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RESEARCH ARTICLE

Foreigner kings as local kingmakers: how the 'unusual' marginalization of conservative political groups occurred in pre-Industrial Revolution Britain

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Abstract

Building on the Hodgson–Mokyr debate in this journal (Volume 18, Issue 1, 2022), this article discusses how modern economic growth occurred in pre-Industrial Revolution Britain, with a particular focus on coalition politics and the marginalization of conservative political groups – vetoers to change. Such political marginalization was unusual before the 19th century, when monarchs had substantial political power and land-based conservative groups were their main political allies. This article finds the source of the English exceptionalism in the unique system of non-imperial personal union that Britain then had with the Dutch Republic and Hanover. Under this system, foreigner monarchs chose their local ally in Britain based on the security needs of their home states. It created a significant disadvantage to the Tories, the incumbent conservative groups, while providing a window of opportunity for the Whigs, the opposition group supported by new commercial interests, to form a coalition with the Crown. The long absence of the Tories from power resulted in the incorporation of their constituencies into the Whig-led regime, making the traditional economic interests the regime's 'junior partners', instead of formidable political competitors to the new commercial interests, which was the case before and elsewhere at that time.

Keywords: Britain; coalition politics; development; institutional change; political settlements

1. Introduction

After more than a quarter millennium, we continue to discuss Britain's modern economic growth that led to the Industrial Revolution.[1] It has, in fact, been a topic of one of the liveliest discussions in economic history in recent years, where insights flowing from political science and political economy have been generating fresh debates.

[1]Britain's economy grew fast even before it fully enjoyed the fruit of the Industrial Revolution, the mechanization of industry making use of novel technologies such as the steam engine and spinning machines. The growth began in the late 17th century, and Britain became the wealthiest nation in income per capita by the end of the 18th century (Broadberry, 2021: 27). In addition, as Cain and Hopkins (2016: 122) point out, the magnitude of industrialization in Britain was not overwhelmingly large compared to that in some later-industrializing economies such as Germany and the US. The country's high share in the global industrial production in the 19th century owed to its first-mover advantage, which was soon exhausted by the diffusion of industrialization to other countries. Agriculture and services remained major pillars of Britain's economy, with the use of new technologies benefiting these non-industrial sectors too (Broadberry, 2021: 32).

One of the pertinent issues is whether the growth was caused by the Glorious Revolution of 1688, the displacement of the despotic king James II by the parliamentarians. The debate was animated by the seminal paper by North and Weingast (1989) arguing that the event ensured the growth through securing property rights. While this property right thesis was followed by an intense debate,[2] other outcomes of the event have also been explored. Extending the Northian institutionalism, Acemoglu and Robinson (2012) claim the event's effect of consolidating political inclusiveness, which they see as a 'fundamental cause of long-run growth' (Acemoglu *et al*., 2005).

Not all see 1688 as a watershed. O'Brien (2011) highlights the development of England's fiscal regime that began with the Restoration of 1660. Mokyr (2009) advocates the role played by the rise of knowledge in the modern economic growth. Hodgson (2017) points to the continuities before and after 1688 in regard to both property rights and the political power of Parliament, discussing instead that a series of wars England/Britain fought catalyzed capitalism through the state's borrowings from merchants and the rise of the state capacity to manage capital markets.

Recently, Hodgson and Mokyr exchanged opinions in this journal (Volume 18, Issue 1, 2022), which took place in the form of Hodgson's review of Mokyr's latest book (*A Culture of Growth*, 2016) and Mokyr's reply to that review. Hodgson, while appreciating the importance of cultural entrepreneurs, argues that Mokyr's account should be supplemented with the stories of 'disruptive' exogenous shocks that created opportunities to these entrepreneurs and propelled the institutional progress that would not have happened 'from within'. Referring to the so-called 'bellicist thesis' (Tilly, 1992), he claims that interstate war prompted the development of efficient state administration (Hodgson, 2022).

Mokyr, receiving Hodgson's institutional externalism, however, remains cautious about the immediate use of war as an explanation of development, noting '[w]ithout further elaboration, the argument can be overdone', and pointing out some counterexamples to the association of war and development, including the stagnation of France in the same period and Britain's relatively peaceful period prior to the mid-18th century (Mokyr, 2022).

To the eyes of the author of this article, who is a political economist with a political studies background, Hodgson's reference to the bellicist thesis, which is known for its statement 'war made states and states made war', is appealing in terms of bringing the institutionalism that distinctively evolved in two different academic fields – economic history and comparative politics – closer to each other.[3] Nevertheless, as scholars in the latter field have discussed to date, the bellicist thesis itself is in need of modifications in relation to some key issues, such as the non-uniform effects of war on development (there have been a number of cases in which war did *not* lead to development) (Menaldo, 2016: Chapter 8) and the causal equifinality (the same or similar outcomes have been achieved by other causes) (Vu, 2010).

War has been studied by some economic historians, too. For instance, Hoffman (2015) (although his immediate explanandum is military innovation rather than economic development) views European interstate competition (or what he calls 'tournament') as ingrained in the culture of monarchs – with war being their 'royal sport' and their source of glory and reputation – as well as that of the nobility – with war being their 'vocation' and their source of honor – to the degree that *not* fighting war was considered costlier than fighting. Nevertheless, such cultural explanation is also a general model and not good at explaining the unevenness of outcomes across countries and times.

[2]Hoppit (2011), for instance, categorically opposes the property right thesis, arguing that English property rights became *less* secure after the Glorious Revolution as the properties became susceptible to alienation and expropriation as warranted by parliamentary acts, and this insecurity, combined with the acts being subject to scrutiny, enabled the properties to be used for more productive purposes. He, nevertheless, acknowledges that the focus of North and Weingast (1989) in their discussion of property rights is different from his – the public finance that was operated through general legislation, in contrast to the local legislation he studies (Hoppit, 2011: 125).

