One unexpected benefit to constitutional monarchy was that British elites, through parliament, no longer opposed the royal government but instead became the government. After the Glorious Revolution, lawmakers in England felt secure enough from royal attempts to seize power unlawfully that they were willing to increase the size and power of government and to levy new taxes. Thus, the English state grew very quickly, whereas it had been its small size and the intransigence of earlier generations of member of parliament in raising taxes that had been behind the conflicts between king and parliament for most of the seventeenth century.

The English state could grow because parliament was willing to make it grow after 1688. It did grow because of war. William of Orange had already been at war with Louis XIV before he came to England, and once he was king Britain went to war with France in 1690 over colonial conflicts and because of Louis’s constant attempts to seize territory in the continent. The result was over twenty years of constant warfare, from 1690 – 1714.

To raise money for those wars, private bankers founded the Bank of England in 1694. While it was not created by the British government itself, the Bank of England soon became the official banking institution of the state. This was a momentous event because it allowed the government to manage state debt effectively. The Bank issued bonds that paid a reasonable amount of interest, and the British government stood behind those bonds. Thus, individual investors were guaranteed to make money and the state could finance its wars through carefully regulated sales of bonds. In contrast, Louis XIV financially devastated the French government with his wars, despite the efforts of his Intendants and other royal officials to squeeze every drop of tax revenue they could out of the huge and prosperous kingdom. Britain, meanwhile, remained financially solvent even as their wars against France grew larger every year. Ultimately, this would see the transformation of Britain from secondary political power to France’s single most important rival in the eighteenth century.