Early Modern France, 1450-1700

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IT IS ALWAYS SAID," observed Richelieu in his Testament politique, "that money forms the sinews of the state." Most historians of early modern France would agree. "Absolutism was, in large part, the child of the fisc," notes one influential essay on early modern France, and a chorus of recent works repeats the same refrain. Fiscal crises, it seems, provoked nearly every change in the French political system from the Hundred Years War to the Revolution; and the tax system brings into sharper focus than any other facet of the French state both the limits of absolutism and the peculiar nature of liberty in France.

To speak of the limits of absolutism may of course seem self-contradictory, particularly in the case of the kings of France, who have usually been considered models of unconstrained power, able to judge, to legislate, and to tax at will. But in practice absolutism was hemmed in on all sides. To begin with, any king, even a Louis XIV, could only tax the wealth available in his country: he could not take what his subjects did not have. In France the wealth available was by and large land—some 464,000 square kilometers at the end of the sixteenth century, and 514,000 a century later. The king’s subjects—roughly 8 million in 1440, 16 million in 1560 and 1600, and 27 million at the end of the Old Regime—by and large tilled the soil. It is estimated that 73 percent of them worked in agriculture in 1500, a figure that fell only slightly in the next two centuries: to 69 percent in 1600 and to 63 percent in 1700. In England and the Netherlands, by contrast, a smaller fraction of the population seems to have been engaged in agriculture, at least by 1700. In that year, only 55 percent of the English farmed and only 40 percent of the Dutch did so. The gap was even wider in the late eighteenth century. The difference reflected lower agricultural productivity in France, a different
crop mix, and less urbanization; and it squeezed state finances, for with a smaller fraction of the population involved in trade, the fisc had to lean more heavily on the land. In the first half of the seventeenth century, for instance, before Colbert’s fiscal reforms, taxes on trade provided less than 26 percent of the monarch’s revenue, and the figure could drop to 16 percent during periods of war.4

Other, more daunting obstacles also restricted the revenue from the taxation of trade. Urban tax exemptions, we shall see, allowed powerful merchants to escape taxation; and even in the absence of exemptions merchants were generally entitled to secrecy in their business dealings, so that their income remained hidden and difficult to tax. At the same time, the dispersion and the diversity of French commerce made excises and tariffs costly to levy. Paris after all did not dominate the kingdom’s economy as London did England’s, and even wine was not a staple as was English wool. Finally, the atomization of the French economy restricted economic growth and reduced the amount of trade that could be taxed. France lacked highly developed internal waterways and the sort of interlinked network of cities one found in the Low Countries, and at least before the eighteenth century the economy resembled a congeries of lilliputian markets, each one primitive and isolated, as though the regions the markets served were separate countries.5

As one might expect from such an economy, the French polity was splintered as well, with the fragmentation of the kingdom marking the limits of royal political power. The kings of France had assembled their realm by a process of accretion, adding provinces and cities from the Middle Ages into the eighteenth century. As they yoked territories to the kingdom, they confirmed traditional liberties and even conceded new privileges in order to win over a province or a city. When the strategic port of Bordeaux returned to French rule in the last stages of the Hundred Years War, for example, Charles VII granted the inhabitants tax exemptions and considerable local political autonomy. The Crown gave equally generous privileges to organized elites, such as the nobility, whose political support remained essential; and it granted still others—assigning a municipal guild a local monopoly, for example—in order to facilitate the task of tax collection.6 The liberties that a king had granted or confirmed might later be circumvented, but even the most rapacious ruler would hesitate
before revoking customary privileges, particularly when he risked the wrath of mighty subjects.

Powerful organizations also checked the monarch’s powers. In over a dozen provinces, estates voted on taxes; and everywhere sovereign law courts (among them were the parlements, the most important one being the Parlement of Paris) could bend the king’s will by refusing to register a royal edict. A court’s refusal deprived an edict of legality and made it difficult to enforce. The Crown could force registration, but it then faced delays, ill will among the court’s magistrates, and the obstruction of other legislation. Even a powerful king such as Louis XIV, who curtailed registration during the years 1673–1715, did not really ride roughshod over the parlements.7

The autonomy of royal agents further limited the king’s freedom of action. By the beginning of the seventeenth century, judges and financial officials by and large owned their own offices, which they could buy and sell like private property. Many appointments thus escaped royal control. The governors, the Crown’s provincial military commanders, also wielded considerable power over regional appointments. They could name army officers and royal officials, and they often pursued their own interests independently of the king. To lay a firmer hand on regional affairs, particularly those of the army and finances, the monarchy began to dispatch to the provinces a set of more reliable agents—the intendants. Sent out with revocable commissions, the intendants possessed extraordinary judicial and executive powers. The practice was systematized in the seventeenth century, but despite their powers the intendants still had to seek the cooperation of local office holders and powerful elites.

To eighteenth-century observers, and to many a modern historian, such a system of governance has appeared a hopeless muddle. Seemingly outmoded institutions—the parlements, the provincial estates, and a host of corporate groups—survived alongside the sleek new body of intendants. Despite the absolute monarchy at the center, each region possessed its own particularistic laws and customs, which the Crown itself had confirmed. Yet it would be a mistake to think that the hoary corporate institutions and the particularistic customs were merely vestigial survivals that the king ought to have swept away. They were integral to French political history, for to win the cooperation of powerful provincial elites, the Crown had granted
them corporate institutions—a Parlement, for example, or provincial estates—and confirmed their privileges and local customs. To maintain their cooperation, the Crown showered them with additional favors: pensions, patronage, discretion over government spending, or the favorable treatment of a legal appeal to the king's council. In a sense, the Crown became the dispenser of spoils and the sole arbiter of the frequent differences among the privileged groups, who gained more by cooperating with the monarch than by resisting or by setting out on their own. 8

The Fiscal System

The fiscal system provides the best illustration of how this curious polity worked and of what the limits to royal absolutism were. From an early date the tax system teemed with regional exceptions and privileges and spoils for elites. Consider, for example, the French nobility. When regular annual taxes not tied to a state of outright war began to be collected in France in the middle of the fourteenth century, nobles had no exemption. They paid as everyone else paid, although perhaps not so heavily. By the end of the century, however, they had escaped from taxation. During the reign of the weak and intermittently insane Charles VI, the Crown had to make concessions to powerful noble factions, and among the concessions was the exemption from a new direct tax granted to nobles in 1388. In 1393 the nobles got freedom from excise taxes levied on the produce from their own properties. The next king, Charles VII, was in no position to antagonize the nobles and so he reaffirmed their exemptions. 9 They also benefited from the military employment that the taxes supported, and certain magnates pocketed a large share of royal taxation directly.

