

## TAXPAYER OPPOSITION AND FISCAL REFORM IN PRUSSIA, c. 1766–1787\*

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**ABSTRACT.** *In 1787, Frederick William II of Prussia made substantial changes to the urban excise. These changes were largely the result of public pressure. Urban tax-payers had resisted the tax in different ways since Frederick II had reformed it in 1766 in order to extract more revenue from Prussia's towns. The article explores the motives that led to tax-payer criticism and resistance and the ways in which urban tax-payers opposed the state's growing fiscal appetite. The success of urban tax-payers in this political conflict with the Prussian state suggests that Prussia's burghers were important actors within the Hohenzollern polity and that they wielded considerable political power. The events described here resembled not only other contemporary conflicts over fiscal matters in the Atlantic world, but were also interconnected with debates and events outside Prussia through exchanges of individuals, arguments, and publications.*

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When Frederick William II ascended to the Prussian throne in 1786, one of his first legislative acts was a reform of the loathed urban excise tax. He removed leading officials, changed excise tariffs for many products, and issued orders to relax often intrusive controls. This reversal of fiscal policy was a remarkable victory for Prussia's burghers who had vigorously resisted the tax since Frederick II had, in 1766, created a whole new excise administration – known as the *Régie* – to extract more revenue from Prussia's towns. In many ways, the successful resistance of taxpayers places Prussia in a context of 'normality' of conflicts over taxation that swept the Atlantic world in this period, although Berlin in 1787 was certainly not Boston in 1773 or Paris in 1789. There was no tea party in Emden and no assault on the Citadel in Spandau. But the events of 1787 still mark a significant shift in relations between the state and inhabitants of cities and towns. Historians have often depicted Prussia's burghers as downtrodden and

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desolate cousins of the bold and self-reliant bourgeoisies of the Atlantic world.<sup>1</sup> By contrast, in this instance, they can be seen prevailing in a political conflict that lasted over twenty years and pitted them against an absolutist monarchical state.

This success is all the more remarkable because of the high fiscal stakes for the Prussian state and great number of tax payers involved. Indirect taxes – including, most prominently, customs and excise – were the Prussian state's fastest growing source of revenue and became the most important form of taxation in this period. Revenues from excise and customs accounted for 35 per cent of tax revenue in 1740; in 1786 this share had nearly doubled to 60 per cent.<sup>2</sup> This was not as high as Britain where customs and excises comprised more than 80 per cent of tax revenue, but it was higher than France where they represented roughly half. The taxes that were at the heart of this conflict were thus clearly a central part of the 'sinews of power' of the Prussian state, although it must be remembered that, unlike Britain and France, Prussia still derived just under half of its state revenue from domains, regalia, and similar sources that were not based on taxation.<sup>3</sup> The conflict, however, not only involved significant amounts of money, but also a large share of the Prussian population. It is difficult, perhaps impossible, to know the distribution of Prussia's population in this period with any precision, but the best available statistics suggest that approximately 28 per cent of Prussia's population lived in the towns and were thus, in principle, subject to

<sup>1</sup> See for example Andreas Nachama, *Ersatzbürger und Staatsbildung: zur Zerstörung des Bürgertums in Brandenburg-Preussen* (Frankfurt am Main, 1984), and Johannes Ziekursch, *Das Ergebnis der friderizianischen Städteverwaltung und die Städteordnung Steins*. (Jena, 1908). The view of a retarded development of the Prussian bourgeoisie was also part of the *Sonderweg* thesis; see the bibliographical survey in Jürgen Kocka, 'German history before Hitler: the debate about the German Sonderweg', *Journal of Contemporary History*, 23 (1988), pp. 3–16. Even where original documents have been consulted, references to sources are to modern editions, where possible, to facilitate access for readers. Much relevant material is in Hugo von Rachel, ed., *Die Handels-, Zoll- und Akzisepolitik Preußens* (Berlin, 1928), and Johann Preuß, ed., *Urkundenbuch zur Lebensgeschichte Friedrichs des Großen* (Berlin, 1833), which also include archival material subsequently lost. Despite these advantages certain problems are associated in particular with the use of Rachel's edition. Mittenzwei and others have rightly pointed to the 'pro-state' bias of the collection. Ingrid Mittenzwei, *Preußen nach dem Siebenjährigen Krieg: Auseinandersetzungen zwischen Bürgertum und Staat um die Wirtschaftspolitik* (Berlin, 1979), p. 7. The drift of the present argument, however, runs counter to this bias by emphasizing the weakness of the state in the face of popular opposition. In the present context, the problems associated with the editor's bias are therefore smaller than they would be, for example, in the context of a classic institutional study of state-building. The problems associated with Rachel's bias are further limited by the fact that the edition has been used in conjunction with extensive archival research. In all references Geheimes Staatsarchiv Preußischer Kulturbesitz, Berlin-Dahlem is abbreviated GStAPK; *Kabinettsorder* is abbreviated as CO following the contemporary spelling. All citations have been translated by the author to promote accessibility for readers without knowledge of German and French.

<sup>2</sup> Mark Spoerer, 'The revenue structures of Brandenburg-Prussia, Saxony and Bavaria (fifteenth to nineteenth centuries)', in Simonetta Cavaciocchi, ed., *La fiscalità nell'economia europea secc. XII–XVIII* (Florence, 2008), p. 789. In the article statistical data is only presented in the form of graphs. I am grateful to Mark Spoerer who made the statistical tables on which the graphs are based available to me.

<sup>3</sup> Eckart Schremmer, 'Taxation and public finance: Britain, France and Germany', in Peter Mathias and Sidney Pollard, eds., *The Cambridge economic history of Europe* (8 vols., Cambridge, 1966–89), VIII, pp. 316, 326, 370, 415.

the excise.<sup>4</sup> The real number may well be higher because contemporary statistics normally excluded the often significant military population in towns.<sup>5</sup> While the number of urban dwellers can only be taken as a rough approximation of the number of tax payers subject to indirect taxes,<sup>6</sup> they draw attention to the fact that, in Gustav Schmoller's words, 'the Prussian state of the [eighteenth] century was not an agrarian state without towns ... and that in several territories the urban element already accounted for more than a third of the population'.<sup>7</sup>

This article thus sheds light on a 'world that is often overlooked in general accounts of the Prussian lands' by exploring an example of the active and independent political role played by inhabitants of cities and towns in the Hohenzollern polity.<sup>8</sup> In particular, this study explores motives that led taxpayers from Kleve to Königsberg to resist the *Régie*, as well as the tactics used to oppose and resist the fiscal appetite of the growing Prussian state. Three forms of resistance

<sup>4</sup> Schmoller cites a contemporary population statistic compiled for Frederick that puts the share of the urban population at 43 per cent which Schmoller considered to be too high. Based on his own calculations he indicated the size for the urban sector for the Prussian provinces that range from 20 to 43 per cent but does not indicate a share for all of Prussia. Using different sources Kurt Hinze indicated 28 per cent as the average share of urban population for all Prussian provinces. (Schmoller's numbers are for 1748, Hinze's for 1778. Hinze's calculation does not include Silesia.) Since the size of the urban sector differed substantially in the Prussian provinces I have calculated the country/town population ratio only for the areas in which the *Régie* operated based on the statistical tables provided by Büsching for the year 1775. This material shows a 28 per cent share of the urban population. The ratio in these provinces is thus almost exactly the same as Hinze's Prussian averages and within the range of Schmoller's numbers. NB: (1) Silesia and the Netze district, for which Büsching does not provide numbers of urban populations, were excluded from my calculation although the *Régie* operated there. (2) The term 'urban' is used here to refer to settlements that were considered towns by contemporary legal and political standards. Most Prussian towns had significant agrarian elements and did not display many of the characteristics that may be associated with the term urban in other contexts. See Hinze's discussion. Gustav Schmoller, *Deutsches Städtewesen in älterer Zeit* (Aalen, 1964), pp. 288–9. Kurt Hinze, 'Die Bevölkerung Preußens im 17. und 18. Jahrhundert nach Quantität und Qualität', in Otto Büsch and Wolfgang Neugebauer, eds., *Moderne preußische Geschichte* (Berlin, 1981), pp. 308–10; Anton Friedrich Büsching, *Zuverlässige Beyträge zu der Regierungs-Geschichte Königs Friedrich II. von Preußen: vornehmlich in Ansehung der Volksmenge, des Handels, der Finanzen und des Kriegsheers; Mit einem historischen Anhang* (Hamburg, 1790), pp. 156–7.

<sup>5</sup> Büsching, *Beyträge*, pp. 160–3; Reinhold Koser, 'Zur Bevölkerungsstatistik des preußischen Staates von 1756–1786', *Forschungen zur Brandenburgischen und Preussischen Geschichte*, 16 (1903), pp. 583–9.

<sup>6</sup> On one hand the number of tax payers liable to pay taxes administered by the *Régie* was probably somewhat lower than the number of urban dwellers: most towns were subject to the excise but some were not and towns in the western provinces paid excise but were only briefly administered by the *Régie*. In addition some inhabitants of the towns and certain urban institutions were exempt from the excise. On the other hand also individuals who were not liable to pay excise were subject to the controls and procedures of the *Régie* when entering or leaving a town thus increasing the number of those affected by the *Régie* beyond the number of 'excisable' urban dwellers.

<sup>7</sup> Schmoller, *Städtewesen*, p. 289. In this context Schmoller also points out that the relative size of the towns was not smaller in the eighteenth century than in the late nineteenth century, a period for which modern research places Prussia as the second most urbanized country in Europe. Richard Lawton and Robert Lee, 'Introduction: the framework of comparative urban population studies in western Europe, c. 1750–1920', in idem, eds., *Urban population development in Western Europe from the late eighteenth century to the early twentieth century* (Liverpool, 1989), p. 12.

<sup>8</sup> Christopher Clark, *Iron kingdom: the rise and downfall of Prussia, 1600–1947* (London, 2007), p. 148.

can be reconstructed. From the beginning of the institution of the *Régie*, all manners of petitions and complaints emerged about the new administration, mostly directed to the local branches of the established administration, the *Kriegs- und Domänenkammern*, which reported them to the central administration of the *Generaldirektorium* and to the king himself. Equally, from the time of the administration's creation, but with a strongly increasing tendency, the *Régie* was faced with acts of resistance such as smuggling and attacks on tax officials. Finally, from the 1770s onwards and most intensely around the time of the *Régie*'s abolition, the conflict became the subject of letters, pamphlets, and books.

The wide variety of forms of opposition makes the conflict particularly interesting, but also more difficult to write its history. Should these different types of responses – often adopted by tax-payers in different cities of a polity with an extremely fragmented geography – be treated as a unified movement? Should acts of resistance be distinguished from verbally expressed opposition? And should the latter be treated as one when publicly voiced critique differs in important ways from that expressed in petitions and complaints to officials? Such questions were also asked by contemporaries. In *What is enlightenment?* (1784), Immanuel Kant famously argued that it was acceptable to complain about taxes so long as one kept paying them. Printed commentary on taxation was even part of the commendable ‘public use of reason’ that was bound to promote the progress of enlightenment. In this way, Kant distinguished between the social utility of different responses to fiscal conflict, but also acknowledged their inherent connection. Disobedience and reasoning were both possible reactions to fiscal conflict and both could be observed in Königsberg whilst Kant was writing. Kant's arguments sought to convince fellow Prussians that reasoning was the ‘enlightening’ reaction to grievances and to alleviate official fears that freedom of thought was inherently associated with subversion or rebellion.

