izlediđi yoldur. Buna gre kendi kendine iŖleyen piyasa sistemindeki deđiŖim iliŖkileri iktisadi alanın (ki burada iktisadi alan olarak yalnızca deđiŖim alanı piyasa anlaŖılmaktadır) dıŖındaki tm toplumsal alanlarda (rneđin aile, evlilik, arkadaşlık, devlet ynetimi) da aynen geerlidir. Toplumun dođal durumu olarak grlen kendi kendine iŖleyen piyasa sisteminde salt kendi ıkarımın maksimizasyonu ile ilgilenen rasyonel bireylerin davranıŖları insanın diđer tm toplumsal alanlarda ve iliŖkilerindeki davranıŖları iin evrensel eylemlerini, gdlerini, dŖnce alışkanlıklarını ve deđerlerini temsil eder. Devlet ynetimi sz konusu olduđunda devreye giren siyaset ise salt brokratların ve politikacıların eylem kalıbı olup piyasanın temsil ettiđi evrenselliđi bozan bir yapı olarak grlr. Bylece siyaset piyasa iŖleyiŖini kesintiye uđratan politikacıların ve brokratların eylem kmesi olarak kavranır. Gerekte buradaki ama siyaseti indirgeyerek geleneksel ya da ideal durumu piyasa toplumunda uyum biiminde tekrar kurgulamaktır. Dolayısıyla piyasa sisteminin yceltildiđi bu modern kurguda toplumsal uyumun soyut koŖulları bu kez tamamen piyasa sistemi ve ilkeleri aısından tanımlanır. Burada siyaset ise sadece seimle iŖbaŖına gelmiŖ politikacıların kiŖisel ıkarları ile piyasanın garantrlđindeki toplumsal refah arasındaki atıŖmanın bir alanı biiminde yanlıŖ bir soyutlama olarak kalıyor. Bu kurgunun arkasında ise devletin iktisadi iŖlevlerini asgari dzeye indirgeme amacı ve devletin ekonomi zerindeki

politik varlığına yönelik geleneksel eleştiri yatmaktadır. Ancak kamuya, siyasete, devlete ve topluma dair yetersiz yaklaşımları nedeniyle ne devleti, ne toplumu, ne ekonomiyi ne de bunlar arasındaki çok boyutlu sosyolojik, tarihsel ve politik ilişki açıklanabilmiştir. Açıklanan şey zaten varılmak istenen noktada kalmıştır -yani bireysel rasyonalite temelinde depolitize edilmiş bir toplum kurgusuyla eşitsizliği, örneğin marjinal fedakarlık oranı formülasyonunda olduğu gibi, bir eşitlik durumuna getirip siyasal çelişkilerden arındırılmış bir toplumsal-piyasa harmoni ideali.

Bu aşamada piyasa sistemini yücelten ve piyasa toplumundaki eşitsizlikleri bir eşitlik olarak sunan apolitik görünümlü söz konusu politik tutumların kamu maliyesi disiplindeki egemenliğini vurgulayan ve sorgulayan yeni bir tanım getirmek uygun olacaktır. Günümüzde maliye tarihi için önemli bir referans noktası olan kameralizm ile birlikte gelişen *polis* bilimi (erken dönem yönetim bilimi) için farklı bir perspektifle belirtmeliyiz ki kamu maliyesinin ‘kamu’sunu toplumsal bir politik alan yerine neoklasik iktisattaki piyasa sistemi gibi kendinden menkul bir mali alan olarak tasavvur eden ve siyaseti indirgeyen yaklaşıma biz kamu maliyesi yerine ‘*polis* maliyesi’ adını veriyoruz. Kamu ve ‘*polis*’ kavramları arasında kurduğumuz bu karşıtlık Rancière’in siyaset ile ‘*polis*’ arasındaki karşıtlığına dayanmaktadır. Rancière’in sözleriyle, günümüzde arkaik siyasetin modern formülasyonunda “siyaset sanatı, siyasal olanı ortadan kaldırma sanatından ibarettir”; ancak gerçekte “siyasetin özü, bir tek dünyada iki dünyanın mevcudiyeti olarak uyuşmazlığın açığa vurulmasıdır . . . Siyasal argümantasyon, birbirinden ayrı