Nor were the nobles unique. As the fisc grew, exemptions spread to all sorts of privileged individuals: magistrates, royal officers, and wealthy residents of cities. Only peasants and artisans—a majority of the population but unorganized and powerless—were not spared. Whole regions, as we noted above, escaped certain taxes by virtue of privileges that were accorded (or confirmed) upon their entry into the
realm. The list of the elites fattening at the public trough also grew. Besides the nobility, who benefited from military employment, pensions, and control of patronage, there were the holders of government annuities (rentes); the owners of government offices, whose inflated salaries (gages) depended on taxation; the financial officers, who bathed on the rights they had to a share of the taxes they collected; and, mingling with them all, the semi-public financiers, who thrived by providing services for the fisc and by mobilizing the savings of the wealthy for the Crown.10

The complexities of the fiscal system almost defy description, particularly since it changed considerably between the fourteenth and the seventeenth centuries. But at the risk of oversimplification, one can say that the French taxpayers paid direct taxes levied chiefly on land and income from land, although initially the direct taxes may have simply been a fixed sum per hearth. The best known of the direct taxes was the taille, but there were other related levies, such as the taillon, the cruces, and the capitation. Taxpayers also owed indirect taxes: excise taxes on a bewildering variety of items, most notably wine; transit taxes for goods passing from one region of the kingdom to another; and a salt tax (the gabelle).

Rights to collect a considerable portion of indirect taxes were sold to private tax farmers. The other taxes (chiefly direct taxation) were collected by the provincial estates or by royal officials known as élus. In certain provinces—in Languedoc, for example—the estates not only voted and collected taxes but also determined their form.11 In other provinces, estates voted the taxes but the élus collected them. And in the areas that had long been part of the kingdom, the Crown imposed taxes without any vote by estates and the élus collected them.

If we consider the Crown’s problems in the abstract, we can perhaps make sense of certain features of the tax system, which many historians dismiss as irrational and incomprehensible.12 First, as we already know, the Crown had to make concessions to powerful elites and to new provinces. Hence the widespread exemptions in the tax system and the lack of uniformity. Hence too the elites’ capturing the lion’s share of tax revenues. In 1677 fully 33 percent of the taxes collected in Languedoc passed directly to local notables, and another 19 percent was spent under their direction.13
A second problem stemmed from the high cost of assessing wealth in a country where few could read and where much of the wealth was in land and spread out over an enormous countryside. The military engineer and tax reformer Vauban complained of the difficulties of judging the value of land and assessing a land tax at the beginning of the eighteenth century, and the obstacles were undoubtedly more severe in the fourteenth and fifteenth centuries. Because commerce was dispersed and heterogeneous, similar problems arose with levying excise and transit taxes. Widespread exemptions only aggravated matters: how did one stop cheap, untaxed salt from being smuggled into areas that paid a high price for salt because of the *gabelle*? Wealth, be it in land or in commerce, was therefore costly to assess; and taxes, both direct and indirect, were expensive to collect. And monitoring financial officials—to detect cheating, for example—proved arduous. It was hard to determine whether a tax receiver was in arrears because of corruption or simply because a late harvest had delayed collections.

In a vast country with primitive transportation and an atomized economy, the Crown also confronted the laborious task of moving money from place to place. Shipping coins to Paris was so costly that it was only attempted for provinces near Paris, and even then only a fraction was sent. In 1609, for example, only 20 percent of direct taxes collected were carted to Paris, and most of the shipments came from nearby Normandy. The distant *généralité* of Riom sent only 0.7 percent of its take! Most tax revenues were therefore spent locally. The king typically earmarked certain tax revenues for local salaries; in Languedoc, for example, he used the *gabelle* to pay the magistrates of the Parlement of Toulouse. Other revenues were committed to regional military expenses or went to pay pensions to neighborhood magnates. Such local disbursements (known as *assignations*) were in fact the most common way for the Crown to pay all of its bills. And since so much tax revenue was spent in the provinces, the monarchy had to wrestle control over its funds from local elites, who had their own ideas about how the money should be spent. The result was to reduce the portion of tax revenues at the king's disposal.

When the Crown actually had to make payments in bullion—when it had to support troops abroad, for example—it relied upon skilled bankers able to carry out the transfer of funds. Even here,
though, the bankers strived, whenever possible, to avoid the cumbersome shipment of coin by using paper instruments such as bills of exchange. That bills of exchange did not always suffice to pay armies abroad helps explain why accumulating bullion often obsessed the French kings. For them it was a strategic good, a weapon essential for war.  

The difficulties the Crown encountered in assessing wealth and in moving money from place to place help explain the fisc's predilection for farming out the indirect taxes. Confiding the indirect taxes to a centralized bureaucracy would have raised horrendous problems, given the diversity and dispersion of French trade and the widespread exemptions. Each local office would have been obliged to levy taxes on different items, at different rates, and on trade that fluctuated wildly. The task would have been far more daunting than collecting the taille, for year in and year out the taille struck the same resource, the comparatively stolid revenues from land. The complexities and uncertainties are perhaps one reason why the rights to collect the indirect taxes were generally auctioned off. The auctions attracted the individuals who knew best how to collect a particular tax and got them to reveal what the tax was worth. The tax farmers who bought the auctioned rights also helped make disbursements, by paying salaries or covering assignations with the money they had gathered.  