The underlying conflict emerges as the unifying element of disparate forms of fiscal resistance. The merchant who petitioned, the consumer who purchased contraband, the victualler who shot tax officials, and the scribbler who assailed the excise in pamphlets may have opposed the *Régie* in different ways, but were united in their outrage at a fiscal regime they regarded as illegitimate. Responding to the same problems faced in their daily lives, there is considerable agreement amongst taxpayers about what was wrong with the *Régie*. Perhaps surprisingly, it was not primarily an increased fiscal burden that prompted protests. Instead, the intrusiveness and a lack of respect by the *Régie* officials were the issues cited most frequently in complaints, publications, and even in Frederick William's reform edict. Ingrid Mittenzwei points to the ‘bureaucratization’ that was associated with the introduction of the *Régie* as one of the main sources of discontent, with merchants in particular perceiving the new formalities as vexing and oppressive.<sup>9</sup>

<sup>9</sup> Mittenzwei, *Preußen*, p. 37. Other authors who have examined the development of the *Régie* in the whole of Prussia have not systematically addressed the causes of popular discontent. Mostly fiscally

Common grievances were not the only connection among the different manifestations of fiscal protest; written forms of protests often referred to acts of resistance. Pamphlets and merchant's complaints frequently referred to problems of contraband and violence that they blamed on the *Régie*. Non-verbal forms of opposition thus served as arguments for those writing against the excise. This is hardly surprising since many who complained had, in one way or another, first-hand experience with its problems either as merchants, artisans, consumers, or tax officials. Shared experience was facilitated by spatial proximity. The excise and its discontents were strictly urban phenomena and the comparably small size of Prussia's cities and towns facilitated the exchanges about negative experiences with the *Régie*. Different types of protests against the *Régie* did not amount to anything resembling an organized movement, but those who opposed it were still connected by a 'common enemy', shared experiences, and an awareness of each others' efforts.

Prussia's geography equally worked as a divisive factor. The locations and histories of different towns and cities were as diverse as the forms of fiscal resistance. Towns varied in size, legal status, and the socio-economic and religious composition of their populations. Some had been part of the Hohenzollern's dominions for centuries whilst others – notably the towns of Silesia – had been acquired only in the 1740s. Whilst constraints of space preclude a full account of this diversity, there were powerful tendencies that make this neglect acceptable. All Prussian towns shared the experience of a dramatic decline in urban political autonomy. Since the end of the Thirty Years' War, the Hohenzollern's efforts to establish a more powerful central state had been felt most strongly by towns increasingly governed by representatives of the central state. The lack of political institutions representing the political interests of the urban populations played an important part in provoking public debates about the excise. Moreover, the *Régie* was a common experience of Prussia's towns, at least of those 'exciseable towns' examined in this inquiry. It was the first time that a centrally run fiscal administration was present in almost all Prussian provinces. In a process reminiscent of Alexis de Tocqueville's description of the effects of administrative centralization under the *ancien régime* in France, the *Régie* placed in direct contact, and subsequently direct conflict, the urban populations of Prussia and the administrative organs of the growing central state.

In what follows, the opposition against the *Régie* is primarily understood as a rebellion of taxpayers against the state's intrusions into their homes, workshops,

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oriented are discussions of the *Régie* in Walther Schultze, *Geschichte der preussischen Regieverwaltung von 1766 bis 1786* (Leipzig, 1888), and Gustav Schmoller, 'Einführung der französischen Regie durch Friedrich den Grossen 1766', *Sitzungsberichte der Königl. Preussischen Akademie der Wissenschaften zu Berlin*, 1 (1888), pp. 63–79. The conflict is interpreted primarily as friction between branches of the Prussian administration by Hans Rosenberg, *Bureaucracy, aristocracy and autocracy, 1660–1815* (Cambridge, MA, 1958), and Hubert C. Johnson, *Frederick the Great and his officials* (New Haven, CT, 1975). The *Régie* is seen more positively as an attempt to promote economic development in W. O. Henderson, *The state and the industrial revolution in Prussia, 1740–1870* (Liverpool, 1958).

carts, and freedom to make choices about their consumption habits. Closely related was resistance against the excise's financial burden which was seen as threatening the prosperity of individual economic activities, families, whole branches of economic activity, and entire towns. An argument of this kind, particularly the extent to which this conflict generated public debates, makes it necessary to engage with one of the most enduringly controversial historiographical debates of recent times. Ever since Jürgen Habermas published *Structural transformation of the public sphere* (1962), historians have fiercely contested and, probably less often, defended Habermas's arguments. A recent survey of the debate counted over 12,000 scholarly articles concerning this debate.<sup>10</sup> Three aspects are particularly pertinent and should at least be addressed briefly.

Initially, we must defend our argument against Habermas himself. A central part of Habermas's original thesis was to contrast the emergence of a bourgeois public sphere in France and England with the lack of a similar development in Germany. Since Prussia's bourgeoisie was too weak to challenge royal authority, the public debates of the Prussian Enlightenment remained unpolitical and largely concerned with literary criticism and moral introspection. While the historiographical notion of a retarded socio-economic development of Prussia's middle class still lingers, the depiction of Prussia's Enlightenment culture has been successfully challenged. As elsewhere in Europe, Eckhart Hellmuth observed, 'the educated strata of society sought to affirm not only a cultural, but increasingly also a political identity'.<sup>11</sup> Exploration of Frederick's excise reform and its resulting discontents contributes to this emerging picture of a politicized and reform-oriented Prussian public by suggesting that fiscal reform was a central concern for public commentators. Surprisingly, fiscal debates have not been systematically examined in the Prussian case, although similar controversies feature prominently in research about public debates elsewhere in Europe and the Atlantic world. This article seeks to reduce this historiographical gap, although direct taxation and the related debates are not considered due to space restrictions.<sup>12</sup> Whilst Habermas painted a misleading picture of the Prussian Enlightenment, as a hermeneutical tool, his theory remains relevant. The paradigm is well suited to understanding relations between fiscal conflicts and

<sup>10</sup> Stéphane Van Damme, 'Farewell Habermas? Deux décennies d'études sur l'espace public', in Patrick Boucheron and Nicolas Offenstadt, eds., *L'espace public médiéval* (Paris, forthcoming). Currently available online at *Cahiers de Griehl* <http://dossiersgrihl.revues.org/682> (17 Sept. 2010).

<sup>11</sup> Eckhart Hellmuth, 'Towards a comparative study of political culture', in idem, ed., *Studies of the German Historical Institute London* (Oxford, 1990), p. 3.

<sup>12</sup> Contemporary commentary on taxation is occasionally mentioned, but never systematically explored. See, for example, Günter Birtsch, 'Die Berliner Mittwochsgesellschaft', in Hans Bödeker and Ulrich Herrmann, eds., *Über den Prozess der Aufklärung in Deutschland im 18. Jahrhundert* (Göttingen, 1987), p. 101; Eckhart Hellmuth, 'Aufklärung und Pressefreiheit: Zur Debatte der Berliner Mittwochsgesellschaft während der Jahre 1783 und 1784', *Zeitschrift für Historische Forschung*, 9 (1982), pp. 315–45; Horst Möller, 'Wie aufgeklärt war Preußen?', *Geschichte und Gesellschaft*, 6 (1980), pp. 176–201, at p. 179. Rudolf Vierhaus, 'The Prussian bureaucracy reconsidered', in Eckhart Hellmuth, ed., *Rethinking Leviathan* (Oxford, 1999), p. 163.

associated debates, as Michael Kwass has demonstrated in his outstanding study of the fiscal history of France in the eighteenth-century *ancien régime* which convincingly combines forensic examination of sources with a Habermasian interpretative framework.<sup>13</sup>

Penetrating criticism has, however, also been levelled against the theoretical core of Habermas's argument, particularly the central link between socio-economic change and intellectual development. The debate has mainly revolved around the label 'bourgeois' that Habermas affixed to the 'public sphere'. Rather oddly, all participants in the controversy agree with Habermas on the social composition of the public: while the public sphere was in principle open to all (educated) individuals, 'officials of the rulers' administrations were its core'.<sup>14</sup> But controversy has raged over whether the ideologically charged term 'bourgeois' could be used for such individuals. Habermas called them 'bürgerlich'; some of his critics agreed but insisted that they were of a type of bourgeois that was 'nothing to do with capitalism',<sup>15</sup> whilst others denied that they were bourgeois at all.<sup>16</sup> Debates about the excise examined here do not clarify, but complicate, this discussion. Those dubious of the 'bourgeois' nature of the public sphere contended that members of the public on the state's pay roll could not be considered bourgeois and were instead evidence of the Prussian Enlightenment's 'proximity to the state'.<sup>17</sup> This argument is problematic, however, not only because of methodological issues arising from the use of statistical information in the underpinning studies, but also because of the complex construction of contemporary social and intellectual identities. In this article, for instance, we encounter Georg Friedrich Hamann, son of a barber surgeon, who, for lack of a viable alternative, accepted a position with the *Régie* where he pursued a successful career, whilst simultaneously moonlighting as one of its harshest critics. Cases like Hamann's make it difficult to accept the hard and fast definition of 'bourgeoisness' that some of the critics have employed. Instead, it may be more fruitful to approach the question of the public sphere's social identity, at least in relation to fiscal matters, from a different angle. The 'bourgeois' character of fiscal debates does not derive from the social identity of those involved, but rather from the underlying conflict that prompted such debates. As Joseph Schumpeter has pointed out, the very notion of taxation implies the existence of an 'individual economy' clearly distinct from the state. Similarly inseparable are an economy

<sup>13</sup> Michael Kwass, *Privilege and the politics of taxation in eighteenth-century France* (Cambridge, 2000).

<sup>14</sup> Jürgen Habermas, *The structural transformation of the public sphere* (Cambridge, 1989), p. 22. Among empirical studies confirming this view see Möller, 'Wie aufgeklärt war Preußen', pp. 178–82; Richard van Dülmen, *Die Gesellschaft der Aufklärer* (Frankfurt, 1986); Birtsch, 'Die Berliner Mittwochsgesellschaft'.

<sup>15</sup> Hans Bödeker, 'Prozesse und Strukturen politischer Bewußtseinsbildung der deutschen Aufklärung', in Hans Bödeker and Ulrich Herrmann, eds., *Aufklärung als Politisierung* (Hamburg, 1987), p. 10.

<sup>16</sup> T. C. W. Blanning, *The culture of power and the power of culture: old regime Europe, 1660–1789* (Oxford, 2006), p. 12.

