

The 17<sup>th</sup> and 18<sup>th</sup> century in Europe was a time of constant battle and struggle among countries and regions. Many of these battles lasted over great periods of time, and became extremely expensive. In many cases the winner of the battle turned out to be the one who could afford supplies the longest. Wars of this period were unlike wars of the past. Countries were no longer battling over religion and beliefs, but over power and money. The ability of France and Britain to raise and collect money and or taxes can explain a great deal about their success and failures on route to their goals of European dominance.

This was a busy period for countries in Europe, especially the French, British, Prussians, and the Hapsburg Empire. Each was trying to get a strong hold on Europe and expand their boundaries. Each was hoping to improve its military and naval technology, in order to do this it was important to have plenty of money to invest towards it. As control over other land in different continents became an option, countries had to invest heavily in naval ships for battle. These investments in naval resources became very expensive. This struggle gave the period in time the name of the “financial revolution”.

This was also a busy period of trade. Many large cities that we know today flourished during this time. Amsterdam, London, Lyons, Frankfurt, and some others became trade centers. These centers became areas of wealth. Due to this many banks formed to supply money and hold savings. Many of these banks adopted the banking practices already established in Italy. These would become very important banks down the line for these countries as they would become dependent on loans and investment.

France and Britain are the two countries that butted heads throughout this decade both competing for domination. It is interesting to see the differences in how each funded their military. Wars at this period had grown in size and expenses. “The cost of sixteenth century war could be measured by millions of pounds; by the late seventeenth century, it had risen to tens of millions of pounds; and at the close of the Napoleonic war the outgoing of the major combatants occasionally reached a hundred million pounds a year.”(Kennedy, 77). This made it very hard for smaller countries and rulers to compete with the likes of France and Britain. Even for these two it was very difficult to scrape together the money to fund these battles. Both found ways yet their financial situations were completely different. The ways in which each created funds for battle varied drastically.

Britain had a strong taxation system. They had a more indirect tax, unlike many other countries at this time that had direct heavy taxes. This indirect method really helped in keeping the British people happy and not angry with their leaders. The main income for the British was on the land tax. This tax was enforced to everyone with no exceptions. A main reason for the fair tax system in Britain was due to the fair representation. They had fair representation so their taxes were justified. However, this wouldn't be the case for the colonies, and this is what started the American Revolution. The British were heavily taxing the colonies for the huge debt they had from the Seven Years War. A strength that the British had over the French was that their per-capita income was higher, so they could afford to tax more. However, France had a larger population which canceled this strength of theirs out.

The French taxation on the other hand was less productive. They had no proper system of public finance. Tax farmers collected the taxes from the people then handed the collection up to the authorities. It would go through a number of people's hands before finally making it to the king. The problem with this set up was that each person who touched the money felt that they had a right to a share. So by the time the taxes made it to the king the amount of money was far less than when it was first collected. Another flaw in their system was the exemptions they gave to the upper class. Both the First and Second Estates were exempt, leaving the only Third Estate to pay the taxes. This was part of their population that would have funds to really help, yet they went untapped. The Third Estate also got angered by this, hurting their support for the king. However the reason why Louis the XIV was so successful was his control over his taxes, unlike other French kings. Because of Louis XIV's great power he was able to raise taxes without much trouble; this helped tremendously at war time, and is a reason for his success.

These two countries were always looking to find a competitive advantage on each other. One of the ways was through allies. If a country had a strong ally they could help them with funds in times of war. So at this time it was important to pick your allies wisely. Also taking out loans was a large part of funding wars. Many countries racked up huge national debts during war times. Britain's seven year war had a price tag of 160 million pounds. They had a fleet of over 120 ships and 200,000 soldiers. Of the 160 million only 60 million was raised on money markets. This made an enormous national debt and made the British people exceptionally angry with Pitt. France also relied on loans excessively. Instead of putting money into the economy they just took out loans.

Those who had money were forced to purchase an office or annuity rather than invest in businesses. Due to all this the French economy really struggled.

The Dutch during this time became a big player in Europe. They controlled trade. Due to this they were very influential and wealthy. As prosperity spread throughout Europe banks became very important. The Bank of England opened its doors in 1694. This was very important for the British they began to print money in a time when there was a huge shortage of coin. Another advantage the British had on their rivals was that their stock was very popular among investors. A large reason for this is that they offered very high interest rates. So many investors liked to trade their stock. This formed a relationship with the Dutch. The Dutch became great loaners to the British in war times. They always seemed to help them out. However, they were unable to in the end of the American Revolution. In fact in 1780 the Dutch left the British side and joined the French. The British managed to get there way out of debt on there own. They were forced to look in a different direction. They began to trade heavily and increase there production. Also many new inventions in technology helped them to prosper.

Napoleon was one of the greatest rulers of all time. At the height of his reign he controlled most of Europe. However the reason why his empire fell was the British. As you can see the two were always butting heads. One of Napoleons plans to beat the British was economically. He thought he could cut them off from trade from the rest of Europe. He was able to do so, but the British were able to survive via other means. They were stable themselves also they opened new markets on other continents (especially Latin America). As you can see economics was always a large part of the battles that

took place during this time. Wars were either over economic reasons or in some cases like Napoleon part of his tactics.

This was a new direction in History and one that we still see today. The periods before this, war was caused by religion and beliefs. This is the beginning of economical wars. “Money, money, and yet more money”-Old Aphorism (Kennedy, pg76). This is a quote that sums up this period. However the reason why these two countries were able to bring their nations to the top of Europe was their ability to finance their armies and navies through long wars. Their ability to finance through taxes, trade, and production made them both stronger than the rest. Another large point that helped these two countries was their ability to keep their people happy and supportive, in times of heavy taxing and debt. Also they both were very flexible; when one market closed they found others. This is especially true for the British. This is important for countries at war. Countries must be able to be self sufficient if needs be, as rivals may try to cut them off like the French attempted with the British. This was a heavily economic time these two countries made more progress than the rest of Europe this helped them control trade and expand their wealth and control on the rest of the world.