The final and most serious dilemma the king faced—one that merits detailed attention because of its political consequences—was the necessity of borrowing. War, as we shall see, inflated the king's expenses grotesquely, while the ravages of fighting depressed the economy and caused tax revenues to fall. The solution was to borrow, but the Crown remained a notoriously poor credit risk. The king repeatedly broke his agreements with lenders, particularly when the immediate needs of war pushed him to desperation; only when it was in his "interest to do so," as one historian has observed, were his promises to his creditors kept. The king might conclude a contract with one of the traitants, who furnished him with short term loans, and then break it almost before the ink was dry. Or he could engage in something far worse—full scale default and debt repudiation. Lenders were therefore loath to extend him credit, except on the dearest of terms. "The king," as Colbert said, "has no credit; one deals with him only with the expectation that he is to go bankrupt."
In the sixteenth century, it is true, the monarchy did briefly seem to have fashioned the beginnings of a system of public credit. In 1522 the Crown gained access to long term credit by having the city government of Paris issue perpetual annuities (rentes sur l'hôtel de ville) backed by royal tax revenues that the Crown placed under the city's control. Having the city government administer the annuities reassured the rente holders, who would have hesitated to lend to the king directly. The rente holders—most of them Parisians—knew that the city and its powerful allies in the Parlement of Paris would protect their interests. The city served as a financial intermediary for the issue of rentes again in 1536, and the same reassuring practice was soon regularized and swiftly extended to other cities, among them Lyon, at the time the financial capital of France. There the Crown also managed to tap the vibrant short-term commercial money market of the local fairs by borrowing regularly from a syndicate of bankers known as the grand parti.

But the king could not be trusted. In Lyon the Crown defaulted on its debts, seized tax revenues that it had pledged for short- and for long-term credit, and employed force to extort loans from city councilors. The grand parti collapsed with a bankruptcy in 1558, and afterwards the only money that Lyon advanced came from personal loans that city councilors contracted, often under duress. In Paris, the rentes sur l'hôtel de ville also degenerated into forced loans. By the end of the sixteenth century, public credit had largely disappeared, and the monarchy was reduced to the medieval practice of having the king's councilors take out loans in their own name.²⁴

Thereafter lending to the king continued to be risky. Default by the Crown was common, usually punctuated by the establishment of an extraordinary royal tribunal—a chambre de justice—to threaten lenders and frighten them into renegotiating loans. One can count at least fourteen chambres de justice in the sixteenth, seventeenth, and eighteenth centuries. The members of the chambres de justice were handpicked by the Crown, and at least in theory they had the power to send financiers to the gallows. Although death penalties were extremely rare (usually the chambre de justice did nothing more than impose fines, after which the king declared an amnesty so as not to frighten away lenders), the losses from defaults, late payments, and renegotiated loans drove many a financier into bankruptcy.²⁵ It is
hardly surprising, then, that the Crown had to pay enormous interest rates to attract lenders, at least in moments of crisis when the risk of default ran high. During the difficult years of the 1640s and 1650s, for example, the Crown paid 10, 15, or even 25 percent interest, at a time when private parties borrowed at about 6 percent. 26

Tax farming and the sale of government offices, which survived longer in France than in England, provided the government with expedients to attract wary lenders; as a result, much of the monarchy’s credit was advanced by tax farmers and office holders. The tax farmers loaned money to the Crown and then arranged for repayment out of the taxes they collected. Their tax farms protected them (at least to a certain degree) from a government default because they had a fairly secure claim to government revenue: after all, the taxes they took in were in their hands, not in the king’s. Moreover, the Crown might hesitate before defaulting on their loans because it would have to go to the trouble of installing new tax collectors. In a sense, their tax farms served as collateral for their loans. 27

Selling a government office, which amounted to a loan by the office purchaser, protected the lender in much the same way, for he had a prior claim on the revenues and other benefits attached to the office. The benefits could include not just the revenues of the office, but power, honor, tax exemptions, and other privileges. By the late seventeenth century, government borrowing via the sale of offices was highly developed; and it had transformed the office holders into financial intermediaries, who provided the government with a limited but relatively cheap source of long-term loans. Under law, offices were deemed real property, and prospective purchasers could borrow from private parties to acquire an office, using its value as collateral. The government apparatus that administered the system—the parties casuelles—kept track of the title to each office and of the liens by the private lenders who had financed its purchase. The private lenders could sue the office holder if their loan was not paid; and like the holder of a modern mortgage, they were assured of a first claim on the value of the office. Since they did not have to worry about the office holder’s other financial dealings and since the value of the office that backed their loan was readily ascertained, they were willing to advance money to purchase offices at market rates of interest. And since the office holder himself could readily finance his office
at market rates, and since his liability in the affair was essentially limited to the value of the office itself, he would demand less of a premium in the form of the benefits and revenues attached to the office. The result was that the government could raise private capital at relatively low cost, particularly since some of the benefits accorded office holders—power, tax exemptions, and other privileges—were non-pecuniary.28

The Crown could also borrow from existing office holders by promising increased revenues in return for an additional loan. The value of the offices involved would then rise; and by using the increased value of the posts as collateral, the office holders could raise capital privately to finance the sum they advanced to the Crown. In the first half of the seventeenth century, it is true, such transactions frequently masked forced loans extorted from the office holders, but by the eighteenth century the process was usually voluntary. It began with negotiations between the Crown and an organized corporation of existing office holders—negotiations conducted efficiently with an agent of the office holders’ corporation—and it concluded with an agreement that had to be approved by a majority vote of the members of the corporation. The whole system made it more difficult for the king to default on the payments due the officer holders. Not only did they have a prior claim on the benefits of the office, but tampering with the payments due them could provoke the ire of powerful, organized corporations.29

None of these devices, of course, afforded perfect protection to those who advanced money to the Crown. The king repudiated agreements with tax farmers, and he withheld payments to office holders as well. These expedients and others like them did not eliminate all the dangers of lending to the Crown, nor did they permit the Crown to do all of its borrowing at private market rates: the king continued to pay a substantial premium on many of his debts, at least during times of crisis. The expedients did, however, attract lenders to do business with a horribly unreliable client. That the king resorted to such practices was thus understandable, and we can see why he did not simply sweep them away, even though in the long run they ate away at his power. The sale of offices, after all, cost the king control over officials and encouraged the granting of privileges and immunities to corporations of office holders. So did loans made by existing
office holders. So too did yet another fiscal expedient: having a corporate body like the Estates of Languedoc use its good credit rating to borrow for the Crown. When the corporate body borrowed for the Crown voluntarily, it usually received something in return, such as stronger privileges or discretion over some of the king’s revenue. The loss of power that such corporate borrowing or the sale of offices entailed might be a small price to pay, though, if it permitted the king to raise cash in a moment of crisis.

