

**Kaspar Klock: the political economist of public finance - a German perspective
written during the Thirty Years War¹**

Kaspar Klock is little known, even among historians of economic thought in Germany, but dictionaries and some interpreters name him as the main founder of public economics in the German realm in the first half of the 16th century, and we know that his books circulated widely and remained important up to the first half of the 18th century, when the early cameralists like Klock himself, Bornitz and Obrecht had been replaced by a younger generation (Becher, Hörnigk, Justi, Sonnenfels and many others). The historical importance of Klock for economists rests on his enunciation of principles of taxation, drawn from the tradition of Roman law, discussed in the context of a multitude of historical and contemporary examples, and influential indirectly through Adam Smith. The medieval discourse on the moral problems in the emerging economic sphere had been enriched by new practical concerns in Italian and French debates, in the School of Salamanca and following the German tradition. I here intend to reconsider Klock's arguments about taxation after a fresh reading of his voluminous main text, but I regard it as equally important to reread Klock as a cameralist forerunner of the German historical school. I propose (apparently for the first time) to read the first of the two books which constitute his main work, *De aerario*, as a survey of the economic styles of the world, as it could be known to a learned scholar working in Germany under the difficult conditions of the Thirty-Years-War. 'Economic style' here refers to the conception proposed by Arthur Spiethoff in the Festschrift for Werner Sombart. It denotes an economic system, characterised by an 'economic spirit', i.e. by a common mentality for which conceptual expressions are sought in early economic texts.

Klock was born in 1583 as a son of the well-to-do Patrician family Klocke in Soest. They were protestants, and Kaspar Klock studied for some years in the protestant university of Marburg. He soon worked with his cousins as a lawyer, accredited with the Reichskammergericht at Speyer, and he wrote his PhD on fiscal problems, which was accepted 1608 in Basel. He became chancellor of three principalities successively and was influential as a legal advisor all over Germany, but he found time to develop his dis-

¹ This paper is based on the draft of my introduction (present version 185 pages) to a reprint of the *De aerario* by Kaspar Klock. All references can be found there.

sertation, a short text of extreme density and erudition where the roots of the theory of taxation are sought in Roman law and applied to the conditions of the Holy Roman Empire, into a vast treatise, entitled 'Tractatus nomico-politicus de contributionibus in Romano-Germanico imperio et aliis regnis ut plurimum usitatis'; this work was printed 1634 and reedited 1656, 1676, 1699, 1740. His reports on legal matters (many largely written by his colleagues) were collected in three (eventually four) massive volumes 1649, 1650, 1676, the earlier ones reprinted 1673 and all of them again 1703. This collection of essays contains an introduction with important biographical material; in particular, the sufferings of the war are evoked movingly, and with elegance and eloquence. Klock always published in Latin. He was a humanist with a true and spontaneous love for the texts of the ancients. He adorned his book with Latin poems - some quite good, some rather trite -, and many Latin poems were composed in his honour and printed in appendices to his books.

None of his works seems to have been translated, neither into German nor into any other language, and this is one of the reasons why his voluminous main work, the *De aerario* (a folio with more than 1100 pages, each with two columns in the 1671 edition) is rarely read, apart from a few passages - invariably the same - which are quoted to illustrate his basic views about taxation. *De aerario* was written during the Thirty-Years-War after the publication of *De contributionibus* in 1634, partly in response to the rival work (much inferior) by Maximilian Faust (published 1641 and much indebted to *De contributionibus*); *De aerario* was finally printed in 1651. A new edition with much additional material in the form of notes was published 1671 by Christoph Peller, and this was reprinted 1699.

We teach not only by expounding theories, but also by means of examples provided by our own actions, by means of stories, by means of historical analogies, and certain truths are better expressed in such indirect ways, rather than as abstract statements, to be supported by formal proofs. Edgar Salin, a late descendant of the historical school, characterised certain non-formal approaches as 'intuitive' or 'visual' ('anschauliche') theory. This would represent the different dimensions of the economy in their interrelatedness, as a whole, and ideally as a 'Gestalt'. Salin thought that the intuitive theory could unite the rationalist with the descriptive and visual, and that it should thus be more general than formalistic model-building. He thought that both were artfully combined in Smith,

Marx or Keynes, and, in the German tradition, in von Thünen and certain members of the historical school. Certainly, the historical school places more emphasis on the 'visual' aspect of theorising than on the 'rational', at least compared to the Austrian, let alone the Walrasian school, and predecessors for the opposition can be found early. Klock's theorising is overwhelmingly visual.

