War and Society
France, 1598–1789

Branislav L. Slantchev
Department of Political Science, University of California, San Diego

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1 Medieval Origins, 843–1598

The territorial conglomerate that would become known as "France" had its origins in the Treaty of Verdun in 843, which ended the civil wars between the grandsons of Charlemagne. The treaty divided the vast Carolingian Empire into three kingdoms: East Francia (which became the Kingdom of Germany, the largest component of the Holy Roman Empire), Middle Francia (which included the Low Countries, Lorraine, Alsace, Burgundy, Provence, and the Kingdom of Italy), and **West Francia**. The third kingdom already incorporated about 75% of the territory of modern France. The territory was a patchwork of various provinces and principalities that the Kings of France were constantly struggling to bring under direct royal control centered on Paris. Starting with the royal domain in the Île de France in 987, the kings tried to extend their influence by forging relationships with powerful dukes and counts. Figure A shows the humble beginnings of the country with the relatively small royal domain. The kings used their feudal prerogative to demand service, occasionally using force when compliance was not forthcoming. They bribed towns and the church by granting them privileges, exemptions, and special status. They married strategically, hoping that eventually the patrimony would fall to the royal house. Along the way, the kings had to face foreign invasion, revolts by the elites, and the very common rebellions by the peasants (mostly over taxation). Despite these hiccups, this gradual process created a patchwork of territories, non-contiguous and riddled with exceptionalism, but at least more fully acknowledging the overlordship of the king.

The Hundred Years War with England and the demographic collapse in the wake of the bubonic plagues, however, reversed many of these gains. France began the 14th century with a population of about 17 million, but had lost nearly half of it by 1440. It would take another century and a half to recover the 14th century high. This decline constituted a demographic catastrophe for a country, in which the overwhelming majority of the population tilled the land, and where the royal income was so bound to the vicissitudes of an agrarian economy.[1] Although the English were eventually expelled, the strain of this war came at the time where royal revenue was shrinking due to the economic downturn caused by the loss of labor. With so many peasants dying, large tracts of land previously under cultivation were abandoned. The revenues of the Crown were thus squeezed by the expenses of war, the shrinking of the tax-base, and the increasing resistance of the power elites. The elites were, of course, facing the same problem as the Crown as they found their own income falling because there were not enough peasants to work on their estates. With labor becoming scarce, wages also went up, making it even more expensive to hire the necessary workforce. This process endowed the peasants with bargaining power: they extracted longer leases and gradually began to acquire property rights over the land they were cultivating.[2]

One would naturally expect the power elites to close ranks and cooperate with each other and with the king to impose, by force if necessary, limits to these wage increases, and at least stem the devolution of power to the peasants. This, in fact, is precisely what happened in Eastern Europe at the time, and this is what the Prussian elites would do in the wake of

[1] As late as 1500, an estimated 73% worked in agriculture, with the share going slowly down to 69% in 1600 and 63% in 1700, when only 40% of the Dutch and 55% of the British farmed. Hoffman, "Early Modern France," p. 226.

[2] North & Thomas.

the Thirty Years' War. In France, however, the incentives to coordinate were overwhelmed by centrifugal forces. By 1360, the English had occupied Acquitaine, Gascony, and parts of Brittany (the entire southwest) and were trying to regain control of Normandy, depriving the kings of vast territories and their resources. These losses and the continued fighting made it nearly impossible for the king to offer tangible force in support of the power elites. They were, in effect, on their own, and they acted on it. Some were content to extort more concessions from the king in exchange for their help in the war.[3] On top of that, the plague had struck some regions worse than others: in some places, and the area around Paris was among them, the population had dropped to one-third of its pre-plague levels. This meant that the distribution of costs was uneven, which led to competition among the elites and "protectionist" policies. This particularism led to fragmentation of royal authority, but it paled in comparison to what the more powerful magnates did. The war had enabled some of them to accumulate sufficient resources to attempt to break away from the orbit of the French king. The Dukes of Burgundy were in fact busy laying the foundations for their own independent kingdom incorporating the eastern part of France and the Low Countries. By 1420 the English, in alliance with Burgundy, had shifted their presence to the north, where they took Brittany, Normandy, and Champagne — the King of France even lost Paris. Between themselves, the English and the Burgundians controlled a larger part of France than the French king (Figure C). The English king Henry V declared Charles VII illegitimate, and induced the Estates-General to accept his marriage to his daughter Catherine of Valois such that the Valois inheritance would pass to the English Crown. Although the French king eventually succeeded in expelling the English, the damage had been done. Centuries of patient agglomeration and amalgamation of territories under royal rule were thus undone by mid-15th century.

The Burgundians nearly caused a renewal of the war with the English in 1474 when Louis XI had to bribe the English king to stay out. Three years later the duke was killed in battle, leaving the duchy and the Low Countries to his daughter Mary the Rich. Using the rules of inheritance under the Salic Law, the king deprived Mary of the duchy, which passed into the royal domain. In 1481 Provence followed suit, and although it took nearly forty years to do so, Brittany was brought around between 1491 and 1532.[4] The long process of re-assertion of royal authority (re-assembling France, so to speak) had begun (Figure C). After the mid-16th century, the population recovery made labor abundant again, increasing land cultivation, and driving down wages. As the coffers of the king and the power elites started to fill up, the peasants began losing their bargaining leverage. Conflict over the property rights they had acquired over the last two centuries, however, escalated. As usual, the timing was awful: the House of Habsburg was about to make a bid for Europe.

In 1516, Charles V of Habsburg became king of Spain, and when he was elected Holy Roman Emperor three years later, the Habsburg domains encircled France. The struggle for domination in Italy between the Habsburgs and the Valois had already been going for

[3] When the Crown acquired the right to collect ordinary taxes in mid 14th century, the nobility was not exempt. Within several decades of war, however, they had managed to obtain complete exemption. Charles VI was forced to grant them an exemption from a new direct tax (among other concessions) in 1388, and six years later the nobles escaped the excise tax on produce from their properties. Hoffman, "Early Modern France," p. 229.

[4] To induce the Breton nobility to cooperate, Charles VIII reduced their taxes. Bonney, p. 156.

decades, but it now intensified. Between 1521 and 1560, France would fight five wars in Italy, spending a total of 27 out of these 40 years at war there. The wartime French army grew from about 40,000 to a peak of about 73,000, straining the already stagnating recovery. The incessant demands of warfare thus came at a time when king, nobles, and landlords were trying to regain their traditional influence while the towns and the peasants struggling to regain their hard-won liberties. The heavy tax demands provoked tax revolts, and some became widespread and were costly to quash. In 1548, for example, there were rebellions over the *gabelle* in Guyenne and Bordeaux, and even though they were both violently suppressed, Henry II abandoned the enforcement of the tax. These internal weaknesses caused France to lose the competition over Italy, and the Habsburgs became even more threatening than before. Spain had become the dominant power in Europe.

Then, into this already volatile mix, came the Protestants. Lutheranism had come to France early in the 16th century but the Catholics had managed to intimidate them, mostly because they were scattered and disorganized. When Calvin established the militant but very efficient organized church in Geneva in the 1550s, his followers fanned out to spread both his teachings and, more importantly, their institutions. This enabled the French Protestants — the Huguenots — to organize themselves, and within a decade the Calvinists had established over 1,200 churches. Whether out of genuine conviction or because they sensed an opportunity to profit from an alternative organizing principle (and the possible secularization of church property if the movement would succeed the way it did in northern Germany), more than half of the nobility converted. By 1562, there were 2 million Calvinists in France, and the power elites were now ready for a showdown as to who will control the state.

When Francis II died in 1560, the regent Catherine de' Medici found herself dealing with debt from the war with the Habsburgs that had just ended the year before while simultaneously steering between the Catholic and Huguenot factions, championed by the House of Guise and House of Bourbon respectively. Her policy failed, and in 1562 civil war between Catholics and Huguenots erupted. These **Wars of Religion** would engulf the country, and last for thirty-six years, pushing France out of the international competition. In 1593, Henry IV finally bowed to the inescapable reality that resolutely Catholic Paris would not submit to a Huguenot king, and converted. This split the Catholics, with the moderates no longer wishing to oppose his rule and ready for accommodation with the Protestants. As we have seen, this prompted Spain to intervene to prevent Henry's victory, leading the king to declare war on Spain in 1595. Although this action gave the Dutch rebels their much-needed relief when the Army of Flanders invaded France, the Spaniards made good progress, capturing Amiens and appearing ready to march on Paris. The king was saved mostly by the collapse of Spanish finance, which stalled the offensive, and the disagreements over policy within the Catholic League. With the Spaniards held at bay, Henry IV was able to put down the war in Brittany in 1598.

In the same year, the king promulgated the **Edict of Nantes**, which granted the Huguenots substantial rights, including freedom of worship. The goal, of course, was to reduce the religious — and therefore, political — tensions, but the still predominantly Catholic French were not that tolerant. The king managed to induce the commanders of the Catholic League to lay down their arms by paying them the huge sum of 32 million livres, which exceeded the annual royal revenue at a time when that revenue itself was undermined by Henry's

remission of between a quarter and a third of the *taille* to induce cooperation.[5] Getting the magistrates to cooperate required less pecuniary methods. The king had to water down the text somewhat in order to get the **Parlement of Paris** to register the Edict (without registration as "fundamental and irrevocable law" it could not become legal), and some provincial parlements did not register it for ten years. This obvious resistance to accommodation, which the Crown desperately needed if it were to have any hope of restoring the kingdom, meant that the safety of the Huguenots would have to be guaranteed by military force. This lead to the addition of secret clauses to the Edict that gave the Huguenots places of safety — fortified cities, for whose military defense the king undertook to pay, and a series of emergency forts whose maintenance the Huguenots would finance themselves. This policy, however, allowed the Huguenots to develop local centers of authority and achieve partial political autonomy. When the king tried to assert the Crown's rights, the Huguenots revolted. La Rochelle, their main stronghold, would go on to become a serious liability for the king until it was reduced in 1629. Although the security commitments of the Edicts were then revoked, the religious freedoms remained in place.

These would not be curtained until the Crown was strong enough to impose its policy by force. It would be Louis XIV who would order the *dragonnades* — the billeting of soldiers in Huguenot households — in 1681 in an effort to get the Protestants to either convert or leave the country. When this did not yield the desired results, the king revoked the Edict of Nantes, and promulgated a replacement, the **Edict of Fontainebleau**, in 1685, declaring Protestant practices illegal in France. By this time the Protestants had no hope of challenging the might of the state (Louis XIV was maintaining a peacetime army of 165,000), and so many chose to emigrate instead. The nearly 200,000 people that left France went to England, Prussia, and the Dutch Republic.

With the Edict and the consequent peace with Spain, the year 1598 marked the end of an era. The kings had not merely survived a civil war, but were able to reduce many of their most dangerous rivals. The process of restoration of royal authority (or, many cases, its assertion after a long lapse) could now resume. As the kings put their house in order, they became more aggressive in their foreign policies as well. It is these domestic changes, instituted during the *Grand Siécle* (the Great Century) from about 1610 (the accession of Louis XIII) to 1714 (the death of the Sun King Louis XIV), that will concern us here for the most part. We are focusing on this period because it marked the re-assertion of royal authority after the civil wars had nearly torn the country apart; because this permitted the king and his capable ministers to focus on internal reforms of taxation, administration, and the organization of the military; and because these reforms in turn enabled France to wield vast military power, eclipsing forever the Habsburgs but also provoking numerous countervailing alliances that eventually exhausted its resources and led to its relative decline after 1714.

2 The Ministries of Richelieu and Mazarin, 1624–61

Getting the monarchy through the dark days of the early wars of religion and then cobbling a coalition of moderate Catholics and Protestants to defeat the ultra-conservative Catholic

[5] Bonney, p. 156.

League took its toll on the Crown's finance. On one hand, these wars were quite different from the truly desperate times during the Hundred Years War when the very existence of the monarchical state was at stake, and when there was a very real possibility that France would fragment like Germany had. By the 16th century, the "state" had become too valuable to the power elites, many of whom derived their income from offices and many of whom enjoyed high social status from their official titles. The struggle in these wars was for the control of the state itself rather than for its dismemberment. This made reconstruction a whole lot easier: the survivors of these wars were not merely interested in peace, they were interested in peace *within* the contours of the state. The Crown's main task, therefore, would be to provide this peace, thereby going a long way toward legitimating the somewhat shaky succession of the House of Bourbon.

On the other hand, winning the "state" had come at a price. By 1596, Henry IV already owed nearly 300 million livres (the equivalent of nearly 10 years of royal revenue).[6] This astonishing debt would put paid to any recovery all by itself, and the situation was aggravated by the exorbitant interest rates at which it was contracted. If there was going to be any hope to service this debt while simultaneously maintaining the forces to ensure the law and order that the country needed, drastic reforms would be necessary. This did not mean the king had to repay the debt, but it did mean that he had to find a way to make it sustainable. With war-related expenditure twice the revenue, the problem quickly became one of insolvency rather than liquidity. Something had to give, and this something would (naturally) be the creditors and (when possible) the taxpayers.

Henry's Superintendent of Finances, the Duke of Sully, pressed with reforms of the tax system and with restructuring of the debt. On the tax front, he abolished many of the useless offices that had accumulated from years of indiscriminate sales, banned provincial governments from raising money on their own, persecuted embezzlement, and streamlined tax collecting. Although he did institute some tax breaks on the *taille*, these were offset by increasing the rates of the *gabelle*. On the debt front, he repudiated part of the debt and, under the threat of further repudiations managed to reschedule the rest at much lower interest rates. By 1609, he had succeeded in reducing indebtedness by 100 million livres, and had even accumulated about 12 million in the royal treasury. Even then, in 1607 debt service was 11 million livres per year, and was absorbing between 35% and 40% of royal revenue.

For his part, Henry IV go ready to do what kings did: prepared for war. He had not forgiven Spain's intervention that had prolonged the civil war by four years, but more importantly, that intervention also revealed France's vulnerability to the Spanish Habsburgs. With the Dutch Revolt nearly exhausting Spain, the time appeared opportune for dealing with that threat. We will never know what might have happened had Henry carried out his plans — although there is good reason to suppose that he would have found Spain a lot tougher to crack now that the Dutch were out of the picture with the Twelve Years' Truce — because the king was assassinated in 1610. Since his son, Louis XIII, was only nine years old, Henry's widow, Marie de' Medici, assumed the regency and, being half-Habsburg herself, immediately canceled the invasion plans. Instead, she arranged for the marriage of her daughter Elizabeth to the future king Philip IV.

[6] Bonney, p. 141.

With royal authority weakened by the minority and the somewhat inept management of the regency (Marie had dismissed Sully), the centrifugal tendencies emerged again. The princes of the blood revolted, and the nobility began to assert their hold at the provincial level, demanded larger pensions and new offices, and eventually forced Marie to convene the Estates-General in 1614. The intention might have been to create a permanent assembly that would convene regularly without being called by the monarch, but the nobles ran afoul of the assertive bourgeois deputies, the assembly failed to reach an agreement, and was dissolved. The deadlock might have been among the reasons the Estates-General confirmed the royal perception of their uselessness, which contributed to them not being called again until 1789.

In 1617 Louis XIII, who had already reached legal majority, finally asserted his authority, exiled Marie, and returned to the anti-Habsburg policies demanded by the geo-strategical context. The king's troubles were not over — two years later Marie escaped and lent her support to the aristocratic revolt of her other son, the Duke of Orléans. Although the king crushed their forces, the continuing weakness of the royal center had deleterious consequences both domestically and internationally. In the south, the devout Catholicism of the regent who, was hoping to reverse the gains of the Protestants, sparked resistance in the south. By 1620, the towns of Languedoc were in a virtual state of rebellion. The Crown engaged in a long and costly effort to suppress them, which consumed its resources and prevented France from coming to the aid of the anti-Habsburg forces in the Thirty Years' War that had broken out in 1618. With the army of the Bohemian Estates was routed by the imperial forces in the Battle of White Mountain in November 1620, it looked like the Habsburgs were well on their way of asserting their control in Germany. The French paralysis in foreign policy that was arising out of domestic strife was giving the Habsburgs an opportunity to complete their encirclement of the country and become dominant in Europe.

Having quieted, by force or bribe, the nobles, the king turned his attention to the Huguenots and the Habsburgs. His policies were almost entirely designed and implemented by his able chief minister, **Cardinal Richelieu**, who would serve in that capacity until his death in 1642. Richelieu recognized that France could do little about the Habsburg threat until it secured its finances, which in turn meant putting its own house in order. Domestically, this meant depriving the nobility of independent military power, dealing with the Huguenots (who were now being funded by Spain), and countering the particularism of the provinces. Richelieu began a systematic campaign of razing fortified castles in the interior of the country — the only ones that would be permitted to remain were those in border regions where they would aid in the defense against invaders. Simultaneously, however, the nobility would be given a chance to integrate in the command of the military (even the Duke of Rohan who had led the Protestant rebellion until he was defeated was allowed to become an officer in the army). The nobility thus traded semi-autonomous military capability for service to the state — not a bad deal considering the fact that the benefit of autonomy had been sharply declining for decades relative to the benefits that the state could provide.

Richelieu tackled the Huguenots head on, and soon the Crown was in a full-scale war with them in Languedoc. The enemies of France actively supported the rebels — Charles I of England went so far to declare war on France and sent a relief force to La Rochelle

but even Catholic Spain was providing them with assistance.[7] In 1628, the main Huguenot stronghold of La Rochelle fell after a year-long siege, and the rest of the province was quickly pacified. The **Peace of Alés** negotiated in 1629 deprived the Huguenots of political and military privileges. It did, however, grant them amnesty and guaranteed that they would be able to continue to worship legally.

The Cardinal suppressed three of the remaining six provincial estates (the ones in Burgundy, Dauphiné, and Provence) although the limits of his policy were revealed when he was forced to abandon the imposition of direct taxation in Languedoc. His effort to build a navy was so expensive that the higher taxes he demanded caused numerous riots. Still, after the suppression of the Huguenot rebellion, Richelieu could do something about the deteriorating (from the French perspective) situation in Germany. Since he could not afford to intervene directly, the Cardinal agreed to subsidize the Swedes, whose king Gustavus Adolphus was already eyeing nervously the extension to Habsburg power toward the Baltic.

The French indirect intervention in the Thirty Years' War permitted the Swedish army to invade Germany, and when it dealt a crushing blow to the Catholics at Breitenfeld in 1631, it looked like the subsidy was going to pay for itself. It was not to be: the Habsburg side recovered, and in 1634 the seasoned Spanish troops destroyed the army of the Heilbronn Alliance at Nördlingen, sending the Protestants into full retreat. Without another strong contender to take up the cause in French interest, Richelieu resolved that it was time for France to get involved more directly. In 1635, France declared war on Spain, and followed that with a declaration of war on the Holy Roman Empire the following year.

The direct intervention in the Thirty Years' War almost ended in disaster when the Spanish troops based in the Netherlands overran Picardy, and looked ready to invest Paris. Fortunately for the French, fiscal exhaustion prevented the Spaniards from capitalizing on this success. The French used this temporary respite to regroup and attacked the Spanish Road, cutting off the support of the Army of Flanders. When Portugal and Catalonia revolted in 1640, the Spanish Habsburgs found themselves fighting three wars simultaneously, and when the French defeated one of their best armies at Rocroi in 1643, Spain appeared to be on the verge of collapse. The Habsburgs agreed to start peace talks in Westphalia even though France was always trying to exclude Spain.

Richelieu did not live to see the fruits of his policies for he died in 1642. Within a year, Lousi XIII died as well, and the French Crown passed to the minor Louis XIV. The new chief minister, Cardinal Mazarin, pursued the policies of his predecessor ensuring consistency of the French policies at a time where the death of the monarch often meant wild swings in aims. The war effort, however, was taxing France as well. By the late 1630s, tax evasion had become widespread and in the north the peasants were organizing themselves for armed resistance. The king had to hire foreign mercenaries to put down these revolts because he was afraid that native troops might side with the rebels. The king's death and the regency also led to the collapse of patronage networks built around Richelieu's ministry. With Spain's demise imminent, peace seemed at hand, and there was little need to cooperate with the regime on financial matters. The government shifted some of the burden onto

[7] The failure of the English expeditionary force caused a crisis in England, where Charles I had been headed for a confrontation with Parliament already. The constitutional crisis escalated into a civil war in 1642, and the king was executed in 1649, ushering the period of a parliamentary republic in England.

the tax farmers who began to assume an increasing role in finance by loaning huge sums to the king against the security of tax revenue. Mazarin kept the war going by selling useless offices, imposing fines for all sorts of minor infractions, and manipulating the stock market.

