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STUDIES IN ECONOMICS AND POLITICAL SCIENCE

EDITED BY PROFESSOR W. A. S. HEWINS, M.A.

THE
ECONOMIC POLICY OF COLBERT

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

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THE ECONOMIC POLICY OF COLBERT

rather than BY

A. J. SARGENT, B.A.

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W. A. S. HEWINS, M.A.

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PREFACE

THE "Economic Policy of Colbert" is the result of work done in connection with the London School of Economics and Political Science. It was originally written for, and obtained, the Whately Prize at Trinity College, Dublin; so that its scope is necessarily limited. No attempt has been made to give a detailed or elaborate treatment of questions already discussed exhaustively by French economists and historians. The book is merely a short study; its object, to give a consistent view of the character and policy of an administrator and practical economist little known to English students; and to indicate the native sources of information to those who may wish to follow up the subject.

A. J. S.

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THE ECONOMIC POLICY OF COLBERT

CHAPTER I

THE CIRCUMSTANCES AND THE MAN

It may be reasonably claimed for the French nation that it excels all competitors in the art of panegyric. A passionate devotion to ideals, and a capacity for emotional hero-worship, dramatic in the intensity of its expression, enable the French mind to surround a popular personage or institution with a halo of romance in a manner which puzzles the unsympathetic foreigner. It is hard for a mere observer, untouched by sentiments of patriotic fervour, to appreciate fully the ideas and judgments of native historians. Starting from the same facts, but judging from a different standpoint and by different canons, he but rarely arrives at the same conclusions.

Perhaps no period of French history is more difficult to estimate, in its economic aspect, than the age of Louis XIV. It is but natural that a Frenchman, professed economist though he be, should show himself deeply influenced by political considerations ;

that he should be dazzled by the spectacle of his country, united for the first time under a strong central government, with kings and princes in her pay, carrying her victorious arms in every direction, and aspiring to the dictatorship of the civilised world. Literature, science and art bring their peaceful tribute of incense to the shrine of the "Grand Monarque"; the triumphs of war and peace are set in a framework of courtly magnificence unequalled since the palmiest days of the Roman Empire.

It is excusable, nay, inevitable, that the national historian should be carried away in dealing with such a period, should neglect, to some extent, the dark background of this magnificent picture; but to the philosopher or economist this background is all-important. His task is to distinguish, as far as possible, political from economic history; to set the two movements in their proper relation. It is perhaps hardly an exaggeration to say that, from the philosophic point of view, the complete history of the age of Louis XIV. has yet to be written; but a fragment, perhaps the most important fragment, is bound up with the name and administration of Colbert.

France, in the first half of the seventeenth century, was in a state of transition; few or none could have realised whither it was tending. Under Richelieu and Mazarin peace was unknown. Rebellion within, war without, sums up the political history of the period. It was the birth agony of the modern French nation. Richelieu found France but one, and that not the most powerful, of the European nations; his policy, completed by the

subtle diplomacy of Mazarin, left her the greatest, the acknowledged leader of all. The peace of Westphalia and the peace of the Pyrenees are the proof of the change in the balance of power.

At home unity had been gained. Force or diplomacy had crushed the independence of the Huguenots and the nobles. After the extinction of the Fronde, the throne might be troubled by the turbulence of individuals, but could never, again meet with serious resistance from this quarter. Henceforth the nobles are mere puppets in the pay of the crown. In the provinces, the local parliaments had been suppressed or had lost their independence of action. Their only freedom was to obey the orders of the King. France was at length united, a country with well-defined boundaries and a homogeneous people. No longer could a provincial town defy the royal armies; the fortresses of France were on her coasts and borders, garrisoned by royal troops, as a menace to and a defence from her neighbours. A centralised government and political uniformity had been attained, but at a ruinous cost. Richelieu and Mazarin, great as diplomatists and foreign ministers, cared nothing for internal administration. At the utmost the former is to be credited with a few pious wishes, a few projected reforms, which he was never destined to carry into effect. Vast armies, continuous war, internal sedition and corrupt administration would bring ruin on the most prosperous country; and France at the time knew little of prosperity. The system of internal government seemed as though specially devised for the hindrance of all free intercourse or trade development. Each

province shut itself off from the rest by a barrier of prohibitive tariffs. A glut of corn in one district might co-exist with famine in another. The separate towns, no less than the provinces, applied the principle of jealous exclusion of the products of their neighbours. Tolls were exacted from the trader by individuals or communities alike on the roads and waterways. The nobles imposed duties without right or authority. Their exactions were limited only by their power, and the risk of diverting trade entirely from their neighbourhood. In such matters the central government was indifferent or powerless. Politically one, France was, at the accession of Louis, commercially many.

The poorest of the people were ruined by the exaction of taxes, the greater part of which never reached the royal treasury. The galleys and prisons were crowded, not with criminals, but with defaulting tax-payers and collectors. The nobles and clergy claimed the privilege of exemption; and even the wealthier members of the third estate gained immunity by bribery and indirect means. The figures speak for themselves. In 1609, under the wise administration of Sully, the royal revenues were estimated at 26 million livres,¹ of which 20 reached the Treasury, the remainder representing interest on advances, and the cost of collection. At his death, in 1610, Henry IV. left, in coin and in debts due, over 60 millions. At the death of Richelieu in 1642 the revenues had increased to 79 millions, of which only 33 reached the Treasury; and moreover, three years'

¹ The *livre* is estimated by M. Clement as equivalent in value to 5 francs of to-day. The *sol* was $\frac{1}{20}$ part of the *livre*.

revenue had been consumed in advance. The confusion under Mazarin and the maladministration of Fouquet brought the State still nearer to bankruptcy ; so that, in 1661, out of 84 millions exacted from the people, less than 23 represented the nett gain to the Treasury. With a government virtually bankrupt, a people daily more discontented and impoverished, trade and agriculture dead or fast dying, the time had surely come for a drastic reform.

A favourable combination of circumstances came to the aid of distressed France at the critical moment. Peace, within and without, had been secured ; the death of Mazarin and the disgrace of Fouquet removed two of the chief obstacles to reform. But it must be admitted, such was the universal confusion and corruption, that without violent measures and the arbitrary exercise of the royal authority, no real improvement was possible. It is only natural that the theorist in politics or economics, accustomed to modern notions of liberty and public or commercial rectitude, should portray the reign of Louis XIV. in the darkest colours. It is easy to draw a gloomy picture of the destruction of local independence, the crushing attack on all civil and religious liberty ; but it may be pointed out, in reply, that local independence was, at the time, simply equivalent to local tyranny, the oppression of the weak by the strong, and that liberty was merely anarchy disguised. The cure for anarchy is despotism. The great need of France at the time was unity ; it was the necessary condition of a future national existence. Unity was only possible through the consolidation of the royal power. The only means for the attainment of this end was

the forcible suppression of the jarring elements in the State. Force was equally needed to remedy the corruption of the financial system. The matter for surprise is, not that arbitrary measures were applied, but rather that their application was marked by a wisdom and moderation which resulted in substantial success.

But the King himself was quite incapable of projecting or executing any comprehensive scheme of financial reform. It was the crowning good fortune of France, that, with events favourable and the way cleared, the right man should be ready to step into the place prepared for him, the only man of the generation capable of bringing order into that scene of disorder; and it is no small tribute to the qualities of Louis, that he appreciated the genius of the secretary of his late minister, and supported him consistently and firmly against the united forces of evil and corruption, which recognised in him their greatest enemy, and used every artifice to accomplish his downfall.

It is impossible to separate a policy from its author; to appreciate the work without knowing something of the man. Especially in dealing with a strongly marked individuality, a right estimate of a measure must be preceded by some account of the motives and temperament of which it is the outcome.

In 1640, Jean Baptiste Colbert, then a young man, had entered the office of the Secretary of War, Le Tellier. Steady and conscientious, with perhaps an inherited aptitude for the details of business, he soon won the confidence of Le Tellier, and was entrusted with special and confidential missions. In 1649 he

had advanced so far as to be named Councillor of State; and about the same period he became the agent of communication between Le Tellier and Mazarin, during the absence of the latter from Paris. From this time the career of Colbert is one of steady progress, a progress due entirely to his own exertions. Financier above all things, he aimed, from the very first, at the position most suited to his talents. Letter after letter to Mazarin urges the confusion of his affairs, the waste of his revenues, and the necessity of appointing a man of probity as his agent and representative with full powers. At first by vague hints, later in the plainest manner, Colbert points to himself as the only one qualified to fill such a post. A comparison of two letters will give a sufficient illustration of Colbert's gradual and politic procedure. The first is dated 1651 (February). "I feel compelled to inform your Eminence that, in my opinion, it is absolutely necessary for the success of your business that you choose some person in whom you can thoroughly trust and who lacks neither zeal nor fidelity for you, to take the general direction of all your affairs. . . . I offer, for my part, to communicate to him the little knowledge with which heaven has endowed me on all business of this kind." Various letters to the same effect follow during the next few weeks, until Colbert attains his object. In December 1651, he writes in another tone. "Since I ask of you such formal authority that every one may know that you believe and trust in me, only with a view to your interests, and not for my own, I consider that you ought to do your best to give that authority to me."

Colbert is no longer the humble suppliant for a confidential post. He has made himself necessary to Mazarin, and can insist on his own terms. The late War Office clerk has become the *alter ego* of the real ruler of France and undertakes the unravelling of his affairs; no slight preparation for his future task, the restoration of the finances of a kingdom.

The early correspondence with Mazarin shows, in no uncertain manner, the marks of those qualities by which Colbert was distinguished throughout his administration. In personal matters strictly honourable, with no taste for the follies and vices of the court, he possessed a conscience of considerable elasticity in matters of business or public policy—a state of mind not infrequent among statesmen, but very rarely acknowledged with such frankness as in the letters of Colbert: witness his wise counsel to his brother, Charles Colbert. “We must be indulgent to men’s peccadilloes, and even make use of them, abetting them sometimes in order to gain some more considerable advantage;” a convenient creed, especially in dealing with wealthy and powerful criminals: when justice demands condign punishment, policy is content if they disgorge a portion of their ill-gotten gains. Perhaps it was this elasticity of disposition which enabled Colbert to accomplish the difficult task of serving two masters, noted though one was for his jealousy and suspicion. His defence of his relations with Le Tellier has about it a suspicion of the mock-heroic, but it seems to have satisfied Mazarin; or was it that the humble secretary had become so useful to his new master that his position was beyond attack? “I have been in the employment of M. Le Tellier, and

am entirely devoted to his interests; nor will I ever abandon them, since I am perfectly certain that he is too much a man of honour to be capable of ever asking me anything which might tend against the connection I have made with you, to which he himself urged me." On the other hand, letter after letter is addressed to the Cardinal in terms of the deepest respect and gratitude; in fact, fulsome is the only word which will properly describe them. It is hardly possible to defend Colbert. Doubtless, exaggerated language was characteristic of the time, but we have proofs from his own hand that there was not, in this case, even the customary amount of sincerity. In several letters to Le Tellier he criticises Mazarin in a severe and even unfriendly tone. In 1650, when employed as go-between, he speaks in the strongest terms. "I can assure you, sir, that had it not been for the blind obedience that I owe to your orders, I should have taken myself off, as I could not make up my mind, without the utmost difficulty, to endure this kind of treatment, particularly from a man *for whom I have not the slightest respect.*" Contrast with this the sentiment expressed in a letter to Mazarin only nine months later. "I very humbly entreat your Eminence to be assured that you will never find that I have any other end in serving you than the satisfaction of the zeal and affection which I have always had for you; and that you will not find any taint of baseness in my service."

One more letter may be quoted as showing the hand of the opportunist. "I entreat you," he writes to Mazarin, "not to let the Abbé Fouquet learn that I have sent you a copy of his brother's letter; conceal

your feelings with regard to the latter, for we shall have need of him, and great need too."

We must allow for the peculiar circumstances and the difficulty of dealing with a disposition so jealous and uncertain as that of Mazarin; but it must be admitted that this portion of the letters cannot be read with entire equanimity by an admirer of Colbert. We can only excuse the faults by laying stress on the virtues. Sincere or not, Colbert undoubtedly served Mazarin well. The legacy of the dying Cardinal to Louis was more than a mere compliment.

At a time when intrigue ruled all things, and honest administration by straightforward methods was a thing unthought of, it was hardly to be expected that the confidant of the arch-intriguer should keep his hands altogether clean. The reformer, who ultimately put an end to the sale of offices as a means of raising revenue, was not above advising his master to resort to this method, and even asks permission for himself to sell, for 480,000 livres, a lucrative office in the royal household to which he had been appointed. The financier, who is moved to indignation by the malversations of Fouquet, his former protégé, is quite willing to cook public accounts to the profit of Mazarin, and regrets that he cannot seize for him the revenues of some of the forests of France, owing to certain necessary formalities which would involve inconvenient publicity. Of course this was not to be reckoned as robbery of the State, but only as a restoration to Mazarin of part of the vast sums of his private fortune which he had spent in its service; none the less, it does not promise well for a future Chancellor of the Exchequer.

The Spoils System of the United States is the most complete surviving representative of principles which were at one time universal in the civilised world. In England a few remnants only of the 'system survive, and they are not of such a character as to attract much public notice. Hence it is peculiarly difficult, to the English mind, to avoid the influence of modern ideas and prejudices in judging an earlier and less enlightened period. A permanent Spoils System, by which only one class in the main benefited, was the essence of the French administration in the seventeenth century. The public revenues were regarded as the legitimate happy hunting-ground for the nobility and the official classes. Colbert was a true representative of his time in this respect. His family, connections, and friends are continually the objects of his solicitude, and he returns to the subject with a persistency which compels success. At one time it is a commission for a brother, at another an ecclesiastical benefice, and even, as his influence grows with Mazarin, a bishopric. Nor does he neglect himself. But he is not to be put off with any menial bribe. He rejects with scorn, and at the risk of offending the Cardinal, the offer of 1000 écus¹ from the public revenue. "With regard to what your Eminence did me the honour to suggest in your letter, namely, that I should take 1000 écus on the same *taille*, you will permit me to say that you ought to have a higher opinion of me than to think that I serve you on such terms." This is the language of a man who knows

¹ The écu d'or was in value 6 livres, the écu d'argent was nominally of the value of 3 livres; but its actual value, as will be shown in discussing the coinage, was about 20 per cent. greater.

his worth and intends to have his price. Colbert had early discovered that Mazarin preferred to hold his favours in abeyance, in order to insure the faithfulness and energy of his officers; but he is not to be put off in this fashion. In season and out of season he presses his claims, until Mazarin is induced, perhaps from sheer weariness, to grant them.

A most curious comment on the times is contained in a letter to Mazarin, written with careful elaboration, and published as a manifesto throughout France. In it, Colbert enumerates in detail all the favours conferred on him, as a proof to enemies and detractors, that Mazarin, so far from being mean and ungrateful, rewarded his faithful servants in the most liberal manner. Of course, this piece of diplomacy contains no reference to the methods, almost of compulsion, by which the favours and benefices were actually wrung from the generous donor. The letter is written with an elaborate pomposity unusual in the correspondence; but it well repays study as illustrating the rise of Colbert and the current method of Civil Service remuneration.

“A gigantic and discreditable system of jobbery” is the natural comment of the modern reformer. The stricture is unjust. It was, at the time, practically the only method by which services to the State could be paid. Colbert complains that he served under Le Tellier for eight years without receiving a farthing as salary. This is not quite accurate, but still sufficiently near the truth to be used as an illustration. It was a fault of the age; the man cannot be blamed for not accomplishing

the impossible, for not inventing and following a modern standard of Civil Service administration.

In one respect, Colbert undoubtedly did improve on the current practice. In his own person and those of his friends he justified the appointments by doing good service to the State. When in power, he invariably insisted on officials doing the work for which they were appointed, and some of his wisest advice and severest rebukes are to be found in the official letters to members of his own family. As an administrator, his counsel of perfection was, to reduce the number of officials to the absolute minimum required for the due execution of public business, and to compel them to carry out their duties thoroughly.

Habile homme d'affaires is perhaps the truest epithet which has been applied to Colbert, an epithet hardly capable of exact translation, but clear enough in its meaning and implication when placed in the light of his early history. The crowning instance of this *habilité* is the contest with Fouquet. No two beings could be more opposite in tastes and character. The one, a courtier and libertine, the other, bourgeois in the plainness of his life, impervious to the attractions of the drawing-room and boudoir; the one, the darling of the noblesse and the centre of intrigues of gallantry, the other, despised by and despising society, never happier than when immersed in the dull details of business; the one, insensate and blind in his boldness, the other, before all things cautious and distrustful. The issue of a contest between the two could not be doubtful. Fouquet, skilled though he was in deceiving others, met his match in intrigue,

and fell a victim to the superior tenacity and purpose of his former patron.¹ His fate was well deserved, and the greatest boon to France; but it is to be regretted that no other hand could be found to compass his downfall. In the great trial the "habile homme d'affaires" again appears. A large number of the nobility and financiers were compromised, and undoubtedly even Mazarin himself. The terror was universal, and with good reason; but the papers were edited and expurgated for the benefit of the judges. Colbert and the King alone knew the worst. The knowledge was not used; they were content to store it as a weapon for future emergencies. Four years the trial dragged on, though there was evidence in the hands of the prosecution which could have ended it in as many weeks. At length the verdict was given, exile; but this did not satisfy Colbert. He had the wolf by the ears, and did not intend to let him go. The sentence was increased to the living death of perpetual imprisonment—a sentence of merciless severity, which displays a new trait in the character of Colbert; he might, and did, spare the guilty from motives of policy, but he was none the less remorseless when policy demanded severity.

Through the early correspondence, complaints of the weakness and irresolution of Mazarin are frequent; of "his inconstancy and irresolution of temper, which to-day finds a thing bad, to-morrow good." In 1652 Colbert writes to Le Tellier: "In short, our friend is always utterly inconsistent, but he is now

¹ Colbert had recommended Fouquet to Le Tellier in 1650. In October of that year we have a long letter justifying the recommendation.

worse than ever; he used never to think of the morrow, now he is never of the same mind from morning till noon." Writing to Mazarin, of his return from exile, he says, "Above all I hope that your Eminence will not suffer yourself to be persuaded by your natural good nature to recall the exiles."