Here the theoretically minded reader might wonder why the king did not sell more offices and thereby dilute the office holders’ share of power. Or why not aggressively play one group of officers against another to achieve the same goal? Either maneuver would eliminate obstructive officials, and the monarchy was certainly not above stooping to such tactics—indeed, it employed them before and during the revolt known as the Fronde. The problem was that it could not push such tactics too far. Multiplying the number of offices or unleashing cutthroat battles among the holders would eventually diminish the value of the offices that served as collateral for the king’s loans. Not only would the king lose the backing of officials whose support he needed but he would reduce his ability to borrow. Perhaps that is one reason why Louis XIV took steps to limit access to the elite: ultimately it strengthened the fisc.

Exactly how much money the French fiscal system put at the king’s disposal is nearly impossible to say; the system was so riddled with privileges, corporate influence, and other peculiarities that it condemns to futility any effort to determine the Crown’s spendable income precisely. In the first place, we generally do not know what funds lay under the control of the king and what belonged to privileged elites. Worse, the tax figures we do have—numbers gathered in the first half of the eighteenth century by Jean-Roland Mallet and François Forbonnais—are by and large incomplete. They are derived from the archives of the central treasury, and unfortunately the central treasury did not record everything the government collected. The treasury accounts omitted from tax receipts large sums that were spent locally on assessment and collection costs, salaries and military expenses, and certain disbursements and assignations. The amounts excluded loomed large in the budget, and in some instances the feeble receipts in the treasury documents formed only a fourth of what was actually collected.
One might assume that the central treasury numbers represented the fraction of tax receipts under the king’s control—the king’s spendable income. Nothing, though, could be more misleading. The sums missing from the treasury accounts included royal surtaxes hidden under the rubric of collection costs, large payments to royal troops posted in or traveling through the provinces, and politically sensitive disbursements that the king wanted paid secretly—all clearly items under royal control. The expense figures in the central treasury accounts are equally misleading. And the fact that the accounts mix in a bewildering fashion both tax receipts and money advanced in the form of loans only compounds the difficulty, particularly during times of crisis, when taxes fell into arrears and loans mounted.34

The best we can do is to construct a series of guesses, beginning with the central treasury figures (Table 1). Given their shortcomings, all we can hope is that they yield a trend. Although they cannot reveal the precise level of tax receipts or of the king’s spendable income, we might reasonably expect them to run roughly parallel to the king’s income. The figures themselves are fairly certain, at least after about 1600, and the trend stands out fairly clearly for the seventeenth century. If we convert the monetary figures to a commodity such as wheat or to man-days of labor, then we see that both real tax revenue and real per-capita taxes rose abruptly in the 1630s, receded slightly in the 1660s, climbed again during the wars of Louis XIV’s reign, and then reached even higher levels in the eighteenth century. It would be reasonable to assume that the king’s spendable income did the same.35

To overcome the limitations of the central treasury records, we can use some rough estimates assembled by James Collins for the period up to 1640 (see Table 2). His figures attempt to account for revenue that was spent locally and that never appeared in the central treasury records. They concern regular taxes only (here meaning traditional direct and indirect taxes), and hence they exclude a bewildering variety of expedients that the monarchy resorted to in times of crisis, particularly during the 1630s and 1640s. The expedients, ranging from forced loans and temporary taxes on officers to every imaginable sort of borrowing, raised, at least temporarily, the money at the Crown’s disposal; and since they permitted France to wage war against the Habsburgs, their importance cannot be denied. But ulti-
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\a Millions of livres.
\b Millions of hectares of wheat.
\c Millions of man-days.
\d Livres.
\e Hectoliters of wheat.
\f Man-days.
TABLE 2
Gross Regular Tax Revenue, 1364–1640

<table>
<thead>
<tr>
<th>Period</th>
<th>Direct taxes</th>
<th>Total taxes</th>
<th>Grain equiv. of total taxes</th>
<th>Labor equiv. of total taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles V (1364–80)</td>
<td>2.0</td>
<td>2.0</td>
<td></td>
<td>16.0</td>
</tr>
<tr>
<td>Charles VI (1380–1422)</td>
<td>0.6–1.4</td>
<td>2.0</td>
<td>2.3–2.9</td>
<td>12.4–15.8</td>
</tr>
<tr>
<td>Charles VII (1422–61)</td>
<td>0.6–1.4</td>
<td>1.8–2.3</td>
<td>2.3–2.9</td>
<td>12.4–15.8</td>
</tr>
<tr>
<td>Louis XI (1461–83)</td>
<td>0.6–1.4</td>
<td>1.8–2.3</td>
<td>2.3–2.9</td>
<td>12.4–15.8</td>
</tr>
<tr>
<td>Maximum for reign, in 1483</td>
<td>4.4</td>
<td>4.7</td>
<td>7.3</td>
<td>37.6</td>
</tr>
<tr>
<td>After reign</td>
<td>2.1</td>
<td>2.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1487)</td>
<td>(1484)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Francis I (1515–47)</td>
<td>4.8</td>
<td>8–10</td>
<td>6.5</td>
<td>53.3</td>
</tr>
<tr>
<td></td>
<td>6.6</td>
<td>8–9</td>
<td>5.0–6.2</td>
<td>48.0–60.1</td>
</tr>
<tr>
<td>Avg. for reign</td>
<td>7.3</td>
<td>31.6</td>
<td>6.8</td>
<td>57.5</td>
</tr>
<tr>
<td>1549</td>
<td>17.9</td>
<td>30.4</td>
<td>5.0</td>
<td>60.8</td>
</tr>
<tr>
<td>1581</td>
<td>19.2</td>
<td>33.7</td>
<td>4.9</td>
<td>56.2</td>
</tr>
<tr>
<td>1607</td>
<td>38.9</td>
<td>63.2</td>
<td>7.5</td>
<td>105.3</td>
</tr>
<tr>
<td>1634</td>
<td>44.1</td>
<td>77.8</td>
<td>9.2</td>
<td>103.7</td>
</tr>
<tr>
<td>1640</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>


NOTE: Regular taxation includes direct taxes, salt taxes, sale taxes, and transit taxes. Although the figures attempt to include sums levied and spent locally, certain local charges are omitted. For details, see Collins, *Fiscal Limits of Absolutism*, 48–55, 233–36. For each year of the table, the grain and labor equivalents were calculated by using the median of the average annual prices (or wages) for a nine-year period centered on the year in question. For the reigns of Charles VI, Charles VII, and Francis I (average for reign) the calculation used the following years: 1402, 1442, and 1531. Wages here are for unskilled labor and do not reflect the cost of skilled labor such as soldiers.

\[a\] Millions of livres.

