

French Economic Reform and Revolution

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Keywords: The French Revolution; Revolution; Reform; Radicalism

Abstract: The French Revolution is famous for subverting the feudal order and monarchy. "Reform" and "revolution" are sometimes interchangeable, but in this paper, the former strictly refers to the internal changes of existing institutions, while the latter refers to institutional changes. This paper focuses on the objectives and impact of early economic reform and its compromise on social and political systems, which not only provides a more objective framework to measure revolutionary radicalism, but also provides a standard to determine the dynamic balance in the process of radicalism.

1. Introduction

Best remembered for its disposal of the monarchy and subsequent overturning of the feudal order, the French Revolution has a reputation for being radical. Emperor Leopold II of Austria, for one, described it as "unheard of" and "compromises the honor of all sovereigns and the security of all governments" as he tried to rally the monarchies of Russia, England, Spain, and Prussia against the revolution. From armed uprisings like the storming of the Bastille to the shock that reverberated through royal onlookers across Europe, the radical nature of the movement easily captures historical attention. Alongside these observations was the question of whether or not the French Revolution had gone too far with its demands, a description of the revolution which Franck and Michalopoulos summarize as "a political revolution with social and economic repercussions... [emphasizing] the cost of war and civil conflict, the development of an inefficient bureaucracy and the adverse impact of changes in land holdings on agriculture" with particular attention given to the contexts of the Reign of Terror and various wars which followed. Amongst these, the early reform movements which demanded little more than fairer representation and a constitutional monarchy to hold feudal leaders accountable were easily washed out.

Beginning with the Estates-General, gathered by the crown to find a way to lift the nation out of its financial crisis, the era of economic and institutional reform soon escalated. This early reform era, however, is often overlooked past providing context for the later revolution. Though existing literature surrounding the French Revolution recognizes this early reform movement, it often only exists as a background or foundation for discussion of the later revolution, used in a chronological precursor drawn inevitably towards radicalization. For example, Sarah Maza's review of a revisionist perspective that rejected socioeconomic explanations for the revolution outlined its reforms, as described by Tocqueville, as factors which "precipitated the political crisis" and steered the institution of the monarchy closer towards its doom.² More recently, in a paper focused on explaining the bourgeois revolution in its confrontation of the feudal order, historian Bertel Nygaard only briefly mentions the "path of peaceful reforms" that feudal authorities at the time had failed to follow, leading to "consequences for the form and radicalism of the French Revolution" (Nygaard 168), opting for the framing of peaceful reforms as a mere prelude. Though both of these findings are defensible in their own way, the goals of the reform movements and the radical revolution were largely different: many early reformers had no desire to overthrow feudalism or the monarchy at all, rather merely shifting the scales of French society to be a more equal one.

Though the definition of the terms revolution and reform are sometimes interchangeable due to the linear cause-and-effect process upon which they are frequently examined, "reform," for the purposes of this paper, shall refer strictly to changes to or within an existing institution, namely the

feudal monarchy that had defined French society and politics for preceding centuries. Examples of reform would be the proposal of a new tax policy that more fairly distributes the burden of the national debt or even the institution of a constitutional monarchy; as Norman Hampson explains, “the objective of the Constituent Assembly was not to effect a social revolution but to create a more open society in which opportunities, previously restricted to birth, should now be open to talent as well” (95). So long as these changes exist alongside the preservation of the monarchy, they do not represent total disbandment or abolition of the institution in question. On the other hand, terms like “revolution” and “radicalism” shall refer to the abolition of the monarchy or the feudal order. These terms reflect the ideas of the Jacobins, who pushed for increasingly radical policies transcending the precedents of the monarchy. Examples of radical changes would include the execution of the king and the annulment of his power; in direct relation to economic policy, radical change would include a seizure or redistribution of wealth and property belonging to a group or individual previously guaranteed that ownership under a feudal system, such as through the *biens nationaux* targeting church property.

Rather than observing the reform movement as context, this paper shall shift focus to comparing the goals and impacts of early economic reform and its compromises with social and political institutions versus those of later revolutionary sentiments, such as later egalitarian demands. Economic considerations include analysis of economic opportunity primarily, narrowed down and quantified by the impacts of various tax policies on the nation as well as a measurement of the distribution of wealth and property across groups defined by feudal society so as to have a point of origin to compare later changes from. Ideological and political compromises include, among others, considerations of who should hold power to make decisions related to fiscal policy, the identification and application of Rousseauist freedoms and other ideologies to justify economic changes towards an ideal society, and the movements’ relationships with the ideology and political power of the church. Such analysis, alongside the definitions introduced in the previous paragraph, provides a more objective framework to measure the radicalism of the revolution and a standard for determining which point in the radicalization process, if any, went “too far.” This ideal middle point will balance out enacting tangible and lasting change with relative stability to ensure future prosperity, and the descriptors for its criteria may then be qualified and applied to other cases.

2. Timeline & history

Economic reform in this era falls in itself into two categories: the first is the reign of Louis XV and the Maupeou revolution, filled with conflict between the monarchy and the parlements surrounding the reform of tax collection, which, when they began to intrude upon the feudal privileges of the nobility, sparked suspicion from one end and forceful action from the other as Chancellor Maupeou arrested and exiled the entirety of the Parlement of Paris (Neely 3). Unfortunately, despite the insight it provides into the economic situations which eventually steered France to revolutionary conflict, this first era is not directly comparative to the Revolutionary conceptions of the economy and will exist primarily as context for the reforms of Louis XVI and the Count of Maurepas. This second era of reform primarily spans across the years of Louis XVI’s reign with the reinstature of the parlements and a second fiscal crisis emerged in the 1780s. Especially to the extent of the convocation of the Estates-General, Louis XVI’s shift towards public opinion is a distinctive break from his predecessors conclusive to the economic reform associated with the crises of the 1780s. This is not to say that Louis XVI did not have conflicts with the parlements, however; though they were complacent with his more moderate reforms, those which, although arguably necessary to effectively combat the economic situation of the time, would tread upon the privileges of the nobility were rejected and lead once again to conflict between the two parties (Neely 34).