The local parliaments,¹ especially that of Paris, had been more or less concerned in the resistance to royal authority. In the disturbances of the Fronde they formed a convenient shelter for the intrigues of the disaffected noblesse. Thus they represented to Colbert the embodiment of disorder, and as such incurred his deepest enmity. We have a long Memoir from his hand justifying the "droit d'évocation," the claim of the King to withdraw cases at will from the cognisance of the courts. In 1654 he writes to Mazarin: "In heaven's name, stick to your determination to chastise them, and do not give in to the opinion of those many persons who would not have the authority of the crown free, without being counterbalanced by illegitimate authorities, such as that of the Parliament and others." Two years later, when the presidents of the Chamber were, as he considered, contumacious, he proposed to exile some, day by day, as an example, "and if they will not alter their bad conduct we must suppress them and drive them in a body from Paris;" a severe proposal to make as to a body of lawyers, the supreme representative of order in the country. It is well matched by a letter to Colbert le Terron in 1658. The peasants had been

¹ The parliaments were legal and official, rather than representative bodies. In this sense the word is to be understood wherever it occurs.

restless, as usual, and had even attacked the royal officers. "If you could have one of them hanged, it would assuredly produce a much greater effect than all your operations." This from the man who was ever talking of the "*soulagement du peuple*" A letter to Charles Colbert, in the following year, is a good comment and explanation. "You must prevent exaction from the people and they must be protected, since you must bring it about, if possible, that the people are better treated in Alsace than in all the other districts of Germany." In the one case, policy demanded severity, in the other, lenity. We are not entertained with any insincere suggestion of justice in either case.

Such was the man who was prepared to step into the position vacated by Fouquet in 1661. A true pupil of Mazarin, versed in all the subtleties of intrigue, but, unlike his master, using them only as a means to the attainment of some definite object; with a standard of honesty far above that of his predecessors, but an honesty none the less of a strictly commercial character, practised not for its own sake or from high motives of morality, but with a frank appreciation of its practical uses. A man whose very being was finance, and hence a devotee of order as its necessary condition; order, it might be, imposed by a strong hand from without, but at any cost order. A man with an infinite capacity for work—he enumerates, among the greatest of the benefits conferred on him by Mazarin, the hard work entailed on him by his position—and with an infinite capacity for details. Nothing is too slight for his omnivorous capacity. Amid the multitudinous

matters of public business with which his correspondence deals, he finds time to discuss the pigeons, eggs and cows on the Cardinal's estates. Finally, with all his flattery, his capacity for keeping on terms with those he detests, there appears in his nature a strain of severity, even ferocity, against those who interfere with his favourite plans. We have the circumstances, the man and the opportunity; he is left by Mazarin as his most valuable legacy to Louis: it remains to be seen how the man stands the touchstone of power; whether France will benefit as much as her rulers from his life's work.

France in 1661 was weighed down by two burdens which threatened to crush her utterly—a mass of debts, absorbing nearly half the public revenues, and a horde of officials endowed with hereditary rights in return for money advanced to the crown in its days of necessity. The sovereign was ever in want even for private expenses; the nobility and the official class, with Fouquet as its representative, lived in a state of reckless profusion and magnificence. The new Council of Finance and the Chamber of Justice were the instruments intended to restore the State to solvency and prepare the way for future reforms. The measures were drastic to the last degree; the whole process would undoubtedly be classed at the present time as bankruptcy. The titles to offices were subjected to a most rigid examination. In a few cases punishment was inflicted as a warning; in the majority the guilty were compelled to make restitution. If compensation were given at all, it was according to the original sums paid, as a rule very small, and not according to present values. The

same principles were applied in dealing with the holders of funds secured on the public or municipal revenues. Suppression without compensation; reimbursement at a low rate, according to the original price paid, when the credit of the State was at its worst; deduction from the principal of all interest received; conversion, at a great loss to the holders—such were some of the methods of liquidation adopted for the public finances, and applied, so far as possible, throughout the kingdom, in dealing with the alienated revenues of the towns or parishes. In truth it was a universal bankruptcy.

Such a condition of affairs was neither new in the history of France, nor, indeed, a cause for wonder; the novelty in the operations of 1661 and following years lies in their complete success, as far as public finance was concerned. Twice before, under Richelieu and Mazarin, similar schemes for the simple payment of debts had been tried, with the only result that the creditors of the state, honest and dishonest, but particularly the latter, regained their titles by various methods of ingenuity, and were more secure in their position than before. Whence, then, came this unwonted success? It seems to have been due to the fact that the titles of the majority of the wealthier holders would not bear investigation. They were cowed by the prospect of punishment, while the rewards offered to informers, the compulsory public registration, and the strict examination extended by the court even to private accounts, left them no loophole of escape. The few honest "rentiers" might grumble and protest, but could not effectively oppose the royal will; where

they were sufficiently numerous to make their voices heard, as in the case of the holders of the popular "rentes sur l'Hotel de Ville" of Paris, Colbert was forced to moderate greatly the severity of his methods. Doubtless, too, the wise employment, in compensation, of the vast sums disgorged by dishonest financiers, contributed not a little to allay the popular discontent. Be this as it may, France was relieved in a short period from an intolerable burden of debt. The result of this recovery of her revenues, and of the reforms in the collection introduced at the same time, is seen in the budget which we have from the hand of Colbert himself. Between one financial year and the next the nett revenues of the crown were nearly doubled. The state of the country had not changed in the interval; the difference lay in the absence of the late Chief-Intendant of finance; to this alone, according to Colbert, was due the change from bankruptcy to solvency.

CHAPTER II

REFORM IN TAXATION

IN searching for the principles of one whose special province was finance, it would seem that we are most likely to find what we seek in the sphere of taxation. System in France, before the administration of Colbert, there was none; but there existed already the broad distinction into direct and indirect impositions. One of the chief principles of Colbert comes to light in his comparative estimate of these rival methods of raising revenue; he preferred the indirect to the direct. The *taille* was the object of his special dislike; its reduction one of his favourite projects of reform. In the *Memoire pour rendre compte au Roi*, drawn up about 1680, at the head of the suggestions for the amelioration of the state of the people, we find the advice to reduce the *taille* in the space of three or four years to 25,000,000 livres. In the same Memoir we are told: "As it is a matter with regard to which the commission of many abuses is possible, it is also that to which the greatest attention has always been given." The proof of this is easy. In 1657 the *taille* amounted to 53,400,000 livres; from 1662 to 1679 it was always between 38,000,000 and 41,000,000; in 1680, after the conclusion of the war with Holland, it was reduced to 35,000,000, and in one year even to 32,000,000.

It would be a mistake to assume that the dislike entertained by Colbert for this direct form of taxation was the mere outcome of any economic theory. His attitude cannot be appreciated unless we keep in mind the nature of the tax, and the methods by which it was collected.

The majority of the provinces of France were subject to the *taille* in one form or another; but there was a nominal and legal distinction in the method of assessment. In some provinces, the *pays d'élection*, the amount due was fixed at the discretion of the royal officers; and these were also responsible for its collection. Other provinces, the *pays d'état*, were supposed in theory to fix their own contributions, after a discussion of the proposals put forward by the royal officers. These contributions resembled the so-called free gifts of the clergy. Occasionally the assessment was reduced by such procedure; but on the whole the difference between the two methods was nominal rather than real. The provincial assemblies might be brought to a proper frame of mind by the summary punishment of individual members who made themselves obnoxious to the crown by determined opposition. The advantages of this self-assessment were even less to the smaller units than to the province as a whole. In the one case an appeal lay from the assessment of the royal officers to an independent court of law; in the other the assessors were the only court of appeal against their own judgment. The balance was not always in favour of the principle of local government.

This diversity in the methods of collection is important, as illustrating the administrative difficulties

connected with the *taille*. We know from the letters that the management of the provincial assemblies was a source of considerable anxiety to Colbert. A more important question—a question economic as well as administrative,—is bound up with the nature of the tax itself, as distinct from the method of collection.

The *taille* was of two distinct kinds, real and personal. This distinction did not in the least coincide with the administrative distinction of provinces just discussed; though both distinctions were due to historical accident, to the partial survival of local customs and liberties, the incomplete fusion of units which was characteristic of the whole system, political and economic, of France at the period.

The *taille* was real in those districts in which the basis of assessment was landed property of some kind: it was personal when all the resources of the individual were taken into account; in short, where the basis of assessment was the supposed capacity for bearing the tax. The *taille* personal was the more common form in France at the time; and with it were connected most of the abuses which were the ground of the hostility shown by Colbert to this form of direct taxation. It was a kind of income-tax, with an important difference. The individual did not, as now, assess his own income under legal safeguards and penalties. His share in the common contribution was fixed by his neighbours. He had a certain amount of protection in the presence and concurrence of an impartial royal official; but it is clear that the assumption that a man's neighbours know the state of his affairs better than he knows it himself, affords

an opportunity for an unlimited number of abuses. Add to this the fact, that the collectors elected by the district were bound to serve, and were responsible in their own persons, and liable to imprisonment for any deficit through the inability of the people to pay, and it is evident that there was good ground for the unpopularity of the whole system.

We have seen that it was the policy of Colbert to reduce the *taille* as far as possible. He also tried to minimise the evils incident to its collection. Thus, the assessment was made after an independent estimate, by the royal officials, of the value of the harvest, and the relative capabilities of the various communities. Again, it had been the custom to appoint men of straw as collectors. These passed over the wealthier members in their district, and were well compensated for the imprisonment which followed on a deficit. A regulation of 1663 ordained that the punishment of the collectors should not relieve the inhabitants of a district from their liability. So, too, Colbert projected and partly carried out the unification of the law and custom relating to the *taille*, with a view to the removal of abuses. But the abuses were inherent in the system. The nobility and clergy were exempt from the *taille* personal, in so far as it applied to dwelling-houses and their belongings, the *taille d'occupation* as it was called. They were supposed to be subject to the *taille d'exploitation*, that is, the tax on buildings used for manufacture of any kind, as mills and factories. As a matter of fact, by various devices they obtained exemption from both forms; and the wealthier members of the third estate imitated their methods with

success. The tax pressed most heavily on those who were least able to bear it; especially the poorer people engaged in agriculture.

Colbert was fully aware that the thorough reform of the *taille personal* was, under the circumstances, impossible. So he projected its total abolition. He wished to extend the *taille real* to the whole of France, and to introduce at the same time a uniform jurisprudence to deal with it. This form of the *taille* was already prevalent in a few provinces. It was founded on one principle, that of the "cadastre" or general register of land. The object in view was certainty. Land originally noble would be exempt, whether in the hands of noble or commoner. On the other hand, land not noble would always be taxable, without regard to the position of its owner. An obvious objection to this plan is that the land-values would, in a few generations, become merely nominal; in fact, this was actually the case in some districts at the time, and numerous complaints were made. But the difficulty could be easily avoided by a periodic valuation by an independent public authority.

Colbert has been needlessly attacked for this proposal for reform. He was quite aware of the difficulties in his way, and prepared to meet them. The reform would certainly have attained its object, the removal of the whole system of abuses connected with the *taille personal*, and the abolition of the illegal exemption of the noblesse. But, it may be objected, the measure would relieve trade at the expense of agriculture. The objection is refuted by the whole policy of Colbert. It is true that internal manufacture would have been relieved of a burden; this was

quite in accordance with the methods of encouragement pursued by Colbert. But hand in hand with the decrease in the *taille*, as will be shown later, went on the increase of the burdens on the wealthier members of the trading community. Colbert did not wish to transfer the burdens of trade to agriculture, but to abolish at one blow that portion of the *taille* which was most vexatious to the poorer classes, and the greatest cause of political disturbance. It seems hard that he should be attacked for retaining, in the interests of the Treasury, that portion of the *taille* which was most easily managed and gave the least cause for complaint.

It is evident, then, that the dislike of Colbert for the *taille* was due rather to considerations of a strictly practical and administrative nature, than to any economic theory. His own words are the best comment on his policy: "In almost all the parishes, the chief inhabitants and the rich easily found means to avoid the *taille* and shift it to the shoulders of the poorer inhabitants; while the latter were forced to acquiesce in the shifting, because the rich were their employers, and their only resource for help in all their necessities." The debtor found it convenient to shut his eyes to the evasion of the money-lender; the lamb was not too anxious to criticise the proceedings of the wolf. Add to this the evils necessary to the collection—the seizure of the goods and chattels and live stock of the defaulter, and the imprisonment of himself and the collector—and we can quite understand that a practical Chancellor of the Exchequer, judging mainly by results, was not attracted by the prospect. There is no need to search for any re-

condite theory to explain his action ; the mere facts of the case are sufficient.

The system of indirect taxes offers a vast and varied field for the talents of the theoretical economist. It would be hard if, in this direction at any rate, some general principle could not be found to satisfy the modern craving for scientific consistency and exactness. Colbert gives us, in his own words, his watchword as a financier. "Finance," says he, "should be so simple that it can be easily understood by all kinds of persons, and carried out by a few individuals." Here Colbert is in touch with the modern world. He may justly claim to be the earliest exponent of that passion for simplicity and uniformity, that devotion to logical systems of public administration, which is one of the principal characteristics of the modern French mind. This principle can be used as a clue to the intricacies of his policy, and will give a key for the explanation of many measures and proposals which would otherwise seem eccentric or wanting in definite purpose.

The indirect taxation of France was worked on the system of "fermes."¹ In the absence of a Civil Service, and of any reliable or elaborate system of public accounts, anything like the estimates of a modern Chancellor of the Exchequer was impossible. Yet it was of the utmost importance that the probable revenues of the Crown for the coming year should be known with some degree of certainty. The method adopted was the leasing of the different taxes

¹ It is possible to translate "fermiers" by tax-farmers, but we have no equivalent "farm" to denote this peculiar form of tax ; so it seems better to keep the French words.

to private individuals for a fixed sum. According as the produce of the tax was greater or less than this amount, the lessee made a profit or suffered a loss. The same principle was pursued throughout. The "sous-fermiers" made similar offers for detailed portions of the great "fermes," and like the chief "fermiers," were compelled to give adequate security for their ability to pay. Under the old system there had been no public auction. The "fermes" had been assigned to different individuals or companies at an absurdly low price, while the greater part even of this never reached the Treasury, but was absorbed in imaginary expenses of collection, or interest on supposed advances, much to the profit of the financiers concerned. The figures are instructive. In 1661, under the administration of Fouquet, the lease of the salt tax was valued at 14,750,000 livres. The Treasury actually received 1,399,000 livres. The first lease of Colbert was for 13,500,000, a reduction on that of Fouquet: yet the net gain to the Treasury was 4,566,950. In 1664 this had increased to 7,830,000. The last sum, as compared with the 1,399,000 in 1661, represents the gain to the Treasury due to the improvements in administration introduced by Colbert, the recovery of alienated revenues, and the removal of opportunities for fraud on the part of the financiers and tax-collectors.

Colbert abolished the system of assigning the leases of the various taxes by private arrangement to particular individuals or syndicates. He introduced practically a public auction. The leases were given to the highest bidder. This method put an end to all the frauds and intrigue by which Fouquet had become infamous. At the same time the Treasury gained

greatly. The improvements in trade, due to the measures of Colbert, increased consumption, and with it the produce of the taxes. The "fermiers" could pay more for the leases and still make a good profit. But the system was not without its disadvantages. The "sous-fermiers" often found that in the eagerness of bidding they had paid too highly for their privileges. They clamoured for reductions. Colbert replied by punishing them as defaulters; a proceeding not altogether calculated to promote the public interest. There was, moreover, the danger that the people might be oppressed by the tax-collector in order to recoup himself for his losses. The danger was very real, in spite of the stringent regulations introduced under the new administration. To Colbert was presented the choice of two evils. Under the new system the Treasury clearly profited, but the people might be oppressed; under the old system, the State would soon be bankrupt as before, and there was little reason to think that the condition of the people would be much improved. There was a third method possible: the indirect taxes, like the direct, might be collected on the modern plan, by State officials. Colbert had good reason for thinking such a revolution in administration impossible in the circumstances of the time. It would have been necessary to create a complete Civil Service department; but the constant frauds which troubled the Government in the collection of the *taille*, were in themselves sufficient proof that the necessary standard of official honesty was wanting. It was the interest of the "fermiers" to keep down the expenses of collection in so far as they could not profit by them; the official collector, on the

other hand, would reap the profit from a policy of extravagance.

The whole system of "fermes" is susceptible of a rough division, corresponding to the modern distinction of customs and excise. On the one hand we have the import and export duties, not only as between the kingdom as a whole¹ and foreign countries, but also as between province and province, town and town; on the other hand duties levied on the manufacture and sale of various commodities within the kingdom, usually combined with the system of public and private monopolies.

Perhaps the most important of these excise duties, certainly the one which caused the greatest discontent among the people and the greatest trouble to the administration, was the salt-tax or "gabelle." As a type of the rest, and as illustrating the general methods and principles of Colbert, it will well repay investigation. The "Lesser Gabelle," to which some of the more favoured provinces were subject, needs no discussion. As Colbert says, it excited little or no complaint; so on practical grounds he considered its reduction or reform unnecessary. The question of the "Greater Gabelle" was more serious and pressing for the reformer. The sale of salt was, in most of the

¹ It is convenient to speak of the kingdom as a whole, in relation to some of the fiscal measures of Colbert; but the phrase is only an approximation to the facts. The reformed and unified tariff of 1664 was accepted only by about two-thirds of the provinces of France. To these alone the reforms dealing with the five great fermes applied. These provinces, from this fact, were often entitled shortly the "Cinq Grosses Fermes." The rest were "Provinces réputées étrangères;" duties were levied on commodities imported from them or exported to them from the "Cinq Grosses Fermes," just as if they were in reality independent foreign States.

provinces of France, a strict monopoly; but the districts were sharply distinguished into two classes: those in which the consumer could purchase what he pleased and those in which he was compelled to purchase a certain quantity, according to his position and supposed capacity for consumption. Evasion of the regulations, as by private sale or the purchase of foreign salt, might be punished by the galleys for life. Even the use of the salt for wholesale salting purposes, instead of for ordinary home consumption, was a criminal offence. A more vexatious tax could scarcely be conceived; it gave opportunity for unlimited abuses, and was a most fitting object for the zeal of the reformer. The burden, as in the case of the *taille*, fell mainly on the poorest of the people. Domiciliary visits, arrests, seizure of property, followed in its train. More than a third of the convicts of the kingdom could trace their ruin to offences against the salt regulations.

Colbert, as a rule, is so much concerned with the details and practical difficulties of administration, that he does not state in plain words the general principles by which he is guided. Happily, in the case of the "*Gabelle*," a letter of 1681 gives us, as if by chance, a glimpse of his theory. "You must remember," he says, writing to the Intendant at Chalons, "that the salt duties, which were made up of fourteen or fifteen items, have been united into a single duty, and moreover reduced considerably, because salt is a commodity necessary for life; but the case of wine is different, since wine-drinking is not necessary for life." Here we have the theory of the free breakfast table in its earliest application.