<sup>17</sup> Bödeker, 'Prozesse und Strukturen', p. 10.

managed by private individuals for the interest of private individuals, with notions of privacy. Schumpeter describes the nexus with unparalleled wit:

The individual economy makes the individual – or the family – dependent upon himself and forces him, as the apple in paradise, to open his eyes to the economic realities of the world and to read his purpose out of his interest. His horizon narrows, his life settles down in his own spiritual house, and he looks at the world only through his window – and not very far at that, for soon his view is obstructed by the walls of other such houses.<sup>18</sup>

In eighteenth-century Prussia, there was still much direct state involvement in the rural economy through ownership of substantial royal domains. In the towns, however, the beginning of the tax state can be seen: a political order that, in principle, left economic matters to individuals and was thus forced to cover its financial needs through taxation, rather than through ‘earning’ money from direct ownership of economic activities. Fiscal conflicts and associated debates could not therefore have occurred without at least the rudimentary existence of an economy based on specifically bourgeois modes of production and consumption and associated notions of privacy. Fiscal questions were not the only areas where the interaction of private enterprise and state administration led to frictions in Prussia; Mittenzwei has for example shown the importance of contemporary conflicts about free-trade and other economic policies.<sup>19</sup>

Closely related to questions of the public sphere’s bourgeois nature is another potent criticism. Critics of Habermas questioned whether a public that was, by definition, composed of diverging opinions should really be regarded as an opposition force to the state.<sup>20</sup> In the fiscal context, while texts critical of the *Régie* dominated the debate, opposing views can often be found. Should we therefore understand these fiscal debates as a form of consultation where diverging opinions balance out each other and made the public, as a whole, politically neutral vis-à-vis the state? In the case of fiscal debates, this view misunderstands the nature of the threat to the state’s authority posed by public debates. The challenge did not so much lie in opinions expressed, but in the fact that the venue for deliberating and determining fiscal matters was diverted from the corridors of state power. Eighteenth-century states kept their finances largely secret and financial decisions were mostly held to be a royal prerogative. Those who wrote either for or against a government’s policies challenged this prerogative. Public expression of an opinion implicitly claimed that the public had a say in such matters that should be heard. But the idea of being obliged to consider alternative views from outside the state apparatus (and even from within it, as Erhard Ursinus had occasion to ponder during his yearlong sojourn in Spandau) was deemed an insufferable challenge to their authority by monarchs such as Frederick II.

<sup>18</sup> Joseph Schumpeter, ‘The crisis of the tax state’, in R. Swedberg, ed., *Economics and sociology of capitalism* (Princeton, NJ, 1991), p. 110. For a history of the ‘tax state’ as a concept, see Florian Schui, ‘Zum Begriff des Steuerstaats’, in Peter Becker, ed., *Sprachwollzug im Amt. Kommunikation und Verwaltung im Europa des 19. und 20. Jahrhunderts* (Bielefeld, 2011), pp. 107–30.

<sup>19</sup> Mittenzwei, *Preußen*, passim.

<sup>20</sup> Blanning, *Culture of power*, pp. 12–13.



The development of public responses to the fiscal reforms of Frederick II and his successor, Frederick William II, is explored in broadly chronological order, returning to these historiographical questions where appropriate. The first section outlines the central objectives of Frederick's fiscal reforms before examining the public's reactions in the form of petitions and smuggling, letters and pamphlets, and, finally, in an intensive exchange of printed texts.

## I

Improving the tax administration's efficiency was one of Frederick II's priorities on ascending to the throne in 1740. Like his predecessors, Frederick realized that Prussia's ability to become a great European power depended largely on its ability to sustain much higher per capita expenses for its military than other countries. This could be achieved through improved collection and administration of taxation and through a simultaneous broadening of the tax base, specifically more economic growth and less fiscal privilege. Frederick saw reform of the excise – a motley mix of indirect taxes including sales taxes and customs payments levied only in the towns and at the town gates – as crucial to achieve both objectives. A better organized and less corrupt administration not only meant less evasion, but also meant a more effective implementation of royal policies to promote commerce and industry which relied heavily on fiscal tools such as monopolies, bans on foreign products, protective tariffs, and subsidies to domestic industries.

At the heart of attempts to reform the excise were its officials.<sup>21</sup> They often lacked essential administrative skills, were corrupt or colluded with merchants and consumers; in short, they were anything but loyal servants of the state.<sup>22</sup> The chief concern of Frederick's reforms was therefore to separate the fiscal administration from the tax-payers and to regulate their reciprocal interaction. These intentions were reflected in a new set of instructions for excise officials enacted in the 1740s, which focused on officers' conduct and especially on imposing a clear division between the operations they carried out as excise officers from their private capacities.<sup>23</sup> This separation was partly associated with physical spaces: the excise was always to be collected in the same 'loco publico'. In small towns where no venue was available, officers were instructed to choose a 'specially designated room' in their house. Official acts had to be carried out by the employee himself whilst his wife and children were to leave the 'excise room' during

<sup>21</sup> 'The lack of able men ... and of precision in the execution' was the fiscal administration's primary problem in Frederick's eyes (CO to De la Haye de Launay, 7 Jan. 1767, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 166.)

<sup>22</sup> Schmoller sees the excise administration as the origin of Prussia's loyal civil servants ('pflichttreue Beamten'); Gustav von Schmoller, 'Die Epochen der preußischen Finanzpolitik', *Jahrbuch für Gesetzgebung, Verwaltung und Volkswirtschaft im Deutschen Reich*, 1 (1877–1912), pp. 32–114 at p. 63.

<sup>23</sup> 'Seiner königl. Majestät in Preußen Allergnädigst neu approbirtes Reglement und Verfassung des ganzen Accise-Wesens, dero Vor- und Hinter-Pommerschen Städten ... De dato Berlin, den 28. Febr. 1749.' GStAPK, HA II, Abt. 12 Pommern Materien, General Accise Sachen, Nr. 20a.

times of official business. Additional temporal and financial constraints were imposed to ensure the separation of public and private funds.<sup>24</sup>

Another set of rules applied to excise officers' interaction with tax-payers. Officials had the right to search baggage, vehicles, workshops, shops, houses, barns, basements, attics, and rooms of those suspected of tax fraud. The right to intrude on tax-payers' privacy was, however, also curtailed in important ways. A 'sufficient reason' for suspicion was needed and all searches had to be conducted carefully to avoid damaging or inconveniencing tax-payers. Delays at gates were particularly to be avoided. Officers that undertook controls out of 'arbitrariness' or 'affect', or who treated tax-payers 'impolitely', were to be severely punished.<sup>25</sup>

Central to reforms was the division between the sphere belonging to the state and that of individual privacy. A distinction was drawn both between private individuals and officials and between the different sides of individuals in the state's employ. It was acknowledged that an excise official was also a private individual but when he wore his 'official hat' he ceased to be a private man, just as he reversed into a private individual when he left his office or when his office hours ended.<sup>26</sup> Clarification of the boundaries between individual private spheres and that of the state, described here from the Prussian state's perspective, was the same process that generated lines of conflict where frictions between state officials and private individuals gave rise to public debate.<sup>27</sup> For however much the administration tried to separate spheres, and to acknowledge the private sphere as distinct, contact and interference between the two spheres were inevitable in excise collection. Elaborate attempts to limit such frictions by regulating interaction between tax-payers and collectors illustrate that contemporary administrators acknowledged the potential for conflict, but the need for increased administrative efficiency was a strong motive to further the separation of the state and its organs from the wider public.

## II

After the Seven Years' War, it became apparent that Frederick's attempts to make the excise administration a more efficient and loyal instrument of the Prussian state remained largely unsuccessful. The war had brought Prussia and other European countries to the brink of financial collapse. New revenue needed

<sup>24</sup> *Ibid.*, fos. 3–10.

<sup>25</sup> Employees who interacted in 'unacceptable' ways with tax-payers could be dismissed, but employees who were 'insulted' by tax-payers whilst properly carrying out their duties were assured that offenders would be appropriately punished. *Ibid.*, fos. 7, 11, 62.

<sup>26</sup> The professionalization of the Prussian excise administration also benefited from the employment of military veterans. Military drill had trained them to separate their private persona from that of the soldier, a process similar to what was required in the formation of professional tax administrators. Edgar Kiser and Joachim Schneider have argued that the veteran's loyalty resulted mainly from the lack of alternative employment but this, rather bravely, assumes full rationality on the veteran's part. Edgar Kiser and Joachim Schneider, 'Bureaucracy and efficiency: an analysis of taxation in early modern Prussia', *American Sociological Review*, 59 (1994), pp. 187–204.

<sup>27</sup> Habermas, *Structural transformation*, p. 24.

to be raised, but foreign occupation and the war effort had placed considerable strain on the Prussian economy. In this difficult climate, Frederick sought to increase taxes. Although the amount that he asked for was moderate, his administration refused to carry out the orders deeming the new charges too onerous on the population.<sup>28</sup>

Frederick refused to compromise and decided to create a completely new excise administration to be staffed by foreigners. About 350 Frenchmen filled the higher ranks of the administration which came to be known as the *Régie*.<sup>29</sup> This was not necessarily an unusual step in Prussia for, on many occasions, the Hohenzollerns had employed foreigners with skills that could not be found in Prussia.<sup>30</sup> Skilled immigrants may not have been new in Prussia, but it was a bold step to entrust an administration as sensitive as the excise to officials who were not part of local hierarchies. Despite Frederick's efforts, in some Prussian provinces all officials were still recruited from the ranks of local nobility.<sup>31</sup> By recruiting French officials, Frederick took an important step towards creating a loyal body of civil servants. The process of drawing a sharp distinction between the sphere of the state and the private spheres of tax-payers was expedited by their recruitment in a way that could not have been achieved by new administrative guidelines. The new excise administration was more professional and loyal than any of its predecessors.

From a fiscal view point these qualities made the institution a success story. Compared to the fiscal year 1765–6, annual gross revenues increased by between 7 and 57 per cent in the twenty years during which the *Régie* operated. The additional net revenue generated was equally substantial despite the disproportionate increase in the cost of collection.<sup>32</sup> The rising marginal cost of

<sup>28</sup> Schultze, *Regieverwaltung*, pp. 25–7; Heinrich von Beguelin, *Historisch kritische Darstellung der Accise- und Zollverfassung in den preussischen Staaten* (Berlin, 1797), p. 111. Honoré Gabriel Riquetti Comte de Mirabeau, *De la monarchie Prussienne, sous Frédéric le Grand* (4 vols., Paris, 1788), IV, p. 403.

<sup>29</sup> Schultze, *Regieverwaltung*, p. 46.

<sup>30</sup> Frederick regarded the French fiscal system as one of the most sophisticated and well administered. In retrospect, his opinion may appear surprising although it has to be remembered that administrative inefficiency was perhaps the least problematic aspect of the French system.

<sup>31</sup> Gustav von Schmoller, *Preussische Verfassungs-, Verwaltungs- und Finanzgeschichte* (Berlin, 1921), p. 144.

<sup>32</sup> Schultze, *Regieverwaltung*, pp. 140–1. Schultze's numbers need to be read with great caution for two reasons. First, it is impossible to distinguish to what extent fluctuations of revenue are attributable to the creation of the *Régie*. Changes in economic growth and patterns of trade and consumption had a significant impact. For example, harsh winters and wars disrupted trade significantly and consequently lowered certain types of fiscal revenues administered by the *Régie*. Second, the source basis of this statistical information is sketchy. See Schultze's comprehensive discussion of the sources on pp. 141–170 and 383–93. No attempt will be made here to re-evaluate critically Schultze's numbers for two reasons: first, it is even more difficult today to distill firm data from the sources than it was in Schultze's time because of the losses of archival material in the meantime. Second, and more importantly, the focus on the fiscal performance of the *Régie* has obscured rather than helped our understanding of the institution's failure. While we cannot know the numbers with precision, it is clear that a substantial increase of revenue occurred under the *Régie*. We therefore need to shed light on the paradox of an institution that failed despite the fact that it successfully fulfilled the task for which it was designed. The answer, it is suggested in this article, cannot be found in the account books of the *Régie* but in the way contemporaries perceived the institution.

collecting additional revenue through the *Régie* points to the political costs associated with the new tax administration. It reflected a fiscal reality in which every additional *Thaler* extracted from Prussia's tax payers required more controls and sanctions. The *Régie* could deliver the necessary pressure, and hence the additional revenue, but this ability to carry out the king's orders also created political problems which ultimately led to the administration's abolition in the face of public pressure.