\[b\] Millions of man-days.

\[c\] Includes loans and irregular tax revenue in addition to regular taxation; certain levies for local charges omitted. 

\[d\] Millions of hectolitres.

\[e\] Certain taxes excluded.

\[f\] Certain levies for local charges omitted.

mately it was the regular tax revenue, not the expedients, that defined the revenues at the monarch’s disposal.36

Along with local tax series, Collins’s estimates let us push the evolution of French taxes back into the fourteenth century. Once converted into grain or labor equivalents, his estimates confirm that real taxes shot up in the 1630s. They perhaps disclose an earlier increase as well, between the reigns of Louis XI and Francis I, although the size and durability of this increase depend on whether one prefers the labor or grain equivalents. Local tax records paint the same picture: spiraling real taxation in the seventeenth century, and per-
haps in the late fifteenth or early sixteenth century as well. And the local series stretch back far enough to reveal the very first revolution in real tax levels: the jump that accompanied the initial imposition of permanent taxation during the Hundred Years War.37

The Role of Representative Institutions

The role that representative bodies played in providing and spending French taxes changed considerably during the early modern period. In the late fourteenth century, they seemed condemned to insignificance. This was true in particular of the Estates General, which had lost a magnificent opportunity to have a voice in taxation by the 1360s. Summoned thereafter at the king’s will—and only when the Crown was weak—the Estates General would never become a regular organ of government and never exercise control over the purse. While in England the Parliament was convening better than three years out of four between 1327 and 1485, in France the Estates General did not meet even one year out of five during the same period, and thereafter their meetings became even more sporadic. The English Parliament meanwhile had become the arena for negotiation over taxes; in France, what negotiation there was took place in provincial estates and local assemblies, bypassing the Estates General altogether.38

The Estates General never wielded true legislative powers either. Although they influenced royal legislation through petitions and remonstrances, their role remained advisory, for it was the king who made the law and he was under no obligation to heed the opinion of the Estates. And even when the Estates General tried to assert themselves, the Crown easily overcame them by pitting off one interest against another or by ignoring their requests once they had been dissolved. At the Estates General of Tours in 1484, for example, it was suggested that all parts of France have provincial estates with rights to consent to taxation. The Crown persuaded deputies from regions that already had provincial estates not to support the proposal, and it was dropped from the cahier of remonstrances.39 The same Estates General also asked for regular meetings of their body every two years to deliberate over taxation. The king’s chancellor accepted the re-
quest; but once the Estates were dissolved, the Crown went on levying taxes without ever calling back the Estates. The Crown even managed to get a vote in favor of dissolution by pitting region against region in negotiations over regional tax shares.\footnote{40}

Like the Estates General, the provincial estates also fell into decline in the late fourteenth century. Even under a weak king—such as the mad Charles VI—the monarchy was able to tax without their consent, largely because important provincial elites (the nobility, government officers, influential city dwellers) had been bought off with exemptions and a share of royal tax revenues. What did they care if the local peasants and artisans shouldered the burden?\footnote{41}

Beginning about 1420, though, the provincial estates experienced a revival. In much of France they met more frequently, gained royal recognition for their right to consent to taxation, and developed a permanent corps of officials who assessed and levied the taxes they had approved. A few of them faltered, but by the late sixteenth century provincial estates voted taxation in over half the country. Their revival reflected, at least in part, the royal strategy of confirming local privileges in order to yoke provinces to the Crown. What better way was there to bind a region and its elites to the Crown than to confirm their right to assemble, to present remonstrances, and to consent to taxation? The provincial estates also facilitated the task of negotiation between the Crown and the local elites. And finally, the Crown came to rely upon them to assess and to collect local taxes—\textit{a task that we know was both difficult and costly in France}. While a region with strong provincial estates—Languedoc for example—escaped with a somewhat lower tax burden thanks to the protection they afforded, the king had less difficulty assessing, collecting, and predicting his tax revenue when the estates were in charge.\footnote{42}

In the seventeenth century, the balance of power between the king and the provincial estates shifted in the king's favor. The change was particularly marked under Louis XIV. The Crown now had more agents to collect taxes and to enforce the royal will than it did in the sixteenth century.\footnote{43} More important, it could distribute greater resources in order to make the provincial estates bend to the monarch's will. If the provincial estates resisted, if they hesitated to grant the king's will or failed to meet his demands in their entirety, the Crown could react summarily. It is thus not surprising that in the
seventeenth century the monarchy suppressed—or simply failed to summon—estates it considered dilatory or obstructive, so that by 1700 the area where the provincial estates voted taxes had fallen to only 30 percent of France.⁴⁴

More frequently, however, the Crown resorted to rewards and to manipulation, methods that succeeded with even the strongest estates, such as those of Languedoc. Pensions, access to royal patronage, discretion over the spending of tax revenues, and outright bribery from the abundant royal coffers were all used to win the assent of particular estates. If such measures failed, the Crown interfered with elections, packed assemblies, manipulated agendas, and excluded obstructive members in order to get its way. Loyal servants of the Crown presided over meetings of the estates and reported on recalcitrant deputies who failed to heed the royal will. By the late seventeenth century, the royal tactics had rendered the remaining estates completely docile. As John Locke noted during his travels through France, even the estates of Languedoc dared not refuse the king’s demands for higher taxes.⁴⁵

III

Coping with Fiscal Crises

Although the king’s expenses, like his tax revenues, are impossible to determine accurately, we know that the costs of war provoked nearly all of the tax increases and fiscal crises of early modern France. The Hundred Years War gave birth to permanent taxation in France; the Italian wars ushered in the tax increases under Francis I; and the wars of religion released a torrent of government debt. The Thirty Years War, the struggles against Spain, and the conflicts under Louis XIV caused the spiraling levies and the fiscal imbroglios of the seventeenth century. The reason was simple: armies ballooned in wartime, armies that had to be fed and outfitted. War required guns, horses, subsidies for allies, and increasingly costly defensive fortifications. The cost per soldier grew steadily and so did the size of the armies that had to be assembled. From a maximum of at most 12,000 men when mobilized in the thirteenth century, the French forces could be stretched up to 50,000 men during wartime in the sixteenth cen-
tury, up to 150,000 or more in the 1630s, and up to 400,000 late in Louis XIV's reign. Although precise figures are impossible to assemble, it is clear that military expenses grew as well, in order to pay for the soldiers, their supplies, and the ever more expensive weaponry and fortifications.