But circumstances were too strong for its projector. He could lessen but not abolish the evil. In a Memoir of 1663, the largest and most important from the hand of Colbert, the difficulties of the question are stated. An edict of 1661 proposed the suppression of the officers of the salt warehouses of the kingdom. But the royal finances could not bear the cost of compensation. Moreover, once they were suppressed, it would be hard to revive them; and the possible necessities of war must always be kept in view. Colbert was forced to content himself with a system of gradual reduction by the taxation of vacant offices. The result we find in the "Memoire pour rendre compte au Roi" of 1680. In 1661, of 232 warehouses, 106 were for compulsory sale, the rest free. In 1667-8, 58 of the former became free. In 1663 the King reduced the price by an écu on each "minot" of salt. In 1668 the price was further diminished, and a certain uniformity was introduced in the various districts.

The reduction in the number of useless officials, the reform of the grosser abuses of collection, the simplification of the duties, with a view to avoiding unnecessary disputes, such was the result of twenty years of reform. The principle of freeing necessities from taxation would not work in the conditions of the time. On the other hand, the desire for uniformity and simplicity was the ruling passion with Colbert. It influenced his conduct far more than any purely economic theory, and at the same time encountered less resistance in the character of the people and the circumstances amid which it worked.

The complicated system of indirect taxation pre-

vailing in the provinces of the "Cinq grosses Fermes" was the first to which the rule of uniformity was applied with success. Though the five "fermes" had long been treated as one for the purposes of the budget, the duties were still levied separately in numerous district offices, to the great hindrance of internal trade. Colbert, in 1664, substituted for this complicated system a single import and export duty, making at the same time a considerable reduction. Yet, in spite of this reduction, the Treasury profited in the end. Trade increased through the removal of vexatious restrictions, the tax-farmers made a larger profit, and the State was the gainer by the natural increase in the amount offered for the "fermes."

The same treatment was applied to the "Aydes and Entrées," duties levied mainly on wines and other liquids. The diversity of duties, according to Colbert, was, before his time, prodigious. He reduced them all to a single duty, and also established a single and uniform jurisprudence to deal with them. In consequence, the number of disputed cases brought before the "Court of Aydes" was very greatly reduced. The reform was not an easy matter, and was greatly retarded by the war with Holland. In the Memoir of 1680, Colbert speaks in one section as though it had already been accomplished; yet in a later section the King is advised to diminish the "droits d'aydes" and make them equal and uniform everywhere, revoking at the same time all privileges. In the following year a letter of instruction to the Intendants generally gives a clear statement of the case. "You have been informed that the King

regulated, before the war, his two principal 'fermes,' that of the 'Gabelles' and the Five Great 'Fermes,' of which he reduced the multitude of duties to a single duty; a change which has contributed greatly to the relief of the subjects of his Majesty. There is now nothing left for him to regulate, with a view to a similar relief, except the 'fermes' of 'Aydes and Entrées.' The prodigious multitude of duties, the infinite differences in almost every district, renders the law on the subject of their levy always uncertain, and exposes his Majesty's subjects to diverse vexations from the numerous officers employed in the recovery. It is the intention of his Majesty to regulate these duties, and to render them as far as possible uniform in all places."

The above is the letter of the administrator rather than of the economist. Must we then admit that Colbert, in dealing with taxation, had no general theories, but was guided simply by the needs of the moment? Was his work in this sphere merely a reform in procedure, a re-organisation of the Civil Service of the country by the removal of scandalous abuses; or is it possible that, in dealing with the various departments, he had in view some object or principle which gave a unity to his various measures?

"It is an abiding maxim, and recognised generally in all the States of the world, that their finances are their most important and essential part." Such are the opening words of the great Memoir of 1663, to which reference has already been made.

The Memoir of 1680 enumerates the improvements already realised, and then continues:—"All these things have contributed to the relief of the

people; but in spite of all that has been done, it must always be admitted that the people are too heavily burdened, and that since the beginning of the monarchy they have never borne the half of the impositions which they now bear."

There seems little connection between these two passages; the relief of the people, the prosperity of the finances, was a contradiction in terms in the view of the predecessors of Colbert. "The Chief Intendants thought only of impoverishing the people by increasing their burdens. The King labours to enrich his people by diminishing their burdens." This is from the parallel between the years 1660 and 1661, in the Memoir of 1663. There is no phrase more frequent in the letters of Colbert than "le soulagement des peuples"; there is no object dearer to his heart than the increase of the public revenues. How are the two to be reconciled? A third passage may point to the means. "His Majesty wishes, moreover, that you investigate the state of commerce and manufacture in the same district; also the number and condition of the cattle; and that you regard these three things as the fruitful sources whence the people gain wealth, not only for their own subsistence, but also as a means to pay all their taxes." The burdens of the people are to be relieved, but only with a view to the ultimate profit of the Treasury; commerce is to be freed from vexatious restrictions, because the result will be to increase the value of the "fermes." In Colbert, the philanthropist was subordinate to the financier. The relief of the people was a pleasant sounding phrase; Colbert despised the opinion of the many, but was fully alive to the commercial value of popularity.

It is possible that Colbert at times believed himself to be acting from a purely disinterested love for his less fortunate countrymen; but it must be admitted that the "soulagement des peuples" is almost invariably connected, in his correspondence, with some suggestion of the improvement of the national finances; nay, more, the interests of the taxpayers are distinctly subordinated to the necessities of the revenue. In a letter of 1681 we find a statement of the royal policy. "His Majesty cannot convince himself that the establishment of the brigades, made during the war, can produce any relief to his people; so wishing to show them some marks of his favour, and to make them enjoy the benefits of the peace, he is determined to relieve them of *those burdens which are not necessary for the subsistence of the State*. Again, in 1679, the Intendants are instructed to carry out the declaration forbidding the seizure of cattle for any debts. They are warned, however, that this does not apply to seizure for default in payment of the tailles, aides, and gabelles, "because these moneys are wanted to support the expenses of the State." Still, this extreme measure is to be avoided as far as possible. So, in 1681, the Intendants are advised to prevent the seizure of cattle for the taille, "except when all other means fail for the recovery of the moneys of his Majesty." Finally, in 1676, during the war, the Intendants are ordered to examine secretly "whether the prohibition of imprisonment of

¹ The value of this sentiment depends entirely on the meaning given to the phrase "necessary for the subsistence of the State." The views of Louis and his minister as to "necessity" did not always coincide.

the person and seizure of cattle, hinders the recovery of the taille, and whether it would be more profitable to remove it."

In short, the principle of the subordination of the interests of the people to those of the treasury, is clearly marked throughout the correspondence of Colbert. It accounts for the most diverse measures. At one time he strongly opposes the remission of the balance of the taille, on the ground that such temporary favours tend to make the people discontented with their lot, and unwilling to pay their just dues; at another, he objects to the reconstitution of the royal domain, as bringing little profit to the treasury, and entailing many vexations on the people through the multitude of insignificant payments of which the revenues are composed.

It shows a want of the historic sense to judge Colbert by standards of nineteenth century philanthropy; to condemn him as unfeeling, as a mere animated calculating machine; none the less it is of the utmost importance, with a view to a just estimate of his policy, to know the worst that can be said of the moral side of his character. Are we justified in assuming that where the relief of the people and the interests of the treasury coincide, it is the financial rather than the moral motive which inspires the project for amelioration and reform? As it happens, we have a whole series of letters in which we should naturally expect philanthropic considerations to be prominent. In these is to be found a solution of the difficulty.

Among the many departments of state administration which were marked out for reform, the navy,

and more especially that part which consisted of the galleys of the Mediterranean Squadron, seems, to judge from the correspondence, to have exercised the ingenuity of the Government in the highest degree. It was easy to build a fleet of galleys; to man it, when built, was a task which might well have daunted a minister of ordinary capacity. The crews were mainly drawn from the ranks of condemned criminals; unfortunately, the number of offences punishable by the galleys was not calculated to suit the necessities of the royal forces. The natural supply was insufficient, so, in the true autocratic spirit, Colbert proceeded to increase it by artificial means. In 1662 the President of the local court at Dijon is instructed to do his best to procure the condemnation by his court of as many guilty as possible, and, in addition, to convert the penalty of death to that of the galleys. This conversion, it may be noted, was undoubtedly illegal, as the law then stood; though such a consideration was not likely to weigh with the minister who had proposed extinction as the best means of coercing the Parliament of Paris, the greatest judicial tribunal in the land. A letter of 1671 to the Intendant of Galleys at Marseilles is couched in similar terms: "In accordance with your information to the Commissioner of the convict-chain¹ of Bordeaux, that there were in the prisons of that court and in those of the court of Toulouse, many prisoners deserving of condemnation

¹ "Chain" explains itself. Special "Commissioners of Chains" collected individual convicts from the different prisons, who were fettered, and formed the chain which was then brought down to the coast.

to the galleys, I am despatching royal orders for the Public Prosecutors of the said courts, in order that they may cause to be condemned as many as possible."

In spite of these methods, such was the mortality among the galley-slaves, the supplies were insufficient. So the nets must be spread wider. In 1666 we read: "It is difficult to send beggars and vagrants to the galleys, because there are no laws by which they are liable to that punishment." In 1673 the difficulty was removed; the Intendant of Galleys at Marseilles is instructed: "You will find enclosed a copy of the decree of council, which his Majesty has caused to be despatched, with a view to attaching to the 'chain' the Bohemians, beggars and vagrants, who can be found in Guyenne."

Still the native supply of human machines was not sufficient, and it was necessary to supplement it from without. Following the method prevalent in the Mediterranean, France bought slaves, regardless of their country or creed. Even negroes were imported from the west coast of Africa. A Memoir on the Navy, written in 1669, puts the whole policy in a few lines. "We must seek with the greatest attention every possible means to re-establish the slave-crews,¹ both by procuring the condemnation to the galleys of as many criminals as possible, and taking the greatest care for the maintenance of their full strength, both by buying slaves in Malta and by making descents and raids on Barbary and Guinea, where we can always take a number of black slaves

¹ "Chiourme" is the technical term used for the united personnel of the galleys. There is naturally no equivalent for it in English.

who make excellent oarsmen." The slaves are so many machines warranted to do so much work. How or whence they come, it matters not; their sole important qualifications are health and strength. The local courts are warned to condemn to the galleys only those who can satisfactorily pass the doctor. A more shameless perversion of the functions of justice can hardly be imagined.

The treatment of the galley slave at work is equally subject to strictly commercial considerations. At one time an Intendant is told to take extraordinary care to feed and clothe them well and treat them gently, "in order to harden them insensibly to suffering and accustom them to work;" at another, "Many people here, who have knowledge of the galleys, assert that our crews cannot be in good condition, because you give too much liberty to the slaves, and feed them too well; whereas there is nothing more detrimental to the value of a slave than stoutness and fat. You must bear this in mind." Sentiments such as these would fall naturally from the lips of the old-fashioned slaveholder discussing the condition of his black live stock; they hardly seem consonant with a consuming ardour for the "soulagement des peuples"; especially when it is remembered that the slaves were for the most part fellow-countrymen of the writer, whose sole crime might be their inability to pay the taxes to support a senseless war, or the mere fact that they were found wandering without visible means of subsistence. We are not surprised to find elaborate instructions for the establishment of a hospital and the care of the health of the crews; self-interest would confer the like benefit even on

cattle; but the regulations for the celebration of the Mass and the administration of the Sacrament to the unfortunates condemned to a living death, would give a suggestion of religious fanaticism or mocking irony if they came from any other hand than that of Colbert. By a crowning injustice, even the convicts who had served their full time were retained on the galleys, or released only if they could find a substitute. The annual release of a few of the old and useless who had served their time is even represented as a special royal favour, a mark of the anxiety of the King for the welfare of his people! Hypocrisy could go no further. In the light of these facts, it seems not unjust to assume that, consciously or unconsciously, in his measures of financial reform, the guiding principle for Colbert was the ultimate profit of the Treasury rather than the immediate "soulagement des peuples."

Up to this point the policy of Colbert, however interesting to the historian, has proved a somewhat unfruitful study for the theoretical economist. On the one hand we see the man, of wide knowledge and many-sided activity, with unbounded confidence in himself and his ideas, pursuing his course with a supreme disregard of vested interests, prejudices, or any other obstacles, and wielding in his own person the utmost forces of despotism; on the other hand we have a vast and varied field for economic experiment and the illustration of economic theory. In this field Colbert worked incessantly for twenty years; with what result? He tells us himself in his *Memoir on the subject*. No experiments, no new theories evolved, no principles worked out; simply

departmental and administrative reform—regularity with regard to the taxes, liquidation of local debts, abolition of useless offices, prohibition of imprisonment and seizure of cattle for debt. His projects for the future are of a like kind—further reduction of the *taille*, more uniformity in the “*aydes*,” suppression of still more offices.

It is possible that in this summary Colbert does not give himself all the credit which is his due. He is concerned only with work accomplished and with projects for the future which the experience of the past had proved to be feasible. No account is taken of unfulfilled aspirations, and of attempts which had failed through no fault of their author. It has been shown that he was greatly concerned at the unjust incidence of the burdens of taxation. It was beyond the power of any minister, in the circumstances of the time, to thoroughly rectify this injustice; yet much was accomplished in the right direction. The clergy and nobility, weakened though they were as a political force, were strong in the unity of self-interest when the object of attack was their financial privileges and exemptions. Still, the so-called free gifts of the clergy tended more and more, under force of indirect pressure, to become fixed and regular taxes; while the strict investigation into false titles of nobility had, as its main object, the increase of the number subject to the *taille* among the wealthier members of the community. One of the chief benefits, according to Colbert, resulting from the suppression of useless offices, was that the holders, on losing their position, became liable to the payment of the *taille*. So, too, letter after letter

exhorts the Intendants to use every possible means to compel the wealthier members of the third estate to bear their full proportion of the burden.

Full credit must likewise be given to Colbert for his desire to relieve the necessities of life at the expense of the luxuries. He can hardly be blamed for not carrying into effect a principle of which the application has only been isolated and partial even in the nineteenth century. A comparison of the items of the revenue, at the beginning and end of the twenty years' administration, shows the steady working of the principle with a clearness that cannot be mistaken. In spite of the exigencies of war and the unreasonable demands of royal extravagance, the taxes which pressed most heavily on the working classes were reformed and reduced, or at the worst not increased to an appreciable extent. The greatest increase fell on the "ferme" of "aydes and entrées." This was really a tax on the financiers and wealthier members of the community, a tax they could well afford to pay, since their profits were greatly increased by the growth of internal trade which followed on the removal of restrictions, and the increased security and prosperity promoted by the measures of reform.

Colbert could not accomplish the impossible. The necessary condition for all financial reform was the favourable disposition of the King. The Memoir of 1680 goes to the root of the matter.

"As for the diminution of the tailles, it is a matter which depends on the determination of his Majesty, on the regulation of his expenses; it is a matter with regard to which the efforts of those to whom his Majesty is pleased to commit the conduct, regulation,

and administration of his finances can accomplish nothing." The royal will first, the people's good afterwards; this is the theory of seventeenth-century despotism. All honour is due to Colbert for the bold words with which he so often rebukes Louis for his reckless extravagance, and for the definite and unhesitating manner in which he lays the responsibility for the evils of the time on the shoulders of the right person, and points out the only possible road to reform.

CHAPTER III

INDUSTRIAL POLICY

“WITH a view to that end, we determined to undertake in our own person the care of the administration of our finances, on the ground that these were the foundation of all that we could do for their (*i.e.* the people’s) relief. . . . But as we were well aware that the relief we were granting them could certainly diminish their wretchedness and give them some opportunity of existence, but could not bring affluence to them so that they might taste the sweets of that existence; and as we were aware that commerce alone can produce that great result, we have laboured from the very beginning to lay the first foundations with a view to its re-establishment. With a view to that end, . . .”

So runs a section of the great edict of 1664, the summary and embodiment of the work of Colbert as a reformer and administrator. The central object of the whole edict is the unification or suppression of the multitude of duties, both local and general, which had hitherto raised an impassable barrier to the extension of the internal trade of the kingdom. It is the great clearance which necessarily precedes, as a negative condition, the more positive attempts to revive the lost industries of the country and introduce those hitherto untried or unknown. The repair of roads,

bridges, and causeways, mentioned a little later in the same edict, completes the scheme. The obstacles raised alike by man and nature are removed; the path is clear for the measures intended to introduce the new era of flourishing industry and manufacture, with its accompaniment of universal prosperity.

If, in his financial policy, there are grounds for charging Colbert with a certain opportunism, an exclusive attention to the wants and details of the moment, the absence of a definite theory to give unity to his plans; we find, in his treatment of the broad questions of trade and commerce, ample compensation for this defect. Too much rather than too little theory is the characteristic mark of his industrial system. His general views are worked out to their necessary conclusions with a severity of logic which leaves little to be desired from the point of view of the theoretical economist, though much from that of the practical politician.

France ought to be, and can be, self-sufficient in all things; this, in brief, is the axiom laid down at the outset of the new administration. Again we can appeal for proof to the Memoir of 1663, an inexhaustible mine of information as to the reforms and projects of Colbert and the economic conditions of the period. Its opening sentences contain the axiom in its general form. "It is almost certain that every State, in proportion to its grandeur and extent, is sufficiently provided in its own territory with the means of subsistence; provided that these means are well and faithfully administered." The letters patent, dating from a few months later, for the establishment of a royal manufactory of tapestry at Beauvais, give a

particular application of the general theory. "As one of the most considerable advantages of the peace, which it has pleased heaven to grant us, is the opportunity to re-establish all kinds of commerce within this kingdom, and to put it in such a condition that it can dispense with recourse to strangers for the things necessary for the use and comfort of our subjects. . . ."

The activity of this and the following years, show, if not the wisdom of Colbert, at any rate his faith in his ideas, and a rigid consistency in following them out to their necessary conclusions. Hardly a week, indeed, hardly a day during three or four years but saw the revival of some old, the introduction of some new industry. The chief objects of anxiety were naturally the more important trades, hitherto in the hands of foreigners; the cloths and linen of Holland and England, the iron and wood of Sweden, the mirrors and lace of Venice, the tapestries of Flanders; but nothing was neglected; the mere list would fill several pages. When it is remembered that each particular industry was the subject of special inquiry, and numerous letters from the hand of Colbert, some idea can be formed of the activity and enthusiasm with which he carried out his general principle in the field of industry.