The new administration's immediate objective was to raise additional revenue by making the excise collection and administration more efficient, primarily by fighting smuggling and corruption. But Frederick's intentions also extended to developing new excise tariffs. Among the principal changes was the abolition of most forms of grain excise, which was compensated by increased taxation of wine, beer, and brandy intended to shift the tax burden towards wealthier consumers.<sup>33</sup> Fiscal justice, however, was only a secondary concern. The primary objective was to turn the excise into an efficient tool for directing and promoting economic activity. The tasks of protecting domestic industries against foreign competition and of supporting new industries by subsidies were largely entrusted to the *Régie*. Protective tariffs and bans of certain imports were not new, but the *Régie* was henceforth to enforce such policies more effectively. The new administration also sought to change consumer habits for non-economic motives. Whilst urban Prussians had taken to consuming increasing volumes of luxury goods, such new consumer habits were regarded with suspicion by the king. Whilst the consumption of coffee, tobacco, brandy, and other products helped to fill royal coffers, it was also associated with moral and health concerns.<sup>34</sup>

Frederick thus pursued multiple objectives with the new administration. But while the objectives were diverse the means to achieve them had one important characteristic in common: they meant greater interference with the ways in which urban Prussia produced and consumed goods. Paradoxically, the creation of the *Régie* resulted at the same time in better-defined boundaries between the spheres of the state and of private individuals and in more frequent and more intrusive transgressions of that boundary by the state.

### III

Although tax payers' opposition to the new regime did not immediately take the form of public protest, from the onset the conflict contained elements of collaboration and collective resistance which must have included forms of public debate among tax-payers although such debates are often difficult to reconstruct. Until

<sup>33</sup> CO to Horst, 21 Mar. 1766, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 144.

<sup>34</sup> See, for example, Frederick II cited in Marc Antoine de la Haye de Launay, *Justification du système d'économie politique et financière de Frédéric II, roi de Prusse: pour servir de réfutation à tout ce que M. le Comte de Mirabeau a hasardé à ce sujet dans son ouvrage de la monarchie prussienne* (n.p., 1789), pp. 57–59. Adrian Heinrich von Borcke, *Was ist für, und was ist gegen die General-Tabaks-Administration zu sagen* (n.p., 1786), pp. 7, 11.

the last moment, towns tried to avoid the creation of the new centralized administration. Merchants in the western town of Minden even collectively offered to pay the excise revenue quarterly in advance if they were allowed to organize tax collection themselves.<sup>35</sup> Frederick initially replied that placing merchants in charge of the excise would be like 'setting a fox to keep the geese'.<sup>36</sup>

Soon, however, he was forced to change his mind. The merchants in the commercially more developed western provinces of Kleve, Moers, and Mark vigorously resisted the increased interference with their businesses associated with the *Régie*. Already in the first months of its existence the *Régie* had to request military support to inspect the accounting books of local merchants in Krefeld. Faced with strong opposition and on advice of his ministers Frederick grudgingly decided to abolish the *Régie* in the western provinces only a year after its introduction and to replace it with the payment of a fixed sum which was collected by local authorities without central state control. The *Régie*'s early failure did not mean the end of fiscal conflicts there, but it set the western provinces on a different path of fiscal development from the rest of Prussia. For this reason, and also because fiscal conflicts in the western provinces have been studied elsewhere by Mittenzwei, we will concentrate on developments in the other Prussian provinces.<sup>37</sup>

Where attempts to abolish the *Régie* were not immediately successful, urban tax-payers began to resist the new administration mainly through petitioning, smuggling, and violent attacks, as confirmed in reports of the Kammern to the king, and through his replies and the *Régie*'s reactions.<sup>38</sup> Discontent was mainly provoked by the new administrative procedures and associated delays and intrusions. In a lengthy Pro-Memoria, the Kammerpräsident of Königsberg described the various vexations. No less than four new types of forms (*Zettel*) had been introduced by the new administration. In addition, new and more elaborate registers were kept about goods and taxes. Despite additional officers at the gates, many 'excisees' had to wait long hours. During a recent fair, some merchants had been kept waiting at the gates from three a.m. to midday. In particular, those with

<sup>35</sup> Hagen, *Immediatbericht*, 28 Feb. 1766 in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 143.

<sup>36</sup> CO to General Direktorium, 1 Mar. 1766, in *ibid.*

<sup>37</sup> Mittenzwei, *Preußen*, pp. 51–70.

<sup>38</sup> Reports reflected tax-payers' mood, but were also instrumental in the power struggle between established branches of administration and the *Régie*. Conflicts over areas of competence and administrative hierarchies were as much at stake as the merchants' and consumers' concerns. The alliance of local administrations and tax-payers against the *Régie* was, however, not purely opportunistic. The Kammern and other local administrative bodies were often largely composed of members of local elites where loyalties were more with private or local interests than with the king's. Frederick was well aware of this 'connexion' and repeatedly warned the Kammern not to plead 'en faveur' of local merchants. The Kammern were to refrain altogether from commenting on matters in which they were unable to judge, but no royal rebuke could prevent local administrators and tax-payers from voicing criticism. Schmoller, *Preußische Verfassungs-, Verwaltungs- und Finanzgeschichte*, pp. 145–51. CO to Dachroeden, 17 July 1766, CO to Auer, 11 Aug. 1766, CO to Horst, 3 Jan. 1767, CO to Domhardt, 8 June 1767, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, pp. 156, 180.

fresh produce had ‘suffered very much’. In addition to the ‘running to and fro’ necessary to complete all procedures, delays also resulted from more thorough searches and the application of seals to merchandise.<sup>39</sup> Many goods had to be opened and unpacked at special stations, which created further delays and were regarded as intrusive and vexatious. In some cases, merchants had apparently preferred to return home rather than be searched.<sup>40</sup>

Elsewhere, wine-merchants, brewers, and distillers in the towns complained about lengthy administrative procedures and daily visitations of their shops by *Régie* officials. These controls served fiscal purposes but also ensured that prescribed quality standards were maintained (mostly as a way to ensure that appropriate duties were paid).<sup>41</sup> Officials therefore not only demanded the right to inspect books and inventories but also demanded physical access to the workshops and interfered with production processes. The majority of the many complaints from producers and merchants about the *Régie* concentrated on perceived ‘ill treatments’, ‘despotism’, ‘arbitrariness’, and ‘drudgery’.<sup>42</sup>

Besides producers and merchants also consumers and other private individuals were subjected to intrusive treatments. The vivid description of Johanna Schopenhauer – daughter and wife of prominent Danzig merchants and mother of Arthur Schopenhauer – of the *Régie*’s controls deserves to be quoted at length:

Neither rented coaches and equipages nor wagoner’s and peasant’s coaches were spared detailed searches. Ladies and children sometimes had to alight from their coaches in a torrent downpour and wait patiently without a roof over their heads and under the scornful laughter of their tormentors until the latter had completed their slow visitation of even the most hidden spaces in the coach. After that began the search of the individuals ... A type of light hoop skirts that was in fashion at the time which had roomy pockets of which the contents could not be seen easily from the outside were a major object of suspicion for the French riff-raff. No lady could refuse to empty her pockets in front of them if she did not want to expose herself to the most insulting treatment ... House searches which no one could refuse without exposing himself to the threat of a heavy punishment happened every day and coffee-smellers ... searched in courtyards, homes and kitchens for the smell of freshly roasted coffee which could only be bought ready-roasted within the Prussian borders.<sup>43</sup>

<sup>39</sup> Report of Kriegsrat Gossler, Sept. 1786, in *ibid.*, p. 172.

<sup>40</sup> CO to Horst, 27 June 1770, in *ibid.*, p. 227. <sup>41</sup> Brauordnung, 17 June 1771, in *ibid.*, p. 237.

<sup>42</sup> Relation der Königsberger Kammer, 6 Feb. 1767, Klagen der Ostpreußischen Kammer, Aug. 1767, CO to Hoym, 3 Aug. 1770, Circular de General-Administration, 12 Jan. 1779, in *ibid.*, pp. 168, 182, 229, 273. Reports also frequently include warnings that commerce would inevitably suffer or be destroyed if the vexations and the increased tax burden did not cease, ‘merchants and professionals (‘professionisten’) suffer extraordinarily’, said one report. Dohm, Pro-Memoria, 22 Aug. 1766, Relation der Königsberger Kammer, 6 Feb. 1767, Instruction, 2 Mar. 1767, CO, 29 July 1767, General-Direktion and General-Administration, 17 Jan. 1770, in *ibid.*, pp. 161, 168, 172, 174, 221.

<sup>43</sup> Johanna Schopenhauer, *Im Wechsel der Zeiten, im Gedränge der Welt* (Munich, 1986), p. 86. NB.: Danzig became part of Prussia only in 1793 but already since 1772 the city was surrounded by Prussian territory and citizens were submitted to excise controls when they left the city. Schopenhauer wrote her memoirs after the Prussian annexation of the city and the Napoleonic wars; changed attitudes towards Prussia and France may have affected her memories.

Six years into the new administration, the king noted ‘with sorrow’ in 1772 that the complaints had not subsided.<sup>44</sup> Undeterred, he vigorously defended the *Régie*, insisting that although vexations had to be avoided, tighter controls were necessary to achieve ‘my interests and those of the public’.<sup>45</sup> The king’s steadfastness resulted in the increase of another form of resistance: reports about smuggling grew dramatically. This was partly because stricter controls revealed more illicit trade and partly because controls and higher tariffs rendered smuggling more lucrative. Coffee and other luxury goods were among the most commonly smuggled wares since a rapidly growing consumer culture had made them indispensable commodities for many urban Prussians who resented the new tax regime’s interference in what one contemporary Prussian called ‘superfluities that had become necessities’.<sup>46</sup> On the other hand, king and *Régie* saw nothing wrong with imposing heavier taxes on luxury items, believing that, since their consumption was a choice rather than a necessity, consumers had implicitly given their consent to paying the taxes.<sup>47</sup> Moreover, if consumers refrained from purchasing luxury goods, which were often imported, they would thereby assist domestic industry and help to channel revenue from consumption into productive investments.<sup>48</sup> Where Protestantism proved insufficient to inspire thrifty bourgeois ethics, Frederick’s fiscal regime sought to exercise an educational influence.

However well intended, Prussian consumers did not appreciate such interference into their private habits.<sup>49</sup> Whereas producers and merchants expressed discontent mainly in petitions, consumers resorted to buying contraband as another form of anti-*Régie* resistance. For contemporaries, smuggling was more than simply a form of crime. In his comments on Prussia, Gabriel de Riqueti, comte de Mirabeau, described the increase in smuggling as one of the ‘strange disorders’ in which ‘public opinion’ (*opinion public*) about the excise expressed itself.<sup>50</sup> In the same vein, Heinrich von Beguelin, who occupied a leading position in the excise

<sup>44</sup> CO, 16 June 1772, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 250.