He begins with methodological chapters which set the problem of taxation in a historical perspective. He distinguishes between 'ars civilis' and 'prudentia civilis'. The former is based on general principles, the latter concerns the application to infinitely varying circumstances, and he warns not to confuse the two, for he who attempts to subsume all methods of taxation to a single principle will eventually act like one who proposes to exercise the art of riding in Venice and that of sailing in Nuremberg. In order to demonstrate the variety in which the problems of taxation arise, Klock dedicates the first part or 'book' of his work to a description of the countries of the world. '... not all the modes in which a financial system can be established are applicable in any given republic, for in the same way as change the legal frameworks of the kingdoms change their revenues as well. And so those modes are to be used, if the constitution of the state and the nature and condition of the region and of the people admit it' (I, I, 100). This is reminiscent of Arthur Spiethoff's (a friend of Edgar Salin) conception of an economic style ('Wirtschaftsstil') as an economic system, located in time and space, and characterised by him in five dimensions which combine rational and intuitive elements in their approach. The following table shows the five dimensions or characteristics ('Merkmale') of Spiethoff's 'economic style' ('Wirtschaftsstil') and the five main concepts used by Klock in one coherent passage to explain his methodological principles for his country descriptions.

Table 1: Economic styles and Klock's descriptive program

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| 1.) | Wirtschaftsgeist (economic spirit) | ratio Reipublicae (governance) |
| 2.) | Natürliche und technische Grundlagen (natural and technical conditions) | regionis et populi natura (nature of the region and the people) |
| 3.) | Wirtschaftsverfassung (economic constitution) | Regnorum jura (legal systems of the kingdoms) |
| 4.) | Gesellschaftsverfassung (social constitution) | populi conditio (condition of the people) |
| 5.) | Wirtschaftsdynamik (dynamism of the economy) | reditus regnorum (revenues of the kingdoms) |

There is, of course, no strict correspondence. In particular, there is greater stress in Klock on the forms of rule - the political constitution, if one prefers. Spiethoff, mainly known for his theory of the business cycle, was interested in the economic initiative of

entrepreneurs, hence in his fifth characteristic, and Klock in the finances of the state. We do not claim that Klock anticipated the debates about economic systems and about the appropriate methodologies for comparisons of systems which took place in the twentieth century, but it has often been stated that cameralism paved the way for the later historical school and for this we here have a splendid, so far neglected example.

Klock begins his country descriptions with ancient Rome, emperor Augustus having set the model example for a reliable system of State expenditure and taxation. The Holy Roman Empire is in a sad condition, due in a large measure to mistakes of political and fiscal administration (e.g. emperor Charles IV sold the Italian possessions of the emperor with their revenues, making it difficult to maintain an imperial army). Klock then turns to the dangerous rivals, in the first place the Ottoman empire with a different religion and form of government, with different economic institutions, other forms of revenue and also differences in state expenditure, especially regarding the military. Klock studies France intensely, which is politically more modern and economically more efficient than Germany, Spain, overextended with its vast colonies, and the Netherlands, with the most modern economy - Klock describes the shareholding companies active in world trade and colonisation. Each country then serves to illustrate particular points. Britain is protectionist, Sweden a monarchy, but relatively democratic also in its economic institutions, there are the republics like the Swiss, and, quite different, Venice, and there is the prime example of centralised rule and economic exploitation in the form of the system maintained by the Grand Duke of Russia. The political, social and economic institutions vary even more as non-European countries are considered, such as China, Japan, Moghul India, Abyssinia, Morocco, and the Kingdom of Congo. Especially in the case of Africa, the contrast between natural riches and the simplicity, indeed poverty of economic life becomes his concern.

