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TREASURY CRISIS AS ILLUSTRATED BY 17TH CENTURY POLAND

1. ECONOMIC CRISIS AND INCREASED STATE EXPENDITURES

In the 1660s, the Polish-Lithuanian Commonwealth found itself in a deep economic crisis.¹ The underlying cause was the numerous invasions of enemies, which Poland experienced in the 1640s and 1650s. In addition, the reconstruction of the country was hindered by its outdated economy (based on the production of grain for export) and social barriers preventing development.² Additionally, the demand of Western economies for Polish export goods, oxen and cereals, waned.³ The Polish Republic had to rebuild itself by relying on internal demand, which seemed like an extremely difficult task due to the losses of the country's population.⁴

A weakened economy means less aggregate demand and a decreased production capacity, which in turn entails a smaller tax base (lower trade turnover, fewer taxed buildings or land). The Commonwealth entered the sixth decade of the 17th century with an empty treasury.⁵ At the same time, in

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¹ W. MORAWSKI, *Dzieje gospodarcze Polski* (Warszawa: Difin, 2011), 46; A. MĄCZAK, *Problemy gospodarcze*, in *Polska XVII wieku: państwo, społeczeństwo, kultura*, ed. J. Tazbir (Warszawa: Wiedza Powszechna, 1977), 90; J. TOPOLSKI, *Narodziny kapitalizmu w Europie w XIV–XVII wieku* (Poznań: Wydawnictwo Poznańskie, 2003), 165.

² Z. KACZMARCZYK and B. LEŚNODORSKI, *Historia państwa i prawa Polski*, vol. 2, *Od połowy XV wieku do r. 1795*, ed. J. Bardach (Warszawa: Państwowe Wydawnictwo Naukowe, 1971), 175; MĄCZAK, *Problemy gospodarcze*, 101.

³ MORAWSKI, *Dzieje gospodarcze*, 50.

⁴ A. JEZIERSKI and C. LESZCZYŃSKA, *Historia gospodarcza Polski* (Warszawa: Wydawnictwo Key Text, 2003), 72; A. KERSTEN, *Historia powszechna, wiek XVII* (Warszawa: Wydawnictwa Szkolne i Pedagogiczne, 1987), 7.

⁵ R. RYBARSKI, *Skarb i pieniądz za Jana Kazimierza, Michała Korybuta i Jana III* (Warszawa: Towarzystwo Naukowe Warszawskie, 1939), 359.

a situation where the existence of the Commonwealth was jeopardised, expenditures for national defence were increasing rapidly and remained high until the end of the century.⁶

Naturally, the raising of funds necessary to maintain the army became a priority in the fiscal policy of the 1650s and the first half of the next decade pursued by King John II Casimir, which pushed the much-needed reforms of the fiscal apparatus aside.

2. INSTITUTIONAL PROBLEMS OF THE POLISH TREASURY IN THE 1650s

INSTABILITY OF TAX REVENUES

One of the problems of the public finances of the Polish-Lithuanian Commonwealth was a lack of permanent revenues which could ensure the State's stability.

At that time, taxes were used for a specific purpose, mainly for making payments to the military.⁷ The right to impose all public levies belonged to the General Sejm,⁸ which was a body representing "the noblemen's nation." The nobility looked at self-taxation reluctantly, as much as they were aware of their responsibility for the country. The essence of the noblemen's democracy was inscribed in a kind of conflict existing between monarchs seeking permanent cash inflows and nobles guarding their economic immunity.

Due to the economic situation of the country, attempts were made to ensure a steady inflow of funds into the State's coffers, to cover growing military outlays, among other expenses. Let us, then, look at the levying of excise duty. In 1656, King John II Casimir together with the Senate Council (an advisory body to the king composed of senators of the General Sejm) imposed excise tax⁹ on some royal cities, including Lviv, Przemyśl and Lublin, which was later extended to the rest of the country. The taxed area was trade in consumer goods in the literal sense (goods that could be consumed). The tax base was the value of turnover. More importantly, it was a permanent and general tax, paid by any liable person for any activity, and equal for

⁶ Ibid., 456–459, 471, 475.