Even the great autocrat of the seventeenth century was not superior to circumstances. He might publish edicts and impose penalties, but the success of his policy needed the co-operation of the humblest instruments. The first necessity was a supply of skilled workmen in the different industries; but in many departments France possessed few, or none, of the

requisite capacity. A letter to the French ambassador in Holland will illustrate the methods by which this deficiency of native workmen was supplied. "With regard to your advice as to the almost entire ruin of the manufactures of Leyden, if you could manage to let some of the chiefs of these manufactures know, in confidence, that if they would settle in France we would take care that they reaped all sorts of advantages, your action would be greatly to the profit of the Kingdom." The mirror and lace industries of Venice give a most remarkable instance of successful importation; and there exist records of numerous offers made by foreign manufacturers, attracted by the advantages and privileges guaranteed by the French Government.

A natural corollary to the system of importation was the prohibition of the emigration of French workmen. When other countries tried to imitate his own policy, Colbert strongly disapproved. If trade follows the skilled workman, and the skilled workman is a commodity of which the quantity is strictly limited, it is clear that the gain of one State implies the loss of another; and that State is likely to be more prosperous which can gain over, by fair means or foul, the greater portion of this rare commodity. This was the common view of the time; a view which, under the peculiar organisation of industry then prevailing, was not without good foundations.

We are not left in the least doubt as to the opinion of Colbert on the subject. He writes, in 1669, to the French Ambassador in London: "I am determined to establish in France a general prohibition to all the subjects of the King to leave the kingdom and take

service in foreign countries, without an express permit from the King; or at least to make that prohibition, and insist on its observance, under penalty of death, as far as concerns all sailors." He then goes on to inquire as to the English custom in this matter, and their laws as to seizure of subjects on foreign vessels. A typical case of emigration is that of a certain Lambert, master draper of Rouen, who had removed to Lisbon, with eight others, intending to establish a cloth manufactory. The matter was thought worthy of a special letter to the French Ambassador at Lisbon, who is requested to use every means to induce Lambert to return, even to the extent of threatening reprisals on his relatives in Rouen. That these threats were genuine, is proved by a passage in a later letter on a similar case. "Although, perhaps, the police regulations and the law of the land ordain no punishment against those who engage in these 'transports,' we must use authority and punish them severely by imprisonment." Colbert, the embodiment of law and order, is ever ready to over-ride the law when it conflicts with his favourite schemes.

The granting of privileges to the introducers of new industries was carried out in the true autocratic spirit. Exclusive rights to manufacture or sell for a term of years, compliments and titles of nobility, or the more tangible reward of royal patronage or subsidy, even exemption from the *taille*, were all employed in turn. The Royal Council of Commerce¹

¹ The Council consisted of merchants chosen to represent the various commercial centres. Three of their number were compelled to reside at Court for the whole year, as immediate advisers to the King, and a means of communication with the rest. The whole body assembled yearly to discuss the general condition of trade.

was formed to discuss and bring before the King grievances needing remedies, or schemes for the improvement of trade. The local official bodies are urged, in numerous circulars, to excite the people to industry, and at the same time to interest themselves financially in the new ventures. Nothing within the power of the central authority was left undone; encouragement from within, protection from undue competition from without, was the early watchword of Colbert, the inspiring principle of the tariff reform of 1664. The main object of this reform was the removal of the multitude of vexatious tariffs within the kingdom, and the introduction of a certain amount of fiscal unity. But the foreign trade of the kingdom as a whole was not neglected. A duty was imposed on foreign shipping, with a view to promote the growth of a merchant marine. The import duties on most of the commodities coming from England and Holland were raised considerably, the increase varying from five or six, to forty or even fifty per cent. On the whole, the intention evidently was, as Colbert professes, merely to protect the newly established industries to a moderate extent, until they were sufficiently strong to stand alone. It is worth remark that the Powers concerned did not complain very strongly, and that the trade does not seem to have suffered any considerable diminution as a consequence of the new tariff.

Unfortunately for the progress of industry in France, state aid and patronage, especially under despotic rule, inevitably implies state interference. Judging from the character of Colbert, we should expect such interference to be pushed to its furthest

limits under his *régime*; that such was the case his letters amply prove. Here is his view on the subject: "On this matter I would have you know that the only means of rendering our manufactures perfect, and of establishing a good system in our commerce, is to render them all uniform. The way to accomplish this is to insist on the practical execution of the general regulation of 1669; the more so that obedience is easy, and that in the end the workmen will find in it their real profit." Quality and size according to fixed law; this is the seventeenth-century ideal of excellence; an ideal neither new nor peculiar to France. Colbert is only peculiar in the energy and severity with which he carried out the theory. A circular letter to "The Officers of Police" suggests, by its very title, the nature of the methods of paternal control to be applied for the benefit of trade. The letter complains of the general disregard of the requirements of the statutes as to length and breadth of stuffs, and directs the police to arrange for the exposure and confiscation of all which deviate from the legal standard.

The reason for the desire for uniformity seems to have been twofold. We have already, in the letter quoted above, the suggestion that the legislator knows better than themselves the interests of the workmen; that severe rules are necessary to train them up in good habits. The same idea is embodied to some extent in the system of crafts and apprenticeship. But in the view of Colbert there was clearly a more immediate end to be attained by state regulation. In 1671, he writes, with reference to a complaint by the Directors of the Levant Company as to the faults in

the cloths exported: "Since that bad quality has discredited the stuffs of France, while those of other nations have gained a reputation; and since it is of the last importance to abolish the bad opinion which the traders of the East have formed of our stuffs, you must use the utmost application to discover the means of rectifying that manufacture." Then follow directions for preventing the export of any defective pieces.

The whole system was enshrined in the elaborate statute of 1669, dealing in the most minute manner with all the details of the textile industries; and the almost equally elaborate series of instructions issued to the Intendants in the following year, as a proof that the King and his Minister were determined that the regulations should be carried out to the letter. A curious supplement to these documents is provided by the special disquisition, issued under the immediate patronage of Colbert, dealing solely with the question of the dyeing of wools.

It would be easy to take the industrial system of Colbert in its various aspects and show its faults when it is tested by the standard of the newest theories in economics. The only objection to this method of procedure is that it is quite useless for theoretical no less than for historical purposes. Any practical system of economics must be relative to its age, to the conditions under which it works and the dominant ideas and principles of which it is the expression. It is to be judged as a means, not as an end. Criticism, to be of real value, must be historical. It is not the least of the benefits for which we owe thanks to Colbert, that his own actions and

his own Memoirs provide the best commentary on his economic theory and practice.

The theory of the self-sufficiency of that particular territorial unit which we are wont to style a nation, has doubtless an attractive and popular aspect; it appeals both to sentiment and practical instincts, to pride and self-interest; it is a valuable means for the promotion of political unity during the process of national consolidation. But we find that, from the very outset, considerable modifications in the rigid theory were necessary before it could be put into practice in France. The royal power could introduce manufactures, but could not supply the workers with raw material. The method of Colbert was, "to reduce the export duties on the products and manufactures of the kingdom, and to diminish the import duties on all raw materials for manufacture; but to keep out, by raising the duties, the products of foreign manufacture." Still, as a consistent advocate of the theory of self-sufficiency, he was unwilling to depend on strangers even for raw material. His continual anxiety for the development of the forests and mines of France, an anxiety to which a long series of letters and instructions bears witness, is the best proof of this unwillingness.

A still more serious obstacle to the theory arose from the requirements of the manufacturers themselves. These needed for their prosperity a wider market than was provided by France alone. The foreign markets must be captured. The improvement of foreign trade is the dominant note of the numerous despatches and letters dealing with the matter of trade regulation. It seems, at first sight,

as if in this matter a self-contradiction in his principles had escaped the notice of Colbert. If every State is to be self-supporting, there is clearly no room for the export of the manufactures of one to the rest; yet this export is admitted to be necessary for the prosperity of the manufactures of France. Colbert was not guilty of such logical inconsistency. The theory of self-sufficiency was partly political, partly economic. In its general form it doubtless conceals a contradiction; it can be reduced to a logical absurdity; in its particular application to France at the time, it was bound up with a special theory as to the nature of foreign trade; and so far from being illogical, it was, as we shall see later, a necessary and rigid deduction from the principles of international commerce as conceived by Colbert.

Within the territorial limits of the kingdom, Colbert was strongly averse to any restrictions on manufacture or transport; his tariff reform is proof conclusive of this. Other and more direct proofs can be given. Thus he writes in 1680: "As regards the privileges for which these merchants ask, I am in a position to assure you that the King will not grant them, since the privileges of the manufactures established in the kingdom are always a hindrance to commerce and public liberty." Again, he replies, with reference to complaints of some manufacturers at Dijon: "The multitude of establishments annoys them and makes them say that these will ruin one another: but there is nothing more profitable to a town, because all the individuals have not the same interests. . . . Moreover, the variety of manufactures will perhaps compel the masters to pay the workmen

better ; and at any rate will result in this advantage, that the masters of a particular trade will not be able to rule the workmen who, perhaps, should not work exactly according to their notions of what is right."

From the above passage it would seem that Colbert recognised, to some degree, the uses of a certain division of labour, the fact that a group of individuals engaged in various industries may find a mutual benefit in their intercourse ; but, like many modern economists, he did not extend the idea to the intercourse of nations. In his attitude towards the question of monopolies and privileges he was even in advance of his successors. He considered that protection and support were often needed by an industry in its infancy, but that sooner or later, according to circumstances, the industry, if properly managed, should be capable of standing without artificial aids, or at any rate with the sole protection of the tariff. His system of bounties was intended only to be temporary ; and his letters show that he was quite aware of the evil consequences to the State as a whole if the system were allowed to follow its natural tendency to become permanent.

Unhappily for his plans, Colbert does not seem to have counted on the material with which he had to deal ; on the ingrained habits and character of the people. The manufacturers accepted the subsidies and clamoured for more, but the manufactures did not progress in consequence. "The merchants," says a letter of 1671, "never do their best to surmount by their own industry the difficulties which they encounter in their trade, inasmuch as they hope to find an easier means by the royal authority ; that

is the reason of their application to you ; they wish to make a profit in any way, by arousing the fear of the entire ruin of their manufacture." Again, in reply to other complaints: " You will probably find that the merchants, who are never satisfied, are trying to persuade you that these disorders exist, though in truth they have no existence whatever." A letter of 1682 contains a still stronger condemnation of the manufacturers. " As for the complaint of the manufacturers that there are some merchants of Lyons who buy up the stuffs and put them on the market at such prices as seems good to them—you need not be surprised at these complaints ; they are the common stock of all the merchants, whose sole aim is their own particular profit, so that they would like to get a higher price for their merchandise. But in the interest of the State and people, the price you mention is quite high enough."

The merchants and manufacturers evidently did not share the enthusiasm of Colbert for the common weal. Like their predecessors, the financiers, they looked on the schemes of the new minister merely as providing them with fresh fields in which to seek that profit at the public expense which they could no longer gain by the deft manipulation of the revenues of the State.

A far greater stumbling-block in the way of advancement was provided by the conservative habits and prejudices of the people themselves and their local rulers and representatives. Here and there might be found an Intendant or other officer who honestly tried to promote the success of the new *régime* ; but on the whole the official class was

hostile to the change. The letters contain frequent complaints of the indifference and want of energy of the local official bodies; and to these Colbert ascribed many of his failures. It may, however, be doubted whether the most intense sympathy and most vigorous action on their part would have been attended with the desired success. A clause in the edict of 1664 points to the most insurmountable obstacle of all. One of the objects of the royal policy is announced to be "to banish sloth and remove, by means of honest employment, the inclination so usual in the majority of our subjects towards an idle and servile life."

Idleness and indifference in the people no less than their magistrates, the solid conservatism of ignorance, of natures content with things as they are and always have been, incapable even of realising the infinite possibilities of improvement, these were barriers too strong for the forces of persuasion and good counsel. The constant complaints, the oft-repeated advice, which stand recorded in his letters and instructions, afford the best proof of the magnitude of the task undertaken by Colbert, and the comparatively small amount of success which rewarded his efforts. The industrial revival of the period owed so much to his personal exertions, that the rapid decline after his death, when state subsidies were withdrawn and the guiding hand was wanting, is no matter for surprise. Even during his lifetime, as his *Memoirs* bear witness, the failures were many and considerable. The "*Discours sur les manufactures du royaume*" of 1663 gives proof of the amazing number and variety of his projects; the

Memoir of 1680, on the finances, refers to some which had succeeded, and states, in general terms, that "all these establishments have provided a living for an infinite number of persons, and have kept money within the kingdom;" it is only from chance references, scattered up and down the letters, that we can gather the large proportion of failures, of which we have no complete and formal record.

Two measures are worthy of note as being the direct outcome of the inveterate hostility displayed by Colbert to anything savouring of idleness. The one is peculiar to the time, of an interest mainly historical; the other deals with a matter which still remains of vital concern to society. The measures were, the reduction in the number of public holidays, and, to give it a modern title, the attempted reform in the poor-law administration.

The various trades were not, at the time, purely economic in their customs and constitutions; they possessed a social and religious aspect of greater or less prominence. Patron saints, social meetings, common religious festivals still flourished in the seventeenth century. But the new *régime* recognised no such irrelevant distinctions. Protestant and Catholic were alike in the view of Colbert; his tolerance extended even to the detested Jew. His words as to the last are characteristic. "If it were a question of religion, we should be quite ready to expel them; as it is a question of commerce, let them remain so long as they are useful to the country." Religious festivals had become an abuse, an incitement to idleness, the chief crime in the code of Colbert; so seventeen of these fêtes were

abolished at once; though there still remained at his death thirty-eight in the year, exclusive of Sundays.

Colbert complains, in a thoroughly modern spirit, of the evils due to the practice, by the various ecclesiastical bodies, of indiscriminate almsgiving. His remedies are equally modern, and foreign to the ideas of mediæval ecclesiasticism. The town of Auxerre was distinguished for the incorrigible idleness of its inhabitants. Here is the remedy suggested to the mayor and aldermen in 1667; "Inasmuch as abundance is ever the result of work, and misery of idleness, your greatest care should be to find means to shut up paupers and provide them with occupation, with a view to gaining their living." The advice was followed; the Intendant at Dijon is congratulated in 1672 on the establishment of the almshouse: "It will certainly be of the greatest benefit to that town, provided that the magistrates cause all the paupers to be shut up in it." Other letters of similar tenor prove that, given the opportunity, Colbert might have established on these lines a complete system of poor-law administration.

After all, such matters are of minor importance, details dealt with incidentally in the letters, and strictly subordinate to the main scheme of industrial reform. The mainspring of the whole policy was the regulation by Government of the details of manufacture, the control of individual tastes by an invariable rule imposed from without, in the interests of trade in general. On our estimate of the value of this principle of central control depends the verdict on the entire industrial system of Colbert.

As in the minor matters already discussed, there is no need to search for criticism outside the correspondence. The most fatal objection to the regulations was, that they were not calculated to attain the chief end in view, the increase in the foreign trade of France. Excellence, as applied to a manufactured product, is merely a relative term; a product may be the best possible of its kind, but if it does not suit the taste of the consumer it is, for purposes of trade, no better than the most inferior. This aspect of the question Colbert seems to have utterly neglected. Complaint after complaint is lodged with the Intendants by manufacturers and merchants as to the decline of trade, and the evil effects of the official regulations; to all there is but one reply—carry out the regulations more thoroughly and all will be well. Occasionally we get a suggestion of wiser methods. The manufacturers in the country round Lille had complained of the necessity of having their damasks dyed and finished in the town. Colbert considers that the merchants of Lille are quite capable of adapting their methods to the needs and tastes of the foreign consumer; but none the less suggests that the Intendant should investigate the matter, “since there is no rule so general but admits of some exception.” Unfortunately, this was not his ordinary attitude. There is great parade of consultation with specialists. We have the Chamber of Commerce to continually advise the Government; the Intendants are directed, over and over again, to consult those most qualified to judge in their districts; but advice and consultation come to nothing. “The merchants are thinking only of their own interests, their petty

gains, and not of the national prosperity," is the oft-repeated indictment. Their advice was received with suspicion or contempt; the possibility that public and private interests might coincide seems to have been utterly overlooked.

A more cumbrous method of managing trade, even had it been honestly carried out, can scarcely be imagined. The traders inform the local Intendant of their needs; he in turn draws up a memoir for the Minister; the Minister lays it before the King in council; the necessary edict is prepared and transmitted to the local officials, who are commissioned to provide for its due execution. In the meantime, the merchant loses his trade—the foreigner occupies his market. The fault lies, where?—with the selfishness of the merchant, the idleness of the people, the slackness of the police in carrying out the directions of the central authority, never with the theory of the Minister, who is so taken up with his ideal of excellence that he neglects the end in the contemplation of the means.

It may be possible for a single intellect to grasp all the intricacies of a complicated system of finance; but the details of the industries of a great country need a multitude of individuals for the comprehension of their infinite variety. Trade of the modern sort, to be self-supporting, must pay; and the best judges of its minor needs would seem to be those whose profit is most immediately concerned. In dealing with a mass of isolated facts, an iron system of regulation is an absurdity. This is the lesson to be drawn from the experience of Colbert. It is, doubtless, possible for the State to bolster up a few

industries at the expense of the rest; but a paternal support of the united industries of a country is a clear impossibility, unless the Government possesses the purse of Fortunatus. Yet surely the principle of state interference and regulation implies that of a state guarantee! We have seen the demands of the merchants for aid; have not the rank and file of the workers an equal claim to patronage? The State says, you shall produce only work of such and such quality; the State knows best what is required by trade at home and abroad. The workman who honestly carries out the commands of his rulers can hardly be held responsible if the product of his work will not sell. The direct responsibility of the State for the welfare of its workmen was, in fact, recognised implicitly in the system of protective duties, in the granting of subsidies in money, and in the large purchases, on behalf of the King, of commodities to be afterwards distributed to his courtiers as free gifts; but the support thus afforded to industry was out of all proportion to the amount of interference which the State, as represented by its First Minister, claimed as its privilege.

The principle of regulation was not justified by success in its external aims; still less can it have any claim to commendation when we consider the consequences entailed on the internal economy of France. Smuggling flourished, and the honest manufacturer found his goods competing with others which were fabricated in defiance of the regulations. He appealed to the State for protection, but the State could do little. The general public preferred to buy what pleased its own taste, rather than what was pro-

nounced of good quality by the Government. The very officers, whose duty it was to carry out the edicts, were often in sympathy with those who protested against and evaded the royal commands. Patriotism, as often, was found to have little force in matters of business. The manufacture of lace had been imported into France. The French merchants, guided, doubtless, by the preferences of their customers, still resorted to Venice. Colbert writes, in 1669, to the French Ambassador at Venice: "I learn from your letter that our manufactures of mirrors and lace, which have been established in the kingdom, are still greatly handicapped by the continuation of the work at Venice, and by the sale and consumption which it has at the hands of French merchants." This is a typical instance. The same process went on in all directions, within and without the kingdom.