Taxes could not keep pace with the effort needed for mobilization; indeed, indirect taxes were likely to fall as war disturbed the economy. The only way to meet the rocketing expenses was to borrow. Every war thus brought in its wake a flood of red ink and frantic attempts to procure loans. On top of the military costs themselves were piled the crushing rates of interest that the Crown had to pay, and it was during the fiscal crises provoked by war that the Crown turned to its most desperate financial expedients, the ones with the most striking political consequences.

The first half of the seventeenth century—the period from roughly the end of the Wars of Religion (1598) to the close of the war with Spain (1659)—witnessed several crises of this sort, crises with lasting political consequences. Throughout the period, the French fisc was racked by repeated difficulties, but three crises seem particularly revealing: the default on government rentes in 1602–4, the seizure of droits aliénés in 1634, and the reduction of payments due rentiers and office holders in 1648. The first occurred as Henri IV sought to mend the fiscal ills brought on by the Wars of Religion. The king had emerged from the wars burdened with enormous debts. Even if we ignore the large annual payments he owed office holders (their gages, which provided them with a return on their investment), Henri IV's debt service still amounted to over 11 million livres per year in 1607, some 35 or 40 percent of his tax revenue.

To cope with the burden, Henri and his minister Sully undertook a number of reforms and repudiated part of the government debt by defaulting on a portion of the government rentes in the years 1602–4. Typically, the rentes were held by officers, who had to swallow the reduced return on them and the concomitant loss of capital. To placate them, and for other purposes as well, the monarchy granted the officers a considerable boon: absolute heredity for the offices they owned. In 1604 Henri removed the legal risks that hindered the transfer of offices and gave the officers the right to bequeath their posts to their heirs in return for the payment of an annual fee, the so-called
paulette. Although their rentes had declined in value, they gained more secure title to their government posts, and the market value of their offices surged.

As for the Crown, not only did it placate the officers but it could now sell new offices at inflated prices—or in other words, borrow at a much lower interest rate. The Crown thus had a further reason to favor the paulette, its effect upon borrowing. Its consequences for patronage were probably appealing too, for it would undercut the control that the great noble families exercised over government posts. One may of course debate the relative importance of the various motives behind the paulette, as historians have, but it is clear that it was at least in part a fiscal expedient designed both to mollify the influential victims of a recent bankruptcy and to facilitate future borrowing. The price of the expedient was of course political, as contemporaries recognized. In the long run the paulette reinforced the autonomy of yet another privileged group and weakened the king's hold on what should have been his loyal agents.49

In the 1630s, a fiscal crisis again drove the monarchy toward expedients with lasting political consequences. Here the occasion was France's entry into the Thirty Years War. As French involvement grew, as the kingdom struggled against encirclement by the Habsburgs, the Crown sold not only hundreds of offices but also large numbers of droits aliénés, the rights to collect hefty new surtaxes, which sometimes dwarfed the taille itself. The sale of droits aliénés, which were usually purchased by the very financial officers who assessed and collected the surtaxes, was yet another form of government loan. Even these fiscal devices, though, did not make ends meet, and in 1634 the Crown went through what amounted to a partial bankruptcy: it confiscated the rights to the surtaxes (the surtaxes themselves were of course not abolished) and paid off the owners with rentes of lower value. The partial bankruptcy was a last-ditch expedient that saved the king 15 million livres a year in debt service, but it enraged the financial officers. Infuriated, they abetted tax revolts, blocked the collection of the surtaxes, or made no levies at all, thereby aiding the numerous peasants who beginning in the late 1630s simply refused to pay taxes.50

The monarchy's response was to dispatch the intendants, who took over the local tax system and deployed special military brigades
to gather back taxes. The soldiers, though, who might better have been employed in the armies fighting the king's foreign wars, cost more than they collected. They devastated the villages they occupied and kept whatever money they seized for themselves. Clearly, the monarchy could not do without the financial officers' cooperation: it could not perform the difficult task of assessing and collecting taxes without their help. The Crown needed trustworthy tax agents but found itself instead at the mercy of yet another privileged group. Not until much later, on the eve of Colbert's fiscal reforms, did the intendants begin to work side by side with the financial officers. Only then did tax collection proceed smoothly.51

Admittedly, the monarchy had other reasons to send the intendants to the provinces: the decision to do so did not merely result from the bankruptcy of 1634. They were needed to suppress tax revolts, reform the army, and prevent the conspiracies fomented, so Richelieu feared, by France's foreign enemies. Nor should one exaggerate the importance of confiscating the droits aliénés in 1634. The financial officers—and office holders in general—had other grievances beyond the loss of their droits aliénés, and the crisis in 1634 was only the beginning of the chronic fiscal difficulties that plagued France throughout her involvement in the Thirty Years War. Still, the crisis was undeniably one of the factors that brought about the system of provincial intendants, a hallmark of Old Regime governance in France.52

In 1648 fiscal expedients once again provoked political upheaval, when they helped trigger the Fronde. The grievances that caused the revolt were complex, but prominent among them, at least at the outset, were the exactions the Crown had recourse to in its desperate attempt to fund the continuing war against the Habsburgs in the Empire and in Spain. To demonstrate to the Spanish negotiators that the French had the will to continue the war, the Crown borrowed heavily. By 1648 it had already anticipated tax revenues due in 1650 and 1651, and it was resorting to even more dire expedients. It diverted taxes earmarked for payments due on existing debt and used the revenue thus released to pay for new loans, contracted, at understandably high interest rates, from financiers. Among the payments cut were those due the owners of government offices and the holders of government rentes.53
The victims of this partial default included the magistrates of the sovereign law courts. Income from their offices had suffered severely; so had their investments in rentes. They were further outraged by a delay in the renewal of the paulette. Infuriated, the judges of the Paris Parlement refused to register new fiscal edicts; the Crown had to force them to do so, in a ceremony in which one of the magistrates, Omer Talon, declared that forced registration was improper and that the magistrates ought to be able vote freely on registration without royal interference. In the aftermath, the sovereign courts in Paris united in a joint assembly and demanded a program of reforms that included withdrawal of the royal intendants, financial reform, payment of sums due on rentes and offices, and the right to deliberate on financial edicts freely and without royal coercion.54