⁷ Ibid., 25.

⁸ KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 126.

⁹ RYBARSKI, *Skarb i pieniądz*, 314.

all estates. However, it was introduced without the Sejm's consent, a move which inspired resistance from the nobility.¹⁰ Due to the extraordinary urgency of wartime expenses and the impossibility of convening the Sejm earlier, the tax was finally accepted and paid in accordance with the royal proclamations, and its legal force was established afterwards. It was approved by the Constitution of the Ordinary Sejm of 1658, subject to the condition that "this excise duty is only to last until the next Sejm."¹¹ The nobility, despite the turmoil of the war, cared for their privileges, and excise tax as a general tax was not a permanent feature of the fiscal policy of seventeenth century Poland.

The country's fiscal policy depended on the Sejm meeting and the deputies reaching an agreement and a tax constitution being passed. This had severe repercussions during the wars of the 1650s, when it was physically impossible for the Parliament to convene. The King resorted to illegal forms of taxation in order to secure resources needed for the functioning of the State.

DECENTRALISATION OF PUBLIC FINANCES

The following had a negative impact on the functioning of the public finances of the Polish Republic: the decentralisation of the fiscal executive authorities, the lack of a central, comprehensive financial plan of the State and the assignment of some legislative rights to *sejmiki ziemskie* [territorial assemblies—Translator's note].

The Polish Republic of the 17th century did not have its own budget in the modern sense. Today, it is defined as "a public financial plan covering revenues and expenditures, incomings and outgoings, passed by means of a statutory act by the parliament for one budget year."¹² At that time there was no unified planning document covering all the inflows and outflows of the treasury. The supervision of the collection and spending of taxes, in accordance with the objectives set by the Parliament, was conducted by "hearing

¹⁰ Ibid., 316.

¹¹ Konstytucje Sejmu Walnego Ordynaryjnego Sześci niedzielnego Warszawskiego, roku Pańskiego 1658 dnia 10 czerwca odprawującego się, in *Volumina Legum. Przedruk zbioru praw staraniem XX. Pijarów w Warszawie od 1732 do 1782 roku* [henceforth abbreviated as VL] (Petersburg: Nakładem i Drukiem Jozafata Ohryzki, 1859), 4:243, margin nos. 525–26.

¹² R. KOWALCZYK, "Pojęcie i ewolucja instytucji budżetu," in *Prawo finansowe*, ed. R. Mastalski and E. Fojcik-Mastalska (Warszawa: Wolters Kluwer Polska, 2013), 61.

the accounts” of the Sejm.¹³ In this article, the concept of budget will therefore be used symbolically and will refer to the financial economy of the State on the basis of these accounts.

The general accounts were presented by both Treasurers (that of the Crown and that of Lithuania) at each Ordinary Sejm, where they received a written receipt¹⁴ from the Sejm (the equivalent of today’s vote of approval).

The Court Treasurer managed the Court Treasury, which was at the King’s disposal, and the Crown Treasurer managed the Crown Treasury, that is the funds allocated for the State’s purposes. The treasury in Rawa Mazowiecka (hence the name “Rawa Treasury”) had its own organisation and purpose.¹⁵ It received a quarter of the income derived from the royal lands (the so-called *kwarta*), that is the lands belonging to the Crown.¹⁶ These funds were used to finance the military for border defence (the so-called *wojsko kwarciane*) or other military purposes.¹⁷ Theoretically, the Treasurer was in charge of the management of the Rawa Treasury. He had to present the accounts of his management of the funds, take care any the overdue payments and supervise debtors, being accountable for that to the General Sejm. However, all these activities were carried out under the special supervision of the Sejm delegation, consisting of four Sejm deputies.¹⁸ This gave a special rank to *kwarta* revenues and limited the Treasurer’s liberty to dispose of the funds.

The general treasury (Crown Treasury) also included *hiberna*, a tax allocated for the winter maintenance of already operative military units. This tax was at the disposal of the Crown and Lithuanian hetmans. The administration of this income was not subject to the authority of the treasurers, and it was excluded from the general accounts submitted to the Sejm.¹⁹ This meant a significant fiscal decentralisation. The position of treasurer, apparently of great power, in fact did not provide for the possibility of conducting a uniform, central financial policy of the State.