[3]Many scholars in comparative politics refer to their approach as 'historical institutionalism', which is often contrasted with the rational choice approach. Historical studies in relation to the politics of development are part of the subfield known as 'state formation', where the bellicist thesis has offered a major theoretical platform. See Vu (2010).

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From the Hodgson–Mokyr debate, there remain two specific questions. First, why was it *only* in Britain that war resulted in modern economic growth? A number of wars were fought in Europe before the 19th century, but other monarchical states, which also benefited from a colonial trade and saw the rise of commercial interests, did not see growth on a par with that of Britain. What explains this English exceptionalism? Second, how can Britain's relatively warless period be accounted for? Between 1722 and 1738, Britain fought only one war, the Anglo-Spanish War (1727–29), which ended with no large-scale fighting. Historians often refer this period to as 'Pax Walpoleana', named after the de facto first prime minister Robert Walpole, who is known for his avoidance of war *vis-à-vis* the sometimes-jingoistic kings and public. Why was war *not* required if the process of development did not stagnate in this period?

The first question, in other words, is about how modern economic growth began, while the second is about why the driving factor of that growth was not necessary for its continuity. This article will answer these two puzzles by shedding light on political settlements. Political settlements, as understood in line with the distribution of power among different actors and social forces (Khan, 2018), operate as a variable mediating war and development, determining whether war leads to development or not, and also mediating non-war inputs.

2. Analytical framework

2.1. Coalition politics and political settlements

Political settlements themselves also need to be explained regarding their changes and continuities. To unpack how 'developmental' political settlements are achieved, this article will focus on coalition politics (Figure 1). In their chapter in *The Oxford Handbook of the Politics of Development*, Leftwich and De Ver (2018: 284) define coalition as actors coming together to achieve a goal that they could not achieve on their own. This article adopts a slightly modified version of this, viewing coalition as 'actors' cooperation that brings about an outcome that is not achievable otherwise'. The actor intentionality is omitted from the definition because economic development is better considered to be a macro end product, an 'aggregational' output of diverse actors' divergent actions.

Although economic development is a social, public phenomenon, it is usually pursued, at each individual or collective actor's level, in a manner only secondary to the actor's more private interests. Still, public enrichment can be achieved as a combined outcome of each actor's pursuit of their own interests *when certain political coalitions serve as a conduit*. Such coalitions may not be founded on the shared objectives of actors, but can derive from a marriage of convenience: such unintended consequences of actors' cooperation are common in the world of politics.

This article identifies the pattern of coalition politics in pre-Industrial Revolution Britain as a *tripartite interaction among the Crown, the traditional interests, and the new commercial interests*, with the traditional interests opting for the *status quo*, and the new commercial interests seeking novel economic opportunities. The political competition between such 'vetoers to change' and 'change agents' exists in any polity, authoritarian or democratic. In Britain, it took the form of parliamentary politics, with two loosely organized political groups: the Tories and the Whigs.[4] The Tories represented the traditional interests, such as small and medium landed interests and trade monopolies, while the Whigs were supported by the new commercial interests, including commercialized quarters of the large landowning nobles and independent commercial interests, including traders, manufacturers, and bankers. This partisan competition lasted for nearly half a century, from the 1680s up

[4]While the experiences of countries such as Germany, Japan, and South Korea tell that representation is not an absolute *sine qua non* for early development, the representation-development linkage was famously theorized by North, Wallis, and Weingast, who argue that the modern economic growth in Britain, as well as that in France and the US, was brought about by what they call the transition from 'limited access' to 'open access'. Their British narrative, however, focuses on the early 19th century, particularly around the 1832 Reform Act (North et al., 2009: 214), when the Crown began to lose its political power. Britain's fast growth and the Industrial Revolution certainly preceded it, and they also acknowledge that some political competition already existed before the 19th century (Ibid.: 203).

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Figure 1. War and economic development, via political settlements.

to the 1730s, before the major political conflict moved to the struggle within the Whigs. In that period, the Crown's choice of coalition partner mattered a great deal to the outcomes of political settlements.[5]

Comparative politics, as Leftwich and De Ver (2018: 276) argue, has eschewed conferring a large explanatory power to individuals, making explanations disproportionately structural and underestimating the role of agency even *as part of* the process. However, concerning pre-19th-century Britain, the role of agency is evident. Following the Glorious Revolution, Parliament increasingly acquired political power, but the Crown still maintained substantial political power, including its executive prerogatives, its control of civil list, and its appointment of ministers, who were primarily responsible to the Crown, not to Parliament – the downfall of a (*de facto*) prime minister as a direct result of Parliament's exercise of its power did not happen until 1742 (Langford, 1989: 687). Furthermore, the Crown retained the power to dissolve Parliament and influenced elections (which were still without secret ballot) through various means, including patronage, bribery, and intimidation (Harris, 1993: 19). In the Whig historiography, British monarchs have been depicted by some extreme images, such as tyrannical or tamed (Thompson, 2011: Introduction), but this itself owes to the fact that they were functional 'kingmakers' in coalition politics. They were either 'on our side' or 'on the other side', and their whereabouts mattered decisively to the power of political groups and their economic constituencies.

2.2. Questions

2.2.1. Unpacking the English exceptionalism

Partisan political competition also suggests that an early rise of commercial interests does not *automatically* translate into developmental political settlements. Under 'usual' circumstances, the conventional coalition of the Crown and the traditional interests (such as landed interests and trade monopolies) persists, and does not cede sufficient political space to the new commercial interests. Given that the new commercial interests likely seek less rent-oriented restrictions and more meritocratic competitions, or at least 'meritoclientelism' (patronage based on merit), the traditional interests strive to maintain this conventional coalition to protect their existing rents and veto changes (Acemoglu *et al.*, 2005). Under the conventional coalition, the traditional interests may oppose infrastructure development that is likely to threaten their existing local rents; extend existing underproductive arrangements to capture new economic opportunities, rather than leaving these opportunities open for new participants; pursue policies that favor them, at the expense of the new commercial interests (trade policy, for instance); or do not give the new interests a sufficient chance to develop the state capacity and institutions, with regard to finance, regulations, and human capital, which are necessary for achieving their goals.