dünyaları bir araya koyan paradoksal bir dünyanın inşasıdır . . . Mutabakat [ise] siyasetin polise indirgenmesidir”²⁸. Kameralizmde gelişen devlet aklı doktrinini felsefi ve politik ayağı ‘polis’in modern siyaset felsefesindeki ve toplumsal düzendeki yeri ve buna karşı eleştirel tavrın izlerini Rancière, Agamben ve Foucault’nun çalışmalarında izlenebilir. Biz ise burada günümüzde maliye tarihi için bir inceleme alanı haline gelen kameralizmdeki ‘polis’ kavramını bu tartışmaların izinde sorunsallaştırıp, kamusal alanda siyasal erkin normatif taraflarını gizleyen ve iktidar ilişkilerini dışarıda bırakan, toplumun mali alanının bilgisini hukuksal ilişkiler ve gerçekliği salt görüldüğü biçimiyle açıklayan teknik-ampirik çalışmalar ile sınırlandırmış kamu maliyesi disiplinine bir eleştirinin ismi olarak kullanmış olduk. Dolayısıyla ‘polis maliyesi’nin eleştirisi siyasal bir alan olarak kavranan kamu maliyesinin konu alanlarına -vergi, devlet harcaması, kamu borcu, kamu kredisi- egemen olan mutabakat, uyum, birlik ve harmoni gibi metafizik kategorilerin eleştirisi ile mümkündür.

Bu aynı zamanda kamu maliyesinin olgusal ve düşünsel tarihini irdelemeyi de gerektirir. Bunun için kameralizmin, 15.-18. yüzyıl siyasal ve sosyal teoride maliye düşüncesinin ve Marx’ın ekonomi politığının aydınlatıcı olduğunu düşünüyoruz. Kameralizm sözcüğü XV. ve XVIII. yüzyıllar arasında eski Alman İmparatorluğu’nun (I. Reich) bölgesel siyasal yetki alanlarında ortaya çıkan bürokratik idari sistemi ve yönetimin ilkeleri üzerine yazılmış yazını tanımlar. Bu kısa tanımdan anlaşılacağı üzere, Kameralizm hem Alman

²⁸ Rancière, J. (2007), *Siyasetin Kıyısında*, A. U. Kılıç (çev.), Metis, İstanbul, s. 26, 150, 152,

prenslüklerinde ve bölgesel devletlerinde ortaya çıkan bürokratik yapı ve işleyiş ile ilgili pratik bir idari edime hem de maliye ve yönetim ile ilgili düşünsel bir geleneğe işaret eder. Dolayısıyla, Kameralistler'i de hem bürokraside çalışan devlet memurları hem de üniversitelerin devlet idaresi konusunda kurulan kürsülerinde görev alan akademisyenler olarak birlikte düşünmek gerekir. Albion Small XVI. ve XVIII. yüzyıllar arası belli başlı Kameralistler'in görüşlerini ele aldığı kitabında Kameralizm'in pratik yönünü öne çıkararak bu noktayı özellikle vurgular:

Kitap kameralistleri, büro kameralistlerinden farklı olarak -ki ilk grup genellikle ikincilerden gelir- özellikle pedagojik amaçlarla ve Alman devletlerinin görevlerini icra ederken uyacaklarını düşündükleri usullerin kuralları[nı belirlemek] için yayın yapan kişilerdi. Genel olarak, bu kişiler bir tür idari görevde çalışıyorlardı ve belli bir dereceye kadar deneyimden hareket ediyorlardı. Bunlar yalnızca akademik kuramcılar değildi.²⁹

Kameralizm Almanca'ya Latince'de ve Yunanca'da yer alan *camera* (*Καμάρα*) sözcüğünden türetilmiş prensin hazine odası anlamındaki *Kammer* sözcüğü ile girmiştir. Kameralistler hazine odasında çalışan ve bölgenin mali işlerini yöneten prensin memurları ve danışmanlarıydı. Kameralistler'in yöneldiği ilk amaç devletin refahını ve zenginliğini arttırmaktı. Bu nedenle, devlet hazinesi için sürekli nakit arayışındaki Kameralistler Batı'daki ilk modern maliyeciler olarak bilinirler. Ancak, imparatorluğun ve Avrupa'nın