The revolutionary movement, on the other hand, will be a later stage of this era in history. The exact start and end of the French Revolution is often a subject of debate amongst historians, but this paper will look primarily at the revolution as the period between the years of 1789 and 1793. This period encompasses the years from the peak of the famine and fiscal crisis that spurred reformist action and saw its failure, as well as the beginning of Robespierre’s Reign of Terror in a year dominated by radicalism and egalitarianism. Certain events and groups may stretch beyond this range,

as no historical movement is truly as rigid or concentrated in the ambiguity of its causes and consequences, but these were the years that were selected on the basis of being a simple but definitive timeline that is directly related to the revolutionary movement.

The roots of the conflict, as one example of events reaching beyond the specified range, built up through the accumulation of national debt from the Seven Years' War as well as from the nation's intervention in the American Revolutionary War. Though debt had always plagued the ancien régime, it had escalated within the decades leading directly up to the French Revolution, as with the Seven Years' War which alone had doubled the percent of tax revenue allocated to debt obligations to 60%. The continued buildup of such debts, alongside the inability of existing institutions to efficiently and effectively manage the nation's finances (to be discussed in further detail later on), created a fragile and volatile rift in the French economy that came into full bloom with the harvest failures and eventual famine of 1788. By 1789, even the monarchy recognized the need for change, shifting tax policy and calling for the convention of the Estates-General in an attempt to address these issues. However, these attempts were soon challenged by revolutionary ones as food shortages and skyrocketing prices spurred the French people — most of whom held food security at the highest priority (Doyle 9) — to take matters into their own hands.

Meanwhile, the end of the examined period rests in the given year with the fact that the Reign of Terror marked a new age in French history: one of uprising and unrest, certainly, but movements during the Reign of Terror were waged against a new administration with demands of a wildly different nature and had little direct connection to the question of whether the French monarchy and feudal order should be reformed or abolished altogether. In addition, the wars which followed the Crisis of 1793 contributed a handful of other factors with an abundance of external factors not entirely related to the economic reforms or revolutions of France and introduces too many complications for a focused study. Still, the year 1793 was a remarkable one for reformers, with the execution of King Louis XIV early that year and the publication of the Montagnard Constitution of 1793 later on, and it is able to wrap up the most defined segment of total economic transformation with the height of the revolution.

3. Literature review: theories of the crisis

Firstly, it is important to understand both the roots and the full implications of the fiscal crisis which had spurred both reform and revolution. Both those in the age of the revolution and later historians reflecting upon it sought an explanation for the crisis, but there is hardly ever a single explanation for the immensity that it had been. Still, several theories exist to outline the main foundation of circumstances that lead up to the revolution: this existing literature will be able to propose theories surrounding the nature, origins, and central driving forces of the crisis. With such a standard in place, it will then be possible to analyze the effectiveness of different reforms, particularly those under the reign of Louis XVI, in addressing them.

The primary explanation agreed upon by most historians is that of financial mismanagement on the part of the state, but the exact details within the broad scope of such practice is more complicated: for example, mismanagement by overspending was a common explanation used by French revolutionaries to ridicule the incompetence and entitlement of the crown, while later accounts shift the focus over the more institutional structures within the realms of tax collection, debt and borrowing, and conflict with the parlements over matters of noble and clerical privilege. Though elements of many have already been either disputed or altogether disproven as explanations conflict over the scale of impact for each, each of these will be examined, considered, and pursued to acquire, upon later application to analyses of both the reform movement and the later revolution in addressing them, as many facets of the whole truth as possible.

3.1 Royal Spending

In 1790, members of the National Assembly published Louis XVI's *Livre Rouge* to expose to the public the injustices of royal spending in contrast with the suffering of the rest of the nation ("A Summary of French Royal Spending"). As a popular perspective during the Revolution, royal

spending—or overspending—still remains a popular understanding of the causes of the fiscal crisis. In a study of revolutionary theory, for example, Young and Leszcynski cite “extravagant spending” as one of the primary driving forces of the fiscal crisis from which Revolution sprung, especially when it is contrasted with the suffering of the general public and the rising taxes imposed by the monarchy, presumably to continue funding their personal expenditures (123). Other historians, cited by the same study, take similar stances in framing the fiscal crisis as a matter of “have” and “have not”: the wealth of the Crown and its favored nobility work as one against the starving masses of the Third Estate (Moore 1966 via Young and Leszcynski, Brinton 1938 via Young and Leszcynski).

Such a conclusion has also been heavily contested, however. Velde and Weir state that “although [royal spending and the exemption of officeholders from direct taxes] has been widely criticized, we do not consider excessive spending to have been the crucial flaw” due to large military expenditures taking a far larger bulk of the costs of the crisis, inadequate tax revenues as a result of feudal privilege amongst the nobility, and the conflict between the Crown and the nobility as the latter sought to defend their privileges against reform (6-7). Financiers of the time had also attempted to address royal spending, as ministers Turgot and Necker both instituted policies to restrain spending and reform budgeting, a policy which stands in contradiction to the image of a removed and uncaring government which traditional class conflict explanations tend to paint (8). Another important distinction to be made with Turgot and Necker’s policies is that restriction on royal spending did little to absolve the nation of its crisis, and the restraint on spending was implemented as a reaction to a revenue shortage in a method that would circumvent constitutional confrontations with the noble parlements over new taxes rather one that held altruistic intent surrounding the suffering of the public. In addition, the fact that the Crown and the nobility were in conflict over the taxes which class conflict perspectives claim drove the Third Estate to revolution also raises questions on the uniformity of each defined class.