Some so-called 'enlightened despots' in Continental Europe in the 18th century also brought commercial interests into their regimes so as to augment the state's economic prowess, but the political influence of these newcomers usually did not outcompete that of the traditional interests, which

[5]Some scholars question the two-party system's characterizing the politics in this period, such as Lewis Namier and Robert Walcott, but their claims received wide criticism. Today it is generally understood that the politics in this period can be explained by the two-party system *with exceptions*, rather than by an alternative model (Harris, 1993: 151).

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had been more powerful allies of the regime.[6] A subsequent failure in economic reform, thus, often resulted in the regime's political twilight: despite the presence of merchants benefiting from the colonial trade, France did not become a cradle of modern economic growth but saw the revolution and long political upheavals, while Britain thrived with stability.

In Britain, too, the traditional interests were die-hard. Unlike the earlier Dutch Republic and later France, the growth in Britain occurred in the absence of a political transition to a non-monarchical polity, without a clear break from the *ancien régime* (Mokyr and Nye, 2007: 60). The Glorious Revolution was a displacement of a despotic king who hankered after absolutism, but was not an ostracism of the traditional interests. The conservative Tories remained and continued to play elite bargains. Nevertheless, the conventional Crown–Tory alliance unraveled thereafter, with the Crown turning to the Whigs as its long-term ally. This shift perpetuated the political triumph of the new commercial interests, as Montesquieu, in his book *De l'esprit des loix* (*The Spirit of Laws*) (1748), described the anomalousness of Britain (Book XX, Chapter 7):[7]

> Other nations have made the interests of commerce yield to those of politics; the English, on the contrary, have ever made their political interests give way to those of commerce.

The Crown's shift of its alliance from the Tories to the Whigs cannot be explained by the Glorious Revolution itself, following which the Tories maintained the parliamentary majority for five years. Brewer's *The Sinews of Power* (1989), which advances the idea of the 'fiscal-military state' in England, directs our attention to the Nine Years' War (1688–97) that followed the Glorious Revolution and created a state that borrows, but his claim about the bipartisan fear of James II's return as a consequence of the war defeat (Brewer, 1989: 113) itself does not account for the shift that occurred in 1694. Likewise, North and Weingast (1989) discuss the role played by the politically strong Parliament armed with budgetary oversight in the rise of the state's capacity to borrow, but the exponential growth in the borrowing occurred after 1694.

2.2.2. The missing link between the Glorious Revolution and the Whig regime

On the other hand, associating the *aftermath* of this coalition shift with the economic growth leading to the Industrial Revolution is not new in the literature. It has been discussed not only by classical Whig historians but also by recent ones. Pincus and Robinson are among those who most clearly articulate the Tory–Whig difference and attribute the social and economic progress to the Whigs. They note: 'Had the Tories dominated politics in the decades after the revolution, English (then British) state and society would have looked very different' (Pincus and Robinson, 2014: 220).

Revisiting the above fiscal thesis, Stasavage (2007) also argues that the British state's real fiscal credibility was established under the 'Whig Supremacy' after 1715 with the commitment of the financial interests, which formed the major Whig constituencies, to servicing debt and maintaining taxes to repay the debt. Mokyr claims that obsolete rules and regulations were not always abolished but were increasingly ignored or evaded in this period (Mokyr, 2009: Chapter 17), and he associates the Whigs with the embodiment of the Enlightenment, particularly Francis Bacon's ideas about scientific knowledge, which he argues served as an ideological backbone of such institutional change (Ibid.: Chapter 19). Many, including Langford (1989: Chapter 4), point out that modern manufacturing mushroomed under protectionism, which was fundamentally a Whig approach to trade policy, in contrast to the low-tariff-oriented Tories.

Likewise, Bogart (2011) highlights the economic growth via the rise in infrastructure investment, where parliamentary acts enabled individuals and local groups to invest in roads, turnpikes, canals, and later railways. The improved transport connected local economies, putting an end to local

[6]The old interpretation of the French Revolution as a bourgeois revolution has been revised by a new generation of historians who see the commercial interests under the *ancien régime* as limited, patronized, and apolitical (Maza, 2012).

[7]The author referred to Montesquieu (1823).

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monopolies and leading to the rise of new businesses in the integrated national market. His statistical analysis of the development of river navigation found that towns had a '160% higher probability of getting a river act under a Whig majority in the Commons compared to a Tory majority' (Bogart, 2016*a*: 559), although geography and the characteristics of towns also influenced these acts a great deal.

The focus on the particular political group and its constituencies is not without criticisms. Cox asks why the economic changes that took place under the Whigs did not happen before the Restoration of 1660, when the commercial interests had also sided with the new political forces, but the illiberal Cromwellian regime was its political outcome (Cox, 2015: 213).[8] He also mentions the continued improvement in debt creditworthiness under the Tory regime (Ibid.: 214).

The first question will at least partly be answered by the approach of this article explained below, which highlights the personal unions that left the British local governance to Parliament, rather than having foreigner monarchs directly intervene. For the second, as long as the national debt system had already proven useful for the ruler, it is unlikely that the Tories had a policy option to dismantle it. The Tories, rather, aimed at placing the system under their control, and it was attempted through the creation of alternative financial institutions to the Bank of England (Brewer, 1989: 130–131). It was, however, the Whigs who set up the system in the first place.