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²⁹ Small, A. (2001), *The Cameralists: The Pioneers of German Social Polity*, Kitchener, Batoche, s. 21. Andrew Wakefield Kameralizm'in özellikle bürokratik ve pratik yönüne dikkat çektiği çalışmalarında Kameralizm'i yalnızca bir söylem olarak ya da akademik metinler bağlamında değerlendirenleri eleştirmektedir. Bkz. Wakefield, A. (1999) *The Apostles of Good Police: Science, Cameralism, and the Culture of Administration in Central Europe*, The University of Chicago, Chicago, *yayınlanmamış doktora tezi*, s. 26-27; Wakefield, A. (2005),

siyasal yapısını, diplomatik ve askeri ilişkilerini Napolyon Savaşları'na kadar belirlemiş Westphalia Barışı (1648) sonrası prensler arasında giderek artan rekabet ortamında, özellikle savaş harcamalarının finansmanının zorlaşmasıyla beraber, Kameralistler'in devletin parasal gelirini artırmak için yeni kaynak arayışlarına girmeleri idari faaliyetlerinin kapsamını da genişletmiştir. Böylelikle, *Kammer* memurları vergi toplama gibi mali işlerin yanında, bölge içinde kullanılabilir diğer kaynaklardan elde edilen gelirleri çoğaltmak amacıyla kapsamlı yönetim bilgisi ve teknikleri geliştirmişlerdir. *Kammer* sözcüğü de böylece artık yalnızca mali bürokrasiyi tanımlamaktan çıkarak tüm bürokratik işleyişin merkezi olarak daha geniş bir anlam kazanmıştır.³⁰ XVIII. yüzyılda Prusya ve Avusturya üniversitelerinde devletin mali amaçları doğrultusunda gelişen ve kurumsallaşan *Kameral Bilimler* işte bu kapsamlı yönetim tekniklerini farklı birçok sosyal, doğa ve uygulamalı bilim dalı temelinde ele alan Alman yönetim biliminin özgün adıydı. David Lindenfeld Kameralizm'i tanımlarken bu noktadan hareket ederek tekil yazılan *Kameral Bilim* (*Kameralwissenschaft*) ile çoğul *Kameral Bilimler* (*Kameralwissenschaften*) arasında bir ayrım yapar. Buna göre, dar anlamdaki *Kameral Bilim* doğrudan maliye yönetimi ile ilgiliyken, *Kameral Bilimler* mali bürokrasinin ötesinde tüm yönetim pratiğinin bilgisinin üretildiği kapsamı daha

“Books, Bureaus, and the Historiography of Cameralism”, *European Journal of Law and Economics*, 19, 311-320, s. 315-316.

³⁰ Dean, M. (1999), *Governmentality: Power and Rule in Modern Society*, Sage Publications, Londra, s. 93; M. Neocleous (2006) *Toplumsal Düzenin İnşası: Polis Erkinin Eleştirel Teorisi*, A. Bekmen (çev.), Boğaziçi Üniversitesi Yayınları, İstanbul, s. 2; Small (2001), *a.g.e.*, s. 31; Tribe, K. (1995), *Strategies of Economic Order: German Economic Discourse, 175-1950*, Cambridge University Press, Cambridge, s. 9n.