Klock's long second book of *De aerario* describes institutions, starting with agriculture, moving on to mining, craftsmanship, trade and banking etc. It culminates in chapters on taxation; we shall concentrate on these. Klock wants to be just and to equilibrate, not to establish one-sided theories. He is a metallist and wishes big coins to circulate at full value, but he is a nominalist regarding small coins. He is for competition, but also for big companies, He is against cartels but admits guilds, as long as they do not fix prices. He is for free trade, but with restrictions on luxury imports and gold exports, and so on in

many other matters. He insists repeatedly that taxes should be introduced to fulfil specific tasks - already in his dissertation he describes arrangements similar to Lindahl-taxation. He proposes a general principle to limit taxation: taxes should raise at most up to the point where they cause an inconvenience which is as high, as it would be, if the State expenditure, for which the taxes are to be used, were not undertaken.

Klock is critical of excise taxes where they are impractical and to the extent that they fall primarily on the poor. Klock here anticipates arguments of the later famous 'Akzisenstreit', the German debate about excise taxes. He seems to believe that excise taxes raise the necessary wage of workers, so that it will be easier for the Dutch, who are richer and stronger in their export trade, to levy indirect taxes, because they can afford to pay higher wages, whereas Germany is regarded as backward.

He relies explicitly on the Aristotelian theory of justice in order to analyse direct taxation. A regular direct taxation did not exist yet; he discusses historical forms of extraordinary taxation levied in times of war, especially against the Turks. But he clearly moves towards the idea of a more regular direct taxation, more frequent, but also lower than in past emergencies. Such a tax must be based on justice in distribution, according to the law of proportions. If A and B are persons and C and D rewards, the formula $A:B=C:D$ symbolises justice in distribution, for the proportion between the persons and the rewards will also hold, after these have been enriched by the benefits they receive: $A:B=(A+C):(B+D)=C:D$. The weight ('onus') of the taxation must correspond to what someone can carry ('ferre'), and this is first illustrated by means of a differential treatment of lands of different fertility and location - Klock thus comes close to the discovery of differential rent -, and it is then extended to the taxation of revenues and possessions of persons (to the extent that possessions 'bear fruit'), some arguments indicating that he has progressive, rather than proportional taxation in mind, consistently with his idea that excise taxes primarily fall on the poor.

But he does not explicitly reach the idea that it is the total income of a person, which should thus be taxed. Both the concept and the institutions necessary to measure income are absent. Hence he envisages a 'mixed' form of taxation of property and persons, where property should be taxed because it is capable of yielding revenue, and persons because they can produce.

Klock thus emerges as the propagator of sensible compromises also in this domain. He similarly tried to maintain his protestant convictions and to respect the catholic institutions of the realm, he combined paternalism with freedom, natural right with tradition, religious tolerance with the obligation of civil obedience, and if one disliked the usury of Jews, one had allow them to take up the crafts. Banks nevertheless were indispensable.

Klock is most significant in his combination of 'law and economics' which some still regard as a modern achievement, but which has been traditional ever since the School of Salamanca, and the field was cultivated later primarily by the historical school. Klock was richer in his approach than most modern representatives of institutionalism and the economics of development, in that he took cultural and religious motives into account; he was, after all, a contemporary of one of the most bloody religious wars in history. Authors and descendants of the School of Salamanca like Azpilcueta and Lessius had sharper analytical minds - at any rate they presented more sophisticated arguments - but they had much less vision regarding the potentials of development in different parts of the world, and they lacked the unifying idea which we find in Klock, for which he has no name, but which I have tried to explain by means of the comparison with the conception of economic style. The broad historical view, which allowed him to confront the contrasts between globalising tendencies and the still vigorous worlds of tradition in Europe and the other continents at the beginning of the seventeenth century, perhaps came to him through his reading of the ancients - did not Roscher found his idea of the historical school on his reading of Thukydides? His humanism was the basis for tolerance, coupled with patriotic pride, a deep sense of justice and his protestant faith. I, for one, enjoyed reading him immensely.