We have seen the methods employed in dealing with the abuses in finance; we find the same employed for a far less commendable object. Confiscation was found insufficient to check the fabrication of cloths not conforming to the rule, so a new form of punishment was invented. In 1671 the mayors and aldermen throughout the kingdom were directed to fix before the place set apart for the examination and marking of merchandise, "a stake with an iron collar, to which the goods which are not of the quality ordered by the regulations are to be attached, with a document containing the names of the merchant and the workmen found at fault." Truly a punishment mediæval in its absurdity, though employed by Colbert in all seriousness. The collar was not without a meaning: it suggested the possibility that the mer-

chant might share the fate of his wares. That this was the wish and intention of Colbert, in the event of an obstinate repetition of the offence, he himself informs us in the most calm and unhesitating manner. It is needless to illustrate the inevitable failure of such proposals; we have only to recollect that a large number, probably the majority, of those entrusted with their execution might become victims in their own persons, or in the persons of their nearest friends and most respected neighbours.

One point, however, in this connection, deserves some illustration; especially as Colbert can be quoted against himself. The English complained of the vexatious examination to which their goods were subject. They were answered, almost in terms of sarcasm, that as the examination was only intended to expose defective goods, and English goods were of well-known excellence, the burden and vexation fell only on French manufacturers—a deliberate, not to say impertinent, begging of the question at issue. Colbert was doubtless not ill pleased to supplement his protective duties by less direct methods of harassing the foreign competitor. But to the French manufacturer the inquisition was no less harassing. Even Colbert admits the evil. “They complain that gold thread is imported into France. You know that the King has expressly forbidden this, and I am continually directing the tax-farmers not to admit any of it. If they ask for precautionary measures, I can assure you that I will grant them readily. It is true that they have asked that public visits should be made to the merchants’ houses, and that I have refused their request, since these kinds of visits harass

trade extremely and reduce all the merchants to despair, so that we ought only to have recourse to them in the last extremity."

Unhappily for France, the natural severity of temper which was characteristic of Colbert, led him to neglect the wise limitation latent in the phrase "last extremity." He stands condemned by his own mouth, the consistent exponent in practice of an inquisitorial system which he himself, in a lucid moment, condemns as essentially vicious. As a rigid logician, he cannot object to the reduction of his principles to a logical absurdity, which may be stated thus. The growth of French industry and commerce requires that a high standard of quality in the products be maintained. This standard can only be secured by Government regulation: this regulation can only be forced on an unwilling people by search for and exposure of defective goods: this search injures the trade which it is desired to promote, and disheartens the merchants and others whose zealous co-operation is of the last importance for the success of French industry and commerce. Of course the fallacy lies in the first statement, the assumption that an absolute standard of excellence exists, and that the producer is a better judge of it than the consumer. The falsity of this assumption can have no better illustration than in the experience of Colbert, his attempts and his failures.

CHAPTER IV

FOREIGN TRADE

ONE of the most remarkable and interesting documents, from the hand of Colbert, is the Memoir on commerce prepared for the first Council of Commerce held by the King in August 1664. The main object of this elaborate Memoir is to prove, to the satisfaction of the King and Council, that it will be to the advantage of France to enter on a career of commercial development. In two preliminary sections are set forth a brief history of the commerce of the world, from the earliest times, and a statement of possible reasons against the assumption by France of the rôle of a trading community. The third section contains the ground and purpose of the whole Memoir. It consists of a sermon preached from a single text, with the aid of a cumulative mass of evidence and illustration, all of the same character, and all pointing in the same direction.

The text is, "I suppose that any one would readily agree with this principle, namely, that it is simply and solely the abundance of money within a State which makes the difference in its grandeur and its power." It will suffice to quote one or two of the illustrations. The commerce of the kingdom had declined greatly since the beginning of the century; the following explains the cause: "The Dutch have ruined all our

manufactures, and now bring to us these same manufactures, to take from us in exchange the commodities necessary for their consumption and trade; whereas, on the contrary, if these manufactures were firmly re-established, not only should we have the products for our own consumption, with the result that they would be compelled to bring us some of the coined money which they now retain in their own country, but also we should be able to export our manufactures, which would produce for us in like manner a return in money, in a word, the sole object of all commerce, and the sole means of increasing the grandeur and power of the State." Again: "On this assumption we can easily conclude, that in proportion as we can reduce the gains which the Dutch make at the expense of the subjects of the King, and the consumption of the merchandise which they import, in the same proportion shall we increase the coined money which should enter the kingdom by means of our (export of) commodities necessary to them, and in the same proportion shall we increase the power, grandeur, and prosperity of the State." The matter is put shortly and clearly at the beginning of the discourse on the manufactures of the kingdom (1663). "In consequence of the ruin of our manufactures, trade is now carried on only with money . . . with the result that, whereas formerly the people made a great profit on our manufactures (money did not leave the kingdom for the purposes of the trade, and, on the contrary, large sums entered the kingdom), at present the people gain nothing (a great sum of money goes out of the kingdom, and not a penny comes in)."

Wealth consists in the possession of gold and silver, is the burden of the doctrine of Colbert; and the doctrine is carried out rigorously in the smallest details. Are the inhabitants of a province or town miserable and oppressed, let them work; money will flow in, and they will prosper. Is a district incapable of paying its share of the taxes; there must be some deception, the Intendant is doubtless misinformed; for has not the King, by purchases for the navy, caused much money to enter the district? The troops serving abroad, in the Dutch war, receive their pay in coin; it is the duty of the officials to facilitate by every possible means its transport into France. Many French labourers are temporarily employed in Spain; the Government is anxious that they should bring back to France the money which they earn.

A strange doctrine this may seem, to be held not by the ignorant peasant who hoards his gold beneath the hearthstone, but by the greatest financier of his age, a man who could grasp in its broader aspects the commerce of the civilised world. Again it must be repeated that Colbert must not be judged by modern conditions. The post and telegraph have given a development to the system of credit and balances which could never otherwise have been attained. Money was essential to the internal trade of the country, and still more, as Colbert knew to his cost, for the execution of the schemes of conquest of Louis. Want of ready money in the Treasury was associated, in his mind, with half the abuses in the financial system, which he had laboured to remove. To this want were largely due the ruinous

borrowing of advances from the financiers, the alienation of constant sources of revenue in return for a comparatively small cash payment. To this the inability of the people to pay the taxes, the seizure and forced sales, the destruction of the sole capital of the labourer. We can see that there were economic grounds for this desire for ready money in the kingdom; but the inordinate length to which the measures for its satisfaction were pushed, seems to require some further explanation. This is to be found in the political history of the time, as conceived by Colbert.

In the Memoir of 1663 he writes: "We must examine the results produced in States by the scarcity or abundance in the finances. We have in our country only a single instance of abundance, that of the latter years of the reign of Henry IV.; but we have an infinite amount of scarcity and necessity. On the contrary, in the case of Spain, we see the reigns of Charles V., Philip II., Philip III., and even Philip IV. in such a prodigious abundance of money, through the discovery of the Indies, that all Europe has watched that house of a simple archduke of Austria, without any importance in the world, attain, in the space of three or four score years, to the sovereignty of all the States of Burgundy, Aragon, Castile, Portugal, Naples, Milan; join to all these States the crown of England and Ireland, by the marriage of Philip II. with Mary; render the Imperial dignity almost hereditary among its princes; contest the supreme authority with our own sovereigns; put, by its secret machinations and open force, our kingdom in imminent danger of passing

under the rule of foreigners ; and finally aspire to the empire of the whole of Europe, that is, to the empire of the world."

Is it surprising that, with this example before him, Colbert should set great store by the precious metals ; that the confidential Minister of the monarch who designed for his own occupation the position of glory and power hitherto enjoyed by the house of Austria, should seek to provide for his master the resources from which alone, in his view, that glory and power proceeded ? In forbidding the export of money he was but following the example of Spain. " By these two laws the Spaniards designed to retain in their country all the immense riches of their new world. But, since they do not occupy themselves with any of the merchandise and manufactures necessary for the maintenance of their great country, the absolute need of importing these necessaries from foreigners has resulted, partly through industry, partly through tolerance, partly through interest, in the rendering of these two laws vain and useless." Colbert puts his finger at once on the weak point in the position of Spain, the cause of her rapid decline from her high place among the nations—her people do not work. He may not have perceived the full implication of this fact, but at any rate his own practice is not open to the charge of neglecting work for gold.

The French merchants trading with the Levant were wont to export money for the purposes of exchange. Up to 1679, according to Colbert, they had had complete liberty in this respect ; but in that year the question seems to have aroused his most

serious attention. Three letters are evidence of his anxiety. The first is in mild terms, and suggests that the Intendant at Aix would do the State a great service by rendering the export of coin more difficult, and urging the merchants to increase their manufactures in order to export merchandise in exchange for merchandise. The next, after bitter complaints of the short-sighted policy of the merchants, and their abuse of the liberty allowed them, "in defiance and to the prejudice of the universal and fundamental law of every State, which forbids, under penalty of death, the transport of gold and silver," instructs the Intendant, "among other expedients to induce them to export merchandise to the Levant, you may announce to them that the King, being resolved to prohibit absolutely the transport of money, will order the stoppage and search, by his vessels of war, of the merchant vessels bound for the Levant, and the punishment, in accordance with the strict letter of his ordinances, of the merchants who have embarked any money on these vessels." The prohibition was too severe, and tended to destroy the trade entirely. A few days later the Intendant receives further instructions. "You did not understand that I did not assume that the Levant trade could be carried on entirely without the export of money, since my ideas are never carried to extremes; but I merely thought that, by putting various difficulties in the way of this export, you should induce the merchants to apply themselves to manufactures which might be exported to the Levant, and to export a greater quantity than at present, with a view to a corresponding diminution

in the trade of the English and Dutch, who export thither their manufactures, and with a view to diminishing the transport of money."

The policy of prohibiting the export of money for purposes of trade, is robbed of much of its harmfulness when qualified and relaxed by the practical considerations of the above letter. The system of Spain was, in reality, far removed from that advocated by Colbert. The letter quoted above proves that he was well aware of the essential difference. The wealth of Spain, represented by her store of the precious metals, was not, in the hands of her people, productive of any permanent advantage. The gold and silver of the West, obtained by conquest and extortion, was not an inexhaustible source of revenue. The conquerors had not the ability to use the means which chance had placed at their disposal. They did not understand that the best way to preserve their wealth was to use it in industry. By Colbert, on the other hand, the precious metals were valued chiefly as a means to further production. Every cargo of French merchandise exported represented the interest on capital invested in the industries of the country, a capital which was a permanent source of income, with a natural tendency to growth rather than to exhaustion. Colbert was at times not so far from a reasonable theory of wealth, as his perpetual references to the precious metals would seem at first sight to suggest.

The desire that France should be self-sufficing had a twofold origin. It was the outcome of the desire for political independence, for unity in the face of the hostile nations of Europe, and, at the

same time, it was the necessary corollary of the economic theory which estimated the prosperity of a people by the quantity of the precious metals in its possession. We have seen that a marked trait in the character of Colbert was a strong faith in his own ideas, a faith which led him to follow out his theories to their logical conclusions in the most strict and uncompromising manner. His application of the principle of self-sufficiency was quite in accordance with his general habit.

The tariff of 1664 was intended to clear the way for the revival of industry, and to encourage the home producer by handicapping his foreign competitor. France as yet could not stand alone; time was needed for development. But in the short period of three years, Colbert seems to have considered that the resources of France warranted an extension of the system of protection. The expression of this view was the revised tariff of 1667. The preamble of the royal edict, in striking contrast with the elaborate exposition of reasons introducing the edict of 1664, is of the greatest brevity. "Having been exactly informed that the increase of commerce and the establishment of various manufactures in our kingdom have caused a most marked alteration in prices, we have resolved to institute a new scale of duties on all merchandise entering or leaving by the customs offices of our five great 'fermes' and by those of the tariff district of Lyons." This declaration gives no precise statement of causes—an unusual peculiarity in documents inspired by Colbert. It may perhaps appear later that the ground of this brevity was not so much the absence of such causes,

as the fact that the real and ultimate designs of the Government were not such as could be revealed to the world.

The immediate meaning of the tariff needed no explanation. The duties of that of 1664 on foreign merchandise were in many cases doubled, in some more than doubled. Colbert himself leaves us in no doubt as to his expectations. Writing to his brother in 1669 he says in effect: My idea was not to attempt too much, but to impose a duty sufficient to encourage our manufactures, and to gradually and gently oust foreigners; but I had grounds for thinking, and I am still of the same opinion, that an increase in the duty so that foreigners paid three times as much as our company, would be sufficient to exclude them altogether.

The tariff of 1664 had caused little serious complaint; the case was far otherwise in 1667. England replied with retaliatory duties on French wines, but only to a moderate extent. Charles was in the pay of Louis, and naturally unwilling to push matters to extremities. Colbert, in referring to the matter, attempts to show, by a strange piece of fallacious reasoning, that the retaliation, so far from decreasing, had actually increased the consumption of French wines in England. The consumption had undoubtedly increased; he accounts for it by the curious statement, that it is a matter of experience that people drink more wine in proportion as it costs them more. Perhaps the fallacy was not quite accidental. Certainly Colbert was not easy in his mind as to the possible consequences of his action. He was engaged at the time in a dispute with the

Pope, who was attempting, by the protective system, to introduce manufacture in his dominions. France objected; the Pope offered to make some concessions, but this was not enough for Colbert. "Since his Majesty keeps to his resolution to put into force the decree of his Council, prohibiting the entry into the kingdom of any manufacture of the State of Avignon, unless the duties imposed by the 'bando' are removed purely and simply, I have not the slightest doubt that, unless his Holiness gives the King the just satisfaction that his Majesty has a right to expect, the decree will be put into force at the earliest possible moment." England too might give Colbert a taste of his own methods. That he had some uneasiness on this point, a letter to his brother in 1669 amply proves. "We must be careful not to put too much pressure on foreigners, so as to compel them to take measures to do without our wines. You are aware that Cromwell was eighteen months, or two entire years, without importing them, and we are at present negotiating a treaty with England, which will perhaps require us to relax somewhat the impositions established of late years."

The ideal of Colbert was a self-sufficient France, independent of foreigners for all its necessaries, and exporting its surplus products. Without this export, manufacture could not flourish; the home markets were not sufficient support. This was the belief of Colbert, founded on his experience gained in the attempt to revive the industries of France. But it is clear that if every State followed the example of the Pope and Colbert, the result would be a universal system of rigid exclusion. There

would be no outlet in civilised countries for the surplus products of France or any other nation.

The policy of exclusion required as a condition of its success that no more than one State at a time should attempt its thorough application.

It was the good fortune of Colbert to find a Charles, not a Cromwell, on the throne of England; so that he could direct his attention and diplomatic ability to a matter of more serious concern, the attitude of Holland towards the new tariff. There was great need of diplomacy. The Dutch protested in the strongest terms. A letter to Pomponne, the French Ambassador at the Hague, contains a reply characteristic of the "*habile homme d'affaires*." "M. de Witt ought not to be surprised at the decline of trade, for a very good reason; the decline is equal everywhere, and we ourselves feel its effects here greatly to our loss. The cause is that corn has no sale, and so it is clear that people of property cannot gather in their revenues; the inevitable and necessary consequence of this is that consumption is checked, and therefore trade is appreciably reduced. There is ground for hoping that trade will revive, and in that case no power or industry in the world can prevent Holland from gaining almost the whole of it. All that we can do in France is to re-establish our manufactures somewhat; and though these may relieve the subjects of the King, they can never do any harm to the great establishments of Holland."

The ingenuous professions of this charming piece of casuistry were hardly likely to deceive De Witt and his advisers. Holland, like England, threatened reprisals. The wines of France formed the first

object of attack. Colbert, writing to Pomponne, consoles himself with the reflection that if the Dutch impose duties on all wines alike, whether for home consumption or re-export, they will only injure themselves; the English and French traders, not being subject to the duties, will be able to undersell them, thus gaining the great carrying trade to the north, the great source, in his opinion, of the Dutch wealth and power. If, on the other hand, the duties are restricted to wines for home consumption, every shipload excluded means that one of their ships will lie idle, and its crew of twenty men, losing their means of subsistence at home, will naturally seek it in other countries. Then follows a reference to the increased consumption of England, in spite of similar measures of retaliation. However, a clause towards the end of the despatch seems to suggest that these arguments were not put forward by their author with an entire confidence in their validity. "Notwithstanding these reasons, as the question of trade is very delicate and difficult of comprehension, I beg you to inform me, with the greatest care, of all the resolutions taken by the States as to the proposals of his Excellency Van Beuningen."

The Dutch were in a difficult position. They were in conflict with a powerful and unscrupulous neighbour, who hinted, in a suggestive manner, that their proposed measures would be an infraction of rights secured by treaty. The final determination adopted, after a series of discussions and diplomatic protests extending over several years, can only be appreciated at its true value in the light of a further discussion of the commercial policy of Colbert.

We have seen at the base of all his calculations, as the principle of unity pervading the entire system of internal administration, the theory that wealth, in the form of the precious metals, is the sole foundation of national prosperity and power. He had reason to know the value of a well-filled purse, from the experience of Louis in dealing with Charles II. Louis aimed at the dictatorship of Europe, trusting in the force of his arms; his Minister, careless of the fruitless glories of war, and conscious of the evil resulting, even to the conqueror, set his faith on gold as a more sure and peaceful, but no less deadly weapon. The wealth of Spain was ever before his eyes as an example; but France had no mine of precious metals in the New World; she must seek another Eldorado. Again an example was at her doors. Holland, with small space of territory for agriculture and manufacture, a nation of peaceful traders, hemmed in by warlike neighbours, had become the centre of the commerce of the world. Let France, with all her advantages of territory and power, do likewise, and soon no nation of Europe will be her match. This is the theme of the great Memoir on commerce, of August 1664.

