Solutions

Each answer shows the steps, then the **result**.

2.1

- any three of: cheap borrowing; naval power; a commercial and colonial network; political stability after the settlement

2.2

- taxation required the consent of a body representing the lenders, so the debt was believed secure and the rate fell

2.3

(a)

- the difference in fiscal systems and borrowing costs

(b)

- French debt without the machinery to service it produces the crisis of 5.4

3.1 B

- protecting one's own trade and denying the enemy's is decisive over time

3.2 B

- representation made the promise credible

3.3

(a)

- a very large difference in the total cost of the same borrowing

(b)

- the saving funds ships, troops and subsidies to allies, so the cheaper borrower fields more force for the same real cost