1 Introduction

Profits and economic development during the old régime

“How many people cannot buy new products, or need something just for a short time, or do not need the best quality goods and go to find what they need in the faubourg Saint-Antoine?” Beginning in the mid-seventeenth century, Parisian shoppers frequented this quasi-suburb on the city’s eastern edge in search of bargains for their everyday needs. Not surprisingly, the city’s guild masters sought to shut down this retail outlet for inexpensive products made on the cheap by thousands of workers “without quality” and “without experience or training,” who enjoyed “the liberty of work,” free from any inspection and without following the standards mandated by guild regulations. Paris’ guilds claimed that even vigilant customers were constantly “tricked” into purchasing “fraudulently made goods,” which undermined “public confidence” in their wares.¹

These accusations were made around 1717, but conflict between guild masters and the faubourg Saint-Antoine’s “false workers” characterized Paris’ world of production from the 1640s to the Revolution. In legal terms, the struggle was between competing sets of privileges. Within city limits, guilds monopolized the manufacture and sale of most goods, the training of the industrial workforce, and the organization of the production process. Letters-patent granted in 1657 gave “poor workers” inhabiting the faubourg the “freedom” to exercise any trade.

Paris’ guild wardens (jurés) were expressly forbidden from “troubling or harassing them in any form or manner” under threat of stiff financial penalties. These letters-patent expressed royal charity more than industrial policy. Expressly linked to the founding of a general hospital, the letters-patent noted that this charitable institution was insufficient to provide poor veterans and workers excluded from guild structures a means of earning a livelihood.

The 1657 letters-patent did all that, and more. The “liberty of work” enjoyed by this privileged enclave attracted both entrepreneurs and workers. The faubourg Saint-Antoine’s population exploded: the number of workers mushroomed from a few hundred in the 1650s to close to 10,000 during the Regency. The economic impact of this major exception to guild control grew in proportion, earning the faubourg an outsized position in the city’s manufacturing sector.

At stake in the conflict between Paris’ guilds and the denizens of the faubourg Saint-Antoine was control over the production and sale of manufactured goods in France’s largest city. As Paris’ and the realm’s economy recovered from the devastating depression that accompanied the war of Spanish Succession (1702–1713), guild wardens stepped up their campaign to subordinate the faubourg. A royal commission was established in 1716 “to examine the titles of the masterships and liberties of the city of Paris,” including the privileges of the faubourg Saint-Antoine. Bourbon administrators generally supported the pretensions of the masters: many officials were deeply concerned by the intermittent lawlessness of the faubourg’s workers. The royal state, however, proved unwilling either to commit sufficient resources and political will to impose guild oversight or to allow the masters to do it themselves. Although the wardens sought to enforce their legal authority at several different reprises, often with the support of the lieutenant-general of police, political resolve to realize guild control was lacking at the highest levels of French government. Clearly, the royal council did not accept the marquis d’Argenson’s characterization of the “disobedient inhabitants of the faubourg.” This lieutenant-general of police claimed that “the majority of these workers . . . used their liberty to make things badly [mal faire].”

Perhaps the council feared the workers’ claim that they preferred to “renounce their liberties rather than suffer inspections” of their goods by their “irreconcilable enemies.” Whatever the reason, repeated reprieves

accorded to the abbess of Saint-Antoine as seigneur of the faubourg to produce documents justifying the workers’ privileges indicates that the government suspected that abolishing the “liberty of work” would destroy the vibrancy of this major contributor to the French industrial economy. Officials’ dedication to protecting this manufacturing powerhouse waxed after 1750 even as the enclave grew more fractious. In the conflict between privileges, this enclave’s productive success appears to have trumped the monopolies of Paris’ powerful guilds. As this vignette suggests and this book will demonstrate, the legal framework involving privilege, liberty, and their interaction undergirded the world of production and played a central role in state policymaking in the era between 1650 and 1820.3

For the French monarchy, the use of privilege as an instrument of economic development was “a beautiful madness.”4 Privilege was the constitutional basis of the early modern state, legalizing the provision of a variety of rights, powers, and exemptions to some, while denying them to others. Privileges were held by: individuals, both male and female; firms including the East Indies Company and the various royal manufactures; groups such as the nobility, the clergy, the guilds, and “Portuguese Jews”; and geographical entities including nearly every city and almost all provinces. But individuals, groups, cities, and provinces were not passive recipients of state initiatives; they articulated their own claims about their privileges and liberties that existed outside state structures. The bewilderingly complex puzzle of privilege, regulation, legal custom,  