Royal overspending, therefore, could at most play a partial role in the outrage and the public reaction to the fiscal crisis, but to attribute it as a cause of the crisis is a more difficult argument to make due to the preexisting circumstances which had made an inequality so dire and due to the conflict within classes that prevented lower rates of spending from addressing the crisis. Still, that very outrage that stirred the nation to revolution due to the appeal and rhetoric of such an explanation casts doubt on whether reform to a fiscal or debt crisis would be able to placate those who challenged the entirety of the sociopolitical order under which such inequality existed; in other words, the importance of royal spending and wealth inequality must also be considered in the context of whether or not it was the factor which spurred reform into revolution, and thus, what role it may still play in answering the question of whether or not the early reform movement was enough.

3.2 Taxation Policies and Institutions

Another explanation for the fiscal crisis, usually existing in parallel with the first as they are associated with worsened conditions and additional burdens on the French people, are taxes, both in the actual rates of taxation for different social groups as well as the institutions which collect and utilize tax revenue. A common method for raising revenue during war times in the Old Regime, taxes such as the *dixième* remained in times of peace as well under Louis XV (Neely 32). For various reasons including exemptions for the privileged and the fact that laborers tended to also have to pay a *taille* to their provinces (Neely 8), these taxes ended up being far more detrimental for the laboring classes, an argument cited often by proponents of class conflict.

On the other hand, the noble parlements too fought back against taxes, particularly against reforms to tax policy which would intrude upon their privileges and force both nobles and clergy members to pay certain income taxes. This proved to be a direct loss of revenue, an exacerbation of peasant frustrations surrounding taxes, and an obstacle in the path of implementing better, fairer, and more efficient tax policies.

3.2.1 Exemptions and Privilege

A development of the Old Regime that attempted to make tax collection more efficient was the “corporate:” bodies of individuals or institutions that held certain privileges, including tax exemptions. In exchange for their services in providing information and the consent of the parlements, judges and

tax collectors received such treatment, as well as the clergy and other religious orders. Certain members of the nobility were also able to achieve the same, resulting in both a gap in revenue for the Crown as well as a political headlock that prevented raised taxes for these bodies (Neely 3, 7). With the capitation tax and the vingtième, both implemented in wartime by Louis XIV, those who held privilege were able to evade taxation “on the grounds that they did not wish their incomes or fortunes to be a matter of public knowledge,” causing for these well-intentioned policies to be executed unjustly and even arbitrarily with the addition of the consideration of the *taille* (Aftalion 13). As a result, taxes were only truly able to place further burdens upon its laborers while more privileged *corps* remained exempt.

To understand the extent to which privilege had a direct impact on tax revenue and the inequality of it even beyond that generated by income taxes, Aftalion describes the *gabelle*, a salt tax which was estimated to generate up to 58.5 million *livres* per year leading up to the Revolution in 1789. Despite its vast revenues, it was not achieved equally, as certain *grande gabelle* areas where the peasantry urgently needed salt were taxed far more heavily and even at one point required to purchase a minimum quantity of salt, while others were completely exempt. He furthers, “any undermining of [these exemptions] might lead those whose situation was a good one to revolt, if they felt that their privileges were threatened” (Aftalion 14).

Though each of these exemptions were lost revenue from the most wealthy of French society in themselves, other historians recognize that the issue with such privilege was not the money itself but the “inequities, inefficiencies, and imperviousness to true reform, which made the system of French government continually vulnerable to bankruptcy” (Bossenga 46). More than a section of lost revenue from the most privileged and least populous of French society, matters of privilege permeated through the nation via the dependency of the Crown on these exempt institutions and exacerbated conflict both between the monarchy and the parlements as well as between these two former parties and the Third Estate. Privilege did not merely pose a financial threat as a gap in tax revenue, but it was also a threat to the socioeconomic order when viewed under the lens of equality and class conflict.

Those who take a different stance than this particular interpretation still recognize the impact of privilege, though it is applied differently. Velde and Weir shift the focus of privilege over to the power which the nobility holds in parlements in preventing new tax policies from passing in an institutional gridlock of sorts (7), an idea that will be explored in more depth later on (see Constitutional Restraints and the Parlements). Overall, however, the existence and detriment of privilege is an inevitable subject both when applied to the efficiency of taxation as well as to the distribution of wealth and power in France.

3.2.2 Constitutional Restraints and the Parlements

Other historians take an even closer look into these privileges, going beyond matters of policy and into matters of the institutions which uphold them. Though the monarchy held the power to force the execution of certain edicts, it was not a strategic move: without the support and the influence of the parlements behind an edict, it holds less authority amongst those over which it reigns and escalates tensions between the Crown and the parlements. Thus, this dilemma created by the power of the parlements is able to prevent a number of reforms from being enacted no matter the intentions of the Crown. Velde and Weir explain:

“Privilege, in the limited sense of tax exemptions for the nobility, was not the only nor the most important obstacle to increasing revenues. Taxation even of the nonexempt was subject to constitutional limitations. Any new taxes or public loans required that a royal edict be registered by the regional parlements.” (6-7)

The judicial power of the parlements were a cog in the already-inadequate engine of French finances. Further, constitutional limitations in preventing the passage of new tax policies present an opposing view on the impact of taxation than Bossenga’s assessment of the “real problem with French taxation.” French taxes did not increase by much throughout the eighteenth century, nor did the few changes that did occur drastically affect a family’s material situation to the extent of inciting revolution (Bossenga 46), which this perspective acknowledge as exactly the problem: the fault of

French taxation was not that it was too high, but rather that it was not high enough to address the budget deficiencies and national debt accumulated by the wars of previous regimes. When considered alongside the wealth inequality exacerbated by privilege in the era, the situation comes together as one in which the rate of taxation is fruitless in addressing a national crisis and intensifies overall suffering through prolonged debt (see Debt and Revenue).