What brought matters to head, however, was the government's attempt to appropriate property rights that it had legally conceded to the power elite. In early 1648, the government announced yet another reduction in the *gages* and the elimination of the *paulette*. The **gages** was the salary attached to a particular office. It was solely a function of the price for which this office was sold, and was usually set at about 10% of that value per year. In other words, one could think of the payment for the office as a loan to the government, and the annual salary as interest payment. The *gages* had already been reduced twice, first to 50% and then to 25% of their face value, and even though this did cause great discontent and induced officers to recoup some of their losses by withholding their cooperation on revenue collection.

The unilateral reduction of *gages* simply meant (usually temporary and partial) suspension of debt service, but at least it did not threaten the principal. The elimination of the *paulette*, on the other hand, was a threat of a much higher order. The **paulette** had been introduced by Sully in 1604, and was an annual fee paid by royal officials to secure the heredity of their office.[8] Prior to that, if the previous office-holder died within forty days of the sale or transfer of the office to another one, the office reverted to the Crown. This was a problem for the office-holder: if he should die unexpectedly — not a rare occurrence during these times — then the Crown would take the office back and with it, the family's investment. Even though there was a fee that office-holders could pay to protect themselves to some extent against the 40-day rule, the new office-holder had to meet certain qualifications, which still allowed the Crown to assume control of the office if the heir did not have them. This risk reduce the value of the offices to potential buyers, and so limited the prices the Crown could charge for them. In order to motivate buyers to pay higher prices, that threat to their investment was reduced by making the office hereditary and by halving the transfer fee at the time of sale or inheritance to 1/8th of the value. Of course, prudence dictated that if there was profit to be made from that, it should not be foregone. Consequently, every year the Crown renewed the right to inheritance by charging a fee set at 1/60th of the office value. In this way, the *paulette* protected the initial investment, which allowed the king to charge higher prices for the offices, and it provided a steady stream of revenue for the Crown since the office-holders had a clear interest to make the relatively modest payment to maintain that protection. When the prices of offices went up, so did the ability of the Crown to borrow at better rates through the office-holders.

With the steady accumulation of hereditary offices that could no longer be resold, the Crown was running out of offices to sell. Abolishing the *paulette* would allow offices to revert to Crown control where they could either be resold or eliminated altogether (which would remove the burden of the annual *gages*). This action would have expropriated the capital investment of the office-holders, and as such represented a far more serious challenge. The discontent and passive resistance of the officers of the *provincial parlements*

[8] The occasion for that was the debt rescheduling in 1602–04 when the Crown forced the holders of *renters* to accept a reduced return on the the annuities. Since most of the *rentiers* were office-holders, the Crown appeased them by granting heredity of the offices.

began to become active as they fought the government's *intendants* every step of the way and obstructed them in the execution of their duties. When the **Parlement of Paris** joined its provincial counterparts and demanded the renewal of the *paulette*, the resumption of regular payments of the *gages*, and the payment of government obligations, they also added three crucial tax-related demands. They wanted to government to reduce the direct taxes, but, more ominously, they demanded that the government agree not to sell new office or levy new taxes without their approval, and they demanded that the government abolish of the *acquits de comptants* — the discretionary spending of the Crown for which it did not have to provide any account. In other words, the Parlements were attempting to assert a power of the purse. This created a constitutional crisis, touching off the period of civil disturbances known as the **Parlementary Fronde** in May 1648.[9]

Order broke down; in Paris a heavy-handed attempt of government coercion brought the Parlement into the street with 20,000 people joining them. In the provinces armed nobles began to assist the open full-scale evasion of taxation by fighting tax collectors. The Peace of Westphalia that ended the French involvement in the Thirty Years' War could not even become legal without being registered by the Parisian Parlement. The Richelieu system functioned through a military compromise with the nobility and a taxation compromise with the bourgeoisie, and especially the office-holding elites. If the two joined forced in opposing the Crown, royal authority could collapse and the country could descend into another civil war. The regents capitulated to the side that mattered more: the people with the money on whose cooperation the fiscal apparatus was so dependent. By the end of 1648, the parlements got the restitution of the *paulette*, the abolition of the hated intendants, the reduction of the direct taxes by 25%, and the right to oversee more closely the fiscal system. The Crown further sweetened the deal by offering a full pardon, as well as large pensions and offices, to rebel nobles who voluntarily laid down their arms.

This settled matters in Paris, and caused many provincial parlements to follow suit, ending the first part of the Fronde. However, some of the most important magnates could not be mollified, and the local conflicts were not resolved. The civil war, now known as the **Fronde of the Princes**, continued in the provinces. Various high nobles and even princes of the blood used the king's minority to contest the government policies under the usual disguise that they were not attacking the king but his even ministers. At one point, both Mazarin and the young king were forced to flee Paris. The princely Fronde only came to an end in 1653 after Louis XIV had declared his majority.

During the whole time of troubles, the war with Spain had dragged on. In 1659, the financially exhausted Spanish could no longer continue and agreed to the **Peace of the Pyrenees**. Among other things, France annexed Artois and Roussillon, preserving the historical institutions in both. In fact, to incorporate Roussillon, Louis XIV undertook to respect all its privileges, especially its exemption from the *gabelle* (the salt tax). When he tried to impose this tax two years later anyway, the province descended in rebellion that would not be pacified until 1674 when the Crown agreed to fix the price of salt. The other event that occurred under the terms of the treaty would have lasting consequences: Louis XIV married the infanta Maria Theresa, the daughter of Philip IV.

[9] Collins, pp. 84–9.

3 The Wars of Louis XIV, 1667–1714

Mazarin continued to direct state policy until his death in 1661 when Louis XIV finally began to rule and not merely reign. As one of his first actions in that new capacity, the king appointed the very capable **Jean-Baptiste Colbert**. The state, its economy strained by nearly 25 years of constant fighting and further unsettled by the Fronde and several serious tax-related rebellions, was hovering on the verge of bankruptcy, its debts far outpacing its revenue. Colbert discovered that there were two primary reasons for this: the state was losing about 75% of its revenue to the tax-farmers, and its financiers had extorted the Crown to pay exceedingly high interest rates on its debts. Colbert clamped down on the farmers, merging the large tax-farms into the vast General Farms, which was then leased at much improved terms. The wastage went down to 20%, not an insignificant improvement. To deal with the debt, Colbert started at the top: he had the superintendant of finance convicted of fraud, and forced the lenders to open their books, revealing the terms of the loans. Those found to have obtained interest rates significantly above the market were forced to pay what amounted to back taxes: part of the principal was written off and the rest was financed at lower rates. This resulted in immediate savings of about 110 million livre.

Colbert, who was keenly aware that the Crown's income depended not merely on good administration but also on a sound economy, dove head first into reforms designed to lift France from its deplorable economic condition. He steadily concentrated authority over different policy areas, which allowed him to pursue unified and consistent mercantile strategy to foster economic development. In addition to finance (controller general, 1665), he took over manufacture (superintendant of buildings, 1664), commerce (secretary of state for Marine and Colonies), the navy (secretary of state for the Royal Household and the Navy, 1669), and mining (grand master of mines and manufactures, 1670). He abolished the transit taxes in the area covered by the Five Great Farms that collected these tolls and replaced them with simple customs duties. With goods traveling unencumbered by dozens of different fees, the volume of trade quickly picked up and the treasure saw an increase from its indirect taxes despite the lower rates of the import-export levy. Although his attempt to promote growth through the creation of state monopolies and protectionist tariffs failed, Colbert can be generally credited with putting the Crown on a much more solid financial footing.

For his part, the king did his best to streamline policy-making. He became his own chief minister and reduced membership in the **Conseil d'En haut** (Council of State) to himself, and the ministers of Finance (Fouquet, replaced by Colbert), War (Le Tellier), and Diplomacy (de Lionne) — only these three could now be called "ministers of state". The ones cashiered were the princes of the blood, the Queen Mother, and a bunch of other officials. The council met three times per week and took most important policy decisions. After Fouquet went to prison (see below), a financial council was added (*Conseil Royal des Finances*), with intendants reduced from twelve to two. This "ministerial state" concentrated power in the hands of a few key individuals and the king's heavy involvement in matters both economic and diplomatic ensured an unusually high degree of coherence in the state policies.

Of course, the moment the monarchy veered back from the brink of fiscal collapse, the king went to war. His marriage to Maria Theresa in 1660 had required intense negotiations.

The key to the agreement was a mechanism to prevent the crowns of Spain and France from getting united in House of Bourbon. Maria Theresa renounced her and her children's right to the Spanish succession. In return, Spain was to pay 500,000 gold *écus*, which was roughly equivalent to nearly three-quarters of the average tax revenue of the French Crown during the war.[10] The renunciation was contingent on payment of this dowry, and Spain — poorer the France to begin with, further impoverished by decades of war on multiple fronts, mired in debt, and nearly bankrupt — could not pay. Louis XIV never saw any of the promised dowry.

In 1665 King Philip IV of Spain died. As far as Louis XIV was concerned, the failure to pay the dowry had rendered Maria Theresa's forfeiture of the Spanish inheritance null and void. Maria Theresa, however, had a serious strike against her: she was a daughter and Philip IV had sired a son, Charles II. There was something that worked in her favor though: she was an issue of the king's first marriage (to Elizabeth, the daughter of Henry IV) whereas Charles II was from his second marriage (to the Habsburg Mariana of Austria). French lawyers then dug up a law on the books in some provinces of the Spanish Netherlands, according to which the daughter from a first marriage had the right to inherit some of her father's possessions even if he had a son from a second marriage. On the basis of this law and the voided renunciation Louis XIV immediately asserted that parts of the Spanish Netherlands, the county of Burgundy, and the duchy of Luxembourg should "devolve" to his wife, and through her, to him.

The king's demands were public and after a final declaration in 1667, Louis XIV invaded the Spanish Netherlands to make good on his claims. He called the invasion a "voyage" fully expecting the European courts and the Dutch Republic to recognize the validity of his position and not come to Spain's aid. The **War of Devolution** began auspiciously for the French — the Spanish army in the Netherlands was in a bad shape and could not hope for reinforcements. Spain asked the Dutch Republic for financial support but the Dutch, fearful of antagonizing the French, balked at the proposal. Louis XIV had also managed to get the Habsburg Emperor Leopold I to remain neutral with an agreement to partition Spain after the death of Charles II, who was not only the last of the Spanish Habsburgs, but due to interbreeding also deformed, intermittently insane, and expected to die soon.

The rapid advance of the French armies, however, panicked the Dutch: with Spain in decline they were now beginning to worry about their much larger neighbor, and they wanted to preserve the Spanish Netherlands as a protective buffer. They quickly extricated themselves from their current war with England, and within six months had managed to ally themselves with their erstwhile opponent to oppose the French. (That the countries only a few months away from a war with each other would now fight in a common cause should not be too surprising. Charles II of England had tried to get on the French side in exchange for a subsidy that would free himself from his pesky Parliament but Louis XIV had declined. The Dutch were not so scrupulous about undermining representation in another country.) The Dutch also used subsidies to induce the Swedes to join the **Triple Alliance** that was now resisting France.

[10] At 6.75 grams, the gold *Louis d'or* was equivalent to 99.2925 grams of silver at the 1660 silver to gold price ratio, or 49.64 tons of silver. In that year the price of silver was 8.33 grams per livre tournois, so the dowry amounted to 59.6 million livre tournois. To get a sense of this number, the annual tax revenue of the French monarchy had averaged about 82 million during the war.

Louis XIV pressed on despite the news of the alliance, his army swollen to 134,000 troops now occupied Franche-Comté and was poised to invade Catalonia. However, the sudden conclusion of hostilities with Portugal finally relieved Spain of one war and enabled its government to focus on the one with France. With the enemy coalition getting formidable, Louis XIV announed a cease-fire and readiness to negotiate. In the resulting **Treat of Aix-la-Chapelle** (Aachen), he abandoned his recent conquest, withdrew from the Spanish Netherlands, and only kept 12 fortified towns on the border (Lille and Tournai among them).

The war had ended in a gain for France — so it was a victory of sorts — but the outcome had fallen far from Louis's expectations and appetite. The culprit behind this disappointment was obvious — had the Dutch not cobbled the Triple Alliance, it was very likely that Spain would have been forced to seek peace on terms far more attractive to France. The Dutch perfidy was only magnified by the fact that France had repeatedly helped them out during their Eighty Years' War of independence. Since the Dutch had interfered with a plan that at least had the fig leaf of a legal ruling, the success of "devolution" required that they be neutralized, this time by force.

Louis XIV busied himself wrecking the Triple Alliance. Within a few years, he had achieved what looked like the complete diplomatic isolation of the Dutch. The king had bribed both England and Sweden into abandoning the alliance, and in 1672 the French armies (120,000 strong in this theater) invaded the Dutch Republic through Liege, starting the **Franco-Dutch War**. Louis XIV expected a *blitzkrieg* — after all, the Republic was not prepared for war, and it was alone — but he had miscalculated.

The republican government in the Republic collapsed, and William III of Orange was elected *Stadtholder* and commander-in-chief of the armed forces. William would become the *bête noire* of the Sun King; his most determined adversary who would thwart Louis's designs at every turn. In this instance, William ordered the inundation of the land using the defensive system built for the purpose by his predecessors. With the core of the Republic turned into an island, the French advance bogged down. The Dutch then defeated the combined Anglo-French fleet, knocking England out of the war. Moreover, Louis's aggressive tactics during the War of Devolution, when he had taken the imperial city of Besançon, now backfired: the German princes declared imperial war on the French.

With Brandenburg, the Holy Roman Empire, and Spain now entering the fray on the Dutch side, all hope for a rapid resolution vanished. Louis resolved on a war of attrition around the French fortresses and withdrew his army from Dutch soil. Finally, in 1676 the French navy destroyed a Dutch fleet near Palermo, and the alliance faltered — Louis had outlasted his adversaries. The 1678 **Peace of Nijmegen** awarded France with the province of Franche-Comté, several cities along the border, and control of Lorraine for twenty years.

These gains still fell short of what Louis XIV believed was legitimately his but he was chastised by the recent experience. He could not obtain the voluntary cooperation of the Dutch Republic for his designs on the Spanish Netherlands; he now saw that he could not coerce them militarily either. As a result, he opted for less aggressive gradualist strategy to chip away at Spain's possessions in Flanders and Hainaut. Part of this was also motivated by the perceived need to establish a defensible border, which required the rationalization of borders by eliminating gaps or protrusions. As any king worth his salt, Louis XIV was not keen on the latter option, so he settled on fulling the gaps by adding the "missing" pieces of territory.

This he did in a bizarre mix of threats and legal action. Treaties of the time defined territories transferred as parts of settlements imprecisely; for example, a city and its dependencies. What these dependencies were was rather ambiguous, so Louis XIV established special courts, the "chambers of reunion", to investigate whether a specific territory he wanted had even been a dependency of a territory conceded to France. With lands changing hands so many times it should come as no surprise that the hand-picked courts invariably found in favor of France (although the claim on Strasbourg was flimsy even by these lax standards). The king would then take possession of the desired land on the basis of this finding, threatening force when necessary.

When after one such proceeding Louis XIV attacked Luxembourg to enforce his claim, Spain had had enough. With the financial assistance of the Dutch, Spain declared war in 1683. The **War of the Reunions** was rather brief. Span was no longer able to muster the strength to put up a fight without serious help, and its principal ally, the Austrian Habsburgs, was itself amidst an epic war with the Ottoman Turks who had penetrated deep into their lands and laid siege to Vienna. After suffering defeat at the hands of the French armies, Spain sought peace, and in 1684 the **Truce of Ratisbon** gave Louis XIV possession of Strasbourg. It was not a definitive peace treaty but merely an agreement to stay at peace for 20 years.

Even though France aided the Turks, the rest of Europe rallied to the Habsburg side, Vienna was relieved, and the Austrian armies began to push the Ottomans out. By 1687, Louis XIV became worried that after defeating the Turks the Emperor will come after him for exploiting the temporary weakness of the Empire. He demanded that the truce be converted to a permanent peace, but Leopold I refused. Louis took this as a signal of intent, and decided to preempt before it was too late. In September 1687, the French armies crossed the Rhine to invest Philippsburg, the key to rationalizing the border between Luxembourg and Strasbourg. As John Lynn has aptly characterized it, this maneuver proved to be "the great miscalculation."

It is true that from a French perspective the strike was designed to preempt what appeared to be the inevitable showdown with the Holy Roman Empire, the Dutch Republic, and Spain. None of these were going to acquiesce to the recent gains for France that were all extracted in a moment of weakness for the three great powers. With the Ottoman threat defuzed, the Empire could turn its attention to France, and ally with the other two in an attempt to recover these losses. Rationalizing the borders made sense because it made defense easier and gave the state a fighting chance to keep its gains. The problem now, of course, was Louis's own behavior in the first two wars, when he had been aggressive and have all but convinced everyone that he was bent on European domination. Since the fortresses he needed for defense could just be easily be used to project power in Germany, even a fundamental defensive move would naturally appear as yet another power grab in a long series of such grabs. This was a classic instance of the **Security Dilemma**: since actual intent is unobservable, a military move designed to enhance one's security can appear threatening to others, and their resulting insecurity provokes a counter-move that, ironically, can make one even less secure after the fact.

In the event, since the Reunions had been annexing lands from the frontier of Germany and in Italy, the preemptive strike brought down upon France a **Grand Alliance** (League of Augsburg) of the Dutch Republic, England, Spain, the Holy Roman Empire, Savoy,

Bavaria, and Brandenburg. France was at the height of its military power but now it faced a coalition the likes of which Europe had not seen.

How this coalition came to be need not detain us here except for one important aspect of it: England. The League of Augsburg was originally formed between the Dutch Republic and the Holy Roman Empire to defend the Electorate of the Palatinate from France in 1688, the start of the **Nine Years' War**. When France crossed into the Rhineland, the League did not have enough troops to oppose it. It was the powerful Northern German princes of Brandenburg, Saxony, Hanover, and Hesse-Kassel that mobilized forces to defend the north. Meanwhile the Empire rushed troops from the war with the Turks to defend the south. Louis XIV realized that the blitz along the lines of the Reunions was not going to happen, and resolved on a war of attrition. In an attempt to deny resources to his opponents, Louis ordered a scorched-earth policy in Germany. The resulting deliberate destruction is known as the "devastation of the Palatinate" even though it extended to Baden and Württemberg as well. The French burned over 20 large cities, Heidelberg, Mannheim, Worms, and Speyer among them.

The war of attrition might have been the only option for France at this point, but it had a major defect: it took time. In this instance, it permitted the Dutch *Stadtholder* William to invade England, execute a *coup d'état* with the connivance of Parliament, and become the new king. This has come down in history as the **Glorious Revolution** but it was, in effect, a coup despite the momentous consequence that it had both for England and the world.

In 1660 the English had tired of the republic, and the monarchy was restored. Although the restoration was unconditional (everything was supposed to revert back to the pre-civil war days of 1642), the Interregnum had wrought substantial changes in the polity and its institutions that could not be wished away or undone. The mercantile policies of the Protectorate continued, and the Navigation Acts still tried to divert trade away from the dominant Amsterdam *entrepôt*, and they still required that goods enter England only carried on English ships. These had provoked three wars with the Dutch Republic, and because of the latter's involvement in wars against France, the issued had remained unresolved. In 1685 the religious issue was also revived when the Catholic James II ascended the throne. His centralizing policies designed to take away the influence Parliament had acquired alienated even the royalist Tories. Still, while his heir apparent was the eldest daughter Mary, who was a devoted Protestant, there was not enough common ground for the Tories and Whigs to cooperate. When James II's son was born in 1688, the very real prospect of a Catholic succession united royalists and parliamentarians in opposition to the Crown — the one thing they could generally agree on was that going back to Catholicism was undesirable.