3 The four previous paragraphs are based on the following documents. The primary sources are in AN F12 781C, especially the Requête au Roy et à Nosseigneurs de son Conseil, Commissaires nommés pour l'examen des Titres des Maîtrises et Franchises de la Ville de Paris, n.d. [1727]. On the purpose of the original privilege, see Thillay, Le faubourg Saint-Antoine, 74–77, 89–95; the quotations are cited on 82 and 94. Jean-Louis Bourgeon argues that Paris’ corporations were limited in power and in the goods they produced in “Colbert et les Corporations,” in Roland Mousnier (ed.), Un Nouveau Colbert (SEDES, 1983), 241–93. See also Arlette Farge, Fragile Lives: Violence, Power and Solidarity in Eighteenth-Century Paris, trans. Carol Shelton (Cambridge University Press, 1993 [1986]).

and historical precedent that characterized Bourbon France challenges any attempt to construct an understanding of state policy applicable to the entire realm. As anyone interested in this place and time knows all too well, exceptions were the rule. The impediments and opportunities arising from this exceptionalism must be evaluated to understand how such a composite, seemingly incoherent structure was able to function, particularly when it came to economic matters.

In a fit of “beautiful madness,” Bourbon officials deployed privilege to foster commercial and industrial development. Economic innovators sought privileges that conferred greater freedom to operate. Entrepreneurs and inventors hoped to avoid guild rules on the number of workers they could hire or who those workers could be. They also wanted to be able to try out new techniques, new machines, and new designs, which guilds almost always refused to sanction. Substantial investment was required to make and sell products that transcended local monopolies. Most investors strove to minimize risk before committing resources: a privilege was the best available guarantee. Well-known competitive successes associated with state grants of privileges freeing the beneficiary from the rules that bound most others sustained this view of the market. Such exemptions will be termed the “privilege of liberty.”

A paradox characterizing early modern French economic policy can now be glimpsed. The most effective tactic available to Bourbon administrators was to accord privileges that bypassed existing structures, thereby liberating innovators. Layering privileges was an enduring aspect of the bricolage (makeshift quality) inherent in French state-building, especially with regard to taxes. What was novel about how the Bourbon regime engaged in the enduring project of economic development was that new privileges granted by the central state focused specifically on exempting the bearer or bearers from other privileges whose unfettered ability to operate within the context of a state-granted monopoly will be referred to as the “liberty of privilege.” The practice of using one privilege to undermine or sidestep another began to be applied systematically in the third quarter of the seventeenth century. This approach to policymaking grew organically out of earlier means and methods, in large part through trial and error. Once in place and recognized as an effective strategy, state use of the privilege of liberty accelerated over the course of the eighteenth century, often taking new forms in different places or when applied to fresh trades. Yet the royal administration continued to grant individuals, groups,

5 Privilege should not be confused with the economic term “rent” developed by David Ricardo (as opposed to the temporary use of a good or property.) As we shall see, privilege disappeared from France in 1795, but “rent” continued.
chartered companies, and places liberties of privilege. Both major aspects of privilege were applied frequently during the era from 1650 to 1789. Economic privileges survived the initial cataclysm of the French Revolution, disappearing much more slowly than has been recognized. Elements of privilege were revived in the first two decades of the nineteenth century before withering away.6

In the mid-eighteenth century, the social and political resonance of these policies shifted dramatically in reaction to Enlightened critiques of privilege in the name of liberty. Bourbon policymakers, ever more influenced by “improvers” such as the Physiocrats and affiliated factions of intellectuals, increasingly deployed the language of liberty to justify the long-standing practice of granting privileges intended to promote economic growth.7 Administrative recourse to liberty to defend privilege as a policy tool marked a major shift in French political economy and French political culture. The privilege of liberty was seen as a stepping stone to greater things.

The depth of the shift in attitudes about privilege can be glimpsed in abbé Emmanuel-Joseph Sieyès’ influential “Essay on Privileges” of 1788. He asserted that systematic use of exemptions undermined the legitimacy of France’s economy, government, and society.8 Condemnations of privilege that emphasized the increasingly rickety structure of the society of orders ignored its effectiveness and the dynamism of state-sponsored


7 “Physiocrats” is a shorthand referring to diverse groups of improvers and/or economists active in eighteenth-century France. See John Shovlin, The Political Economy of Virtue: Luxury, Patriotism, and the Origins of the French Revolution (Ithaca, NY: Cornell University Press, 2006). In the eighteenth century, the language of liberty justified the existence of privileges. The Physiocrats, other improvers, and writers such as Montesquieu used that language to oppose the claims of an “absolute” monarchy. But just as privileges came to be layered over one another, so too did liberties. The monopolistic elements of liberty and the freedoms made possible by privilege are essential aspects of the paradox at the heart of this book. For general outlines of the evolution of the concepts of liberty and privilege, see Nannerl Keohane, Philosophy and the State in France: The Renaissance to the Enlightenment (Princeton University Press, 1980) and the essays collected in Philip T. Hoffman and Kathryn Norberg (eds.), Fiscal Crises, Liberty and Representative Government 1450–1789 (Stanford University Press, 1994).

economic reform. This study explores how a combination of the privilege of liberty and the liberty of privilege enabled the old régime economy to grow enough to compete with France’s international rivals. For contemporaries, Bourbon France’s increasing reliance on the privilege of liberty after 1750 to stimulate economic growth heightened the impact of the paradox inherent in this administrative practice. Resolution of the paradox of the privilege of liberty came only after the outbreak of the French Revolution offered new means of curing France of its “beautiful madness.”