A most serious objection was raised to this proposal. It would entail the ruin of the Dutch, and "it cannot be advantageous to the King to ruin a republic founded by his help and protection, and by that of his predecessors. The establishment of a commerce tending to their ruin might compel them to ally themselves with the Crowns jealous of or hostile to the grandeur of the King." The reply is characteristic of Colbert: "As for the ruin of the

Dutch, matters of this kind never go to extremities." The Dutch in 1658 had 16,000 vessels. The King merely wishes to increase in eight or ten years his miserable marine of barely 200 vessels to perhaps 2000. This will only represent a loss to the Dutch of from 1200 to 1500, since other nations will bear their share. So the proposal when carried out will only result in a comparatively slight reduction of their merchant navy. In 1680 there was no longer cause for such politic representations. The "Mémoire pour rendre compte au Roy" states the question in the bluntest manner. "The commerce of the Levant can be entirely ruined for the English and Dutch, and rendered a French monopoly; . . . that of Africa can be greatly reduced by supporting and aiding the Company of the Senegal. That of the East Indies is equal to that of the Levant; a portion can be drawn to the kingdom by protecting and supporting the Company. That of the North presents greater difficulties, and requires for its ruin a long period and continual application."

France can only prosper at the expense of other nations; this, in brief, is the implication of these passages. It is expressed, in the clearest words, in a letter of 1670 to Pomponne. "Since commerce and manufacture cannot decrease in Holland without passing into the hands of some other country, and perhaps the application and help which the King gives, with a view to establish them in his kingdom, may contribute to attract them in part to the profit of his subjects . . . there is nothing so important and necessary for the general welfare of the State, as that we should, at the same time as we see our

commerce and manufacture increasing within the kingdom, also be assured of their real and effective diminution in the States of Holland."

Foreign trade is a war of extermination. The genius of Colbert did not lie in invention; in this theory of trade, as in the majority of his economic views, he merely reduced to system and attempted to follow out consistently the ideas implied in the practice of his contemporaries. Again he must be tried by the test of history. The possibility that two commercial nations could flourish together was not suggested by past experience. Commercial supremacy had been enjoyed by various nations in succession; one had seemed to rise on the ruins of its predecessor. The latest change was hardly yet completed; the Portuguese, as Colbert notes, still held some relics of their former power, in the face of the advancing tide of Dutch aggrandisement. The Dutch themselves were staunch upholders of the exclusive theory. Death was the penalty for the unprotected foreigner who was caught trespassing on their preserves in search of gain.

The prevailing opinion regarded trade as static, a fixed and limited quantity; so that every new competitor in the field could gain only by the loss of those already in possession. There was nothing unnatural in this opinion, if we consider the conditions of life prevailing at the time among the civilised peoples of Europe. The first streaks of the dawn of the new economic era had barely begun to appear; society as a whole was still held in the bands of custom and habit. The manifold wants and kaleidoscopic changes of the nineteenth century were beyond

the ken of the most penetrating foresight. Society itself was static. Its wants were definite, their growth and change were slow. The supply of these wants was subject to the like conditions. The markets being limited, it was natural that the trader should desire the monopoly of their advantages. The enormous extension of the modern industrial system, with the consequent growth in the quantity and variety of consumption, have put a gulf between the nineteenth and seventeenth centuries which prevents the application of any common canons of criticism. Judged in the light of the circumstances of the time, the theory of Colbert, a theory not by any means dead even under the present system, can hardly be condemned as lacking good foundations.

With Colbert, action followed conviction. The ruin of Holland is necessary for France, so means must be invented for its accomplishment. We find an anticipation of modern methods in the proposals for treaties of reciprocity with Portugal and Sweden, the intention being similar in both cases. Portugal might be used as a catpaw to seize the trade of the Indies, while a friendly understanding with Sweden would promote the success of French enterprise in the Baltic and the North. But the chief weapon on which Colbert relied for success in his scheme of aggression was the Chartered Company. The East and West Indies, the North, the Levant and Africa, each in turn was the object of his fostering care. The mode of procedure was that already noted in the case of home industry. The privileged company was created by royal decree; subscriptions were invited by gentle methods of compulsion; the King himself was a

shareholder; the nobility were encouraged to engage, even in person, in the venture; cupidity was excited by glowing accounts of the profits to be gained, fears were allayed by promises of reimbursement from the State of the losses inevitable at the outset, and the guarantee of the purchase, for the royal use, of the commodities brought back by the fleets. The West Indies Company is typical: "to which his Majesty has given 2,000,000 livres of his funds, has abolished the duties on sugar and merchandise coming from the countries conceded to them, has charged with a duty of 22 livres 10 sols the refined sugars coming from foreign countries, and given a bounty of 40 sols on raw sugars coming from the Isles, on account of the company." Subsidies, bounties, and official protection, these are the stock methods of Colbert for company promotion.

It was not enough to establish companies; further measures were necessary to enable them to carry out their work. The royal edict might be enforced in France, but could command no respect in the distant waters of the Levant, the Atlantic, or the Indian Ocean. The object of the duty of 50 sols per ton, on foreign vessels trading with France, was to promote the growth of a merchant marine. The edict of 1664 announces the means by which it was proposed to insure the security of the trader on the high seas. "We have put on the seas a force of galleys and vessels so considerable, that we have compelled the corsairs of Barbary to keep within their lairs; and with a view to the better hindrance of all their piracies, we have resolved to attack them in their own country." The idea was excellent, but it was

reserved for England, long afterwards, to carry it to a successful issue. "At the same time we have assured the navigation of our subjects against all other pirates, by giving them an escort of our vessels of war." It is, perhaps, needless to add that among "all other pirates" were included, implicitly, the English and Dutch, particularly in the East and West Indies.

The desire for the creation of a navy had its political no less than its commercial side. The Memoir of 1663 announces the objects of the policy in terms which leave no room for doubt. "His Majesty, with a view to making all Europe understand that he intended to re-establish his maritime power, and making his subjects realise that he intended to protect their commerce effectually . . ." France is to be in a position to hold her own with the nations of Europe, politically, no less than commercially. Hence the anxiety of the Government to recall French sailors from foreign service, and the elaborate system of compulsory service introduced in the maritime provinces. The two schemes, doubtless, involved similar measures; but it may be suspected that, in the mind of Louis at any rate, political rather than commercial considerations gave the most powerful incentive to this sudden and unwonted anxiety as to the condition of the navy.

The companies, one and all, failed. A letter of 1670 points to one of the most important causes. The merchants of Bordeaux complained that their efforts to establish a trade with the North were unavailing. The Dutch were more skilled in the practical freightage of wine, and, moreover, had the advantage of geographical position. Colbert con-

siders that these difficulties can be surmounted by the French traders with a little trouble. "All the other reasons which they allege are still more feeble than the above-mentioned; still, I must repeat, *commerce being a matter which cannot be forced*, you can but keep on encouraging them, not only by good treatment, but also by holding out hopes that the King will perhaps diminish the export duties on their wines and commodities." More official pressure, and more official aid: it is ever the same method on which Colbert relies. But the Dutch were the better traders. Experience and ability must prevail. The failure of the French herring fishery illustrates the same point. The Dutch could undersell the French in the very markets of France. The consumer, with a surprising want of patriotism, insisted on buying at the lowest price, regardless of the nationality of the dealer.

The troubles of the East India Company point to other reasons for the general failure of the scheme. The fleet sails, freighted with valuable merchandise, and carrying emigrants who are to establish a commercial colony in the East. Freed from the vigilant eye of Colbert, the officials in charge adopt the practices long familiar to their class. The merchandise is embezzled and sold to the emigrants. The leaders quarrel over the spoils, while the colonists starve. The principle of carrying the official and religious system of the mother country, ready-made, to new and untried fields, has never yet resulted in commercial success. The Dutch Company, and after them the English, were free to adapt their methods to their needs. They succeeded, though the barbarians

suffered. Ignorance of the markets and reckless prodigality are the charges brought by Colbert himself against the directors of the companies. The official director was not necessarily a trader; he could make his profit at the expense of the shareholders of the company; he need exercise no forethought, undergo no risks. The companies were an artificial creation, not a natural growth. They were formed hurriedly, with objects in view definite enough, but with no clear idea as to the means by which these objects could be accomplished, and the dangers and difficulties to be surmounted. They were not the outcome of practical knowledge and purely commercial considerations, nor were they directed with the care and sober persistence characteristic of trading nations, which rewarded with success the efforts of the Dutch and English. Colbert refused, with his usual obstinacy, to admit that he was beaten, or that his favourite theories were at fault. In the Memoir of 1680 we read: "It may, moreover, be added, that if his Majesty would incur some expense for the re-establishment and increase of the different commerces, he would increase greatly the money within his kingdom, and would diminish wonderfully the power in money of the states of England and Holland." Then follows the enumeration, already quoted, of the different lines of foreign trade with their corresponding companies.

The companies failed, but not before they had produced the most deplorable results in the sphere of international politics. The Dutch were roused by the tariff of 1667, and threatened reprisals. Their deliberations were protracted, with good reason. The

tariff, it is true, might be plausibly represented as a mere protection of French manufactures; it affected only a portion of the total trade of Holland, and the evident inability of France to supply entirely her own needs might have led to a compromise. But the aggressive policy of Colbert in regard to foreign trade was proof unmistakable that the tariff was only part of a wider scheme, having as its object the ruin of the commerce of Holland throughout the world. The Dutch, driven to despair, decided on the total prohibition of the import of French products. It was a declaration of war, as they were well aware. The ambassador had been informed that any such prohibition would be considered as an infraction of treaty rights. Colbert was opposed to war on principle, and in the interests of internal prosperity; yet he must be held mainly responsible for its outbreak in 1672. His theories of foreign trade clashed with his desires and convictions as an administrator and financier.

That Colbert was fully conscious of the nature of his trade policy can be proved by his own words. Writing in 1671 to Pomponne, with regard to the Dutch ambassador, Van Beuningen, he says: "I can assure you that his country will have reason to recollect for a long time his disastrous embassy, in which he has excited the little *war for trade* in which we are now engaged, and in which they are like a man gambling with 100,000 crowns against a man who has nothing. We risk nothing, because we have nothing to lose—we can gain much." Again, in 1679: "Marseilles is a town which we must use for a *continual trade-war* against all foreign trading

towns, and especially against the English and Dutch."

The war failed; the causes are matters for political history. France was compelled to abandon the tariff of 1667; not so Colbert. "Re-establish, if possible, the tariff of 1667," is the advice to the King in the Memoir of 1680.

CHAPTER V

THE RESULTS OF WAR

IN accordance with the strict principle of poetical justice, the schemes for the trouble of the Dutch recoiled on the head of their author. A letter of 1674 expresses succinctly the results of the war: "His Majesty not only cannot relieve his people, but is even compelled to increase the impositions." The reference is to the increase of the *taille* from 32,000,000 to 38,000,000 livres, in direct opposition to the financial principles of Colbert. But worse remains. In the parallel contained in the Memoir of 1663, between the old and new methods of administration, we read: "The maxims for the conduct of the finances were to make and unmake continually; to neglect the ordinary revenues and invent extraordinary sources." On the other hand: "The King has suppressed all the extraordinary sources, and increased prodigiously his ordinary revenues." The one system implied all the abuses by which France had been rendered bankrupt, the other was the expression of that passion for order and simplicity which was the leading trait in the character of Colbert. Yet the want of ready money compelled a recurrence to the old methods. A special commission laid before the Royal Council of Finance a list of proposals for "*les affaires extraordinaires*." Once again we hear of sale of offices,

alienation of the royal domains, even grants to officials of exemption from the *taille*. It is to be remarked, however, that the people are spared as far as possible. The alienation of the domains is advocated, "in order that his Majesty, by gaining from it assistance, with a view to supporting the prodigious expenses which he has been obliged to incur, may have the satisfaction of not augmenting at all the impositions on his people, a matter which is at present the object of all his designs." The inevitable disturbance of the financial system was perhaps regarded as temporary, an evil which could be soon repaired on the conclusion of peace, since the finances as a whole were in a sound and prosperous condition. None the less, the increase of the *taille* and the *gabelle* represented a serious burden on the people, and an undoubted step backward in the path of reform hitherto pursued.

Even more harmful in its permanent results was the plan of enrolling the workers into craft-guilds as a means of raising money. The organisation of industry by the system of crafts was a relic of former times. It still existed as a powerful force when Colbert came upon the scene. But protests against its restrictions, and petitions for their removal, were frequent. It was to be expected that Colbert, with his views as to the necessity of regulation for the maintenance of a high quality in manufactures, should look with favour on a system which was the embodiment of his main principles. On this ground the discussion of the crafts would seem to belong, logically, to the exposition of his general industrial system. There is, however, good reason for treating

the edict of 1673, on the arts and crafts, as mainly a war measure. With Colbert, the conviction that a principle was just, or rather politic, was followed by an attempt to carry it into execution by the usual methods of compulsion. Before the edict we find no such attempt. Advice there might be in particular cases, advice not altogether without justification, if we grant the truth of the premises from which it follows; but no comprehensive measure for the extension of the system. The edict is clearly a war measure, and as such is described in the letters. "You know how important it is for the service of the King to find means, in the present crisis, to support the immense expense of the war. As his Majesty has hoped for some aid from the matter of arts and crafts, by granting statutes of regulation to those who are not yet formed into associations, and by adding to or diminishing what is thought necessary in the statutes of those who are already so associated . . ." Again: "I am well aware that the matter of the arts and crafts is perhaps difficult of execution; but as all the orders and all the companies of the kingdom are offering, on the occasion of the present war, proofs of their zeal and fidelity for the service of the King, it appears to me but just that this kind of people should give equally some help to his Majesty." The Intendants are advised to use much persuasion, but as little actual constraint as possible. The intention of the edict is not to reform industry, but to raise money with a minimum of trouble and disturbance. The Government is quite content that the threatened trades should buy exemption—a further proof, if any is

wanted, that the measure was financial, not industrial. Bordeaux threatened violence. The reply is instant: "His Majesty has ordered me to write to Marshal d'Albret and to you that he has granted to the town its discharge from everything concerning the edict, on payment of 50,000 livres."

It is unnecessary to dilate on the evils of the measure. They are common to the whole system of "reglementation," the natural accompaniment of the theory which regards industry as static instead of dynamic. We can only regret that the exigencies of a war, due mainly to his own principles, forced Colbert to give strength and organisation to a decaying system, and to support, with the influence of his great name and example, a policy which proved most harmful to France in the hands of his less scrupulous successors.

So great were the needs of the war, that, in spite of the various schemes enumerated, the treasury was still in the utmost need. Recourse was had to the methods usual before the administration of Colbert. "Rentes" to the value of 900,000 livres were constituted, and secured on the salt duties of Paris. In spite of arbitrary reductions and conversions in past years, the confidence in the financial ability of Colbert was so great that he had no difficulty in raising the required amount. The special precautions taken to render the tenure of the "rentes" secure from interference, doubtless contributed to their success.

It may seem matter for surprise that this method of raising funds was not resorted to in preference to the other "affaires extraordinaires." The credit

of the King, thanks to the exertions of his minister, was much improved. The loan was effected at $5\frac{1}{2}$ per cent. The principle is simply that of the modern national debt, prior to the consolidation of the funds. Why was it not employed to a greater extent? The reason is not far to seek. Since the Government was not in any way representative, the authors of the loan had no concern as to the payment of the interest; it came from the pockets of the people, who had no voice in the matter. The facility of borrowing for immediate needs, at the cost of a permanent charge on the revenues, had nearly ruined France in the first half of the century. It meant the rapid fall of public credit, loans at a higher rate, and a progressive alienation of the various taxes; in fact, all the evils whose removal was the life-work of Colbert. Louis, with Louvois as his counsellor, was not to be trusted. We cannot be surprised that Colbert was not anxious to introduce again the system of borrowing by the constitution of "rentes." That he understood the value of credit is certain. "Your credit," he writes to Louis, "consists in the opinion of the public on the good state of the finances of your Majesty." To maintain this good opinion, in 1674, a sum of 50,000 livres, voluntarily subscribed by certain merchants, was returned, with thanks, and a royal gift of an additional 6000. Again, during the war, he introduced a system of short loans at 5 per cent., secured on the "fermes," and by this means raised 1,200,000 with the greatest ease. But in both cases his chief anxiety was to restrict the borrowing to a definite sum. Further facilities for borrowing could only, in the then temper of the King, lead to

further waste in schemes of foreign conquest, entailing still more expense, and in the end destroying that very credit which was now so useful, when used in moderation. To Colbert, the system of public borrowing, in whatever form, for purposes of war, marked the road to bankruptcy. His view is amply justified in the pages of French history.

The financial pressure, due to the war, was responsible for a measure for which Colbert has been more severely criticised than for all the "affaires extraordinaires." He has been accused of tampering with the coinage, in the interests of the revenue. The charge is the more serious in that the permanent reputation of Colbert must be founded mainly on his abilities as a financier; on his claim to have inaugurated a policy of a far more enlightened and modern type than that of his predecessors. Again it is necessary to insist that we must not take a single measure, and after isolating it from all material and modifying circumstances, proceed to test it by the requirements of dogmatic theory. A single detail can be rightly judged only with reference to the monetary policy as a whole.

At the beginning of his administration, Colbert found the coinage system of France working under the usual principle of "fermes," and bringing in a considerable nett profit to the treasury. By a decree of 1666, this system was entirely abolished; the King took the responsibility of the coinage upon himself. This sudden and violent revolution is most remarkable, since the arguments against such a change were very strong from the point of view of Colbert. He was attempting, in this case, a reform which he judged

impossible in the case of the indirect taxes; and was moreover deliberately giving up a permanent source of revenue. It is but natural to assume, in view of his cautious character, his tendency to compromise in minor matters, that he must have been thoroughly convinced of the advantages to be gained and the absolute necessity for reform.

The "ferme" system, as applied to the coinage, implied necessarily a kind of monopoly. All conversion of specie into coin, except by agreement with the "fermier," was of course illegal; but the evil did not stop with the limitation of coinage. The King was compelled to guarantee that all use of foreign coin should be suppressed, and moreover, that the export of manufactured articles of gold and silver should be prohibited, in order that the "fermier" might have at his command a sufficient quantity of specie, which he could buy, not at the natural, but at a fixed and arbitrary price. The latter prohibition was a great obstacle to the growth of manufactures dependent on the precious metals, a growth which Colbert was doing his best to promote. On the other hand, the suppression of all foreign coinage was impossible. Trade could not be carried on without it. The greater portion of the money which Colbert strove so persistently to attract to France, naturally came in as coin.

