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Introduction

A few years ago, when I was teaching at New York University, I acquired the habit of browsing in a modest bookshop which has since moved but was then located a little to one side of Greenwich Village, where I was then living. 'Laissez Faire Books', as its name would lead one to expect, was wholly devoted to the sale of liberal books and journals. Its shelves contained all the classics of the genre, from Adam Smith to Friedrich von Hayek and Milton Friedman, but also science fiction authors with a libertarian outlook, such as Heinlein, and anti-psychiatrists such as Thomas Szasz, together with any number of anarcho-capitalist texts published in the obscurer corners of the United States. One day I happened to notice a reprint of a short pamphlet entitled *Fiat Money Inflation in France*.[1] Written around the turn of the last century, this pamphlet was meant to warn American politicians of the period of the dangers involved in the issue of paper money, which a number of them were proposing. The *assignats* episode of the French Revolution served as an illustration of this point. The author of the pamphlet also gave an account of the debates over the creation of the *assignats* and showed both the economic consequences (inflation and famine) and the political consequences (outbidding and the elimination of the main protagonists).

A reading of this essay convinced me that economic theory can provide a perfectly satisfactory explanation as to why the French Revolution, which was undertaken in order to put an end to 'tyranny' and to establish a just society, degenerated into looting, Terror and dictatorship. I therefore resolved to look deeper into economic interpretations of the French Revolution, but was surprised to find that the classic works had barely taken it into account at all. The depreciation of the *assignats*, the economic crisis and the famine have often been presented, even in the most reputable studies or textbooks, as contingent phenomena or as inevitable, much as harvests are dependent upon the

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caprices of the climate. At best, the authors of such works have sometimes pointed out that issues of paper money brought about price rises, but they have never attempted a deeper analysis of the more far-reaching causes and consequences of the proliferation of *assignats*. For the last two hundred years, the interactions between the decisions of an economic nature taken by revolutionary politicians[2] and the reactions of the social groups directly, and above all indirectly affected by these decisions would seem to have been grossly neglected.

Michelet, in his *History of the French Revolution*, totally disregards facts of an economic order and does not even mention the existence of *assignats*. Like all the great nineteenth-century historians, he concentrated almost exclusively upon politics, diplomacy and war. The only things that counted, as far as such authors were concerned, were the conflicts between the revolutionary leaders and their cliques – hence the preoccupation with the struggle between Girondins and Montagnards, and the famous debate between Dantonist and Robespierrist historians – or between orders, which, for marxists, have come to be seen as classes. By contrast, Hippolyte Taine, at odds with the idealist tendencies of his own day, assembled an impressive quantity of eye-witness accounts of living conditions in France during the Revolution, and pointed to the role played both by hunger and by the *assignats*. However, Taine's work, being opposed to the dominant ideological tendencies of the Third Republic, was largely ignored by more orthodox thinkers.

It is usual to give Jean Jaurès the credit for having been one of the first to concern himself with the economy of the Revolution. After he had published his *Socialist History of the French Revolution* (1901–4), Jaurès founded the Commission for the Economic History of the Revolution. This Commission published numerous documents concerning the economic policies of the revolutionary period. Among the first works of quantitative history, it is worth mentioning those of Pierre Caron. In 1909, Caron published tables giving the prices, month by month, at which the Treasury sold *assignats* against metal coin. These studies founded a tradition which was essentially concerned with the reconstitution of chronological series of prices (for example, of wheat), or of statistics concerning redistributions (purchase of *biens nationaux*). At the same time, a handful of authors endeavoured to reconstitute the financial history of the period, a special tribute being due to the work of Marcel Marion,[3] whom I will often have occasion to mention below. The new school of French history has also produced innumerable specialist studies

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which have greatly enriched our knowledge of the economic conditions of the revolutionary period.