Mary was married to none other than the Dutch *Stadtholder* William, and now the powerful coalition in Parliament invited him to bring an army to England and restore the liberties that James II was taking away. William, who had been casting about for militarily powerful allies, welcome the opportunity — if he did was Parliament was asking him to and succeeded, it could be that England might be induced to join the alliance against France. In November, William III landed in England at the head of a Dutch expeditionary force, and made for London. Had James II kept his head and offered resistance, it is very likely that the whole enterprise would have collapsed right there and then. Instead, he lost his nerve and fled to France.

In February 1689 Parliament decided that this action was equivalent to an abdication,

and that as a result to English throne was vacant. They offered it to William although in exchange he had to agree to a bill of rights and the creation of a **constitutional** monarchy: Parliament would meet annually without needed a royal summons, it would have sole authority to levy taxes, it would have the power of the purse, and would share in public policy with the king. Unlike the democratic radicalism of the 1640s, this was no revolution in representation — only the wealthy and the educated had a voice in the new system, and the religious toleration did not extend to Catholics. William, who had no chance of gaining this throne by any other means, and in dire need of military assistance for the Dutch Republic, agreed.

Naturally, predominantly Catholic Ireland immediately revolted, and James II returned with French support to reclaim his throne. The attempt at restoration with the help of French arms brought Parliament around to the need to counter France, and by the end of the year England and the Dutch Republic formed the basis of the Grand Alliance, to which the members of the League of Augsburg acceded. James II's invasion was easily rebuffed, but it took William and Mary nearly two years of fighting to subdue Ireland and pacify it by giving most of the property to a ruling minority of Protestants. In 1691, however, they were ready and William crossed back to the continent to resume military command in the Low Countries. Since 1559, England had mostly been at peace with France and fighting the Dutch. From 1689, it would only fight the Dutch once but it would fight seven major wars with France before 1815.

The French armies had now reached nearly 438,000 and were fighting in the Spanish Netherlands, the Rhineland, Piedmont-Savoy, and Catalonia. They had achieved numerous battlefield victories, but time was not on their side. France was becoming fiscally exhausted, and a series of bad harvests wreaked economic havoc causing the death of nearly 2 million people. The financial squeeze caused Louis XIV to abandon the fairly successful maritime component of the war and focus on the land armies. In 1696 he eventually succeeded in detaching Savoy from the Grand Alliance and concluding a separate peace with the Duke who had come to fear the expansion of imperial power in Italy. This raised the specter of a complete break-up of the alliance if others followed suit and tried to secure preferential terms from the French at the expense of others.

The **Treaty of Rijswijk** ended the war in 1697 and France had very little to show for it despite the gargantuan effort it had expended. The French dead and disabled were in excess of 160,000, and the allied casualties were more than 200,000.[11] Louis XIV had to return all acquisitions from the Reunions except Strasbourg, including Lorraine. He had to withdraw from the right bank of the Rhine, recognize William III as the King of England, allow the Dutch to garrison the frontier fortresses in the Spanish Netherlands, and end the tariff war on their goods.

The French armies had not lost a single important battle throughout the war, which is why Vauban thought these terms humiliating. So why did Louis XIV agree to such a peace? First, and obviously, France, like all the other belligerents, was exhausted financially. Second, and perhaps more important, Louis XIV had his eye on a crucial confrontation with the Empire that was looming over the horizon: the inheritance of the Spanish throne. It would

[11] In comparison, the War of Devolution cost about 2,000 casualties for each side, and even the very intense Franco-Dutch War had cost France 120,000 casualties to the 100,000 for the allies.

be well-nigh impossible for him to pursue any claim to that throne with the Grand Alliance arrayed against him. It was thus necessary to achieve peace on any terms that would split it, isolating the Emperor. Leopold I saw the writing on the wall, and tried to undermine the peace talks, but he soon found out that he was alone in this effort. Since he was still fighting the Turks (that war would not end for another two years), he could not continue the war with France by himself, and so he had no choice but acquiesce to the peace terms (which, by the way, left him with nothing).

Everyone was worried about the Spanish succession. It was obvious that Charles II was close to dying, and with him the last of the senior line of the House of Habsburg. Louis XIV, whose mother and wife were both Spanish infantas, could make a strong claim for his offspring, in this case his grandson, Philip of Anjou. Leopold I's mother was Philip IV's sister, and Philip IV himself had specified in his will that the inheritance should pass to the Austrian Habsburgs. Leopold I thus favored the succession of his own son, Archduke Charles. Since neither would yield to the other, a compromise candidate emerged in the person of Joseph Ferdinand, who was Leopold's grandson but since it was on the female side, he actually belonged to the House of Wittelsbach that ruled Bavaria. An agreement was reached in 1698 that most of the Spanish inheritance would go to Joseph Ferdinand, with the exception of the Spanish Netherlands, which would go to Charles, Naples, Sicily, and Tuscany, which would go to Louis, *le Grand Dauphin*, and a swap scheme that would also given Lorraine to the Dauphin and Milan to the Duke of Lorraine. The Spaniards refused to accept the dismemberment of their state but the whole issue became moot when Joseph Ferdinand suddenly died in 1699. Louis XIV tried to find another solution, this time through William III of England. The terms of that agreement had all of the Spanish Empire excepting its Italian possessions awarded to Archduke Charles. These would go to the Dauphin, who would offer them to the Duke of Lorraine or the Duke of Savoy in exchange for their ancestral holdings. The Spaniards did not like this partition scheme either, and the Emperor, who preferred the richer and closer Italian lands, flatly refused it.

For his part, Charles II threw everyone a curved ball: under the terms of his will, the entire Spanish inheritance would be offered to Philip, take it or leave it. If he refused to accept the whole, then the offer would go to his younger brother, and if he refused, to Archduke Charles. When Charles II died in 1700, Louis XIV had a difficult choice. On one hand, it was clear that the terms of the agreement with England would be safer in the sense that they were less likely to provoke a countervailing coalition against France. On the other hand, since Leopold I had already rejected those terms, it looked like war with the Empire would follow whether Philip took all or part of the Spanish inheritance. Since it was highly unlikely that the English or the Dutch would be of any help in imposing the partition agreement on the Emperor, it seemed to make sense to accept the will as legitimate and act on it. This is precisely what Louis XIV chose to do: he proclaimed Philip King of Spain, and declared him ruler of the undivided inheritance. England and the Dutch Republic both recognized the succession, and when Spain accepted it as well, Louis XIV's grandson became Philip V of Spain.

Almost everyone regarded the acceptance of Charles II's will as legitimate, and all Louis XIV had to do to make it reasonable as well was to remove Philip from the line of succession in France. This would eliminate the possibility of uniting both crowns in the House of Bourbon, thus creating a massive monarchy that would easily dominate the continent.

Louis XIV did no such thing. Instead, the French armies went to the Spanish Netherlands and ejected the Dutch garrisons, he gave the lucrative slave trade monopoly to French merchants, enraging the English, and when William died, he even recognized James II's son as King of England. This enraged Parliament and strengthened the war party in Queen Anne's court. Even though the Dutch Republic had decided to go without a *Stadtholder* for a second time, they did appoint the Duke of Marlborough commander in chief of the States Army.

The Dutch and the English revived the Grand Alliance, and soon the Holy Roman Empire and Brandenburg re-joined it. Even though initially Portugal and Savoy sided with France, they both deserted to the Grand Alliance once fighting began. This time around, however, France was not without friends: both Spain and Bavaria could be counted on for support. The **War of the Spanish Succession**, one that was long time coming but also one that Louis XIV probably wished to avoid, started in 1701. If the Nine Years' War was the "great miscalculation", this one can rightly be called "the debacle" for France.[12]

The French began with a string of victories on all fronts, but in 1704 their luck ran out. On August 13, Marlborough and Eugene crushed the Franco-Bavarian army in the **Battle of Blenheim**. Over 108,000 men fought in this massive engagement, and the French side losses exceeded the staggering 34,000 casualties. The allies conquered the rest of Bavaria, placing its resources under their control for the rest of the war.[13] The next two years of fighting were unremitting disasters for France. Having pushed the French armies out of Germany, in 1706 Marlborough drove them out of the Spanish Netherlands as well (Battle of Ramillies). By the end of the year, Prince Eugene had done the same in Italy (Battle of Turin). Portugal invaded Spain and captured Madrid. Even though the Portuguese were defeated the following year, the French never recovered momentum on the Iberian peninsula. In 1707 England became Great Britain after its union with Scotland, and the following year saw another major disaster for the French: in the **Battle of Oudenarde** on July 11, 1708, another massive engagement involving 205,000 men, Marlborough and Eugene won a decisive victory, invaded France, and captured Lille before the end of the year.

In 1709, France had been defeated everywhere and was now fighting a defensive war on its own soil. On top of the military catastrophe, the country was on the brink of financial ruin, and faced mass starvation because of the so-called "Little Ice Age" which made winters exceptionally cold between 1690 and 1715, but which now delivered its freakish climax in the freeze of 1709. The famine spread, many peasants lost their leases and were forced off the land, the number of taxpayers declined, and the government's revenues collapsed. Discontent spread, crime went up, and placards blamed the king for all the ills. Louis XIV rose to the challenge, and "responded with the most remarkable two years of his

[12] This is how James Collins refers to what he calls the Great War of 1683–1721. See Collins, *The State in Early Modern France*, pp. 152–63. He also offers a very funny anecdote from 1702. The French marshal Villeroy was singularly incompetent, and on February 1, "in a marvelous stroke of luck for France," the Austrians captured him. However, "Emperor Leopold, in perhaps his most cunning policy decision, released Villeroy without receiving a ransom." (p. 159).

[13] Marlborough returned to England, where he was rewarded by Queen Anne with the Park of Woodstock near Oxford and money to build a palace in his own honor. The distinctive Blenheim Palace, where Winston Churchill, a descendant of the Duke, was born, is now a UNESCO World Heritage Site.

reign, surmounting all challenges in a way that astonished his contemporaries, especially his enemies."[14]

The King had used the arrival of Spanish bullion to shore up his finances and purchased massive quantities of grain to feed the northern cities and the army. He had been sending peace feelers to the allies ever since the serious reverses of 1706, but he now intensified his campaign for peace and offered to surrender Spain and all its possessions to the allies (excepting Naples), and even to pay to have Philip V expelled from Spain. The allies, flush with victories and believing that they had already won the war, rejected these terms, would only agree to a two-months truce, and imposed the humiliating condition that Louis XIV was to use the French army to dethrone Philip. The King's reaction to this was extraordinary for he did not merely reject the terms. On June 12, he appealed to the people of France directly, publishing an explanation of his rejection of the Anglo-Dutch demands. The plea worked: there was a surge of volunteers for the army, and more money came in. The intransigence of the allies had given Louis XIV a new lease on life.

Marlborough and Eugene marched on Paris, but Marshal Villars — perhaps the most talented French commander in this war — stopped them in the bloody **Battle of Malplaquet** on September 11. Even though the allies held the field, their loss of over 21,000 soldiers was double that of the French, and their momentum was shattered. More importantly, the news of the battle stunned Europe because it revealed that the French had not been defeated. This realization began to weaken the alliance, whose members were financially exhausted as well. When the French began to recover lost ground, the allies became ready to talk peace too.

The **Peace of Utrecht**, fully signed in 1714, France renounced Philip V's place in its line of succession, and in return he was recognized as King of Spain. He kept Spain's overseas territories, but ceded the Southern Netherlands and most of the Italian possession to Austria, Sicily to Savoy, and Gibraltar and Minorca to Great Britain. The Dutch could again garrison various forts in the now Austrian Netherlands, but at least France got out without losing any of its own territory.[15]

Louis XIV died the following year, leaving a contradictory legacy. He had taken France to the pinnacle of power and influence in Europe, but he had also presided over its darkest days. He had turned the disaster of 1709 into the "year of miracles" but he left the country with an unmanageable debt. From his majority in 1661 to his death in 1715, he spent 35 years at war, nearly two-thirds of his reign. The many reforms of his capable ministers improved efficiency of the administrative apparatus but failed to produce the type of institutional changes that would enable France to compete with upstart Great Britain.

4 Political and Fiscal Institutions

The traditional view (now largely discarded) is that the French monarchy of the *Ancien Régime* was an absolutist state, in which the king stood above the law, where he taxed at

[14] Collins, *The State in Early Modern Europe*, p. 180.

[15] Philip V had other ideas. When Louis XIV died, the announced that he would claim the French Crown if the infant Louis XV died as well. This threat reconstituted the Grand Alliance, and this time even France joined in. The alliance defeated Spain in the **War of the Quadruple Alliance** (1718–20), and settled the matter of the unity of the Spanish and French Crowns.

will without constraints other than the subjects' ability to pay, and where he alone decided on policy. As we have seen, an unconstrained ruler cannot tax at will even in theory, so there should be no surprise that this was not so in practice.

The Marxist view of the regime is that the Crown and the nobility cooperated against the bourgeoisie and the peasants to tax them, and when necessary enforce that taxation through military force. Although this is closer to reality in the sense that the Crown did coopt power elites in order to maintain its ability to extract resources, the alignments were much more complicated, and varied from place to place. If we should hazard a drastic simplification, in the military sphere the Crown cooperated with the nobility, but on the tax system it gravitated towards the commercial interests, whereas on judiciary matters it sided with landed elites, noble or not, and on finance it sought to accommodate the sizeable group of venal office-holders who kept the state machinery going while at the same time being the reason it often sputtered. If there was a class that was genuinely disenfranchised and that bore the brunt of taxation, it was the peasants who comprised the mass of the population.

4.1 The Social Orders

We should briefly pause here to outline the social structure of French society because it really highlights why the Revolution was probably just as inevitable as it was surprising. Roughly, society was divided into three **estates**: the clergy (first), nobility (second), and everyone else (third).

The Catholic clergy of about 150,000 was controlled by about 10,000 cardinals, archbishops, bishops, abbots, prioresses, and such, all of them noble. The Church owned about 15% of the land in France, lots of rental and commercial property, and was entitled to the **dîme** (tithe), the 10% tax whose collection was enforced by the Crown (in reality, the tithe never approached 10%; it varied depending on locale from a low of about 3% to a high of about 8%). The Church's wealth was immense and its income was astounding — somewhere about half of the Crown's own revenue![16] The Church did run various poor-relief, health and educational institutions (orphanages, hospitals, charities, schools) and paid the pensions of retired clergy, but even then the vast majority of the clergy — monks, friars, nuns, and the ubiquitous curés (priests), all of whom added up to 93% of the first estate — saw next to nothing of this wealth, most of which went to the noble hierarchy governing the Church. Although the priests were not anti-monarchists — after all, they were instrumental in teaching the divine right of kings — they lived close to the people they served (unlike the monks and nuns who lived separately in their monasteries and convents), shared in their miseries, and tended to be very sympathetic to the plight of the people. Thus, hardships suffered by these communities tended to push the curés into closer cooperation with members of the third estate. Normally, this would have little to no effect, but it would end up enabling the Third Estate to usurp the leadership of the Estates General in 1789 and get the Revolution under way. To top it off, the Church was exempt from taxation, and although it regularly voted annual "gifts" to the King (the so-called *don gratuit*), the average of 5 million livres was perhaps a tenth of what the Crown could have expected had it taxed the

[16] The tithe itself would bring about 130 million livres when the harvests were good, and the average total income seems to have been about 300 million livres per year. See Connely, p. 35.

Church. The Church's failure to provide adequately for the poor and for education had already forced the Crown to spend on these public goods, and would come back to haunt the Church during the Revolution, when its formerly very own bishop, now turned revolutionary, Talleyrand would provide the legal argument for confiscation of all its property based precisely on this failure.

The nobility of about 350,000 was divided into four grades, of which the two most important were the **noblesse de l'épée** (nobility of the sword) and **noblesse de la robe** (nobility of the robe).[17] The nobility of the sword comprised of those who held ancient titles, going back to the medieval period, when they had been presumably derived from military service. The high aristocrats among them owned about 20% of the land in France, but it was not the case that the nobility was uniformly wealthy. In fact, in part owing to the disdain in which the nobility held any income not derived from land, there were quite a few nobles of distinguished lineage whose incomes did not match their social status. It was these poor nobles who were most eager to fill the officer ranks in the King's army, although the higher ranks invariably went to the wealthier nobles because they required serious outlays of personal wealth to finance the commission army. The nobles of the robe filled the offices in the royal administration and the judiciary. Some offices themselves ennobled their owners — sometimes immediately, as was the case with appointments to the Parlement of Paris, and sometimes after two or three generations, but in general positions in the state machinery were reserved for the nobility (and the upwardly mobile bourgeois who could buy their way in). Like the Church, the nobility was exempt from most taxes, enjoyed a variety of legal privileges that entitled them to different (more lenient) treatment by the courts, and claimed many feudal rights, among which were the rights to hunt and keep pigeons, both of which were especially odious to the peasants whose crops got trampled or devastated as a result. While the nobility of the sword was often seen as acting in its own narrow self-interest when it resisted royal taxation, the nobility of the robe was able to pose as the protector of the common people when they resisted royal edicts attempting to remove legal tax evasion. As we shall see, however, the latter were just as concerned in keeping their own exemptions intact. The nobility also had a small, but vocal and prominent, minority of reforming liberals, among whom were the King's cousin, Duke d'Orleans, and the famous "Hero of Two Revolutions," Marquis de Lafayette. These would prove instrumental in organizing the abolition of noble privilege during the Revolution.

The Third Estate comprised 98% of the population and, as being merely defined by a negative — everyone who was neither clergy nor noble belonged to it — was diverse in both wealth and interests. The vast majority (88% of the Estate or 87% of the total population) were peasants, about 22 million of them. About 75% of them owned land, and in total peasants owned somewhere about 56% of the land in France. There were some very rich farmers but most of the peasants could not support themselves with the land they owned, and so ended up renting or sharecropping part-time as well. The peasants were subject not only to royal taxation, the Church tithe, but to a variety of provincial and local taxes, as well as seigneurial dues. The provincial and feudal levies could add up to 10-15% of the crop, and did not even include things like 10% tax on the sale of land, or the hateful *banalités*, which

[17] The other two were the **noblesse de cloche** (nobility of the bell), who had acquired their titles for municipal service, and the **anoblis**, who had bought their titles without service.

had been medieval dues for the use of the lord's mill, bakery, and winepress, and which had been commuted to monetary payments even though the practices on which they had been based had long lapsed. During the 18th century, the nobles hired lawyers to dig into the past and uncover other long-forgetten medieval dues that they could now claim! Despite their hatred of the nobility, especially the nobles of the sword, the peasants were conservative and had no aim to see the monarchy collapse. As we shall see, when the National Assembly abolished "feudalism", the peasants were quite happy to stop paying many of these dues (with scant regard for the actual provisions that required them to pay the 20-year equivalent of value), which the Revolutionaries interpreted as support for more radical constitutional reforms. This was a mistake that would end up costing tens of thousands of lives in the civil war that would erupt as a result of radicalism in Paris.

The next largest group of about 2.5 million (10%) were the city workers. The most skilled among them could command high wages, but entry to that group was severely restricted by the guilds precisely to keep competition down. The vast majority of workers were in low-skilled jobs and were thus expendable, especially when hard times in the country side drove many peasants to seek work in the cities. The oversupply of workers kept wages close to subsistence level, and guaranteed rioting during every economic downturn. To make matters worse, since trouble in the countryside provoked not only migration to the cities but also riots there, urban unrest often coincided with peasant unrest, which tended to stretch the enforcement resources of the monarchy to their limits. The workers were essentially defenseless when temperatures fell, bread prices rose, and their wages fell (or their employment terminated). During especially bad winters, they would die by the thousands from hunger and exposure, and this made them not only a volatile, but extremely dangerous and brutal element in society. The worst time of the year, however, was the summer where the new harvest was not yet collected (and at the mercy of the weather) and the stores of grain were nearly depleted (causing the price of bread to go up). For people living at subsistence level wages, a hike in the price of bread could be catastrophic, which is why city authorities were careful to keep prices down and arrange for grain supplies to the best of their abilities. When such efforts failed — either for lack of funds or because of interruptions in supply — unrest was certain. As we shall see, it would be this segment of society, especially in Paris, that would drive the Revolution toward the extremes of radicalism.