What is more, Poland lacked professional, central fiscal apparatus. This was due to the structure of the tax collection system, which was based on the tax distribution of individual lands. When the Sejm adopted a constitution on

¹³ RYBARSKI, *Skarb i pieniądz*, 56.

¹⁴ Ibid.

¹⁵ KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 143.

¹⁶ Ibid.

¹⁷ RYBARSKI, *Skarb i pieniądz*, 33.

¹⁸ Ibid., 158.

¹⁹ Ibid., 33; KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 144.

a particular tax, it agreed on the amount in which the tax was to be collected from the whole territory of the State. Then this sum was distributed among the provinces and lands. It is well known that each of the Sejm deputies wanted their own province to pay the least. It caused arguments and delays in payments.²⁰ Each region shared tax burden according to the declaration agreed after heated discussions. And this is where the role of the central government ended. The way in which the declared sum was to be collected depended solely on the authorities of local government. The freedom of internal taxation is stated expressly, for example, in the Constitution of the Ordinary Sejm of 1658: “And since this sum of money [...] is not possible to collect using only taxes, therefore with the consent of all the estates, we decide to collect the sum declared [...] by imposing excise duty, *czopowe* [alcohol sales tax—Translator’s note], *rogowe* [horned-livestock tax—Translator’s note], plough tax [...] and other means, which they will agree on at the *Relationum* Sejmiks [...].”²¹ As we can see, the Sejm constitution allows the relational (following the Sejm) regional assemblies to collect taxes by all known means in order to raise a declared amount. This freedom in the collection of public levies led to huge differences in the amount of taxes collected, varying from one voivodeship to another.

The effect of such a distribution system was the establishment of periodic local-government tax administration. Sejmiks appointed local collectors of individual taxes. They collected such taxes and in the manner as the sejmiks decided in order to fulfil the Sejm’s declaration regarding the amount of funds collected. Then, the collectors transferred the funds to the hands of an appointed dispenser, directly to the Treasurer or to a place indicated by the Sejm’s resolution.²² Since the taxes were established mainly on sejm-to-sejm basis, no office of a regular tax collector emerged, and those who were appointed, due to their lack of experience (they were not professional officials), benefited from the help of municipal offices and military tax enforcement.²³

The principle of creating fiscal apparatus on an ad hoc basis was widely applied.²⁴ Officials, by choice, performed administrative tasks both when

²⁰ RYBARSKI, *Skarb i pieniądz*, 80.

²¹ “A że tej summy [...] nie podobna samemi poborami wydać, przeto za zgodą wszech Stanów postanawiamy, aby summę deklarowaną [...] akcyzą, czopowym, rogowym, pługowym [...] i inszemi sposobami, które sobie sami na Sejmikach Relationum namówią, wydali [...]” *Konstytucje Sejmu Walnego Ordynaryjnego Sześcienniedzielnego Warszawskiego*, p. 270, margin no. 581.

²² RYBARSKI, *Skarb i pieniądz*, 40.

²³ Ibid.

²⁴ Ibid., 42; KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 144.

inspecting royal lands (via inspection commissions) and when supervising military payrolls (via commissions for military remuneration). The electable, self-governing corps of officials was something of an exception. When absolutist central administration was emerging in Western Europe, tax collection was performed by elected, local-government tax administration.

Before our analysis of tax revenues of the Kingdom of Poland (Crown), we need to address one important methodological issue, namely the monetary unit which was the Polish złoty. Unlike the currently used today, it consisted of 30 groszy, the latter being the basic coin in circulation. The złoty was an accounting unit and initially had no equivalent in a single bank note or coin.²⁵ Therefore, all sums were converted into złotys representing 30 silver groszy each, so people would not say, for example, “90 groszy” but rather “3 Polish złotys.”²⁶ This situation changed during the said crisis of the Polish treasury, when the “złoty” currency appeared.²⁷