Other developments along these same lines existed in the purchase of political office, which was another attempt to raise revenue from means with only short-term benefits, as well as in Tax Farms which had originally been intended to facilitate tax collection but created reliance that heightened bankruptcy (Bossenga 23, 43). Despite their intentions, these institutions only became further complications in the French bureaucracy, creating more obstacles in the path of later reforms and eroding public faith in the government. In order to address these issues, reformers would have to address institutional faults within the taxation system while avoiding the frustration and critique of the parlements who benefited directly from them, or abolish the system altogether through revolution.

3.3 Debt and Revenue

One final theory exists to explain the cause and the scale of detriment of the financial crisis. Malcolm Crook, for one, argues that “the most obvious shortcoming lay in the crown’s inability to raise sufficient revenue to meet its responsibilities, especially to fund expenditure in the military domain” (10), echoed by Velde and Weir’s study on French debt policy in their findings that both Louis XVI and his predecessors shared “a high level of debt service to tax revenues and to the value of debt—a direct consequence of the modes of borrowing” (8). This explanation overlaps with others, as discussed briefly in previous sections, but the main premise of its argument establishes that the accumulation of debt was the first and foremost driving factor of the crisis, as well as the fact that the inability to address this debt through any means later was what caused the political response to the crisis to escalate.

The impact of the debt crisis was much heavier than both the overspending on luxuries described by the first theory as well as the tax exemptions described by the second to the extent that “nearly half of the crown’s expenses... stemmed simply from the cost of servicing its enormous debt” (Bossenga 37). Velde and Weir further develop this theory by comparing France’s debt with England’s from Seven Years’ War and find that the case in France had been an accumulation from both external debts to other nations as well as internal ones to its citizens through government bonds. Debt spilled over into the yields on these bonds, which in turn deteriorated investor confidence and public trust under the reign of Louis XVI (Velde and Weir 16). The debt crisis, then, was not only a deficiency in itself, but it also created further barriers to addressing the issues of this crisis: lack of investment and the crumbling reputation of government bonds greatly limited the government’s options for raising revenue.

Crook, however, also views the debt crisis and the inability of the French nation to address it as a driving force for democracy in direct contradiction to historians lamenting the gridlocked nature of the conflict between the parlements and the Crown (10). In this particular view, the friction between the monarchy and the nobility was rather not so much a back-and-forth push over privilege as it was a system of checks and balances to the governing bodies. This approach, however, begs the question of whether or not the competition between two unelected parties in a both feudal and oligarchical system can be considered a democracy as well as whether this competition could have resulted in a solution to the financial crisis. The answers to both these questions lean in the negative, and the fact that the Crown’s consultation of the parlements was largely unfruitful and even detrimental, this particular application of the theories of debt shall not be applied.

4. Economic reforms

The Crown employed various approaches in their attempts to resolve these numerated causes of the crisis. One such approach was reform: policies and modifications to existing institutions, particularly the institution of the feudal monarchy, aimed to resolve the nation of its woes while preserving its overall structure. For the most part, reform policies were only mildly transformative in

the grander scheme of history compared to later radical efforts which either enacted or demanded massive upheavals throughout all of French society but were all the same a means to change. Reforms, as previously defined, were not meant to be completely transformative; rather, they were modifications to the French economy and the bodies and institutions involved aimed to improve situations under an existing system.

4.1 Reform from the Crown

Reform from the monarchy was largely driven by necessity, such as in the case of public debt pushed to the brink of bankruptcy; the consequences of such an emergency manifested directly in economic hardship and more indirectly political backlash from the parlements and later the general public. After the Seven Years' War, debt had accumulated to the point that levels of taxation could not return to a pre-war state, and many war taxes had to remain in place (Neely 32). The Crown also attempted to implement several other reforms under the finance minister at the time, Jean Baptiste de Machault D'Arnouville, in order to modernize the existing tax system. Though it was efficient in addressing the war debt, it also demanded financial contribution from the clergy and nobility, both of whom were previously exempt by their feudal privileges and both of whom had great political influence particularly those of the nobility who had purchased seats in the Parlement of Paris (Antoine 617-621). To gain popular support in their resistance to such policies, the nobles of the parlements demanded to review government proposals and finances in the name of the people, which, upon refusal by the Crown, led to widespread assumptions of the tax system being expensive and corrupt (Neely 32).

These conflicts between the Crown and the parlements escalated to the point that Chancellor Maupeou of Louis XV's later Triumvirate sent the judges of the Parlement into exile. Maupeou also replaced the remaining *noblesse de robe* with judges whose salaries were paid by the Crown to further limit the influence of the nobility in a process known as the Maupeou Revolution (Neely 32). This shift in power within the feudal system worked in favor of the Crown and its more forceful reforms, transforming French taxation policy to better address its accumulating war debt. However, due to the despotism of such forceful action and the continued resistance of smaller regional parlements limited the success of these policies and the potential for a total revival. This conflict between the nobility in defense of their privileges and the monarchical government in trying to address the financial situation in France would spark an ever-greater need for reform and an ever-longer list of obstacles preventing their implementation.