While a considerable quantity of raw materials were being accumulated during this period, it was rare to find any attempt at undertaking a serious analysis of them. A great step forward was made when Ernest Labrousse produced evidence for the crisis which raged in 1789, and for its impact upon subsequent events. An economic factor was thereby integrated with the explanatory schemas of the Revolution. Unfortunately, however, whenever historians sought to advance economic interpretations, they made use of false, incomplete or half-understood theories. Ernest Labrousse himself,[4] after having reconstituted the price series of agricultural products in France in the eighteenth century, claimed to be able to deduce from them the evolution of incomes, cycles and crises. He therefore treated prices as 'exogenous' variables which arose (in a sense) on the outside of the economic system and then acted upon it. This way of proceeding is obviously mistaken. The general level of prices depends upon the quantity of money in circulation, whereas relative prices are an expression of the relative scarcity of goods and services. Prices are therefore only a consequence of other phenomena, and it is these latter that should be studied first. For the period with which I am concerned here, it is the superfluity of paper money which, as we shall see, accounts for the rises in the price of commodities and, indirectly, for their scarcity.

Those authors who draw their inspiration from marxism, if they are to remain true to their philosophy, ought to give a privileged place to economic analyses. It has, however, to be acknowledged that they have invariably played down the role played by the *assignats*, for it is clearly a role that accords ill with their vision of history. Albert Soboul, for example, in his *The French Revolution*,[5] devotes only two pages (out of a total of around 600) to *assignats*, to their creation and to their consequences. The latter he simply describes as 'incalculable on the social and economic plane'. Had he gone further, and shown that in fact the crisis and famine associated with the issue of paper money were at the origin of the revolutionary movements, he would have had to contradict his interpretation according to which 'the Revolution is to be explained in the last analysis by a contradiction between the relations of production and the character of the productive forces.'[6]

The economic theory of the French Revolution has made significant progress in the last few years. Numerous researchers have now abandoned the notion that an individual can have two kinds of behaviour,

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namely, an egocentric one when he is in the sphere of private activities, and one which is altruistic and devoted to the general interest when he places himself at the service of the state. These researchers nowadays reckon that man is a single entity in all the circumstances of his life, that he is equipped with knowledge (albeit limited), endowed with a capacity to learn, from his own mistakes in particular, and seeking always to satisfy his objectives, which are sometimes egoistic (his interests) and sometimes altruistic (his ideals). A new discipline has arisen from the works of these researchers, namely, the school of 'public choice'.[7] This discipline may be characterised in terms of its method, which consists in applying the conception of the 'rational individual', whose theoretical behaviour we have just described, to the study of social structures, such as states or political systems, which seemed until very recently to be beyond the reach of economic analysis.

One of the most striking contributions of the school of public choice has been its model of politicians and of the 'political market'. The objective ascribed to a 'rational' politician operating in a democratic system is that of obtaining the power that elective office confers. In order to be elected or re-elected, such a politician has to convince a majority of the electorate that it is in their interests to vote for him. He has therefore both to make precise promises which will have a decisive effect upon the choice of specific groups within his electorate, and to remain silent as to the costs involved in realising them (which are, generally speaking, diluted because paid for by the population as a whole) or as to possible harmful consequences (which are, generally speaking, delayed, so that they can always be laid at the door of a political adversary).

Of course, political circumstances in the period of the French Revolution were quite different from those of present-day democracy. Men with a taste for power at the highest levels of state had therefore to follow a different strategy from the one indicated above. Legitimacy did not depend upon the polls. If one hoped to become or to remain a minister, at the time of the Constituent or Legislative Assembly, or to control the decisions of the Convention, one would need the direct endorsement of the mob outside. The political system that was in operation could in fact be compared with that of direct democracy, even though it was not actually instituted as such. Those men, or groups, who managed to win recognition for themselves, in the street, in the sections or in the clubs, as representatives of the popular will, could be sure of triumphing in the Assemblies. However, the actual people, composed of *petites gens*, artisans and workers, for the most part illiterate, earned just

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enough to keep starvation at bay. Those who made up the people, in this sense of the word, could obviously not understand economic mechanisms as such, and therefore tended to react to the appearance of things. The *assignats* met with their favour because they enabled the tax burden to be lightened; price controls (the 'Maximum') were demanded because they seemed to be capable of checking the rising cost of basic commodities.