<sup>45</sup> On this occasion, the king re-iterated the *Régie*’s objectives: besides raising higher revenue and shifting the tax burden away from the poor the main aim was to ‘direct the merchants’, i.e. to guide commerce and industry. In particular, the ‘encouragement of domestic manufacturing’ through protective tariffs and the control of grain prices in order to avoid pressure on wages were priorities. A far-reaching claim to regulate the sphere of production and consumption is implicit in these objectives. Interferences that the merchants, brewers, and others across Prussia regarded as excessive were not accidental by-products of a new tax regime. From businessmen’s complaints and from the instructions to the excise officials emerges an agreement about the boundary that separated state and private spheres, but the exact delineation of this boundary and the degree and ways in which the state could cross this boundary were contentious and formed the core of this controversy. CO, 19 June 1769, in *ibid.*, 216.

<sup>46</sup> Borcke, *General-Tabaks-Administration*, p. 3.

<sup>47</sup> De La Haye De Launay, *Justification*, p. 26.

<sup>48</sup> Frederick II cited in *ibid.*, pp. 56–61, especially p. 60.

<sup>49</sup> For another example of the explosive implications of shortages of ‘luxury goods’ in the eighteenth century, see Colin Jones and Rebecca Spang, ‘Sans-culottes, sans café, sans tabac: shifting realms of necessity in luxury in eighteenth-century France’, in M. Berg and H. Clifford, eds., *Consumers and luxury: consumer culture in Europe, 1650–1850* (Manchester, 1999), pp. 37–62.

<sup>50</sup> Mirabeau, *De la monarchie prussienne*, IV, p. 142.

administration after the *Régie's* end, described how the victims of punishment for contraband were regarded as 'martyrs' of popular protest against the hated *Régie*.<sup>51</sup> Smuggling could also turn violent. As controls and punishments successively increased in reaction to the high volume of contraband, complaints about ill treatment by *Régie* officials also rose, together with more violent incidents. By 1776, Frederick observed that smugglers were becoming bolder and even dared to fire at royal hussars.<sup>52</sup> Cases of violent resistance against the *Régie*, such as that of a Berlin victualler Schulze who shot an official, were not isolated. Harsh punishments meted out – Schulze was to be broken on the wheel – further escalated the conflict.<sup>53</sup> Violent resistance also assumed collective forms. Smugglers might 'band together' and violently threaten excise officers whilst confrontations with the *Régie* led to 'riots' among the urban population.<sup>54</sup>

Rioting, smuggling, and petition-writing were probably associated with elements of oral debate which are now impossible to reconstruct. Long-distance trade and smuggling networks may have created greater pan-Prussian connections but, at this stage, opposition remained ultimately regionally fragmented and drew on a rudimentary public. Even a fragmented public nevertheless constituted a substantial challenge to royal authority associated with direct and violent attacks on state representatives and intended to limit the state's ability to act. The state was also challenged by such developments on another level. While Frederick rejected 'comments' on his fiscal policies by anyone 'not appointed to be a judge', in such matters his view that these policies protected 'my interests and those of the public' was questioned by the acts of rioters, smugglers, and petitioners who implicitly claimed to know their interests better than the state.<sup>55</sup> Likewise, those purchasing contraband challenged the state's attempts to determine what they should consume. Hence, the state's authority to take or influence decisions in matters of commerce, production, and consumption was questioned through various forms of anti-excise resistance.

#### IV

A Prussian, and even European, network of public debates developed only gradually from these local conflicts. The rich source material bequeathed by the

<sup>51</sup> Beguelin, *Accise- und Zollverfassung*, p. 135.

<sup>52</sup> CO, 18 Mar. 1776, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 266.

<sup>53</sup> CO, 22 Mar. 1784, in *ibid.*, p. 306.

<sup>54</sup> CO, 27 Feb. 1768, CO, 18 Jan. 1784, in *ibid.*, pp. 195, 305. In such instances the *Régie* could not always count on the loyalty of other organs of the state. In more than one case, soldiers and officers sided with the 'contrebandiers' and even arrested tax officials. CO, 2 Oct. 1767, CO, 15 June 1771, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, pp. 182, 235. For a discussion of other cases of collective and violent resistance against the state in early modern Germany, see the excellent discussion of conflicts over military drafts and soldiers' pay in Peter Wilson, *War, state and society in Württemberg, 1677–1798* (Cambridge, 1995).

<sup>55</sup> CO, 17 July 1766, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 156; CO, 19 June 1769, in *ibid.*, p. 216.



philosopher and tax official Hamann supplies insight into the connection between personal experience and public reasoning. Hamann was well known to a Prussian, and even European, public despite living in peripheral Königsberg. He was also, however, notoriously short of money and it was thus that the ‘veteran of Apollo’ eventually accepted a position as a ‘publican’ with the *Régie* in 1767.<sup>56</sup> Hamann’s mentor Kant had been instrumental in securing the post. Despite initial reluctance, Hamann pursued his administrative career with considerable energy and success and rose from translator to ‘Licent Pack Hofmeister’ in charge of several officials.<sup>57</sup> Paradoxically, Hamann became simultaneously one of the most vocal critics of the excise administration. His criticism was informed by first-hand experience, as well as by a longstanding interest in political economy and a critical stance towards Frederick II’s modernizing state.

From 1767, much of Hamann’s correspondence with Johann Gottfried Herder, Friedrich Nicolai, Friedrich Hartknoch and other members of the Prussian intelligentsia became a running and often harshly critical commentary on the *Régie*.<sup>58</sup> In his letters, fellow administrators were described as ‘thieves’, ‘bastards’, and ‘vagabonds’; only ironically did Hamann refer to his employer and king as ‘Salomo’.<sup>59</sup> Initially, his letters primarily concerned his own interests and career within the *Régie*. For example, he spent much time quarrelling with his employer as to whether a certain type of payments made by merchants to officials in Hamann’s position was a ‘royal or a private revenue’.<sup>60</sup> Very quickly, however, such concerns to delineate ‘Hamann the private individual’ from ‘Hamann the royal tax official’ merged with a broader critique of the *Régie*’s political and commercial implications. Hamann accused the *Régie* of oppressing the people’s initiative to ‘wheel and deal’ and even of robbing Prussians of their ‘will to live’.<sup>61</sup> Royal efforts to end corruption in the *Régie* were hypocritical since the whole administration had been created to steal for the king.<sup>62</sup> Consequently, commerce in Königsberg was ‘consumptive’ and ‘on its last legs’ whilst the *Régie* was as popular with the population as ‘Moses’s horns’.<sup>63</sup> This allegory doubtlessly supplied an ironic comment on Prussia’s enlightened government: Moses had acquired the ‘horns’ which frightened the Israelites after he had received the divine law during his encounter with God on Mount Sinai. According to Hamann,

<sup>56</sup> Johan Georg Hamann to Friedrich Carl von Moser, 11 Sept. 1763, in Johann Georg Hamann, *Briefwechsel*, ed. Walther Ziesemer and Arthur Henkel (7 vols., Wiesbaden, 1955), III, p. 19.

<sup>57</sup> Arthur Henkel, ‘Vorwort’, in *ibid.*, VI, p. 12.

<sup>58</sup> On the importance of networks of correspondence for contemporary debate in Germany see: Hans Bödeker, ‘Lessings Briefwechsel’, in *idem* and Herrmann, eds., *Über den Prozess der Aufklärung in Deutschland im 18. Jahrhundert*, pp. 113–38.

<sup>59</sup> Hamann to Johann Friedrich Reichardt, 2 Jan. 1778, in Hamann, *Briefwechsel*, IV, p. 2. Hamann to Johann Friedrich Reichardt, 11 Nov. 1782, in *ibid.*, IV, p. 447.

<sup>60</sup> Hamann to Johann Friedrich Hartknoch, 12 Nov. 1782, in *ibid.*, IV, p. 450.

<sup>61</sup> Hamann to Johann Friedrich Reichardt, 1777 (probably March), in *ibid.*, III, p. 356.

<sup>62</sup> Hamann to Johann Friedrich Reichardt, 11 Nov. 1782, in *ibid.*, III, p. 447.

<sup>63</sup> Hamann to Johann Gottfried von Herder, 12 April 1780, in *ibid.*, IV, p. 183. In some translations Exodus 36, 29. Hamann to Johann Friedrich Reichardt, 1777 (probably March), in *ibid.*, III, p. 356.

Prussians were equally afraid of encounters with the *Régie* because the administration was one of the excesses of a state that considered itself in possession of absolute enlightened truth.

As Hamann's frustration with the *Régie* increased, he started to articulate it to a larger public although his first attempt at publishing a short piece entitled *Au Salomo de Prusse* failed in 1772. Initially, he could not find a publisher and subsequently Herder prevented publication of the text presumably fearing that Hamann might be taking too great a risk by attacking the king and the 'arithmeticiens politiques' of his tax administration.<sup>64</sup> Curiously, however, it was an official request, perhaps from within the administration, to comment on Guillaume Raynal's *Histoire des deux Indes* (1770) that facilitated Hamann's most comprehensive public criticism.<sup>65</sup> In the two editions of *A un financier de Pe-Kim* (1773), Hamann merged theoretical criticism of Raynal's work with attacks on Prussian fiscal practice.<sup>66</sup> Hamann attacked Raynal as one of the 'ragoutistes de l'Encyclopédie' who were exercising excessive influence on Frederick's government. He feared this 'most modern of enthusiast for humanity' and his associates who armed governments with coolly rational, radical, and allegedly universal truths.<sup>67</sup> Ensuing modernizing reforms replaced moral responsibilities of government with 'arithmetique politique' and threatened to eclipse traditional customs and livelihoods and individual religiosity and morals.<sup>68</sup> Hamann gloomily predicted that 'this is only the dawn of an aurora that is the sign of a golden age when the Fredericks d'Or will shine brighter than the stars of most brilliant winter night'.<sup>69</sup> Previously, Hamann had warned that governments excessively concerned with finance thereby neglected ethics as the core of the art of governance.<sup>70</sup> For Hamann, the *Régie* was the concrete expression of this modern obsession with finance. He blamed 'languishing' commerce and the prospect of an epidemic of 'mortalité mercantile' on the government's fiscal modernization, warning that commerce, if subjected to excessive pressure, would suddenly break and hurt the 'hand that oppresses it'.<sup>71</sup> Faced with this type of enlightened reform, Hamann wrote, the 'Prussian eskimos' petitioned their king to introduce the Jesuits to

<sup>64</sup> Johann Georg Hamann, 'Au Salomon de Prusse', in Johann Georg Hamann and Josef Nadler, eds., *Schriften über Sprache, Mysterien, Vernunft, 1772–1783* (Vienna, 1951), pp. 60, 423.

<sup>65</sup> Hamann's notes refer to this edition: Guillaume Thomas François Raynal, *Histoire philosophique et politique, des établissemens & du commerce des Européens dans les deux Indes* (6 vols., Amsterdam, 1772).

<sup>66</sup> The 'financier de Pe-Kim' of the title is the highranking excise official de Lattre who, needless to say, was not in Beijing but in Berlin. See the editorial notes in Johann Georg Hamann, 'Lettre à un financier de Pe-Kim', in Hamann and Nadler, eds., *Schriften über Sprache, Mysterien, Vernunft*, pp. 419–20.

<sup>67</sup> Hamann, 'Lettre à un financier de Pe-Kim', p. 304.

<sup>68</sup> Hamann, 'Au Salomon de Prusse', pp. 60, 423.

<sup>69</sup> Hamann, 'Lettre à un financier de Pe-Kim', p. 303.

<sup>70</sup> Hamann to Baron von W., 22 Sept. 1958, in Johann Georg Hamann, *Schriften*, ed. Friedrich Roth (8 vols., Berlin, 1821–43), I, p. 304.