Besides the silver grosz coin (the basic circulation coin), there were: *dwojak* (2-grosz coin), *trojak* (3-grosz coin), *szóstak* (6-grosz coin) and *ort* (18-grosz coin); in addition, there was the *talar* (large silver coin), *dukat* (gold coin) and their multiples.²⁸ One grosz consisted of two *półgroszes* or three *szelągs*; one *szeląg* was equal to two *ternars* (grosz = 6 ternars), and one *ternar* was worth 3 *denars* (grosz = 18 denars).²⁹

3. TAX POLICY IN THE TIMES OF CRISIS

In today’s understanding, tax policy implies all the decisions taken by the State in the area of taxation of its citizens and undertakings.³⁰ The authorities of a given country define the tasks and tax methods to achieve them. Tax policy is an integral part of fiscal policy aimed at satisfying the State’s demand

²⁵ A. MIKOŁAJCZYK, *Leksykon numizmatyczny* (Warszawa–Łódź: Wydawnictwo Naukowe PWN, 1994), 341.

²⁶ H. CYWIŃSKI, *Dziesięć wieków pieniądza polskiego 980/1980* (Warszawa: Ludowa Spółdzielnia Wydawnicza, 1982), 61.

²⁷ To be fair, we need to mention here the first Lithuanian złoty coins (*pół-kopki*), minted in the years 1564–1565 for King Sigismund II Augustus. They corresponded to the value of 30 Lithuanian groszes and technically were not crow złotys – MIKOŁAJCZYK, *Leksykon*, 341.

²⁸ CYWIŃSKI, *Dziesięć wieków pieniądza*, 61.

²⁹ *Ibid.*, 96.

³⁰ “Polityka podatkowa,” in *Słownik Portalu Edukacji Ekonomicznej NBP*, accessed July 15, 2017, <https://www.nbportal.pl/sloownik/pozycje-sloownika/polityka-podatkowa>.

for money, taken over from entities outside its structures.³¹ Initially, tax revenue was considered to be the primary source of income (taking over money).

The multitude of the levies used at the time and flaws of the tax classification in use makes it difficult to present a systematic review of revenues. *Prowents* (revenues), comprised variable groups of “public taxes.” The division into *prowenty ordynaryjne* (ordinary, permanent revenues) and *prowenty ekstraordynaryjne* (extraordinary revenues—taxes established on a Sejm-to-Sejm basis) was liquid and the categories of income consisted of different taxes depending on the year.³²

The ordering of tax revenues applied in this study is based on the study by Roman Rybarski, written in 1939. The following summary of Crown tax receipts (Table 1) consists of taxes of his choice, which are listed regardless of the category of revenues in a given year. The compilation shows taxes adopted by successive Sejms and fixed revenues (*hiberna* was not taken into account as it was excluded from the Sejm accounts). Due to the fact that the general accounts cover different periods (1, 2 or 3-year periods), Rybarski determined the number of months that the individual accounts describe, and then calculated the average monthly receipts.

Table 1. Poland’s tax revenues in the years 1649–1681

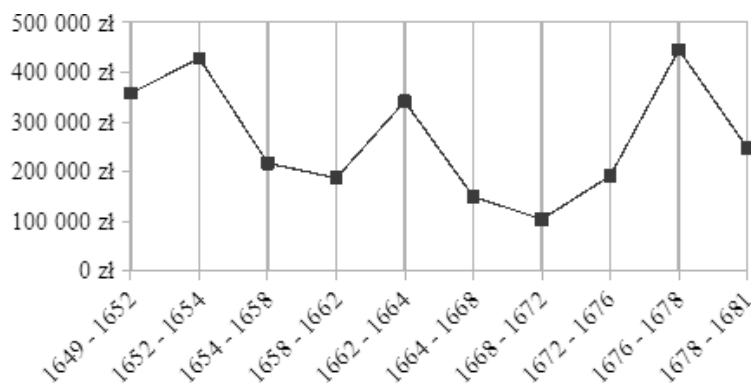
Period		Total (złoty)	Monthly average (złoty)
Nov 15, 1649 to	July 15, 1652	357,541	11,441,311
to	June 15, 1654	48,533	9,856,254
to	July 1, 1658	217,096	10,529,178
to	Feb 15, 1662	186,990	8,134,077
to	Sep 5, 1664	341,383	11,265,647
to	Aug 15, 1668	149,873	6,744,305
to	Jan 15, 1672	104,067	4,370,811
to	Feb 1, 1676	191,752	9,299,983
to	Dec 1, 1678	445,342	15,141,564
to	Jan 1, 1681	247,409	15,141,564

Data in nominal values.