This book melds the commercial and industrial experiences of multiple regions with a national perspective and evaluates French political economy in light of the broad sweep of economic history along with certain conceptual issues of economic development. Although a provocative interpretation of the process of early modern economic change is advanced, this study is not informed by contemporary political or economic debates but rather has emerged organically from sustained scrutiny of the archival record. Thus, the arguments are not framed combatively, although issues of historiographical significance are not ignored. This study centers on the Bourbon state, but the complex interplay of privilege and liberty in old régime France also occurred in other parts of Europe. The institutional dimensions of Europe’s exploitation of Atlantic, East Indian, and Mediterranean trade networks also demonstrate the global impact of the privilege of liberty.

International challenges and the emergence of a liberal consensus

Acclaimed for its exploitation of Atlantic trade networks, the old régime’s economy is blamed for perpetuating inequality, generating insufficient tax revenue to permit the Bourbons to defeat their archenemy across the channel, and failing to initiate an industrial revolution. Such understandings rely too heavily on Enlightenment-era polemics and

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9 Adherents of the economic approach pioneered by Douglass C. North may reject the term “privilege of liberty” as an inherent contradiction. Although I engage many of the same issues, my approach to political economy should not be understood as part of the ongoing debate touched off by the publication of Institutions, Institutional Change and Economic Performance (Cambridge University Press, 1990).

look backward from the perspective of the French and industrial revolutions. To recover the possibilities intrinsic to the period, this account of France’s approach to economic development focuses on the epoch from Louis XIV’s assumption of personal rule in 1661 to the outbreak of the Revolution. The final chapter delineates the contours of the French Revolution’s engagement with economic privilege before considering the complex legacy of the old régime’s deployment of privilege in the thirty years after 1789.

When Louis XIV personally took up the reins of power, France’s economy was in disarray. The domestic turmoil of the Fronde compounded the effects of decades of war. Open hostilities with the Habsburgs from 1635 to 1659 distorted or destroyed markets and trade relations. Despite these dislocations, France’s economy had notable strengths, even exporting 80 million livres (£6 million) worth of manufactured goods to England and the Netherlands. At first, Louis XIV concentrated on restoring order and reviving the authority of the central state, re-appropriating control over revenue appropriated by the nobility during the Fronde. In addition to recovering lost revenue, Louis XIV needed to generate new income to fund his ambitions, both military and architectural. To fulfill these aims, Louis XIV chose Jean-Baptiste Colbert to oversee the French economy.

As controller-general of finance from 1665 to 1683, to which control of the navy and colonies was added in 1669 and oversight of the royal household in 1671, Colbert improved the efficiency of royal administration while using patronage effectively. Under his leadership, France made great headway in meeting its rivals head-on, both on the waves and in the competition for customers. Precise economic data do not exist, but royal finances represent a measure of this hardworking official’s success. In 1661, the budget deficit was about 22 million livres. By 1683, the surplus had climbed to 29 million livres. Ninety years after Colbert’s death, Jacques Necker wrote that:

Colbert believed that taxes have no goal but the wellbeing and defense of society: he refused to enrich the royal treasury at the expense of public wealth . . . He examined existing taxes, modified them, and lowered them substantially, but with so much justice and wisdom that in releasing industry, commerce, and agriculture from the immense weights that had prevented their movement, the king’s receipts grew.11

In Chapter 2, we will examine how systematic use of privilege to encourage economic development began under Colbert’s prudent stewardship.