The third group of about 500,000 (2%) were the bourgeoisie, which comprised some fabulously wealthy people (the financiers who lent money to the Crown, ran the tax farms, and collected the direct taxes), many really rich ones (lawyers and large merchants, who aspired to moving into noble ranks), and a majority in a relatively well-to-do "middle class" of shopkeepers, artisans, doctors, bureaucrats, industrial owners (most of these enterprises were family-run affairs with few employees). The bourgeoisie was keenly interested in protection of property rights, social and economic stability, and upward mobility. They had no general interest in overturning the established order, and the upper ranks actively sought to become members of its privileged strata.

As this brief overview should make clear, the Revolution must have come as a complete surprise because there was really no widespread support for (or even inkling of) abolishing the monarchy or, as we shall see, even transforming it into a constitutional one along British lines. The liberal nobles were few and far between, and they certainly had no truck with republicanism. The peasants were content with the abolition of the most obnoxious feudal

dues. Most of the bourgeoisie and the skilled workers were more interested in secure property rights and order than in political transformation. The Church hierarchy had no desire to lose its income and the lower echelons would oppose any anti-clerical measures. The system was brought down when liberal, but not radical, representatives of all three Estates tried to use the volatile mix of urban workers to push the Crown and its conservative allies into constitutional reforms, and when the inept handling of the crisis by the king made the National Assembly a hostage to these urban elements.

4.2 Political and Administrative Organization

The political and administrative division of the country reflected the long years of territorial accretion under varying circumstances. The **Estates General** (États Généraux) was representative of the entire real but met infrequently and acted as an advisory body (when the king asked for council), drew up a list of grievances, and approved the **aides**, sales taxes primarily on retail wine (but also on tobacco, fish, iron, and wood). The representatives were grouped into the three estates. Although originally only the commoners elected representatives — the members of the first and second estates were selected by the king — the 15th century saw a gradual change toward elections for all of them. In 1484, the summons asked the members of the different estates to meet locally at the chief town of their *bailiwick* to elect the deputies. In practice, direct elections were only feasible for the First and Second estates where the number of people involved was not great. For the Third Estate, whose numbers were large and whose members could not afford to travel to the town, the local communities elected their representatives, who were then sent to the towns. There they met with the representatives elected by the townsmen and together they elected the deputies to the Estates General. (A system faintly similar to the Electoral College in the United States.)

Since the king did not originally have the authority to levy taxes outside the Crown *demesne* and because the Estates General would not grant him that right except for strictly temporary exceptional occasions, it was necessary to call up the Estates General on a regular basis. However, over the time the Crown steadily commuted the feudal obligations into monetary payments, which then tended to form the basis of taxation without specific consent. The Estates General met in 1437, 1439, 1484, 1560, 1561, 1576, 1588, 1614–15, and 1789. The concentration of meetings during the Wars of Religion is indicative of the trouble the Crown was in. The Estates General granted the king the right to the *aides* in 1437, and the right to the *taille* in 1439. The latter was supposed to be an exceptional tax to help the hard-pressed Charles VII fight the English and rid the country of the pillaging former soldiers. After the Estates General was disbanded, however, the king managed to levy the *taille* with the consent of the provincial estates while those still existed, after which he continued to do so by force of precedent. The *taille* had become permanent but it is important to note that whereas the Crown asserted a theoretical right to levy taxes on its own authority, even Louis XIV did not collect the *taille* in regions that had not been represented in the Estates General in 1439.

At the provincial level there were regions with estates and those without. The **pays d'états** tended to be regions that had only recently been incorporated in the realm as a result of a peace treaty (like Artois) or that had managed to maintain a relatively active assembly (like Brittany, Burgundy, and Languedoc). Although Normandy, Provence, and Dauphiné

also had estates at the turn of the 17th century, they lost them to either suppression or simply because they lapsed on account of never being summoned by the Crown. Figure E shows the fiscal administrative division of France in 1789.[18]

The rest of the country, about two-thirds of it, was made up of **pays d'élections** — financial districts named *élections* after the title of the local financial official, *élu*. The somewhat confusing name comes from the fact that originally the *élus* were elected by the representative assemblies to oversee the administration of the direct taxation. The *élections* comprised areas that had either lost their estates or that never had any sort of representation.[19] By the middle of the 17th century there were about 150 of these, and they were regionally into aggregated into 25 **généralités**. Each new province became one and the old larger units were split to make administration easier until the total had grown to 35 on the eve of the Revolution. Although originally these districts were a merely subdivision for taxation, given the primacy of finance for the Crown, they gradually transformed into general administrative ones, and the supervising authority, which by the mid 17th century was the *intendant*, had wide powers of justice and law enforcement in addition to the financial aspect.

The **intendants** were royal commissioners who were sent to act on king's behalf for a specific mission. They had temporary but wide ranging powers, usually to oversee the implementation of policy or investigate allegations of misconduct. The intendants operated on the authority of a royal commission, which delimited their jurisdiction and that was withdrawn when the task was completed. When the commission ended, so did the intendant's job. Unlike venal office-holders, the intendants did not own their positions and had no property right in the title. This made them much more responsive to the interests of the Crown and minimized the agency problem once they were dispatched. In the early 17th century the Crown tried to overcome the regional particularism of its entrenched clients by sidestepping the normal chain of command. It sent intendants to oversee administrative policy and ensure that the venal officers were not gorging themselves too much. It was these intendants that the Parlements reviled and whose abolishment they had secured in the Fronde (although the Crown restarted the practice in 1653). The Crown also sent intendants to the army to combat the widespread corruption, abuses, and inefficiency of its officer corps. The army intendants continued to function well into the 18th century.

The intendants, even when they existed, had temporary executive (and sometimes judicial) authority. The day-to-day operation of the state was, somewhat perplexingly, in the hands of the judicial system. At the lowest level was the **bailiwick** — the local royal court whose chief official was called *bailli* in the North and *seneschal* in the South. The *bailli* originally combined extensive judicial, executive, and military authority (over the local militia). Over time the military function devolved to a member of the aristocracy whereas

[18] At the time of the Revolution in 1789, the following provinces still had their estates (these include those that had not been formally suppressed but that had become inactive): Artois, Basse-Navarre, Béarn, Bigorre, Bourgogne (Burgundy), Bresse, Bretagne (Brittany), Bugey, Cambrésis, Charolais, Corse (Corsica), Flandre (Flanders), Foix, Gévaudan, Hainaut (Hainault), Labourd, Languedoc, Mâconnais, Marsan, Nébouzan, Provence, Quatre-Vaellées, Soule, Velay, and Vivarais. The provinces where estates had been suppressed were: Alsace (17th), Anjou (15th), Auvergne (17th), Berry (16th), Dauphiné (17th), Franche-Comté (18th), Limousin (15th), Maine (16th), Marche (15th), Normandie (Normandy, 17th), Orléanais (16th), Périgord (16th), Quercy (17th), Rouergue (17th), and Touraine (16th).

[19] There were also the **pays d'imposition**, the newest lands that tended to preserve whatever historical institutions they had but that were overseen by a royal intendant.

the other functions went to members of the professional judicial elite. It is important to realize that the *bailli* was not only responsible for the resolution of legal disputes in the local court, he was also tasked with overseeing the implementation of royal policy. Thus, he combined judicial and executive authority. In addition, because of the lag in communication between regions and the central government, because he had a better understanding of the local circumstances, and because it was impractical to monitor the daily minutiae of his operations, the *bailli* had a certain latitude in interpreting and executing policies. In other words, he effectively also had some legislative authority as well. This overlap of the three functions of governance was common throughout the entire system and was perpetuated at the higher levels as well.

The middle layer of the state apparatus was in the hands of provincial **parlements**. Despite the name, these institutions were not representative bodies but courts staffed with elites who came to own their offices. When venal office-holding became hereditary (more or less *de facto* even before the introduction of the *paulette*), these offices were appropriated by an exclusive power elite that even acquired its own name, the "nobility of the robe" (*noblesse de robe*) to distinguish it from the traditional aristocracy based on the feudal warrior elite, the "nobility of the sword" (*noblesse d'épeé*). Although nobility was not required to obtain a position in *parlement*, the office had its perks because it often allowed ennoblement of its owner's family after certain requirements were met (e.g., twenty years or death in office). Originally, there was only the **Parlement of Paris** (established in 1307), and it was responsible for the entire domain. After the Hundred Years' War, however, the gradual re-incorporation of previously held territories and the addition of new ones threatened to overwhelm the Parlement's capacity. New *parlements* were created in the various provinces and the Parisian Parlement became concerned with matters pertaining to the Île-de-France although its jurisdiction spread to much of the north. It also retained its preeminence in rank and importance, and is often simply referred to as "the *Parlement*".[20]

Royal edicts could not become law in a given jurisdiction until they were registered by the its *parlement*. Initially the *parlements* were supposed to have the duty to register these edicts — their function was to be judicial — they gradually developed a practice of refusing registration for laws they disagreed with. The king could then either back down or get the judges to acquiesce. Since it was practically impossible to resist the king in his presence, the king would travel to *parlement* to sit personally in **lit de justice**, forcing the judges to bend to his will. Obviously, such a procedure was cumbersome and could only be used with some regularity in Paris, where the *Parlement* met conveniently right next to the palace. Although in emergencies the king sometimes travelled to provincial *parlements* as well, this was impractical especially once these *parlements* proliferated. To deal with recalcitrant *parlements* the king would issue **lettres de cachet** — orders personally signed by the king and countersigned by one of his ministers. These were not subject to appeal but using them to impose royal will could be costly: the *parlements* continuously protested against them,

[20] The provincial *parlements* were established in Toulouse (Languedoc, 1443), Grenoble (Dauphiné, 1453), Bordeaux (Guyenne and Gascony, 1462), Dijon (Burgundy, 1477), Rouen (Normandy, 1499), Aix-en-Provence (Provence, 1501), Trévoux (Dombes, 1523–1771), Rennes (Brittany, 1553), Béarn (Pau, 1620), Metz (Trois-Évêchés, 1633), Arras (Artois, 1640, *conseils souverains*), Perpignan (Roussillon, 1660, c.s.), Colmar (Alsace, 1667, c.s.), Bastia (Corsica, 1768, c.s.), Besançon (Frenche-Comté, 1676), Nancy (Lorraine, 1776), and Tournai/Douai (Flanders, 1686).

and in any case could drag their feet on executing undesirable policies. In 1648 the heavy-handed attempt to force the Parlement of Paris to acquiesce touched off the Fronde. This tool, while effective, had to be reserved only for the most important decisions.

The courts sent back edicts they found to be out of touch with local conditions or customary law, and accompanied this with proposed amendments. Because of the costs of forcing the royal command through the *parlements*, the king often had to compromise and alter the edicts until their content was satisfactory enough to be registered. Thus, even though in theory *parlements* had no role in law-making, in practice they gradually acquired it — eventually they would sometimes register an edict with their own emendations without even sending it back. Since they also passed regulations within their own jurisdictions, the *parlements* added legislative capacity to their judicial function as well. In their capacity to oversee not merely the promulgation of law but also its implementation, they held executive powers too. In this way the functional overlap of state functions was transferred to the middle level as well.

As if the absence of clear-cut separation of powers was not bad enough, there was also substantial jurisdictional confusion because of the fragmented accretion of the state. Many counties and duchies had their own legal systems, and these were often largely preserved as well upon incorporation in the realm. The kings either added new a *parlement* to represent his interests or transformed an existing provincial court into one when he could. Then there were the *seigneurial* courts of the formerly feudal nobility who had preserved many of their judicial rights (e.g., policing markets, controlling weights and measures, and resolving local disputes). These were the court of first (and often final) instance for most of the population, and their clientele was mostly peasants. In addition to the royal and seigneurial courts there was a bewildering array of other courts, formal and less so. There were the religious courts that dealt with matters involving church personnel and property; the courts of waters and woods *Eaux et Forêts* that dealt with incidents that had occurred in the woods; the financial courts that dealt with taxation; the merchants' courts that dealt with disputes having to do with commerce and trade; municipal courts that could hear cases about incidents that had taken place in and around the town; and then there were even guild "courts" that dealt with internal matters and that could be quite effective through their ability to exclude wrongdoers despite having no formal authority to judge.

The agency slack and the gradual accretion of precedent favoring legislative activism by the *parlements* it produced gave the legal families a very fundamental role in the functioning of the state. But since they performed their tasks in a wide variety of settings, they also had varied interests that sometimes aligned them with one group in society but sometimes pitted them against that very group. Despite belonging to the Second Estate with the nobles of the sword, the nobles of the robe often had very different interests when it came to policy. They cooperated with the traditional landed nobility on matters that involved land ownership (in which they also tended to be heavily invested) but they parted ways when it came to jurisdictional conflicts — the *parlements* were always trying to wrest jurisdiction from other courts traditionally dominated by the magnates. The judges also shared common interests with other venal office-holders, noble or not, when it came to defense of property rights — after all, their own wealth and often status were dependent on protecting their claim to the office. The judges had a shared interest with Crown in maintaining law and order: since the office was not pecuniary (the Crown did not pay a salary), the judges' income came

from fees and fines imposed by the court. Serious civil disturbances undermined the court's authority, made its judicial functions harder, and so threatened the livelihood of the judges. (Of course, this dependence on money paid by plaintiffs and defendants also tended to skew the court's decisions in favor of the side with the more generous purse.) Finally, as we shall see, the judges had also become indirect financiers of the Crown through their purchases of office with loans and in that capacity had an interest in promoting the solvency of the Crown, at least with respect to its debt obligations. Thus, the *parlements* had a variety of complicated interests that did not permit them to align consistently with any other social group. This distinctiveness often became physical as well: the judges often resided in their own separate quarters in the towns, and they tended to intermarry within the group.

The resulting "system" was so chaotic that it belies any characterization as an absolute monarchy. Moreover, simple stories pitting the Crown in cooperation with one particular group to suppress another (e.g., with the judges against the nobility of the sword or with the nobility against the peasants) are also quite misleading. We might say that in general the Crown preferred to cooperate with particular groups on particular issues, but there was no consistent pattern overall except that the Crown needed to ensure, more or less consistently, the protection of the property rights of the groups whose support was necessary for the whole state machinery to function. This meant weaving one's way through a dense network of explicit agreements and implicit customs. We can usefully think of the state as a **contractual monarchy** (to distinguish it from a constitutional one, for example). The members of the various privileged groups could have quite a bit of influence in certain policy areas especially when they could act as a corporate body. However, they tended to focus on policies that affected them directly. This sometimes enhanced their influence because the king could grant concessions that would be limited to the group and use that to split it off from others that could have cooperated in a joint opposition. But it sometimes made the group more vulnerable because it could end up on the receiving end of the king's divide-and-conquer politics. These institutions constrained the king by forcing him to seek the support of one part of the power elite or another, depending on the issue area and the problem at hand. On the other hand they also allowed him to untie his hands by selective manipulation and bribery of various groups, which meant that in general the Crown had a serious moral hazard problem. The "absolute" monarchy was thus in perpetual state of policy flux as different groups jockeyed with each other to extract particularistic benefits and privileges while the Crown's attempts to centralize power were alternatively thwarted and assisted by these groups. This process was path-dependent (once granted, privileges were difficult to revoke without the resistance of the group that was enjoying them), chaotic (there was no way to pursue a consistent policy for a long period of time), and eventually took the state apparatus largely out of the hands of the Crown.

4.3 Fiscal System

Nowhere was this picture clearer than in the operation of the fiscal system. The gradual accretion of territories, most of them through inheritance and voluntary agreement, brought in a whole spectrum of regional and local institutions upon which the royal apparatus was superimposed, often simply in parallel to the existing one. Entire provinces, especially those that had their own estates, got to retain their "ancient" privileges, customs, and liberties

upon accession to the realm. Cities that were valuable to the Crown often wrested concessions on their own in return for acknowledging the Crown's rule and agreeing to provide financial support. The nobility of the sword was benefitting from nearly exclusive access to command of the army, and even magistrates and assorted other royal officers enjoyed perks that had been granted to their offices in an effort to prop their prices.

To put it crudely, the list of pigs at the trough was always getting longer. The nobility got their pensions and patronage through their military employment; the venal officers got their *gages* and the security of their position, the tax-farmers gorged themselves on the taxes they were supposed to collect on behalf of the Crown; and the financiers could make fortunes by providing the Crown with loans at high interest rates. Generally speaking, the nobility of the sword, the nobility of the robe, and the mercantile elites (tax-farmers and financiers) — the wealthiest people in this society — not only largely escaped taxation through the myriad privileges the had managed to secure in return for their cooperation with the Crown, but they also came to depend on the state for their well-being. It is for this reason that they are sometimes described as "parasites" although such an ideological depiction is grossly distorting — after all, they *did* run the system.[21] It's just that they tended to their own benefit in a way that did not result in general welfare.

So who paid for all of this? It is often asserted that the poorest paid but this was not so. In fact, the poorest — laborers and widows — could not pay all that much for the simple reason that they did not earn that much and as a result did not consume that much; this put them out of reach for both direct and indirect taxes. Beyond this, we need to look a bit closer at the tax system, which was so complex that out of necessity we need to drastically simplify matters.

The main direct taxes, the *tailles*, comprised the *taille* itself and various surtaxes (*crue*) that were assessed for for garrison maintenance, for the mounted police, for military purposes (the *taillon*), and so on. This fell mainly on income from land, and here the exemptions varied by locale. In the north, the status of the landowner determined whether he was liable for that tax (*taillable*): the nobility and the middle classes of privileged cities (Paris or Lyons) were exempt but their tenants were not. In the south, the status of the land determined whether the owner was *taillable*: whoever owned "commoner" land had to pay, noble and commoner alike. The total amount of the *taille* was determined by the financial ministry, and was then apportioned to the *généralités*. At the district level it was then partitioned to its *élections*, and the *élus* then allocated it to the parishes. At the local level, the parishioners were responsible for dividing the parish amount among themselves and collecting the tax. In the early 17th century the *tailles* brought in close to half of ordinary revenue, but after Colbert's reforms (which decreased direct taxes and increased indirect ones), this share declined to about a third.

This tax fell primarily, but not entirely, on peasants and the non-exempt urban elites. Even in the north, the nobility and the special-status urban middle classes were only partially exempt: if they leased their land, for instance, the tenant's output was taxable. This tax was often shared between the landlord and the tenant: the landlord either paid part of the tax

[21] We should do well to remember that the Church was also not merely exempt from taxation, it collected its own tithe that the Crown could not lay a hand on. The French kings never embraced Protestantism like the English or the Germans, and so never expropriated the vast wealth of the Church. The Revolutionaries, of course, would have no such compunction.

or allowed the tenant to deduct it from the rents. This implies that even the theoretically exempt classes had an interest in keeping direct taxes low. In 1700, the top quartile of taxpayers contributed between 70% and 80% of the direct taxes.[22]

The strain of the Nine Years' War led to the temporary introduction of the universal **capitation** tax in 1695. Originally, only the king was exempt; everyone else had to pay a fixed amount according to social ranks divided into 22 grades. At the top, the dauphin paid 2,000 livres, and at the bottom day laborers paid 1 livre per year. Even though Lous XIV kept his word and canceled the tax after the conclusion of the Peace of Ryswick two years later, the tax came back with the outbreak of the War of Spanish Succession in 1701. This time, however, it was no longer universal and as a result it could become permanent. Some *pays d'État* and the clergy bought an exemption, and many urban elites secured privileged treatment. The burden of the tax thus shifted in the form of increased rates onto the peasants and non-exempt urban elites. The *pays d'élection* were allocated a fixed sum, which was then apportioned like *taille* so in the end, the capitation became a "25-33 percent augmentation of the *taille*."[23]

The terrible years of the War of Spanish Succession also led to a new direct tax, the ***dixième***, which was introduced in 1710. This was a 10% levy on income but the Crown did not look too closely at what that income was. The privileged classes declared their own income (one can only surmise about the honesty of these reports), and the vast majority of taxpayers had their income "eye-balled", which in practice ended up as yet another addition on the *taille*. As usual, the *pays d'État* and the clergy bought exemptions. The tax was abolished after this war (in 1717), but returned as a 5% levy, the ***vingtième***, during subsequent wars. When the expensive War of the Austrian Succession (1740–48) added to the already mushrooming state debt, the *vingtième* became permanent in 1749. The major difference was that now the non-*taillable* taxpayers had to document their income declarations. After a a while, the government also started to inquire into the incomes of the *taillable* taxpayers in order to ascertain if they could pay more. The state became more intrusive but when the elites recognized the trend toward universal taxation they also became very interested in English-style representative institutions — if there was no way to escape taxation, then one might at least have a say in how much of it there should be and what it would be spent on.