Now, the question is: how did this coalition shift happen? And, also important, why were the conservative Tories incapable of rolling back and restoring their old alliance with the Crown? Certainly, the traditional landed interests were beneficiaries of the economic growth too. As the growth led to the rise of their income through land rent revenues, they eventually became ardent supporters of economic liberty. Nevertheless, this is hindsight: the awareness of such new formula did not proliferate before the economic growth reached a certain point, in the early 19th century at the earliest (Mokyr and Nye, 2007: 57–60). Why the incumbent conservatives were politically marginalized in the first place requires an explanation in its own right.

2.3. The argument

This article argues that the English exceptionalism in the liberals' political triumph was attributable to the unique system of personal union Britain had at that time.[9] Under this system, Britain (England before 1707) was headed by rulers of foreign states: William III of the Dutch Republic (r. 1689–1702), George I of Hanover (r. 1714–27), and his son George II (r. 1727–60). Indeed, within the seven decades between the settlement of the Glorious Revolution and the death of George II, Britain was under the reigns of these foreigner monarchs for nearly six decades.

The paramount concern of these foreigner monarchs was the security of their home states. Especially, located in the Continent, France posed a great menace to these two small states. It was only during the reign of Anne (r. 1702–14), the last Stuart monarch, that Britain was free from such non-British interests – before the accession of George III (r. 1760–1820), who, unlike his two predecessors, was born in Britain and did not strongly identify himself with Hanover.

Personal union itself was not a rare system of rule in Europe, but in other cases it was part of regional imperial rule, such as Austria's personal unions with Italian states, Denmark's one with Norway, and indeed, England's own ones with Scotland and Ireland. The British case was unique in terms of rulers of smaller states heading a larger state, with the self-governance of the latter practiced by their local coalition partner. The accession of William III was a result of the Glorious Revolution that was achieved with the invading Dutch army, and the personal union with Hanover

[8]Acemoglu and Robinson ask a similar question in relation to the Cromwellian despotism, but they attribute such different outcomes to contingencies and do not explain it further (Acemoglu and Robinson, 2012: 205–206).

[9]For methodology, this article uses an 'analytic narratives' approach, which is often adopted in studying the political economy of development through unique cases. In this approach, a puzzle is set first, and then an analytical model is built to identify and explicate the logic of the narrative-based explanation that is developed to solve the puzzle. This method was developed by scholars such as Robert H. Bates, Avner Greif, Margaret Levi, Jean-Laurent Rosenthal, and Barry R. Weingast. For the latest review of the method, see Levi and Weingast (2022).

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was brought about by the 1701 Act of Settlement, which limited Anne's heir to Protestants to prevent a succession by the son of ostracized James.

This system of non-imperial personal union, centered on the security concern of the home state, placed the Tories, as incumbent conservatives, at a significant disadvantage. William shifted his alliance from the Tories to the Whigs because the former, given that the fiscal burden of war fell on the landholders in the form of the land tax, did not agree with him on his expensive war effort that primarily served Dutch interests. The latter, on the other hand, were capable of finding a way to finance William's war through creating a new institution, the Bank of England.

The Tories regained royal support under Anne, along with whose accession the personal union with the Dutch Republic was dissolved. This conventional coalition eventually reconciled with France for Britain's own interests. The reconciliation, nevertheless, came at loggerheads with the interests of Hanover, an Electorate of the Holy Roman Empire: along with the Jacobite rising of 1715, in which some Tory heavyweights were involved, it led to the exclusion of the Tories under the following Britain–Hanover personal union.

The Tories' long absence from power resulted in their demise as a political organization representing the traditional interests. Walpole's Whig-led regime incorporated these interests and became a nearly catchall political umbrella for the propertied class. In this manner, the traditional interests were no longer formidable political competitors to the new commercial interests, which was the case before and elsewhere, but were only the 'junior partners' of the regime. Such way of inclusion of the traditional interests was conducive to the sustained economic growth because these interests otherwise could have formed an alternative political group to the Tories and challenged the Whigs harder if they had remained excluded.

In this manner, the non-imperial personal union explains the patterns of coalition politics and, hence, the developmental political settlements in Britain, in which the Whigs secured the long political victory, known as the Whig Supremacy. It explains why the Nine Years' War (1688–97) resulted in the shift in the Crown's coalition partner from the Tories to the Whigs, and also why the Whigs, who initially captured power as a war agent, recaptured power and stayed in power after the end of the War of the Spanish Succession (1701–14). (Table 1 illustrates monarchs, majority party, and wars in the period discussed in this article.)

3. Tripartite coalition politics in England/Britain

3.1. Charles II and James II

Britain's tripartite coalition politics has its root in the restoration of the Stuart dynasty in 1660. Charles II (r. 1660–85), having witnessed how the attempt of his father, Charles I (r. 1625–49), to avoid Parliament led to the Civil War (1642–51) and the Cromwellian Commonwealth (1649–60), instead *adapted* to parliamentary politics and sought to enhance his leverage *vis-à-vis* the nobility by garnering his following in Parliament through patronage (Harris, 2005: Chapter 1).[10]

This formation of the Court Party, especially under the leadership of Lord Danby between 1674 and 1678, was responded to by parliamentarians with a counterweight, the Country Party. These parties, then coming to be called Tory and Whig, respectively, were more loosely organized than political parties in the 19th century but were nonetheless groundbreaking in the history of parliamentary politics in England/Britain in terms of their transcendence of kinship-based factionalism and providing a bipolar political structure for social interests (Abbott, 1919).

[10]From a comparative perspective, the English Parliament *survived* the ascendancy of absolutism in the 17th century because of the non-development of a standing army. In contrast to Continental Europe, where constant land warfare, most notably the Thirty Years' War (1618–48), prompted the creation of such an army for states to defend themselves from sudden aggression, England, because of its geography, enjoyed greater options of neutrality, with military forces organized in an ad hoc manner, responding to particular war needs (Barnett, 1970: Introduction). The old rent-seeking Parliaments, however, did not much serve economic development (Tullock, 1988).