The Fronde raged on until 1653, enlisting the angry opposition of numerous social groups but never provoking any constitutional reorganization. Ultimately, the magistrates of Parlement retreated in horror when the Fronde veered toward fundamental change, and the interests arrayed against the Crown were in any case too diverse to effect a redefinition of the king’s role. The precise course of these events need not detain us here; what is worth noting, though, is the way the Crown acted in the aftermath of the Fronde. Throughout the 1650s, when Mazarin was prime minister, the Crown feared that tampering with the rentes and the offices would rekindle the Fronde. Unfortunately, France remained at war with Spain until 1659, and the cost of the fighting forced the Crown to curtail payments due on rentes in the late 1650s. The Parlement of Paris again reacted, but this time the Crown managed to appease the magistrates of the Parlement by assuring that the rentes they held were paid. Giving priority in the payment of rentes to the magistrates split them from the other rente holders and prevented them from uniting with other opponents of the Crown in a reenactment of the Fronde.55

The same sensitivity to the political consequences of default persisted in the 1660s, when Mazarin was dead and Louis XIV had begun his personal rule. Writing in 1663, Colbert worried that rentes had fallen into the hands of magistrates from the sovereign courts and other politically influential persons. Such organized individuals could easily react to protect their interests; and Colbert found the situation so threatening that he urged a thorough overhaul of gov-
ernment credit, lest the monarchy and its policies fall hostages to influential creditors.\textsuperscript{56}

During each of these seventeenth-century crises, the Crown's reactions fit a clear pattern. In each instance, the costs of warfare necessitated fiscal expedients, typically including some sort of default. But the expedients then unleashed surprising political consequences, whether the Crown tried to appease the debt holders or merely coped with their anger. The needs of the moment—what economists might call the ruler's high discount rate—undoubtedly justified defaulting on the \textit{rentes} in 1602–4, seizing the \textit{droits aliénés} in 1634, and cutting payments due rentiers and office holders in 1648. But the political consequences were considerable and not always predictable: the \textit{paulette}, the intendants, the Fronde, and an enduring concern with the sensitive politics of government debt. If such seventeenth-century examples do not suffice, one only has to consider the decision to call the Estates General in 1789.

The long-run effect that wars and fiscal crises had on representative institutions, on the other hand, is more complex. Consider, for example, the Hundred Years War. After initially helping to advance the cause of the estates, it ushered in a long period of taxation without consent. Then, in the latter stages of the war, the Crown found it in its interest to negotiate with local assemblies, and the provincial estates revived. They gave the king an effective forum for dealing with local elites, particularly in farflung provinces where the Crown's hold was weak, and in return for spoils and privileges they helped the king assemble his realm from the wreckage of the Hundred Years War. Well into the sixteenth century most of the provincial estates thrived in cooperation with the monarchy and assisted the feeble bureaucracy in the fleecing of the common people.

In the seventeenth century, however, the balance of power, as we saw above, turned in favor of the Crown. To wage war against the Habsburgs, the monarchy pushed taxes far higher, particularly in the 1630s; and despite the tax revolts and the fiscal crises that repeatedly shook the country, the Crown in the end had greater resources at its disposal than ever before. It had larger armies, more servants, and larger sums of money to spend. The resources all served to reduce the provincial estates and other representative assemblies to docility.

It is important to recall here that the provincial estates were not
crushed by force. By and large, the members of the estates were bribed and bought off, like other local notables throughout the realm. That the king no longer needed the provincial estates as organizations may well have reflected the fact that he could now use other channels to dispense spoils. The intendants were particularly effective at distributing the king's favors, and they could also conduct negotiations between the Crown and local elites, supplanting the provincial estates in this role. The estates survived only where they were too deeply ingrained in local privileges to be uprooted or where they continued to aid the king in the difficult task of tax assessment and tax collection. But even where they persisted, they never developed true legislative powers and never formed a real forum for resistance to the Crown.57

Given the weakened role of representative assemblies and the structure of governance in France, it is hardly surprising that by the seventeenth century French political thought did not necessarily resonate with the same language one heard across the Channel. Although Protestant and Catholic theorists in France had spoken of resistance to the Crown during the Wars of Religion, the experience of forty years of civil war created a powerful argument for a strong monarchy and pushed French political thought toward firmer embrace with absolutism by the dawn of the seventeenth century. By the time of the Fronde, we can thus have a crisis in which the abundant pamphlet literature rarely raises fundamental constitutional issues, since nearly all authors agree on the need for a strong monarchy. The contrast with England, where pamphlets openly addressed constitutional limits to the king's powers, is striking.58

Not that the French considered themselves slaves. The most influential French political thinker of the late sixteenth century, Jean Bodin, pointed the way toward absolutism by subjecting customary law to the king's authority. But for Bodin, the king's subjects were "free." Because the king was to abide by the laws of nature, his subjects, so Bodin maintained, enjoyed natural liberty and were by no stretch of the imagination slaves. In much the same manner did Charles Loyseau, an important legal theorist of absolutism in the early seventeenth century, rule out any contradiction between a strong monarchy and personal liberty. In traditional Aristotelian fashion, Loyseau distinguished between absolute monarchy and des-
potism and argued that a monarch would respect property and contracts. For him and for most other French thinkers of the time, only a despot would violate personal liberty. Similar arguments were made even during moments of crisis. On the eve of the Fronde, when the magistrate Omer Talon declared his opposition to the forced registration of financial edicts, he acknowledged that the king was accountable to no one. Yet he too distinguished the king’s absolutism from despotism and asserted that the king’s subjects—to the king’s glory—were free and not slaves.59

The problem with such an idea of freedom was that nothing backed it up. Bodin grounded his notion of the subject’s freedom in a flimsy and highly theoretical notion of natural law, which the king was supposed to observe. Loyseau’s guarantees of liberty were equally shaky. More telling than constitutional theory here, in a kingdom where theory was no guide to practice, was the reality of politics: in the seventeenth century there simply were no powerful countervailing forces that could guarantee liberties for all of the kingdom. No central organization could negotiate with the Crown and speak, even in theory, for the entire realm. In particular, no governmental organ could protect the average subject’s property from arbitrary taxation. The Estates General had long been in decline, no doubt because they were ill suited to negotiation in a country as vast and diverse as France. The provincial estates survived, but they cooperated with the Crown, enjoyed its privileges, and helped collect its taxes. It was therefore unlikely that they would consistently defend peasants and artisans against royal taxation, and in any case their interests never extended beyond their provinces. As for the magistrates in the sovereign law courts, their offices gave them a stake in the system, and they were easily bought off with specific favors. Like the provincial estates, their interests tended to be narrow and particularistic. They might ask for a form of habeas corpus, as the sovereign courts in Paris did at the onset of the Fronde, but it would apply only to the magistrates themselves. Or in a provincial Parlement the magistrates might support resistance to the taille but not to the indirect taxes that provided the income due them from their offices.60