The Crown had three other types of taxes. The **aides** — the indirect tax, mostly on wine retail sales — was another levy that had been authorized by the Estates General, and so only existed in regions that had been represented there in the 1360s. The exempt provinces had negotiated their own sales taxes. Goods that were produced in a region where the *aides* was levied but that travelled to another where it was not were subject to internal "import-export" duties (**douanes**). There were also numerous transit fees (**traites**) that greatly increased the prices of goods, and so hampered trade.

It is for this reason that one of Colbert's important reforms targeted these fees. In 1664, he turned the area covered by the *cinq grosses fermes* into an effective "customs union" by abolishing the numerous internal tolls in favor of a single (and much lower) import-export duty to be assessed when goods crossed the boundary of that region. Prior to this reform

[22] Collins, *The State in Early Modern France*, p. 235. Also see James B. Collins. 1988. *Fiscal Limits of Absolutism: Direct Taxation in Early Seventeenth-Century France.* Berkeley: University of California Press.

[23] Collins, *The State*, p. 216.

goods traveling from Paris to the English channel had to pay tolls at 16 points and goods from Orléans to Nantes, at a distance of a mere 170 miles, had to pay 28 different tolls. The reform had the desired effect: despite the lower tax the increase in trade it produced contributed a larger amount to the treasury.[24]

The *gabelle* (salt tax), was based on the royal salt monopoly, but it had also been approved by the Estates General. The salt-producing areas (like Brittany and the southwest) were either exempt or paid at much reduced rates. The remaining portion of the south was called the *pays des petites gabelles*. Since it was close to the salt-producing regions, the tax was levied at the point of entry and the salt could then circulate freely. In the much larger section to the north, called the *pays des grandes gabelles*, the Crown stocked warehouses and then required households to purchase minimum amounts of salt at fixed rates. Obviously, this invited smuggling and the tax-farmers eventually developed a private force, the "archers of the *gabelle*" that frequently ended up fighting pitched battles with smugglers and nobles who were sometimes helping them avoid the tax.

All of these taxes were farmed out in auctions.[25] By the mid-seventeenth century, the process of enlargement of the thousands of small local tax farms we discussed had resulted in several centralized tax-farms — the **ferme-générale** — each restricted to a particular type of tax: *aides* (*Aides Générales*), *gabelles* (*Grandes Gabelles*), *traites* (*Cinq Grosses Fermes*), and *domaines* (the royal domain). Since these farms were large-scale operations, they could no longer be leased to the individual tax-farmers that had managed the numerous smaller farms that ended up consolidated in the **ferme-générale**. Instead, they went to companies of professional tax-farmers who could pool their capital to buy the lease and, when necessary, make up for unexpected shortfalls in collection. With the elimination of competition, these companies could also expect to be able to lease the farms time after time. This gave them incentives to invest for the long-term so they built up managerial skills and a bureaucratic apparatus, which the Crown ended up acquiring by reimbursing them at the end of the lease. Eventually, permanent syndicates of tax financiers controlled all the major farms, and when Colbert merged them in 1681 to create the **General Farms** (*fermes-unies et générales*), the syndicates also merged to form the **Company of General Farms** which employed 20,000 people, 70% of whom were in the "archers of the *gabelle*".

Until the end of the *ancien régime*, the Company of General Farms would lease the General Farms exclusively, and when it did not like the Crown's terms it would refuse to lease, letting the Crown manage its own tax collection. The Crown was always anxious

[24]Colbert was not universally successful. He consistently pursued a mercantile policy of high tariffs on foreign products to encourage domestic production. In this the French were no different from the English and their Navigation Acts that had targeted the Dutch and had led to the Anglo-Dutch Wars. France also had the Dutch in the cross-hairs, and they retaliated by imposing prohibitive tariffs on luxury items and salt, and banning the importation of French wine outright. All of this predictably produced smuggling on such a vast scale that foreign goods circulated in France at prices only moderately higher than the ones before Colbert's protectionism. French producers were thus hit from both sides: they were not getting the protection that the high tariffs were supposed to provide (so they still had to compete with foreign products) and they were prevented from exporting freely by the retaliations. Colbert's policy backfired badly and French industry was in a state of collapse. Legend has it that when Colbert called a council of leading merchants and asked them how the government could help their business, one of them said "Laissez-nous faire" (Leave us be!).

[25]George T. Matthews. 1958. *The Royal General Farms in Eighteenth-Century France.* New York: Columbia University Press.

to lease the General Farms despite owning the entire administrative apparatus because this was the only way to obtain the huge loans that the syndicate could provide. Needless to say, the tax-farmers drove a hard bargain, and ended up amassing vast wealth at taxpayer expense.

The Crown's need to borrow also drove it to other expedients with deleterious long-term consequences. Because of the moral hazard problem, the Crown often faced interest rates several times the rates that private borrowers had to pay. For example, during the 1640s, it had to offer 10%, 15%, and even up to 25% when private loans could be had for as little as 6% (the Dutch Republic's government loans at that time only carried between 3% and 5% interest). This difference created opportunities for arbitrage: anyone with a good credit standing could borrow in his own name and loan to the Crown at a higher rate. It was risky, of course, but it could be tremendously profitable. For its part, the Crown could narrow the distance by offering some perks to the lender.

This is how the 45,000 **venal offices** came to be.[26] The price of an office was fixed by the Crown, and the office was then offered for sale. Some offices were pecuniary, which in itself gave a reason to buy in, but even the ones that were not (the judicial offices, for instance, which comprised the majority of venal offices in France) carried substantial perks in the form of tax exemptions, other privileges, and power. Buyers were interested but when they could not muster the capital to purchase an expensive office, they had to borrow themselves. Because the loan was secured by the property right to the office, the lenders had first claim on the value of that office, much like they do with modern mortgages. With that value fixed, publicly known, and relatively stable (it could really only go up!), the risk to the creditors was much smaller: their liens would be recorded together with the sale, and if the buyer should default, they could sue to recover their money. In this way, the buyer could borrow at market rates and with the purchase advance credit to the Crown at rates far below what it could obtain in the market itself. The vast majority of the financiers of the French Crown were its own office holders.[27]

The system then gradually created a network of interlocking interests. The venal officer holders certainly had an enduring interest in securing the property rights to their offices. Prime among these were the nobility of the robe that also happened to be responsible for seeing that royal policy got implemented. If the king wanted to keep the state apparatus running, he could not risk offending these people, and as a result he had to uphold their property rights. This took the state apparatus out of his hands — ironically, the absolute ruler was losing control of policy. He could prevent some of the more glaring abuses by sending out intendants, but even these had to secure the cooperation of local elites.

One of the telling features of the long rule of Louis XIV was the absence of wholesale repudiations of debt held by these elites or attempts to deprive them of their investment. The last partial bankruptcy occurred shortly after Colbert became treasurer in 1661. The first thing he did was to bring the Superindenent of Finances (Nicolas Fouquet) to trial for corruption — Fouquet had arranged high-interest loans for the government in return for kickbacks from the creditors. After Fouquet's conviction, Colbert was allowed to create the **Chambre de Justice** to root out corruption and inefficiency in the financial bureau-

[26] Hoffman, "Early Modern France," pp. 234–35.

[27] Bonney, *The King's Debts*, pp. 17–8.

cracy. The ordered all financial officers to document the source of their wealth or face confiscations (informants were to get 1/6 of fine if their information led to convictions). This revealed how many officials had obtained excessive rates on their loans to the government, and Colbert forced them to renegotiate them: the interest already paid was subtracted from the principal, and the remainder was refinanced at much lower rates. The government wrote off 90 million livre outstanding debt, and garnered 20 million in fines — the equivalent to nearly 18 months of revenue. The lower interest payments also resulted in savings of about 13 million livre per year, enabling Colbert to balance the budget until the Dutch war broke out.[28] It is important to note that unlike the partial defaults under Sully in 1604 (when the paulette had to be introduced to compensate the *rentiers* most of whom were venal office holders) and under Mazarin in 1648 (when the attempt to mess around with the *paulette* touched off the Fronde), this "bankruptcy" focused on individuals and targeted the financiers.

Whereas one could read into Louis XIV long reign signs of a maturing absolutist state, one would have to explain the king's inability to reduce his debt despite higher taxes and his unwillingness to default on at least on part of it (although the massive issuance of paper money during the War of the Spanish Succession could be regarded as a form of expropriation). His readiness to uphold the property rights of the various groups running his state machinery goes a long way in illuminating how the contract monarchy worked. Such constraints proved binding when enterprising ministers sought to institute reforms to rationalize the system and ensured an uneven distribution of the tax burden not merely among the various social groups but also regionally:

> The consensual, almost semi-contractual, basis of the monarchy was a fundamental impediment to fiscal reform. [...] The French crown continued to rely disproportionately on income from the *pays d'élections* throughout the ancien regime. Had all France been *pays d'états*, French intervention in the Thirty Years' War, and in the later wars of the seventeenth and eighteenth centuries, could not have been sustained. One of the permanent changes of the Revolution in 1789–90, with the abolition of provincial privilege and the creation of departments, was to remove this excessive reliance on the central or 'core' areas.[29]

It was not just the *pays d'é* that were fairly good at shifting the fiscal burden (by 1677 a third of the taxes collected in Languedoc went to local notables who also controlled the spending of another 10%), but the frontier regions and the recently acquired provinces were paying much less than the core areas of the Paris basin as late as 1780. [30]

Since shipping money was slow, expensive, and risky, most of it tended to be spent locally through the issue of "assignations" with which the Crown earmarked portion of the revenue to pay its bills in that locality. The "net" figures provided by the documents of the central

[28] This would become a pattern because the financiers could not be monitored effectively all the time. The financiers would loan the Crown money at extortionate rates when the Crown was weak and desperately in need, make fortunes until it recovered, and then pay "retroactive taxes" in the form of fines imposed by the *chambres de justice* while also being forced to reschedule their loans, at least until 1716. Bonney, p. 154.

[29] Bonney, "France, 1494–1815," pp. 157–61.

[30] Hoffman, "Early Modern France," p. 230;

treasury can be quite misleading because they only state the amounts that reached it. The local expenses, sometimes quite large especially in areas that supported troops, and the revenues assigned to them never showed up in these accounts. This system gave the local elites more leeway because it was very hard to monitor their activities. Moreover, it made it nearly impossible for the Crown to redistribute funds from one place to another when needed, which made it even harder to bring local elites under control. To deal with regional shortfalls the Crown would "pre-spend" some of its expected revenue there, sinking further into debt. It was not unusual to have pre-spent several years' worth of revenue during crisis years.

The upshot of all this was that taxes fell inequitably. Despite attempt to monitor the local elites and the effort to institute taxes that would be imposed throughout the realm in a relatively consistent manner, the inequalities persisted to the Revolution. While the average per capita fiscal burden was 23 livres, in the *généralité* of Lyon it was 30, in Rouen it was 37, and in Paris it was over 64 livres. Although some that doubtless reflects the more expensive city life, the pattern is more complex and cannot be explained merely by proximity to the capital or to a great urban center.[31]

This inequitable and exception-ridden system resulted in the Crown relying on a relatively narrow tax-base for its revenue, which pushed it ever deeper into debt. During the Thirty Years' War, the Crown borrowed an average 43 million livres per year when its tax income was 119 million. This still produced 600 million in total debt by 1642, necessitating the forcible rescheduling of 1648 that ended in the Fronde. Despite this the debt increased to 427 million by the end of the Nine Years' War (when tax revenue averaged 208 million per year), and then exploded to 3 billion by the end of the War of the Spanish Succession (when tax revenue had actually declined to 119 million per year). Since it was unable to expand its revenue, the Crown resorted to fiscal expedients: in 1715 the principal of the outstanding debt was forced down to 1.7 billion but that did not help, and the War of the Quadruple Alliance (1718–20) resulted in yet another rescheduling. The Seven Years' War increased the debt to 2.36 billion by 1763 (seven times the annual tax income). This proved unmanageable despite the peace that followed: by 1768, the debt had gone up to 2.48 billion: the peacetime amount by which it had increased was 76% of the *entire* debt of the Crown at the end of the Franco-Dutch War 90 years prior. The French support for the American revolutionaries was ruinous, and in 1783 the total debt had mushroomed to 3.31 billion. The fiscal collapse continued apace, and on the eve of the Revolution the Crown carried 4.21 billion of debt, which was equivalent to fourteen times the annual tax income.[32] Let us take a brief look at the policies that produced this ruin during the 18th century.

5 From Wars to Revolution, 1714–1789

As you will recall, the War of the Spanish Succession essentially ended the Dutch Republic's pretensions to be a great power: it adhered to strict neutrality (as long as others permitted it) for much of the 18th century, and even then its economy stagnated, taxes in-

[31] Bonney, "France, 1494–1815," pp. 160–61.

[32] Karen A. Rasler and William R. Thompson. 1989. *War and State Making: The Shaping of Global Powers.* Boston: Unwin Hyman, Table 4.3, pp. 95–6.

creased only a little, and its public debt mushroomed. This war was also ruinous for France. Louis XIV had financed it using every desperate expedient in the monarchy's book: he issued paper money, he increased taxation, and he borrowed heavily. In 1715, the government owed between 1.25 and 1.5 billion livre, and it had pre-spent its regular receipts two years in advance. The reasoning behind the extension of the *dixième* until 1717 was precisely to pay off some of this war-related debt. (The capitation, in its modified form riddled with exemptions, would continue until the Revolution.) France was in dire need of some breathing space to bring the runaway government spending under control. Not surprisingly, the next several decades saw a flurry of reforms and an effective withdrawal from international politics. Although France got involved in two wars — the War of the Quadruple Alliance (1718–20) and the War of the Polish Succession (1733–38) — these did not disrupt the economic growth and increasing well-being of the population. The beginning of the end will not come until the War of the Austrian Succession. Before we get there, however, we should pause briefly to examine the reforms that failed — leaving the monarchy critically shackled financially — and those that enabled Louis XV to preside over a period of sustained prosperity.

Louis XIV was succeeded by his great-grandson, Louis XV (r. 1723–74), in 1715 when the boy was merely three years old. France entered the period of **Régence** (Regency, 1715–23), when the country was governed by the Sun King's nephew, Philippe d'Orléans, who oversaw a massive — but ultimately unsuccessful — attempt to reform the country's finances. The **Mississippi Bubble**, as the financial disaster will come to be called, was the monarchy's most sustained effort at creating a central bank modeled after the wildly successful **Bank of England**, which itself copied practices of the venerable **Bank of Amsterdam**. Reduced to its bare bones, the idea was to revive the economy by increasing the amount of money in circulation. As long as the value of the currency does not get eroded by irresponsible issue or lack of trust in the population, making more money available for commerce would increase demand, and this will in turn drag production upward. To understand the need for sound money, we need to take a look at the problems inherited from the Sun King.

The Regent continued the practices of Louis XIV in abolishing some of the venal offices. The Sun King had initially vastly expanded the number of these offices in 1708–9 in order to finance his last war. In doing so, he established many offices — hereditary mayors, inspectors of guild-produced goods, extraneous offices in parlements — which by design were so prejudicial to the interests of the affected urban interests that they could be expected to pay him to abolish the offending offices.[33] In other words, by threatening to sell an office that would interfere with the interests of the otherwise tax-sheltered corporate bodies, and then allowing them to purchase the right not to have such an office, the King managed to impose a tax on those that otherwise would have paid none. The Regent ventured further and abolished existing offices. Although the government did pay restitution to these office-holders, it did so at reduced rates: the fact that the amount of capital repaid was reduced by what the *taille* would have been had the office holder had to pay it shows that these venal offices were, in fact, a disguised form of taxation of the tax-exempt. Not surprisingly,

[33] For example, between 1692 and 1701 Dijon paid over 500,000 livres to buy back such offices; Rouen paid 700,000 livres between 1689 and 1695. See Collins, 218.

the value of offices sharply declined, making it not only difficult to sell new ones (some, like those that carried no assured income, could not be sold at any price) but also creating serious concerns among the *parlements* about their property rights.[34]

Increasingly during the last war, Louis XIV paid for most of his expenses with paper money. Letters of exchange had been widely used by merchants and by tax collectors in order to avoid the costly, dangerous, slow, and uncertain shipment of money. When the government was starved for specie, as would invariably happen during war when it had to pay troops in cash, it would refuse to accept these letters (even its own) as payment for taxes. Those with ready access to cash — tax-farmers and provincial estates — used these opportunities to drive hard bargains: they would buy Treasury orders at very large discounts and then redeem them when the government's financial situation improved. Louis XIV also siphoned away specie through the issuance of **billets de monnaie** (coin certificates), which were given to people who brought in their coins for re-minting in lieu of new coins. The temptation to issue more certificates than there was actual specie to back it up proved irresistible. Even though the government offered 7.5% interest on these certificates in an attempt to make them more attractive (legally they were supposed to be the same as cash), by 1707 the certificates sold at less than half their face value. To stop the collapse, the King mandated that even private transactions over a certain amount must use the certificates for at least 25% of the total, but this was dropped four months later in 1708 as impractical. The loss of Lille had undermined faith in this paper money so much that its value plummeted to 17% of the nominal. Despite the influx of Spanish American bullion in 1709 — which the government minted and used some of the proceeds to buy back 43 million livres of coin certificates — Louis XIV had created too much "paper money", which had committed the government to repayments that it could not possibly make.

5.1 The Royal Bank and the Mississippi Bubble, 1717–20

One must understand here, that this "paper money" was not used in daily transactions: the French had never seen paper currency before 1719 and had transacted their everyday business exclusively in coin (e.g., copper *sou*, brass *denier*, silver *ecu*, and gold *Louis d'or*). In 1716, the Scottish economist **John Law**, working closely with the Regent, set up the private *Banque Générale Privée* in Paris. Its initial capital was 6 million livres in 1,200 shares of 5,000 livres each. Subscriptions were to be paid 25% specie (gold and silver) and 75% in government bonds (*billets d'état*), which were then trading at about 40% of face value. In other words, the bank took over part of the government's debt, and issued paper money backed by the reserves in silver and gold. It paid interest on deposits, and offered low discounts on letters of exchange. Within a year, the Regent involved the government more directly by ordering that all public funds be deposited in the bank and authorizing the payment of taxes using the notes it issued. That is, the bank's notes became quintessentially legal tender. Unlike the deeply discounted government bonds, the bank notes commanded a 15% premium.

In 1717, the Regent authorized Law to create a massive company with a 25-year trade monopoly with Louisiana (believed to have precious metals) and French Canada (beaver

[34] Collins, pp.213–5.

skins), the **Compagnie d'Occident**, with an initial capital of 100 million livres in 200,000 shares at 500 livres each. The company was supposed to exploit the vast territories along the Mississippi River — which is why it became known as the **Mississippi Company** — and to settle 6,000 citizens and 3,000 slaves there. To finance its initial operations, Law sold company shares for cash and state bonds. He accepted government notes at face value even though these had been trading at about a third of that, and allowed the entire purchase price of stock to be financed with them. Moreover, one could purchase Company shares with only 10% of the price as downpayment. These easy terms helped the government tremendously as holders of government notes rushed to exchange them for shares in the Company. The wild promises of fabulous (unexplored) wealth in America and the easy terms offered created manic demand for these shares. The company seemed to go on an even sounder financial footing when it acquired the tax farm on tobacco and extended its trade monopoly to Africa in 1718.