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Table 1. Monarchs, majority party, and wars, 1688–38

Monarch	Majority party	War
William, r. 1689–1702 Foreigner (Dutch)	Tory (1690) Whig (1695, 1698) Tory (1701), Whig (1701)[a]	Nine Years' War, 1688–97 War of the Spanish Succession, 1701–14
Anne, r. 1702–14 Local (British)	Tory (1702, 1705) Whig (1708) Tory (1710, 1713)	(Planned French invasion of Britain, 1708)
George I, r. 1714–27 Foreigner (Hanoverian)	Whig (1715, 1722)	(Jacobite rising of 1715) Great Northern War, 1700–21 (Britain joined in 1717)
George II, r. 1727–60 Foreigner (Hanoverian)	Whig (1727, 1734)	Anglo-Spanish War, 1727–29

Nine Years' War, 1688–97 Under the personal union with the Dutch Republic Enemy: France Allies: Holy Roman Empire, Spain, Sweden, etc.	War of the Spanish Succession, 1701–14 Enemies: France, Spain Allies: Dutch Republic, Holy Roman Empire, Prussia, etc.
Great Northern War, 1700–21 Under the personal union with Hanover Enemy: Sweden Allies: Russia, Prussia, Poland–Lithuania, Denmark–Norway, etc.	Anglo-Spanish War, 1727–29 Under the personal union with Hanover Enemy: Spain (The war ended without a large-scale battle.)

Source: Bogart (2016*b*: 278).
[a]General election took place twice in 1701 as William dissolved Parliament following the outbreak of the War of the Spanish Succession.

The mutual exclusion of these two parties became decisive in the Exclusion Crisis (1679–81), the confrontation over the royal succession. The affair was fundamentally religious, about whether to accept a Catholic heir, James,[11] but the demarcation of the party lines also took place in the field of economy. The royalist Tories represented traditional interests such as small and medium landed interests and trade monopolies (notably the East India Company). The Whigs were supported by commercialized quarters of the large landowning nobles and independent commercial interests, including traders, manufacturers, and bankers, who sought greater economic liberty and the dismantlement of existing restrictions (except for protectionism in trade, which many English industries, still being internationally undercompetitive, were in need of).[12]

The Crown and the Tories were almost in unison under Charles II,[13] but distance was created between them under James II (r. 1685–88), as the Tories were increasingly alarmed by the king's aspiration to emulate France's Louis XIV, the model of a Catholic absolutist monarch. Being royalist but also fundamentally Anglican parliamentarian, many Tories found James II's despotic vision dangerous and also risking another revolt in the long shadow of the Civil War.

They, thus, joined forces with the Whigs and the invading Dutch army in displacing him, while the minority royalists remained Jacobite, the supporters of James II, who fled to France and sought a return to the English Crown from the Court in exile. The Tories and the Whigs, however, had different interpretations of the event and, accordingly, possessed different post-event visions. The Tories saw

[11]Protestants initially allied with the Court since they found intolerant Anglicans as common enemies with Charles II, who was increasingly inclined toward Catholicism, but then they came to be alarmed by Charles II's growing hankering for absolutism and shifted their alliance to moderate Anglicans, forming the basis for the Whigs (Abbott, 1919).

[12]The recent quantitative study by Dimitruk (2021) indicates that, while non-Anglican Protestants (Dissenters) across England were initially the core constituencies of the Whigs, the Whigs after the 1680s came to be supported by the commercial, financial, and naval interests in Southeast England.

[13]While the Court and Country parties before the Exclusion Crisis are generally seen as precursors of the Tories and the Whigs, respectively, Harris (1993: 3) points out that there were also some minority Country Tories.

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that the revolution was over with the flight of this particular king. For the Whigs, it was a first step of the expected liberal transformation (Pincus, 2009: Chapter 10). Thus, the cutthroat partisan competition continued even after the accession of the Dutch ruler William of Orange to the English Crown as William III (with his English wife Mary as a co-monarch).

3.2. William III

An oft-neglected but important fact is that William, under the Dutch–English personal union, initially favored the Tories, not the Whigs, who had invited him for the Glorious Revolution. The 1690 election saw the Tories as the parliamentary majority. Although the Tories were larger than the Whigs in Parliament only by slight margins, 243 to 241 (Bogart, 2016*b*: 278), the cabinet was predominantly Tory, and William particularly placed his trust on Danby (known as Marquess of Carmarthen at that time) (Feiling, 1950: Chapter 10).

For William, he invaded England not because of his support of the Whigs' liberal ideology, but because of his paramount concern about the security of his home state. Facing the French offensive in the Nine Years' War, this timely rebellion in England provided him with a window of opportunity to bring England firmly into the anti-French alliance his Dutch Republic had formed with the Holy Roman Empire.[14] For this war objective, William needed two things from England: stability and money. For the former, maintaining the conventional Crown-Tory coalition was more desirable than bringing in to the cabinet the Whigs who embraced disruptive political activism (Pincus, 2009: Chapter 10). For the latter, William began to collect land tax in exchange for his protection of the landed class (Bates, 1988).

The William–Tory honeymoon, nevertheless, came to an end by 1694, with the Dutch monarch switching his coalition partner to the Whigs. The switch occurred because of the Tories' disagreement with William over his war effort. The Tories disliked the growing fiscal burden of the war imposed on England, which was paid by their landed constituencies, and the way the war was fought, especially the heavy deployment of English troops in Southern Netherlands (Gregg, 1980: Chapter 5). They insisted on scaling back the warfare and on the 'blue-water strategy', attacking France in its overseas colonies to make the war better serve English interests – and at that time this meant the trade monopoly interests that profited many of them. Such a claim did not please William, who was preoccupied with his concern about Dutch survival.

