

Theories describing the modernization of early modern states emphasize the key role of war expenses and their decisive impact on institutional changes. Success of military actions as well as of modernization processes depended on the ability of the state to build effective taxation systems and borrow money when it was in short supply during financial crises. Polish and Lithuanian scholars have not participated in international debates about state building and state fiscal capacity. Therefore, Polish-Lithuanian Commonwealth is presented in western historiography as a model example of a state that was doomed to failure because of its ineffective political system, lack of centralization, inefficient administration, economic backwardness, and specific social structure, all of which were responsible for relatively small financial capacity of the state.

We hypothesize that at the beginning of the early modern period Jagiellonian states, similarly to other European countries, entered the modernization path. In spite of only minimal centralization and backward, agriculture-based economy with few large urban centres, Jagiellonian states managed to reach the fiscal capacity at the level allowing for successes in interstate warfare.

The major aim of the project is to study the fiscal capacity of the Kingdom of Poland and Grand Duchy of Lithuania in the 16th century (1492-1586). To achieve our goals, we plan to undertake the following:

1. Determine the level of tax revenues (permanent and extraordinary taxes);
2. Study the profitability of crown domains and try to estimate the amounts earned by the monarch from medieval royal monopolies, such as mint monopoly and salt monopoly.
3. Study the credit market connected with the crown debt and the public debt.
4. Analyse the flow of funds between the Kingdom of Poland (together with the Royal Prussia that until 1569 had its separate treasury) and the Grand Duchy of Lithuania.
5. Analyse institutional changes that contributed to the increase in state financial capacity.

To reconstruct royal/ducal and public revenues, we use such primary sources as: registers of the Polish crown chancery (*Metryka Koronna*) and the registers of the Lithuanian chancery (*Lietuvos Metrika*), tax summary records, kings/ducal bills and royal/ducal court bills. Information from primary sources will be transferred to databases and then analysed with the use of quantitative methods.

The overall results of the project will not only be the expansion of knowledge of the economic and political history of both Jagiellonian states, but most importantly, the incorporation of Lithuanian and Polish historians into a worldwide debate on early modern state formation. We will add a new collection of data to this debate and our project will contribute to better understanding of the specificity of non-western areas in Europe, which in turn ought to enhance the quality of conducted studies and lead to the revision or modification of some of the existing concepts.