The system whereby power was seized in the name of the people possessed its own dynamic. Expedients such as the *assignats* or the Maximum, which seemed to solve a short-term problem, always ended up by having harmful consequences. When, however, these latter became apparent, their real cause always eluded the public's understanding, and it was anyway too late to reverse the ill-advised decisions which had given rise to them. As its problems grew more severe, public opinion clung more tightly to its demands, which became ever more radical and involved the call for new expedients. These latter, put into effect by men who in their turn had seized power in the name of the people's will, produced at best a temporary improvement in the state of things, but at the price of a graver deterioration a little later. This cycle, involving demands, a radicalisation of power and a worsening of the economic situation, was not to be broken until the fall of Robespierre on 9 Thermidor (1794).

This model of the revolutionary dynamic, which locates the origin of the Terror in decisions taken by the Constituent Assembly, claims to explain the essential (and, of course, only the essential) elements in the cascade of events between June 1789 and July 1794. Like all models, it disregards purely contingent factors occasioned by particular political actors (the flight of the King is an event of this kind, which, although of considerable importance for what followed, could easily not have happened); it leaves to one side the violence which arose from the unleashing of religious passions; it undoubtedly fails to take full account of the ideological aspects of the behaviour of the main protagonists (I will come back to this point below); finally, it does not take explicit account of the greater part of the consequences of the wars, whose origin was, however, connected, as we shall see, to economic difficulties. I shall therefore present the history of the French Revolution in terms of the major factors which dictated its course.

The term 'bourgeoisie' will appear only very rarely in what follows. Those readers who tend to associate this term with the French Revolution will no doubt be astonished by this, especially if they believe that it

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consisted of a conflict between social classes, whose motives for being involved were economic in nature, and which indeed saw the eventual triumph of the 'bourgeoisie'. How, in these circumstances, could I have left it out of the debate? A few words of explanation are necessary.

At the end of the *Ancien Régime*, French society consisted, juridically speaking, of three orders, which could be distinguished one from the other in terms of their specific rights. It is true to say that, immediately after it met, the Estates-General saw a confrontation between the orders represented there, from which the Third Estate emerged victorious. This victory gave rise to a nation without orders, which was juridically unified and from which legal privileges and exemptions had disappeared. However, there can be no justification for assimilating the legal categories of the *Ancien Régime* to social classes, and for confusing a political struggle with a so-called struggle for the ownership of the factors of production.

It is especially mistaken to think that 'the Revolution is to be explained in the last analysis by a contradiction between the relations of production and the character of the productive forces' or, in other words, that 'the means of production on which bourgeois power was built were first created and developed within the context of "feudal society" up until the moment at which the former mode of property had become a brake upon the advance of the "productive forces", whereupon it was necessary to "break the chains" '.[8] Alfred Cobban has given a very clear account of the errors informing this marxist interpretation of the French Revolution.[9] What he has shown is that the splits frequently emerged not so much between the former orders as across them; this was the case, for instance, with the revolt of the summer of 1789, which put peasants and landowners, a significant number of whom were 'bourgeois', on opposing sides. Indeed, investment in land was especially advantageous in a period in which merchant capital, since it entailed greater risks, did not confer the same standing upon its owner as it had once done. The conflict between town and countryside continued in other forms when, as a consequence of the inflation caused by the issue of *assignats*, the peasants caused a subsistence crisis by refusing to sell their products for paper money, which was continuously falling in value. There were basic disparities within the bourgeoisie itself in terms of wealth, status and social function. A moment's thought will persuade one of the kinds of clashes of economic interest that might arise among merchants (who might have businesses of varying size and nature), landowners, *rentiers*, financiers, officeholders, lawyers, notaries, procura-