Source: RYBARSKI, *Skarb i pieniądz*, 352.

³¹ “Polityka fiskalna,” in *Słownik Portalu Edukacji Ekonomicznej NBP*, accessed July 15, <https://www.nbportal.pl/slownik/pozycje-slownika/polityka-fiskalna>.

³² RYBARSKI, *Skarb i pieniądz*, 74.

Figure 1. Poland's average monthly tax revenues 1649–1681

Data in nominal values.

Own study based on: RYBARSKI, *Skarb i pieniądz*, 352.

Tax revenues calculated using the methodology described by Rybarski comprise:

- payments for arrears from previous years;
- taxes passed by the Sejm and earmarked for the army (in all forms, e.g. *pogłównne* [poll tax], *podymne* [hearth tax], and *szelężne* [tenth-shilling tax]);
- Sejm's ordinary revenues (e.g. *kwarta*, *donatywa* [merchant's donation], Jewish poll tax, customs duties, *składne winne* [wine store taxes], tobacco and paper monopoly, *kanon pruski* [Prussian property tax—Translator's notes]);
- revenues from the standard mint.

Tax policy during the crisis in 17th century Poland extends over three sub-periods. The first extends from the outbreak of the Cossack Wars to the beginning of the Swedish Wars (1648–1655). The second sub-period covers the years 1656–1662, while the third one covers 1662–1673. The tax policy of the Polish Republic of the 1760s and 1770s will be discussed in the chronological order described above.

The priority objective of the Polish fiscal policy was to obtain funds to finance the army. Initially, a strategy to multiply the existing taxes was adopted.³³ For example, in 1629, hearth tax was established, that is 17th-century real estate tax,³⁴ and the total income from this tax in the whole country

³³ Ibid., 360.

³⁴ The tax base was the number of buildings owned in which people actually lived—ibid., 115. The [Polish] name of the levy originated from the smoke [*dym*] rising from chimneys—KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 256.

served as the basis for passing further hearth taxes.³⁵ It was so-called *sympla* (a multiple of one).³⁶ When the country found itself in crisis, multiples of tax collection rates were used. In 1662, a double hearth tax was introduced (*dupla*), so the sum of *podymne* tax collected from the whole territory of the country was to be a double of that collected in 1629. As can be seen from Chart 1, the average revenue was on the rise until 1654.

The indicated *symplas* were reduced by tax reliefs in the form of so-called *abiurats*.³⁷ These were objections reported by deputies from individual voivodeships regarding the amounts of taxes distributed. They demanded that the burden on a designated region be reduced on account of enemy invasions, natural disasters or pestilence. In this way, with the consent of the entire Sejm, it was possible to evade the payment of a specific tax.³⁸ Being aware of the war damage and the resultant tax reliefs, the General Sejm would adopt even greater multiples of tax collections, while the *sympla* for a *tan* of field or hearth tax became more of an accounting unit than an actual figure.

Table 2. Rate of a *sympla* for field tax collection in the years 1652–1661

No. of collections	Złotys collected	1 <i>sympla</i> equals (złotys)
42 from Sejms of 1652	8,010,734	190,732
61.5 from Sejms of 1654	8,669,830	140,973
25.5 from Sejm of 1658	4,262,377	167,152
50 from Sejm of 1661	6,034,773	120,695

Data in nominal values.

1 *sympla* in the tax collection of 1629 = 267,192 złotys

Own study based on: RYBARSKI, *Skarb i pieniądze*, 102.

The situation called for new fiscal tools. In the period from 1656 to 1662, an attempt was made to introduce a number of modern taxes that would provide much-needed income. We are talking about, among others, turnover tax—excise duty. The circumstances of its introduction aroused social protests. Along with the introduction of a general turnover tax, John II Casimir

³⁵ RYBARSKI, *Skarb i pieniądze*, 114.