After Louis XV fell unexpectedly to smallpox in 1774, the Maupeou Revolution would be quickly undone by his successor and grandson Louis XVI, restoring once again the tensions between the parlements and the monarchy in full force. Despite his reputation as a removed and uncaring absolutist, Louis XVI rather held public opinion highly in his decision-making, something which would, rather than gain him the love from his people that he had hoped for, would gain him yet another untoward reputation for being weak-willed and incompetent (Hardman 38-39, de Coursac 17). Under his reign, this restored *parlement* was more disapproving and distrusting of the young king given their perceived betrayal from his predecessor. Though they were content with smaller policy shifts, there was little chance to shift taxation policy as a whole the way that Louis XV's reign was able to as the reinstated parlements had more drive and motivation and ever to resist later policies and deem them unjust and tyrannical (Neely 34-35).

Sylvia Neely introduces an idea held by various historians that "had [the parlements] not been brought back... changes could have been made and the Revolution could have been prevented" (Neely 34). The question, then, is whether simple reforms would have been enough to address France's financial situation in the 1780s and whether or not the total transformation of French society under the revolution, with certain radicals going so far as to push for redistributionist egalitarianism, was even necessary. To answer this question, one would need to examine closely the reforms of the era, their goals and potentials, and the theories of their failures and whether or not they could have been preventable.

Despite his reputation as a despot, Louis XVI had greatly favored compromise in his attempts at

reforming his administration—a progressive move in comparison to his predecessors—though his efficiency in addressing the ever-growing fiscal crisis that plagued the nation was dubious as a result. Previous rulers had a tendency to implement their reforms by force, frequently dissolving the institutions which challenged them as in the case of Louis XV's parlements. Both within each policy area itself as well as within the approaches to which they were implemented, several areas in particular highlight the differences between the economic policy of this period and that of previous administrations: approaches to public debt, accountability and efficiency of taxation, and the power of the public through both the parlements and the later-convened Estates-General.

4.1.1 The Public Debt Crisis: To Default or not to Default?

A major wedge in the prolonged crises leading up to the French Revolution was public debt and the government's poor record in relation to debt commitments. Loans known as life annuities (*rente viagère*) generated short-term revenue for Old Regime administrations, but returns from the government proved to be inconsistent and difficult to maintain, reverberating upon both interest rates and the national economy as publicly-held debt accumulated (Velde 2010). This approach ended up being both highly profitable as well as highly unstable but remained popular amongst Old Regime administrations all the way through to Louis XVI due to their consistent sales (Velde and Weir 8).

As previous administrations had also utilized these methods, the risks posed by publicly held debt to the government and the national economy had not gone completely unaddressed: the most common default policy under Louis XV, for example, was also the least consequential, of suspended reimbursement payments in temporary crises as short-term papers from venal offices accumulated; this accumulation is linked largely with both debt service and the value of debt as affected by borrowing in a financial crisis, a feature shared both by the post-war reign of Louis XV and the fiscal crisis of the 1780s. Under these methods of defaulting, "short-term paper was forcibly converted to long-term debt, and reimbursements were suspended" to address the split between taxation rates and spending. More than this suspension was forceful reform to the borrowing system as a whole. Under Louis XV, further modifications to reimbursements continued with the reduction of reimbursable capital value in 1763 and the conversion of tontines to life annuities in 1770, both of which were attempts to lower default risk. In parallel with some of these reforms, efforts to reduce defaults under Louis XV were enforced more strictly with the suspension of the parlements in order to push forth harsher reductions on publicly held debt and to enforce stricter taxes through the conversion of the *dixième d'amortissement* to a permanent tax (Velde and Weir 8-9).

Louis XVI, however, had publicly announced his rejection of such defaulting policies and instead focused his efforts on reform despite the relative success of the previous administration in addressing this shared issue. Under his command, financier Pierre-Joseph Cambon consolidated the national debt twice in 1793 and 1794 to address the borrowing crisis, reduced life annuity payments, and blamed excess interest on the faults of his predecessors to justify it. Rather than following in the footsteps of Louis XV's financiers, both ministers Turgot and Necker instead borrowed, something which would "[honor] past debts but [create] worse problems for the future" (Velde and Weir 10). This emphasis on reform was an attempt to pander to the interests of the newly reinstated parlements but posed political challenges to the Crown's authority in the name of his promise, doing little for the debt crisis and further eroding public faith in the young king despite his best intentions. Such reform in the realm of public debt, therefore, was lacking and inefficient in addressing the fiscal crisis despite being, in theory, a more Enlightened approach than forceful defaulting and the consolidation of power.

This path of reform was a direct response to the rising debt which has been popularly theorized to have been a root cause of the financial crisis. Louis XV's approach may have worked to address the debt crisis had his methods been carried through throughout Louis XVI's regime, but the building tension from the parlements that came as a consequence of them may too have boiled over if the reasoning with matters of privilege holds any merit. However, it must be noted that revolutionary sentiments had not been nearly as strong under Louis XV's more despotic but also more efficient rule, while Louis XVI's attempts at compromise rather spurred nobles into action in taking advantage of the situation. Therefore, both approaches to the fiscal crisis, particularly the debt crisis, through means

of defaulting struck conflict, though the conflict under Louis XVI was also partly due to his own reputation of being relatively more accommodating and partly due to the shift in power that came with his reinstallation of the parlements.