<sup>71</sup> Hamann uses a modified citation from Raynal to express his views. Hamann, 'Lettre à un financier de Pe-Kim', p. 303.

exterminate such ‘modern paganism’ to save the kingdom’s ‘fabrics’ and ‘commerce’.<sup>72</sup>

Although Hamann was not the only critic to express his concerns in print his case stands out in several respects. His writings reveal how individual frustration with fiscal practice led to the articulation of public criticism in letters and pamphlets that extended beyond a local public. Hamann told a Prussian, German, and potentially even a European public about his grievances. His commentary was in every respect part of a broader continental debate about political economy. Hamann’s reply to Raynal was not only informed by personal experience, but also confirmed him as an avid reader of contemporary financial and political literature. He even tried to obtain a copy of Jean-Louis Moreau de Beaumont’s survey of the European fiscal systems which was a much coveted work since it contained the most comprehensive and reliable information about contemporary fiscal systems.<sup>73</sup> Pondering fiscal questions in another northern commercial hub in the same period, Adam Smith used a copy of Beaumont sent to him by Anne Robert Jacques Turgot, as the main source for the tax chapters in his *Wealth of nations* (1776).<sup>74</sup> To support his argument against the imported French political arithmetic Hamann also translated substantial parts of Ferdinando Galiani’s *Discours sur le commerce des bles* (1770) and published extracts in the *Königsbergische Zeitung*.<sup>75</sup> While Hamann’s criticism of the *Régie* was rooted in local experience, his comments thus formed part of a European public sphere that was highly politicized in its reformatory zeal.

Hamann’s criticism was clearly public and politicized but was it part of a *bourgeois* public sphere? He was, by birth, part of the Königsberg middle class as his father was a barber-surgeon and his later career was typical in confirming how the state’s employ was often the only possible option for young educated bourgeois.<sup>76</sup> Hamann’s experience casts doubts on the view that the state employment of many public commentators meant that the Prussian public was a state-led affair. Paradoxically, Hamann put considerable distance between himself and his employer when writing but indentified with the state when inspecting merchants. He was thus a loyal civil servant when he refused a merchant’s bribe in the morning and a critically minded member of the public sphere when writing his pamphlets in the evening.<sup>77</sup> Hamann was certainly not a cynic. His double life

<sup>72</sup> Ibid.

<sup>73</sup> Jean-Louis Moreau de Beaumont, *Mémoires concernant les impositions et droits en Europe* (Paris, 1768).

<sup>74</sup> Florian Schui, ‘Observing the neighbours: fiscal reform and transnational debates in France after the Seven Years’ War’, in Gabriel Paquette, ed., *Enlightened reform in southern Europe and its Atlantic colonies, c. 1750–1830* (Farnham, 2009), pp. 271–86.

<sup>75</sup> Johann Georg Hamann, ‘Beylage zum 77., 78., 80., 87. Stück, 25., 28. Sept. 5., 30 Okt. 1775 (Hamann’s translation of excerpts from *Discours sur le commerce des bleds*)’, in Hamann and Nadler, eds., *Schriften über Sprache, Mysterien, Vernunft*.

<sup>76</sup> Rudolf Vierhaus, ‘“Patriotismus” – Begriff und Realität einer moralisch-politischen Haltung’, in Rudolf Vierhaus, ed., *Deutsche patriotische und gemeinnützige Gesellschaften* (Munich, 1980), p. 60.

<sup>77</sup> Hamann to Johann Friedrich Reichardt, 1777 (probably March), in Hamann, *Briefwechsel*, III, p. 356.

reflected the separation of private individual and state official that both the manuals of the Prussian administration and the ethos of the bourgeois public demanded. Excise officers were drilled to keep their private life separate from their existence as public officials. In the same vein, members of the Republic of Letters and of Enlightenment societies were invited to leave worldly rank, hierarchy, and profession behind and to encounter each other as private men in the public sphere.

In the self-perception of members of this public, it was not hypocritical to act in one way as an official and to think in another as a citizen. Kant used the terms 'private use of reason' and 'public use of reason' to clarify this distinction. The 'public use of reason' which must, for Kant, remain completely free was the use that a 'learned person' made 'before the reading public'. By contrast, the 'private use of reason' occurred in the context of 'a civic post or office'.<sup>78</sup> 'Here', Kant continued, 'one certainly must not argue, instead one must obey' because the individual was part of a 'machine' which would not function with independently minded parts. It was, however, perfectly possible for the same person to make use of his or her reason in private and in public in different ways without contradiction: 'It would be disastrous if an officer on duty who was given a command by his superior were to question the appropriateness or utility of the order. He must obey. But as a scholar he cannot be justly constrained from making comments about errors in military service.' Applied to matters of taxation, this meant that 'the citizen cannot refuse to pay the taxes imposed on him' but 'the same person does not act contrary to civic duty when, as a scholar, he publicly expresses his thoughts regarding the impropriety or even injustice of such taxes'.<sup>79</sup> As seen, Kant underestimated the extent to which limits between public reasoning and civic disobedience were blurred. Nevertheless, it is anachronistic to regard state employment of public commentators as an indication of a significant role of the state's hand in the process of enlightenment. For Kant and his contemporaries, Hamann's condition was not only rather common, but also not deemed to imply any limits on the independent use of reason in a public context.<sup>80</sup>

Just as the public sphere was not state-led because of the state employment of some authors, it was not primarily bourgeois because of the way in which such authors derived their livelihoods. Despite his social origin, Hamann was not a bourgeois in the narrow sense of someone mainly engaged in commercial

<sup>78</sup> Note that Kant uses the term 'bürgerlicher Posten, oder Amt' in the original; evidently the holding of a public office did not exclude 'Bürgerlichkeit' in his view.

<sup>79</sup> Immanuel Kant, 'What is Enlightenment?', in Lewis White Beck, ed., *Foundations of the metaphysics of morals* (Chicago, IL, 1950), pp. 287–9.

<sup>80</sup> On the same issue see Michael Sauter, 'The Enlightenment on trial: state service and social discipline in eighteenth-century Germany's public sphere', *Modern Intellectual History*, 5 (2008), pp. 195–223; Ian Hunter, 'The history of philosophy and the persona of the philosopher', *Modern Intellectual History*, 4 (2007), pp. 571–600.

activity.<sup>81</sup> The conflicts on which he commented, however, would not have arisen had it not been for the development of a private bourgeois sphere of ‘wheeling and dealing’ which found itself in conflict with the interference of an over-reaching state that armed itself with the universal truths of an age of enlightenment.

By the early 1780s, not only men of letters, merchants, artisans, and consumers had begun to oppose the *Régie*, but even Frederick II was increasingly frustrated with the institution. The king was particularly preoccupied by the rampant contraband which reduced fiscal revenue and rendered protective tariffs inefficient.<sup>82</sup> Unlike Mirabeau and other commentators, he did not interpret contraband as implying the public’s verdict on the institution. For Frederick, the problem of the *Régie* was not a lack of legitimacy, but of loyalty and honesty on the part of many officials. In particular his opinion of the French administrators had changed dramatically.<sup>83</sup> Responding to a request from an official to leave Prussia for a visit to France the king gave permission, adding: ‘There is no need for him to return because we do not need him here. He is like most of these Frenchmen: ... they come here obtain leading position in the *Régie*, plunder the provinces and when they have made their profit they return to France.’ In the future, he instructed the head of the *Régie*, Antoine de la Haye de Launay: ‘I do not want anymore that you employ Frenchmen in such positions but good officers [“*Quartiers Maitres*”] of our regiments who could work some time at the *Régie* in order to learn the skills required before their appointments.’<sup>84</sup> Another measure intended to prevent officers from pursuing private interests, rather than orders, was abolition of the *Tantiemen*, a share of the tax payments collected, to which many *Régie* officials were entitled. Just as bribes encouraged officials to be less vigilant than they should, the *Tantiemen* were an incentive for officials to exceed in their zeal to collect taxes.<sup>85</sup> With these measures, the king continued to pursue an objective central to his fiscal policy since the beginning of his reign: the creation of a loyal and professional administration. The changes did little, however, to solve the contraband problem. From the perspective of many tax payers the real problem was not officials who could be convinced with a small bribe to bend the rules, but rather those who followed instructions to the letter. As Hamann had pointed out, the problem was not stealing officers, but an institution that had been set up to steal for the king.

In the years before Frederick’s death in 1786, we can thus observe a growing disaffection with the *Régie* that extended not only to tax payers, administrators, and men of letters, but also to the king himself. We can only speculate, however,

<sup>81</sup> See n. 71. Hamann – like an increasing number of Prussians at the time – was still part of the commercial sphere as a consumer and as someone who made a living partly from selling his articles and books.

<sup>82</sup> CO to de Launay, 30 Mar. 1783, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, p. 296.

<sup>83</sup> Schultze, *Regieverwaltung*, pp. 105–28.

<sup>84</sup> CO to de Launay, 28 Feb. 1783, in Rachel, ed., *Handels-, Zoll- und Akzisepolitik*, pp. 292–3.

<sup>85</sup> Schultze, *Regieverwaltung*, pp. 119–21.

as to whether Frederick's growing frustration with aspects of the *Régie* would eventually have led him to abolish the whole institution or where his steadfastness in the face of growing public discontent may have led.

## V

After Frederick II's death, the conflict over the *Régie* inspired a rapidly increasing quantity of printed declarations, pamphlets, and multi-volume treatises that started to influence political change in fiscal matters. Public debate unfolded alongside the confidential hearings and deliberations of a commission for reform of the excise established in 1786 by Frederick William II which concluded its work in the following June. In the public trial that accompanied the commission's work, ideas already 'widespread in many agitated and ambitious heads' during the former king's reign were publicly expressed. The clamour of 'learned puffs' and 'political quacks' became ubiquitous, and defenders of the late king, such as his personal physician, Johann Zimmermann, were indignant that public commentators dared to 'put themselves in the place' of a great monarch and hereby claimed superior knowledge of the business of governing.<sup>86</sup> Much of the public criticism of Frederick focused on his fiscal policies. 'The voices of the discontented who loudly called for free trade were ubiquitous' as Carl von Struensee, a prominent member of the *Mittwochsgesellschaft* and later finance minister, pointed out. Struensee was himself part of this growing chorus of commentators calling for free trade, whilst also reflecting on the increasing power of the public. An article by Struensee in *Berlinische Monatsschrift* about Frederick's trade policies together with those of his successor Frederick William II, began and ended with the exclamation 'How kings have to suffer to be judged!' The 'clamour' of the public, Struensee noted, had become so powerful that it was influencing commercial policies under the new king.<sup>87</sup> Another commentator feared that the 'clamours of the public' had become so agitated that the public in Berlin might turn violent and that 'people may be beaten up unnecessarily'. The 'people' in question were the king's leading excise officers.<sup>88</sup>

Besides the escalation of the fiscal conflict and the dynastic transition, two other factors contributed to the debate's escalation: pre-revolutionary events in France and the spread of statistical information about fiscal matters. The publication of Jacques Necker's *Compte rendu* (1781) and subsequent fiscal debates associated with the Revolution were eagerly followed in Prussia. Between 1788 and 1790,

<sup>86</sup> Former barriers that the respect of the great monarch had imposed on public opinion during his lifetime were no more; his successor, who later earned the popular nickname 'the fat good-for-nothing' ('der dicke Lüderjahn'), was not as awe-inspiring as his uncle. Johann Georg von Zimmermann, *Fragmente über Friedrich den Grossen zur Geschichte seines Lebens, seiner Regierung, und seines Charakters* (3 vols., Leipzig, 1790), III, p. 227.