Colbert’s approach to reinvigorating French commerce and industry long survived him. His immediate ministerial successors – the marquis de Seignelay (his eldest son) and Louis de Phélypeaux, count de Pontchartrain who was succeeded by his own son, the marquis – continued Colbert’s policies. Strategies inaugurated early in Louis XIV’s personal reign persisted thanks to dynastic politics, continuity of patron–client networks, chronic shortage of state funds available for economic development, and the mounting difficulty of effecting fundamental changes during the turbulent, war-torn era encompassing the Sun King’s later years, the Regency, and the first decades after Louis XV came of age. As a result, the Colbertian paradigm of fostering economic development by using privilege to nurture liberty survived basically unchallenged much longer than it might have otherwise, until 1750.12

Influential improvers grouped around Jean-Claude-Marie Vincent de Gournay and François Quesnay rose to prominence around mid-century. Although the two circles had distinct views on many issues, they are often referred to collectively as the Physiocrats. However one describes them, these “economists” sought to change French practice by shifting economic policy in favor of liberty at the expense of privilege. In 1754, de Gournay informed a potential entrepreneur from Lyon who wanted to establish a cotton mill to make muslins that “You cannot count on an exclusive privilege. The council [of commerce] has resolved not to accord any.” Two months later, he concluded, “I would like to leave the manufacture of these fabrics completely free [en toute liberté].”13 Physiocratic endorsement of aspects of what became known as liberalism responded to French military defeats and Great Britain’s burgeoning wealth and power so evident after 1750. International competitiveness, both economic and military, intertwined with the improvers’ hopes to create a more equitable domestic polity, supported a new, liberal approach to economic policymaking.

To effect change, these intellectuals escalated their critiques of privilege’s role in the society of orders. The publicity accorded to their attacks on privilege within French public opinion has displaced actual Bourbon policy, which frequently used some privileges to circumvent


others. Historians’ acceptance of these criticisms at face value has also introduced a static, almost structuralist, quality to our understandings of the principles and practices of French economic policies. Such analyses do not reflect the dynamism of government action in eighteenth-century France. The Bourbon state was no enemy of capitalism. State-sponsored economic reform in the eighteenth century exhibited a vibrancy, a creativity that has been downplayed in favor of the ossifying effects of measures like the Ségur Ordinance of 1781 requiring military officers to have four generations of nobility. The role of privilege in France’s society of orders was never that linear or simplistic.

From the late 1720s, many privileges were limited or eliminated, and the administration grew increasingly hesitant to grant new ones. Yet, the state continued to rely on privilege, especially the privilege of liberty, as a tool of economic development. In many places and cases, the privilege of liberty assumed a mounting role in state practice, in large measure because of the lack of feasible alternatives. Only in the late 1780s did the Bourbon state restrict its use of the privilege of liberty to foster economic growth. This divergence of rhetoric from reality is absent from nearly all accounts of French political economy during the age of Enlightenment.14

Bourbon officials’ deep-seated commitment to “improvement” for the purpose of economic development challenges interpretations based on the work of Jürgen Habermas. He emphasizes the distinction between “insiders” and “outsiders” to explain “the structural transformation of the public sphere.” Systematic introduction of “capitalistic” policies by state officials dedicated to improvement suggests that this distinction has been both overdrawn and overemphasized. Throughout the eighteenth century, adherents of privilege and liberty worked together, switched positions, and collaborated to find and implement the most effective means of promoting economic development. Peter Jones noticed these practices, but this study explicitly demonstrates the fullness of state officials’ dedication to reform over the long term. In economics,

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structural transformation of the public sphere had to wait until 1789–1791 (see Chapter 8).15

The art of the possible and the limitations of the absolutist state

Absolutism and mercantilism shaped the deployment of privilege. From an economic perspective, these terms, like the old régime itself, conjure impressions of hide-bound, top-down state insistence on unproductive policies including hoarding currency, high tariffs, overemphasis on exports and import substitution, while preventing competition through the establishment of monopolies. But neither mercantilism nor absolutism quite earns its negative reputation in the English-speaking world. Viewing French economic policy through the prism of privilege reveals the possibilities and constraints faced by Bourbon policymakers and their heirs after 1789.

Mercantilism was not only a set of economic goals but also the articulation of early modern capitalism. To increase national wealth, the Bourbon government implemented a cluster of policies that later became known as mercantilism to manage and oversee the marketplace while stimulating trade, industry, and communication. In Chapters 3, 5, and 7, we shall explore the royal state’s determination to protect consumers and the “reputation” of French manufactures as essential aspects of mercantilism. Attention to the balance of trade and currency stocks accompanied a profound reliance on regulating individual economic activity to stimulate and/or maintain foreign and domestic competitiveness.

In France, mercantilism was not fundamentally a response to weakness. As the demographic colossus of western Europe, the Bourbon monarchy’s size and economic potential meant that, within certain important constraints, French policymakers could choose their economic pathway to a greater degree than nearly all of their competitors. The diversity and lack of interaction between many parts of the realm led decision makers to emphasize the development and expansion of their contiguous territories rather than the exploitation of their overseas empire.

The critiques of Physiocrats like publicist Pierre Roubaud strongly influenced the state’s choices. He criticized colonies as economic distractions: “the spirit of monopoly and conquest” encouraged the