geniş yönetim bilimiymi. ³¹

Kameralizm'in devletin gelirini artırma yolunda araştırma gündeminde bulunan kullanılabilir kaynaklar yalnızca toprağın altındaki madenler ya da üstündeki ormanlar gibi doğal kaynaklardan ibaret değildi. Feodal toplumsal yapıların sona erişiyile XVI. yüzyılın başından itibaren Kameralistler özgün bir 'nüfus perspektifi' ve yönetim teknikleri geliştirmişti. Buna göre, doğal kaynakların ötesinde bireylerin yaşam biçimleri, düşünce alışkanlıkları, davranış kalıpları ve iç dünyaları da rasyonel olarak hesaplanabilen yönetim teknikleri aracılığıyla geliri ençoklaştırma yolunda yönetimin düzenleme alanını oluşturuyordu. Foucault XVI. yüzyılda Batı devletlerinin yönetim rasyonelitesinin değiştiğini belirterek yeni 'yönetim zihniyeti'nin (*governmentality*) çakıştığı üç tarihsel durumu şöyle belirler: a) Geniş topraklara ve merkezi idari sisteme sahip monarşilerin yükselişi b) İstatistiğin doğuşu c) Yönetim pratiği olarak Merkantilizm'in ve *polis* (*Police/Polizei/Policey*) uygulamaların ortaya çıkışı. ³² Özgünlüğünü bu üç tarihsel durumdan alan XVI. yüzyıl Foucault için Batı'da yönetim sorununun modern anlamda yaşandığı bir başlangıç çağıdır. Kameralizm doğuşundaki önemli unsurlar olan Alman İmparatorluğu'nun partikularizmi ve *polis bilimleri* ile birlikte incelenmiştir. Kameralizm ve kuramsal boyutta yürüttüğümüz tartışma için önemli hem de son bölümde Osmanlı iktisat ve maliye düşüncesi için önemlidir. Modern yönetim ve maliye düşüncesinin tarihsel kökünün uzandığı kameralizm ile Osmanlı yönetim ve iktisat düşüncesi

³¹ Lindenfeld, D. F. (1997), *The Practical Imagination: The German Sciences of State in the*

üzerine bir karşılaştırma düşünce tarihimiz açısından da faydalı olabilir. Osmanlı İmparatorluğu ile kameralizmin ve kameralistlerin kesiştiği bir nokta var ise, bu Viyana kuşatmalarının Habsburg Monarşisi'nin kameralistlerini savaş harcamalarının finansmanı için para bulmanın incelikli yollarını keşfetmede bir katkı yapması olabilir. Gerçekten de, kameralistlerin diğer Avrupa devletlerinin yarattığı savaş ortamının yanı sıra, Osmanlıların Avrupa'ya doğru genişleme politikası karşısında da savunma harcamaları için kaynak yaratma baskısıyla karşı karşıya kaldıklarını düşünebiliriz. Kameralizmin içinde doğduğu tarihsel koşullar ve idare sistemi ile Osmanlı İmparatorluğu'nun idare sistemi arasında bir benzerlik kurulamayabilir. Ancak, kameralist düşüncenin ortaya koyduğu yönetim ilkeleri ile Osmanlı yönetim düşüncesinin farklılıkları ve benzerlikleri tartışılabilir. Bu konuda yapılmış bir çalışma henüz yoktur, ancak Halil Sahillioğlu³³ bu noktada küçük bir hatırlatma yapar. Sahillioğlu İslam uygarlığında yönetim üzerine yazılan metinlerin biri teorik, diğeri pratik olmak üzere iki grupta toplandığını belirtir. Sahillioğlu *Koçi Bey Risalesi*, *Kitab-ı Müstetâb* ve Gelibolulu Mustafa Âlî'nin (1541-1600) *Nasihâtü's-salâtîn* gibi bu ikinci gruba özgü karakteristik Osmanlı metinlerinin yazarlarının, çağdaşları kameralistler gibi soyut iktisat teorisi yerine pratik ekonomi bilgisi geliştirmiş kişiler olduğunu vurgular: “Bunlar, Batı'da prenlere, yönetim ve ekonomide birtakım reçeteler yazan, müslüman yazarların çağdaşı kameralistler ne kadar iktisatçı idilerse bunlar da o kadar

Nineteenth Century, Chicago, Londra: The University of Chicago Press, s. 14-15.

³² Foucault, M. (1979), “Governmentality”, *Ideology & Consciousness*, 6, 5-21, s. 14.