The Regent, tempted by the success of the bank, decided that the Crown had to take it over. On December 14, 1718, he issued a proclamation that renamed the bank to **Banque Royale**, announced that the king had reimbursed its former owners (in specie), and that the government now guaranteed its notes. Since these were initially redeemable for specie, which itself could be debased by the Crown at will, the government soon undertook that no such debasements would take place, and that the notes would be fully convertible. The government also banned the use of silver for purchases over 600 livres (these would now have to be conducted using the paper money), and granted the bank the right to mint coins. Thus, the Bank, whose Director-General was Law, assumed the government's debt by exchanging it for shares in the Company.[35] The reach of the Company extended parallel with the power of the Royal Bank. With the acquisition of the trade monopoly with the East Indies and China in May, the Company now controlled all non-European French trade. With the acquisition of the General Farm in July, the Company also obtained full control of tax farming. In other words, by the end of 1719, Law was in charge of French overseas commerce, tax farming, and paper currency. To promote investment in the Company, Law organized a marketing campaign that fueled enormous speculation in shares, whose price went up to 5,000 livres in July 1719, and reached 10,000 livres in January 1720.

Paris had gone mad, devouring the shares, selling them at vast profits, and then reinvesting the proceeds. All of this, of course, increased the demand for the Bank's notes. Law issued 150 million livres in 1718, and another 160 million in the first six months of 1719. The speculative frenzy of the second half of the year was fueled by unrestrained issuance of paper money: 220 million in July alone, and another 600 million by December. In January 1720, the Company issued its first dividend, at a whooping 40%, but the more level-headed of investors had come to realize that without actual income from trade, the Company could only sustain such outlays and share prices through continued influx of cash from investors — in essence, a pyramid scheme. Some began to sell off their shares, making vast fortunes in the process, and when a royal prince did so, suspicions began to grow about the soundness of the Company's finances. The vast quantities of money released from these

[35] The same fatal move that would contribute to the bursting of the South Sea Bubble in England in 1720. The difference, of course, was that while in England the Bank of England had resisted the takeover and did not become involved with the bubble, in France the central bank was precisely the entity that was printing money that fueled the boom.

sales fueled a housing boom in Paris — with real estate prices and rents sky-rocketing, and increased demand for luxury goods.

The share prices stabilized at 10,000 for three months as Law began issuing massive quantities of notes to offset the slacking demand for Company shares. The Bank, in fact, issued 1.7 billion livres in notes in the first 5 months of 1720. By May it had issued something like 2.6 billion livres in notes, which was twice the amount of coins available. The government attempted to force an end of speculation by issuing a "price deflation" edict that would have reduced both the bank's notes and the company's shares to half of their nominal value by the end of the year. Resistance was so fierce that the edict was quickly rescinded. The Bank stopped paying in gold for demands over 100 livres and stimulated interest in its notes by promising to exchange it for Company shares at the 10,000 price per share. The glut of "cash" tempted speculators again: the Company's shares rose again, reaching the incredible 18,000 livres by the end of July.

Law had manged to double the money supply, but by now it was clear that the share prices were unsustainable. The first to sell their shares and redeem their notes for silver and gold made fortunes, but the run on the bank soon exhausted its reserves of specie. Law tried various stratagems to slow down the depletion of reserves and to increase public confidence in the paper notes. The clerks started counting out coins in small denominations and doing so very slowly, banking hours were shortened, and bank officials stood in line to present fake claims and secretly return the cash taken out. The bank even publicly burned notes it redeemed to demonstrate that these would not go back into circulation and reassure investors that note scarcity would buttress their value. These schemes did not help: the notes fell to 50% of their face value, triggering an automatic collapse of the price of Company shares. By August, the shares had dropped to less than 8,000 livres, and by December they had plunged to less than 2,000 livres. Law fled France before the public could lynch him.

The Law system had wreaked financial havoc on France. In 1721, the government had acquired unpaid debts of about 2.22 billion livre, 10% of which consisted of shares in the Mississippi Company. The Regency confiscated shares that had been paid with credit instead of cash (on the presumption that these had been speculative), and forced devaluations of bank notes and shares. By September, Company shares were back to their original price of 500 livres, and debt service returned to its 1718 levels (about 51 million livres in annuity interest payments). The bank notes ceased circulation, and the public returned to specie-only transactions. The spectacular bursting of the Mississippi Bubble and the collapse of the Royal Bank turned off the French from both paper money and central banking.[36] This would prove a grave liability because without a central bank to manage government debt, the Crown was doomed to borrowing at very high rates and granting privileges to cash-holders willing to lend it money. Thus, the tax-farmers would lend cash at short notice (sometimes they would borrow it themselves at half the rate they demanded) and the provincial estates would buy themselves out of the tax assessments required under the *vingtième*. At least the government became determined not to manipulate the currency: in an astounding break with tradition, the Crown stabilized the *livre tournois* in 1726 and maintained its value until 1785. There would be no more hidden taxation through inflation.

[36]The French central bank would only be established by Napoleon.

5.2 Brief Period of Prosperity, 1721–55

Reforms also touched taxation. Louis XIV had established the principle of universal taxation, but the *dixième* was abolished in 1717, and the capitation tax was only allowed to continue in its privilege-ridden form. The *dixième* was temporarily back between 1733 and 1737 for the War of Polish Succession, and between 1741 and 1749 for the War of Austrian Succession. The tax continued to be based on self-declaration by those exempt from the *taille* and was pegged to the *taille* for the rest. This (and the resulting evasions by the non-taillable elites) made it an acceptable expedient. The attempt to introduce a 2% universal tax (the royal fiftieth) in the mid 1720s, however, failed miserably because the new tax did not allow for self-declarations. Even with the tenth, provincial estates often paid lump sums to purchase exemptions. Overall, even though the Crown had succeeded in stabilizing its income through administrative reforms, by the 1750s it still took in roughly what it had taken in at the turn of the century. The revenue was about 200 million livres, of which the General Farms supplied 45.5%, the *taille* about 20.5%, the capitation another 16.5%, and the provincial estates a little over 8%. The remaining 9.5% came from the royal demesne, sale of offices, coinage, and other fees. This was barely enough to cover peacetime expenses: 55 million on the army and navy, 45 million in interest payments, 20-25 million in salaries for office-holders, and 30 million on the royal household, for a total of about 155 million in basic fixed expenses. With another 20-40 million miscellaneous expenses, the Crown was spending up to 195 million of its peacetime revenue, with any unforeseen outlay (like the wedding of the King's daughter in 1739, which cost the Crown 30 million) financed by borrowing.

Wars, of course, immediately pushed the Crown into deficits despite the reintroduction of the royal tenth. By 1748 (the end of the War of Austrian Succession), the Crown owed 200 million livre. Remarkably, debt service rose only by 5-10 million livres per year because in 1749 the government introduced the permanent universal royal twentieth tax on property and income from it (e.g., rents), the *vingtième*, which brought about 100 million livres per year. The new tax was justified with the need to pay off the debt, and it required taxpayers to document their wealth declarations. Resistance was immediate, but as long as the country remained at peace, the Crown could force everyone to pay. Well, almost everyone: the clergy held out until the Crown agreed to exempt them from the tax in exchange for a fixed grant, the usual expedient. Under the pressure of war, however, the Crown had to compromise with others as well: during the Seven Years War, the provincial estates in Languedoc, Brittany, Artois, Provence and Burgundy managed to purchase the right to fixed contributions instead of assessments, effectively lowering the taxes they paid.

In the end, despite the successful introduction of the more or less universal property tax, as long as it insisted on getting involved in war, the Crown remained shackled to those who had the cash to advance. It relied on corporate bodies — the tax-farming syndicate, the provincial estates, the guilds, the municipal governments — because there was no central bank to manage the debt. Although this system offered cash at lower rates than the Crown itself could obtain, it perpetuated the inequalities of taxation through exemptions and privileges. It also perpetuated the powerful vested interests that relied on this system to make huge profits, effectively ensuring that it would be well-nigh impossible to reform it.

This does not mean that the Crown did not try to reform the system. Since the *parlements*

had solidified their hold on the provinces — recall that they combined judicial, executive, and legislative functions — it was they that would prove a major obstacle. The King tried to weaken them by supporting the move of various offices (e.g., police) to elected local officials. This also met with vehement objections (when the judges did not simply buy the new office themselves) and the process, which had started as early as 1699, would not be completed until the Revolution instituted these changes at a stroke. Still, local administration was gradually being taken away from venal office holders and put into the hands of elected professionals. With the Crown itself getting better at administration, with new taxes being universally imposed and difficult to evade, the parlements suddenly became champions of tax rights, increasingly clamoring for actual representation to control royal taxation. Here, however, one should not imagine that they had the British model in mind; as the decision of the Parlement of Paris in 1788 would demonstrate (that the Estates General would follow the rules of 1614), the parlements were in fact the bastions of privilege.

5.3 Reform and Resistance: Crown vs. Parlements, 1756–87

In 1763, the **Seven Years War** ended in disaster for France. It had fought around the globe against Great Britain, and it had fought on land (in alliance with Austria and Russia) against Prussia. The country had entered the war during a period of economic prosperity, but emerged from it shorn of its colonies in Canada, India, America, and Africa. The war had cost 1.5 billion livres, and the Crown owed something like 2.5 billion. Since the fortunes of war had declined sharply by 1759, a lot of this debt had been contracted at high rates (the lenders were effectively anticipating an inevitable default at the end of the war, so were quick to capitalize through high rates before that happened). As a result, debt service — which had risen by 8.7 million during the Austrian war — now rose by 24.4 million livres per year. Between 1741 and 1763, debt service rose by 40 million livres. By 1768, interest service gobbled up 132 million livres per year, from a total government income of 317 million, that is, almost 42%. The American War would push the cost of debt service to 66% of revenue. The only way to survive would be to reform the tax system to eliminate all privileges and create a central bank to keep the Crown debt at manageable rates.

In 1759, the controller general abolished the *taille* exemptions for the bourgeoisie and royal officers, the *gabelle* exemptions for the provinces, and slapped new taxes on the rich. The resulting backlash ended with his dismissal. His successor appeased these interests by canceling the reforms but the dire circumstances of 1763 forced him to extend the wartime tax to pay off the vast state debt. The parlements refused to register the law, arguing that financial reform had to come first, and he resigned.

Matters came to a head in 1764 when the next controller general introduced a special tax in Brittany for the purpose of financial road repairs. This he did without the consent of the Estates of Brittany, causing both estates and the Parlement of Brittany to oppose it, touching off the so-called **Brittany Affair**. The Crown insisted and the Parlement resigned. The King decided to play tough and created a new Parlement, but this merely caused other Parlements to come to the defense of the Breton colleagues while the local population refused to accept the new establishment. Finally, in 1766 the Parlement of Paris took up the case, warning in their remonstrance that the Crown was endangering the entire social order. It then had the temerity to assert that it was speaking on behalf of the nation and that it was

not subject to the absolute power of the monarch.

Louis XV could not tolerate this challenge to royal authority. He arrived in Parlement in person but instead sitting in *lit de justice*, he excoriated the judges in a "Seance of the Scourging". He asserted that all sovereign power rested with the king, that there were no interests of the nation separate from those of its sovereign, that all authority — including that of the courts — derived from him alone, and that nobody could interfere with his ability to make law. The language was harsh, but the actions much less so: the king removed his governor in Brittany and restored its original Parlement. (The Parlement of Paris even decided to try the former governor for malfeasance, but the King yanked their jurisdiction.)

In 1770, Louis XV tried again, this time through the new controller general, Abbé Terray. The first step was to reschedule some of the debt, reducing the term of service and the interest rates, and repudiate some too (by refusing to honor notes issued by the General Farm). Since debt rescheduling was better than new taxes, Parlements agreed with the changes, making it possible for Terray to reduce deficit from 100 million to 30 million livres. The next step was even more radical: Terray and chancellor Maupeou had the King reassert the principles he had set forth in the Seance of the Scourging in 1766. When Parlement responded, predictably, by suspending operations, the Crown dissolved it altogether, added new councils in important cities without parlements to assume jurisdiction of all non-political cases, and purging the provincial parlements, in effect creating a new court system. Despite some sporadic resistance, the new courts duly registered the much improved *vingtième* with its verification requirements. Thus, if the King backed his ministers and was willing to resort to coercive measures, it was possible to reform the system away from its dependence on entrenched interests of corporate bodies. However, in 1774 Louis XV died, causing the immediate fall of the unpopular Terray and Maupeou (to widespread celebrations throughout the country — parlements enjoyed popular support), and his successor did not have the stomach for such drastic measures.

As Louis XVI restored Parlements to their full power, the new controller general, Turgot, attacked another corporate body: the guilds. Like the Parlements, the guilds were protected by numerous privileges and also had substantial financial resources that could translate into political influence. Turgot added to the list of enemies when he abolished the royal *corvée* (which was fine) only to replace it with a universal tax (which was not). The Parlement of Paris refused to register this law, prompting the King to sit in *lit de justice* and force the registration of the edict. The incident caused much outcry and Parlement emerged as a protector of the public against new taxation. Finally, in 1775 Turgot's free trade policies caused serious shortages of bread in Paris, provoking riots that eventually compelled the King to intervene and set "fair and just" prices. With the guilds, the Parlements, and now the crowds against him, Turgot lost the backing of the King and resigned in 1776. His successor quickly reversed his reforms: the guilds were restored to their full privileges, the *corvée* returned with its replacement tax disappearing, and even price controls were reimposed.

The five years of Jacques Necker (1776–81) saw yet more attempts, including the abolition of the receivers general that controlled the income from direct taxation and also gorged themselves on profits as bankers to the Crown, advancing in effect, the King's own income at high interest rates. Necker also reduced the number of authorities that could make payments by eliminating various disbursement officials and consolidating them into single

treasuries for the Royal Household, for the Army and for the Navy. He even managed to institute a new *vingtième* on income in 1776, which was registered despite some protests from Parlements. He even proposed restoring provincial estates — the latter proving more pliable than the Parlements — but succeeded to get only the one in Berry going before this effort was stymied by the concerted effort of Parlements and intendants.

Necker's efforts to put royal finances on sound footing came to grief under the intense strain of the **American Revolutionary War**, which France entered in 1778. At an estimated cost of 2 billion livres, this foreign adventure was even costlier than the ruinous Seven Years War, and the state was in a worse financial shape than in had been in 1756. Necker borrowed on a vast scale: from ridiculously profitable (for investors) annuities to using intermediaries like provincial estates and town councils, all the usual stratagems came into play. Necker even went so far as to publish his account of royal finances, in which he hid the deficit he was running (to the tune of about 60 million livres) and criticized profligate spending; his revelations about the huge pensions of Court favorites sparked public outrage, but all this accomplished was his own downfall, which also ended some of the more drastic reforms (the receivers general returned).

Necker's successor went on borrowing another 300 million livres in 1781–2, at ridiculous interest rates (10–12%). By the Peace of Paris (1783), France was victorious — in the sense that it had helped the American colonies achieve independence from Great Britain — but struggling with impossible debt, whose service at this point consumed 2/3 of state revenue at a time when budgeted deficits stood at 25%. The debt burden was, of course, in large part due to the exorbitant interest rates on the annuities. The traditional way here would have been to repudiate some of this debt and reschedule the rest. After all, the rates were high precisely because the lenders had anticipated this very outcome and had effectively front-loaded the service in the expectation that it would not continue for very long. Remarkably, however, the Crown did not follow the traditional script but instead insisted on continuing debt service.

This became unsustainable and in 1787 the Crown had to face the need for drastic reforms. With three *vingtième* taxes and the stiff resistance encountered by reforms of the other taxes, the Crown could now either push forward using repressive tactics or acquiesce to the Parlements who had raised the standard of the Estates General in their opposition to tampering with their privileges. At first, the Crown steered a middle course by calling an **Assembly of Notables**, 144 persons from all estates and provinces, including 7 princes of the blood, 14 archbishops and bishops, 36 high nobles, 37 parlementaires, 4 intendants, 8 councillors of state, 12 representatives of provincial estates, and 26 representatives of towns. To the King's surprise, this assembly had refused to discuss taxation, insisting that only a "true national assembly" could have such an authority. This confrontation resulted in the dismissal of the controller general and his replacement by Brienne, one of the most vocal members of the assembly.

Motivated now the Crown's interests, however, Brienne proposed the same reforms that his predecessor had: repeal of the three *vingtième* and the *corvée*, their replacement by a universal land tax, reform of other taxes, abolition of internal tariffs, and the foundation of a central bank. The assembly refused to vote these proposals and reiterated its call for the Estates General. Since this body was dominated by the first two estates, the nobility and the clergy at the assembly fully expected it to protect their corporate interests. In other words,

this was not a call for genuine representation but one for preservation of privilege in the face of a growing threat of unilateral action by the Crown.

In July 1787, Brienne attempted to get the Parlement of Paris to register the new universal land tax, which the court duly refused to do. Hewing to the traditional script, this caused the King force it to do so in *lit de justice*, but this time the judges repeated the demand for Estates General to his face, and then declared the edict null and void on the following day. The King exiled some of the parlementaires but then lost his nerve and approved a compromise: Brienne abandoned the land tax and obtained the renewal of two *vingtième* with the corresponding exceptions for nobility and clergy. The conflict deepened in November when Parlement refused to legalize new loans that were to cover the next five years. When the King showed up for another *lit de justice*, he was told point blank that the edict was illegal, provoking him to exile both his own cousin, the Duke d'Orléans along with two judges. Louis XVI prepared to repeat Maupeou's coup of 1771 and suppress the Parlement of Paris while Brienne imitated Necker in restoring provincial estates, this time in the Dauphiné. The Crown, however, ran out of time.

6 Paying for War, 1600–1789

It should come as no surprise by now that the French Crown's tax revenue could not finance most of its wars. Louis XIV's early years at war were not too bad: the War of Devolution could be easily financed from revenue (even though part of this success has to be accounted by the king's decision to abandon the war once the opposing coalition had revealed that it would become expensive). The initial stages of the Franco-Dutch War went well but once the Dutch cobbled their alliances, revenue could no longer keep up, leading to another early peace. From this point on, the Crown was never able to come close to paying for its wars from taxes. As a result the extraordinary means (office sales and borrowing) rapidly escalated. Despite the fluctuations, a trend in both income and spending is clearly recognizable: the pressure of wars, the administrative tax reforms, and the servicing of all this debt were driving up tax revenue while the military technology although the multi-state alliances that France regularly faced after 1680 ensured that expenses were forever outpacing that income.

We can gain some deeper understanding of these developments by asking how far above "normal" these wartime expenditures were. For this, we can project a trend of peacetime spending over the war years and then compute the difference between what the Crown spent and what it would have hypothetically spent had war not occurred. Figure 2 plots this deviation from the peacetime trend expressed as a percentage of the hypothetical peace expenditure.

Several interesting conclusions emerge from this picture. Early in the seventeenth century the Crown ran into financial trouble when the Thirty Years' War doubled wartime expenditure relative to the peacetime trend. The attempt to solve the burgeoning problem touched off the Fronde, which caused taxation to collapse. The continuing involvement in the war with Spain pushed excess expenditures up to the pre-Fronde levels, causing another debt restructuring shortly after the Peace of the Pyrenees. The new system set up by Colbert and Louis XIV proved capable of containing that pressure: the last wars of the Sun King also put tremendous strain on society but the government managed to get by without defaulting again. The plot also reveals just how bad Louis XIV's last two wars of attrition had been.