These considerations are in themselves almost sufficient to account for the reform of 1666. It would result inevitably from the general policy of Colbert. He had a further ground for action in the nature of the coinage itself. It was impossible, in the then state of the arts, to guarantee that each coin should be

of the correct standard and weight. So the "fermier" was allowed to be inaccurate within limits. Needless to say, this inaccuracy was the rule, rather than the casual exception contemplated by the law. The coins erred always on the side of deficiency; and the greater the average error, the greater was the profit of the "fermier." It is evident that the reform in the system of coinage had a twofold aspect. On the one hand, it may be regarded as part of the general scheme for the removal of hindrances to internal trade; on the other hand, Colbert had in view objects of a more positive kind. He wished to improve the coinage, and at the same time to increase the amount in circulation. It is best, as always, to let him speak for himself. A letter of 1679, to the French Ambassador in London, refers to both these objects. "In reply to your letter, we are in possession of the secret of stamping the rims of coins, as it is practised in England; but up to the present I have not thought fit to avail myself of it, since in a State so well ruled as that of the King our sovereign, our chief care should be to diminish the cost of fabrication, since it is necessary to give the public the full price of their specie. Still, I will look over your proposal again more carefully, and will let you know what can be done." It is clear from this letter that, in the view of Colbert, the more pressing need at the time was for an abundance of coin in the kingdom. The minor improvement could wait. The abolition of seigniorage, a measure entailing considerable loss on the Crown, had as its sole motive the increase of the currency, through the readiness of the people to bring specie to the mint, when they could have it coined for nothing.

In short, to the mind of Colbert, since internal trade was impossible without a currency of some kind, it seemed better to have a large, though somewhat inferior coinage, than to hinder exchange by attempting to establish an impossible standard of excellence. A letter of 1680 illustrates his methods in a truly remarkable manner. Many of the foreign coins, especially those of Spain, were notoriously bad; and their use in France had been forbidden by royal decree. The Intendant at Bordeaux had condemned, as coiners, certain people who were found circulating these coins. Colbert comments on his action as follows: "I must tell you that, after reading from beginning to end the abstract which you have sent me, I have not discovered in this case such great crimes as I was led to expect, since all the sentences are merely against people who have dealt in forbidden foreign coin. Although such dealing is prohibited by the regulations, it has hardly ever been punished in the kingdom, except on important occasions, since we should have to punish almost the whole kingdom, and particularly the merchants. Moreover, since it is greatly to the advantage of a kingdom to attract money, the handling and dealing with foreign money which comes into the kingdom has always been treated with a certain amount of tolerance. On the other hand, the crime which cannot be too severely punished, is that of clipping and the fabrication of false coins."

Other letters of similar purport show that tampering with the coinage was a capital crime in the eyes of Colbert, a crime most harmful in its consequences to the people, and demanding the most rigid measures

for its suppression. The defects of the coinage as a whole were, at the time, beyond remedy. A large portion of the currency was foreign, and with this he was powerless to deal, except by excluding it entirely from the kingdom. Such exclusion was impossible. The people, generally, refused to obey the regulations; even had they obeyed, trade would have been hopelessly crippled.

It is now possible, in the light of the above considerations, to deal with the serious charge which has been brought against Colbert as a financier and economist. It is claimed that, under pressure of the needs of war, he subverted his own system, and fell back on the device familiar to his unscrupulous or ignorant predecessors, that is, depreciation of the currency.

Among the "affaires extraordinaires" proposed to the Council of Finance, to meet the necessities of the war, was the plan of reverting to the "ferme" system for the coinage. It was, moreover, suggested that the value of the silver coins might be raised, since it was too low, in comparison with the price of uncoined silver, and the real value of the foreign coins which were nominally equivalent to those of France. A further suggestion was, to compel those who imported specie to bring a certain portion of it to the mint, there to receive for it a fixed and arbitrary price. This last measure would be simply, as its author admitted, a partial revival of these restrictions on exchange which Colbert had abolished at a great cost in 1666. It was rejected, as was also the proposal to revert to the system of "fermes."

But there were grounds, in the opinion of Colbert,

for considering the question of the real and nominal value of the silver coinage. The case is stated in a letter of 1681, on the subject of local coinage. "Another unanswerable proof that the coins of these little sovereignties cannot be employed without alteration, lies in the fact that, in order to attract the precious metals to the royal mints, it costs his Majesty more than 100,000 écus yearly, because he gives a price for the specie which even exceeds the value which it bears when coined; with the result that those who possess specie would rather bring it to the royal mints than employ it otherwise."

The quantity of silver in a coin was worth more than the face value of that coin. It is not easy under present conditions, brought about by the depreciation of silver, to keep in mind the peculiar consequences of this fact. Another letter may help us, by way of further illustration. Colbert was quite aware of the tendency of bad money to drive out good. Writing of the coinage of Provence, in 1679, he says: "Since Provence has within its borders the county and the principality of Orange, if the coins of these two little States are current there, and they are not of the standard and weight of the royal money, it is clear that it is a case of false coinage, and traffic in it is an injury to the public, for which we must find a remedy. The remedy lies in making frequent essays by the officers of the mint, and comparing the local with the royal coins, as to weight and standard. From the moment that you find a possible profit of two or three per cent. you may be quite sure that *the money of the King will be converted into money of this sort*, a conversion certainly very injurious to the

public." In short, the ordinary plan of the coiner was not to substitute base metal for true, but to exchange one coin for another of the same nominal, but a greater real value, and so, by melting down the latter, profit to the amount of the difference. The coins used in this traffic were those of foreign or local issues.

It has been shown that Colbert found it impossible to obtain an exclusive national coinage; yet here he could see going on a steady loss to the Treasury and the people, and a gain to the foreigner or his agents in France. The only alternative was to lower the intrinsic value of the French to the level of the corresponding foreign coins. Béchameil, in his proposals to the Council for "les affaires extraordinaires," says: "It is certain that our louis are at too low a price in proportion to foreign coins and the price of silver." Again: "Although it may be dangerous to meddle with the value of our coins, and still more with the standard or weight, and I have always been aware that this is your opinion, yet none the less we may find ourselves compelled to the change by the comparison of the value of the coins of neighbouring States."

Unfortunately, the reform attempted by Colbert was only partial. A complete renewal of the silver coinage, on the lines suggested, might have been successful. He started merely on the 4 sou pieces. His aim was to raise their nominal value to their real value, judged by the standard of the gold louis. On this standard they seem to have been worth intrinsically the fraction of the louis represented nominally by the 5 sou piece. But since the silver

coins of higher value were not subjected to the same treatment, it was clearly to the advantage of debtors to make payment in the smaller coin. This they soon discovered. The result was an edict of 1679, to which Colbert refers in the following letter: "With regard to the 4 sou pieces, the decree which I sent you with my letter of the 23rd May last, which prescribes the proportion of these which may be allowed to enter into payments, ought to do away with all the difficulties which can present themselves."

The system would not work in this partial form; it needed arbitrary measures for its enforcement. It is hard to see what valid objection could have been raised, had it been carried out as a whole. The change was certainly due to the pressure of war, and as such is open to suspicion. The other "*affaires extraordinaires*" were a step backward, and not in accord with the real principles of Colbert. In this case, however, it seems that, by good fortune, his principles agreed with the interests of the moment. Among the proposals for "*les affaires extraordinaires*" he was careful to choose those which would entail least harm on the people; and in the face of his numerous statements of the evils of false money in any form, and the sacrifices which he was prepared to make in the interests of a true coinage, it would certainly seem best to acquit him of any backsliding from his principles in the matter of the "*pièces de quatre sous*."

It has been seen that a conspicuous trait in the character of Colbert was the severity and logical consistency with which he followed up his theories to their necessary consequences in every department

of administration. Up to this point his various inconsistencies have been traced to one main source, the imperative demands on the treasury for the needs of the Dutch war. We are now to be confronted with a great and remarkable exception to the principles of Colbert, an exception which cannot be explained by a mere reference to the war, and which has drawn upon Colbert the strongest condemnation from many modern economists. It has been shown that the central principle which gave unity to all his projects was the desire to increase the quantity of the precious metals within the kingdom. The majority of the working population of France was engaged in agriculture. The export of the natural, no less than that of the manufactured products of the country, would tend to attract money from abroad. France was amply provided with raw material, in the form of a vast extent of fertile lands, and there was no need to import foreigners to instruct the natives in its use. Agriculture was the hereditary occupation of the great majority. Yet the export of the chief product of the labour of this majority, so far from being encouraged, was subjected by the Government to the most vexatious restrictions. Free trade in corn was from time to time prohibited absolutely.

Perhaps no portion of the policy of Colbert has been the object of more vigorous attack. A careful study of his character and of the economic history of the time, might have caused his assailants to hesitate, or to modify somewhat the terms of their indictment. Pure theory is very liable to err through neglect of material conditions. The very fact that

the measures of Colbert, in regard to agriculture, seem so utterly inconsistent with his general theory and practice, would seem to suggest that there must be, in the circumstances of the time, some strong grounds for this peculiarity. Colbert notes that the administration of Sully was the sole instance of financial prosperity in the past. The chief care of Sully was for agriculture; his ideal was a policy of free trade in corn. Why did not Colbert follow this good example? History gives the reason.

The years 1662 and 1663 were marked by famine, the worst experienced by France during the life of Colbert. Since the death of Henry IV. the peasantry had always lived within measurable distance of starvation; now, two bad seasons in succession reduced them to the last extremity. So great was the distress, that the State was compelled to buy corn abroad and distribute it in great quantity to the starving people. "Not only," says a letter of 1663, "shall we find it impossible to obtain the *tailles* and the price of the '*fermes*,' without great diminutions, but it will even be necessary, in order to save the people from this wretchedness, and from the famine which will be almost universal, to make purchase of corn much more considerable than in 1662." The extent of these purchases can be gathered from the great Memoir of 1663. "His Majesty, seeing the shortness of corn in his kingdom, and anticipating the misery of the poorer people during the whole year, had resolved to have corn bought in Poland, Holland, Sicily, Africa, and everywhere else where it could be procured, so as to be in a position to supply the province of Normandy, the towns of Rouen, Paris, and all the pro-

vinces of the river Loire. . . . In short, between the first day of February 1662 and the beginning of the harvest, he not only caused this corn to be distributed to all the communities and individuals of Paris and its surroundings who asked for it, but even distributed thirty or forty thousand pounds of bread daily. The like has been done in the town of Rouen, and in those of the river Loire."

Not only did the people starve, but they could not pay their taxes. This troubled the spirit of the financier. The result was that the export of corn was prohibited. The policy had already been adopted by Fouquet, and moreover, was in accord with popular opinion. All dealing in corn, where the fear of famine is strong, is not unnaturally regarded as an attempt to make a profit out of the miseries of the poor.

The prohibition was only intended to be temporary, to retain corn within the kingdom until the danger of famine was past. It was raised from time to time, and then again imposed. A letter of 1680, to the Intendant at Rouen, puts the whole matter in a few words. "I send you the decree issued by the King to allow the export of corn from the kingdom, his Majesty having come to this determination on the ground that he has had certain assurance of the fertility of the coming year. His Majesty desires that you publish this decree, . . . provided that the fertility appears to you certain, and that there is no fear for the nourishment and subsistence of the people." Colbert was by no means blind to the financial advantage of foreign trade in corn, but the fear of famine, with its consequence, impoverishment,

was ever first in his mind. Perhaps, too, there was a further motive for the desire for an abundant supply in the granaries of France. The feeding of the troops, kept on foot by the designs of Louis, was no light task. The more corn in the market, the lower the price, is a consideration which cannot but have influenced the minister to whom it fell to provide means for the payment of the military bill.

The calculation is correct, as far as it goes. Prohibition, as a sudden and isolated measure, may doubtless have the desired results; as a continued system it defeats its own object. The farmer can only seek the best market for his grain, if the Government deems the harvest satisfactory. His opinion on the matter may differ from that of the Government, and rightly differ; he may find that the demand in the home market is not sufficient to give him a fair profit. Harassed by the authorities, uncertain what edict the next year, or even month, may bring forth, unpopular with his neighbours if he seeks the best profit on his wares, he naturally declines to incur certain risks for doubtful advantages. Land, of the poorer sort, goes out of cultivation. The country is brought nearer to the verge of famine. The principles which are applied to a kingdom can be applied equally to a province or district. Each is anxious to hoard up for its own use. There is no freedom of traffic in the staple food even within the kingdom. Starvation in one portion may co-exist with superabundance in another. The price of corn was certainly kept down, while that of all other commodities had greatly increased; but the result was the utter ruin of agriculture, and recurring periods of scarcity.

The fact that it was found necessary to repeat the prohibition of export from time to time, is the best proof that it failed to attain its object. Every other industry took new life under Colbert, agriculture alone seemed doomed to misfortune.

It has been suggested that Colbert, in his devotion to industry and commerce, was utterly careless of the interests of agriculture. On this view we might assume that the measures discussed above were not the expression of a definite policy or honest conviction, but mere casual attempts to smother, for the time, a grievance which threatened political disturbance. It is but justice to say, that there are good grounds for holding Colbert guilty of an honest mistake, rather than of careless or cynical indifference.

The best test of his motives is financial. The reduction of the *taille*, so often advocated, was a measure for the relief of agriculture, on which the main burden of the imposition fell. The like may be said of the salt tax. Colbert, as his *Memoirs* prove, strongly objected to any method of raising revenue which necessitated increasing the contributions of the lower classes. "There are no more 'affaires extraordinaires' possible," says the *Memoir* of 1680, "because they all point to fresh impositions on the people." Every year we find letters dealing with the freedom of cattle from seizure for debt, whether to individuals or the State. Active measures were taken to promote the breeding and improvement of cattle, with such success, that Colbert can reject as absurd the proposal of his brother, the ambassador at London, that stock should be imported from England. We hear of exports of cattle to

Spain, and after 1671 France is able to supply her colonies; indeed the shipment of a certain number of beasts on every vessel is made obligatory. The restoration of woods and forests can perhaps be regarded as to some extent an agricultural measure; but this view is not supported by the words of Colbert. The measure was partly financial; but the main object was clearly to provide for the needs of the navy, and so render France, in this important particular, independent of the foreigner.

On the whole, it cannot be said with justice that Colbert neglected agriculture in favour of manufacture. The former reaped the chief benefit from the reforms in the field of taxation, the latter was most indebted to the removal of internal restrictions by the tariff of 1664. But manufacture was more susceptible of positive encouragement. It answered more readily to the guiding hand, and grew visibly and rapidly. The catastrophic plan for improvement could not be applied to agriculture. Its changes must needs be slow; it is ever the conservative element in the community. Colbert did what he could; but practical considerations, aided perhaps by his own opinions, prevented him from giving that encouragement which alone was worth all the rest. With a sincere desire for the good of his country, he none the less, in the attempt to ward off a present evil, gave a lasting existence to its causes, and laid up a greater store of misery for the future.

CHAPTER VI

COLBERT'S LEGACY TO FRANCE

THERE is a species of consistency, founded on self-consciousness, which has no true right to the title. It is the quality of the man who claims that he follows and has ever followed certain definite theories—catchwords or vague notions they might with more justice be styled—and who ridicules the suggestion that any departure from his rigid system may be necessary or wise. On the other hand there is a species of consistency which is real and vital, since it depends on the unconscious unity of thought and action in the individual who deals honestly with difficulties as they arise. It is the latter form of consistency which distinguishes the politician and administrator whose heart is in his work, and draws on him, from superficial ignorance, the accusation of inconsistency.

The history of the administration of Colbert owes not a little of its economic interest to the fact that, even when he deals with isolated details, his strong personality and unconscious bias provide us with a principle of unity, through which we can view his particular measures as an integral part of a systematic whole. Colbert is, above all things, consistent. His inconsistencies are but an illustration of the dictum of logic, that the exception proves the rule, inasmuch

as they can be traced to definite causes, which produce a corresponding modification in the general theory.

We have seen that the central idea in all his administration was, to put on a sound basis the finances of the kingdom. The reform in taxation was a preliminary; it was good that the burden of the people should be lightened, since the revenue would increase in consequence. Internal duties and restrictions must be removed that trade might flourish, and so provide a new source of income, since the possibilities of direct taxation were already exhausted. Industry must be encouraged with a view to the same end; while the prosperity of home manufactures demanded the opening up of foreign markets. These were already in the possession of other powers; hence, on the assumption of the static and limited nature of commerce, the necessity of commercial war. The intention of the whole policy was to promote the wealth of the country. But wealth, as we have seen, in the common view of the time, was held to consist mainly or entirely in the possession of the precious metals. In consequence, we find continual efforts to prevent money leaving the country, and to gain it in exchange for merchandise exported, instead of a return of merchandise.

The methods for the promotion of this economic policy were uniform and consistent with the character of Colbert. His early experience had led him to distrust the people and their representatives. For him, the security of France lay in the consolidation and extension of the royal authority. In his own person he was the embodiment of order and business

method; his character received full expression in his economic measures. Paternal regulation in the interests of industry, without regard to the opinion of those concerned, and the application of uniform rules to the infinite diversity of trade and manufacture—such was the form in which his individuality impressed itself on his administration. A natural impatience of opposition, a contempt for unreasoning ignorance, no less than for narrow selfishness, led him, not seldom, to employ methods of severity which produced most deplorable results, yet failed to attain the end desired.

So much for the purely economic portion of his policy. Important modifications were due to political needs. The King was harder to control than his people. Reforms needed his consent, not merely in words but in action. The revenue was dependent on the expenses, not the expenses on the revenue. One part of the community was responsible for the outlay, the other paid the bill. Hence the partial nature of the reforms in taxation; hence the admission in 1680 that much yet remained to be done. An entire economic theory may be said to owe its existence to politics. It is hardly possible to regard the desire for the self-sufficiency of France¹ as other than political in its origin; a desire for national independence in the face of possible enemies. A protective tariff is its natural corollary. The prohibitive tariff of 1667 carries us further: it is an act of war;

¹ It is, perhaps, hardly necessary to add that France includes her colonies. These were regarded universally at the time simply as sources of gain for the mother country. Intercourse with foreigners was strictly forbidden them.

but the war itself is the outcome of a purely economic theory as to the nature of the world's trade. The principles, economic and political, united in the mind of Colbert, are no less united in their external manifestations. The failure in the field of politics is reflected in the field of economics. The successful resistance of the Dutch implied the negation of the whole policy of Colbert in regard to foreign commerce.

The man and his system have been outlined; what, it may be asked, was his permanent gift to France? We may estimate his work from the external and patriotic standpoint, and launch out into a eulogy of the age of Louis XIV., its glories in peace and war. We may descant on the growth of France, and its position of power among the nations of Europe; on the revival of industry, the new internal unity, the promotion of art, science, and literature; in fact, all the circumstances which have gained for this the title of the Augustan Age. The rapid decadence which followed the death of Colbert may be put down to the selfish and short-sighted policy of his successors in office. But such is the task of the national historian and panegyrist. The economist must judge from a far different standpoint.