³³ Sahillioğlu, H. (1978), “16. Yüzyıl Sonu Osmanlı Tacirleri – Vergi Adaleti- (Âlî'nin *Nasihâtü's-salâtîn*'inden)”, *Toplum ve Bilim*, Yaz-Güz, Cilt 6-7, s. 157.

iktisatçı idiler”³⁴. Benzer şekilde, Şerif Mardin³⁵ 19. yüzyılda serbest ticaret yanlısı liberal-muhafazâkarların karşısındaki Osmanlı aydınlarının korumacı görüşlerinin ve Mehmed Sâdık Rıfat Paşa’nın Osmanlı yönetimine ilişkin reformcu düşüncelerinin kameralizmden etkilendiğine dair bulguların olduğunu belirtir. Dolayısıyla, klasik Osmanlı nasihâtnâmeleri ile 19. yüzyılda gelişen idari ve iktisadi düşüncelerin Batı’da çağının gelişkin örneği kameralist metinler ile karşılaştırılması bize hem Osmanlı yönetim ve mali / iktisadi düşüncesi, hem de idare sistemi hakkında yeni anlayışlar sunabilir. Bununla birlikte, Osmanlı idare ve mali sistemi üzerine birçok çalışma yapılmış olmasına karşın, özellikle karşılaştırmalı yönetim ve mali / iktisadi düşünce tarihi üzerine ilginin ve çalışmaların azlığı hâlâ geçerliliğini korumaktadır.

Öbür taraftan, kameralizm üzerine tarihsel araştırmalar, Alman sosyal bilimlerinin tarihi hakkında bize yeni ufuklar gösterebilir. Bu bağlamda, Kant’ın “Aydınlanma Nedir?” sorusuna getirdiği cevabın aynı zamanda bir kameralizm eleştirisi olduğunu görmekteyiz. Bunun yanında, Hegel’in *Hukuk Felsefesinin İlkeleri*’nde kullandığı ‘polis’ kavramına getirdiği tanımın kameralist düşünceden farklılaştığı noktayı daha iyi anlayabiliriz. Polis (*Polizei*), belirttiğimiz üzere sivil toplum-devlet ayrışmasının söz konusu olmadığı kameralizmde en soyut anlamıyla, ancak bölgesel sıkıyönetimin altında ulaşılabilecek, ‘iyi düzen’i tanımlarken, Hegel’e göre ise “polisin ilk amacı sivil toplumun özelliğindeki evrensel olanın gerçekleşmesini sağlamak

³⁴ Sahillioğlu (1978), a.g.e., s. 157.

³⁵ Mardin, Ş. (2005), “Türkiye’de İktisadî Düşüncenin Gelişmesi (1838-1919)”, M. Türköne ve T. Önder (der.), *Siyasal ve Sosyal Bilimler, Makaleler 2* içinde, İletişim, İstanbul, s. 65; Mardin, Ş. (2006), *Yeni Osmanlı Düşüncesinin Doğuşu*, M. Türköne, F. Unan ve İ. Erdoğan (çev.),

ve korumaktır”³⁶. Dolayısıyla, birey ve aile ile devlet arasında sivil toplumu yerleştirerek, aralarındaki meşru ilişkinin hukuk tarafından kurulacağı toplumsal alanı belirleyen Hegel için polis, kamu yönetimi anlamını korusa da, kavramın kameralist düşüncedeki katı kamu yönetimi anlamı ortadan kalkar. Polisin düzenleyici rolü Hegel’de özel çıkarları devletin varlığı (ya da kamusal iyi) ile uyumlandırarak korporasyonları kurmaktır. Ayrıca, Hegel’in ve Kant’ın yanında, kameralizmin tarihi bize Marx’ın İngiliz ve Fransız politik iktisadına yönelmiş eleştirel politik iktisadını Alman sosyal bilimlerinin penceresinden değerlendirme olanağı tanır. Marx’ın zamanında kameral bilimler üniversitelerde artık egemenliğini çoktan yitirmişti. Öbür taraftan, üniversitelerde kameral bilimlerin yerini alan *Nationalökonomie*’nin, kameralizmdeki mekanistik devlet-toplum ilişkisinin karşısında, Kant’ın izinde geliştirdiği organik kavrayışta öne çıkardığı ‘karşılıklı etkileşim’ (*Verkehr / intercourse*) kavramı, Marx’ın diyalektik felsefesindeki merkezi kavram ‘ilişki’ (*Verhältnis / relation*) ile karşılaştırıldığında iki teori arasındaki şüphe götürmez fark kavramsal düzeyde bir kez daha ortaya çıkar. *Verkehr* sözcüğü devlet güdümlü bir ekonomik alanı konu edinen iktisat teorisinin (*Staatswirtschaft*) karşısında, özgür bireylerin piyasada ihtiyaçları doğrultusunda ‘karşılıklı etkileşim’ içinde gerçekleştirdikleri ekonomik faaliyetleri ele alan yeni iktisat kuramının (*Volkswirtschaft / Nationalökonomie*) ‘ihtiyaç’ ile birlikte kilit kavramıydı³⁷. Marx, Alman iktisat düşüncesinin Batı