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tors or members of the liberal professions. As if to add to the confusion occasioned by the excessively general use of terms such as 'bourgeois', 'peasant' and 'noble', one has to acknowledge that one and the same person would usually belong to several social categories at once:

> The peasant proprietor could also be a tenant farmer for part of his land, a merchant when he bought and sold produce, or a wage-earner when he worked on someone else's land. A lawyer might also be an estate manager and a merchant; he might also be a land-owner, for most persons of any social standing probably owned at least some land in town or country. In rural areas the smallholders and the rural artisanate might be quite distinct or might overlap. A noble could be a local official or a judge, an army officer, an ecclesiastic, a great landed proprietor or a working smallholder.[10]

On the other hand, a number of more recent studies have shown that, as the *Ancien Régime* was drawing to a close, the capitalist entrepreneurs, especially in new industries (such as mining or steel), together with the bankers, were often nobles, since the bourgeois preferred to invest in land in order to effect a change in his social status.[11] The great majority of Third Estate deputies in the various Assemblies were advocates, lawyers or holders of offices of one kind or another. This category of persons, which might be regarded as the equivalent, in today's terms, of civil servants, inasmuch as the activities of its members were bound up with that of the state, were far more concerned to hold public office than to be industrial entrepreneurs. One must therefore allow that the new productive forces could neither be checked by the old social order, of which they were a part, nor liberated by the representatives of the new order, which was unaware of their existence or even openly hostile to them. It is worth noting in this respect the anti-capitalist sentiments of numerous revolutionaries. The famous 'chains' invoked by the Communist Manifesto could only be broken by forces which were in reality absent from the debates of the revolutionaries.[12]

Valid though the criticisms that I have just delineated may be, a far more serious epistemological problem, to my mind, is involved in the attribution to collective entities such as the 'bourgeoisie' of faculties of willing or of acting than in errors of interpretation which may be ascribed to the choice of social categories defined in an incorrect or confused manner. Hayek has observed that human language has been formed 'in the course of millennia when man could conceive of an order only as the product of design'.[13] The concept of spontaneous order, that is to say, an order resulting from the action, but not from the intentions, of men, appeared at a relatively recent date (during the eighteenth

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century), and was therefore far too late to have any influence upon language. Indeed, our present-day way of expressing ourselves still involves personifying social categories, and attributing to them the will to attain particular objectives, whereas in fact the events that we observe are merely the outcome of a myriad individual decisions taken with purely personal ends in mind.

We are therefore concerned with something more serious than an imprecision in language. Scholars, historians, philosophers and sociologists have consciously adopted an archaic way of thinking which consists in attributing intentions and actions to social groups. By basing their theories quite explicitly upon the personification of social groups, these thinkers have compounded the confusion brought about by the anthropomorphicity[14] of language. I shall do my best in what follows to avoid falling into such traps. More particularly, by the term 'bourgeois' I shall mean, much as one would suppose from its etymology, citizens 'living in towns, whether royal officers, merchants, *rentiers* or various others'.[15] If I happen to attribute a specific action to a collective entity, such as the state, this will have been through negligence or for stylistic reasons, and the reader should therefore bear in mind that in such cases I really mean to speak of the action of men who act in the name of the state or in that of some other institution or social group.

Since I have rejected the use of the concept of the 'bourgeoisie' as an explanation of the French Revolution, I will by the same token refuse to attribute any 'ideology' whatsoever to this same bourgeoisie. As usually interpreted, this term, which is marxist in origin, covers the set of political, economic, religious and other ideas of the class in power, ideas which are assumed to be an expression of its class consciousness and to justify its domination. By contrast, I shall be concerned with the ideology of individuals, that is to say, with those intellectual constructs or systems of thought which are meant to give a meaning to their actions in society. Ideology, in this sense of the term, is a matter of knowledge, or rather of something that is taken for knowledge, but it also involves judgements, ethical and moral, egoistic and altruistic, which are brought to bear upon the environment. Its usefulness consists in the fact that it provides the individual with a 'world view' which readily allows him, at any time, to take decisions and, more particularly, to distinguish friends from enemies at critical moments.[16] Ideology thus constitutes, together with self-interest and ideals, one of a series of factors serving to account for human behaviour.