³⁶ *Ibid.*, 77.

³⁷ *Ibid.*, 83.

³⁸ *Ibid.*

made an attempt to assign *czopowe* tax,³⁹ which so far was a local government tax, to the central treasury to be disposed of by the Treasurer.⁴⁰ This seems to be a logical step, given the twin structure of both taxes—turnover taxes. However, the attempt to exclude *czopowe* from the jurisdiction of local-government units was not accepted by the public. The Warsaw Sejm of 1658 restored the tax to the voivodeships.⁴¹

Attempts to introduce other taxes on turnover and production of alcohol shared a similar fate. Without the prior consent of the General Sejm, by virtue of the royal universal of 1660, beer tax was levied, which was to be a permanent tax at the disposal of the Treasurer. The Sejm revoked this levy, unlawfully introduced as early as in 1661.⁴²

Attempts were also made to levy general taxes. In 1662, a general poll tax was passed, covering all estates, even clergy. In view of the enormous requirements of the Treasury, general taxation was agreed to, considering poll tax to be special:⁴³ “seeing, however, the extreme needs of the Republic and in view of the fact that a large number of problems have emerged concerning past hearth taxes, [...] then the Estates [...] yet again voluntarily agreed to pay this tax as a general contribution.”⁴⁴ Using a similar “extraordinary” method, a general customs duty was passed several times in 1660s and 1670s. According to the Constitution of 1661, the duty was to be paid by all,⁴⁵ even by the King: “whatever they will buy for our needs [...] and the entire court.”⁴⁶ However, this tribute also failed to become a permanent feature of the tax system of the Polish Republic.

As can be seen from Chart 1, the strategy of multiplying the existing taxes was effective only until 1654. Later, a number of discussed legislative actions were taken to introduce innovative solutions (general taxes) into the tax system. The aftermath of these decisions can be seen in the increased

³⁹ The tax base was the value of alcohol sold – RYBARSKI, *Skarb i pieniądz*, 252.

⁴⁰ *Ibid.*, 254.

⁴¹ *Ibid.*, 256.

⁴² *Ibid.*, 258.

⁴³ *Ibid.*, 182. Even the name of the tax was discussed. In order not to capture the nobility’s honour, the name was used: *subsidiium charitativum* [charitable subsidy].

⁴⁴ “widząc iednak extremam Reipublicae necessitatem, tudzież że tak wielkie w wydaniu przeszłych podymnych pokazały się mankamenta, [...] tedy i Stany [...] na ten podatek generalis contributionis hac vice dobrowolnie zezwoliły,” *Konstytucje Wielkiego Księstwa Litewskiego Anno 1662*, in *VL*, 4:414, margin no. 881.

⁴⁵ RYBARSKI, *Skarb i pieniądz*, 289.

⁴⁶ Uchwała Sejmu Walnego Koronnego Sześćniedzielnego, w Warszawie odprawionego, roku Pańskiego 1661, dnia 2 miesiąca maja, in *VL*, 4:340, margin no. 727.

revenue from 1662–1664. Although the general customs duty was passed in 1661 and the poll tax in 1662, both items can only be found in the accounts of the General Sejm of November 26, 1664.⁴⁷

Following 1662, a period of stagnation in the tax policy ensued.⁴⁸ Variable political and social circumstances stood in the way of permanent, structurally simple and centrally managed taxes. Military defeats, the impossibility to reach compromise (which was a prerequisite for the functioning of the Sejm), or the institutional weakness of the Polish Treasury, directed the court's attention to the necessity of repairing the Polish Republic.⁴⁹ John II Casimir and his wife Maria Ludwika promoted a number of political solutions: limitation of the *liberum veto*, strengthening of the position of the Senate Council and, above all, the *vivente rege* election system (a royal successor was elected while the king was alive).⁵⁰ The reform proposals divided the nobility into two opposing camps. To finally end the dispute, Jerzy Lubomirski, the leader of the anti-royal opposition, was brought before the parliamentary court in 1664 and accused (unjustifiably) of conspiring with enemy states and betraying the State.⁵¹ The death penalty rendered on Lubomirski led to a bloody civil war (noblemen's rebellion). The political chaos, the breaking up of consecutive Sejms and the ongoing war with Russia all made it impossible to govern the country efficiently and achieve tax objectives. Because of the rebellion, the next Sejm did not meet until 1667.⁵² The abdication of King John II Casimir in 1668 and the troubled reign of his successor Michał Korybut (1669–1673) were counterproductive to the fiscal policy. The previous, inefficient tax measures were restored, such as tax collection and hearth tax, passing their multiples, of course. No general poll or excise duty was restored.⁵³ This tax stagnation is reflected in Chart 1—average monthly revenues between 1664 and 1676 were even three times lower than those gained in the early 1650s.