<sup>87</sup> Carl August von Struensee, 'Über den freien Getreidehandel in den preußischen Staaten', *Berlinische Monatsschrift* (1787), pp. 414, 425.

<sup>88</sup> Mirabeau, *De la monarchie prussienne*, IV, p. 145.

Struensee contributed sixteen pieces entitled ‘On the latest financial condition of France’ to *Berlinische Monatsschrift*.<sup>89</sup> Increasing availability of information about France’s financial condition stimulated curiosity about Prussia’s finances that had been ‘covered in the most profound secrecy’ during Frederick’s reign.<sup>90</sup> In Prussia, however, this veil of secrecy had already begun to be lifted through the spread of statistical information, before news about the imminent financial collapse of the Bourbon monarchy reached the country. As early as 1775, the pioneer of modern statistical geography, Anton Friedrich Büsching, published an account of his travels in the Prussian provinces including much statistical information and details about state finances, subsequently used by other authors in this debate.<sup>91</sup> Information about fiscal matters was not, however, only provided by private authors. From 1780, Frederick’s foreign minister (*Kabinettsminister*), Ewald Friedrich von Hertzberg, presented items of information about fiscal and other state affairs in annual discourses in public meetings of the Berlin Academy. His intention was to administer a form of ‘wise publicity’ in carefully controlled doses to convince the public of royal policies.<sup>92</sup> To the extent that the intention was to convince the public of Frederick’s fiscal policies, it must be considered a failure. Instead, increasing availability of information about the state finances of Prussia and other European countries from different sources contributed substantially to the formation of networks of critical public debate about fiscal matters that extended beyond local contexts.

Within the far-reaching fiscal debate that unfolded after Frederick’s death, we shall focus on an issue central to contemporary commentators: the relationship between the interests of private individuals and the common interest represented by the state. This relationship was seen as crucial to delineate between the private sphere and the state and hence for the legitimacy of government interference in private matters for taxation purposes. One of the first surviving contributions to this debate was a pamphlet defending the *Régie*’s coffee and tobacco monopoly by an officer, Heinrich Adrian Graf von Borcke, who had been chosen by Frederick II as a mentor for his young nephew, later Frederick William II. Borcke had remained close to both kings, but at the time of writing, had retired to his country estate, where he had turned his attention to matters of political economy. As public pressure for the abolition of monopolies increased after Frederick’s death,

<sup>89</sup> The first piece in this series was Carl August von Struensee, ‘Über den neuesten Finanzzustand Frankreichs’, *Berlinische Monatsschrift* (1788), II, pp. 399–427.

<sup>90</sup> Mirabeau, *De la monarchie prussienne*, IV, p. 1.

<sup>91</sup> Anton Friedrich Büsching, *Anton Friderich Büschings: Beschreibung seiner Reise von Berlin über Potsdam nach Reckahn unweit Brandenburg* (Leipzig, 1775). See Mirabeau’s comments in Mirabeau, *De la monarchie prussienne*, pp. 106, 191. In 1790 Büsching complemented his statistical travel narrative with a statistical handbook about Frederick II’s reign. Anton Friedrich Büsching, *Zuverlässige Beyträge zu der Regierungsgeschichte Königs Friedrich II. von Preußen: vornehmlich in Ansehung der Volksmenge, des Handels, der Finanzen und des Kriegsheers* (Hamburg, 1790).

<sup>92</sup> Ewald Friedrich von Hertzberg, ‘Sur la véritable richesse des états, la balance du commerce et celle du pouvoir. Dissertation qui a été lue ... le 26. de Janvier 1786’, in *Nouveaux mémoires de l’Académie Royale des Sciences et Belles-Lettres* (Berlin, 1786).

Borcke wrote a small book summarizing and refuting public criticism against the monopolies.<sup>93</sup> Interestingly, although Borcke might have hoped to receive a sympathetic reception had he tried to convey his advice to his former pupil, or to the members of the commission in private, he nevertheless chose to publish his views. His audience was the reading public that started to lead the king's hand in such policy decisions.

Borcke's pamphlet appeared shortly before publication of the edict abolishing the monopoly in January 1787. In the edict, Frederick William explicitly identified the objective of his new policy as being to 'move everything out of the way that ... serves to constrain commerce and trade' and thereby revive 'all branches of bourgeois business' through the application of 'fair and equitable freedom'.<sup>94</sup> This argument also featured prominently in Borcke's opening summary of public criticism: the monopoly was denounced for the 'hard' and 'oppressive' operations of customs and excise that limited the freedom of trade and compromised 'natural freedom' and 'property rights'.<sup>95</sup> Since Borcke believed that the *Régie's* excessively intrusive and vexatious methods were the principal cause of public criticism, he suggested immediately ending searches of private homes.<sup>96</sup> Nevertheless, he defended in principle the necessity of state interference in commercial matters. Ending the monopoly and the resulting 'suffocation' of 'domestic fabrics' was certainly in the 'interest' of merchants who could anticipate a flourishing business with foreign tobaccos, but the effect of free trade on domestic manufacturing in a country in 'visible physical and moral growth' such as Prussia would be devastating.<sup>97</sup>

The king and vocal members of the public were, however, unconvinced by Borcke's arguments. His tract provoked two anonymous replies that took issue with his arguments in a remarkably similar tenor. Both welcomed abolition of the monopoly, whilst one thanked the king for liberating the country of the 'devils', 'barbarians', and 'mob of demons' that had been the *Régie*.<sup>98</sup> Subtle differences distinguished the two refutations of Borcke. The first author defended the private citizens' economic freedom as an inalienable right. As much as Borcke deserved esteem as a 'defender of the common interest', he should be condemned for trying to prove 'with sophistry and contradictions' to the 'citizen ... that his liberation will make him a slave'. The *Régie's* abuses were inevitable consequences

<sup>93</sup> It is difficult to establish whether Borcke wrote before or after the edict. The title of his book gives 1786 as the date of publication and the edict abolishing the monopoly was dated January 1787. In his last chapter, however, Borcke mentioned that abolition of the monopoly had already been signed into effect, meaning that he was either writing in the period between signature and publication of the edict, or that he began his work before the edict and completed it only after the king had decided.

<sup>94</sup> Frederick William II, 'Declarations-Patent wegen Aufhebung der General-Tabacks-Administration und Caffeebrennerey-Anstalt auch Heruntersetzung der Caffee-Accise. De Dato Berlin den 6 Januarri 1787.', in *Novum Corpus Constitutionum Prussico-Brandenburgensium Praecipue Marchicarum* (12 vols., Berlin, 1751–1810), VIII, p. 243.

<sup>95</sup> Borcke, *General-Tabaks-Administration*, p. 20.

<sup>96</sup> *Ibid.*, p. 66.

<sup>97</sup> *Ibid.*, pp. 46–57.

<sup>98</sup> Anon., *Beantwortung und Wiederlegung der Schrift, Was ist für und was ist gegen die General-Tobaks-Administration zu sagen* (Berlin, 1787), pp. 23, 25, 62.



of the monopoly and no legitimate case could be made for such oppressive interference with the liberty of producers, merchants, and consumers.<sup>99</sup> The second author took a slightly different approach. He denounced Borcke's 'nasty' depiction of merchants and opposed the very notion of a contradiction between the private interests of merchants and the common interest; a free coffee and tobacco trade was equally in the interest of all involved.<sup>100</sup> However, the common ground among the three authors is perhaps more revealing than their differences. All agreed that the state and the private activities of consumption and production formed separate, but interacting, spheres. Interference in private matters was inevitable, but the question was how it should be carried out, whether it could be done in an acceptable manner, where limits should be drawn and to what extent interests of state and private individuals diverged.

The debate about monopolies contributed to a larger, related, public controversy over reform of the *Régie's* other operations. Like exchanges about the monopolies, this debate began with a pamphlet commenting publicly on matters being put before the reform commission. Only that in this case the author did not write to slow the reformatory zeal, but to expedite it. Mirabeau, the author in question, had been in Berlin since July 1786, partly on an official mission for the French court to observe Frederick's imminent death and the first moves of his successor. At the same time, however, Mirabeau was also in Berlin as a Physiocratic missionary; having failed in his attempts to convert Frederick, he energetically sought to convince the new king and the Prussian public of his teachings. Unsurprisingly, the *Régie* was an anathema to the court. It sinned against the physiocratic maxims of *laissez-faire* and of a single tax on agricultural surplus. Mirabeau therefore seized the opportunity to contribute to the end of the institution and to encourage the new monarch to implement a wide range of reforms by publishing a small pamphlet entitled *Lettre remise a Fréd. Guillaume II roi régnant de Prusse, le jour de son avènement au trône*.<sup>101</sup> This tract unleashed a public controversy about the *Régie* that invoked familiar arguments, but became more intense and more widespread than preceding exchanges. Once Mirabeau had publicly attacked Frederick's fiscal policy, Zimmermann responded by defending the *Régie*.<sup>102</sup> Meanwhile, Mirabeau had completed a more substantial and well-informed critique of Frederick's policies: the monumental four volumes of *De la monarchie Prussienne* (1788), an entire volume of which was devoted to a detailed

<sup>99</sup> Ibid., pp. 1–2, 20.

<sup>100</sup> This was, however, no dogmatic defence of free trade. In other cases, the author argued, protectionist measures might be in the common interest of state and merchants. Anon., *Gedanken eines Patrioten über die Schrift: Was ist für und was ist wider die General-Tobacks-Administration zu sagen* (Berlin, 1787), pp. 20–46, 50.

<sup>101</sup> Honoré Gabriel de Riqueti Comte de Mirabeau, *Lettre remise à Frédéric Guillaume II, roi régnant de Prusse, le jour de son avènement au trône* (n.p., 1787). Also published in German as Honoré Gabriel Riqueti Comte de Mirabeau, *Schreiben an Friedrich Wilhelm II.* (Paris, 1787).

<sup>102</sup> Other matters played a role in this debate, but as Zimmermann pointed out, 'the greatest part of the accusation that has been levelled against Frederick relate to the French *Régie*'. Johann Georg von Zimmermann, *Vertheidigung Friedrichs des Grossen gegen den Grafen von Mirabeau* (Hanover, 1788), p. 34.

critique of the tax administration, including commentary on Borcke and his critics.<sup>103</sup> This attack attracted contributions from Zimmermann, de Launay, and the minister Ewald Friedrich von Hertzberg;<sup>104</sup> in turn provoking a number of counter-attacks including one by the standard-bearer of the Berlin Enlightenment, Friedrich Nicolai.<sup>105</sup> Only in 1791, after the *Régie's* critics had triumphed, did the debate abate.<sup>106</sup>

In his initial public letter, Mirabeau fiercely attacked the 'fiscal robbery' and urged Frederick William to lower or abolish indirect taxes. In particular, the king was urged to 'relegate to hell' oppressive powers granted to the *Régie* to pursue and punish smugglers.<sup>107</sup> As Mirabeau later explained, it was less the excise's financial burden than its 'manners' and 'humiliating vexations' that disgusted merchants and rendered commerce near impossible.<sup>108</sup> 'We would have paid voluntarily the sum that this hated administration collected', Mirabeau cited 'thousands' of nameless Prussian tax-payers, 'if only commerce had been free.'<sup>109</sup> This argument was countered by de Launay who emphasized the care taken in drafting the *Régie's* operative rules and the many instances in which disciplinary action had been taken against officials guilty of abuses. De Launay also maintained, however, that where officials had acted within the rules, no abuse could have taken place by definition. Formalities, he argued, were the 'natural consequences' of the law and therefore 'vex no one when they are followed'.<sup>110</sup> Mirabeau made a similar connection, insisting that intrusive searches and

<sup>103</sup> Mirabeau, *De la monarchie prussienne*, IV, p. 113. Zimmermann saw Mirabeau's work as a joint effort of the 'clique' of the 'Berlin Enlightenment synagogue' which had very quickly adopted Mirabeau and made him its spokesman; Zimmermann, *Fragmente*, III, p. 253.