4.1.2 Death or Taxes

In accordance with a time of widespread starvation and poverty, the taxes of the years preceding the French Revolution tend to be held in infamy, but many of the proposed tax policies under Louis XVI's reign were rather far more progressive, seeking instead to reform feudal injustices. To attempt to alleviate the suffering of the nation, Controller-General of Finances Charles Alexandre de Calonne made what many historians believe to be a "last-ditch effort to retrieve the situation by reform" (Crook and Doyle 10) in a package of reforms that would expand access to food via free trade in grain as well as replace the *vingtième* tax—a general tax levied to account for costs of war but also allowed many exemptions after contentions from the clergy and nobility—with a general land tax. Calonne described the *vingtième* tax's abuse and requested the Assembly of Notables to which he proposed these reforms to in 1789 to consider the injustice of existing tax policies:

"These abuses [in tax payment] oppress the wealth producing, labouring class; the abuses of pecuniary privilege; exceptions to the general rule, and so many unjust; exemptions which only relieve one section of taxpayers by aggravating the condition of the others." (Calonne 1789)¹³

It is entirely possible that these policies would have been successful had they been securely implemented: taxing previously exempt classes based on land ownership would secure ample revenue for the French government while simultaneously relieving the burden of its farmers and urban laborers, while reform to trade through the abolition of internal customs and a shift to a free trade model would have guaranteed at least in part easier and cheaper access to grain. However, these efforts, though supported by Louis XVI at a time when the working public—which Calonne's reforms sought to help—grew ever discontent, were unpopular amongst those who held power: by challenging the feudal privileges of the Notables which he had to gain approval for his reforms from, he risked alienating the nobility while under a regime of weakened monarchical power. The conflict between the Crown and parlement nobles over such taxes was nothing new, but previous administrations were willing to resort to force, going so far as to dismiss the parlements altogether, while Louis XVI sought support and compromise. No matter how progressive they were in design, or how much potential they had in addressing the ongoing famine, progress could not be made due to the institutional barrier of the power of the nobility as well as the insistence of Louis XVI on satiating them.

Calonne's attempts at reform aimed to address the inequalities of privilege in taxation and in turn the corruption of the institutions which upheld them. The Crown, however, prioritized placating the nobility and was thus limited by constitutional restraints and the growing power of the parlements. Lack of revenue left the debt crisis running rampant, and, in the end, failed to effectively address any of the outlined theories above.

4.1.3 Power to the Privileged: the Parlements and the Assembly of Notables

Another key fault which magnified the conflict of noble power was Louis XVI's early placative approach to policy-making. While his grandfather and predecessor had completely eliminated the parlements of Paris in order to unquestionably push forth his own policies, particularly those which affected the privilege held by the nobility in the process of taxation, Louis XVI had undone that progress and restored them in his desire to be viewed as a good ruler. This, although a more democratic approach than the despotism of the rest of the Old Regime, fed directly into the conflicts outlined by theorists who pushed privilege forth as one of the main hurdles to resolving the financial crisis.

Louis XVI did indeed recognize the limitations and challenges to his regime set forth by such conflict. One response in the path of reform to resolve this conflict was the establishment of an Assembly of Notables who were expected to grant parliamentary legitimacy to the King's policies with their support in passing necessary edicts and legislation. Such a proposal was, however, short-lived with the rejection of Calonne's reforms (see Death and Taxes) by even this hand-picked Assembly, and it was quickly challenged by more radical groups such as the Jacobins and the National

Assembly. Historians speculate that these failures could be attributed to overconfidence in the Notables' allegiance to royal authority, especially given that the reinstatement of the parlements and the direct and indirect promises which Louis XVI made to be more dedicated to compromise with the parlements had already corroded his authority in his early regime. Institutionally, the Notables soon became yet another instance of an institution "especially concerned with defending their fiscal privileges" as the nobility and the parlements had been (Crook 1005). As for the challenges from the public towards the Assembly of Notables, it is clear that they were not truly representative of the people, containing few members of the Third Estate. This precarious balance of legitimacy and efficiency in the Assembly of Notables, alongside its other structural failures, was yet another failure in passing effective policy to raise government revenue and address the financial crisis caused by rising government debt.

The Crown was truly forced back to square one when in May of 1787, barely four months since its foundation, the Assembly was dissolved after surrendering the power of ratification back to the parlements. As the situation worsened, Louis XVI was soon forced to dismiss Calonne and call the Estates-General, a decision which was avoided by his predecessors even as they neared bankruptcy, but public pressure pushed firmly for it (Aftalion 11). It is at this point where the push for radical action truly begins, though the constitutional monarchy which those in support of the Estates-General had hoped for was still ruled under the same King and the same or similar institutions.

4.2 The Estates-General

The failures of the Crown to address the ongoing crises which plagued the nation soon led to challenges that escalated from policy-oriented dissent in the domain of finances into challenges to the Crown itself. The call for a constitutional monarchy, which would cause the people to be more involved in policy making through representatives, shifted the goals—as well as the face—of reform away from the Crown and its loyal financiers over to the Estates-General and later to the people. While the *parlements* had served primarily as buffers that limited attempts at reform which infringed upon their privileges, the Estates-General expanded upon these roles with the intention to hold the Crown accountable for its decisions.

Even before it was elected, the goals of the Estates-General was to address the fiscal crisis on two contending fronts: privilege and despotism, each reflecting the failures of the Assembly of Notables and of the dissolution of the *parlements* respectively. Though the political implications of both of these elements took high priority, policy revolved nonetheless around the pressing crisis of national debt. Barely a week after setting a date to convene the Estates-General, the Crown officially declared its bankruptcy by suspending interest payments on its public debt (Fitzsimmons 270). This declaration capitulated the despotic power previous regimes held to the Estates and the public, thus refocusing privilege as the first priority of future legislation.

Unfortunately, the efforts of the Estates-General were short-lived, and the institution itself was soon replaced by the National Assembly. Their failure to represent the Third Estate fairly appeared to the public as a corruption of their promise to honor public opinion: described as just proportionality by Furet and Ozouf, the idea emerged in challenge to the structure of the Estates, which traditionally was divided into the clergy, the nobility, and the commoners while representing by order rather than majority. The requirements for electing deputies through the *bailliage* also resulted in further limitations on the social groups represented within the Estates, as those who emerged from the Third were still the most educated and prosperous of the commoners (Furet and Ozouf 48, 51-52). The result of these combined factors was a clear bias towards the privileged, which in turn sparked outrage from those without it, and the formation of the National Assembly marked a new era of revolution in which mere compromise was no longer enough.