İletişim, İstanbul, s. 211.

³⁶ Hegel, G. W. F. (1995), *Elements of the Philosophy of Right*, H. B. Nisbet (çev.), Cambridge University Press, Cambridge, s. 269.

³⁷ Tribe, K. (1988), *Governing Economy: The Reformation Discourse 1750-1840*, Cambridge University Press, Cambridge, s. 195, 209.

klasik politik iktisadına öykünerek, 19. yüzyılın başında gerçekleştirdiği devrimin kavramsal ve kuramsal boyutunu eleştirdiğinde, yalnızca belli bir ekonomik sisteme (piyasa ekonomisi) ve belli bir insan tipine (*homo oeconomicus*) referansta bulunan ve dolayısıyla anlamı kapalı *Verkehr* sözcüğünün yerine, *ilişki* anlamına gelen *Verhältnis* sözcüğünü kullanmıştır. Bu nokta Bertel Ollman için Marx'ın diyalektik felsefesinin can damarıdır. Ollman *Verhältnis* sözcüğünün, Marx'ın yazılarında yalnızca *etkileşim* değil, tarihsel olarak belirlenen ve değişime açık toplumsal yapının tüm unsurları arasındaki *ilişkisellik* anlamına geldiğini vurgular³⁸. Gerçekten de, Marx ve Engels kameralistlere eleştirilerini yöneltmekten geri durmamıştır. Marx *Kapital*'in Almanca ikinci baskısının önsözünde ekonomi politiğin Almanya'da yerleşebileceği bir toplumsal yapının doğmadığını belirterek, Almanya'daki yeni iktisat düşüncesinin kameral bilimlerin soyutlama gücünden yoksun sığ iktisat anlayışını aşamadığını düşünerek şöyle yazar: “Almanya’da, ekonomi politik, şu ana kadar, yabancı bir bilim olarak kaldı . . . Alman profesörleri . . . [b]ilimsel iktidarsızlık duygusunu . . . ya tarih ve yazın alanlarında allamelik taslayarak, ya da ‘Kameral’ bilimler denilen ve Alman bürokrasisinin arafı geçmek zorunda olan umutsuz adaylarının laf kalabalığından alınmış yabancı malzeme karışımı ile beceriksizce örtmeye çalıştılar”³⁹. Benzer biçimde, Engels de Marx gibi kameralizme metaforik bir tanımlama getirir ve kameralizmi “çeşitli tatsız şeylerden yapılmış türlü bir yemeğe dökülen

³⁸ Ollman, B. (2003), *Dance of the Dialectic: Steps in Marx's Method*, University of Illinois Press, Urbana ve Chicago, s. 26.

³⁹ Marx, K. (1986), *Kapital, cilt 1*, A. Bilgi (çev.), Sol, Ankara, s. 21-22.

eklektik iktisadi bir sos” olarak tanımlar⁴⁰. Sözüün kısası, 18. ve 19. yüzyıl Alman felsefesinde, siyasal ve iktisat düşünüşündeki değişimleri ve süreklilikleri anlayabilmek için kameralist yönetim sanatı teorisi sanıldığından daha fazla önemini korumaktadır.