In practice then liberty amounted to nothing more than privilege, particularly when liberty meant securing property from arbitrary taxation. Without an Estates General or another broad organi-
zation that could prevail against the Crown, "resistance to taxation," as Jean Meuvret said long ago, could "only rely upon the provincial courts and estates; by that very fact the goal of tax resistance usually boiled down to the defense of particularistic privileges," and the "struggle for liberty" became little more than the protection of narrow advantage. The privileges in question here were often disguised as medieval in origin, but as we have seen most were created by the early modern monarchy. As the monarchy pursued its fiscal and political goals, the privileges grew ever more tangled. It was never clear whether they were inalienable rights or revocable concessions, but what supported them was not constitutional theory but political power. Indeed, privileges under the Old Regime were a form of property secure only when backed by power; and power, like liberty, came down to defense of privilege.

Not that a more general notion of liberty was inconceivable. In 1664 the Cour des Aides of Paris (a sovereign court that handled tax cases) ruled against taille collectors who had searched notarial records to see if a taxpayer was underassessed. In its ruling, the court denounced the audacity of such an action and claimed that it violated the "public liberty of Frenchmen." Yet despite the invocation of a general principle of public liberty, what outraged the court was something very specific: the investigation of notarial records. By revealing the true wealth of families, such investigations undermined tax exemptions for the elite and could be used to mount an attack on privilege. They thus violated an unwritten covenant of late seventeenth-century politics, which protected the elite's property and strengthened their privileges. In the sixteenth and early seventeenth centuries, the elite's property and privileges had not always merited such respect; but by the personal reign of Louis XIV, their property was safe from attack, and their privileges, though sometimes investigated, were thoroughly reinforced. If the concern shown by the Cour des Aides was therefore understandable, the court's real fear was clearly the attack on privilege—the privilege of powerful elites. Even here "public liberty" masked something very narrow.

The peculiar nature of liberty in France thus reflected the structure of the French state in the early modern period: a shifting coalition linking the Crown and various elites, who had given their allegiance to the monarchy in return for privileges and spoils. Long
unstable, the coalition hardened and closed in the late seventeenth century. Politics in Old Regime France was the pursuit of privilege and the settlement of arguments among the elites within this coalition; but despite their frequent quarrels, the notables all agreed on the sovereignty of the Crown. Privileged and exempt from taxes, siphoning off a share of the government’s revenues, they had little reason to question or to fear the authority of the king.

At the same time, the monarch’s powers were hardly unlimited. The Crown depended on the privileged groups and could not survive without the allegiance of at least some of the notables. At various times it relied on the political support of the great magnates, the good will of the courts, or the credit of the financiers. And it always needed reliable agents to carry out its will—for example, the financial officers who collected taxes and advanced money. But the king’s ultimate weakness was that he alone held the coalition together. No forum assembled his various supporters, and any decision that would require the elite’s assent—for instance, the ending of fiscal exemptions and the imposition of taxes upon the privileged—would entangle the Crown in long and costly negotiations with each privileged group. It is no wonder then that the question of fundamental tax reform, when finally raised, paralyzed the entire polity.

The loss of freedom in the polity was born chiefly by those outside the realm of privilege, the peasants and artisans. The economy in particular suffered, since the property rights of those without influence were insecure and their taxes unpredictable. Privileges cut across the realm and could ensnarl any entrepreneurial undertaking—building a canal, creating a manufacture—in a thicket of litigation. The toll exacted on the economy awaits calculation, but at least in agriculture and transportation there are signs that it dampened trade and discouraged investment. Other sectors of commerce suffered as well since so much effort was devoted to the pursuit of privilege, a pursuit of redistribution that produced absolutely nothing. Banking in particular seems to have suffered grievous harm. Long before John Law, the Crown’s actions shattered a nascent financial network in sixteenth-century Lyon, but even more damaging in the long run was the insidious appeal of the fisc. State finance siphoned away talent and capital that might otherwise have been mobilized for productive investment within France.
There remains, though, a paradox within the tax system of early modern France. Shaken by numerous crises, a drag on the French economy, it nonetheless managed to survive until 1789. It muddled through, and the fisc coughed up enough in taxes and loans to fight war after war. Not that the tax system was fragile, as is sometimes supposed. What appeared to be fragility was merely the lack of hierarchy and of centralization, since tax administration under the Old Regime was decentralized—farmed out, auctioned off, or left to the care of local officials. The decentralization was in a sense the strength of the tax system. But having weathered so many crises, why did it founder in 1789? What was different about the final crisis of the Old Regime? Perhaps it was the political paralysis that tax reform provoked.

< APPENDIX >

The Cost of Government Borrowing

What it cost the Crown to borrow is a complex subject and a forbidding one for the non-specialist. In the first place, at any given time, the interest rate varied greatly from loan to loan depending on the guarantees and the collateral that the government offered. Interest rates on a given type of loan also varied over time, depending on the financial health of the monarchy and the prospects for repayment. In the late 1540s, for example, the Crown typically paid 4 percent per quarter for its short term debt at the Lyon fairs, whereas private merchants borrowed at only 2.5 to 3 percent per quarter. But the effective interest rate the government paid on this debt changed dramatically in response to news of war, peace, or financial difficulty. Evidence for such dramatic changes can be found in the secondary market for the Lyon fair debt, in which prices varied inversely with the effective interest rate or return. A reassuring amortization plan pushed the government debt in Lyon to 101.75 percent of its face value in 1555; the 1558 bankruptcy immediately drove it down to 70 percent of its face value and eventually to 38 percent of face value by 1564. The seventeenth century witnessed similar variations in the premium that the government had to pay lenders. Typically it was high during moments of crises, but it could come down during times of peace and when the finances were healthy. After Colbert righted government finances, for example, the monarchy's credit rating improved, so that by 1680 it contracted some loans at the going private rate of 5 percent. In the eighteenth century war again drove government interest rates up above the market rate during moments of crisis.64