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Guy Rowlands, *The Financial Decline of a Great Power: War, Influence, and Money in Louis XIV's France*. Oxford and New York: Oxford University Press, 2012. xviii + 267pp. Explanatory note, glossary, table, notes, bibliography, and index. \$125 U.S. (cl). ISBN 0-19-958507-6.

Review by Erik Goldner, California State University, Northridge.

In Guy Rowlands's scholarly and spirited new book, we dive into the underworld of French royal finance. Our descent is signaled by the dust jacket, which features an image from *Pluton maltôtier*, a satire of 1708 in which a notorious royal financier is cast on an imagined journey through Hades. What we find inside Rowlands's book is hardly less infernal. Rowlands seeks to explain France's deepening financial troubles in the final years of Louis XIV's reign. The goal is a challenging one, given the loss of sources and the complexity of the monarchy's finances. But there can be few better guides to this underworld than Rowlands, who leads us to a deeply researched, thoroughly convincing explanation of the *how* and *why* of financial breakdown in this period. Some readers on this journey may wonder, however, whether our capable guide focuses too much on details, and they may wish he would consider wider vistas more than he does.

In his introduction, Rowlands contends that France's struggle in the War of the Spanish Succession (1701–14) put the monarchy's finances and power on a trajectory of decline for decades to come. The war saw spending soar, revenues plummet, and debt snowball. Yet—and here is Rowlands's basic thesis—all this was aggravated by poor decision-making at the top and the pursuit of self-interest by underlings. France's financial catastrophe was compounded by astonishing royal mismanagement.

Before Rowlands expands on that argument, he offers three admirably succinct overviews of topics that dominate the book. The first is that of the "fisco-financier system," with its various office-holders, contractors, and tax farmers. Among the many dilemmas to be found in that system, Rowlands flags a "principal-agent problem" in which financiers outmaneuvered their royal overseers, and a corollary issue, that of "rent-seeking," in which agents manipulated the state-finance game to gain advantage. Second, Rowlands summarizes what he sees as the French credit system's weaknesses, including its opacity and unpredictability. And third, he gives an overview of what he calls an early "military-industrial complex" composed primarily of men who supplied the monarchy in this period with money, credit, and military provisions.

The rest of the book is divided into three parts, the first of which examines the demands of the War of the Spanish Succession in relation to French financial decision-making. Chapter one argues that France's geostrategic position in the war was the most important factor in making that conflict more expensive than the previous Nine Years' War. France found itself fighting well beyond its frontiers to secure the Bourbon inheritance. As spending abroad increasingly drove the war effort, the monarchy zigzagged from expedient to expedient. Chapter two focuses on the men who were responsible for these violent swings in financial policy. A main figure here is Michel Chamillart, whose massive portfolio, as specialists well know, quickly overwhelmed him. He was succeeded as *contrôleur général des finances* in 1708 by Nicolas Desmaretz, a man of greater financial knowledge and competence. Yet, he too made colossal financial gambles that could very well have brought the monarchy crashing down, had not the

international alliance warring against France unraveled on its own. France was saved from utter defeat by circumstance, not by its decision-makers.

The second part of the book shifts to the increasingly desperate hunt for revenue after 1700. The third chapter argues that France, while not an especially overtaxed country, had a fiscal system so riddled with privilege and inefficiency that extracting surplus wealth was difficult even in the best of times. The period's economic stagnation would have depressed revenue anyway, but royal policies—in a refrain heard often in this book—made things even worse, because the funds they brought in often came with outrageous price tags. Chapter four explores how the monarchy tried to make up for its growing revenue shortfall. It increasingly milked its most prominent financiers for advances and stopgap credit, but the desperate fiscal situation forced it to keep hunting. By the end of the reign, the crown's long-term debt liability had doubled over what it had been in 1699, to a staggering 1.4 billion *livres*. The monarchy resorted more and more to *affaires extraordinaires*, contracts between the crown and financiers that involved, particularly in this period, the sale of new venal offices. These contracts raised a substantial amount of money during Louis's last two wars—perhaps as much as a net 500 million *livres* or more—but they also spurred rapacious activities by contractors and increasing exasperation among royal office-holders.

Chapter five examines how the crown tried to inflate the money supply and boost its revenue. Rowlands argues that manipulations of the value of gold and silver against the *livre*—more than forty revaluations occurred, remarkably, in the three decades after 1689—tended to increase the price of credit and the costs of war. In the short run, policy-makers succeeded in flushing out some coin. But over the longer term, their erratic decisions had diminishing returns, as subjects increasingly hoarded or exported specie.