Almost all the deputies in the three revolutionary Assemblies were

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persons of some education. They shared the usual economic ideas formulated by the Enlightenment in general, by the Physiocrats and by Adam Smith. However, they did not all draw their inspiration in the same way from this set of ideas. Differences in behaviour depended upon how deeply rooted convictions were, and upon the relative weight of individual interests and ideals. More particularly, we shall see that, at crucial moments during the Revolution, important figures denied their certainties of the previous day and aligned themselves with decisions which had the advantage of immediately appeasing militant public opinion, and therefore of aiding their rise to power. We shall also see that such figures by no means sustained a systematic defence of free exchange, but that they often acted as the representatives of particular economic interests, demanding liberty for them and prohibition for their rivals.

I shall therefore advance an explanation of the French Revolution which both appeals to classical economic theory and draws upon the sorts of analysis that the new school of public choice has prompted, and which therefore takes account of the behaviour of individual actors, especially of politicians, and not of that of collective entities, such as 'the nobility' or 'the bourgeoisie'. The decisive factors will turn out to be the various issues of *assignats* and their consequences, namely, inflation, subsistence crises, interventionism and the resulting aggravation of the crisis. In order to account for such effects, I shall have to describe certain institutions or conditions peculiar to the period (the fiscal system, the monetary system, regulation of grain distribution, the place of bread in diet, and so on). This account will be both brief and somewhat oblique, and the reader will therefore not find an exhaustive discussion of the whole of the traditional economy. Conversely, I shall often stray from this domain in order to recall political events, especially those bound up with power struggles, which are an integral part of my model.

This book does not depend upon original archive research. Indeed, I have merely sought to present and to interpret facts which are already well known, and which have been culled from earlier historians' articles or books; or else, where it has been necessary to know in some detail the positions of the protagonists with whom I am concerned, I have made use of readily available editions of the texts of the period. These latter have tended to be extracts from the *Moniteur Universel*.[17] This daily has proved, in spite of its biased nature, to be an invaluable source, for it contains summaries of the debates in the different Assemblies and substantial extracts from the speeches delivered there.

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I ought now to explain how this book is constructed. Chapters 3 to 8 represent the core of the work, for they constitute a narrative and interpretation of the economic history of the revolutionary period in the strict sense of the term, running from the proclamation of the National Assembly to the fall of Robespierre. Chapters 1 and 2 describe the factors which triggered the events of 1789, knowledge of which is indispensable for an understanding of subsequent events, and they therefore present an account of the fiscal crisis of the *Ancien Régime* (which, in giving rise to the meeting of the Estates-General, gave the Revolution the particular configuration which I propose to analyse here), and of the economic situation in France in 1789. Chapter 9 is devoted to the post-Thermidor Convention and to the Directory, which saw the emergence of a new form of power struggle, with crowds and public opinion playing a much reduced role. The vicissitudes of this period represent the final, catastrophic consequences of the creation of paper money. Finally, the use of econometric techniques enables me, in chapter 10, to re-examine the causes behind the depreciation of the *assignats*, a phenomenon of crucial importance for the explanatory schema advanced here. This chapter also provides me with the opportunity to discuss a number of problems indirectly linked to that of the *assignats*, namely, the distribution of wealth, respect for property rights, and the economic consequences of the French Revolution. The apppendices contain information in numerical form (the budget for 1788 is presented at the end of chapter 1) or detailed calculations whose results are used elsewhere.

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