This encapsulated the significant disadvantage of the Tories under the personal union, as incumbent conservative groups representing the traditional English interests *vis-à-vis* the foreigner monarch, whose priorities were not local interests. The Tories' tension with William posed a window of opportunity for the Whigs to ally with the Crown through cooperating with William's war effort. In so doing, the Whigs managed to find a reciprocal solution for both the Dutch monarch and their commercial constituencies: the creation of a state bank, the Bank of England. While the Bank facilitated the state's borrowings from merchants to raise capital for the war effort,[15] it served as a bellwether for the rise of British capital markets known as the Financial Revolution, which preceded the Industrial Revolution (Hodgson, 2017); also, low-interest loans issued by the Bank were helpful for manufacturers (Pincus and Robinson, 2014: 214).

[14]France's Louis XIV aimed at annexing the Netherlands, the southern part of which was then owned by Spain. The Dutch Republic, facing a crisis in the Franco-Dutch War (1672–74), saw England's alliance with France as a menace to its survival. William succeeded in neutralizing England through his marriage with Mary, the daughter of would-be James II, in 1677 (which was arranged by Danby on the English side), as France's expansion was also increasingly seen by the English as unfavorable. It is also worth noting that, following the Glorious Revolution, which was achieved only with limited armed conflicts (it was not absolutely bloodless but was relatively so compared with the preceding Civil War), battles were fought in Scotland and Ireland because of the Jacobite resistances there.

[15]While the annual state expenditure was only £1.8 million in 1688, it more than tripled to £6.2 million by 1695 and more than quadrupled to £7.9 million by 1697, with the debt also rising from £1.0 million to £8.4 million and to £16.7 million, respectively (North and Weingast, 1989: 822).

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England at that time was ready for this solution. Merchants then saw the English state as creditworthy given its enhanced revenue predictability, owing to the centralization of taxation, which was major progress for the state's fiscal foundation after the Restoration, agreed on by nobles who aimed at reinforcing the regime stability so as to avoid another interregnum, even at the expense of their traditional tax-farming privilege (O'Brien, 2011).

The Whigs' cooperation with William does not necessarily mean that the Whigs were fully supportive of his continental war; neither had the Whigs desired England to be dragged deeply into Dutch warfare (Pincus, 2009: Chapter 12). Nevertheless, it was the only possibility for them to capture power from the Tories. The 1695 election saw the Whigs as the parliamentary majority, with 257 MPs, compared to 203 Tory MPs (Bogart, 2016*b*: 278).

The Whigs' capture of power was, however, short-lived. As the war with France ended in 1697, William's support of the Whigs began to unravel. The Whigs survived the 1698 election, but the Tories returned to the parliamentary majority in January 1701. William then oscillated with the outbreak of the War of the Spanish Succession (1701–14) in July: he dissolved Parliament, which had just been elected, and called for another election in November, which resulted in the Whig majority. Then William died in March 1702 because of an accident while riding a horse.

3.3. Anne

With the royal succession of Anne, the personal union with the Dutch Republic was revoked. Despite the new war with France, which Anne decided to continue fighting so as to defend the existing balance of power,[16] the English state, under the single local monarch, now ceased to be a Dutch war agent. The stable Crown–Tory coalition was restored. The Tories scored a landslide electoral victory in 1702: whereas until then the number of MPs aligned with the Tories and the Whigs had been almost in equilibrium at each over 200, the balance radically shifted in favor of the Tories, with 298 Tory MPs and only 184 Whig MPs (Bogart, 2016*b*: 278).[17]

The Whigs were, however, not completely marginalized, as the queen, who saw political parties as factionalism eroding national unity, tried to build a bridge between moderate politicians of the two parties (Gregg, 1980: Chapter 5). She even briefly relied on the Whigs after she learned of France's aborted plan in March 1708 to invade Scotland with the titular 'James III', son of James II, who had died in exile in France in 1701. Due to their previous cooperation for the Dutch warfare, the Whigs retained their political clout with their patronage networks in the army, in addition to those in the City (Langford, 1984). The Whigs recovered the parliamentary majority in the election that took place in the immediate aftermath of the aborted French invasion, with 268 MPs compared to 225 Tory MPs (Bogart, 2016*b*: 278).

Nevertheless, this did not warrant a Whig recovery. As France's ground in the war declined, Anne was afraid that the alliance between the Whigs and the army would become permanent (Gregg, 1980: Chapter 11).[18] While continuing to fight the war, she ordered the Tory leadership to enter clandestine peace negotiations with the French Court. Having lost royal support, the number of Whig MPs declined to 168 in the 1710 election and further down to 148 in the 1713 one (Bogart, 2016*b*: 278).

3.4. George I and George II

According to the 1701 Act of Settlement, Britain entered a personal union again after the death of Anne in 1714, this time with Hanover. The new foreigner king, George I, who ruled Hanover as

[16]With the death of Carlos II and the accession of Felipe V, the grandson of Louis XIV, the ruling family of Spain shifted from Habsburg to Bourbon. In this war, England/Britain continued to ally itself with the Holy Roman Empire.

[17]Dimitruk (2021: 183) speculates that some of the former Whig constituencies moved to the Tory camp.

[18]The Whigs' army patronage networks, nevertheless, did not grow much thereafter because Britain saw a peaceful period in the following 1720s and 1730s (Langford, 1984). The size of the British army only increased in wartime, rising three times in the rest of the 18th century: to fight the War of the Austrian Succession, the Seven Years' War, and the American War of Independence (Langford, 1989: Chapter 13).

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Georg Ludwig, was related to the earlier English king James I (r. 1603–25), with his mother Sophia being his granddaughter. Sophia was the closest Protestant blood relative to Anne, and Georg inherited Britain's royal heirship upon her death in 1714, which occurred just two months before the death of Anne.