Marx maliye düşüncesi için son derece önemlidir. Marx'ın maliye üzerine düşüncesi belirttiğimiz üzere çok çeşitli bağlamlarda karşımıza çıkmaktadır. Ancak devlet borcu ve vergiler esas olarak odaklandığı konulardır. Devlet borcu Marx'ın kapitalizm tahlilinde iki ana düzlemde karşımıza çıkmaktadır: Bunlardan ilki ilkel birikim süreci içerisinde incelediği kapitalizmin tarihi, diğeri faiz getiren sermaye biçimi olarak devlet borcunun tahlili. Burada analize dâhil ettiğimiz “devletin yabancılaşması” kavramı ise hem bir ilkel birikim aracı hem de faiz getiren sermaye biçimi olarak kapitalizmde devlet borcunun devlete ve sermayeye kazandırdığı özgül kapitalist karakteri daha kapsamlı bir düzeyde ifade etmektedir. Vergi konusu ise Marx'ın *Kapital* dışındaki yazılarında vergiler üzerine düşünceleri, deyim yerindeyse, doğrudan siyasal bir bağlama oturur. Zira vergilendirmeyi sınıf mücadeleleri deneyiminden hareketle ele alır. Marx vergiyi sadece dar anlamda devletin iktisadi gelir kaynağı olarak görmemiş, bunun yerine her şeyden önce sınıflar arası bir politik mesele olarak devletin varlığının önemli bir koşullandırıcısı olduğunu düşünmüştür. Marx'ın hem kendinin hem Engels ile birlikte kaleme aldıkları diğeri yazılarında yukarıdaki alıntının işaret ettiği

⁴⁰ Engels, F. (1970), “Karl Marx, ‘A Contribution to the Critique of Political Economy’: Part One, Franz Duncker, Review”, Karl Marx, *A Contribution to the Critique of Political Economy* içinde, Progress Publishers, Moskova, s. 219.

demokratlarının sosyalist reform tasarısı olarak gündeme getirdiđi önerileri eleřtirdiđi daha kapsamlı ifadelerini bulmaktayız. Bunlar ierisinde en önemli ve kapsamlı olanı ise 1850'de Marx'ın Engels ile birlikte Emile de Girardin'in *Le socialisme et l'impôt (Sosyalizm ve Vergi)* (1849) başlıklı kitabına yazdıkları eleřtiri yazısıdır. Marx'ın ok-boyutlu yaklařımıyla kapitalizmi farklı yönleriyle incelediđi metinlerinde kamu maliyesi üzerine düşüncelerinin bu yazıda sunulanlarla sınırlı olmadığını da belirtmeliyiz. Marx'ın yazılarında kamu maliyesi disiplinin dikkatini yöneltmesi gereken daha birçok noktanın olduğunu vurgulamalıyız.

Son olarak maliye düşüncesi için irdelenmesi gereken diđer bir konu da 15.-18 yüzyıl sosyal ve siyasal teoride maliye düşüncesidir. İbn Haldun'dan Rousseau'ya kamu maliyesi dönemin düşünürlerinde son derece merkezi bir yer tutmaktaydı. Bunların her birinin incelenmesi bizim için üç açıdan önemliydi. İlki bu dönemin sosyal ve siyasal teorideki kamu maliyesine ilişkin düşünceler bugün maliye teorisinde yeni düşünsel ve eleřtirel patikalar oluşturmak için bize son derece zengin bir düşünce dünyası sunmaktadır. İkincisi bu konuda özellikle kamu maliyesi öğrenenlerin disiplinin düşünce tarihi açısından karşılařtıkları boşluk. Üüncüsü bu dönemin maliye düşüncesi Osmanlı maliye ve iktisat düşüncesini anlamak için son derece önemlidir.

APPENDIX B

CURRICULUM VITAE

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BS	A.Ü Faculty of Political Sciences Economics	2004

WORK EXPERIENCE

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2004- Present	Ankara University, Department of Public Finance	Research Assistant

FOREIGN LANGUAGES

English

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