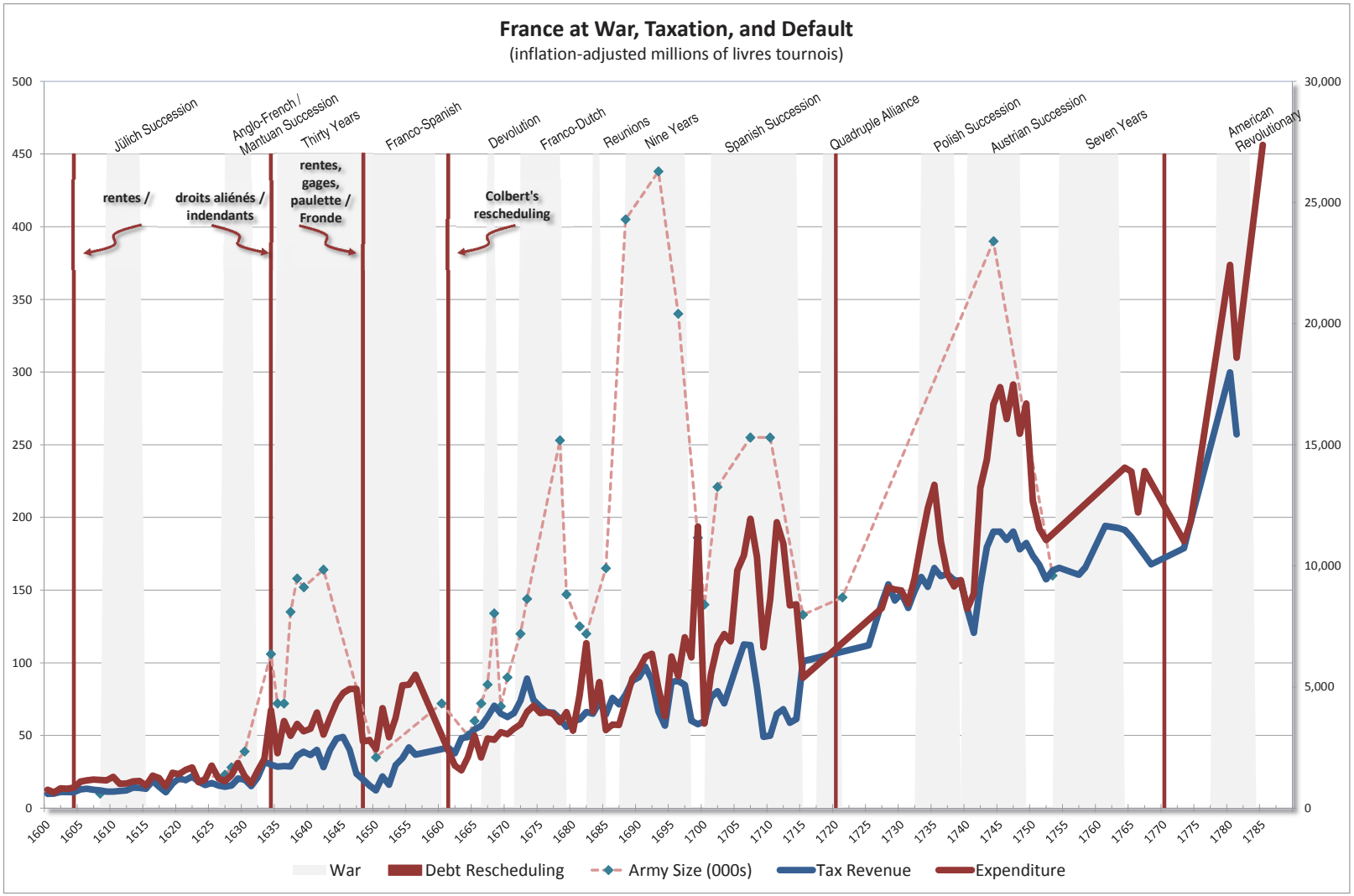

Figure 1: Tax Revenue, Military Spending, and Defaults, 1600–1789.

The figures for the revenue and military expenditure are in inflation-adjusted millions of livres tournois. The tax revenue is the total of "ordinary" revenue, which excludes the sales of offices and *traites*, which could swing wildly year to year. The military expenditures includes the "extraordinary" spending. These plots should be interpreted with great caution since neither the revenue nor the expenses represent the complete picture with a significant portion of income and expenditure occurring at regional level without being reflected in these figures. The total army size (in thousands) are based on Lynn's calculations of real numbers of troops as opposed to those on paper.

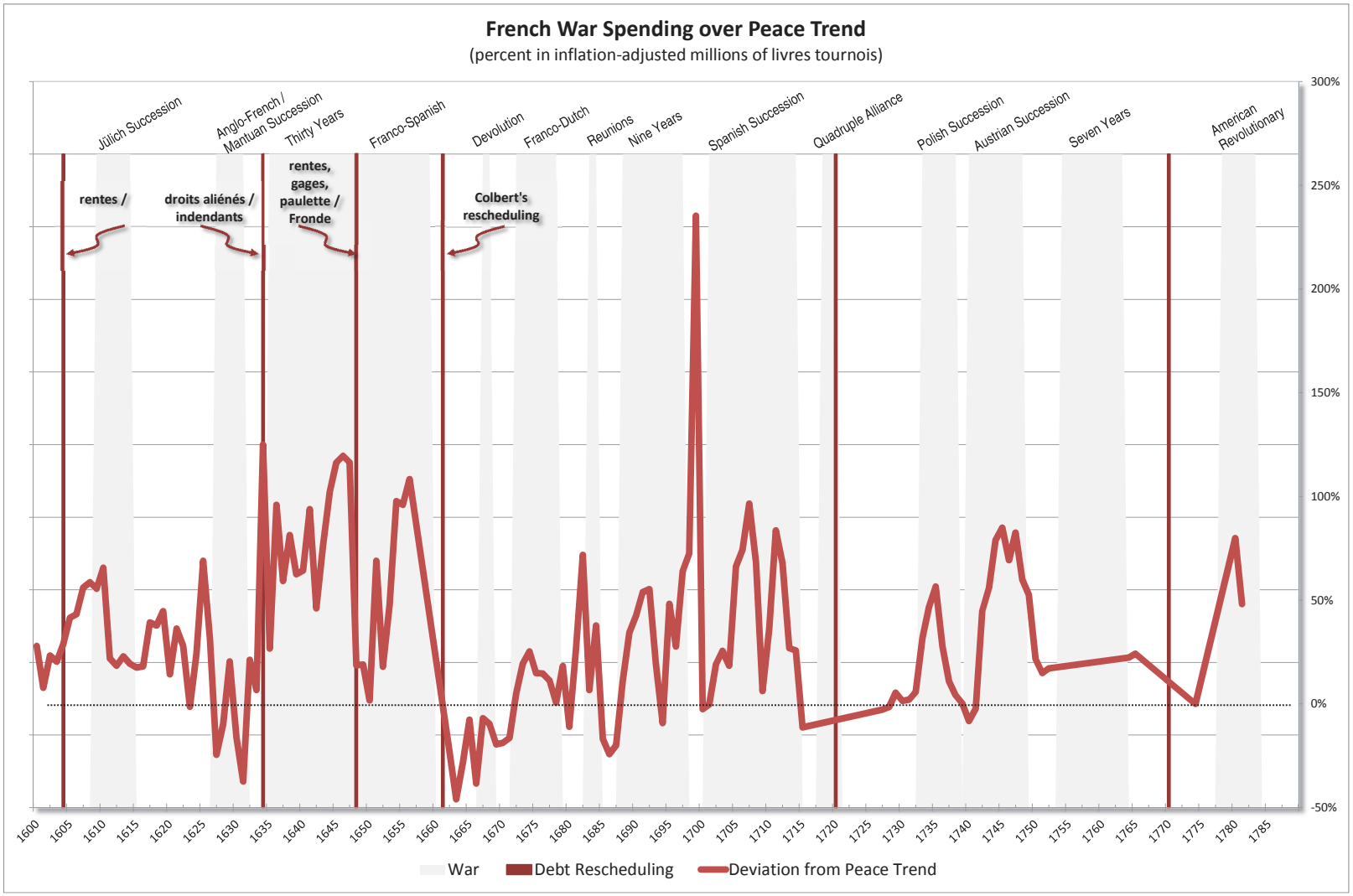

Figure 2: Military Spending in France, 1600–1789 (percentage deviation over the peacetime trend).
The peacetime trend was computed using the actual peacetime spending (in inflation-adjusted livres tournois) to make a least-squares forecast for the war years. The difference between this projection and the actual wartime expenditure was then expressed as a percent of the projected peace expenditure.

Although the excess military spending was on average similar to that of the Thirty Years' War, it came in the context of rising revenues, making the strain proportionately harder.

The outlook for the country got progressively bleaker during the 18th century. During the 16th century, France had spent 58% of the time at war, and this percentage had gone up to 78% during the 17th century (up to the Revolution). With so little time to recover between bouts of fighting, France staggered from one fiscal emergency to another. Military spending on the standing army stayed relatively high in the aftermath of the Seven Years' War, but the government did not only have to reduce it, but default in 1770.

To get some idea of what the tax burden looked like, we can estimate the number of days an average worker had to toil at his daily wage to earn his share of the Crown revenue. Figure 3 plots the work days using per capita revenue from both ordinary and extraordinary taxation and the average nominal wage for the year. The dark curve shows the trend over time.

The plot clearly shows not merely the exacting demands that the Crown made the taxpayers during war — the wartime burden would be 50% to 100% heavier than in peace — but that the burden was escalating over time. The culprit behind the incessant hunger for revenue was the near-constant involvement in war, so it was war that was ratcheting taxation as well. During the Thirty Years' War and the continuing war with Spain, a worker had to labor 8.48 days to pay off his taxes on average. During the Nine Years' War this increased to 9.3 days, but this paled in comparison with the costly War of the Spanish Succession when he had to work 12.6 days on average. Although the Crown eased off after the war, the new peacetime "normal" did not drop below 8 days — in a little over half a century the average worker was paying in peace what his grandfather had been paying in war. Peace in the 1620s required fewer than 5 days of work to carry the Crown revenue; in the 1720s it had increased that requirement by 50% to 7.5 days; by the 1770s it had gone up again, this time by 46% to about 11 days; the second increase was of the same order of magnitude but it had taken half the time.

Comparing this with Figure 2 also reveals an interesting aspect of the ratchet. Although not cheap, the wars of the 18th century did not push spending as far from what it would have been without the fighting as the wars of the previous century had. During the Seven Years War the difference was about 25%. And yet at the same time the fiscal burden was steadily increasing. In other words, the reason the wartime deviation was not too high has to do with the fact that taxation was going up overall, war or no war. The Crown was financing wars without the large swings in taxation it had been forced into during the last wars of Louis XIV but at the cost of ever-increasing taxes during peace. In other words, the Crown was sinking deeper into debt and was trying to stay afloat by pushing up revenue and when that was not enough, by rescheduling the debt in 1770. With the tax burden so heavy on taxpayers who had no voice in policy, with no more offices to sell or army commanders to appoint, and with a state apparatus over which the king barely had control, the *Ancien Régime* was nearing the limit of its fiscal potential. Without the ability to reform because of a highly fragmented political system riddled with privileges and exceptions, the regime was on its last legs. But was the Revolution inevitable?

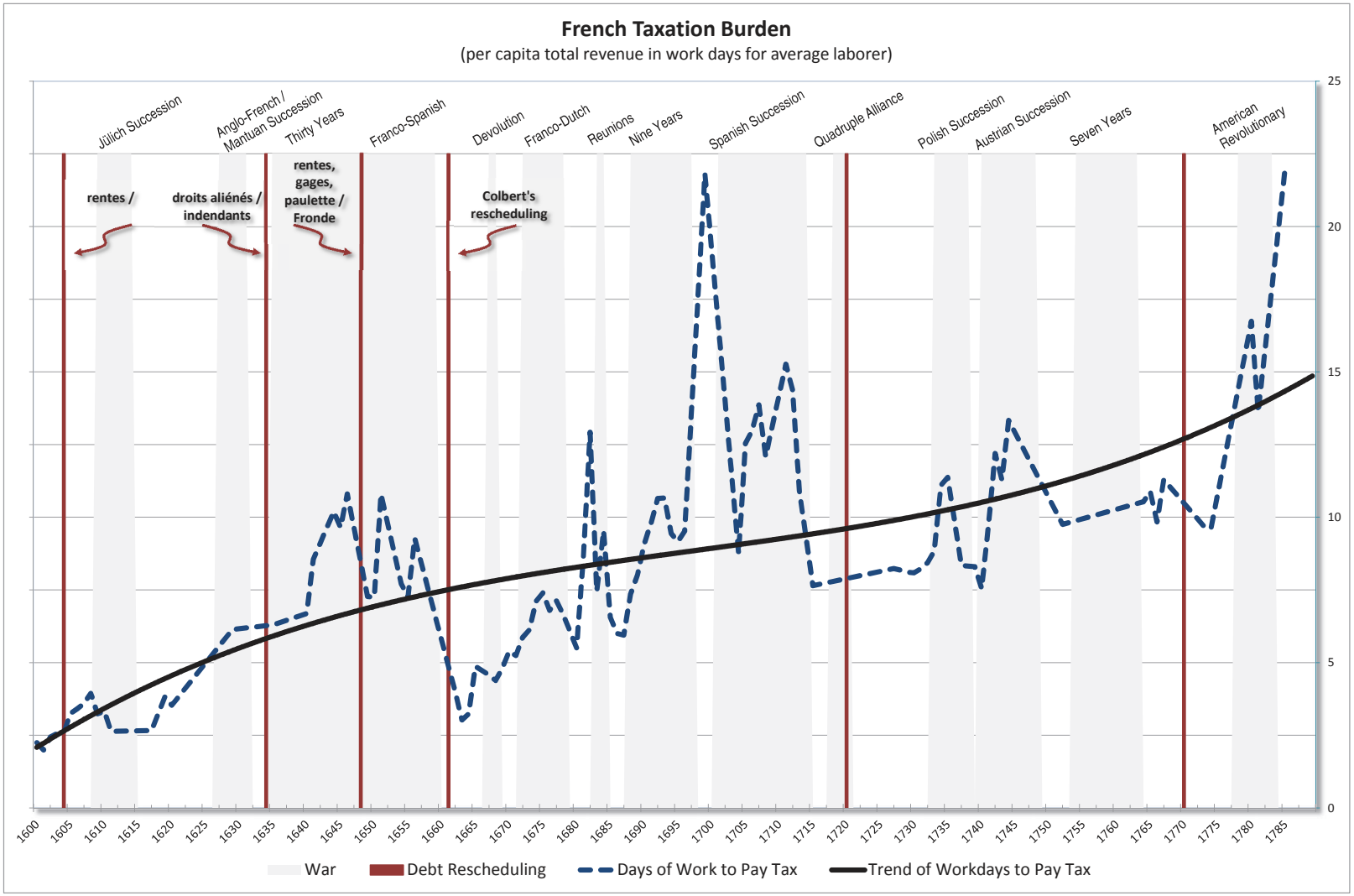

Figure 3: Days an average laborer has to work to pay his share of Crown revenue, 1600–1789.
Per capita revenue includes both ordinary taxation and extraordinary income. The trend is cubic.

7 Why a Revolution in 1789?

In the spring of 1788, food shortages and bad weather caused widespread hunger, which predictably resolved itself in rural and urban riots. When the King adjourned the Parlement of Paris in May in order to proceed with the reform of the courts, the provincial Parlements resisted and the newly exiled judges inspired further protests. Parlements and noble-controlled provincial Estates supported disturbances in the cities, forcing the royal troops on incessant marches to restore order. In June the clergy voted the King its annual *don gratuit*, but made it insultingly small and called for the Estates General as well. Even the resurrected Estates of the Dauphiné, which Brienne had packed with double representation of the Third Estate and voting by head rather than by order, called for the Estates General.

Brienne made public for the first time the government's budget, and carried out two critical reforms: he abolished all remaining disbursement officials and created a unified Central Treasury, limiting disbursement authority to only five individuals, none of whom held a venal office; he also mandated the use of double-entry bookkeeping by these treasurers, more than a century and a half after the British and the Dutch had implemented such a basic accounting principle.

The notable thing about these reforms, doubtless important in their own right, was the absence of debt rescheduling. Since the Crown had resorted to this method of balancing its books so many times before, one might wonder why it did no such thing now. The people who held the debt were the same: royal officers, syndicates, merchants, nobles, and sometimes even artisans, with lenders mostly from Paris. In the past, the King had targeted his bankruptcies to avoid antagonizing the most powerful elements in this group: he could continue to honor annuities held by important individuals, he could continue paying the original *gages* to crucial officials (e.g., in the Parlement of Paris), he could even warn them of an impending fiscal measure so they could act before it came into effect (e.g., unload soon-to-be-worthless government paper). If Louis XVI was made of sterner stuff, perhaps the Crown could have carried out such a bankruptcy and perhaps even used its vastly expanded administrative reach to tame the corporate interests. He was not, however, and the repeated clashes with these interests — Parlements in particular — had allowed the Parlements to become very popular and to pose as protectors of the nation against arbitrary taxation. In a sense, and despite Louis XV's attack on them, the Parlements were much stronger than they had been in 1648 when they forced the Crown to capitulate in the Fronde. No wonder the Crown had no stomach for another such confrontation. It in this way that the Crown proved incapable of fundamentally altering the system despite fifty years of incessant reform attempts. As Collins nicely puts it,

> What should constant "reforms" tell us? They strongly imply that the existing government had failed. Indeed, the conclusion is inescapable that the French government, in its most Alice-in-Wonderland stunt of all, managed simultaneously to get stronger and to collapse in the middle of the eighteenth century.[37]

The 1788 budget showed 318 million livres for debt service (interest payments only, no

[37] Collins, p. 324.

principal), about 64% of its revenue of 500 million. The budget also included 140 million in new debt to cover about the 150 million deficit. The total debt had ballooned to 4 billion. Although we are inured to vast national debts and figures that amount to 8 years of royal revenue do not seem excessive, we must remember that at the time the Crown was supposed to maintain a balanced budget except during war.

None of this really helped the Crown, however, because the summer brewed the perfect storm: the monarchy found itself in the most desperate financial crisis in its existence, amid spreading popular unrest with dangerous elite support, and with the nobility and the Church united in refusing succor to the Crown until the convoked the Estates General. In August, the King capitulated and promised to call the Estates General. He then dismissed Brienne, stopped his planned courts reform, and restored Parlement to its full powers. This did not set the stage for a final reckoning of the monarchy: the first two estates thought that they would be able to assert their traditional privileges against encroaching royal authority, while the King hoped to gain the initiative in suppressing corporate exemptions. Neither side expected that the fate of the monarchy and the entire social system would be at stake.

The tactical maneuvering now focused on the composition of the Estates General. The privileged elites obviously wanted the traditional representation: with each estate having an equal number of representatives, and voting taking place by estate. In this way, they could always outvote the Third estate 2 to 1 despite the liberal elements sympathetic to the Third. In September, the Parlement of Paris ruled that the Estates General of 1789 must be formed as in 1614; that is, in the traditional way. The following month, the Assembly of Notables, which the King had asked to consult on the matter, also recommended the traditional composition. This incensed the liberal nobles and clergy who then created a popular firestorm with a series of speeches and publications. They argued that the Third Estate, which represented 98% of the population, must be allowed as many delegates as the other two estates combined ("doubling the Third") and voting must be by head rather than estate. These liberals were careful not to insist on a Third Estate that actually reflected the 98% dominance of the "rest" over the nobility and the clergy: after all, true representation would have to be given to the peasants (88% of the population), who were quite conservative and unlikely to support the calls for a constitutional monarchy that the liberals had in mind. Doubling the Third would ensure enough representation of the masses to gain their support for the measures while still giving the prominent elites the chance to control the estate. By December, the public outcry about the reactionary decisions by Parlement and Assembly of Notables reached such heights that the Parlement actually reversed its decision, declaring that voting would be by estate. For his part, the King took Necker's advice and authorized doubling the Third without saying anything about how voting would take place. On one hand, he wanted to use the swollen numbers of the Third — which would be expected to be quite unsympathetic to the preservation of privileges and tax exemptions — to frighten the nobility and the clergy into cooperating. On the other hand, he did not want to let commoners control the Estates General. Hence, the confusion: the Third estate was doubled but if voting were to proceed along estate lines, it could still be outvoted 2-1.

Nearly all male adults — taxpaying commoners and nobles with hereditary titles who were at least 25 years old and clergy irrespective of age — were eligible to vote in the elections for Estates General (minors and women holding fiefs could vote by proxy). Ballots were cast in about 250 constituencies, with nobles and clergy choosing their delegates di-

rectly and commoners operating through an electoral college. These delegates would then vote separately to choose the representatives of that constituency: one noble, one cleric, and two representatives of the Third (some of the larger cities were permitted to send more representatives). The Estates General ended up with about 300 representatives of the First Estate, 300 of the Second, and 578 (with 70 alternates) of the Third. There were only 46 bishops (and these included well-known liberals like Talleyrand) among delegates from the First Estate: the vast majority were curés. Even among the delegates from the Second Estate there were 90 identifiable liberals. The delegates from the Third Estate included 444 lawyers, the majority of whom were royal office holders, 85 businessmen, 81 landed proprietors, with the remainder comprising doctors, scientists, nobles, clergymen, and army officers. In other words, the vast majority of delegates were office-holders or office-seekers, and there were no peasants or urban workers.