<sup>104</sup> Zimmermann, *Vertheidigung Friedrichs des Grossen*; de la Haye de Launay, *Justification*, also published in German as Marc Antoine de la Haye de Launay, *Friedrichs des zweyten, Königs von Preussen, ökonomisch-politisches Finanzsystem* (Berlin, 1789); Ewald Friedrich von Hertzberg, 'Discours qui a été lu dans l'assemblée publique de l'Académie des Sciences de Berlin le 26 Septembre 1788', in *Nouveaux mémoires de l'Académie Royale des Sciences et Belles-Lettres* (Berlin, 1788).

<sup>105</sup> Friedrich Nicolai, *Freythüthige Anmerkungen über des Ritters von Zimmermann Fragmente* (Berlin, 1791); Johann Heinrich Friedrich Quitzenbaum, *Zimmermann der I, und Fridrich der II* (London (?), 1790); Carl Friedrich Bahrdt, *Mit dem Herrn [von] Zimmermann Ritter des St. Wladimir-Ordens von der dritten Klasse deutsch gesprochen* (n.p., 1790).

<sup>106</sup> Needless to say, the debate cannot be discussed in its entirety, including the issue of nationalism. It hardly played a role in early debates about the *Régie* but begins to appear more frequently in the debate from 1787. In part, the concept of the nation (conceptualized varyingly as a Prussian, German nation or simply as a 'non-French' nation) developed as an important part of the challenge to royal authority. If the king could not legitimately legislate to interfere with certain matters then sovereignty in such matters must reside elsewhere. Another motive for an increased interest in the issue of nationality was that ideas about nationality and sovereignty, developed in the context of the French Revolution from 1789 onwards, made their way into Prussia where they were received either positively or negatively, requiring an effort to put as many intellectual barriers between events in France and the reality of the Hohenzollern polity; for contemporary conceptualizations of patriotism, see, among others, Vierhaus, "'Patriotismus"'.

<sup>107</sup> Mirabeau, *Lettre*, pp. 45–53.

<sup>108</sup> Mirabeau, *De la monarchie prussienne*, IV p. 142.

<sup>109</sup> *Ibid.* This central point is already familiar from earlier parts of the controversy over the *Régie* and is later repeated by Nicolai and Beguelin.

<sup>110</sup> Marc Antoine de la Haye de Launay, 'Compte rendu au roi', in *ibid.*, pp. 258–87, at p. 284.

draconic punishments were not accidental, but inevitably associated with the excise. The only remedy was therefore for the monarch to fix the amount of revenue required by the state and to leave tax collection to tax-payers themselves.<sup>111</sup> The controversy was clearly not about excesses of the *Régie's* personnel that could be remedied by better discipline or by introducing gentler tax collectors. What was at stake was the legitimacy of laws that allowed the state to collect the tax and thereby to intrude deeply into the private spheres of thousands of urban Prussians.

The *Régie's* defenders therefore concentrated on demonstrating the necessity of intrusions, not only in terms of the royal prerogative but also as a means of safeguarding the common good against narrow private interests.<sup>112</sup> Replying to Mirabeau, de Launay explained that Frederick's intentions had primarily been to promote industry, which was a view supposed by Zimmermann in 1790: 'No other wish and purpose did the king have with the *Régie* besides ... helping domestic factories.'<sup>113</sup> According to de Launay, fiscal motives and commercial growth were subordinate to this objective because only industry could provide employment and prosperity to the people.<sup>114</sup> To 'manage industry' ('ménager l'industrie') in this way, it was necessary to collect statistical information, introduce protective tariffs, ban certain foreign products, and to encourage and, on occasion, even to force Prussian entrepreneurs to open new factories.<sup>115</sup> Whilst such policies might hurt individual interests Zimmermann categorically rejected any broader criticism:

Forty or fifty thousand merchants of all classes must not believe that the welfare of the whole Prussian monarchy only depends on their living in happiness; on their right to bring foreign cloth, silken, woollen and cotton factory goods freely into the country even if this ruins the factories that are the livelihood of two million men in Prussia. Frederick the Great was more than right not to want what the merchants wanted.<sup>116</sup>

Unsurprisingly, their opponents countered this defence by arguing that Frederick's policies had not actually helped Prussia's industry but had ruined it; indeed, much of the dispute between Hertzberg and Mirabeau concerned statistical evidence.<sup>117</sup> Mirabeau also, however, rejected the alleged incompatibility of common or state interest and private interests. Having already warned the king against 'governing too much', he argued that the citizens if left to 'pursue their own business and their own greatest interest ... will make that of the state and yours'.<sup>118</sup> In contrast to Frederick's opinions about the loyalties of merchants,

<sup>111</sup> *Ibid.*, pp. 51–6.

<sup>112</sup> See discussion of older political theories on the issue in Eckhart Hellmuth, *Naturrechtsphilosophie und bürokratischer Werthorizont* (Göttingen, 1985).

<sup>113</sup> De la Haye de Launay, *Justification*, p. 58. Zimmermann, *Fragments*, II, p. 72.

<sup>114</sup> De la Haye de Launay, *Justification*, pp. 43, 48, 59–60 and *passim*.

<sup>115</sup> *Ibid.*, pp. 69, 36, 40, 51–69, 36, 75, 60.

<sup>116</sup> Zimmermann, *Fragments*, II, p. 75.

<sup>117</sup> Mirabeau, *De la monarchie prussienne*, IV, p. 172. Hertzberg, 'Discours'.

<sup>118</sup> Mirabeau, *Lettre*, p. 15.

Mirabeau even advised Frederick William to employ merchants to take care of his affairs wherever possible.<sup>119</sup>

By 1791, critics of the *Régie* had prevailed and the debate was over. Their language had been adopted by Frederick William's reform edicts: freedom of trade was increased and vexatious searches and oppressive punishments for contraband were abolished.<sup>120</sup> The debate did not subside completely, however, but rather contributed to a more general debate about the limits of the state that became central to discourses of liberal and other thinkers in the nineteenth and twentieth centuries. Wilhelm von Humboldt's seminal *Of the limits of state action* which informed John Stuart Mill's writings on the question was only published in 1851 but had been written in 1790–1 against the backdrop of debates explored in this article. In the tract, Humboldt did not directly comment on the *Régie*, but described indirect taxes as the least commendable form of taxation. 'Experience teaches', Humboldt wrote, 'how many establishments are required by the introduction and collection [of indirect taxes] that are incompatible with the preceding arguments [about the limits of state action].'<sup>121</sup> This view is noteworthy because it contrasts sharply with the widespread contemporary notion that indirect taxes were best suited to a free form of government. This favourable assessment of the excise had emerged from the fiscal debates of the seventeenth century and Montesquieu had made it one of the cornerstones of his considerations about different types of governments and corresponding fiscal regimes in the *Spirit of the laws* (1748).<sup>122</sup> It seems likely that Humboldt – who was employed in the Ministry of Justice in 1790/1 – took an opposing view in the light of the Prussian government's troubled experience with the excise and the problems of the limits of state action thereby raised.<sup>123</sup>

## VI

Seen through the lens of the fiscal debate explored here, Prussia's burghers were clearly not afraid to challenge royal authority in different ways. Moreover, they did so successfully. Their opposition led the state to abolish an institution that, by

<sup>119</sup> *Ibid.*, p. 59.

<sup>120</sup> Frederick William II, 'Verordnung für sämtliche Provinzen diesseits der Weser, wegen einer neuen Einrichtung des Accise- und Zoll-Wesens. De Dato Berlin, den 25sten Jan. 1787', in *Novum Corpus Constitutionum Prussico-Brandenburgensium Praecipue Marchicarum* (12 vols., Berlin, 1751–1810), VIII, pp. 255–68.

<sup>121</sup> Wilhelm von Humboldt, *Ideen zu einem Versuch die Gränzen der Wirksamkeit des Staats zu bestimmen* (Breslau, 1851), p. 172.

<sup>122</sup> Montesquieu, Charles Louis Secondat Baron de, *De l'esprit des lois* (2 vols., Paris, 1995), I, p. 430 (book XIII, ch. 14). For a summary of contemporary views of indirect taxes see Fritz Mann, *Steuerpolitische Ideale* (Jena, 1937), pp. 50–73.

<sup>123</sup> Parts of the manuscript were published in 1792. See among others Wilhelm von Humboldt, 'Über die Sittenverbesserung durch Anstalten des Staats', *Berlinische Monatsschrift* (1792), pp. 419–43; and Wilhelm von Humboldt, 'Wie weit darf sich die Sorgfalt des Staats um das Wohl seiner Bürger erstrecken?', *Neue Thalia* (1792).

purely fiscal standards, was highly successful. Clearly, urban tax-payers wielded real power in the process of negotiating fiscal policy. This increasingly self-reliant attitude towards the state owed much to a slow, but steady, progress of commerce and industry as well as to an expanding consumer culture. A willingness to defend civic interests was clearly, however, not limited to economic and fiscal matters. Shortly after the events described here, the state tried to regulate individual religiosity with Johann Christoph von Wöllner's edict which triggered a wave of public protest that forced the government to change course.<sup>124</sup> The modernization of Prussia thus appears to be a process that may have been accelerated by the defeat against Napoleon but that had started long before 1806. Furthermore, the internal balance of power had shifted in a way that prepared the country for ground-breaking change.

More widely, the conflicts explored here may also prompt a reconsideration of the broader place of Prussian history. In the eighteenth century, the inhabitants of Prussia's towns did not resort to revolutionary actions to defend their fiscal interests, but their concerns, tactics, and arguments were often similar, and connected to comparable conflicts in Europe and the Atlantic world. The similarities are far more striking than the obvious differences and explain why it was possible for tax administrators and commentators to move with relative ease between offices and salons in Paris and Berlin. Such contemporaries bolstered their fiscal arguments about Prussia with examples taken from Saxonia to Britain and from Sweden to Portugal; and individual countries were clearly not regarded as fundamentally different from another. After the demise of the *Sonderweg* thesis, this may now be an appropriate time to consider Prussian history in fiscal matters and elsewhere in the context of a European history that did not comprise a collection of special paths, but was a deeply interconnected and, in many ways, a synchronized development.

<sup>124</sup> See among others: Clark, *Iron kingdom*, pp. 270–3; Ian Hunter, 'Kant's religion and Prussian religious policy', *Modern Intellectual History*, 2 (2005), pp. 1–27; Michael Sauter, 'The Prussian monarchy and the practices of enlightenment', in Hans Blom, John Laursen, and Luisa Simonutti, eds., *Monarchisms in the Age of Enlightenment* (Toronto, 2007), pp. 217–39.