However, Georg was one of the Electors of the Holy Roman Empire, who served as the Empire's field marshal in the War of the Spanish Succession. Such a profile for the new monarch was fatal to the Tories as he had resented Britain's clandestine deals with France at the end of the war that betrayed Britain's Continental allies for Britain's own interest, including the acquisition from France of a trade monopoly selling African slaves to Spanish America (*asiento*) (Gregg, 1980: Epilogue). The parliamentary prowess of the Tories now collapsed. The number of Tory MPs declined from 354 in 1713 to 217 in 1715, and further down to 178 in 1722, compared with 148, 341, and 379 Whig MPs, respectively (Bogart, 2016*b*: 278).

As the ruler of an absolutist kind in his home state, George I nevertheless found the Whigs' liberal ideology also disturbing, so initially he tried to set up a mixed ministry (Hatton, 1978: Chapter 5). However, this plan failed almost immediately because of the Jacobite rising of 1715, which involved some alienated Tory heavyweights such as Bolingbroke, who had served as the negotiator of the clandestine deal with France. Although today's historians agree that the Tories' dismissal of the Hanoverian succession was exaggerated (Dickinson, 2003*a*), the titular James III's claim to the British Crown based on his Stuart lineage amplified the menace of the Tories as perceived by the Hanoverian king.

The following Jacobite coup plot in 1721 almost put an end to the possibility of the Tories' return to power. By the time of the accession of George II in 1727, the Jacobite threat had already waned, and the Tories sought a fresh start in their relationship with the Crown, but George II did not alter the existing approach of governance (Langford, 1989: Chapter 2). The 1727 election saw only 128 Tory MPs, compared to 430 Whig ones (including the Whigs' internal opposition) (Bogart, 2016*b*: 278). Crown Prince Frederick was the Tories' last hope, which narrowly held together the organization, but Frederick died in 1751 before his father (Glickman, 2011).

Under the new personal union, Britain's foreign war agency returned. Britain's capital and naval power gave a significant boost to Hanover's international position. Britain joined the Great Northern War (1700–21), the war of northern European states against the Swedish empire, at its last stage, helping Hanover's territorial expansion. With the end of this Baltic war, Britain, however, entered the relatively peaceful period in the 1720s and 1730s, and the king's Hanover-firstness became less contentious (Hatton, 1978: Chapter 10).[19]

Still, George I was frequently back in his home state, undoing the initial accord that his absence from Britain required Parliament's consent (Langford, 1989: Chapter 2), which was made after the frustration of the British parliamentarians with William being absent in his home state. This was also the case with George II, who was born in Hanover and did not strongly identify himself with Britain. During the 46 combined years of their reigns, they stayed in Hanover 19 times in total, with each stay typically lasting for half a year (Williams, 1939: Chapter 2).

The first two Georges focused their effort on foreign policy in the Continent, largely leaving Britain's governance to the Whig leader Robert Walpole. This gave birth to the political position of prime minister, which was, after the exit of Walpole in 1742, taken over by Whig heavyweights such as Pelham, Newcastle, and Pitt the Elder. Such division of labor between the Hanoverian kings and the Whig heavyweights continued until the accession of George III in 1760, who was, unlike his two predecessors, born in Britain and no longer primarily identified himself with Hanover – and accordingly was more interventionist in Britain's internal affairs, which made him be remembered as a tyrant (Hatton, 1978: Chapter 9; Thompson, 2011: Introduction).

[19]Walpole also did his best to avoid war as fiscal prudence was required at that time, with the national debt having piled up during the previous quarter-century-long war period (Langford, 1989: Chapter 13). He was helped by the fact that security threats to Hanover by France, Russia, or Prussia did not materialize until the 1740s (Black, 2009: 24).

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The positions of the two political groups were opposite of those at the time of the Glorious Revolution: now the Whigs were the Court Party and the Tories attacked the regime's corruption and repression. By the 1740s, however, this partisan politics was about to disappear.[20] Being long absent from power, the Tories were hollowed out as a political organization. They were even no longer the largest opposition: a significant opposition effort grew within the Whigs. The former Tory constituencies were incorporated into the Whig-led regime by Walpole.

4. Questions about cooptation and corruptions

Finally, I will address the questions about cooptation and corruptions in the political economy of Britain in this period (these questions were asked by the reviewers of this manuscript and possibly reflect the concern of the wider readership). While the focus of this article is the relationship of the personal union and coalition politics, my views on these questions are as follows:

With the decline of the Tories, the traditional interests were coopted into the Walpolean regime, which meant that the Whigs ceased to be a partisan organization and became a nearly catchall political umbrella for the propertied class (Langford, 1984). These traditional interests, which used to be formidable political competitors to the new commercial interests under the patronage of the Crown – as they still were elsewhere in Europe – were, thus, now only 'junior partners' of the regime. This perpetuated the new commercial interests' political triumph because the cooptation meant the lack of organization of an alternative political group to the Tories, thus, deterring a rollback of the traditional interests in a form more detrimental to the new interests.

Certainly, given the nature of the inclusive regime, the economic liberalization coexisted with the preservation of some existing institutions. The landed interests were well looked after by the regime, with the commodification of land progressing only in an incremental manner (Hodgson, 2017). Likewise, some revenues from the land tax were replaced with those from the excise tax, with the objective to rescue the landed interests, which had been suffering from the plummeting prices of agricultural products caused by oversupply (Langford, 1989: Chapter 4).[21] In the longer run, some of these landed interests adapted and became part of the new economy, particularly through enclosures that led to more efficient agricultural production, supported by parliamentary acts and offices generated by the growth of the state (Mokyr and Nye, 2007). By the time they felt the effect of the repeal of the Corn Laws in the late 19th century, many of them had merged with financial interests (Cain and Hopkins, 2016).