5. Revolutionary economics

The rise of radicalism came in parallel with Louis XVI's performative surrender of power in 1790 in the convention of the Estates. By 1792, the National Assembly dominated French politics and began to propose further measures of change to achieve an Enlightened ideal. Revolutionary thinking,

particularly in the minds of the physiocrats, paved the road for an era of radicalization and complete social transformation. From the seizure of church property to calls for egalitarian redistribution, economic transformation in the age of revolution was far-reaching in its diversity and its goals. At the center of each element of the radical revolution was an idealization of the Enlightenment: radicals sought a utopian Republic to replace the conservative monarchy in the name of liberty (Hunt 72, 28-29).²¹

5.1 Revolutionary Thought

The substance of the Revolution shall be examined through a number of lenses, each in reflection of a different group's ideals. Most prominent were the Jacobins under Robespierre, Sieyès, and Mirabeau before the movement was divided into two sides in the form of the Girondins and Montagnards. Jean-Pierre Gross identifies further divisions amongst individual thinkers within these movements but also outlines a "Jacobin mainstream" which represented the vast majority of radical thinkers during the period; for the purposes of comparison—as the outskirts of the radical movement often involved a plethora of other factors and aimed to address issues not directly relevant to economic policy—the central ideas of this "mainstream," in their challenge to the physiocratic free trade and emphasis of inalienable Lockean rights, shall define the Jacobin revolutionary movement (Gross 17).

5.1.1 Property vs Egalitarianism

Traditionally, the right to ownership and property was held sacred by the physiocrats; the Jacobins, however, challenged this right as being biased towards the bourgeois class. Gauthier, in particular, establishes in a study of free trade in relation to the liberalization of grain that Jacobin *robepierristes* like de Mably aimed to establish egalitarian societies in direct opposition to physiocratic liberalism (Gauthier 266). In fact, Robespierre spoke extensively on the subject of property in April of 1793, declaring that public welfare should triumph over private happiness through the ownership of property. Thus, he proposed that the right to property should be governed as one which is "limited by the rights of the others" as a social institution (Robespierre, 1793). The contrast between the two are striking: though the inalienable for which the Jacobin radicals fought often are presented with the right to property amongst their tenets, Robespierre's rejection of physiocratic priorities on property as one of a bourgeois revolution shifted the economic goals of his followers within the movement. This places the rejection of previous institutions of privilege and hierarchy as a high priority in Robespierre's revolution, one which is held in higher regard than even the Enlightenment's natural rights upon which most radical thought was based.

However, as other studies reveal, Robespierre's view was not universal amongst the Jacobin radicals: Sieyès was more favorable towards physiocratic ideals and instead tried to strike a compromise in the definition of social representation through property ownership (Maza 718). This divide reflected his ideas of active and passive participation amongst the citizens of a nation, and loosened the physiocrats' qualification system for political participation into becoming more along the lines of an optional membership fee (Sonenscher xxxi). More specifically, Sieyès outlines the extent to which a citizen must participate in surrendering portions of personal property for the public good and the properties which he determined should be shared amongst all citizens: taxes were a secession of a small portion of one's property, which in turn paid for public goods (Sieyès "Views of the Executive Means," 9). Thus, Sieyès preserves elements of a traditional institution in the process of fashioning a new one, dedicated simultaneously to retaining order amongst general society as well as providing for it through slight limitations on its individual freedoms.

Neither of these rivalled the radical egalitarianism which would be proposed after the divide of the Jacobins, however. Almost redistributionist in nature, the Montagnard division became even more radical while the Girondins began to drift back into the liberalism upon which the physiocrats had founded their argument. The divisions between the two sparked debates over the balance of liberty and equality, contested until they reached a climax in the 'Montagnard' version of their shared foundations through the 1793 Declaration. This text outlined several individual rights reflective of Enlightenment ideals alongside establishing equality amongst the civic and economic spheres (amongst male citizens at the very least) and new social rights for the general public through welfare

systems. Branches of the Montagnard path had also evolved, in the process of supporting the *sans-culottes*, steadily into redistributionist policy driven by class conflict in response to yet another food shortage; these were the actions under Romme, presented to the public as a matter of frugality and rationing rather than a command to share, in reaction to yet another food shortage (Gross 8, 44, 90).

Despite this radical deviation in ideas which caused the two to drift apart, the roots of egalitarian ideas were shared in the history of both movements. As the matter of privilege took center stage early after the foundation of the National Assembly, attention shifted away from the Crown and over to the nobility and clergy. The redistribution of such properties was far less contentious, resulting in policies which struck a balance in the radicalizing political atmosphere as well as between both matters of privilege and of the persevering debt at once. The debate between property and egalitarianism thus marks a central pillar of the economics of the radical revolution.

5.2 Privilege and Debt

Under the guide of these theories, the remaining causes and perpetuations of the crisis to be addressed by radical reform are the matters of privilege and debt, which happened to coalesce into one under the abolishment of private ownership of public power and the redistribution and resale of church property to pay off previously held debt. Though each would result in a series of consequences spanning across the continent over the period of several decades, the ideals upon which they acted are representative of the spirit of the radical revolution, particularly under the Jacobins' and Robespierre's criticism of the 'bourgeois revolution.' Both these policies were not radical through means of egalitarianism through redistribution as the proposals of the Montagnards were so much as they were radical for their transformation of French society.