The crisis of the Polish tax policy lasted until about 1673. The defeats of the war with Turkey (1672–1699) mobilized the nobility to enact new tax burdens. Once again, an external threat spurred tax changes. In 1673, general

⁴⁷ RYBARSKI, *Skarb i pieniądz*, 519.

⁴⁸ *Ibid.*, 362.

⁴⁹ A. WYCZAŃSKI, *Polska Rzecz Pospolita szlachecką* (Warszawa: Państwowe Wydawnictwo Naukowe, 1991), 338.

⁵⁰ *Ibid.*

⁵¹ *Ibid.*, 339.

⁵² RYBARSKI, *Skarb i pieniądz*, 362.

⁵³ *Ibid.*, 363.

poll tax was passed, based on the poll tax instruction of 1662.⁵⁴ Other taxes were established in 1674 and 1676. Each subsequent one, however, brought less revenue. This tax became burdensome for the population, who simply evaded it.⁵⁵ The Polish Republic did not have an efficient tax system to enforce overdue amounts. The question of the reintroduction of excise duty and general duty (1673) was no different.⁵⁶ The nobility agreed to a huge tax on a conditional basis, “forced” by the Turkish invasion. As soon as the threat was removed, the nobility became reluctant to implement any reforms. Excise duty was in force for only a year,⁵⁷ general customs duty was now leased inefficiently, and general poll tax finally disappeared.⁵⁸

Other tax innovations were not accepted either. The *szeleżne* tax, or the tenth shilling tax (10%) on alcohol products, was in force only for one year (1673).⁵⁹ It was supposed to become a centrally levied alcohol tax (*czopowe*), which was left to the local governments. “Tobacco and paper monopolies” also appeared briefly (1677).⁶⁰ These were further forms of indirect taxation.

The highlights of the Polish tax policy of the 1670s were overshadowed by the local interests and selfishness of the magnate estate.⁶¹ And King Sobieski was more preoccupied with war and dynastic politics than with political reforms.⁶² The tax system became a collection of various local taxes. The modern system of indirect taxation was also abandoned in favour of the old real burdens.⁶³ The collapse of Polish tax policy, at the end of the 1770s, lasted for almost 90 years and was completed only by the reforms of the Convocation Sejm of 1764.

⁵⁴ It was a set of executive regulations issued on the basis of a statutory authorisation (it specified rates and procedures), most often by the deputy treasurer—for example: Instruktarz Akcyzy, in *VL*, 5:102. The instruction can be considered as equivalent to today’s regulation.

⁵⁵ RYBARSKI, *Skarb i pieniądz*, 192.

⁵⁶ *Ibid.*, 291, 322.

⁵⁷ *Ibid.*, 323.

⁵⁸ *Ibid.*, 212.

⁵⁹ *Ibid.*, 261.

⁶⁰ *Ibid.*, 342.

⁶¹ KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 240.