Major trade monopolies also remained, being reformed rather than removed. The East India Company, surviving the early offensive of the Whigs, continued to operate and maintained a stable relationship with the Walpolean regime.[22] So did the South Sea Company, which was set up in 1711 to handle the *asiento* business. The Tories also intended to develop this company into an alternative financial hub to the Whig Bank of England (after their initial attempt to develop the Land Bank in the 1690s failed), but it became an epicenter of the bubble crisis in 1720.[23] Under the Walpolean regime, both companies performed the role of creditor along with the Bank of England, albeit to lesser degrees (Sutherland, 1952: Chapter 2).

[20]The Tories and the Whigs in the 19th century, while sharing some ideological components, were different groups from the original namesakes in terms of organization (Dickinson, 2003*a*, 2003*b*).

[21]Ashworth (2010), however, claims that the excise had some positive effect on the early manufacturing growth as it contributed to the state's regulatory capacity and resulted in the general improvement of the quality of English products.

[22]The early Whig attempt to liberalize access to colonial trade did not fully succeed, but it resulted in more merchants acquiring stakes in the existing trade monopolies, in particular the East India Company. During the reign of William, the Whigs challenged the East India Company by setting up a competing company with the same name, and the two companies merged during the reign of Anne. The unified Company's position became more secure under the Walpolean regime because of the political stability (Bogart, 2017: 45).

[23]This bubble crisis provided Walpole with a chance to win George I's trust through his endeavor to settle it, along with his discovery of the Jacobite coup plot in 1721 using the espionage networks (Hatton, 1978: Chapter 9).

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Walpolean England was certainly characterized by an oligarchy and corruptions. To some degree, this came with Walpole's unrivalled political clout after 1721 with the royal support given to him in return for his management of Parliament through patronage networks.[24] Such principal-agent arrangement, however, also kept the self-governance in Britain free from royal intervention and maintained the autonomy of Parliament until George III's accession. Viewed from the modern perspective, the economy might not have fully harnessed its growth potential, but the evaluation must be *relative* to other countries at that time and to England in the past. Even in the presence of cronyism, when *more* productive forces are given greater political leeway and wider economic opportunities, the economy grows faster than in the scenario in which the conservative forces remain dominant. The coexistence of oligarchic cronyism and early development was observed among later cases too, such as South Korea (Kang, 2002).[25]

5. Conclusions

This article answered the two questions arising from the Hodgson–Mokyr debate by focusing on coalition politics as a process producing developmental political settlements. It solved the first puzzle, why war resulted in modern economic growth only in Britain, by arguing that war was conducive to the liberal Whigs' political triumph *in conjunction with* the system of non-imperial personal union, which led to the marginalization of the conservative Tories. The Whigs had the advantage of serving as a war agent derived from the financial interests being their constituencies, in the context of the absence of a standing army in England, where the state 'borrowed money and bought men' each time it fought war (Langford, 1989: 693). This made the financial interests a prime stakeholder of warfare, in contrast to the monarchical states in the Continent, where the prime stakeholder was the landed nobility, as was in England before 1694.

For the second question, how Britain's relatively warless period can be accounted for, the permanent decline of the Tories enabled the Whigs to maintain their political dominance even without warfare. The personal union with the Dutch Republic ended under the local monarch Anne, and the Crown–Tory alliance was restored. However, the ending of the War of the Spanish Succession, with Britain engaging in secret peace negotiations with France in betrayal of its Continental allies, boded ill for the political prospect of the Tories under the following Britain–Hanover union. With the Jacobite rising and Walpole's cooptation of the Tory constituencies, this formed a critical juncture that closed off the potential path for the Tories to return to power.

By highlighting coalition politics, this article explained the unevenness across countries and times, which the existing general models of the positive relationship between war and development does not explain. In terms of associating the Nine Years' War with the Whig triumph, the argument of the article may sound similar to that of Pincus and Robinson (2014). However, their focus is on the dynamic that the king's need to finance the war required an active Parliament, which *per se* does not account for the shift in the king's coalition partner from the Tories to the Whigs. This article emphasizes that William was a foreigner monarch primarily interested in the security of his home state, and that is why he defied the Tories.

Running historical counterfactuals is a herculean task, but if a local monarch had replaced James II, a Tory regime would have likely persisted longer (and the event that became the Glorious Revolution would have possibly been remembered, or forgotten, only as a coup in royal politics). In such a scenario, it is questionable whether England, without a Whig triumph, could have captured a chance of modern economic growth as early as it did.

[24]According to Black (2009), this was also enabled by the absence of war, considering how Hanover's Baltic war split the Whigs between 1717 and 1719 and made Parliament unmanageable to the regime.

[25]This urges us to consider an analytical middle ground, such as 'meritoclientelism', that represents an improvement on productivity with some limitations.

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Finally, there remains the task of explaining comparatively. How can we account for the fact that Continental monarchies achieved modern economic growth in the 19th century without such personal union? The question may sound odd, but it is a legitimate one after the foregoing analysis of the unusual British case. France may offer another exceptional case for the very anomalousness of the 1789 revolution (other major Continental states, such as Prussia, Italy, Austria, and Russia, achieved modern economic growth under the incumbent monarchy), but its continued modernization after the Bourbon Restoration in 1815 is worth revisiting from the viewpoint of coalition politics. Louis XVIII of the restored regime bypassed conservative royalists who had initially dominated the parliament, and allied with moderate ministers close to the burgeoning bourgeoisie, preserving the Napoleonic administrative institutions (Horn, 2006; Lucas-Dubreton, 1929). For other countries, another point made by Mokyr in the foregoing debate, namely that developmental institutional change often followed war defeat, such as Napoleon's offensive in 1806 for Prussia, and the Crimean War (1853–56) for Russia (Mokyr, 2022), seems worth investigating further.

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