5.2.1 The Nobility

August 4 of 1789 is remembered to be the day on which the feudal order was abolished by the National Assembly during the climax of the Revolution. Though it holds implications of a bourgeois revolution through its shift to capitalism upon the destruction of the preceding feudal model, the abolition of several institutions of the feudal system can be recognized as radical in the same sense that the Jacobins were. On this day, revolutionaries abolished the seigneurial justice, which held both legislative and executive functions through the traditional nobility, and the venal offices, which had been sold to nobles by the state during the Ancien Régime as a means of acquiring revenue (Blaufarb 50). These actions, in effect, marked the end of the feudal ownership of public function and government by the nobility; in other words, the abolition of certain elements of feudal privilege held by the nobility as exacerbated by malpractice under the Ancien Régime.

5.2.2 The Church

The first thing to note with the revolution's relation to the Church is that for the most part, de-Christianization, an attempt to separate the nation further from the Catholic Church, was on the rise. For example, the Constitution Assembly eliminated the tithe and began to confiscate Church property for the nation (Ozouf 20). More than more intangible governing powers guaranteed by ecclesiastical privilege were the physical lands and estates which the Church held. In the same wave of property seizures carried by the momentum of abolition of feudal privilege, each of the physical lands and public powers held by the Church were claimed as national property as of November of 1789, taking down the largest 'lord' of feudal France. Throughout the centuries of the Ancien Régime, the Church had held quite a large proportion of both the nation's land and its wealth. This was in part a continuation of the domain of the *seigneurie*, though the grounds upon which the Church held land was far more secure than that of the nobility under the monarchy (See 4). The *rachat* would collect the properties, and some would be sold firstly to municipalities and later to individuals as *biens nationaux* in order to raise revenue for the nation's debt (Blaufarb 176-178).

The consequences of the alienation of the Church were soon realized. Though the confiscation of property under the argument that all former Church lands were only being leased by the law and the sale of these seized properties for the sake of reducing debt went, for the most part, under the radar of confrontation, shifts in the priority of religion under the Assembly began to brew conflict with the

Catholic Church after the establishment of it as an official religion was dismissed in April of 1790 (Ozouf 25). Other harms were dealt with in the requirement of clergy to swear loyalty to the state and the restriction of the Pope's power to appoint priests and bishops in France (Arnold 25). These were the straws that pushed the conflict forward: though physical lands had a proper precedent and legal purpose, forcing a religion to swear loyalty to a cause other than their own and revoking historical powers were two actions far more likely to drive the Church to retaliation.

Thus, the conflict that brewed from the revolution's reform of its relations with the Church did not rest in its economic policy itself, but rather the social and cultural implications which followed these policies when accompanied with statements threatening the continuance of the Church's influence over the region.

5.3 Collapse of the Revolution

As for the effectiveness of both these policies, one must take into account both their short-term and long-term effects alongside each other: in the short-term, the abolition of the feudal order and the repurposing of their properties into means of generating revenue to pay off debts was able to kill two birds with one stone. In the long-term, however, various other factors—including the outbreak of war—were far less advantageous, especially given the loss of a powerful ally in the Church. Once hardships, accumulated both from domestic unrest with the rise of the Reign of Terror as well as external factors in the wave of unrest that flooded Europe after the revolution, began to emerge in the aftermath.

The Reign of Terror which evolved from the tense political climate of the Revolution, the war which France was roped into under the dictatorial rule of Napoléon Bonaparte, and the consequences of both commenced at a time of great political, economic, and social instability. France was highly disadvantaged as compared to its European adversaries, especially due to the fact that the new revolutionary regime had few connections. Thus, revolutionary economics in relation to privilege and debt were effective only in part in the way that poor execution created a plethora of unresolved issues to follow through with.

6. Comparison & conclusion

The efforts of each path to reform, of cooperation and challenge to monarchical power, were effective at least in part in addressing the origins and symptoms of France's fiscal crisis in the era of the Revolution. The obstacles in the place of each path were similarly influential in the consideration of evaluating efficacy: the institutional gridlock of privilege limited the impact of reform under the Crown, and the theoretical divisions amongst the revolutionary movement hindered the development of a unified charge. As situations shifted greatly across the period of evaluation, there are too many intervening factors for a controlled study; in effect, the point for comparison between these two movements rely on the evaluation for how successful they were in accomplishing their own goals and bypassing their own obstacles.

Reformers under the Crown were largely unsuccessful in addressing the primary goal of resolving the fiscal crisis and similarly unsuccessful in resolving its conflicts with the parlements in order to raise taxes. The Estates-General made better progress in concession to bankruptcy, although its full impact could not be realized due to its structural limitations. The question then becomes, if reform was ineffective, whether the only solution was radicalization, for Jacobin policies after the revolution certainly saw more success on the other hand: the abolition of the feudal order was able to resolve matters of privilege and the seizure and resale of Church and noble property played its part in addressing debt.

However, the violent and unstable reputation which the revolutionary era holds still has its place in history: the destabilization and rapid change under radical reform left the country vulnerable, and the new regime, especially once it had antagonized the Catholic Church, was relatively alone in the international sphere. There is little link in the actual faulty execution and in the Enlightenment thinking which drove these policies forth; as a result, it can be said that in theory, the revolutionary reforms proposed by the radical era of the revolution were effective, though intervening

circumstances as opened up by faulty execution nullified certain benefits on an overall functional policy which tackled the issues it aimed to. On the other hand, the reform era was able to achieve neither.

In answering the question of whether or not there was an ideal point before the reform process went “too far,” then, it must be realized that the faults of the revolutionary phase were not unique to its goals or its execution; the policies themselves, once removed from historical context, were certainly effective in addressing the causes of the crisis. Radicalization is then determined to be necessary to resolving the fiscal crisis.

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