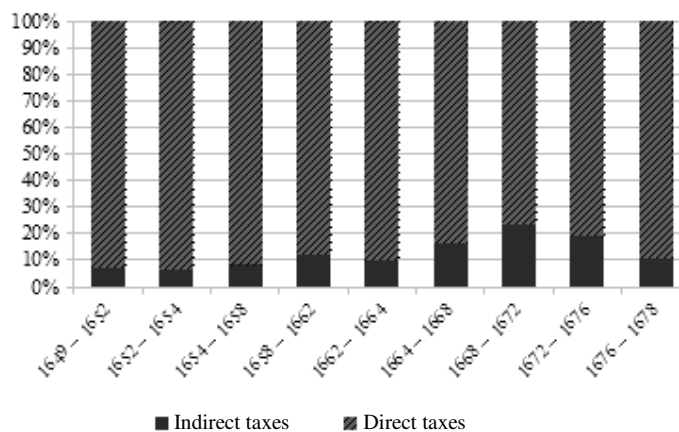
⁶² WYCZAŃSKI, *Polska Rzecz Pospolita*, 343; KACZMARCZYK and LEŚNODORSKI, *Historia państwa i prawa Polski*, 256.

⁶³ RYBARSKI, *Skarb i pieniądz*, 365.

SUMMARY

When discussing the Polish tax policy of the 1660s and 1670s, three important issues need to be addressed. Firstly, the system of taxation was based on easily measurable external aspects: a field, a house, or the number of residents. The choice of such tax bases did not lead to an equal distribution of the tax burden in old-time Polish Republic. Given that we are talking about an estate-based society with limited (but possible) vertical mobility, the application of the same tax rules to peasants and nobility could be economically destructive. Although in the discussed period some signs of income-based differentiation are becoming visible (tax rates conditional on the estate and the office held⁶⁴), they disappear upon the introduction of common taxes. Indirect taxes brought a certain qualitative change. Revenues therefrom increased, probably due to the introduction of excise duty and the growing popularity of *czopowe* tax used by local governments. At the same time, the population avoided direct taxation. From the above considerations, a picture emerges of a tax policy that was not in step with the economic developments. Not only the war turmoil but also the Polish political class were to blame for this state of affairs.

Figure 2. Share of indirect taxes in tax revenues of the Polish Republic in the years 1649-1678



Data in nominal values.

Own study, based on: RYBARSKI, *Skarb i pieniądz*, 368.

⁶⁴ Ibid., 182.

Secondly, since the vast majority of the revenues were allocated to the army, it was obvious that the professional army naturally became the largest creditor of the Polish Republic. In most cases it was known in advance that there would not be enough money as the army would require.⁶⁵ With regularly shrinking tax revenues, the debt grew almost “exponentially” with each successive military enlistment. As a result, the authorities of the Polish Republic were frequently under pressure from rebellious units and were intent on obtaining the highest possible revenues disregarding the negative side effects in the form of social costs or the weakening of the economy in the long run.

Thirdly, all figures concerning tax incomings and outgoings are given in their nominal values. This means that they do not take into account the changes in the purchasing power of the currency of that time. For example, the increase in nominal incomes in 1664 did not allow Poland to maintain a larger army, as its currency was rapidly depreciating.⁶⁶

The tax policy of the Republic of Poland in the 1660 and 1670 was subordinated to the accomplishment of only one goal. Money for the army had to be found. The authorities acted under pressure from both the underpaid army and the society, which was not willing to bear high tax burden in the wake of the economic crisis. Modern general taxes were not levied for good; neither was the tax administration centralised. Perhaps if the noblemen of the Sejm had agreed to reforms, giving priority to the fate of the State above their private interests, the fate of the financially strengthened Republic would have been different.

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⁶⁵ Ibid., 47.

⁶⁶ MORAWSKI, *Dzieje gospodarcze*, 50; A. SZELAŃGOWSKI, *Pieniądz i przewrót cen w XVI i XVII wieku w Polsce* (Lviv: Towarzystwo Wydawnicze w Lwowie, 1902), 266; CYWIŃSKI, *Dzieśięć wieków pieniądza*, 112.

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TREASURY CRISIS AS ILLUSTRATED BY
17TH CENTURY POLAND

Summary

The article describes a crisis of the State Treasury of Poland that occurred in the 1660s and 1670s. The State's revenues and expenditures are discussed, as well as institutional problems of the Polish Republic, such as: decentralization of the fiscal apparatus and the State's fiscal planning. The study presents the background of the introduction of: general poll and excise taxes. Also, an attempt is made to point out the causes of the economic crisis in the Treasury.

Key words: treasury; public finance; economic crisis; 17th century Poland.

Translated by Tomasz Pałkowski



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