The manipulation of coinage for short-term gain was linked to another and even more dangerous expedient. In the sixth chapter, Rowlands explores the crown's use of Mint bills (*billets de monnaie*). A decree of 1701 transformed receipts for specie deposited for re-coining at royal mints into cash substitutes. These notes soon ballooned in number and value, and in part because they were insufficiently backed, confidence in them began to collapse. When Chamillart tried to impose Mint bills on Lyon money markets in 1707, it proved nearly fatal to royal credit. (Rowlands calls the reversal of Chamillart's effort "probably the most humiliating domestic climbdown . . . since the 1650s" (p. 122).) This early paper-money experiment in France made cash scarcer, interest rates higher, and further disrupted military-supply chains.

From 1709 on, Desmaretz accelerated efforts to suppress Mint bills, but by then the crown had become deeply dependent on another source of short-term relief that would cause long-term financial damage. That source was the world of army finance, to which the third and last part of Rowlands's book is devoted. Chapter seven examines the structures and activities of the military treasury of the Extraordinaire des Guerres, the heart of French army finance. Royal supervision of the organization was often inadequate, and this, combined with the Extraordinaire des Guerres's use of bills of exchange, its dealings with suppliers, and its shadowy ties to international bankers and others, created a "major principal-agent problem" (p. 145) for the crown.

Chapter eight analyzes the system of appropriating revenues to military expenditures. Here and elsewhere Rowlands contends the monarchy's basic financial problem was not so much revenue as spending—in this case, getting funds to where they needed to be spent. He argues the appropriations system crumbled during the War of the Spanish Succession in part because the tax base of the stagnant French economy, but even more because of mismanagement of the earmarking system that bordered on "manifest incompetence" (p. 166), for which Chamillart and his underlings are given due blame. Chapter nine pivots to examine the crown's growing reliance on the credit that paymasters in the Extraordinaire des Guerres provided through their emission of bearer bills. As these notes proliferated, royal

administrators struggled to retire them in an orderly way. By 1708 the Extraordinaire des Guerres was shouldering some 80 million livres in debt, a colossal amount and, given that their notes typically carried interest rates of 10 percent, very costly to boot.

The tenth chapter connects the degeneration of royal finance with growing “rent-seeking” by those in the Extraordinaire des Guerres and related networks. Rowlands argues that the War of the Spanish Succession witnessed astonishing ministerial cronyism under Chamillart, burgeoning conflicts of interest as contractors infiltrated royal *bureaux*, and a proliferation of self-serving activities on the part of military financiers and suppliers. To give just one example, financial chaos, fraud, and self-interested expense-padding on the part of contractors in the latter part of the war may have boosted the cost of providing bread to Louis XIV’s armies by as much as 50 percent (p. 223). The monarchy, in what Rowlands calls “a major failure of government” (p. 225), connived at all this because the Extraordinaire des Guerres and their associates had become—in the now-dreaded phrase—too big to fail.

In his conclusion, Rowlands pauses to consider the role bankers played in the War of the Spanish Succession. He argues—not surprisingly by this point in the book—that they, too, share blame for the war’s escalating costs, due to the profiteering prices they charged the crown for remitting money abroad. Depending on the year, anywhere between one-quarter and a staggering two-thirds of France’s war spending was funneled abroad, and *banquiers* like Samuel Bernard raked off as much as 30 percent or more from the remittances.

The enormous debt racked up over Louis XIV’s reign and largely in his last war—all of which amounted in 1715 to as much as forty-five times the crown’s net disposable income—had enormous consequences for the monarchy in the decades that followed. In a perhaps-too-brief handful of pages at the book’s end, Rowlands races to convey what those consequences were. He concludes that the debt “could never be paid off” (p. 236) as long as the monarchy remained locked in a tense fiscal-political standoff with its elites, with both sides struggling to protect their powers and privileges. Thus, the “fisco-financier system” created over the course of the sixteenth and seventeenth centuries endured well into the eighteenth, hardly, as the author notes, “a recipe for a sustainable fiscal-military state” (p. 236).

The strengths of this book are considerable. Its argument is complex but well organized, and its discussions, while sometimes dense, are always lively. Its contribution to knowledge is also substantial. As a history of state finance with a decidedly political-administrative-institutional bent, this book stands in the first rank of similar work of recent decades.[1] While it owes a debt to Daniel Dessert’s magisterial *Argent, pouvoir et société au Grand Siècle*—from which Rowlands borrows the admittedly awkward term “fisco-financier”—its analysis of the interrelationship of war and financial policy and its geopolitical concerns usefully depart from Dessert’s sociopolitical focus.[2] As a study of the latter decades of Louis XIV’s regime, it sheds welcome light on what scholars for years have called a neglected period of the reign.[3] And as an examination of the War of the Spanish Succession, it draws attention to an important but understudied conflict.[4] The book reveals how closely the French effort verged on utter catastrophe, not just due to battlefield losses but also to “junk financial instruments and the withdrawal of credit” (p. 197).