Much was done by Colbert; for much that was left undone the blame must lie, not with the man, but with the time. He aimed at the fiscal unity of France; it was not due to his want of effort that many of the provinces preferred to keep their old independence. He lightened the burden on the people; it was the fault of the King that its weight was still too heavy. He devoted his life to the

promotion of industry in every form; he was not responsible for the defects in the national character, which largely accounted for the disappointment of his expectations. His mistake as to agriculture was at least excusable. In his industrial policy, as in some of his attempted financial reforms, excess of zeal is the most serious fault which can be laid to his charge; a certain neglect of the character of those with whom he had to deal, and the attempt to carry out a colossal scheme for the promotion of industry, a scheme which might succeed if applied in a limited sphere, but which, in its broadest form, was beyond the capacities of a single hand or a single administration.

But what of his legacy to the future? As Colbert was well aware, there was no guarantee that his reform of the financial system would be permanent. All depended on the will of the King and the wisdom and resolution of his ministers. But Louis had not profited by the advice of Colbert and the experience of his administration. The war-party, headed by Louvois, was no longer held in check. The successors of Colbert followed in the steps of his predecessors. Once more we hear of reckless creation of "rentes," sale of hereditary offices and titles of nobility, alienation of the domain and multiplication of unnecessary officers. The financial policy of Colbert was entirely reversed. "Les affaires extraordinaires" once more became the usual resort of the ministry. The burdens of the people were increased, while the receipts of the Treasury continued to fall off. At the death of Louis XIV., as the result of constant war and ministerial inefficiency, the financial system of France had

relapsed to the state in which Colbert had found it in 1661. Under the regency of the Duke of Orleans, an attempt was made to liquidate the enormous debts of the State, and to restore order in the administration. In accordance with the methods of Colbert, a Chamber of Justice was established; but there was no strong hand to direct its proceedings. It did little beyond revealing to the world the utter corruption in every department of official life. The collapse in 1720 of the magnificent paper-money schemes of Law gave the final blow to public credit.

It is worth noting that the great financiers of the time, the brothers Paris, attempted to abolish the "ferme" system in dealing with the indirect taxes; but the attempt failed through the extravagant waste on the part of the officials employed. After a trial of five years it was found necessary to revert to the old system of a general lease. The failure of this experiment is perhaps a sufficient justification of the opinion of Colbert, that the change was impossible in the conditions of the time.

It is the great glory of Colbert as a financier, that those who seriously attempted to reform the administration of France, in the eighteenth century, adopted his methods and principles. Thus Turgot states his policy to Louis XVI. as follows: "No bankruptcy, no increase of taxation, no borrowing. We must only allow ourselves to borrow in time of peace in order to liquidate ancient debts, or to repay other funds borrowed at a heavier interest. There is only one means to fulfil these three conditions—that is, we must reduce the expenses below the receipts." The words might well stand as a summary of the policy.

pursued by Colbert, so far as the circumstances of the time would admit. Colbert succeeded—Turgot failed. The cause of this difference lay, not in any superiority of policy, not, perhaps, in greater ability, but in the fact that Turgot was unsupported, whereas behind Colbert was the whole power of the monarchy under Louis XIV.

Turgot failed, but the measures he attempted are ample proof that he was of the school of Colbert. Thus he was successful in abolishing the "ferme" system in regard to the manufacture of gunpowder. He reduced the number of officials, compelling those who remained to compensate those dismissed, out of their increased profits. This was an exact following of the precedent set by Colbert. Like Colbert, Turgot wished to reform the gabelles; but above all he detested the taille in its current form. He projected a complete reform by the extension of the tax in a uniform manner to all owners of property throughout the kingdom. This was a direct attack on the privileges of the clergy and nobles, and, as such, caused the downfall of its author, a martyr to the principles of Colbert, through the weakness of Louis XVI.

The administration of Turgot represents an unavailing attempt to check the forces of corruption, which were hurrying France along the road to ruin and revolution. Another such attempt was due, a little later, to Necker. He was an avowed disciple of Colbert, and wished to follow his methods. He revived the State control of the post, and applied it, to some extent, to the administration of the "fermes." Moreover, he attempted to introduce again that central control of the finances of the kingdom which

had succeeded so well in the hands of his master. But it was too late. The financial principles of Colbert, honestly applied after his death, might have saved France from much of the violence of the Revolution. History gives them final justification. When order was revived under Buonaparte, the administration was carried out by methods employed or suggested by Colbert. The accounts and budget system, the liquidation of public debts, the *cadastre* for the assessment of taxation—all traced their origin to him. He might justly claim to be the founder of the modern French system of finance.

The work of Colbert as a financier, his legacy to posterity, is not such as readily to impress the imagination. It can only be appreciated by contrast with the vicious system of his contemporaries and successors. Accustomed to reasonable methods of financial administration, we find it hard to realise the condition of an age in which administration, as now understood, could scarcely be said to exist. Other portions of the legacy of Colbert to France are of a more striking character; in fact, they have received from some historians the distinctive name of Colbertism.

It has been shown that the doctrine of the self-sufficiency of France, with its corollary, the exclusion of foreign manufactures, inspired many of the most important measures of Colbert. It is true that the rigours of the system were modified to some degree by the willingness of Colbert to abandon his theory when practical expediency demanded; but none the less, it must be remembered that, in so far as Holland

was concerned, he attempted to carry out his views to their logical consequences.

The tariff of 1667, the full expression of the principle of exclusion, was abandoned only through necessity. Its re-establishment was the favourite scheme of Colbert down to the time of his death.

The modification, in some directions, of this strict theory, had been due to the fact that Colbert recognised clearly the necessity of foreign markets for the maintenance of home industry. Unhappily for France, his successor, Louvois, did not show this practical wisdom. Foreign trade was neglected; the fleet built for its protection was allowed to fall into decay, so that the Dutch once more seized the carrying trade of France; and, finally, the Edict of Nantes deprived the country of thousands of its best workmen. The policy of Louvois seems to be the exact opposite to that of Colbert. Yet it may be plausibly represented as the logical outcome of the principle of isolation and self-sufficiency; the more so as Louvois certainly carried out the corollary of the principle, that is, prohibition, to the fullest extent. By various enactments, a tariff was instituted even more prohibitive than that of 1667. The French manufacturer was to be protected against the slightest foreign competition. As a natural consequence, the export of French products fell off greatly. Wherever it was possible, the Dutch and English supplied themselves from other markets. Even where France had a virtual monopoly, as in the wine trade, foreign consumption was greatly diminished. Nor was this the worst. Smuggling on a vast scale was organised. The very officials appointed to prevent it were in league with the

smugglers. In the end, the home manufacturer found that foreign goods could be put on the market against him at an even lower price than under the moderate tariff of 1664. The theory of protection, when carried out fully, defeated its own object.

It is small matter for surprise that home industry steadily declined under these circumstances, particularly if we remember that it was seriously hampered by the system of crafts, and the elaborate regulations instituted and confirmed by Colbert. Still another institution of Colbert bore within it the seeds of evil. The system of commerce by monopolist companies cannot be said to have been a success, even under his personal guidance and control. As soon as that control was removed, the inevitable abuses came to light. Not only was it to the interest of the company to exclude all competitors, but even to reduce the area of its own operations. An increase in the supply of a commodity did not necessarily imply an increase in monopoly profits. The fall in price, consequent on the increase, caused a smaller percentage of profit; so that the nett profit, after allowance for the greater working expenses, might be smaller than before. The companies were never distinguished for energy; the result of their monopoly was the stagnation of the trade concerned, and the prevention of that colonial development which had been one of the chief grounds for their institution.

The system of prohibition was not allowed to pass without protest even in the seventeenth century. It was strongly condemned by Boisguillebert and Vauban both officials of large practical experience; but

their suggestions bore no fruit. In the next century the "physiocrats" renewed the attack. Their principles represented a reaction against the excessive claims of manufacture. Though it was founded on a special and peculiar theory, namely, that agriculture is the sole source of national wealth, yet incidentally the system contains an attack on all prohibitions and hindrances to industry.

The new philosophy was not altogether without effect. Louis XVI., influenced by Turgot, proposed absolute freedom in the export of corn, the abolition of the system of crafts, and the freeing of agriculture from its most oppressive burdens. These reforms were delayed by the fall of their author, but were carried further by the revolutionary government. Before long, however, the pressure of war compelled a resort to the old system of tariffs and prohibition. Still, the tariff of 1791 was of a moderate type, not far removed from that of 1664. In consequence, trade began rapidly to revive. Between 1789 and 1792, the total of imports and exports increased by upwards of fifty per cent. But the war with England brought about a falling away from this moderation, culminating in the Berlin decree of 1806, by which all trade with Britain or its colonies was absolutely prohibited. This was a recurrence to the principle followed by Colbert in the Dutch war, and the tariff of 1667. The measure was impossible. Napoleon was forced, just as Colbert, to grant exceptions to his own decrees. He was equally helpless in the face of the organised smuggling trade which at once sprang into being. The system restored by the Bourbons was simply a revival of the general methods of Colbert. Protection of home

industries by moderate tariffs, and encouragement by bounties, such was, and still is, its essential characteristic in France, no less than in the majority of the States of Europe.

It is now possible to estimate the claims of Colbert to the respect and admiration of posterity. His policy of trade-regulation—a policy not of his own invention, but adopted from his predecessors, and expressing the ideas and prejudices of the time—brought little but evil to France. Its success during his lifetime is but an instance of the successful working of a vicious system in good hands. The man triumphed over circumstances. Its failure under his successors is sufficient condemnation. It has been abandoned by posterity, as a whole, after a fair trial. Progress has followed the application of the real principle of Colbert, the principle of the removal of hindrances, which dominates his best work as an administrator, and which is the most thorough expression of his views. As a financier he merits ungrudging praise. Here he was truly original; and his principles have received the allegiance of those individuals, among his successors in office, who have been most distinguished for capacity and judgment. Their approval has been confirmed by the general adoption of his system of administration. The effects of his commercial policy are still a matter of controversy. The actual evils bound up with this policy, in the seventeenth and eighteenth centuries, are a matter of history. As to its theoretical justification, and its effects in the nineteenth century, the judgments of an Englishman and a Frenchman may be allowed to differ.

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[Contains a great number of important documents bearing on the economic policy of Colbert. Depping and Clement together, though not professing to be exhaustive, afford sufficient original material for a most elaborate study of Colbert.]

- “*Correspondance des Controleurs Généraux des Finances avec les Intendants des Provinces.*” Edited by A. M. de Boislisle. Paris, 1874.

[The preface gives a thorough account of the formation and history of the various libraries of official documents dealing with administration in France; also of the printed collections from the time of Colbert to the present.]

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- † “*Lettres Instructions et Mémoires de Colbert.*” Edited by P. Clément. Paris, 1861-70.

[A vast collection of material, mainly from the hand of Colbert himself. By far the most important of the printed sources of information. The Introductions and Appendices contain a good selection of Edicts, Charters, &c., illustrating the policy of Colbert. Reference is facilitated by a summary, in tabular form, of the contents of every document printed in the main body of the work.]

- MAZARIN (Cardinal). “*Lettres.*” Edited by A. Chéruel and G. D'Avenel. Paris, 1872-94. (*Coll. de doc. inéd. sur l'hist. de France.*)

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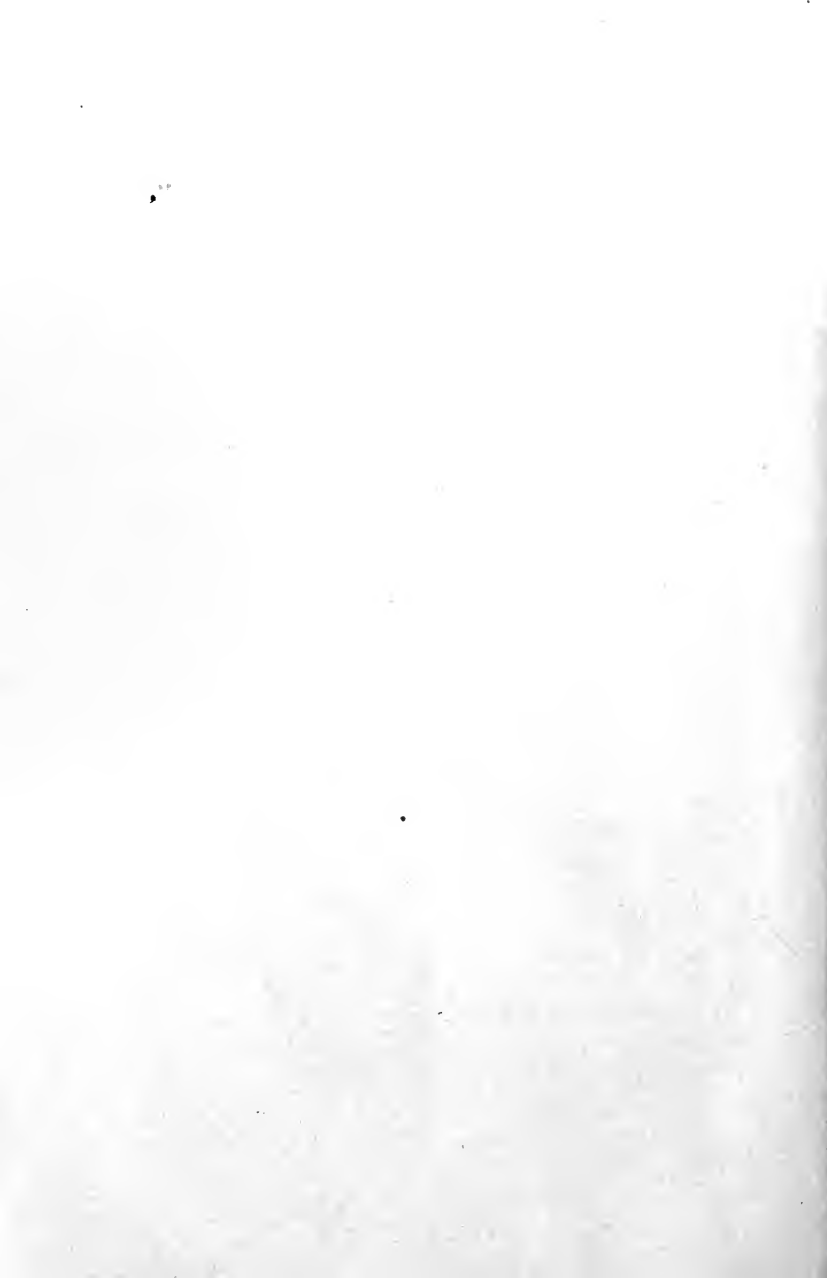
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[Many isolated documents are to be found in the appendices, &c., of the more important works of reference enumerated above.]

VI. THE MANUSCRIPTS.

The most important groups of MSS. bearing on Colbert are in the *Bibliothèque Nationale*. (Cf. Joubleau, Append., vol. ii.) Others are to be found in the “*Archives Nationales*,” the “*Archives des affaires Étrangères*,” and the “*Archives de la Marine*.” A list of the various private and municipal collections containing MSS. on Colbert is given in Clement, “*Lettres Instructions et Mémoires de Colbert*,” vol. vii. The individual MSS. can be traced by reference to “*Les Archives de l'histoire de France*” (C. V. Langlois et H. Stein, Paris, 1891). This book is a complete summary of the French historical MSS. in the State and Municipal archives, at home and abroad. It gives all the existing catalogues, MSS. or printed, and a bibliography of printed collections of documents, each under its proper heading.

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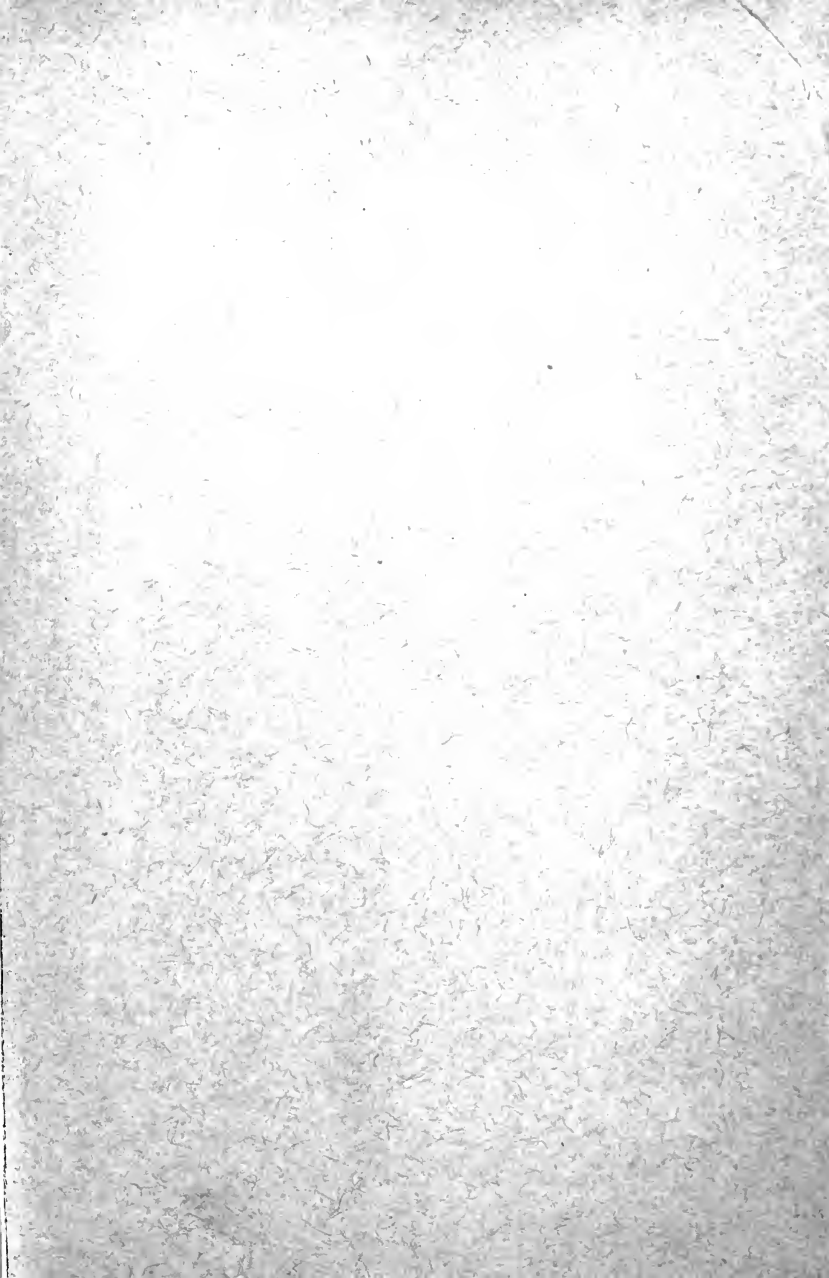
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