The Estates General had their first regular session on May 5, 1789 at Versailles, and they immediately deadlocked when it became apparent that the were to meet and vote separately as estates. The First and Second estates organized themselves and voted in support of that procedure but the Third refused. When the King did not act either to force the Third or concede to them, the liberal leaders began holding speeches undisturbed, urging the Third that the impasse — and the resulting inability to do anything about the perilous state of the country — meant that France needed a written constitution. This was a radical departure from the grievances that the delegates had brought with them.[38]

When the dauphin died on June 4, Louis XVI went into mourning, allowing the Third to radicalize even further. On June 10, the Third invited the other two estates to validate credential on its terms of a single-chamber assembly with voting-per-head. The nobility refused, but the First Estate split, with about 100 curés openly defying the conservative bishops. Thus encouraged, the Third declared itself the **National Assembly of France** on June 17, and called on the other two estates to join it. Two days later the clergy voted to do so, but when the deputies arrived at their regular meeting place in Versailles on the 20th, they found the hall locked in preparation for a royal session on the 22nd. Because of the rain, the deputies assembled at a nearby indoor court and pledged themselves not to leave until they have created a constitution for the Kingdom. The **Tennis Court** oath committed the delegates to writing a constitution, which exceeded any authority they could have derived from the grievances. If the King accepted this, France would become a constitutional monarchy.

The King made his position known on June 23, when he insisted that the Estates General

[38] In preparation for the Estates General meeting, the King had ordered the preparation of lists of grievances, **cahiers de doléances**, by electors of each estate at all levels in the country. Even though many local assemblies produced no such lists, a total of about 60,000 were written, and of these 600 reached the King. The urban cahiers from Paris invariably asked for a constitution to be fixed (not a new one written), and for regular meetings of the Estates General and no taxation without its consent. Only 33% of the cahiers from rural parishes called for regular meetings of the Estates General, although 77% of them did demand equality of taxation (even when they mentioned the hated signeurial dues and hunting/pigeon rights, barely 21% demanded the abolition of the dues and 46% the abolition of the hunting/pigeon rights.) No grievances even hinted at the abolition of the nobility or the monarchy, or even a reform of the monarchy. Of course, since these were meant to go all the way to the King, it is unlikely that these demands would have been voiced even if they had existed. However, the general conservative tone of most cahiers seems to indicate that the representatives of the Third to the Estates General were far more radical than the rest of the population.

was composed of three separate orders although he did authorize them to sit together. He offered some concessions: no taxation without consent of the Estates General except in emergencies, and voting on taxation would be by head. He promised equality of taxation although voting on any matter affecting the privileges of the nobility or the clergy would be by estate. Thus, although consent on taxation was an important concession, tax equality was certain to go nowhere under the voting restrictions. The other items on the royal list were minor: he promised unspecified modification of hunting rights; the abolition of the *lettres de cachet* even though these had largely gone out of use already; the abolition of serfdom, which he had already instituted in the royal demesne in 1779 and which the nobility had quickly imitated (although the Church had not); and the creation of provincial assemblies, which followed policies going back to 1778. The King might have believed that these were serious concessions, but for the Third they fell far short and wide of the mark. When the King left the hall, most of the nobles and the clergy followed him. The Third, however, refused to submit to the King's order to adjourn. The King dismissed their defiance outright — he had already ordered troops to converge on Paris to coerce the recalcitrant radicals. On the 24th, however, a majority of the clergy joined the National Assembly, followed by 47 nobles on the next day. With troops about to arrive, the King simply ordered the two other estates to join the Third. He was going to intimidate them all together.

The King expected to muster about 30,000 troops in Paris, mostly German and Swiss mercenaries who were deemed more reliable since they were unlikely to side with the locals. As the soldiers began to arrive, however, rumors quickly spread through the city. As per usual script in these situations, they tended to be anti-aristocratic: the nobles were plotting to starve the city into submission, to destroy the National Assembly, or to abduct the King from Paris. On July 11, the King dismissed Necker (for the second time), and the immediate departure of the former finance minister in the tense atmosphere in the city triggered riots. The troops sent to restore order hesitated and then withdrew without accomplishing anything on the 12th. With disorder spreading, some electors met in City Hall and decreed the formation of a militia, which joined the mobs in destroying the customs posts ringing Paris, and then attacked any place that they thought might have weapons.

On the 14th, a crowd of 80,000 seized 30,000 muskets stored at the Invalides in full view of nearby royal troops, which failed to intervene. The mob then marched on the Bastille, expecting to find vast stores of arms and ammunition and scores of political prisoners. In fact, it had neither: although it was a formidable fortress, the Bastille had become useless in its location in the city (the King actually had plans to demolish it); it also housed precisely 7 prisoners: five forgers and two insane persons who were their at the request of their families. Its small garrison of 30 Swiss mercenaries and 82 soldiers unfit for regular duty could have held the Bastille had they chosen to resist. A delegation from City Hall demanded that the Bastille be surrendered to the militia, but the commander refused since he had no orders to do so (although he also had no orders to defend it). When the negotiations failed, some people started sniping, and the garrison returned fire. There were only a few casualties, but then defectors from the French Guards joined the crowd with two canon and prepared to blow up the gates. The commander dropped the drawbridge, and the crowds poured in. Of the 80,000 that marched on the Bastille, no more than 954 actually participated in the final "assault". Somewhere between 30 and 83 people died in the incident, but none in that attack. The commander and the garrison were arrested and escorted to City Hall, but 7 men

(including the commander) were lynched en route by the mob.

The **Fall of the Bastille**, a dubious military success for the crowd, had wide political repercussions because the King lost his nerve. He restored Necker to office, ordered his troops out of the city, and joined the crowds on July 16. In doing so, he donned the blue-red cockade of the Paris militia (blue and red being the colors of Paris), and shortly thereafter the tricolor was born when white (the color of the Bourbon monarchy) was added to this: the red-white-blue of the new regime. The King also legalized the militia, which became the National Guard under the command of Marquis de Lafayette. Within weeks, the National Guard will become more responsive to the National Assembly rather than the King. Louis XVI not only abandoned the attempt to repress the city and coerce the National Assembly, but in the process endowed it with a military force. The Revolution had begun.

The Revolution was completely unpredictable because neither the delegates to the Estates General originally wanted to overthrow the monarchy nor, most certainly, did the vast majority of the population. There was no reason to believe that the First and Second estates would not get their way at the assembly, perhaps forcing the King to share his sovereignty a bit in exchange for regular income. Even the demands of the representative of the Third estate for tax equality hewed closely to what the King wished, making a compromise possible, especially since the Crown had revealed itself capable of dismantling some corporate privilege already. Nobody could have predicted that the National Assembly would take such a strong liberal line, and few could have foreseen the radicalism unleashed by the Parisian mobs.

It was precisely because the Revolution was unpredictable that it had become inevitable. Secure in their expectation to control the Estates General, the Parlements, the other nobles, and the high clergy confidently called for its convocation, and then refused to compromise with the Third Estate. The King also expected to play off these two estates against the Third, using the doubling of the latter to threaten the nobility and the clergy into agreeing to concessions that would essentially preserve the system intact while granting the Crown much needed tax revenue. The Third, sensing that its strength in numbers and the recent unpopularity of the Parlement of Paris had given it a fleeting window of opportunity to assert itself, did not hesitate to confront the other two estates and challenge the King. Because none of these actors expected the Revolution, they pressed forward with inflexible demands and brooked no compromise: had they known what forces the deadlock and attempted repression by the King would unleash, they would have likely settled their differences much sooner.

Thus, the Revolution was inevitable not because the system was beyond reform but because the parties that were supposed to achieve that reform did not expect the disaster their tactics would unleash and as a result pursued intransigent strategies designed to perpetuate the system that benefitted them. With the Crown now able (and, occasionally, willing) to get into their pockets, the nobility and the clergy wanted more control of the purse but would not concede to outright elimination of their privileges. With the tax system so inequitable, the Third wanted universal taxation but did not trust either the King or the other Estates to implement it, so they in effect demanded a constitutional arrangement along British lines. The King would brook no interference in his royal sovereignty (so allowing an assembly powers of the purse was out of the question), and would agree to minor concessions as long as these did not alter the fundamental structure of the system. The Parlements could have

compromised and renounced their tax privileges if in return they could get a voice in taxation and, more directly, policy. The nobility was already benefitting so much from the state, it could have let its privileges go in return for assurances of preferential treatment for offices and army posts. The Crown could have compromised with the two estates to impose a limited constitutionalism on the Third, which would have likely accepted it because it would have come with universal, and thus more equitable, taxation. But none of that happened because none of the actors saw any pressing need to concede.

A Maps

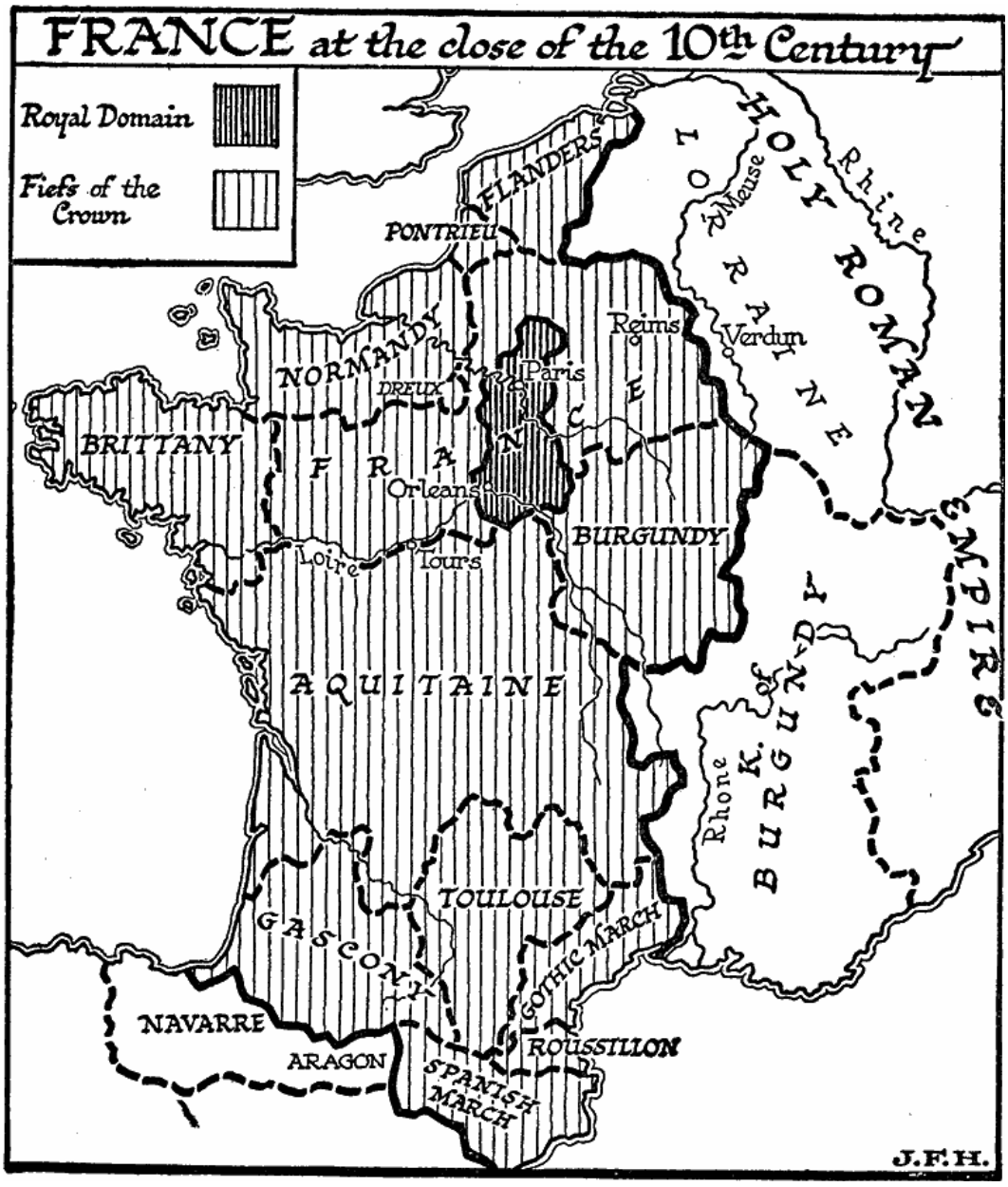

Figure A: Humble Beginnings: France in 999.

Figure B: France during the Second English Invasion, 1415–53.

Figure C: A Fragmented State, 1477.

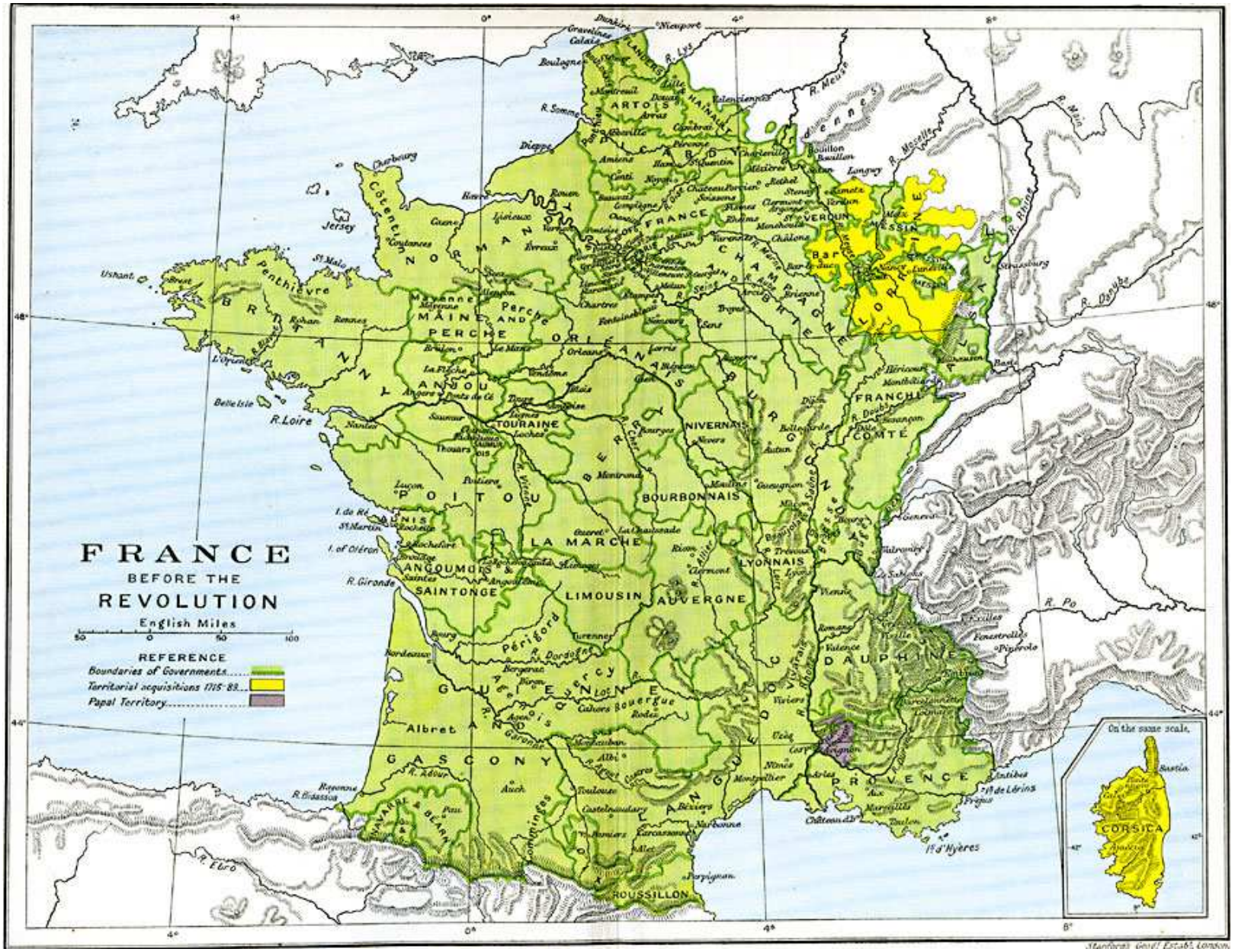

Figure D: France, 1715–89.

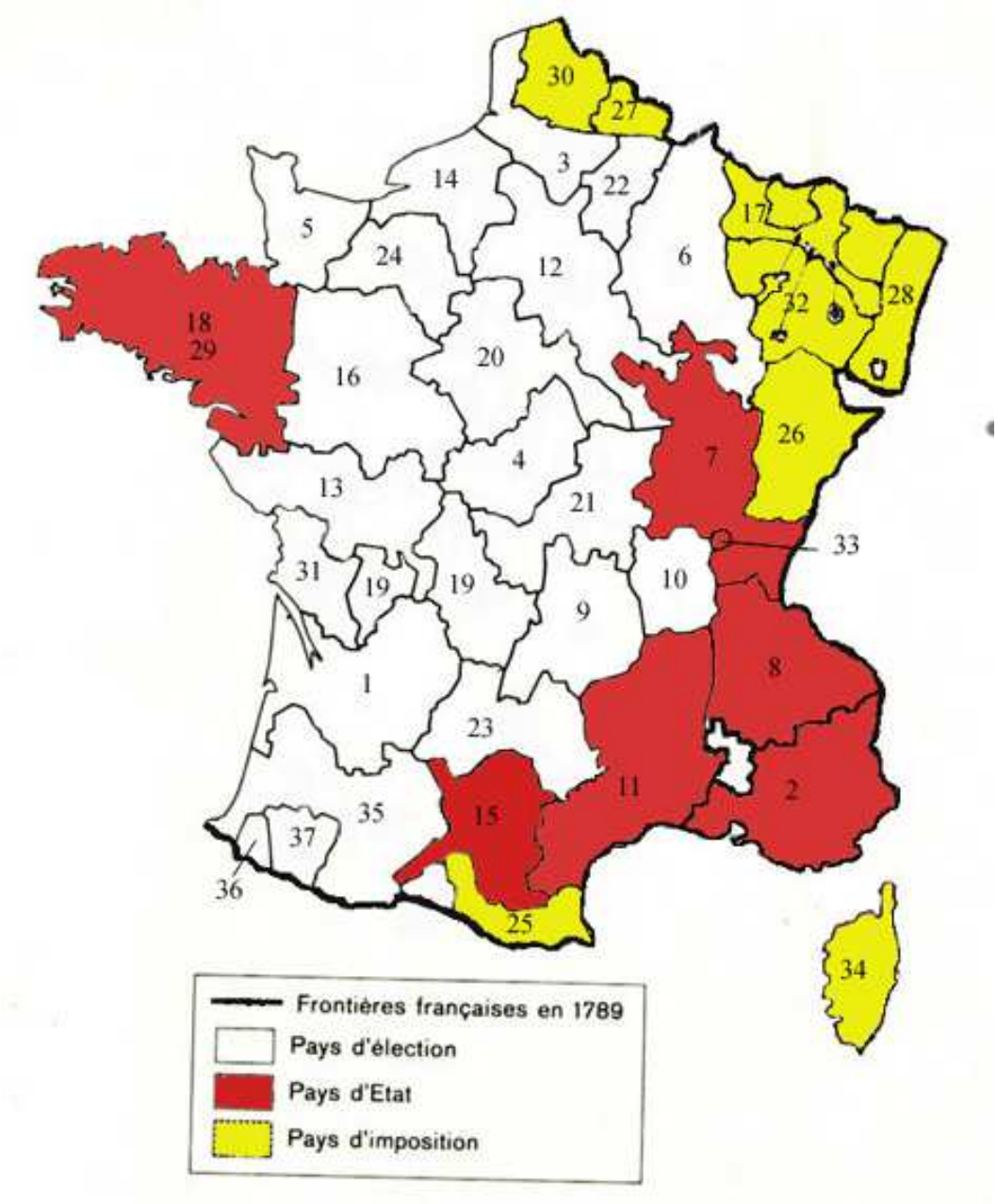

Figure E: Fiscal Administration: *pays d'état* and *pays d'élection* in 1789.