The book’s most significant contribution, however, lies in its wider reconstruction and explanation of France’s financial troubles from 1700 to 1715. The book paints a clearer picture of the shortcomings of royal finance in this period than we have ever had.[5] Rowlands’s discussion of the Extraordinaire des Guerres is undoubtedly the book’s single most important scholarly achievement. He succeeds in showing how that organization—which has hitherto attracted little attention from historians—was “nothing less than the behemoth of military finances in the western world of the seventeenth and eighteenth centuries” (p. 131). Historians of finance would do well to consider one of Rowlands’s refrains, namely, that the history of French royal finance was shaped not so much by revenue as by expenditure. France did not have a taxation problem as much as it had a spending problem. “Royal

finances,” he convincingly shows, “were very largely expenditure-driven” (p. 131). This, I think, is a useful corrective.

For all its strengths, the book is also problematic. Rowlands is a scholar’s scholar, and this is a scholar’s book. The general public and undergraduates will be in over their heads here, and less-than-committed graduate students may get lost as well. Even specialists may find the book a bit too focused, too nuts-and-bolts. Rowlands informs the reader that he aims to “provide a fuller picture of royal finances in one of the key periods of the *ancien régime* than has hitherto been attempted” (p. 131). Understanding the Extraordinaire des Guerres, he writes, gives us a “rounded picture of just what was going wrong [in royal finance] and why” (p. 132). But some readers may question what this “fuller” or “rounded picture” really tells us. What can a history of state finance do for our wider understanding of the period?

We do get glimpses here and there of wider vistas. Throughout, Rowlands offers insights on important topics like the fiscal-military state, the military-industrial complex, the psychology of early modern finance, the comparison of absolutist with limited-regime finance, and principal-agent problems in the early modern state. Scholars interested in these topics will read the book with profit. But Rowlands tends to deal with them in what come off as asides. What is more, the book gives surprisingly little attention to situating itself within relevant scholarly literatures. It is liberally peppered, for example, with words like “overreach” and “overstretch,” most obviously calling to mind Paul Kennedy’s *Rise and Fall of the Great Powers*.^[6] Yet neither that nor kindred works are mentioned here. It is curious that a book about the decline of a great power does so little to connect with the abundant literature on, well, the decline of great powers.

This is an often nitty-gritty account of the *how* and *why* of France’s financial decline. But why does it matter? Rowlands’s answer in part seems to be, “Louis XIV did not cause the French Revolution, but the War of the Spanish Succession made the eventual political implosion much more likely” (p. 239). Fair enough, but that will hardly come as news to specialists. This book is and will remain for many years—make no mistake—the definitive account of the financial catastrophe of Louis XIV’s last years. Yet some of the avenues it opens but leaves beckoning will have to await future books for more exploration. Perhaps Rowlands himself will write one or two of them. There are at least a dozen that could spring from this one.

And so we ascend from the underworld, leaving behind a chilling account of how a great power hobbled itself for decades to come. With skill and brio, Rowlands guides us through a financial meltdown worsened by miscalculation, mismanagement, and greed. The experience of recent years, one might add, has made us all too familiar with that.

NOTES

[1] Michel Antoine, *Le cœur de l’État: Surintendance, contrôle général et intendances des finances 1552–1791* (Paris: Fayard, 2003); Richard Bonney, *The King’s Debts: Finance and Politics in France, 1589–1661* (Oxford: Clarendon Press, 1981); J. F. Boshier, *French Finances, 1770–1795: From Business to Bureaucracy* (Cambridge: Cambridge University Press, 1970); Joël Félix, *Finances et politique au siècle des Lumières: Le ministère L’Averdy, 1763–1768* (Paris: Comité pour l’histoire économique et financière de la France, 1999); and James C. Riley, *The Seven Years War and the Old Regime: The Economic and Financial Toll* (Princeton, NJ: Princeton University Press, 1986).

[2] Daniel Dessert, *Argent, pouvoir et société au Grand Siècle* (Paris: Fayard, 1984).

[3] This long-running neglect, due in part to the magnetic draw of the relative golden age of Louis’s early reign, is now being rectified by the following works among others. Sara E. Chapman, *Private*

Ambition and Political Alliances: The Phélypeaux de Pontchartrain Family and Louis XIV's Government, 1650–1715 (Rochester, N.Y.: University of Rochester Press, 2004); Darryl Dee, *Expansion and Crisis in Louis XIV's France: Franche-Comté and Absolute Monarchy, 1674–1715* (Rochester, N.Y.: University of Rochester Press, 2009); and Mark Potter, *Corps and Clienteles: Public Finance and Political Change in France, 1688–1715* (Aldershot, U.K.: Ashgate, 2003).

[4] We lack an up-to-date scholarly monograph on this conflict, a contender for the dubious honor of being, if not “the first world war,” then one of the first major trans-Atlantic struggles.

[5] Rowlands's book may also be profitably read alongside Gary McCollim's recently published study of Desmaretz's financial administration. Gary B. McCollim, *Louis XIV's Assault on Privilege: Nicolas Desmaretz and the Tax on Wealth* (Rochester, N.Y.: University of Rochester Press, 2012).

[6] Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987).

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